



REGULATION

on the Procedure for Internal Reporting of Irregularities

Pursuant to Article 20(1) and Article 21 of the Act on the Protection of Persons Reporting Irregularities ("Official Gazette" No 46/2022, hereinafter: the Act), Valamar Riviera d.d. Management Board (hereinafter: Employer and/or Company), with its registered office at Poreč, Stancija Kaligari 1, adopted at its session held on 20 July 2023 the following

REGULATION

on the Procedure for Internal Reporting of Irregularities

I GENERAL PROVISIONS

Article 1

This Regulation on the Internal Reporting of Irregularities (hereinafter: the Regulation) regulates the procedure for internal reporting of irregularities, the procedure for appointing a trusted person and their deputy, the rights to protection of persons reporting irregularities and other issues related to internal reporting of irregularities at the Company.

Article 2

Specific terms within the Act and this Regulation have the following meaning:

1. **Irregularities** means actions or omissions that are illegal and relate to the scope and regulations specified in Article 4 of the Act or that are contrary to the aim and purpose of those regulations. Irregularities:
 - a) are covered by the scope of the European Union acts related to the following areas:
 - public procurement;
 - financial services, products and markets, and prevention of money laundering and terrorist financing;
 - product safety and compliance;
 - traffic safety;
 - environmental protection;
 - radiation protection and nuclear safety;
 - food and feed safety, animal health and welfare;

- public health;
- consumer protection;
- protection of privacy and personal data, and security of network and information systems;

b) affect the financial interests of the European Union as specified in Article 325 of the Treaty on the Functioning of the European Union and additionally determined in the relevant measures of the European Union, and relate to the prevention of and fight against fraud and all other illegal activities affecting the financial interests of the European Union and member states;

c) refer to the internal market of the European Union, which includes an area without internal borders where the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaty on the Functioning of the European Union, including violations of the rules of the European Union on competition and state aid and violations related to the internal market in relation to actions that violate the rules on income tax or arrangements the purpose of which is to achieve a tax advantage that is contrary to the aim or purpose of the applicable legislation on income tax;

d) refer to other provisions of national law if the public interest is undermined by such a violation.

2. **Information about irregularities** means information, including justified suspicions, about real or possible irregularities that have occurred or are very likely in the Company in which the person reporting irregularities works or has worked or is about to start working, or in another organisation with which the person reporting is in contact or with which he was in contact in the work environment, and about attempts to conceal such irregularities;
3. **A person reporting irregularities** means a natural person who reports or publicly discloses irregularities that they have learned about in their work environment;
4. **Report or to report** means oral or written communication of information about irregularities;
5. **Work environment** means professional activities in the public or private sector within which, regardless of the nature of these activities, persons acquire information about irregularities and in respect of which these persons could be subject to retaliation if they report such irregularities, including the situation when the activity has ceased in the meantime or is about to start or should have started. Such activities, in particular, include:
 - a) employed persons;
 - b) self-employed persons;

- c) holders of shares and business stakes, persons who are members of the Company's administrative, management or supervisory body, including non-executive members, volunteers, and paid or unpaid interns;
 - d) persons working under the supervision and in accordance with the instructions of contractors, subcontractors and suppliers;
 - e) persons who in any way participate in the Company's activities;
6. **The Employer (the Company)** means Valamar Riviera d.d.;
7. **Related persons** means:
- a) facilitators of the person reporting irregularities;
 - b) relatives, colleagues and all other persons related to the person reporting irregularities who could be subject to retaliation in the work environment;
 - c) legal entities owned by the person reporting irregularities, for which the person reporting irregularities works or with which the person reporting irregularities is otherwise connected in the work environment;
8. **Retaliation** means any direct or indirect action or omission in the work environment prompted by internal or external reporting or public disclosure, which causes or may cause unjustified harm to the person reporting;
9. **A trusted person** means an employee of the Employer/Company or a third natural person appointed by the Employer for the purpose of receiving reports of irregularities, communicating with the person reporting, and conducting a protection procedure in connection with the report of irregularities;
10. **The reported person** means a public authority, a natural or legal person who is specified as responsible for the commission of the irregularity or a person related to it in the report or during the public disclosure of the irregularity;
11. **Further action** means any action taken by the recipient of a report competent to investigate the irregularity or any other body or person, organisational unit or body competent to act on the content of the report of irregularities in order to assess the accuracy of the allegations in the report and, if necessary, resolve the reported irregularity, including measures such as an internal investigation, investigation, prosecution, action for the recovery of funds or conclusion of proceedings;
12. **Feedback** means the provision of information to persons reporting irregularities regarding planned or undertaken further actions and the reasons for such further actions;
13. **Facilitator of the person reporting irregularities** means a natural person who helps the person reporting irregularities in the reporting process in the work environment.

II APPOINTMENT, REVOCATION, WORKING PRINCIPLES AND CONDITIONS OF A TRUSTED PERSON AND THEIR DEPUTY

1. Appointment of a trusted person and a deputy of the trusted person

Article 3

The Employer will appoint persons proposed by the Works Council as a trusted person and their deputy. The proposal for the appointment of a trusted person and their deputy is submitted by the Works Council to the Employer's Management Board.

If the Works Council does not submit a proposal to the Management Board for the appointment of a trusted person and their deputy, the Management Board will independently appoint a trusted person and their deputy.

The trusted person and the deputy of the trusted person are appointed by the Employer's Management Board with their prior consent or with a written agreement for the appointment for a period of 5 (five) years. The same persons may be appointed again as a trusted person or deputy of the trusted person.

The decision on the appointment of a trusted person and a deputy of the trusted person is submitted to the Works Council.

2. Termination of appointment and revocation/dismissal of a trusted person and/or deputy of the trusted person

Article 4

The tenure of the trusted person and their deputy concludes at the end of the term for which they have been appointed.

The trusted person and/or deputy of the trusted person may be revoked/dismissed before the end of the term for which they have been appointed:

- at the request of the Works Council;
- at their personal request.

The request for revocation/dismissal mentioned above is submitted to the Management Board at least 30 days before the day of the intended termination of the trusted person's and/or deputy of the trusted person's tenure; the Management Board is obliged to make a

decision on the revocation/dismissal without delay and no later than within 15 days from the date of receipt of the request for revocation/dismissal.

The Management Board is obliged to initiate the procedure for the appointment of a new trusted person and/or deputy of the trusted person no later than:

- 30 days before the end of the term for which the trusted person and their deputy have been appointed; and
- without delay upon receipt of the request for revocation/dismissal referred to in the previous paragraph of this Article.

After the end of the term for which the trusted person and their deputy have been appointed or after the decision on revocation/dismissal referred to in paragraph 3 of this Article, the Management Board is, as a rule, obliged to make a decision on the appointment of a new trusted person and deputy of the trusted person according to the previously conducted procedure in accordance with the provisions of Article 3 of this Regulation.

If a trusted person is not appointed on time, until the decision on the appointment of a trusted person is made, duties of the trusted person are performed by their deputy, unless the circumstances indicate otherwise. In that case, the Management Board will appoint a person who will temporarily perform the duties of a trusted person.

3. Working principles and conditions of a trusted person and their deputy

Article 5

The trusted person and their deputy must perform their duties lawfully and conscientiously and must not abuse their powers to the detriment of the person reporting irregularities, and are particularly obliged to protect the identity of the person reporting irregularities and to protect the information received in the report from unauthorised disclosure or publication to other persons.

The Employer must not influence or attempt to influence the actions of the trusted person and their deputy when carrying out actions within their authority necessary for the protection of persons reporting irregularities and for investigating the report of irregularities.

The trusted person and their deputy shall not bear any negative consequences for exercising authority within their jurisdiction, nor will they be subject to retaliation as a result of this, as determined by the provisions of Article 20(2) of this Regulation.

The Company's Management Board is obliged to ensure the conditions for the smooth implementation of all activities related to reports of irregularities, the conditions for the

independent and smooth work of the trusted person and their deputy, and is obliged to take measures to eliminate the identified irregularities.

Article 6

A trusted person is obliged to organise their work as a trusted person and the work of their deputy in such a way as to ensure mutual and constant awareness and availability of all data and documentation related to procedures regarding reports of irregularities, timeliness and completeness of actions in the procedure, orderliness, completeness and appropriate storage of documentation and data, and especially confidentiality.

In dealing with reports of irregularities and in taking actions within the scope of a trusted person, the deputy of the trusted person has all the rights and obligations of a trusted person while working in their capacity, especially in cases of absence from work or other incapacity of the trusted person and other justified cases when the need arises.

III PROCEDURE FOR INTERNAL REPORTING OF IRREGULARITIES

1. The right to submit a report, content and method of submitting a report

Article 7

Each employee of the Employer, as well as any other person within the meaning of the provisions of Article 2 of this Regulation, may report to a trusted person irregularities about which they have knowledge and which they consider to be true at the time of reporting or they have a justified reason to believe that the information about irregularities is true at the time of reporting.

Reporting must be conscientious and honest; the misuse of reporting irregularities is prohibited.

Misuse of reporting irregularities is committed by a person who reports or publicly discloses information that they know to be false.

Article 8

The report may be submitted in one of the following ways:

- a) In writing:

- by sending a written report by post to the address of the Employer's registered office (Valamar Riviera d.d., Stancija Kaligari 1, 52440 Poreč), marked with "for a trusted person – do not open";
- by submitting a written report to the Employer's front office at the Employer's registered office in a sealed envelope, marked with: "for a trusted person – do not open";
- by submitting a written report directly to the trusted person;
- by submitting the report in electronic form to the e-mail address povjerljiva.osoba@valamar.com;

b) In oral form:

- by telephone or other voice messaging system;
- by a meeting in person within a reasonable time at the request of the person reporting.

A trusted person has the right to record a verbal report given by phone:

- 1) If a telephone device on which it is possible to make a sound recording or other voice messaging system on which it is possible to make a sound recording is used to submit the report, in one of the following ways, with the consent of the person reporting:
 - a) A sound recording of the conversation in a permanent and accessible form; or
 - b) A complete and accurate transcript of the conversation;
- 2) If a telephone device on which it is not possible to make a sound recording or other voice messaging system on which it is not possible to make a sound recording is used to submit the report, in the form of minutes of the conversation.

If the person reporting requests a meeting with the trusted person in order to submit the report, the trusted person has the right, with the consent of the person reporting, to record the meeting in one of the following ways:

- a) A sound recording of the conversation in a permanent and accessible form; or
- b) accurate minutes from the meeting.

The trusted person will offer the person reporting the possibility of checking and correcting the transcript of the call, the minutes of the conversation and the minutes of the meeting from paragraphs 2 and 3 of this Article, and the possibility of confirming the accuracy with a signature.

Article 9

In principle, the report of irregularities contains information on:

- the person reporting irregularities;
- the person and/or persons to whom the report refers;

- a description of the reported irregularity or information about the irregularities; and
- the date of the report.

2. Procedure after reporting an irregularity

Article 10

The procedure according to the provisions of this Regulation is carried out for reports related to irregularities within the meaning of the provision of Article 2(1)(1) of this Regulation (hereinafter: report of irregularities).

The trusted person is obliged to receive the report of irregularities and confirm the receipt of the report within 7 (seven) days from the date of receipt and to initially determine whether the report contains the information referred to in Article 9 of this Regulation.

A report that does not contain a sufficient description of the irregularity or enough information and data to be able to determine which and/or what kind of irregularity it is or enough data to be able to investigate the report will not be considered a valid report of irregularities. For such reports, the trusted person will not carry out the procedure within the meaning of the provisions of this Regulation.

Reports of irregularities that do not refer to irregularities within the meaning of the provisions of Article 2(1)(1) of this Regulation do not qualify for the right to protection provided by the Act and this Regulation.

Article 11

When receiving a report of irregularities, the trusted person will inform the person reporting irregularities that further action on the received report in order to determine all the circumstances and facts stated in the report will be possible with the introduction and involvement of the Employer's persons and bodies that have and/or could have knowledge of the allegations from the report of irregularities. Employer's persons and bodies that have and/or could have knowledge of the allegations will be included to the extent necessary for further action after receiving the report of irregularities, with an obligation of confidentiality.

The trusted person will inform the person reporting irregularities that only the Employer's Management Board is authorised to order the necessary measures to be taken in order to eliminate any irregularities that may have been identified after reporting the irregularities and that this will not be possible without the Management Board being informed of the established facts and circumstances following the procedure for the relevant report.

If the person reporting irregularities expressly objects to the persons referred to in paragraphs 1 and 2 of this Article being informed about the report of irregularities, and without their participation, it is not possible to proceed with the report of irregularities in order to determine the circumstances and facts to establish its merits or take measures for eliminating the established irregularities, the trusted person will forward the report of irregularities to the authorities authorised to act according to the content of the report.

Article 12

As a rule, the trusted person will examine the report, as a rule, within 30 days but not longer than 90 days from its receipt.

In the procedure following the receipt of the report, the trusted person will undertake all actions necessary to determine the essential facts and circumstances related to the irregularities described in the report and to evaluate the merits of the report.

Upon receipt of the report and during the entire procedure, the trusted person may request in writing clarification of information from the report or delivery of additional information available to them, as a rule, by e-mail, if this information is available to them.

Depending on the circumstances of the case and guided by the principle of efficiency and protection of the person reporting, a trusted person may also contact the person reporting irregularities by phone, if this contact information is available to them.

The trusted person will provide feedback on the report to the person reporting irregularities within the period referred to in paragraph 1 of this Article.

Article 13

All relevant actions within the procedure following the receipt of the report should be taken by a trusted person in principle in writing and, as a rule, by e-mail and filed in the case file. If oral communication with or by a trusted person is deemed necessary or expedient, the trusted person will document such communication by preparing a written note, signing it, and filing it in the case file. If, during such communication, a person providing specific information or submitting specific documentation is also present alongside the trusted person, the note will be signed by both the trusted person and that individual.

Article 14

In the procedure following the receipt of the report, the trusted person has the right to professional assistance from the Employer's experts, depending on the subject of the reported irregularity; the expert approached by the trusted person is obliged to provide such assistance to the extent of their competencies.

All persons approached by a trusted person either for professional assistance or to make a statement within the meaning of the provisions of Article 15 of this Regulation are required to sign a declaration of confidentiality before being informed about the trusted person's request. Annex 1 to this Regulation is an example of a declaration of confidentiality.

Article 15

Upon receiving the report, the trusted person sends a request for a statement, with a defined time period for the statement, to any person whom the trusted person identifies or assesses as having or potentially having information related to the content of the report.

The person to whom the trusted person submits a request for a statement from the previous paragraph (hereinafter: the recipient of the request) is obliged to provide the trusted person with the requested statement and the data and documentation at their disposal, within the requested period.

The recipient of the request is obliged and authorised to request additional information from persons under them and/or directors/managers or persons from other departments and/or sectors, if they do not have all the requested or relevant information.

Article 16

On the basis of the received statements referred to in Article 15 of this Regulation and the established facts and circumstances relevant to the investigation of the report, the trusted person assesses the merits of the report and is obliged to draw up a written report (hereinafter: Report) which contains:

- the date of receipt of the report and a description of the reported irregularities;
- a description of the actions taken by the trusted person following the report;
- the facts established within the procedure (on the basis of the statements received / data and documentation);
- assessment of the merits of the report (whether the report has merit or not and the explanation of the evaluation); and
- a proposal for measures and activities to resolve and eliminate identified irregularities if the report is assessed as well-founded.

Article 17

The trusted person submits to the Management Board the Report referred to in Article 16 of this Regulation without delay after its compilation if the prerequisites are met in accordance with the provisions of Article 11 of this Regulation.

If the Report is assessed as well-founded, the Management Board will immediately order and ensure that measures and activities are taken to eliminate the identified irregularities and inform the trusted person about the measures and activities taken.

If the report of irregularities referred to the Management Board or an individual member of the Management Board, and after examination, it was assessed to be well-founded, the trusted person submits the Report referred to in Article 16 of this Regulation simultaneously to the Management Board and the Supervisory Board. In that case, the Supervisory Board will order the Management Board to take measures and activities without delay to eliminate the identified irregularities if the Management Board itself has not previously undertaken them. In this case, the Management Board is also obliged to inform the trusted person about the measures and activities taken. The Management Board is also obliged to deliver such notice to the Supervisory Board.

Article 18

Upon receiving the information from the Management Board referred to in the previous Article, the trusted person delivers to the person reporting irregularities a notice of the outcome of the procedure following the report of irregularities (hereinafter: Notice of the outcome of the procedure).

Notice of the outcome of the procedure is delivered to the person reporting in writing, to the postal or electronic address of the person reporting specified in the report, immediately after the end of the procedure, and no later than within 90 days from the date of receipt of the report.

The trusted person must forward the report of irregularities to the authorities authorised to act according to the content of the report if the irregularity has not been resolved with the Employer.

The trusted person is obliged to inform the competent authority for external reporting of irregularities (ombudsman) in writing about the reports received within 30 days from the date of drawing up the Notice on the outcome of the procedure.

IV THE RIGHTS OF PERSONS REPORTING IRREGULARITIES, TRUSTED PERSONS AND THEIR DEPUTIES AND RELATED PERSONS

1. The right to protection

Article 19

The person reporting irregularities has the right to:

1. protection of identity and confidentiality;
2. court protection;
3. compensation for damages;
4. free primary legal aid in accordance with the law regulating the right to free legal aid;
5. emotional support;
6. other protection provided by the Act.

A person reporting irregularities who misuses the reporting of irregularities within the meaning of Article 7(3) of this Regulation is not entitled to protection referred to in paragraph 1 of this Article.

Related persons, trusted person and deputy of the trusted person have the right to protection referred to in paragraph 1 of this Article if they make it likely that retaliation has been committed or attempted against them or that they have been threatened with retaliation because of their connection to the person reporting irregularities or because of receiving a report of irregularities or acting on the received report.

2. Prohibition of retaliation

Article 20

The Employer may not retaliate, attempt to retaliate, or threaten to retaliate against the person reporting irregularities, related persons, trusted person and their deputy for reporting irregularities.

In particular, but not exclusively, the following procedures are considered retaliation: temporary removal, termination, dismissal or equivalent measures; degrading or denying

opportunities for advancement; transfer of duties, change of place of work, reduction of salary, change of working hours; denial of opportunities for training; negative performance evaluations or employment recommendations; imposing or determining disciplinary measures, reprimands or other sanctions, including financial sanctions; coercion, intimidation, harassment or isolation; discrimination, disadvantage or unfair treatment; denial of an offer to enter into a permanent employment contract when the legal conditions for it have been met, if the worker had a reasonable expectation that this would be offered to him/her; non-conclusion of consecutive fixed-term employment contracts in accordance with regulations or its early termination; causing damage, including damage to a person's reputation, especially on social media, or financial loss, including loss of business and loss of income; negative labelling based on an informal or formal sectoral or industry-wide agreement, which may mean that the person will not be able to find work in that sector or industry in the future; premature termination of the contract for the procurement of goods or services or its cancellation; cancellation of licences or permits; referral for psychiatric or medical evaluations.

3. Protection of identity and confidentiality

Article 21

The identity of the person reporting and the data on the basis of which their identity can be established and other data specified in the report of irregularities, including data on the identity of the person(s) to whom the report refers, must remain protected unless the person reporting irregularities agrees to the disclosure of these data or if during the course of the procedure, it is necessary to reveal the identity of the person reporting irregularities, in accordance with the regulations governing the protection of personal data.

The trusted person is obliged to protect the identity of the person reporting irregularities and the data received in the report from unauthorised disclosure or publication to other persons unless the person reporting irregularities has given their consent to the disclosure of data from the report and if this is not against the law.

The person to whom the person reporting irregularities reports the irregularities and any other person who participates in the procedure after reporting irregularities is obliged to protect the information obtained from the report or in the procedure after receiving the report (confidentiality of data).

V KEEPING RECORDS OF REPORTS – REGISTER OF REPORTS AND TIME PERIODS FOR KEEPING DATA AND DOCUMENTATION

Article 22

The trusted person enters each received report of irregularities in the Register of reports of irregularities, which contains the serial number of the report, the date of receipt, the date of sending the confirmation of receipt referred to in Article 10(1) of this Regulation, the date of drawing up the Report referred to in Article 16 of this Regulation, and the dates of sending the Notice of the outcome of the procedure and notice of a received report referred to in Article 18(1) and (4) of this Regulation. The Register is kept in electronic form.

Each case following a report of irregularities is kept under a code. The code consists of the serial number of the report and the date of receipt (for example, the report under serial number 5 received on 10/10/2023 has the code 510102023); the case file and all actions are kept exclusively under that code.

Cases (files) from received reports are kept for 10 years from the end of the year in which the report has been submitted.

If a judicial, administrative or other procedure is initiated in connection with an individual report, data and items are kept for at least 2 years from the end of the year in which such procedures have been completed.

VI REPORTS THAT ARE NOT REPORTS OF IRREGULARITIES

Article 23

Reports of irregularities that are not reports of irregularities within the meaning of the provisions of the Act and this Regulation, and according to their description, indicate a possible violation of internal acts of the Employer and/or some other unacceptable behaviour in the Company, the trusted person can refer for further investigation and action to the internal control and/or other sectors/departments within whose scope of work the possible violation belongs and/or the Management Board, all with the aim of taking measures to eliminate what has been observed.

Reports referred to in paragraph 1 of this Article will not be entered by a trusted person into the Register of reports of irregularities, but they will make a record of them and will store and keep them for two (2) years. If such reports are referred for further investigation, the trusted person will make a record with the date and the department/person to whom the report has been referred for further investigation.

VII FINAL PROVISIONS

Article 24

The provisions of this Regulation neither have nor can have the consequence of, nor can they be interpreted in a way that would deny, reduce, or exclude the rights that persons reporting irregularities are entitled to under the Act and relevant regulations.

If an individual provision of the internal acts of the Employer contains or results in a reduction, limitation or denial of the rights to which persons reporting irregularities are entitled in accordance with the relevant regulations, such a provision will have no legal effect.

Article 25

This Regulation has been adopted after prior consultation with the Works Council, based on the assessment that some of its provisions, when it comes to the Employer's employees, have or may have an impact on their position.

Article 26

The trusted person and deputy of the trusted person who were appointed at the proposal of the Works Council, in accordance with the provisions of the Regulation on the Internal Reporting of Irregularities of 2 September 2019, will continue to perform their functions until the end of the period for which they have been appointed.

Article 27

This Regulation shall enter into force on the date of receipt of the statement of the Works Council in accordance with Article 25 of this Regulation. On the date of entry into force of this Regulation, the Regulation on the Internal Reporting of Irregularities of 2 September 2019 shall be repealed.

Upon entry into force, this Regulation will be published on the Employer's website.


Željko Kukurin
President of the Management Board

The statement of the Works Council was received on 27 July 2023.

I, _____ from _____, OIB (PIN):
_____ (hereinafter: Participant) under full financial and criminal liability to Valamar Riviera
d.d. with its registered office in Poreč, Stancija Kaligari 1 (hereinafter: the Company), hereby give the
following irrevocable:

DECLARATION OF CONFIDENTIALITY

1. Confidential information. All information that I, as a Participant, will learn in the procedure conducted by a trusted person and/or deputy of the trusted person in the Company, according to the provisions of the Regulation on the Procedure for Internal Reporting of Irregularities, which procedure is conducted under the code _____ (hereinafter: Case), including, but not exclusively, information on the person reporting, the person/s to whom the report refers, on the description of the irregularity and/or any information about the Case whether in written or oral or electronic or any other form, as well as all information that I as a Participant will find out and/or obtain in communication with other persons involved in the Case or in communication with a trusted person and/or deputy of the trusted person, will be considered "Confidential Information".

2. Non-disclosure. I agree to keep the Confidential Information strictly confidential and not disclose it to any other person or use the Confidential Information in a way that could make it known to other persons. The term "other persons" will be interpreted broadly and will include any individual or legal entity other than the trusted person and/or deputy of the trusted person and/or other participant in the Case.

If, as a Participant, I become legally obligated to disclose any Confidential Information by order of a court or other body governed by public law, I will notify the Company as soon as possible.

3. Disposition. At the request of a trusted person, I will immediately destroy or return all Confidential Information in written or electronic form and will not retain a single copy of it.

4. Term. This Statement is of unlimited duration.

5. Indemnity. If I violate the obligation to keep Confidential Information, I undertake to pay the Company full compensation for damage the Company may incur due to the violation of relevant regulations in relation to the provisions of the Act on the Protection of Persons Reporting Irregularities.

6. Other. If one or more provisions contained in this Statement are invalid, illegal or unenforceable, it will not affect the enforceability/validity of the other provisions contained herein.

Obligations from this Statement shall come into force upon its signing.

In _____,
(place and date)

(signature)