



INTEGRATED ANNUAL REPORT AND SUSTAINABILITY 2022

VALAMAR RIVIERA d.d.

MESSAGE FROM THE CHAIRMAN



GUSTAV WURMBÖCK,
Supervisory Board
Chairman

I present you the eighth Annual Integrated Report of Valamar Riviera, an integrated and unified view of our business performance and sustainability report, including corporate governance and social impact as interrelated activities. We have applied a new and extended reporting method in accordance with the current GRI reporting standards, and included indicators prescribed by the current EU Taxonomy Regulation.

This report presents our progress as measured against Valamar's ESG 2022-2025 strategy which was published a year ago. Valamar's ESG strategy defined 12 key goals across environment, social and governance areas, and six strategic initiatives. Our overarching goal is to achieve carbon neutrality by 2025 in the first and second scope, and invest EUR 50 million in environment, destinations and social impact.

Valamar's focus on sustainable business is globally and nationally recognized as evidenced by numerous domestic and international awards and recognitions. Valamar is also the first tourism company in Croatia to present a comprehensive and measurable ESG strategy.

In 2022, Valamar and E.ON Croatia received the GREEN PRIX, a national environmental award in the category 'Decarbonize the Community' for a unique project implementing solar systems on 32 properties along the Adriatic coast using the ESCO model. The project was the largest investment in solar energy systems in Croatia at the time.

In 2022, we opened Valamar Amicor Green Resort on the island of Hvar, the first sustainable eco-resort in Croatia where best-in-class sustainability standards were implemented in all aspects of developing and operating the property, from building standards and materials to local food and beverage and nature-focused children's activities.

I am proud to point out that our corporate culture continues to result in high employee satisfaction. Our employees gave a very high rating for working conditions in Valamar in 2022. Valamar is recognized as the best employer in Croatian tourism as evidenced by a high share of returning seasonal workers and a high share of domestic employees. The overall guest satisfaction score based on almost 175 thousand surveys and comments in 2022 was at a record 88%, while more than two thirds of our guests gave our employees the highest possible rating. Our mission to provide excellent service to our guests can be achieved only if we also provide excellent working conditions and career opportunities for our employees.

Valamar Riviera products and services meet the highest international quality standards, as indicated by numerous certificates: ISO certificates for quality management systems, environment, energy, food safety, health protection and work safety as well as sustainability certificates Travelife for hotels, EU Ecolabel for camps, and our high guest satisfaction rating. In 2022, Valamar Riviera received the Charter for Quality Improvement in the Croatian Economy awarded by the Croatian Association for Quality.

Our business focus on sustainability is also reflected in our corporate structure. Thus, at the end of 2021, we established the Digitalization and Sustainability Committee within the Supervisory Board and at the beginning of 2022 we expanded Valamar's Management Board with a new member responsible for sustainable development and digitalization, thus emphasizing the importance of sustainability for the Company's business as a whole. We remain committed to building long-term relationships with stakeholders and creating added value for our guests, employees, destinations and shareholders through a responsible and sustainable business model.

As previously announced, after many years at the helm of Valamar Riviera's Supervisory Board, as of June 2023, I have decided to step down in favor of a younger colleague who will continue to steer Valamar in the right direction for the coming generations. Therefore, I have recommended Mr. Franz Lanschützer as the new Chairman of the Supervisory Board, but I will remain a member until the end of my term in 2025 and will continue to be involved as a long-term shareholder. This will ensure the continuous support from the largest shareholders in Valamar's governance structure and a business model that creates value for stakeholders through long-term investments in service excellence, employees, destinations, innovation and positive social impact.

Once again, I would like to thank Valamar's shareholders, Management Board, Supervisory Board, management and employees for their great support over the last 20 years. They have all contributed to Valamar's success in becoming the regional leader in leisure tourism, and a leader in responsible and sustainable business management.

MESSAGE FROM THE CEO



ŽELJKO KUKURIN,
pH.D., CEO of the
Management Board
of Valamar Riviera d.d.

After two years marked by the pandemic, Valamar Riviera achieved full business recovery and the highest revenues ever in the history of the Group in 2022, despite the impact of the recent energy and inflation crisis.

In 2022, Valamar Riviera generated operating revenues of EUR 325 million, which is an increase of 11% compared to 2019, the last pre-pandemic year. The increase in operating revenues is mostly due to the increase in average prices, which were 19.2% higher than in 2019 and over 11% higher than in the previous year. Revenue growth neutralized the inflationary increase in costs and generated an operating profit of EUR 103 million.

In 2022, exceptional results were achieved in the field of quality and guest satisfaction. As evident from a high share of direct sales (62% in 2023, while 45% in 2019) in total board revenues, our guests are satisfied with Valamar's service excellence and keep coming back to our hotels, camps and resorts.

I am proud of our employees, who are the key to our success. Valamar has been among the TOP 10 most desirable Croatian employers for five years in a row. We have an extremely high share of domestic employees and seasonal workers who return to Valamar every tourist season. We believe that employees are Valamar's greatest asset and will continue to create the best working conditions in tourism, provide year-round income, ensure work-life balance in all our destinations, develop careers and secure above-average salaries.

During 2022 the company employed 7,500 employees, with an 87% share of domestic employees, and more than EUR 15 million were invested in the rewards and salary increase programs during the year. In 2022, Valamar has also opened a new Kuća Valamar, providing accommodation for seasonal workers in Dubrovnik. We continue to invest in our employees and have decided to invest an additional EUR 20 million in 2023 to increase our income and improve our working conditions.

During 2022, we invested EUR 66 million in hotels, resorts and camps under Valamar management. I would particularly like to highlight the investment of Helios Faros worth around EUR 23 million.

We opened Valamar Amicor Green Resort on Hvar island, the first green resort in Croatia, respecting the highest standards of green building and energy efficiency. It is designed with the utmost respect for nature and tradition - from preserving local flora, using local foods, renewable materials and 100% green energy to reducing the carbon footprint. And all this in cooperation with local craftsmen, artists and family farms. This investment confirms our commitment and responsibility towards society, our focus on sustainability, while raising the quality of Croatian tourism, to which we need to contribute as the largest tourism company in Croatia.

The Imperial Riviera investment in Dalmacija [PLACESHOTEL] by Valamar in Makarska in the amount of about EUR 9 million has made the hotel the second Valamar lifestyle hotel under the PLACES brand.

In July 2022, we finalized the acquisition of the third hotel in Obertauern - Hotel Kesselspitze. It is a 5* hotel with 66 keys, which opened for the winter season 2022/2023 as Valamar

Collection Kesselspitze Hotel. About EUR 2.7 million was invested in our properties in Austria, with the largest investment in the pool of the Obertauern Hotel.

Investments included the renovation of Corinthia Hotel in Baška to the Sunny Plus brand level, service excellence investments in Valamar Bellevue Hotel in Rabac, the construction of the Padova beach on the island of Rab and the continuation of investments in Istria Premium Camping Resort and Lanterna Premium Camping Resort.

Valamar is the first tourism company in Croatia to integrate sustainable development into business and development management and to announce sustainability goals according to the ESG framework. In 2022, Valamar Riviera announced its sustainability strategy and ESG targets for 2025, which include achieving carbon neutrality in the first and second scope, employing and retaining the so far largest number of domestic workers, investing in destination development, and a high share of domestic production and local products in the food and beverage segment.

Sustainable tourism focuses on the well-being of local communities and benefits people living in tourist destinations. If we wish to remain successful and competitive, we need to preserve our sea, nature, employees in tourism, and authentic way of living. Valamar has decided to work towards sustainable tourism, to take special care of the environment, employees and its destinations.

In the past period, we have made a lot of investments in public tourist infrastructure such as promenades, bicycle paths and beaches. We also reduced our greenhouse gas emissions by 65%, reduced the amount of waste per night, installed solar panels for electricity production and donated funds to local communities with the aim of improving tourism and quality of life in destinations. We're on our way to carbon neutrality.

We are also increasing the share of renewable energy sources - solar panels on the roofs of our properties will produce 15% of our energy needs by 2025, and we will work to ensure the highest sea quality in all our destinations. We continue to take care of our green areas, which includes the care of 80,000 trees, and we have launched a program aimed at continuing afforestation. During 2022, Valamar participated in the planting of more than 3,300 trees in Karlovac and Split-Dalmatia County, and planted trees at its own locations.

Valamar Riviera and Imperial Riviera employees were awarded at the Days of Croatian Tourism, while Valamar Riviera also won the award for the Best Hotel for Family Vacation and the awards for Camp of the Year and the Best Large Camp. At the Days of Croatian Tourism, Valamar was also awarded a special Recognition for excellence in the application of the principle of sustainable tourism.

In the business year 2023, we expect a good tourist season and business stabilization. Valamar remains a leader in the innovative management of holiday tourism and a partner to its destinations that continuously creates new value for all its stakeholders through responsible and sustainable tourism operations, with an additional incentive being Croatia's entry into the Schengen area and the Eurozone.

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1 ABOUT THIS INTEGRATED ANNUAL REPORT AND SUSTAINABILITY 2022

This integrated annual report and sustainable business for Valamar Riviera 2022 refers to the reporting period from January 1st until December 31st, 2022, and is based on the Annual Report published on February 28th, 2023 for the Valamar Riviera Group.*

For the eighth consecutive year, Valamar Riviera has integrated business reporting with sustainability reporting, i.e., non-financial information on the Company's environmental and social impact. The non-financial report for 2022 was prepared using the current GRI standards.

The European Union has drawn up a Green Plan that defines the goal of reducing CO₂ emissions by 55% by 2030 and achieving a climate-neutral Union by 2050. In order to achieve climate objectives, the European Union has established a legislative framework for sustainable finance, in which the EU Taxonomy Regulation, i.e., the Regulation establishing a framework to facilitate sustainable investment, also plays a key role. This Valamar Riviera integrated report and sustainable business for 2022 is the second which includes indicators in accordance with the Delegated Regulation of the EU Commission 2021/2139 of the European Parliament (Taxonomy). In order

to align the report with the current EU regulations and recommendations by HANFA, Valamar Riviera cooperated with an external consultant, PwC Croatia in the part related to EU taxonomy. Valamar Riviera has consulted the Croatian Business Council for Sustainable Development (HRPSOR) regarding adjustments in accordance with the new GRI standards.

In 2022, Valamar Riviera has also carried out an extensive process of involving stakeholders and defining a new materiality matrix and has developed a new ESG strategy with set strategic goals for the period up to 2025 which is also presented in this report. The report presents the company's economic, social and environmental impact, as well as their long-term management.

A comprehensive approach to corporate social responsibility in relation to key stakeholders is part of Valamar's strategy

where sustainable destination development and support to the local community, as well as environmental care are an integrated part of business. As the largest employer in Croatian tourism, Valamar Riviera focuses on investing in the constant development of human resources to maintain its leadership and status as a company providing the best conditions and overall care for its employees.

The report is available on the Valamar Riviera website www.valamar-riviera.com. We invite all stakeholders to send us their comments to the email address: integratedreport@valamar.com. In order to make the presented data more relevant, the end of the report contains the opinion and recommendations for future reporting given by the Croatian Business Council for Sustainable Development (HR PSOR).

* The Group's balance sheet as at 31.12.2021 and 31.12.2022 consolidated data for the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d., Magičke stijene d.o.o. and Bugenvilla d.o.o.



2 ABOUT VALAMAR RIVIERA

Valamar Riviera, a privately owned joint-stock company based in Poreč, Stancija Kaligari 1, and the leading Croatian tourism company that manages hotels, resorts and camping resorts in famous tourist destinations – in Istria, on the islands of Krk, Rab and Hvar, in Makarska and Dubrovnik, and in Obertauern in Austria.

Valamar's 37 hotels and resorts and 15 camping resorts with a capacity of about 21 thousand accommodation units, can accommodate around 58,000 guests daily and provide perfect holidays and authentic experiences for each guest. The company believes in a growth-driving strategy focused on investments in high added-value products, talents, innovative services and destination development.

Steered by sustainability and social responsibility, Valamar leads the innovative management of leisure tourism and creates new value for guests, employees, shareholders and local communities in partnership with its destinations. One of the cornerstones of Valamar's success is its long-standing open communication with key stakeholders. Hence, Valamar has adopted policies that ensure the company's leadership position in the Croatian hospitality industry in terms of service quality, guest satisfaction, the needs and interests of employees, the company and local community, as well as environmental protection and resource management.





*Dubrovnik President Valamar
Collection Hotel 5*, Dubrovnik*

VALAMAR RIVIERA D.D.

Registered office address:
Stancija Kaligari 1, Croatia

Business activity: Hospitality and tourism (core activities) and other associated activities related to the performance of core activities.

Ownership: Private.

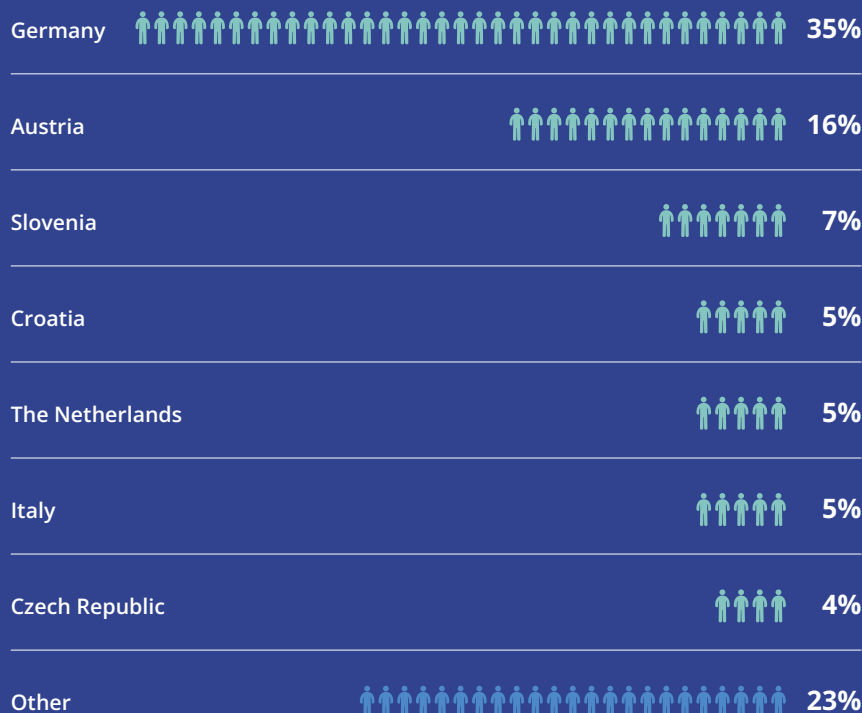
Primary brands:
Valamar All you can holiday
Valamar Collection
Valamar Hotels & Resorts
[PLACES] by Valamar
Sunny by Valamar
Camping Adriatic by Valamar

Portfolio of tourist properties:
37 hotels and resorts
and 15 camping resorts.

Land area: 607 hectares, of which
294 ha or 48% owned and
313 ha or 52% under concession.

Maritime domain: 38 km.

SHARE OF GUESTS PER SOURCE MARKET (overnights)



* Includes only commercial overnights.

KEY INDICATORS

	2020	2021	2021/ 2020	2021	2022	2022/ 2021
Total revenues (HRK bn)	0.7	1.6	146%	1.6	2.4	49.0%
EBITDA (HRK mn)	103	646	526%	646	728	13.0%
Net debt / Adjusted EBITDA	22.6	2.9	-87%	2.9	2.4	-19.6%
Employees (peak season)	4447	5885	32%	5885	7447	27.0%
Capital investments (HRK mn)	595.9	115.4	-81%	115.4	317.3	175.1%
Guests*	345,347	759,201	120%	759,201	1,103,977	45.0%
Beds*	58,492	58,747	0%	58,747	58,696	0.0%
Overnights*	2,279,215	5,004,639	120%	5,004,639	6,779,897	35.0%
Keys*	21,247	21,328	0%	21,328	21,305	0.0%
Book value of long-term assets (HRK bn)	6.1	5.7	-7%	5.7	5.5	-2.7%
Market capitalization as at 31/12 (HRK bn)	3.7	4.2	11%	4.2	3.9	-7.6%
Shareholders as at 31/12	21,000	20,854	-1%	20,854	20,697	-0.8%

* Includes data for Kuća Valamar (accommodation for seasonal employees).

NET OPERATING REVENUES (HRK)

	2019**	2020**	2021**	2022***	2022/2019	2022/2020	2022/2021
Hotels and resorts	1,564,813,471	341,073,347	999,928,066	1,599,522,473	1.02%	4.69%	1.6%
Camping resorts	538,604,809	305,845,294	567,626,456	750,772,779	1.39%	2.45%	1.32%
Other*	47,507,267	13,407,039	53,700,286	70,687,392	1.49%	5.27%	1.32%
Total	2,150,925,546	660,325,679	1,621,254,808	2,420,982,645	1.13%	3.67%	1.49%

* Includes leasing, laundry, trailer and other operating revenues.

** Includes Valamar Riviera, Imperial Riviera, Obertauern.

*** Includes Valamar Riviera, Imperial Riviera.

OPERATING REVENUES (HRK mn)

* Imperial d.d. and Hoteli Makarska d.d. included as of 2017, i.e. as of August 2018.

PORTFOLIO OVERVIEW (by key/pitches)

Poreč	9,928
Rabac	1,829
Krk island	3,208
Rab island	2,383
Dubrovnik	1,952
Makarska	716
Hvar island	542
Austria	269
Valamar Riviera commercial	20,827
Valamar Riviera non-commercial	1,247
TOTAL	22,074



VALAMAR BRANDS

			ACCOMMODATION UNITS	NO. OF PROPERTIES	CAPACITY SHARE
VALAMAR RIVIERA – COMMERCIAL			20,827	52	94.40%
VALAMAR RIVIERA – NON-COMMERCIAL			1,247		5.60%
VALAMAR RIVIERA – TOTAL			22,074	52	100%
HOTELS AND RESORTS			9,214	37	41.70%
VALAMAR COLLECTION			1,328	6	6.00%
Marea Valamar Collection Suites	★★★★★	Poreč	108	1	0.50%
Imperial Valamar Collection Hotel	★★★★	Rab island	136	1	0.60%
Dubrovnik President Valamar Collection Hotel	★★★★★	Dubrovnik	292	1	1.30%
Isabella Valamar Collection Island Resort	★★★★★ (4/5)	Poreč	334	1	1.50%
Girandella Valamar Collection Resort	★★★★★ (4/5)	Rabac	391	1	1.80%
Kesselspitze Valamar Collection Hotel	★★★★★	Austria	67	1	0.30%
VALAMAR HOTELS & RESORTS			3,759	15	17.0%
Valamar Riviera Hotel & Residence	★★★★	Poreč	130	1	0.60%
Valamar Tamaris Resort	★★★★	Poreč	507	1	2.30%
Valamar Parentino Hotel	★★★★	Poreč	329	1	1.50%
Valamar Bellevue Resort	★★★★	Rabac	372	1	1.70%
Valamar Diamant Hotel & Residence	★★★★ (3/4)	Poreč	372	1	1.70%
Valamar Sanfior Hotel & Casa	★★★★	Rabac	242	1	1.10%
Valamar Atrium Baška Residence & Villa Adria	★★★★★ (4/5)	Krk island	92	1	0.40%
Valamar Carolina Hotel & Villas	★★★★	Rab island	176	1	0.80%
Valamar Padova Hotel	★★★★	Rab island	175	1	0.80%
Valamar Meteor Hotel	★★★★	Makarska	268	1	1.20%
Valamar Argosy Hotel	★★★★	Dubrovnik	308	1	1.40%
Valamar Lacroma Dubrovnik Hotel	★★★★	Dubrovnik	401	1	1.80%
Valamar Tirena Hotel	★★★★	Dubrovnik	208	1	0.90%
Valamar Obertauern Hotel	★★★★	Austria	82	1	0.40%
Valamar Amicor Green Resort	★★★★	Hvar island	97	1	0.40%
[PLACES] BY VALAMAR			489	3	2.20%
Hvar [PLACESHOTEL] by Valamar	★★★	Hvar island	179	1	0.80%
Dalmacija [PLACESHOTEL] by Valamar	★★★	Makarska	190	1	0.90%
Obertauern [PLACESHOTEL] by Valamar	★★★★	Austria	120	1	0.50%

			ACCOMMODATION UNITS	NO. OF PROPERTIES	CAPACITY SHARE
SUNNY BY VALAMAR			3,638	13	16.50%
Lanterna Sunny Resort by Valamar	★★	Poreč	606	1	2.70%
San Marino Sunny Resort by Valamar	★★★	Rab island	457	1	2.10%
Rivijera Sunny Resort by Valamar	★★	Makarska	258	1	1.20%
Arkada Sunny Hotel by Valamar	★★★	Hvar island	266	1	1.20%
Club Dubrovnik Sunny Hotel by Valamar	★★★	Dubrovnik	338	1	1.50%
Eva Sunny Hotel & Residence by Valamar	★★★ (2/3)	Rab island	284	1	1.30%
Crystal Sunny Hotel by Valamar	★★★★	Poreč	223	1	1.00%
Rubin Sunny Hotel by Valamar	★★★	Poreč	253	1	1.10%
Allegro Sunny Hotel & Residence by Valamar	★★★	Rabac	168	1	0.80%
Miramar Sunny Hotel & Residence by Valamar	★★★	Rabac	165	1	0.70%
Corinthia Baška Sunny Hotel by Valamar	★★★	Krk island	341	1	1.50%
Zvonimir Sunny Hotel by Valamar	★★★★	Krk island	85	1	0.40%
Koralj Sunny Hotel by Valamar	★★★	Krk island	194	1	0.90%
CAMPING RESORTS			11,613	15	52.60%
CAMPING ADRIATIC BY VALAMAR – PREMIUM RESORTS			5,469	5	24.80%
Istra Premium Camping Resort by Valamar	★★★★★	Poreč	962	1	4.40%
Lanterna Premium Camping Resort by Valamar	★★★★	Poreč	2,959	1	13.40%
Krk Premium Camping Resort by Valamar	★★★★★	Krk island	500	1	2.30%
Ježevac Premium Camping Resort by Valamar	★★★★	Krk island	632	1	2.90%
Padova Premium Camping Resort by Valamar	★★★★	Rab island	416	1	1.90%
CAMPING ADRIATIC BY VALAMAR – RESORTS			4,503	6	20.40%
Orsera Camping Resort by Valamar	★★★	Poreč	595	1	2.70%
Solaris Camping Resort by Valamar	★★★	Poreč	1825	1	8.30%
Marina Camping Resort by Valamar	★★★★	Rabac	329	1	1.50%
Baška Beach Camping Resort by Valamar	★★★★	Krk island	601	1	2.70%
Bunculuka Camping Resort by Valamar	★★★★	Krk island	414	1	1.90%
San Marino Camping Resort	★★★★	Rab island	739	1	3.30%
CAMPING ADRIATIC BY VALAMAR – SUNNY			1,641	4	7.40%
Brioni Sunny Camping by Valamar	★★	Pula	725	1	3.30%
Tunarica Sunny Camping by Valamar	★★	Rabac	162	1	0.70%
Škrila Sunny Camping by Valamar	★★★	Krk island	349	1	1.60%
Solitude Sunny Camping by Valamar	★★★	Dubrovnik	405	1	1.80%

VALAMAR'S CORPORATE STRATEGY

Vision

The vision of the Company
is a perfect vacation,
every day for every guest.

Mission

LEADERS IN HOLIDAY TOURISM

To be the leader in leisure tourism and create authentic guest experiences in partnership with our destinations.

EMPLOYEES AND GUESTS ALWAYS COME FIRST

To develop a stimulating corporate culture where guests and employees come first.

AN ADDED VALUE FOR ALL STAKEHOLDERS

To deliver added value for shareholders through corporate responsibility by promoting sustainable development and supporting local communities.

Values

**WELCOMING**

We make our guests feel welcome and highly appreciated.

**AMBITIOUS**

We set ourselves challenging goals and strive for excellence in everything we do.

**RESPONSIBLE**

We are a trustworthy business partner and a caring employer dedicated to the local community and the environment.

**INNOVATIVE**

We engage in collaborative innovation to improve our performance, stay alert and open to change.

**PROUD**

We take pride of our destinations and being part of the successful Valamar family.

**VALAMAR**



The beginning of tourism in Poreč
1910
opening of the Riviera hotel
(the company was named after it)

1953
Riviera established, the company-
predecessor of Valamar Riviera d.d.

20 people employed in the first season
of operation

1970
Kristal hotel built

Dynamic growth in tourism and intensive
construction of hotels, apartments and
campsites

1999
establishment of Dom fond, the largest
privatization investment fund

Introduction of the first brands for hotels
and campsites: Valamar Hotels & Resorts
and Camping on the Adriatic

**Management and portfolio
consolidation**

the company started operating as
Valamar Riviera d.d. and was listed on the
official market of the Zagreb Stock
Exchange in December 2014

1895
—
1950

1950
—
1965

1965
—
1990

1990
—
2000

2000
—
2010

2010
—
2015

Tourism developing along the
Croatian Adriatic coast

Public bathing areas became favorite
spots for the first tourists

Management of hotels, bungalows
and restaurants in Poreč and on
Sveti Nikola Island

1979
Pical hotel
(the first high-category hotel in Poreč)

1986
Fortuna hotel built on Sveti Nikola Island

Privatization and ownership
transformation: economic processes
in the war's aftermath

Valamar hoteli i ljetovališta starts
managing hospitality operations

Business growth and portfolio
investments: improving the quality of
properties and services

Mergers and acquisitions:

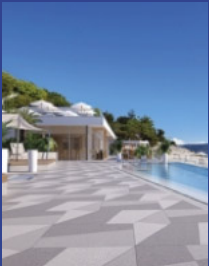
2011
Zlatni otok d.d. (est. 1956), Rabac d.d.
(est.1961)

2013
Dubrovnik-Babin Kuk d.d. (est. 1971)

2014
Valamar Adria holding d.d. (est. 2003),
Valamar grupa d.d. (est. 2005)

Valamar timeline





New stage in growth and acquisitions:

2015

Opening of Isabella Valamar Collection Island Resort

2017

Opening of the largest investment in Croatian tourism: Girandella Valamar Collection Resort and TUI Blue Bellevue Resort

2018

Valamar presented the new brand strategy and brand identity featuring five new product brands

2019

Opening of Istra Premium Camping Resort – first large five star camping resort in Istria

2019

Opening of Pinea Valamar Collection Resort – expanded offer of premium family holiday in Poreč

In 2020 Valamar maintained: Employment and business stability

Valamar managed to achieve long-term business sustainability with the support of key stakeholders and managed the crisis as well as the tourist season during 2020

All jobs were protected with the aid of Government measures and the support of social partners through the "Pause, Restart" program

Under the extraordinary circumstances caused by the pandemic, Valamar maintained employment with the support of social partners and government measures which resulted in a strong tourist season 2021

Valamar has marked a significant recovery of its core business compared to 2020 despite the notable impact of COVID-19 on travel

Throughout the crisis, Valamar continued to develop its products, services and tourism portfolio through a two-year investment cycle 2019/2021

Achieved full business recovery and highest revenue ever in history, despite the energy and inflation crisis.

Investments in hotels, resorts and camps managed by Valamar amounted to EUR 66 million.

The second Valamar lifestyle hotel under the brand PLACES was opened, Dalmacija [PLACESHOTEL] by Valamar in Makarska, the first eco resort in Croatia, Valamar Amicor Green Resort in Stari Grad on Hvar and the acquisition of the third hotel in Obertauern in Austria - Kesselspitze Valamar Collection Hotel was realized.

2015
2018

2019

2020

2021

2022

Mergers and acquisitions:

2015 – Hoteli Baška d.d. (est. 1949)

2016 – Imperial d.d. (est. 1965) in partnership with AZ pension fund

2018 – Hoteli Makarska d.d. (est.1952) in partnership with AZ mandatory pension funds

Valamar acquires a hotel in Obertauern, Austria as its first step in internationalization

Repositioning Valamar Argosy Hotel in Dubrovnik and renovating Valamar Collection Imperial Hotel on Rab; the first Kinderhotel in Valamar's portfolio – Valamar Girandella Maro Suites opened in Rabac

Further investments in the camping segment focusing on camping resorts in Istria and Krk Island; Valamar recognized as the best employer in tourism and the only tourism company among the top 20 employers in Croatia

Valamar Riviera's 65th anniversary ceremony

Mergers and acquisitions:

The merger of Hoteli Makarska and Imperial on Rab - the establishment of Imperial Riviera d.d. with the aim of further business expansion in Croatia and the region

The aquisition of Helios Faros on the island of Hvar through a partnership between Valamar and PBZ CO pension funds

Start of investments in Pical Riviera, including hotel Pinea in Poreč

Valamar Riviera named the best employer in Croatian tourism

Valamar achieved its three-year strategic investment plan of HRK 2.402 billion

2020

Investment projects and construction works were temporarily halted for 12 to 24 months including Valamar Pinea Collection Resort in Poreč

In 2020, Valamar won the main Corporate Social Responsibility Index Award

April 2021

Reconstruction of Valamar Meteor Hotel in Makarska

This Imperial Riviera investment is worth HRK 85 million, and the renowned Makarska hotel received a number of new facilities and premium quality accommodation

May 2021

First hotel from the new Valamar lifestyle brand opened in Stari Grad on Hvar island - Hvar [PLACESHOTEL] by Valamar

October 2021

Start of construction works on the new Valamar Amicor Green Resort

November 2021

The Supervisory Board of Valamar Riviera approved the recapitalisation of the Austrian branch Valamar A GmbH with the aim of acquiring hotel Marietta in Obertauern

December 2021

The second recapitalization phase of Imperial Riviera worth HRK 690 million was agreed with AZ mirovinski fondovi, aimed at portfolio development in Dubrovnik, Makarska and on the island of Rab

Transfer of three hotels in Dubrovnik from Valamar Riviera to Imperial Riviera. The capital increase and transfer of hotels in Imperial are aimed at accelerating significant investments in the amount of HRK 2.1 billion during a five-year period

Start of new investment cycle worth HRK 300 million in Stari Grad on Hvar island with PBZ CO mirovinski fondovi

Valamar is among the TOP 10 most desirable employers in Croatia and has been the best ranked employer in the tourism for five consecutive years.

The new sustainability strategy and ESG targets by 2025 were adopted.

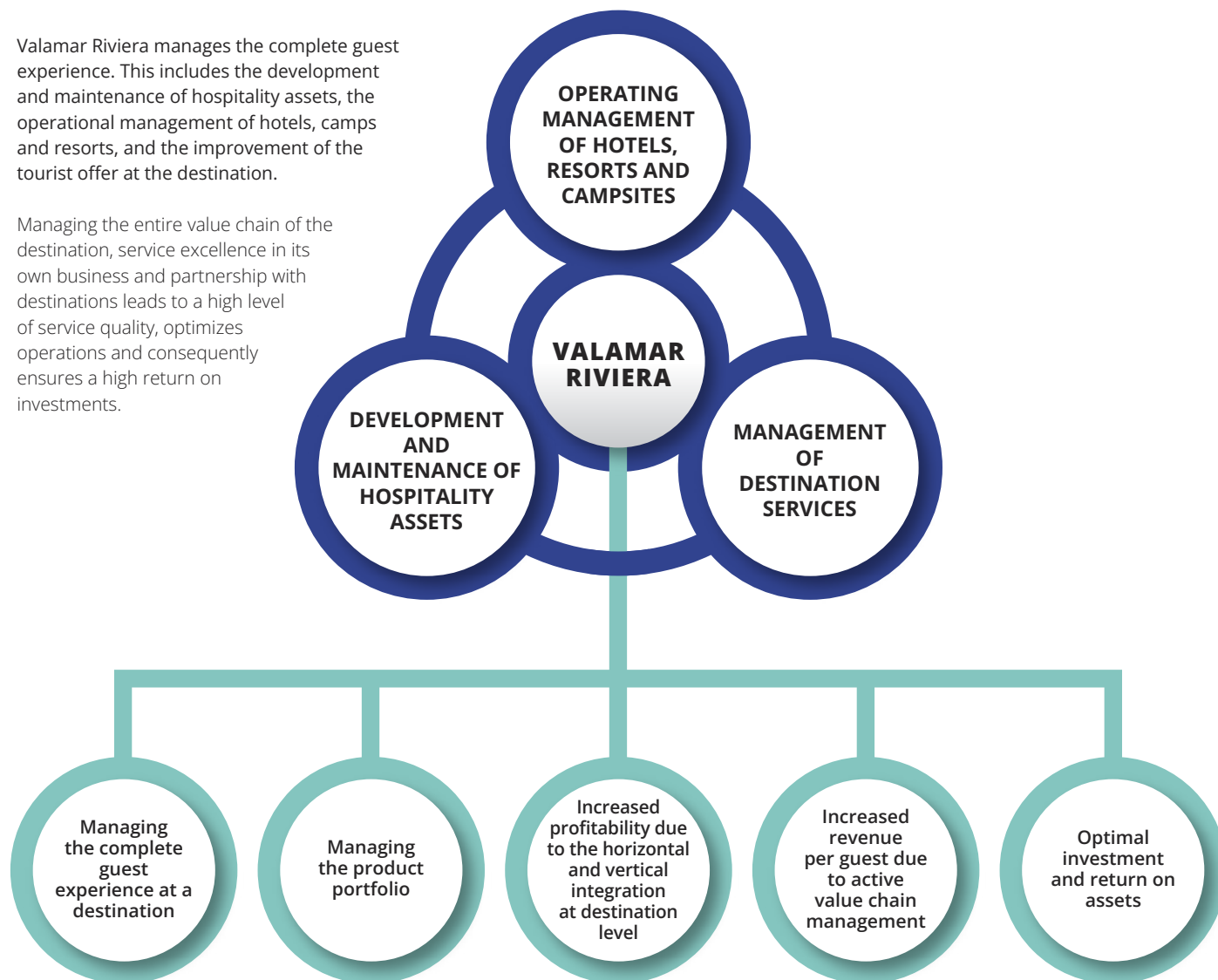
Financial Times included Valamar Riviera on the list of European climate leaders for 2022.



VALAMAR RIVIERA BUSINESS MODEL

Valamar Riviera manages the complete guest experience. This includes the development and maintenance of hospitality assets, the operational management of hotels, camps and resorts, and the improvement of the tourist offer at the destination.

Managing the entire value chain of the destination, service excellence in its own business and partnership with destinations leads to a high level of service quality, optimizes operations and consequently ensures a high return on investments.



ASSET MANAGEMENT AND LONG-TERM ASSETS OWNED

Valamar Riviera manages 607 hectares of property, which includes 38 kilometers of coastal area.

VALAMAR RIVIERA GROUP LONG-TERM ASSETS

	2022	2021
Hotels and resorts	62%	56%
Camps	25%	25%
Other	13%	19%
TOTAL	HRK 5.5 BILLION	HRK 5.7 billion

LAND SURFACE

607 ha



52%
313 ha
under concession

48%
294 ha
owned



*Marea Valamar Collection
Suites 5*, Poreč*



3 THE HOSPITALITY INDUSTRY IN CROATIA 2022

VALAMAR RIVIERA D.D. CONVEYS THE EXPERT REVIEW OF THE CROATIAN TOURISM ASSOCIATION



VELJKO OSTOJIĆ,
HUT Croatian Tourism
Association

Tourism in Croatia has come close to the record numbers from 2019 according to the indicators from 2022. Total tourism revenues of almost EUR 15 billion, of which EUR 13.1 billion from foreign guests (according to the data of the Croatian National Bank) significantly exceed the previous record from 2019.

In 2022, Croatia recorded 18.9 million tourist arrivals and 104.8 million tourist overnights, which is an increase of 37 percent in arrivals and 25 percent in overnights compared to the previous year. Foreign tourists made 92.3 million overnights, while domestic tourists made 12.5 million overnights. Compared to the record year 2019, the numbers achieved in 2022 represent 91 percent of arrivals and 96 percent of overnights. This data is published on the eVisitor system, which monitors tourist traffic in commercial and non-commercial facilities and nautical charter.

In addition to the achieved turnover of before pandemic years and record revenues, the 2022 tourist season was also marked by a high increase in costs, especially energy prices and labor shortages, and the cost increase at the sector level exceeded revenue growth. This resulted in an average profitability decline in the sector, as well as the investment potential in tourism. The competitiveness of tourism and good tourism results in the medium term are closely related to the level of investments, so lagging in investments compared to competition is a serious threat in the next period, which we must actively address in Croatia.



104.8 million
total overnights in 2022

92.3 million
foreign guests overnights

12.5 million
domestic guests overnights



*Girandella Valamar
Collection Resort 4/5*, Rabac*

FINANCIAL INDICATORS

According to the data of the Croatian National Bank, Croatia generated EUR 13.1 billion in revenue from foreign tourists in 2022, which is 44 percent more than in 2021 and 24 percent more than in 2019. Income growth has been recorded in the main season and summer months, as well as beyond this period, which is progress in terms of extending the season and reducing the pressure of tourism on coastal infrastructure. Thus, in the fourth quarter, revenues from foreign guests increased 44 percent compared to the same period in 2021 and by 33 percent compared to the same time in 2019. The comparison of the first quarter also shows revenue growth, so in the first quarter of 2022, revenues were 105 percent higher than in the same period in 2021, or 2 percent higher than in the same period in 2019. In the second quarter of 2022, tourism revenues reached EUR 2.6 billion, and EUR 8.4 billion in the third quarter. Both quarters achieved growth compared to 2019.

However, the fact that the increase in business expenditures of leading tourism companies exceeded revenue growth disturbs the impression of a record season. According to the analysis of submitted nine-

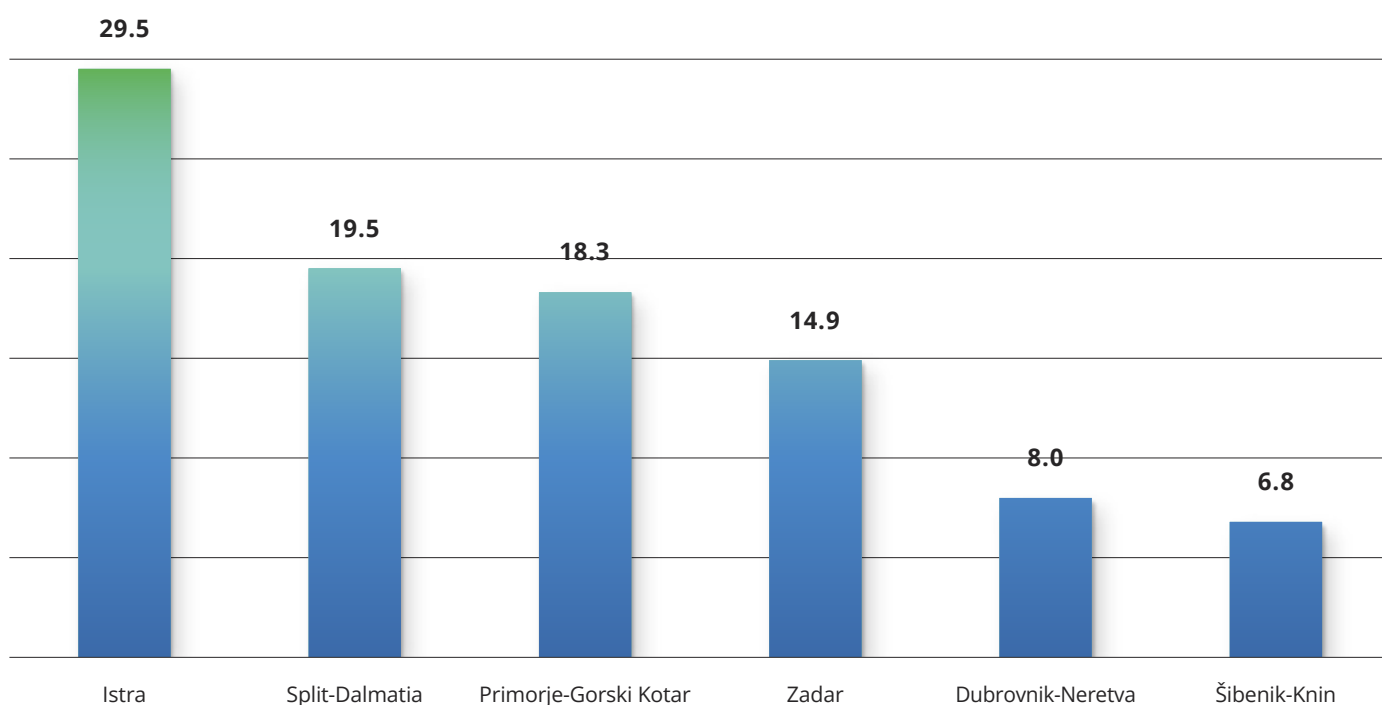
month business results of 21 tourism companies that released these results on the Zagreb Stock Exchange and that were subsequently published in Turistički impuls Q3 2022 (Croatian Tourism Association), cost increases twice exceeded revenue growth. This has reduced the average profit margin in the sector considerably. According to HUT's analysis, the profit generated by the leading tourism companies in 2021 and 2022 covers only 80 percent of the loss from 2020. Hence, the sector requires an improvement of financial indicators and the overall investment climate in order to achieve full recovery and initiate a new investment cycle that would further raise service quality.

The 2022 season has proven that better results are obtained in properties with continuous investments, a trend that has become even more evident in the years marked by the pandemic. It is important to maintain investments aimed at service quality if we wish to remain the top choice in our source markets considering the period ahead where the full return of our Mediterranean competition is expected. Especially since these source markets are targeted by a strong Mediterranean tourist

countries. During the pandemic, demand and results have proven that we are the safest and closest Mediterranean for EU citizens, and this the solid ground on which we must advance our competitiveness.

The National Recovery and Resilience Plan (NPOO) funds with a total value of just under EUR 292 million (of which EUR 165.7 million were earmarked by the Ministry of Tourism and Sports for private projects aimed at green and digital transition) will represent a certain incentive aimed at strengthening investments. Tenders were announced in 2022, and the start of project implementation is expected through 2023 and for the most part in 2024. These are the first grants for investments in Croatian tourism and will certainly represent a positive incentive for the entire sector regarding necessary investments in the coming years. In order to maximize this incentive, the tourism industry still expects the final resolution and positive implementation of key laws such as the law on tourist land, the law on maritime domain, but also the acceleration and simplification of all processes that slow down and make the investment more expensive. According to Horwath HTL consultancy data presented

COUNTIES WITH MOST OVERNIGHTS (million)



on the 24th Congress of hoteliers, there is a planned investment cycle of EUR 5.7 billion by 2026 for the wider region. The aforementioned investment cycle is the result of promoting tourism in these countries, in which Croatia is relatively behind other countries with an expected EUR 414 million, i.e. only 7 percent of the total regional amount. Croatia needs to optimize its investment framework, considering that the average investment per key in Croatia amounts to EUR 237,000, while the average in the region is significantly lower or EUR 161,000 per key.

In addition to investments, another limiting factor for the continued development of tourism is the lack of workforce. Croatia needed more than 50,000 seasonal workers in 2022, of which 20,000 were domestic and 32,000 foreign seasonal workers. At the very beginning of the main summer season, we estimated that we were missing between 5,000 and 10,000 employees, whereby small and medium-sized properties had the most difficulties in filling out work posts. Labor shortages are not an exclusive problem in Croatian tourism. Estimates showed a lack of 250,000 workers at the start of the main

summer season in Italy, 137,000 in Spain, 128,000 in the UK and 70,000 in France, for example. In 2022, we managed to make several steps towards alleviating the problem of labor shortages with the support of the Croatian Government. The full effects will be evident in the 2023 season. One of those steps included simplifying the process of arrival for returning seasonal workers from third countries, since this segment of seasonal workers reaches around 50 percent of the total number of seasonal workers needed in large tourism companies. In addition, the tax deduction for student work was increased, making students' work in tourism more appealing, the positive effects of this decision already noticeable in the shoulder season of 2022. We will continue the dialogue with the Government and propose substantial measures in order to accelerate the procedure of hiring foreign workers, but also to find more incentive for work-able people in Croatia who want to do seasonal work in tourism.

SUSTAINABILITY

Unlocking as much investment potential as possible is becoming increasingly important in the context of investing in sustainability - a distinguishing factor in positioning tourism. And sustainability requires constant investment to keep up with the competition. We are happy to note that we showcase excellence in this field as well. Valamar's place on the prestigious list of European climate leaders according to Financial Times for 2022 is an extraordinary achievement for domestic tourism because it has gained a place on the global map of excellence in sustainability.

The direction of the green and digital transition of Croatian tourism was also indicated by the new Strategy for the Development of Sustainable Tourism by 2030, adopted in 2022, which represents a quality framework for accelerating the development of tourism. Croatian tourism will also benefit from the country's entry into the Schengen area and eurozone. We have become a closer and safer market for all EU tourists, and we will see the significant positive effects in the coming years.



ISTRIAN TOURISM AT A TURNING POINT



**BRANKO
BOGUNOVIĆ,**
consultant for
HD Consulting

Istria lost 10 percent of its population in ten years, and the number of uninhabited properties increased by as much as 25 percent.

In just over 20 years, the Istrian County has gone from a tourist region that, with its legacy of outdated capacities and a modest tourist value chain, to one of the leading tourist regions in the Mediterranean. This period was accompanied by a process of intensive development initiatives and significant shifts in virtually all elements of the tourist offer.

We were fortunate to be the closest sea to a large pool of relatively rich tourist demand in Central and Western Europe. The COVID-19 pandemic showed us that our tourism was more robust than even the biggest optimists among us predicted as it reached far better results than practically all Mediterranean competitors. Before that, we also had an increase in tourism activity after the global economic and financial crisis, one of the largest in the history of the world. The global economy has grown steadily, and tourism, driven by prosperity and changing social trends, has grown at a significantly higher rates than other industries. Everything would have been perfect if no new problems had arisen.

Since the beginning of organized tourism, Europe has been the most desirable macro destination in the world, and within Europe, the Mediterranean ranks at the top as the most desirable destination not only for European visitors, but for tourists from the USA, East Asia and practically all other continents. In the conditions of such an increase, it is not surprising that several leading destinations in Europe have faced an unprecedented phenomenon of excessive tourism and the serious social consequences it carries. Of more than 120,000 inhabitants of Venice in the late 1950s, fewer than 50,000 remain today. Barcelona, located between the river, the hills and the sea and without the possibility of serious expansion, first banned the construction of a hotel in the city center in 2017, and completely banned short-term rents of real estate at the end of last year.

A number of European capitals are in a ruthless struggle with Airbnb and the phenomena it causes, namely, emigration, explosive rise in real estate prices that become inaccessible to the local population, and the transformation of city centers into museums devoid of any other economic activity than tourism. In addition, science has long described the so-called "Dutch disease" that arises from excessive orientation to one economic branch or resource, and if you search the Internet, you will quickly realize that it is most often associated with tourism.

The Istrian County has lost about six percent of its population in ten years, which is a better trend than the one at the national level, which does not diminish the fact that it is still alarmingly bad. According to the last census, Pula, Umag and Labin lost 10% of their population in ten years. At the same time, the number of permanently uninhabited properties (i.e. cottages or apartments, most

of which, as we know, are used only for a small part of the year and also to a greater or lesser extent rented in one way or another) increased by 25 percent. So, it's grown by a quarter in just 10 years.

The electricity grid was on the verge of collapsing in August 2019, and we are not talking about a collapse that is resolved in an hour or two - we are talking about days. Water shortages caught us by surprise in 2022, and climate change and the increasing average temperature do not help at all. In all, the dynamics of issuing new building permits rose to about 5,000 per year between 2016 and 2019, and there were no shortages during the covid-19 pandemic, regardless of the significant increase in construction prices. The Istrian HEP receives 3,500 new requests for network connections in the Istrian County annually, and its peak technical capacity is to connect 1,500. The situation with traffic and parking is commented by citizens every year and does not need to be mentioned further.

What is left for us in this demographic situation and which we need to cherish sees less and less interest in studying, which can be easily verified by the enrollment statistics of the Juraj Dobrila University in Pula, as well as practically all the universities on the coast. Children are smart and they see that they need a rental property to get by, while knowledge is unprofitable. This hasn't gone unnoticed by capital that behaves rationally, so in a situation where the real estate business and its annuity are taxed roughly ten times less than anything else, it does not occur to it to invest in something else. In the construction frenzy, we opened these same conditions to foreigners who own more than half of the non-commercial real estate in the Istrian County.

Non-commercial accommodation refers to cottages and apartments that should not be for commercial rent, although we know practically nothing about the structure and actual economic behavior within this category of accommodation. Out of 135,000 beds in non-commercial accommodation (which is also by far the fastest growing accommodation category that increases several times faster than private accommodation annually, especially in relation to stagnant hotels and camps), the Istrian County collected a total of HRK 2 million (yes, you've read that correctly) in accommodation taxes, without any mechanisms in the existing laws to raise this amount, or introduce any inspections that would bring order to everything. If we go to neighboring countries, it is impossible to think that as a foreigner you could buy a property in Austria, Italy, or Switzerland and then rent it out to tourists. Those who are more developed and more skilled in management than we are, do not do so for high moral reasons, or for any other higher reasons. They do it for a very clear and rational reason - to preserve the value of their space and make it impossible for someone else to earn money on it.

Every such discussion has thus far ended with the fictitious grouping of tourist actors into tourism companies and private renters, as if we were all living together on different

sides of the galaxy. We all live in the same space and the space we will leave for generations to come is shared. According to the Istrian County spatial plan, there is room for at least 200,000 more beds. If we do nothing, the existing dynamics will build these beds in less than ten years. If we try to imagine this in terms of space, it is hard to believe that it will be possible to remain a destination of 3*, let alone more, and probably forever. The rent we collect today will fall to everyone, both hotels and private accommodation. Let's try to understand that no one should, will, and besides, politically cannot additionally tax the family accommodation of those who (in one modest unit with a lot of care and effort) host guests who return for that very reason, thus raising our tourist image. It is a type of accommodation that has mostly presented the tourist recovery of the Croatian coast, and which needs to be helped to further improve as a symbol of Croatian tourism.

If we look at the area of Istrian towns and cities, how much of what has been newly built in the last ten years refers to such forms of accommodation?

Statistics show that there are far more apartment buildings created in the places of former family houses, whose owners are who knows where and whose keys tourists take out of mailboxes, who spend their holidays without any human contact with the host. The state and the residents themselves are subsidiaries in this, making it one of the most profitable activities for investors anywhere and in general. If we don't do something, it won't stop.

The planning and cost of the complete infrastructure system are growing exponentially with the rise of peak versus average load. In some destinations of the Istrian County, the ratio of the number of beds to the population exceeds 10:1. Therefore, each system (water, electricity, drainage, transport) must be designed for ten times more, which is then paid for by the citizens themselves. Here we still notice that the population (those who will pay) is becoming less and the number of beds (those for which they will be paid) is increasing.

The situation is alarming, but not lost. With a joint initiative, smart management and with the help of EU funds at our disposal, we still have a chance to rehabilitate our space and infrastructure system at the level of European countries to which we strive according to the tourist model and the number of annuities. With significant progress in the development of tourism products in the last 20 years (raising the quality of all types of accommodation, great advances in gastronomy, innovations in the interpretation of natural and cultural heritage), Istria has shown that it can compete with the leading tourist regions in the Mediterranean. If we take over their practices in the rules of construction and operation of real estate, the vision of Istria as a long-term sustainable tourist region of high quality and desirable place to live should not be jeopardized.

Source: *Glas Istre*, December 5, 2022



4

ENGAGEMENT OF KEY STAKEHOLDERS AND MATERIAL ASPECTS



For many years, Valamar Riviera has been developing an open communication with key stakeholders and has defined the priorities for the development of its ESG strategy with them. Through these relationships, we identify the best opportunities for the implementation of ESG strategic initiatives in business. In drafting this report, we have included and specifically consulted the Croatian Business Council for Sustainable Development (HR PSOR).

The dialogue with the Company's stakeholders is considered to be an important part of corporate social responsibility integrated into the Company's business strategy. At company level, Valamar has adopted policies with a commitment to be at the very top of the hospitality industry in Croatia in terms of service quality, guest satisfaction, respect for the interests of employees, the company, the local community and environmental protection and resource management.

Valamar Riviera has also adopted the Quality and Sustainable Business Policy, which particularly emphasizes the following aspects:

- ▶ ensuring the satisfaction, health and safety of guests and employees,
- ▶ compliance with legal and other requirements,
- ▶ pollution prevention as a fundamental approach in environmental management,
- ▶ waste reduction and disposal,
- ▶ continuous improvement of quality, environmental and energy performance and management systems,
- ▶ conservation and rational use of natural resources,
- ▶ procurement of energy efficient products and services and support of design activities that consider the improvement of energy efficiency,
- ▶ ensuring the availability of information and all necessary resources for the realization of our general and individual goals of quality, environment, energy and health and safety,
- ▶ application of labor rights and care for its employees and ensuring a healthy working environment,
- ▶ respecting the interests and providing support to the local community,
- ▶ protection of children.



Kesselspitze Valamar
Collection Hotel 5*, Austria

COMMUNICATION WITH KEY STAKEHOLDERS

GUESTS

- ▶ guest opinion surveys
- ▶ educating guests about environmental protection
- ▶ Involvement of guests in humanitarian activities
- ▶ newsletters

THE MANAGEMENT BOARD

- ▶ a member of the Management Board of Valamar Riviera oversees sustainability and digitalization
- ▶ the Valamar Riviera Sustainability and Digital Committee monitors the status of the implementation of the sustainability strategy and the progress of strategic ESG initiatives on a monthly basis

EMPLOYEES

- ▶ surveying/researching corporate culture and climate
- ▶ communication through the monthly printed magazine VIV and the online blog VIV
- ▶ daily, weekly and monthly department meetings
- ▶ assembly of workers
- ▶ annual gathering
- ▶ continuous feedback on performance

Valamar employees participate in the implementation of the sustainability strategy and the achievement of ESG goals, from data collection using the EMIS system, Greenly and others (e.g. electricity, water consumption, etc.) to participation in socially responsible Valamar initiatives in the local community.

SHAREHOLDERS AND INVESTMENT COMMUNITY

- ▶ annual Shareholders general assembly
- ▶ financial reports
- ▶ corporate websites
- ▶ transparent communication with all investors in the capital market (non-deal road shows, meetings and participation in conferences, Investor's Day, corporate website)
- ▶ cooperation with development and commercial banks and creditors and proactive communication with analysts
- ▶ financial reports and timely publications on material facts for investors

LOCAL COMMUNITY AND DESTINATIONS

- ▶ involvement in the tourist board system
- ▶ cooperation at destination events and with investment projects
- ▶ active participation in charity activities

CONTRIBUTION TO THE DEVELOPMENT AND PROMOTION OF TOURISM THROUGH MEMBERSHIP IN ASSOCIATIONS AND INSTITUTIONS

Valamar is involved in the activities of organizations and institutions, which contribute to destination development and the increase of service standards in general.

Valamar has its representatives in all assemblies, tourist councils and/or supervisory boards in the following tourist boards:

- | | | |
|------------------------------------|------------------------------|----------------------------|
| ▶ Croatian Tourist Board | ▶ Vrsar Tourist Board | ▶ Baška Tourist Board |
| ▶ The Makarska Tourist Board | ▶ Funtana Tourist Board | ▶ Dubrovnik Tourist Board |
| ▶ The Istrian County Tourist Board | ▶ Tar-Vabriga Tourist Boards | ▶ Punat Tourist Board |
| ▶ Kvarner Tourist Board | ▶ Labin Tourist Board | ▶ Lopar Tourist Board |
| ▶ Poreč Tourist Board | ▶ Raša Tourist Board | ▶ Rab Tourist Boards |
| | ▶ Krk Tourist Board | ▶ Stari Grad Tourist Board |

COMMUNICATION WITH ASSOCIATED STAKEHOLDERS

TRADE UNIONS

- ▶ signed collective agreement
- ▶ cooperation with the Workers' Council on all key issues related to the rights and benefits of employees

PROFESSIONAL ASSOCIATIONS

- ▶ promoting the interests of the profession through membership in a number of professional organizations (Croatian Tourism Association, Croatian Employers' Association, Croatian Chamber of Economy, Croatian Business Council for Sustainable Development and others)

SUPPLIERS

- ▶ long-term collaboration and partnership
- ▶ quality assurance requirements for each product category

PUBLIC ADMINISTRATION BODIES

- ▶ cooperation in the development and preparation of investment projects, student scholarships and dialogue related to legislative initiatives

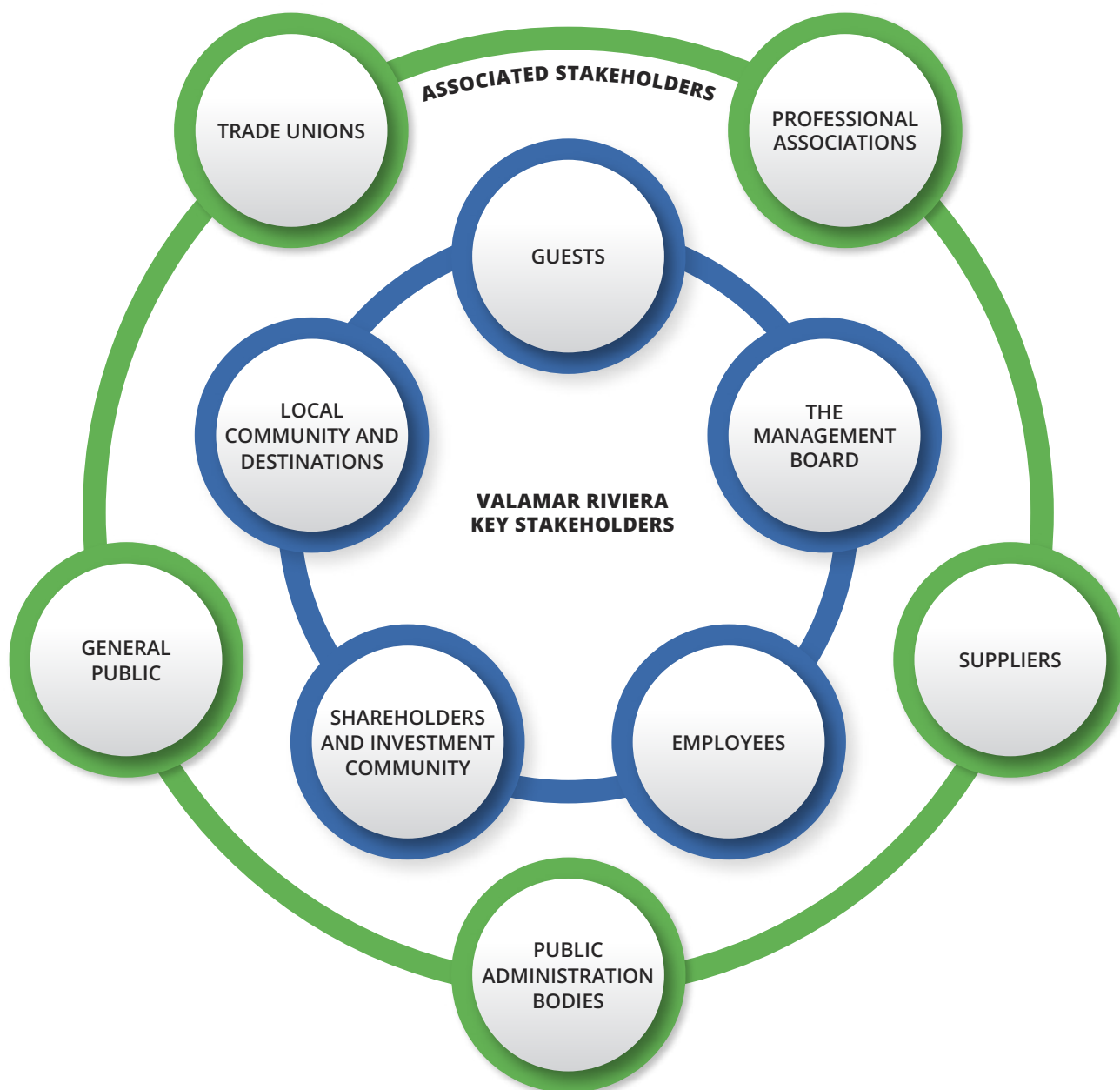
GENERAL PUBLIC

- ▶ press releases
- ▶ communication via the Internet
- ▶ VIV magazine

In addition to the tourist boards, Valamar Riviera is also active in the following associations :

- ▶ Croatian Tourism Association (HUT)
- ▶ Association Of Entrepreneurs In The Hotel Industry Of Croatia (UPUHH)
- ▶ Croatian Camping Association (KUH)
- ▶ Croatian Business Council For Sustainable Development (HRPSOR)
- ▶ Croatian Green Building Council

VALAMAR RIVIERA KEY STAKEHOLDERS AND ASSOCIATED STAKEHOLDERS



UN GLOBAL COMPACT

In 2022, Valamar Riviera decided to join the UN Global Compact, the world's largest initiative for sustainable development and corporate sustainability, with over 15,000 members in 162 countries and 69 local networks around the world. Accession is expected in 2023.

Members are obliged to align their business practices with the UN Global Compact's Ten Principles, which are based on internationally accepted UN declarations and conventions concerning human rights, labor, environment and the fight against corruption. These principles serve as the normative authority for responsible business operations and the

companies that accept them assume the fundamental responsibilities of doing business in these areas. In addition to the above-mentioned Ten Principles, the initiative is also focused on integrating the Sustainable Development Goals (SDGs) into the business of companies.



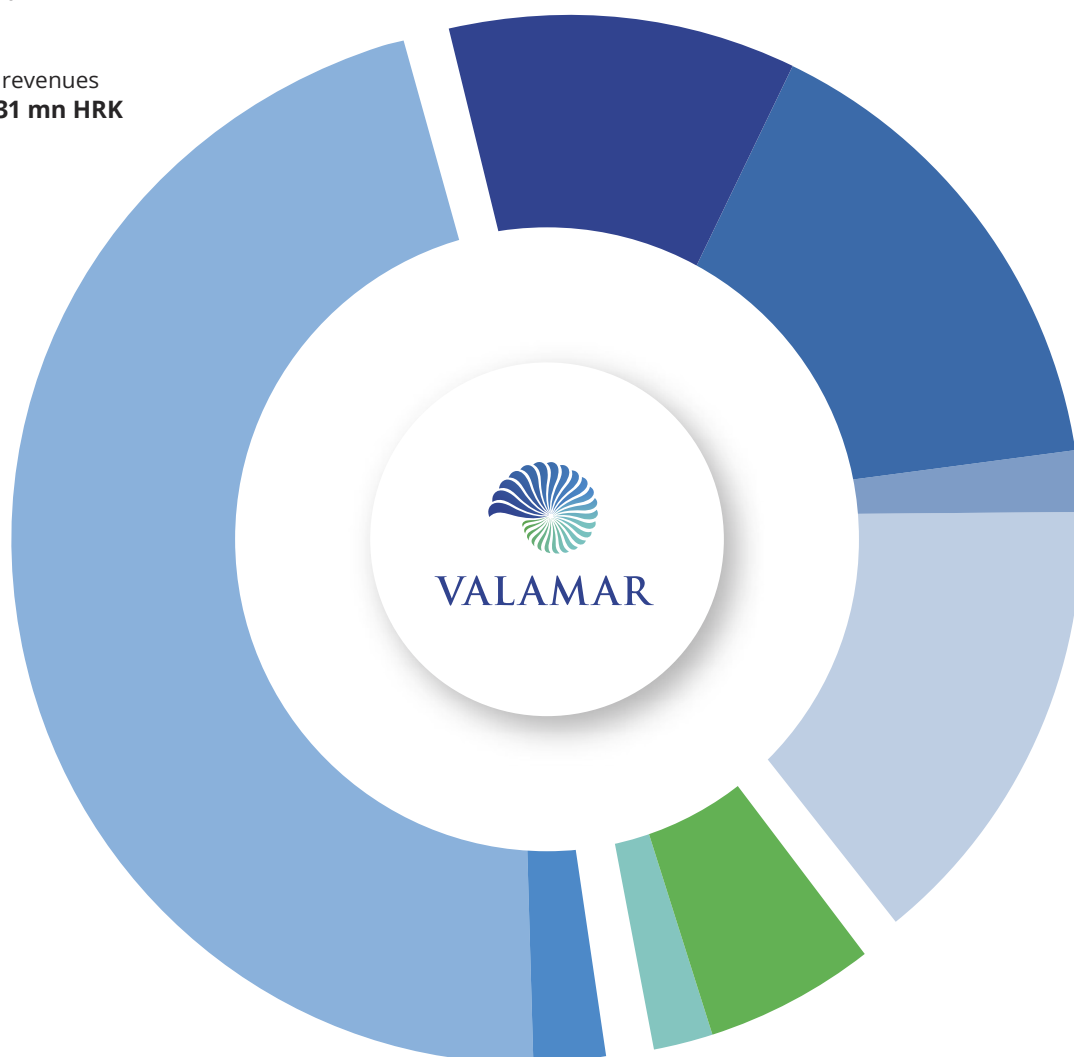
VALAMAR RIVIERA'S CONTRIBUTION TO ECONOMIC DEVELOPMENT IN 2022

DIRECT ECONOMIC VALUE 2.525 bn HRK

- Guests
2.407 bn HRK
- Other revenues
118.031 mn HRK

DISTRIBUTED ECONOMIC VALUE 2.232 bn HRK

- Employees*
575.416 mn HRK
- Suppliers
800.884 mn HRK
- Banks and creditors
100.096 mn HRK
- Public administration
755.706 mn HRK
- INVESTMENTS
366.182 mn HRK
 - Portfolio investments
(excluding CSR Capex)
283.882 mn HRK
 - Corporate social
responsibility programs
99 mn HRK



Direct economic value generated	2.525 bn HRK
Economic value distributed	2.232 bn HRK
Economic value retained	293.071 mn HRK
Total investments	366.182 bn HRK



IDENTIFICATION OF MATERIAL ASPECTS AND BOUNDARIES

Identifying and quantifying the impact of business on the environment, local community, employees and society is an important framework for socially responsible and sustainable business.

As part of the stakeholder engagement process at the end of 2021 and the beginning of 2022, Valamar conducted surveys of guests, suppliers, employees and senior management, as well as selective in-depth interviews with key internal stakeholders of the company and top management. After analyzing the collected results and holding ESG workshops, Valamar adopted a new materiality matrix. The ESG workshops held at the company's senior management level also analyzed the strategic sustainability goals until 2025 and defined an ESG strategy with concrete key performance indicators (KPIs) which Valamar reports on annually.

In 2022, the company conducted regular annual consultations with all sectors, by conducting the annual corporate culture and climate survey that encompasses all employees, as well as the discussions held at workers gatherings and meetings with the Labor Council. Areas where further improvements will be introduced, and results will be monitored have been identified. Valamar continues to develop two-way communication with key stakeholders to further improve the quality of integrated reporting.

In the process of involving and consulting key stakeholders, an extensive survey was conducted in 2022, including Valamar suppliers (74 surveys in total), guests (1202 surveys in total), employees in corporate services (90 surveys in total) and representatives of senior management and Management who participated in ESG workshops (10 surveys in total). Sustainable Business Surveys aimed to explore in depth important material topics in order to determine key sustainability goals. For all stakeholders' groups involved, the topic of sustainability was assessed as extremely important, both in terms of daily decisions on the choice of products and services, as well as vacation planning and the selection of sustainable companies. As many as 78% respondents assessed sustainability as important in these decisions, and for 27% as extremely important. When planning a holiday, 66% of respondents rated the topics in the field of sustainability as important, and 21% as extremely important. More

than 50% of respondents said that when choosing tourist accommodation, the topic of sustainability is important, while 16% stated that it is extremely important to them.

Among the top 6 topics, respondents mentioned waste recycling, reduction of plastic use, water saving, environmental protection, reduction of CO₂ emissions and use of renewable energy sources, and socially responsible business, especially in the field of employee care. Responses from guests, suppliers, and employees are strongly matched in terms of isolated areas and material topics that they deemed to be extremely important. Respondents identified the following areas as where Valamar was recognized in terms of quality management and care for sustainability: the supply of local food and beverages, protection and care of Adriatic Sea and coast, care for horticulture, the supply of sustainable seafood and the employment of local workers. Working conditions, use of renewable energy sources, reduction of plastic packaging, waste sorting and recycling, supporting the local community, sustainable construction and water saving were also singled out as important.

Respondents highlighted climate protection, energy reduction and renewables, waste reduction and circular economy, water management, biodiversity, responsible procurement, community well-being, economic impact on the community, employee development and well-being, inclusion and diversity, health and safety in the workplace, human rights protection, competitive working conditions, corporate governance and business ethics and compliance among particularly important topics for assessing the company's sustainability. As many as 79% of respondents rated Valamar with the highest scores in the area of employment of local employees, 78% in the area of care for the Adriatic Sea and coast, 76% in the area of local food and beverages, 71% in the area of care for horticulture and green areas and 66% in the area of sustainable seafood. Valamar also received excellent ratings for employee working conditions, which distinguishes 66% of respondents, waste sorting and recycling was allocated by 65% of employees, while in other areas, including reduction of plastic packaging, sustainable construction, reduction of CO₂ emissions, use of renewable energy sources and water saving, Valamar received excellent ratings from more than 50% of respondents.



*Imperial Valamar Collection
Hotel 4*, Rab island*

MATERIALITY MATRIX

The Valamar Riviera materiality matrix is developed in accordance with GRI requirements and is the result of stakeholder involvement and has helped to identify material reporting topics and to define the boundaries of the sustainability report. Material topics are closely related to the goals of sustainable development and business goals of Valamar Riviera.



ENVIRONMENTAL

- 1 Biodiversity in destinations
- 2 Climate protection
- 3 Energy reduction and renewables
- 4 Waste reduction and circular economy
- 5 Water management
- 6 Responsible procurement



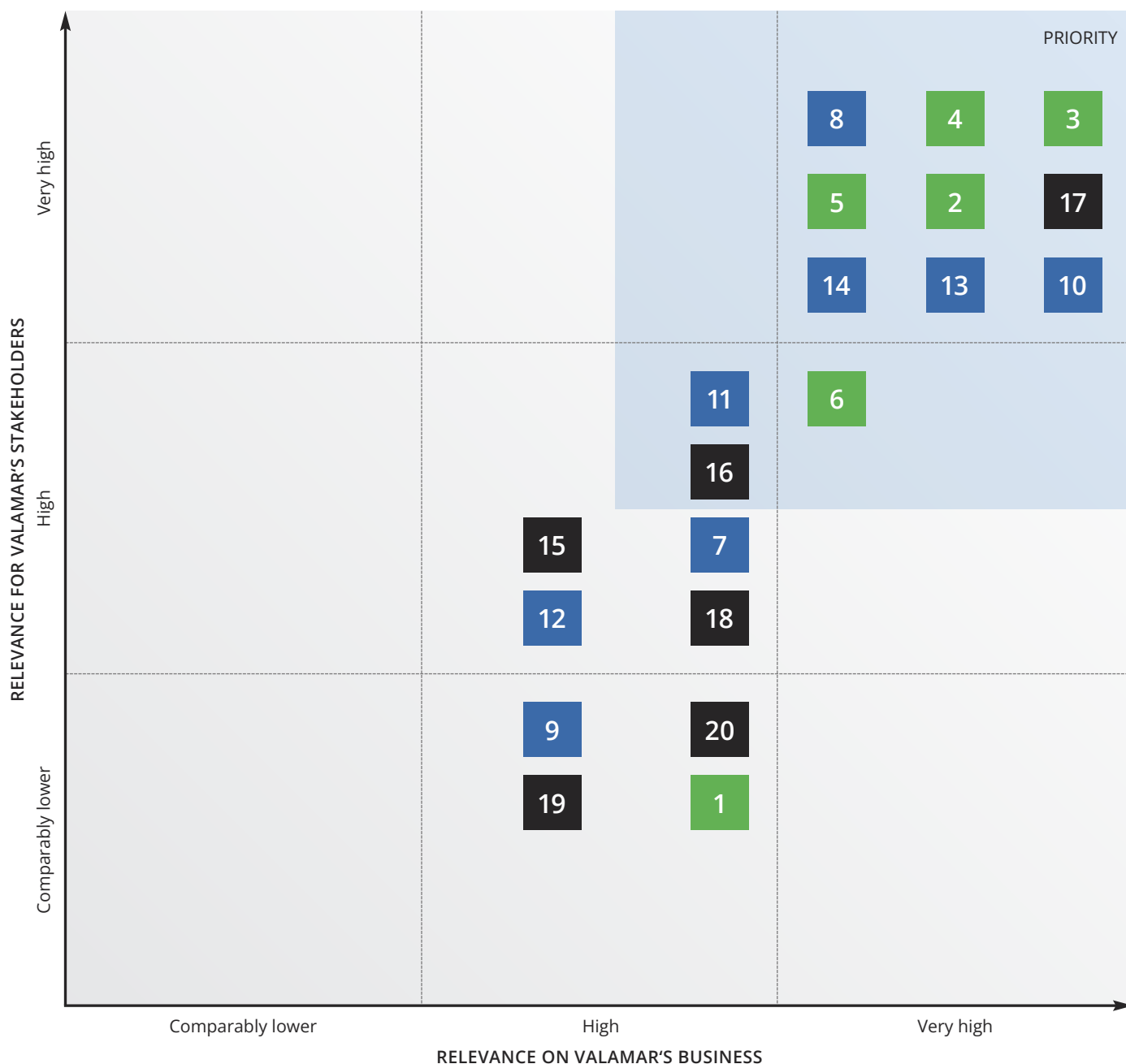
SOCIAL

- 7 Community welfare (economic, social, employment)
- 8 Employee development and wellbeing
- 9 Inclusion and diversity
- 10 Workplace health and safety
- 11 Human rights protection
- 12 Suppliers' innovation and transparency
- 13 Competitive working conditions
- 14 Local employment and ensuring year-round income



GOVERNANCE

- 15 Stakeholder dialogue
- 16 Business ethics and compliance
- 17 Corporate governance and risk management
- 18 Sustainable suppliers
- 19 External validation
- 20 Economic impact on communities



5

VALAMAR

ESG STRATEGY



ESG STRATEGY, INITIATIVES AND GOALS BY 2025

VALAMAR ESG MISSION

Valamar's sustainability mission is to achieve carbon neutrality in the first and second scope by 2025* and to invest EUR 50 million in destinations and social impact. The comprehensive sustainability strategy focuses on six strategic initiatives to achieve the ESG targets by 2025 and position Valamar as a sustainability leader among European hotel and tourism companies. The ESG strategy includes Valamar's entire value chain from suppliers, employees and operations to guests and destinations. Valamar is committed to sustainable use of natural resources and a positive impact on the destinations and society in which it operates.

VALAMAR IS ON ITS WAY TO CARBON NEUTRALITY*, RENEWABLE ENERGY, CIRCULAR ECONOMY AND PROTECTING BIODIVERSITY

Valamar is especially focused on the protection of the Adriatic Sea and on the procurement of local food.

VALAMAR STANDS FOR ETHICAL, TRANSPARENT AND PROFESSIONAL LEADERSHIP AND OPERATIONS AT ALL LEVELS

The company values and adheres to international and national ESG standards.

VALAMAR CREATES GOOD PLACES TO WORK AND LIVE FOR ITS EMPLOYEES

and emphasizes positive social development in its destinations.

GUESTS ARE THE CORE OF OUR SERVICES

Valamar encourages guests to engage in positive changes for sustainable development.

VALAMAR GIVES INVESTORS PEACE OF MIND

with a transparent overview of business operations.

* All greenhouse gas emissions as well as targets for 2025 relate to Scope 1 and 2. Valamar is in the process of defining and quantifying Scope 3 emissions, with the aim of developing a comprehensive approach to reducing Scope 3 emissions in line with global greenhouse gas emission reduction targets.



Valamar Padova
Hotel 4*, Rab island

ESG STRATEGY

Valamar is recognized as a leader in environmental protection and sustainable development in tourism in its destinations.

As the leading hospitality company in Croatia, Valamar has invested in various sustainability and social development programs since 2015. These programs include investments in renewable energy and energy efficiency, tourism

infrastructure, as well as numerous programs for employees, social and philanthropic programs.

In early 2022, Valamar developed a new sustainability strategy that included extensive market and best practices analysis in a multi-stakeholder process. Valamar has structured its active sustainability initiatives into a defined ESG structure.

The overall objective was to align ongoing activities and new activities with ambitious targets, which will have a major impact on the Environment and Society, based on sound Governance. Valamar has also aligned these activities with the investors' markets and rating agencies. The company defined six strategic ESG initiatives, three for **(E) environment**, two for **(S) society**, and one for **(G) governance**.

Over the past years, Valamar has kept an active dialogue with key stakeholders to understand the impact and importance of different materiality factors influencing the company's business. This dialogue enabled the company to prioritize its ESG activities and was an important factor in shaping the strategic initiatives within the ESG strategy.

The following stakeholders are involved through discussions, online surveys and focus groups:

- ▶ Guests
- ▶ Employees
- ▶ Partners in our destinations
- ▶ Suppliers
- ▶ Leadership team
- ▶ Supervisory Board

Materiality factors are structured according to their importance for stakeholders and business. Ten main materiality factors were selected - five for the environment, four for social responsibility and one for governance: climate protection, reduction of energy consumption and renewable energy sources, waste reduction and circular economy, water management, development and well-being of employees, corporate governance and risk management, responsible procurement, local employment and secured year-round income, competitive working conditions and occupational health and safety.

THESE SIX STRATEGIC INITIATIVES INCLUDE 12 OF THE 17 UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Valamar monitors the ESG key performance indicators according to a well-defined structure, and twelve key performance indicators have been assigned to the 2025 targets. By 2025, Valamar aims to achieve twelve key sustainability goals.



2025 ESG GOALS



Valamar ESG goals follow Valamar's sustainability strategy and are set for the period up to 2025 to ensure that long-term to medium-term results are met and that the impact of business activities and initiatives is measurable, transparent and accountable. Furthermore, Valamar identified a balanced combination of measurable goals representing each ESG segment effectively through 6 strategic initiatives. Valamar measures over 80 ESG KPIs, of which 12 ESG KPIs have been singled out as major targets by 2025. Among the 12 defined goals, we have identified two key goals: achieving carbon neutrality in the first and second scope, and investing in the community. Valamar has therefore defined twelve key ESG goals: seven for the environment, three for society and two for governance. Valamar's ESG goals reflect the company's business and are integrated in all aspects of business, from preserving the environment to caring for the community and employees.

ENVIRONMENT



CLIMATE PROTECTION

Through the first strategic initiative (climate protection), we have set two ESG goals for reducing greenhouse gas emissions and investing in renewable energy sources.

1 CARBON NEUTRALITY BY 2025*

Valamar will continue to reduce its greenhouse gas emissions and achieve carbon neutrality* at company and portfolio level owned and operated by 2025.

2 15% OF SOLAR ELECTRICITY

Valamar will significantly increase the share of electricity from renewable sources, i.e. solar energy produced at Valamar properties, and will continue to invest in renewable energy sources through long-term partnerships.

CARE FOR THE ADRIATIC, BIODIVERSITY AND FOOD

Through another strategic initiative (care for the Adriatic, biodiversity and food), Valamar has set two ESG goals for achieving high sea quality, and for caring for 80,000 trees and further afforestation.

3 HIGHEST SEA QUALITY IN ALL DESTINATIONS

Valamar will continue to protect and manage the quality of the sea in all its destinations measured by the Blue Flag, the world-renowned label that ensures the ecological management of beaches and marinas.

4 REFORESTATION AND 80,000 TREES

Valamar is committed to reforestation and sustainable management of 80,000 trees and hundreds of hectares of greenery in and around Valamar's properties, especially on the Adriatic coast.

ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT

Through the third strategic initiative (ensuring responsible water and waste management), Valamar has set three ESG goals for increasing the rate of waste recycling, for optimizing water use, and for eliminating disposable plastics.

5 WASTE RECYCLING RATE HIGHER THAN EU AVERAGE

Valamar will continue to achieve higher recycling rates than the EU average.

6 LOW WATER WITHDRAWAL

Valamar will keep the water withdrawal intensity below 0.55 m3 per occupied room and focus on the use of treated wastewater and optimizing water consumption.

7 ZERO SINGLE-USE PLASTIC

Valamar strives to replace or dispose of single-use plastic packaging in all its properties.

* All greenhouse gas emissions as well as 2025 goals relate to scope 1 and 2. In 2022, Valamar defined and quantified emissions from scope 3, amounting to 90% of total greenhouse gas emissions, with the aim of developing a comprehensive approach to reducing greenhouse gas emissions from scope 3 in line with global greenhouse gas emissions reduction targets.

SOCIAL



Through the fourth and fifth initiative (empower employees and develop destinations), Valamar has set goals for hiring domestic employees, for procuring local food and investing in destinations and employees.

8 70% OF DOMESTIC EMPLOYEES

Valamar employs and retains domestic employees. The company provides numerous opportunities for the personal and professional development of employees through education and training programs.

9 80% OF LOCAL FOOD

Valamar has a high share of domestic production and local products in the food and beverage segment. By promoting indigenous products, Valamar provides authentic experiences and develops long-term partnerships with local producers.

10 EUR 50 MILLION INVESTED IN ESG

Valamar will continue to invest in carbon neutrality, biodiversity, employees, destination development, tourism infrastructure and local communities for the benefit of all stakeholders. In 2022, a total of EUR 13 million was invested in destinations and social impact, which included investing in employees, tourism infrastructure, destination and cultural events, planting trees and the environment, as well as various donations.

GOVERNANCE



Through the sixth strategic initiative (sound management), Valamar has set two ESG goals for increasing the number of responsible suppliers and ensuring sustainability certificates for all our properties.

11 80% OF RESPONSIBLE SUPPLIERS

In order to have a greater positive impact on the environment and the destinations in which it operates, Valamar engages and motivates its strategic suppliers to transition towards sustainable business practices.

12 100% OF PROPERTIES WITH SUSTAINABILITY CERTIFICATES

Valamar's commitment to sustainability is recognized by professional organizations and a large number of Valamar properties hold these certificates. The full list can be found in the Awards and Recognitions section.

TRACKING 12 ESG GOALS



GOAL	KPI	STRATEGIC INITIATIVE	UNIT	2021	2022	GOAL 2025	2025 TRACK	PROGRESS
ENVIRONMENT								
1 CARBON NEUTRALITY	SCOPE 1 AND 2 EMISSION INTENSITY	PROTECT THE CLIMATE	kg CO ₂ E/occ. room	2.1	3.4*	0		ZeIEN CERTIFICATE RECIEVED FOR 10/12 MONTHS
2 15% OF SOLAR ELECTRIC ENERGY	OWN ELECTRIC ENERGY PRODUCED FROM RENEWABLE SOURCES	PROTECT THE CLIMATE	% of total	8.3%	6%	15%		INSTALLED SOLAR POWER
3 HIGHEST SEA QUALITY	ADRIATIC SEA QUALITY IN ALL OUR DESTINATIONS (EEA)	TAKE CARE OF THE ADRIATIC, BIODIVERSITY AND FOOD	%	95%	100%	> 95%		MEASURES TO PROTECT THE ADRIATIC AND ITS BIODIVERSITY, COTINUATION OF CLEANING MEASURES
4 REFORESTATION AND 80,000 TREES PROGRAM	MANAGED TREES	PROTECT THE CLIMATE	#	78,955	79,229	> 80,000		247 TREES PLANTED IN VALAMAR PROPERTIES
5 RECYCLE RATE HIGHER THAN EU AVERAGE	REDIRECTED WASTE RATE	ENSURE RESPONSIBE WATER AND WASTE MANAGEMENT	%	46.3%	46.3%	> EU AVG		BIOCOMPOST INSTALLED IN 4 PROPERTIES, TOTAL OF 80T OF BIOWASTE CREATED, CONTINUE TO
6 LOW WATER WITHDRAWAL INTESITY (0.55 m ³ /OCC. ROOM)	WATER WITHDRAWAL INTENSITY	ENSURE RESPONSIBE WATER AND WASTE MANAGEMENT	m ³ /occ. room	0.57	0.55	0.55		CONTINUATION OF WATER CONSUMPTION OPTIMISATION
7 REMOVING SINGLE-USE PLASTIC	SINGLE-USE PLASTIC USAGE	ENSURE RESPONSIBE WATER AND WASTE MANAGEMENT	kg/occ. room	0.07	0.07	0		CONTINUATION OF SINGLE USE PLASTIC ITEMS REPLACEMENT IN OPERATIONS
SOCIAL								
8 SHARE OF DOMESTIC EMPLOYEES 70%	DOMESTIC EMPLOYEES	EMPOWER EMPLOYEES	%	92%	87%	70%		ONGOING PROGRAM TO ATTRACT AND RETAIN DOMESTIC EMPLOYEES
9 SHARE OF LOCAL FOOD 80%	SHARE OF LOCAL FOOD & BEVERAGES	DEVELOP DESTINATIONS	%	78%	78%	80%		ENFORCED LOCAL F&B SOURCING AND ACTIVE SUPPLIER DEVELOPMENT
10 ESG INVESTMENTS WORTH EUR 50 MILLION	TOTAL ESG INVESTMENTS	DEVELOP DESTINATIONS	€ M	8.2	13.1	10		CONTINUED INVESTMENT IN TOURISM INFRASTRUCTURE, EMPLOYEES EDUCATION, LOCAL COMMUNITIES
GOVERNANCE								
11 SHARE OF RESPONSIBLE SUPPLIERS 80%	VALUE SHARE OF RESPONSIBLE SUPPLIERS	IMPLEMENT RESPONSIBLE GOVERNANCE	% of supply value	-	-	80%		SUPPLIER ENGAGEMENT PROCESS INITIATED IN MID 2022 AND BEING ROLLED OUT
12 100% PROPERTIES WITH SUSTAINABILITY CERTIFICATES	SUSTAINABILITY CERTIFICATES	IMPLEMENT RESPONSIBLE GOVERNANCE	% of assets	98%	100%	100%		CONTINUED SUSTAINABILITY CERTIFICATION

* Increase due to 2 month period of operating without HEP's sustainable energy certificate, slight increase in use of fossil fuel for heating.



ESG INITIATIVES BY 2025



E

Valamar is dedicated to protecting the natural and cultural heritage in its destinations. Valamar is committed to carbon neutrality, renewable energy sources, circular economy and caring for biodiversity, with a special focus on the protection of the Adriatic Sea and the procurement of local food. ESG KPIs have been defined through strategic initiatives.

1



PROTECT THE CLIMATE

ENERGY

- 1.1 Reduce energy use
- 1.2 Reduce greenhouse gas emissions
- 1.3 CO₂ absorption by trees/forests
- 1.4 Produce own renewable energy



2



TAKE CARE OF THE ADRIATIC, BIODIVERSITY AND LOCAL FOOD

ADRIATIC AND BIODIVERSITY

- 2.1 Measures for the protection of the Adriatic and its biodiversity
- 2.2 Reforestation program and 80,000 trees

LOCAL AND SUSTAINABLE FOOD

- 2.3 Source from local suppliers
- 2.4 Source sustainable seafood



3



ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT

WATER

- 3.1 Reduce water consumption
- 3.2 Reuse water

WASTE

- 3.3 Waste reduction
- 3.4 Reduce plastic use
- 3.5 Separate and recycle waste



S

Valamar is a responsible leader in Croatian tourism and creates added value for all its stakeholders. Valamar is committed to empowering its employees and creating an incentive place to work where guests and employees come first. Valamar aims to provide authentic experiences in partnership with destinations, which means that it takes an active role in destination development and provides support to the local community.

4



EMPOWER EMPLOYEES

- 4.1 Returning seasonal workers
- 4.2 Better pay than national industry average
- 4.3 Educations and trainings
- 4.4 Domestic employees and diversity
- 4.5 Health and safety



5



DEVELOP DESTINATIONS

- 5.1 Investing in tourism infrastructure accessible to all
- 5.2 Promoting local culture and sport
- 5.3 Involvement in local communities
- 5.4 Supporting educational Institutions



6



IMPLEMENT RESPONSIBLE GOVERNANCE

- 6.1 Implementation of relevant certificates
- 6.2 Responsible suppliers
- 6.3 Corporate governance



G

Management forms the framework for Valamar's organizational and decision-making processes, as well as professional and ethical boundaries, both in stable and uncertain times. Valamar adheres to current international and national standards within the governance framework in the field of sustainability.

ESG HIGHLIGHTS 2022



**ZelEn CERTIFICATE FOR
USING ELECTRICAL ENERGY
FROM RENEWABLE SOURCES
(80%)**

**67% DECREASE
IN CO₂ INTENSITY
(BASE YEAR 2015)**

**FINANCIAL TIMES
EUROPEAN CLIMATE LEADER
(TOP 30 COMPANIES)**

**6% OF SOLAR ELECTRICITY
PRODUCED IN OUR
PROPERTIES**

**GREEN PRIX
NATIONAL AWARD
FOR DECARBONIZING
THE SOCIETY**

**3,100 TREES PLANTED
THROUGH THE DONATIONS
FROM VALAMAR GUESTS,
274 TREES
PLANTED AT VALAMAR**

**EUR 13.1 MILLION
INVESTED IN OUR DESTINATIONS
AND COMMUNITIES**

**TOP EMPLOYER
IN CROATIAN TOURISM**

**78% OF FOOD AND BEVERAGE
IS PRODUCED LOCALLY**

87% DOMESTIC EMPLOYEES

**NATIONAL SUSTAINABLE
BUSINESS AWARD
FROM THE MINISTRY
OF TOURISM AND SPORTS**

**80 T LESS BIO-WASTE
ACHIEVED THROUGH
COMPOSTING**

**DEVELOPED SUSTAINABILITY
STRATEGY 2025
WITH FORMULATED
ESG TARGETS**

**FIRST PLACE IN IMPROVING
THE QUALITY OF
THE CROATIAN ECONOMY**
Valamar Riviera was awarded by the Croatian Society for Quality for its excellence in human resource management, the introduction of new technologies and sustainable and responsible business management

**28 HOTELS
HOLD THE TRAVELIFE
CERTIFICATE,
6 CAMPS HOLD THE
EU ECOLABEL CERTIFICATE**

**98% OF PROPERTIES
ISO 14001 AND
ISO 50001 CERTIFIED**

**15 BEACHES
WITH THE
BLUE FLAG CERTIFICATE**

**VALAMAR
AMICOR GREEN RESORT –
FIRST ECO RESORT
IN CROATIA**

ESG INDICATORS FOR THE VALAMAR GROUP 2022

ENERGY		Unit	2018	2019	2020	2021	2022	
Total energy consumption		MWh	114,437	118,320	51,911	81,745	110,014	
Total intensity of energy consumption		kWh/occ, room	41.28	40.18	48.45	38.91	37.21	
OWN ENERGY PRODUCED FROM RENEWABLE SOURCES		Unit	2018	2019	2020	2021	2022	
Total energy consumption from renewable sources		MWh	76,219	82,941	38,311	63,019	64,900	
Total energy consumption from renewable sources		% from total	66.60%	70.10%	73.80%	77.09%	59.00%	
Own energy produced from renewable sources		MWh	2,337	2,911	2,941	6,762	7,384	
Own energy produced from renewable sources		% from total	2.04%	2.46%	5.67%	8.27%	6.71%	
Electrical energy from renewable sources		% from total	86.20%	100%	100%	100%	80%	
GREENHOUSE GAS EMISSIONS		Unit	Base year 2015	2018	2019	2020	2021	2022
Scop 1 direct emissions								
Emissions	t CO ₂ e	7,643	9,319	7,782	3,094	4,505	7,167	
Emissions intensity	kg CO ₂ e/occ. room	3	3.2	2.6	2.9	2.1	2.4	
Scope 2 indirect emissions								
Emissions	t CO ₂ e	17,848	2,705	0	0	0	2,759	
Emissions intensity	kg CO ₂ e/occ. room	7.1	0.9	0	0	0	0.9	
Scope 1 and 2								
Emissions	t CO ₂ e	25,491	12,024	7,782	3,092	4,505	9,926	
Emissions intensity	kg CO ₂ e/occ. room	10.1	4.2	2.6	2.9	2.1	3.4	
Scope 3 indirect emissions								
Emissions	t CO ₂ e	-	-	-	-	-	84,549	
Emission intensity	kg CO ₂ e/occ. room	-	-	-	-	-	28.6	
ADRIATIC SEA / BIODIVERSITY		Unit	Base year 2015	2018	2019	2020	2021	2022
Beaches with Blue Flag certificate	total	14	14	14	-	-	15	
Beaches with Blue Flag certificate	% beaches	28%	28%	28%	-	-	29%	
Excellent quality of the Adriatic sea in our destinations	%	95.60%	95.60%	95.60%	95.60%	95.60%	100%	
LOCAL FOOD		Unit	Base year 2015	2018	2019	2020	2021	2022
Food and beverages from local and domestic producers	%	-	73%	75%	77%	78%	78%	

WATER AND WASTE*	Unit	2018	2019	2020	2021	2022
Water withdrawal	m ³	1,751,966	1,826,616	792,079	1,192,140	1,624,537
Water withdrawal intensity	m ³ /occ. room	0.63	0.62	0.74	0.57	0.55
Total waste generated	t	8,987	9,725	3,931	8,577	9,618
Total intensity of waste generated	kg/occ. room	3.24	3.3	3.67	4.08	3.25
Total generated landfill waste	t	5,029	5,102	2,016	4,598	5,161
Single-use plastic usage	t	286	285	110	156	220
Single-use plastic usage	kg/occ. room	0.10	0.10	0.10	0.07	0.07
Intensity of generated landfill waste	kg/occ. room	1.81	1.73	1.88	2.19	1.75
Waste redirected to landfills	t	3,958	4,622	1,915	3,979	4,457
Bio-waste composted at place of origin	t	-	-	-	-	80
Share of redirected waste	%	44.04%	47.53%	48.72%	46.39%	46.34%

ETHICS	2018	2019	2020	2021	2022
Number of whistleblower reports	-	-	-	0	0
Number of corruption reports	-	-	-	0	0

EMPLOYEES	Unit	Base year 2015	2018	2019	2020	2021	2022
Year-round income index	%	79%	44%	46%	74%	53%	48%
Returning seasonal workers	%	65%	57%	52%	78%	57%	60%
Local employees	%	95%	98%	97%	99%	93%	87%
Higher pay than national industry average	%	13%	32%	25%	23%	27%	22%
Hours of education	h	45,410	102,142	160,751	37,771	41,162	163,827
Average hours of education per employee	h		24	35	12	11	32
Total number of female employees	%	57%	55%	54%	53%	53%	54%
Women in management	%	-	42%	42%	42%	41%	41%
Share of women in Management Board	%	-	0	0	0	0	33%
Share of women in management (excluding Management Board)	%	-	16%	17%	23%	24%	22%
Number of scholarship holders	total	-	330	288	243	28	163

* All energy, water and waste data refers to Valamar Riviera, Imperial Riviera and Laundry facility Makarska.

INVESTMENTS IN COMMUNITIES AND DESTINATIONS	Unit	Base year 2015	2018	2019	2020	2021	2022
Total investments in communities and destinations	€ mn	4.90	13.38	17.10	3.04	8.22	13.1
Total investments in social impact	% of revenues	-	2.80%	4.90%	5.80%	3.30%	3.90%

CERTIFICATES	Unit	Base year 2015	2018	2019	2020	2021	2022
ISO 50001 in properties	% properties	-	100%	100%	100%	100%	100%
ISO 14001 in properties	% properties	86%	100%	100%	100%	100%	100%
ISO 45001 in properties	#	-	-	-	1	1	1
EU Ecolabel in properties	% properties	-	12%	12%	12%	12%	12%
"Sustainable hotel" UPUHH in hotels	% hotels	11%	14%	14%	14%	14%	14%
HACCP in properties	% properties	83%	83%	82%	85%	88%	88%
Properties with Travelife certificate	#	16	20	23	22	17	28
Properties with Travelife certificate	% properties	58%	41%	45%	45%	35%	58%

CORPORATE GOVERNANCE	Base year 2015	2018	2019	2020	2021	2022
Health & safety Policy	NO	NO	NO	YES	YES	YES
Conflict of interest management policy	YES	YES	YES	YES	YES	YES
Policies and procedures for approving and disclosing related party transactions	YES	YES	YES	YES	YES	YES
Risk management policy	NO	NO	NO	NO	YES	YES
Service quality and sustainable business policy	YES	YES	YES	YES	YES	YES
Protocol on ensuring food safety	YES	YES	YES	YES	YES	YES
Diversity and non-discrimination policy	NO	NO	NO	NO	YES	YES
Procurement policy	YES	YES	YES	YES	YES	YES
Child Safety and Protection Policy	NO	NO	NO	NO	NO	YES
Regulation on Procedure for Internal Violations Reporting (Whistleblowing)	NO	NO	YES	YES	YES	YES

SELECTED ESG AWARDS AND CERTIFICATES IN 2022



Valamar has received national and international awards for its commitment to sustainability. Valamar has been awarded the Top Employer in Tourism, the Green Prix in the category "Decarbonize the Community" for solar energy production in cooperation with E.ON, and was included on the Financial Times list of European climate leaders, among 30 companies in Europe. Valamar also holds the recognition for Investor relations and numerous service quality awards in its properties. The full award list is in the Awards and Recognitions section.

CERTIFICATES AND LABELS

ISO 14001

Systematic management of environmental aspects



ISO 50001

Systematic energy management that contributes to sustainability



ISO 45001

Systematic management of health and safety, including the promotion/protection of physical and mental health



Sustainable hotel

Certificate from the Association of entrepreneurs in hospitality of Croatia (UPUHH)



Travelife

Sustainable Business Certificate for Hotels, which is endorsed by the Global Sustainable Tourism Council (GSTC)



Blue Flag

International label for the sustainable management of sea and coastal zones



Ecolabel

label of the European Communities for ecological excellence



HACCP

Systematic preventive approach to food safety during production



Q label

Valamar Lacroma Dubrovnik Hotel, Valamar Riviera Hotel



Safe Stay in Croatia/Safe Travels

All Valamar properties



Safety Protocol "In Partnership with SGS"

All Valamar properties

AWARDS I RECOGNITIONS

Moj posao

Best employer in tourism and ninth on the list of the most desirable Croatian companies



World Travel Award

Valamar Riviera Hotel, Dubrovnik President Valamar Collection Hotel, Valamar Collection Girandella Resort

World Luxury Hotel Award

Dubrovnik President Valamar Collection Hotel, Isabella Valamar Collection Island Resort, Valamar Collection Marea Suites

Best Investor Relations

3rd Place, Poslovni dnevnik and Zagreb Stock Exchange

Green Prix

National Award for Environmental Protection, category "Decarbonize the Community"

Financial Times

Climate leader, among 50 companies in Europe

6 REPORTS



BUSINESS RESULTS

After two years marked by the pandemic, Valamar Riviera achieved full business recovery and the highest revenues ever in the history of the Group in 2022, despite the impact of the recent energy and inflation crisis.

Valamar realized operating revenues of HRK 2.45 billion, an increase of 11% compared to the pre-crisis 2019, primarily as a result of a 19.2% increase in average prices and high occupancy in the summer months, due to completed investments and enhancing service quality.

Operating costs in 2022 increased by 22.2% compared to 2019 primarily due to a significant increase in electricity costs of 169.0% (or HRK 100 million) and the increase of other operating costs because of the inflation.

Operating profit (adjusted EBITDA) amounts to HRK 775.8 million, which is an increase of 2.3% compared to 2019.



Valamar Argosy
Hotel 4*, Dubrovnik

KEY FINANCIAL INDICATORS¹

	2019	2021	2022	2022/2019	2022/2021
Total revenues	2,218,828,166	1,679,909,675	2,501,173,072	12.70%	48.90%
Operating revenues	2,207,678,790	1,644,008,023	2,451,235,943	11.00%	49.10%
Sales revenues	2,139,319,744	1,605,127,860	2,407,150,006	12.50%	50.00%
Board revenues (accommodation and board revenues) ²	1,779,214,546	1,344,329,298	1,991,786,473	11.90%	48.20%
Operating costs ³	1,385,486,291	938,294,335	1,692,900,701	22.20%	80.40%
EBITDA ⁴	768,955,392	645,980,279	727,931,724	-5.30%	12.70%
Extraordinary operations results and one-off items ⁵	10,853,838	-27,545,361	-47,849,103	-540.80%	73.70%
Adjusted EBITDA ⁶	758,101,554	673,525,640	775,780,827	2.30%	15.20%
EBIT	293,853,214	136,974,626	229,968,226	-21.70%	67.90%
Adjusted EBIT ⁶	282,999,376	164,519,987	277,817,329	-1.80%	68.90%
EBT	232,471,771	101,475,233	201,871,429	-13.20%	98.90%
Net profit	305,851,680	108,707,246	160,391,185	-47.60%	47.50%
EBT margin	10.50%	6.20%	8.20%	-2.30%	2.10%
EBITDA margin	34.80%	39.30%	29.70%	-5.10%	-9.60%
Adjusted EBITDA margin	34.30%	41.00%	31.60%	-2.70%	-9.30%

	31/12/2019	31/12/2021	31/12/2022	2022/2019	2022/2021
Net debt ⁷	2,195,286,284	1,973,103,640	1,827,335,355	-16.80%	-7.40%
Neto debt / Adjusted EBITDA	2.9	2.9	2.4	-18.80%	-19.60%
Cash and cash equivalents	550,142,638	1,115,257,824	672,827,699	22.30%	-39.70%
Capital investments	954,590,000	115,355,120	317,285,761	-66.80%	175.10%
ROE ⁸	8.80%	3.20%	4.40%	-4.40%	1.30%
Adjusted ROCE ⁹	5.20%	3.10%	5.30%	0.10%	2.20%
Market capitalization ¹⁰	4,728,031,913	4,158,908,886	3,843,840,031	-18.70%	-7.60%
EV ¹¹	7,654,341,409	7,175,077,019	6,684,180,084	-12.70%	-6.80%
EPS ¹²	2.32	0.86	1.21	-47.80%	41.40%
DPS ¹³	1	0	1.2	20.00%	-

¹ According to the classification of TFI POD-RDG forms. EBIT and EBITDA and their margins and EBT margin are stated on the basis of operating income.

² According to the classification according to the international standard of reporting in the hotel industry USALI (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.

³ Operating costs include material costs, staff costs, other costs and other operating expenses less extraordinary expenses and one-off items.

⁴ EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: operating income - operating expenses + depreciation + value adjustments.

⁵ The adjustment includes i) extraordinary revenues (in the amount of HRK 28.5 million in 2022, or HRK 30.2 million in the previous year), ii) extraordinary expenditures (in the amount of HRK 74.2 million in 2022 (of which HRK 49 million refers to the RDP), or HRK 55.8 million in the previous year) and iii) for severance payments paid (in the amount of HRK 2.2 million in 2022, or HRK 1.8 million in the previous year).

⁶ Adjustment made for the result of extraordinary business and one-off items.

⁷ Net debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits, etc. + other liabilities in accordance with IFRS 16 (leases) - cash in bank and treasury - long-term and short-term investments in securities - short-term loans granted, deposits, etc.

⁸ ROE (return on equity) represents a return on total capital and is counted as: Profit for the period / (Capital and reserves).

⁹ Adjusted ROCE (return on capital employed) represents a return on the total capital employed and is counted as: Adjusted EBIT / (Balance of capital and reserves at the end of the period + long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits and the like + other liabilities in accordance with IFRS 16 (leases) - money in the bank and treasury - long-term and short-term investments in securities - given short-term loans, deposits, etc.)

¹⁰ Market capitalization is calculated as the total number of shares multiplied by the last share price as at December 31 of each year.

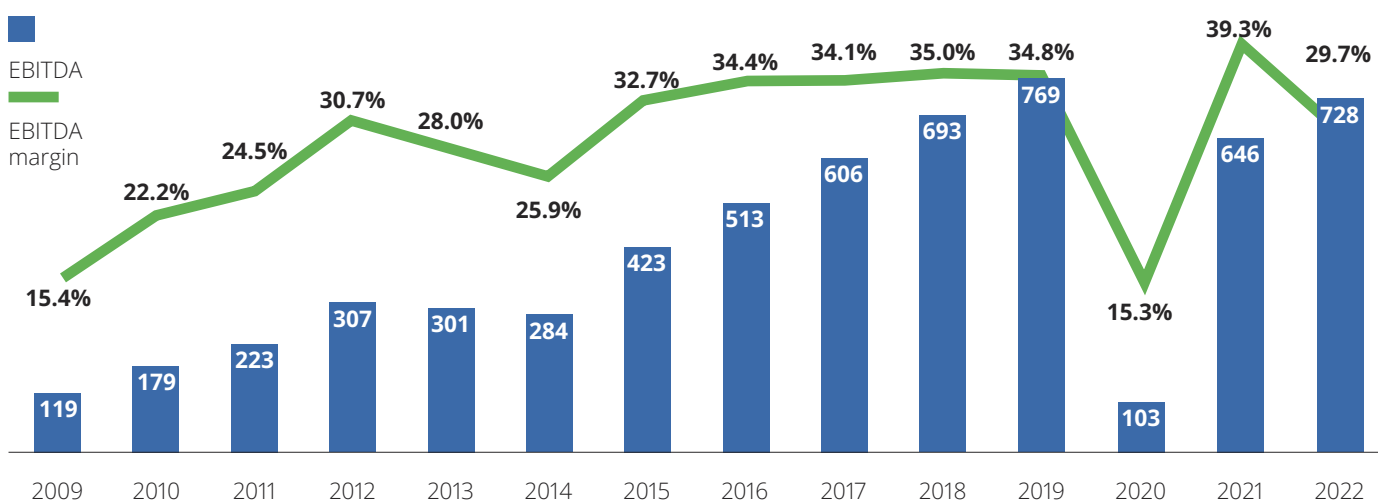
¹¹ EV (enterprise value) represents the value of the enterprise; calculated as market capitalization + net debt + minority interest.

¹² EPS (earnings per share) represents earnings per share calculated on the basis of net profit attributable to holders of parent capital. Weighted average number of shares in 2022: 121.887.907. Weighted average number of shares in 2021: 121.887.907.

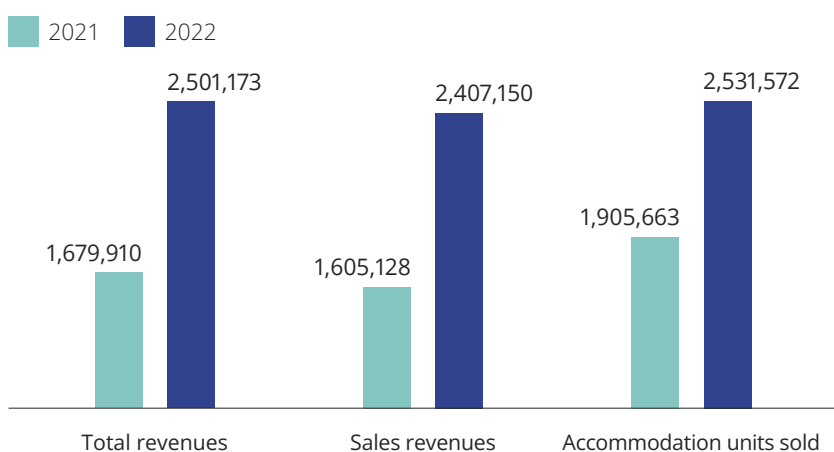
¹³ DPS (dividends per share) represent a dividend per share.

KEY BUSINESS INDICATORS¹⁴

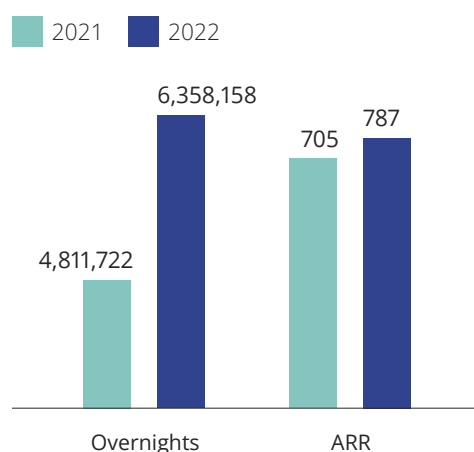
	2019	2021	2022	2022/2019	2022/2021
Number of accommodation units (capacity)	20,430	20,159	20,093	-1.60%	-0.30%
Number of beds	56,591	56,157	56,142	-0.80%	0.00%
Full occupancy days	132	95	126	-4.50%	32.60%
Annual occupancy (%)	36	26	35	-2.80%	34.60%
Accommodation units sold	2,695,268	1,905,663	2,531,572	-6.10%	32.80%
Overnights	6,517,796	4,811,722	6,358,158	-2.40%	32.10%
ARR (in HRK) ¹⁵	660	705	787	19.20%	11.60%
RevPAR (in HRK) ¹⁶	87,088	66,686	99,128	13.80%	48.60%

OPERATING EFFICIENCY¹⁶ (HRK mn)

REVENUES (in thou HRK) AND ACCOMMODATION UNITS SOLD



OVERNIGHTS AND ARR (in HRK)



¹⁴ Data for Helios Faros and Valamar Obertauern (after 29.11.2021) are not included. Non-commercial properties/data excluded.

¹⁵ The average selling price of an accommodation unit is stated based on the cumulative board income (accommodation and board income).

¹⁶ Income per accommodation unit is presented based on the cumulative board revenues (accommodation and board revenues).

REVENUES

In 2022, total revenues amounted to HRK 2,501.2 million, an increase of 48.9% (HRK 821.3 million). The total realized revenues were affected by:

a) growth of sales revenues by 50.0% (HRK 802.0 million) to the amount of HRK 2,407.2 million, which consists primarily of board revenues due to a significant improvement in tourist flows after the COVID-19 pandemic

in 2022. There was no significant change in the revenue structure; sales revenues in the country amount to HRK 250.1 million with a share of 10.4% in sales revenues (10.8% in 2021) and are up by HRK 76.5 million compared to 2021. With a share of 89.6% in sales revenues (89.2% in the same period in 2021), foreign sales revenues amounted to HRK 2,157.1 million, a increase of HRK 725.6 million.

b) growth of other operating revenues of 13.3% to HRK 43.7 million compared to 2021 mainly due to higher revenues from the sale of long-term assets.

c) financial revenues amount to HRK 49.9 million and are 41.3% higher than in 2021 as a result of an increase in unrealized gains on financial assets (positive fair value of interest swaps).

TOTAL OPERATING EXPENSES

Total operating expenses amount to HRK 2,221.3 million and are 47.4% higher than last year's:

a) material costs amount to HRK 778.1 million and are up by 69.8% as a result of increased raw material and material costs, maintenance costs, promotional activity costs and other direct costs in line with the increased volume of operations. Electricity costs in 2022 amounted to HRK 159.2 million and are higher by HRK 100.0 million than in 2019. The unit price of electricity for Valamar in 2019 was approximately the same as in 2021, while in 2022 a new contract was signed for the purchase and sale of electricity for the period from 1 June 2022 to 31 May 2023 with an increase in the price of electricity per kWh of 220% compared to the previous period. In September 2022, the Government of the Republic of Croatia introduced various measures to support the economy with the aim of controlling the prices of key energy and food products. Valamar is a large company and the price of electricity for consumption above 2.5

GWh is limited to EUR 230 per MWh, which is slightly lower than the contracted price for the period of 1 June 2022 – 31 May 2023. Government measures are in place from 1 October 2022 to 31 March 2023. In 2022, the Group recognized subsidies for electricity in the amount of HRK 3.0 million.

b) staff costs increased by 95.5% and amounted to HRK 690.5 million, a result of an increased volume of operations and workforce needs, revoked of COVID subsidies for employee costs (which in 2021 amounted to HRK 102.1 million for the Group and HRK 84.6 million for the Company and were booked as a reduction in labor costs).

c) depreciation amounts to HRK 497.7 million, which represents a decrease of 1.9%.

d) other costs increased by 67.0% to the amount of HRK 224.6 million. The increase is mainly due to increased fees for employee transport and accommodation, expenditures for agency work, rewards for employees, utility fees and travel expenses.

e) other operating expenses amount to HRK 10.1 million, which represents a decrease of 14.2%.

In accordance with the decision of the Supervisory Board, management and key employees will be rewarded in company shares in the amount of HRK 49 million for exceptional business results achieved in the three-year crisis period 2020-2022 (COVID-19 pandemic and geopolitical tensions). Namely, in order to further motivate key employees, the Supervisory Board adopted the RDP (Recovery & Development Program), which includes more than 230 employees in 2021. These employees, with the task of recovering business as quickly as possible, were particularly engaged in the management and development of business during the crisis. Considering that in 2022 a complete recovery of operations was achieved, the Supervisory Board decided to allocate shares in 2023 and provisions were made for this in the financial results in 2022.

TOTAL OPERATING EXPENSES OF THE VALAMAR RIVIERA GROUP (in HRK)¹⁷

	2021	2022	2022/2021
Operating costs ¹⁸	938,294,335	1,692,900,701	80.40%
Total operating expenses	1,507,033,397	2,221,267,717	47.40%
► Material costs	458,262,170	778,110,109	69.80%
► Staff costs	353,175,910	690,477,834	95.50%
► Depreciation and amortization	507,335,969	497,694,931	-1.90%
► Other costs	134,450,892	224,620,163	67.10%
► Provisions and value adjustments	41,982,841	20,217,068	-51.80%
► Other operating expenses	11,825,615	10,147,612	-14.20%

¹⁷ According to the of GFI PODRDG forms.

¹⁸ Operating costs include material costs, staff costs, other costs and other operating expenses, reduced by extraordinary expenses and one-off items.

EBITDA AND EBT

Operating revenues increased by 49.1% compared to 2021. Adjusted EBITDA amounts to HRK 775.8 million and is up by 15.2% compared to 2021. The movement of adjusted EBITDA was influenced by increased costs, primarily electricity, labor and food products, as well as the absence of COVID grants.

Comparing the financial results of the pre-crisis year 2019, with approximately the same number of overnights, Valamar notes a significant increase in costs, especially energy and labor costs (explained in more detail on the previous page). However, given the significant increase in average Group prices, adjusted EBITDA in 2022 amounts to HRK 775.8 million, which is an increase of 2.3% compared

to 2019. After 1.9% lower depreciation costs and a slightly better net financial result (explained in more detail in the next paragraph), pre-tax profit (EBT) amounts to HRK 201.9 million and is 98.9% higher than last year.

The Group reported a profit tax in the amount of HRK 41.5 million. Given the previously established deferred tax assets based on tax losses and tax incentives, the Company and the Group do not incur the obligation to pay income tax in 2022. The aforementioned income tax also includes the amount of HRK 3.7 million in accordance with the Law on Additional Income Tax, which refers in its entirety to Imperial Riviera d.d. The Group's net profit for 2022 is HRK 160.4 million.

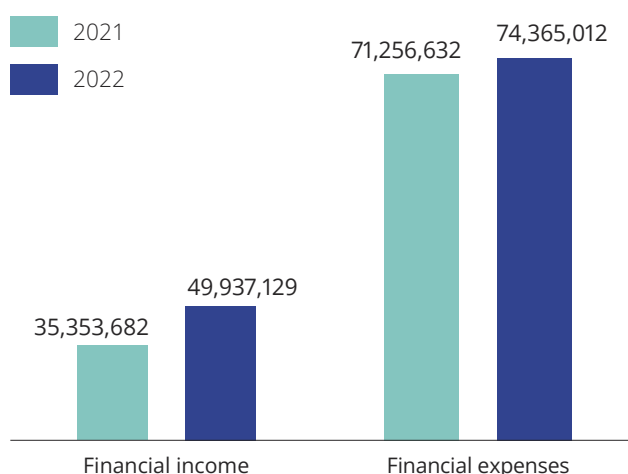
FINANCIAL RESULTS

The result of financial operations in 2022 amounted to HRK -24.4 million, an improvement of HRK 11.5 million compared to 2021, when it amounted to HRK -35.9 million.

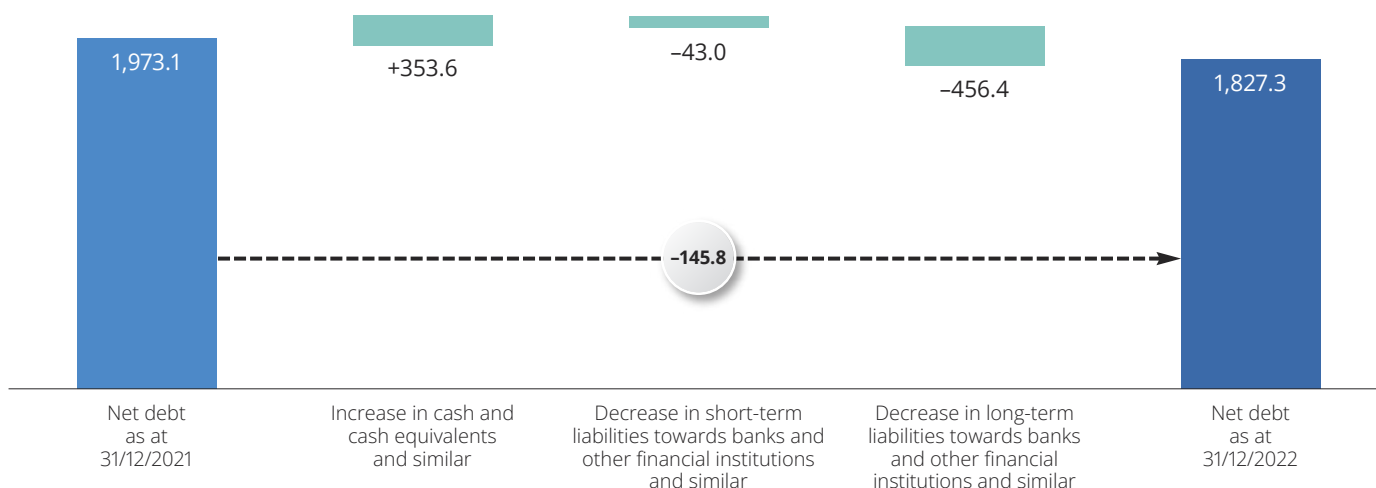
The improvement of the net financial result was mostly influenced by the increase in unrealized gains from financial assets of HRK 34.5 million (mostly positive fair value of interest swaps caused by the increase in reference interest rates on the financial market). In addition, the improvement of net financial result was influenced by lower expenditures based on loan interest in the amount of HRK 6.7 million due to lower loan liabilities.

At the same time, net exchange differences had the greatest negative impact, which reduced the financial result in the net amount of HRK 13.4 million, mainly due to the increase in negative exchange differences in the amount of almost HRK 7.2 million, while positive exchange differences were reduced by HRK 6.2 million. Also, other financial income in 2022 decreased by HRK 13.7 million compared to 2021, mainly due to the lack of a one-off effect of income from the deconsolidation of Austrian companies, which was reported in 2021.

FINANCIAL INCOME AND EXPENSES (in HRK '000)



NET DEBT (in HRK million)¹⁹



¹⁹ Net debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits, etc. + other liabilities in accordance with IFRS 16 (leases) - cash in bank and treasury - long-term and short-term investments in securities - short-term loans granted, deposits, etc. It includes the effects of unrealized exchange rate differences on long-term loans.

ASSETS AND LIABILITIES

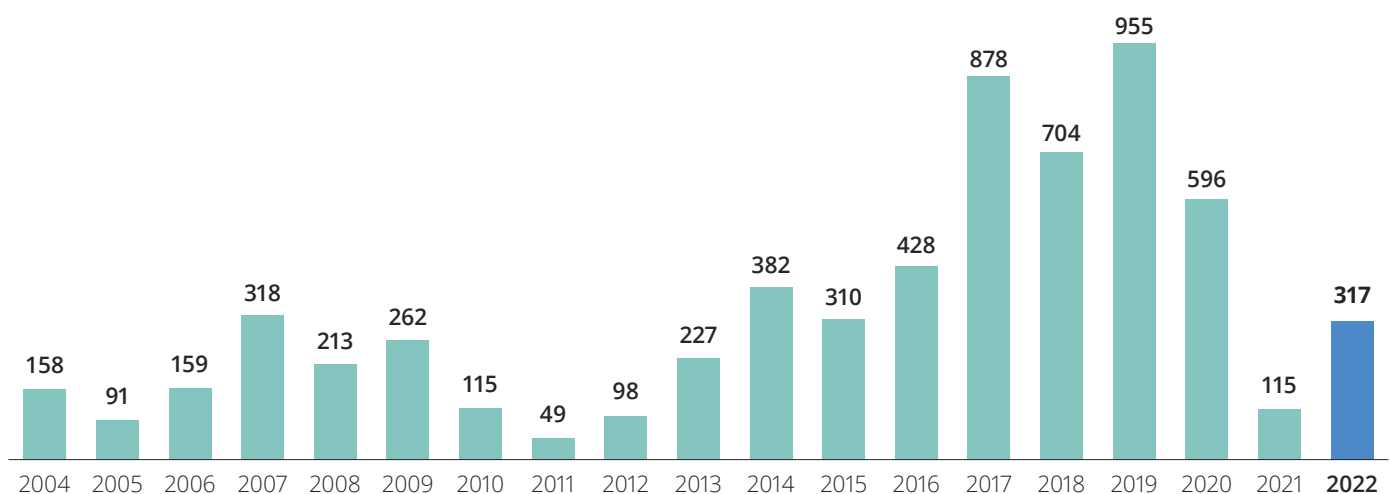
As at 31 December 2022, the total assets of the Group decreased by 7.1% compared to 31 December 2021 and amounted to HRK 6,419.8 million. The total share capital and reserves amount to HRK 3,323.7 million and are at the same level as at the end of 2022.

Total long-term and short-term liabilities to banks and other financial institutions as at 31 December, 2022 amount to HRK 2,604.4 million and are down by 16.3% compared to 31 December, 2021 as a result of the Groups deleveraging.

A large part of the loan portfolio (89.7%) consists of long-term loans with an agreed fixed interest rate, i.e. loans protected by derivative instruments (IRS) for the purpose of hedging interest rate risk.

On 31 December 2022, the cash balance of the Group amounted to HRK 672.8 million (a decrease of 39.7% compared to 31 December 2021), which together with i) the contracted credit lines, ii) valuable tourism assets and iii) a strong operational business model made the Group's balance sheet position stable.

INVESTMENT CYCLE (capitalized investment, million HRK)



VALAMAR AND PENSION FUNDS JOINT INVESTMENTS

In 2021, Valamar Riviera and AZ pension funds recapitalized Imperial Riviera by increasing the share capital by a total amount of HRK 690 million. Valamar Riviera invested in real estate (land on the Babin kuk peninsula in Dubrovnik), while AZ pension funds invested money. This capital increase is directed towards the further portfolio development in Dubrovnik, Makarska and on the island of Rab.

At the beginning of 2022, the three hotels in Dubrovnik (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) were transferred from company Valamar Riviera to company Imperial Riviera. The acquisition value of these hotels amounts to HRK 718 million. The financing of the transaction was mainly ensured by Valamar's takeover of existing

credit obligations from Imperial Riviera. These hotels in the area of Babin kuk in Dubrovnik, together with the properties previously included in Imperial during the share capital increase, make a strategically important technological unit for future development. This also makes Imperial Riviera a multi-destination company present in Istria, Kvarner, Dalmatia and Dubrovnik.

In accordance with the decision of the General Assembly of Helios Faros of 14 April 2022, Valamar Riviera and PBZ CO pension funds participated in the recapitalization of Helios Faros by increasing the share capital by a total amount of HRK 130 million, of which Valamar Riviera paid HRK 26 million.

PORTFOLIO EXPANSION IN AUSTRIA

Following the change in capital, ownership structure and the portfolio expansion in Obertauern, Austria in November 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio managed by Valamar A GmbH in which Valamar Riviera has a minority stake of 24.54%.

After the recapitalization in June 2022 (in which Valamar Riviera participated with EUR 1.47 million), Valamar A finalized the purchase of the third hotel in Obertauern, the Kesselspitze Hotel, in early July. Hotel Kesselspitze is categorized with 5* and has 66 keys, restaurant,

swimming pool and wellness facilities and is in an excellent location with direct access to the ski resort. In mid-July 2022, the management contract was concluded by which Valamar took over the management of the Kesselspitze Hotel, which was repositioned into the Valamar Collection brand for the winter season 2022/2023.

This acquisition for Valamar represent a new important step in the further internationalization of business with the aim of expanding the portfolio and managing hotel and tourist facilities in the best winter holiday destinations in Austria and Italy.



Valamar Bellevue
Resort 4*, Rabac

INVESTOR RELATIONS AND THE VALAMAR RIVIERA SHARE

High transparency and quality of business and financial communication with investors is the foundation of Valamar's investors' relations in promoting Valamar Riviera as the leading Croatian share. This is how we actively support liquidity, growth in share value and the involvement of investors who can contribute to Valamar Riviera's further value growth for all stakeholders.

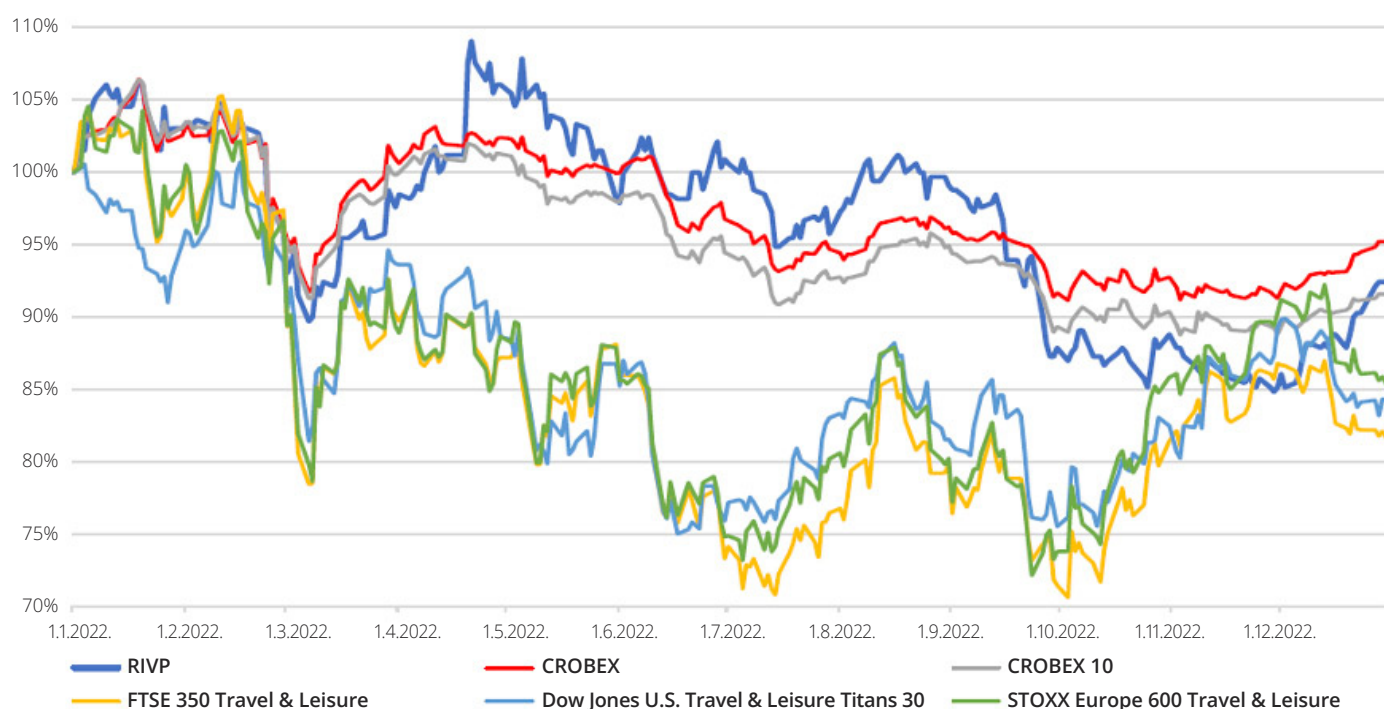
After integrating Valamar Riviera's management, portfolio and shareholder structure in October 2014, Valamar created the leading share on the Croatian capital market, offering considerable exposure to the growing tourism sector. On 17 November 2014, the General Assembly of Valamar Riviera decided to list Valamar Riviera's shares on the Official Market of the Zagreb Stock Exchange. The first day of trading was 17 December 2014. On 26 April 2019 the Zagreb Stock Exchange approved Valamar Riviera's request of transitioning 126,027,542 of the Group's ordinary shares from the Official to the Prime Market of Zagreb Stock Exchange. The first trading day of the Group's trading on the Prime Market was 29 April 2019.

During 2022, the highest achieved share price in regular trading on the regulated market was HRK 36,00 and the lowest HRK 28,00. On 31 December 2021, the price amounted to HRK 30,50, which represents a decrease of 7.6% compared to the last price from 2021. With a total turnover of HRK 163,4 million²⁰, the Valamar Riviera share was the third most traded share on the Zagreb Stock Exchange in 2022.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the share is also a listed on the Vienna Stock Exchange index (CROX²¹ and SETX²²) and the Warsaw Stock Exchange (CEEplus²³), the SEE Link regional platform index (SEELinX and SEELinX EWI)²⁴ and the MSCI Frontier Markets Index. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform the activities of specialists with ordinary shares of Valamar Riviera listed on the Leading Market of the Zagreb Stock Exchange d.d.

The Company did not acquire or dispose of its own shares in the period from January 1, 2022, to December 31, 2022. As of December 31,

PERFORMANCE OF THE VALAMAR RIVIERA SHARE AND ZAGREB STOCK EXCHANGE AND TRAVEL AND LEISURE INDICES IN 2022



²⁰ Block transactions are excluded from the calculations.

²¹ Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of the 12 most liquid and capitalized shares of the Zagreb Stock Exchange.

²² South-East Europe Traded Index (SETX) is a capitalization-weighted price index consisting of blue-chip stocks traded on stock exchanges in the region of Southeast Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

²³ CEEplus is a stock index that will be composed of the highest liquid shares listed on stock exchanges in countries of the Visegrad Group (Poland, Czech Republic, Slovakia, and Hungary) and Croatia, Romania and Slovenia.

²⁴ SEE Link is a regional securities trading platform founded by the Bulgarian, the Macedonian and Zagreb Stock Exchanges. SEE LinX and SEE LinX EWI represent two "blue chip" regional indices consisting of the ten most liquid regional companies listed on three stock exchanges: five from Croatia, three from Bulgaria and two from Macedonia.

2022, the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital.

Valamar Riviera actively holds meetings and conference calls with domestic and foreign investors, as well as presentations for investors, providing support for the highest possible level of transparency, liquidity, increasing the value of the share and involving potential investors. Valamar Riviera will strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region.

Analytical monitoring of Valamar Riviera is provided by:

- 1) ERSTE Bank d.d., Zagreb;
- 2) Interkapital vrijednosni papiri d.o.o., Zagreb;
- 3) Raiffeisenbank Austria d.d., Zagreb;
- 4) Zagrebačka banka d.d., Zagreb.

MEETING WITH INVESTORS IN 2022

Unfortunately, due to the pandemic, numerous live conferences and meetings with investors were postponed and replaced by virtual investor conferences. In 2022, Valamar has participated in several such conferences, organized by the Ljubljana and Zagreb Stock Exchanges, Erste Group, and Raiffeisen Bank International.

COMMUNICATION WITH SHAREHOLDERS AND THE INVESTMENT COMMUNITY IN 2022

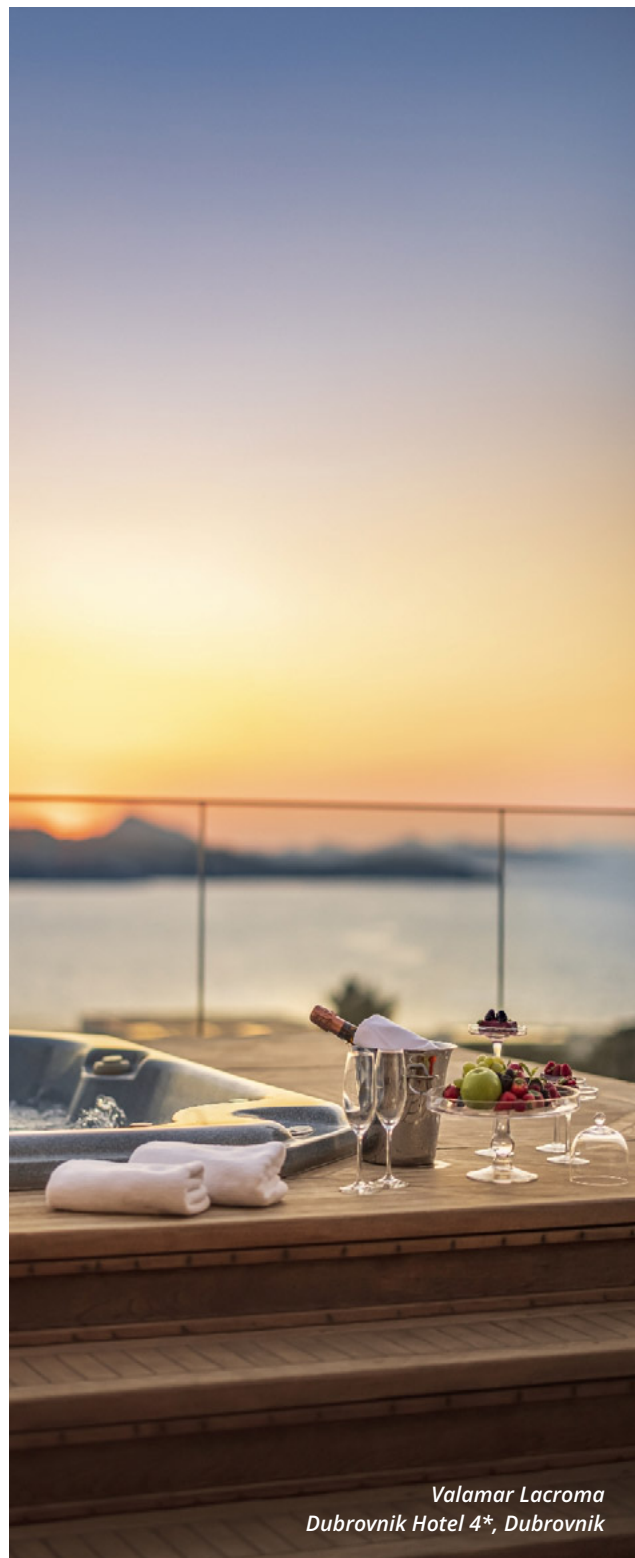
Shareholders' General Assembly

Participation in virtual and live investor conferences

Investor Relations

Timely disclosure of information and materially significant facts

Corporate website for shareholders and investors



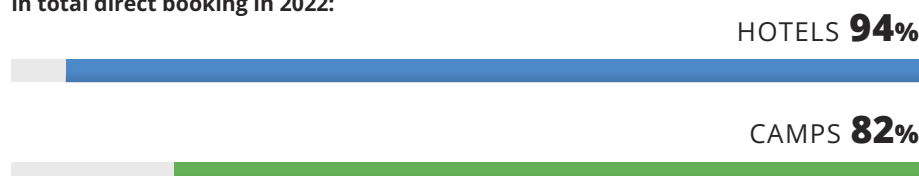
SALES PERFORMANCE

INCREASE IN DIRECT BOOKING AND GUEST LOYALTY

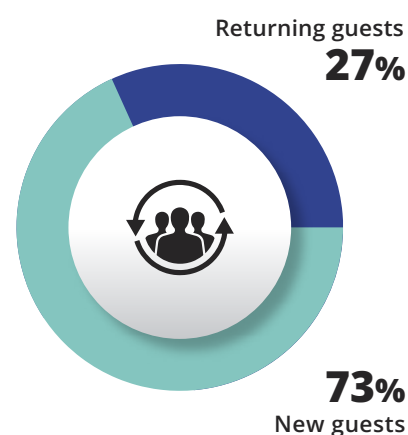
The Valamar Riviera loyalty program is a process of creating added value for returning guests to increase revenues and the share of direct booking. The share of returning guests in Valamar Riviera in 2022 was 27%.

During 2022, Valamar Riviera achieved 61.7 percent of revenues via direct distribution channels. These are reservations made through the direct distribution system: call center, direct reservation through the Internet or through a mobile platform, or loyalty program. The loyalty program will continue to develop to create added value for clients, along with the development of websites, e-marketing, and technology.

Share of loyalty members revenue
in total direct booking in 2022:

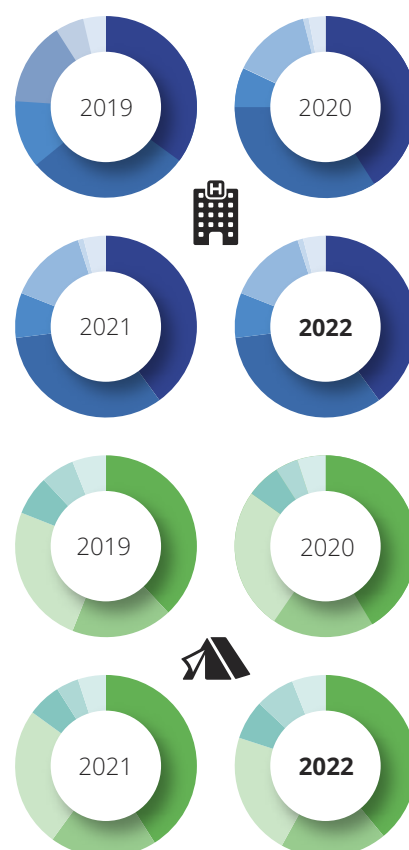


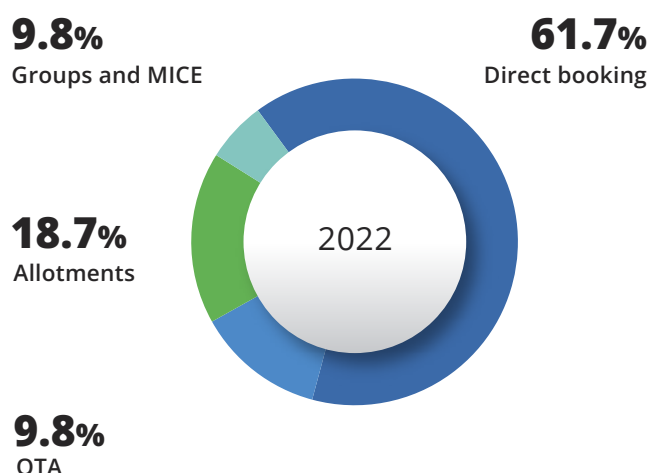
SHARE OF RETURNING GUESTS
(compared to total number of guests)



VALAMAR MARKET SEGMENTS

	2019	2020	2021	2022
HOTELS AND RESORTS				
Family	35%	41%	40%	41%
Adults and couples	30%	34%	33%	32%
Seniors	11%	7%	8%	6%
Active guests	15%	14%	14%	14%
MICE	5%	1%	1%	4%
Leisure groups and tours	4%	3%	4%	3%
CAMPS				
Family	38%	41%	41%	42%
Adults and couples	18%	18%	19%	18%
Luxury camping	25%	25%	25%	25%
Active guests	7%	6%	6%	6%
Seniors	6%	4%	4%	4%
Short stay	6%	5%	5%	5%



DISTRIBUTION CHANNELS IN 2022 (by revenues*)

* Valamar Riviera, Imperial Riviera, Valamar Obertauern Hotel and Helios Faros.

ANNUAL OCCUPANCY (OPERATING DAYS) 2022*

Valamar Collection Hotels	70%	181
Valamar Hotels & Resorts	79%	221
Places	80%	139
Sunny by Valamar	73%	148
Sunny Plus by Valamar	79%	157
Hotels and apartments	76%	181
Camping Adriatic by Valamar - Premium Resorts	60%	216
Camping Adriatic by Valamar - Resorts	65%	169
Camping Adriatic by Valamar - Sunny	53%	166
Camping	61%	191
VALAMAR GROUP TOTAL	67%	186

* Based on open properties (1 camp and 1 hotel on basis of 365 days).

NET OPERATING REVENUES (HRK)

	2019**	2020**	2021**	2022***	2022/2019	2022/2020	2022/2021
Hotels & resorts	1,564,813,471	341,073,347	999,928,066	1,599,522,473	1.02	4.69	1.6
Camping resorts	538,604,809	305,845,294	567,626,456	750,772,779	1.39	2.45	1.32
Other*	47,507,267	13,407,039	53,700,286	70,687,392	1.49	5.27	1.32
Total	2,150,925,546	660,325,679	1,621,254.81	2,420,982,645	1.13	3.67	1.49

* Includes lease, laundry and other operating revenues.

** Includes Valamar Riviera, Imperial Riviera, Obertauern.

*** Includes Valamar Riviera, Imperial Riviera.



SERVICE EXCELLENCE

STRATEGIC QUALITY MODEL 2022

The strategic quality management model in Valamar is designed to enable the success of the entire organization by putting the guest first and consistently delivering amazing service.

The quality management model provides a 360-degree approach, which primarily includes measuring guest satisfaction, successfully

implementing the highest internal and external industry standards, implementing a culture of service excellence within the entire organization, both towards guests and employees, and continuously improving the quality of service. Valamar's approach strives to achieve high guest satisfaction ratings across all Valamar brands, compared to global competition.

UP!LIFTING CULTURE

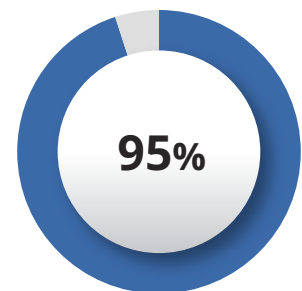
Service excellence is the foundation of Valamar Riviera's long-term and sustainable business success.

Given that providing services is Valamar's key product, continuous quality development is an imperative. All ValamArtists are committed to achieving service quality excellence. Valamar employees receive regular trainings with a special focus on uplifting topics that raise awareness of Valamar's service culture. The goal is to surprise guests with unexpected service by knowing and anticipating their wishes and needs. This is achieved by creating a service-focused culture within the organization. As every year, results were measured through

guest satisfaction surveys. The Uplifting index was a high 95% at the level of the Valamar Group. Valamar's goal is to always exceed guests' expectations, and the results indicate the company has succeed.

A high 76% of guests rated our employees as Unbelievable, i.e. the highest possible rating. This is an indicator based on ratings of more than 150,000 guests who completed the satisfaction survey in 2022 during their stay and through questionnaires sent after their stay.

TOTAL UP!LIFTING INDEX (VALAMAR GROUP LEVEL)



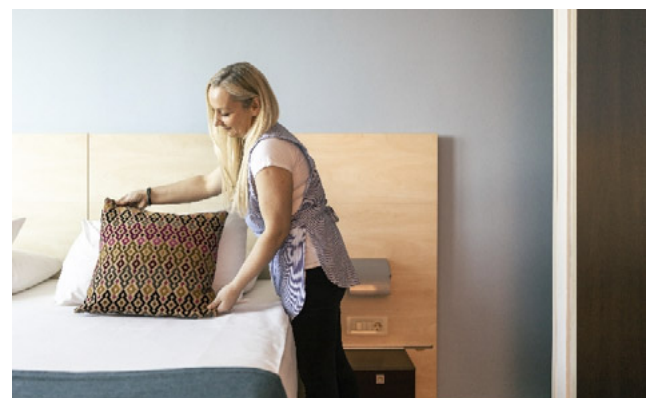
STANDARDS AND CERTIFICATES

Valamar Riviera services meet the highest standards of quality, safety and health as attested by the following standards and certificates:

- ▶ HACCP (Food Safety Management System)
- ▶ ISO 9001 (Quality Management System)
- ▶ ISO 14001 (Environmental Management System)
- ▶ ISO 50001 (Energy Management System)
- ▶ 45001 (Occupational Health and Safety Management System)
- ▶ 14065 (System of control of bio pollution of textiles in the washing process)
- ▶ Quality label "Q" of the Ministry of Tourism of the Republic of Croatia
- ▶ Blue Flag (Foundation for Environmental Education)
- ▶ Sustainable Hotels
- ▶ Travelife Gold Award
- ▶ EU Ecolabel.

Adherence to regulations and codes in communicating with guests, including marketing communications such as advertising, publicity, and patronage, is a priority for the Company.

Valamar has not found any cases of violation of voluntary codes.



VALAMAR GUEST SATISFACTION SURVEY

NUMBER OF COMPLETED SURVEYS



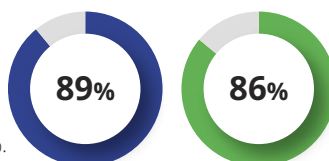
23%

of guests have completed a satisfaction survey or left an online review.



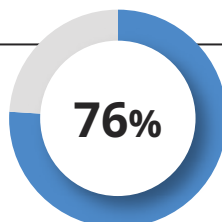
OVERALL GUEST SATISFACTION SCORE 2022

Overall guest satisfaction rating based on 184,940 feedback surveys and online posts from our guests. The overall rating for hotels was 89% and for camps 86%. Valamar Collection properties have the highest guest satisfaction rating with 93%.



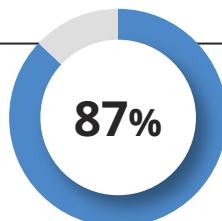
UNBELIEVABLE INDEX

Unbelievable index, the percentage of guests who rated our employees as "amazing" or "unbelievable" in 2022 is 76%.



GUEST SATISFACTION SCORE ONLINE AVERAGE

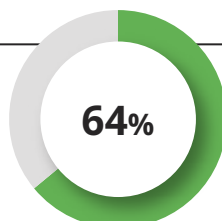
The average online guest satisfaction rating refers to the overall online rating of the last 24 months across all online in 2022 amount to 87%.



NPS - NET PROMOTER SCORE

To get the Net Promoter Score, Valamar asked its guests a question: "Would you recommend us to friends or colleagues?"

The result in 2022 was 64% of positive responses.



HOW IS NPS CALCULATED?



Net Promoter Score

=

% Promoters

-

% Detractors



INNOVATIONS IN 2022

VALAMAR AMICOR GREEN RESORT - THE FIRST SUSTAINABLE RESORT IN CROATIA

Hvar, the island with the sunniest hours in Croatia, received a new oasis for those in need of a healthy holiday. Valamar Amicor Green Resort, the first sustainable resort in Croatia, opened in Stari Grad in July 2022.

Modern trends in construction and tourism are increasingly emphasizing the importance of sustainable construction and supply, and experts predicted that this was a key novelty in 2022. This was supported by the annual Sustainable Travel Report of Booking.com, a global digital platform, based on responses from more than 30,000 travelers from 32 countries. In it, 78% of respondents said that they plan to stay in an accommodation unit with a low environmental impact.

Valamar Amicor Green Resort was designed with the utmost respect for nature and tradition - from preserving local flora, using local foods, renewable materials and 100% green energy to reducing the carbon footprint. And all this in cooperation with local craftsmen, artists and family farms. It is the first and only tourist project in Croatia that uses modular construction. Environmental concerns are reflected in the fact that the facilities can be easily upgraded, transferred, easily used and expanded, and the materials that make up the facilities are environmentally friendly and energy-saving, all developed according to the standards of green building within the framework of the international certification system DGNB, the German Alliance for Sustainable Construction, whose certificate is an example of a holistic system of green building certification in the world. Valamar Amicor Green Resort is also designed according to the nZEB standard, which implies almost zero energy consumption.

Green energy from renewable sources was used during construction, as well as natural and recycled materials, the use of disposable plastic and paper was minimized, with focus on indigenous horticulture and the environment.

This method of design and construction resulted in the highest degree of energy efficiency, so all energy for the functioning, i.e. cooling and heating of buildings, as well as for the launch of all technological systems comes from renewable energy sources. Smart home technology is also installed in the villas, which allows measuring the consumption of water, energy and CO₂ footprint. All the vehicles in the resort are electric and the lighting is economical. In addition to being eco-friendly, the resort is also pet-friendly, so the content of the Wow Wow Pet Friendly holiday is available in selected rooms.

Recycled and natural materials were also used in the production of paths, benches, hotels for insects, birdhouses, flowerpots and other decorations, and during the summer, the youngest guests can learn about the importance of environmental protection. Namely, special Maro programs are designed for children from 3 to 12 years old, where, as part of the workshops, the little ones can learn how to care for the planet and learn how to grow food in the Maro vegetable garden.

The entire resort is inspired by the local environment, so the food and beverage offer of the Valamar Amicor Green Resort is characterized by fresh ingredients, 78% of which are of Croatian origin. Top quality olive oil comes from local oil producers, wines from Hvar wineries, and spices used in cooking and preparing cocktails and aromatized water are from Amicor's garden.



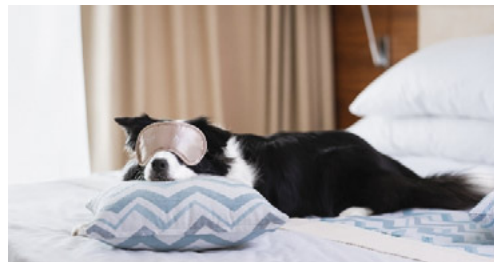
Valamar Amicor Green
Resort 4*, Hvar island

WOW WOW PET FRIENDLY HOLIDAY

All guests travelling with a pet in Valamar hotels, resorts and camping resorts with the label Wow Wow can expect delicious treats, toys and water bowls, and even a pet menu with room service in selected properties.

For an even more pleasant holiday with a pet, guests can also enjoy additional services in Valamar destinations such as wowsome parks for socializing and running, day trips, and nearby pet salons.

In order to facilitate planning a holiday with a pet, Valamar also provides a comprehensive digital guide that offers a lot of useful information about the destination - from the rules of conduct and regulations that should be followed upon arrival in Croatia, through a verified list of local veterinarians, dog beaches and pet-friendly activities.



DIGITAL PROJECTS IN 2022


A

VRC PLATFORM

The VRC Platform (Valamar Reservation Center Platform) was implemented in 2022 and consists of three separate platforms that enable interaction management, a complete overview of guests from existing databases, and a master platform that combines all data in real time. This platform combines all the needs of an agent of the Valamar Reservation Center in one, in all destinations with less room for errors.

C

CORNERSTONE

The world-famous human resources management platform, Cornerstone, was integrated into the Valamar PERO platform back in 2021, and in 2022, the last phase of implementation, i.e. the option of employment through the PERO platform, was completed. This new option reduces the time and resources required for the recruitment process, and management will have direct access to all applicants, which will certainly facilitate the selection process.

B

UNBELIEVABLE CHECK IN/OUT

In 2022, unbelievable check in/out was implemented, a process that speeds up and simplifies guests' check-in and check-out at Valamar properties. The process itself begins when a guest makes a booking and when he or she receives an email with online check-in steps that include a document scan as well as a payment option. After a successful check-in, the guest takes the keys without waiting in line when arriving at the property at the Priority check in desk. The service is available in all Collection, Valamar Hotels & Resorts and Places hotels, as well as in premium camps.

D

OTHER DIGITAL PROJECTS IN 2022

In 2022, Valamar also invested in the optimization of the Valamar website, and a mobile application for the Places brand was developed, which offers a multitude of options to guests of the Valamar lifestyle hotel. Furthermore, the Valamar loyalty card was digitized, the digitization process of the Amicor Green Resort continued, as well as the Valfresco Direct online store through which the guests of Istria Premium Camping Resort and Lanterna Premium Camping Resort were given the opportunity to order and receive delivery within 30 to 60 minutes.

IMPACT ON SOCIETY

EMPLOYEES AND ORGANIZATION

In 2022, Valamar was ranked among the TOP 10 most desirable employers in Croatia and has been the best employer in the tourism industry for five years in a row, according to an independent survey conducted by the Moj posao portal. Valamar is also the largest employer in Croatian tourism, and at the peak of the season, almost 7,500 employees were employed, of which 87% domestic employees. Creating a stimulating corporate culture where employees and guests come first is a strategic determinant that was the focus of all activities and initiatives during 2022.

Seasonality as a characteristic of leisure tourism and an increasing labor shortage, both at the national and global level, represent significant challenges for the tourism industry but also a possible negative impact on society. As a responsible employer and leading company in tourism, Valamar takes a strategic approach to managing these risks and works systematically to ensure the best working conditions and sustainable development of destinations as well as the well-being of the local communities. The seasonality of business in tourism means more intense work during the summer months, which is legally regulated by the possibility of working in the redistribution of working hours. However, the younger generation, and especially employees that belong to Generation Z (which in the summer makes up a significant share of the total workforce in tourism) show an increasing need for a balance of life and work.

The lack of quality and affordable accommodation in destinations represents an additional challenge and limitation for the future growth of business in tourism and negatively affects the preservation of an authentic local way of life in tourist destinations. Valamar approaches this issue strategically and continuously invests in employees and destinations, in order to

minimize the negative impacts that represent a challenge for the tourism sector, but also for the entire economy in which tourism represents a significant segment. Within the sustainability strategy adopted in 2022, Valamar focuses on the entire value chain in order to have a positive impact on society and its destinations. One of Valamar's key priorities is to create jobs with a good work to life balance, in line with its commitment to the social development in its destinations, because employees are the key to Valamar's success.

Recruiting and retaining local and domestic employees and providing opportunities for their personal and professional growth and development are especially important for the empowerment of employees, whose satisfaction is a prerequisite for successful business in tourism. Valamar has therefore emphasized higher salaries than the national industry average, care for returning seasonal employees, investments in education and training, improvement of working conditions and retention of domestic employees, promotion of diversity and systematic care of employees' health and safety among key strategic initiatives by 2025.

After two years marked by the crisis caused by pandemic, in 2022, the recovery of operations

and the opening of all hotels, camps and resorts resulted in an increase in the number of employees in peak season by 27% compared to the previous year, which was an additional challenge given the situation on the labor market and the migration of employees to other industries and abroad during 2020 and 2021.

In order to improve working and retention conditions and domestic employees, Valamar has initiated the process of aligning salaries to European standards and increasing the material rights of workers by investing EUR 15 million in 2022. In the last five years, EUR 19 million have been invested in the construction of Valamar employee accommodation (Kuća Valamar), which provide quality accommodation and meals for seasonal workers. Also, Valamar continued to work on the development of several benefits for employees and invest in their education and training.

In 2022, Valamar also increased the number and share of employees with year-round income through permanent employment, the inclusion of employees in the permanent seasonal worker measure and the engagement of those employees in Valamar hotels in Austria during the winter season.



DIVERSITY, GENDER EQUALITY AND INCLUSIVENESS

DIVERSITY

Valamar is a signatory of the "Diversity Charter" since 4 October 2017 and has adopted a Diversity and Non-Discrimination Policy, which is an integral part of the Code of Business Conduct. In order to develop an efficient working environment, Valamar has created an organizational culture based on mutual respect and regard for individual differences. This is achieved in such a way that in everyday work, in addition to acting in accordance with the regulations of the Republic of Croatia, in-house acts are adopted and implemented, which regulate areas and institutes in more detail.

In Valamar, this area is regulated by the Collective Agreement, the Code of Business Conduct, the Privacy Policy, the Regulation on breaches of work obligations and the procedure for determining liability, the Regulation on whistleblowing, the Regulation on internal organization and job classification, the decision of the Management Board on employee reward programs, the decision of the Management Board on the appointment of persons to receive and resolve complaints of workers related to the protection of employees' dignity.

At the same time, Valamar negotiates with trade union partners on individual employee issues every year and concludes additions to the Collective Agreement accordingly, as well as agreements on workers' rights. During the performance of activities, special attention is given to the protection of privacy, the prohibition of discrimination and the protection of workers' dignity.

When selecting a candidate, the selection is based solely on the qualifications, expertise, performance, knowledge and skills of the candidate, avoiding conflicts of interest or the impact of personal differences on the decision-making process.

In order to raise awareness of the importance of this topic among employees, Valamar has made an online education named "Code of Business Conduct" in which all components of the code are clarified, such as general principles, protection of personal data and handling of confidential information, preservation of human rights and workers' rights, protection of property and the environment, business with key stakeholders and other.

Valamar has provided its employees with education on diversity, gender equality and inclusion and will continue in this direction in 2023 with the aim of further raising awareness of its employees. Some of the offered topics are "Inclusive communication", "Understanding the benefits of diversity" and "How generational stereotypes prevent us in the business environment".

By adopting the Charter on Diversity, Valamar has publicly accepted the responsibility for supporting, developing and applying diversity and equal opportunities in the workplace and, in addition to

creating an organizational culture that supports this, Valamar will work on educating and informing workers on this important topic.

As part of the annual training for employees on the PERO platform, Valamar also provides education on diversity and non-discrimination and promotes equal opportunities in the workplace. In the chapter "Employees in numbers" there are more detailed analyses of the structure of employees by gender and age, the share of women in executive positions and in the board of directors, and other data related to this domain.

GENDER EQUALITY

Valamar shall ensure conditions in order to provide equal opportunities, respect for diversity and inclusiveness and to create a safe environment with zero tolerance for discrimination, harassment and all forms of inequality.

Analytical data shows that the number of women in management in 2022 at the level of the Valamar Group increased compared to 2021 in both operations and corporate functions. The share of women in 2022 in corporate functions increased by 3 percentage points compared to 2021, and in 2022 it amounted to 48%. Also, the share of employed women in relation to all employees amounts to as much as 54% in 2022 (data as at 31 July 2022).

INCLUSIVENESS

Measures of diversity, equality and inclusiveness imply ensuring equality for all generations of employees. In line with diversity and inclusiveness policies and practices, Valamar strives to attract all categories of employees, without discrimination against gender and age.

Valamar employs employees with disabilities and continuously works to improve working conditions and adapt jobs, taking into account the individual needs and capabilities of each employee. Due to the very nature of work in tourist properties, there are certain challenges in adapting jobs so that people with disabilities can be hired. Therefore, in addition to direct employment, Valamar has been successfully cooperating with integration workshops that employ individuals with disabilities, but also uses services and buys products from them, thus encouraging the inclusion of individuals with disabilities in the labor market in accordance with its capabilities and abilities. In the coming years, Valamar will continue to look at additional opportunities to increase the inclusion of people with disabilities and provide the best working and career development conditions for all employees.

KEY INDICATORS RELATED TO EMPLOYEES

Compared to 2019, there is a significant increase in the number of permanent employees (524 employees), temporary employees (117) and students, while the number of employees in the categories Permanent Seasonal Employees and Seasonal Employees is down by 444, which is less than the number of employees admitted to a permanent employment relationship.

According to the workforce structure, the most significant share of work is performed by employees of companies. In high season, when booking reaches the highest numbers and additional assistance is needed, the company engages students and pupils through student centers (13% of the total number of employees on 31 July).

Valamar Riviera secures the stability and continuity of year-long income through the Permanent Seasonal Worker measure and Valamar + 3 program, as part of an active employment policy implemented since 2016.

Employees can use the Valamar+3 program, within which the conditions of permanent seasonal workers are equalized to permanent employees. The number three in the name indicates the security of employment during the three seasons, and workers are provided nine months of work per year and a number of other benefits. Throughout the three-year contract period, permanent seasonal workers enjoy employment status and priority for employment at Valamar.

Of the 132 permanent employees who left, 52% were men and 48% were women. Accordingly, in all destinations, except Poreč and Baška, there is a higher share of men leaving. Due to the size of destination Poreč, it has the largest number of departures, while the largest number of departures by percentage is in Makarska.

Compared to 2021, the number of departures decreased by 3%, i.e. 40 less permanent employees left the Valamar Group in 2022. As for the turnover by destinations, there was a drop in the turnover rate in almost all destinations in 2022.

The number of employees based on hours worked in 2022 has increased by more than 400 employees compared to 2021, mainly due to earlier openings compared to 2021, and more properties being open in 2022.

NUMBER OF EMPLOYEES AND STUDENTS ON JULY 31, 2022, COMPARED TO JULY 31, 2019 (VALAMAR GROUP)

	31/7/2022	31/7/2019	DIFFERENCE	
Permanent employment	2,416	1,892	524	128%
Contracts for permanent seasonal jobs	746	1,142	-396	65%
Seasonal	3,008	3056	-48	98%
Fixed term work/other	317	200	117	159%
Students	960	778	182	123%
TOTAL	7,447	7,068	379	105%

PERMANENT EMPLOYEES TURNOVER RATE (VALAMAR GROUP)

	M	F	Total	Permanent employees	Turnover rate
Baška	2	2	4	84	5%
Dubrovnik	12	7	19	338	6%
Krk	4	2	6	101	6%
Poreč	27	36	63	1,088	6%
Rabac	8	5	13	360	4%
Rab	5	4	9	245	4%
Makarska	10	8	18	136	13%
TOTAL	68	64	132	2,352	6%

AVERAGE EMPLOYMENT BASED ON HOURS WORKED IN 2022 (VALAMAR GROUP)



3,352

**AVERAGE EMPLOYMENT
BASED ON HOURS
worked in Valamar Riviera in 2022**

3,211 in 2021



4,337

**AVERAGE EMPLOYMENT
BASED ON HOURS
worked in Valamar group in 2022**

3,900 in 2021

YEAR-LONG EMPLOYMENT INDEX 2022 (VALAMAR GROUP)

The year-long employment index in 2022 is slowly normalizing, and it is 2 percentage points higher than in 2019, primarily due to an increase in the number of permanent employees.

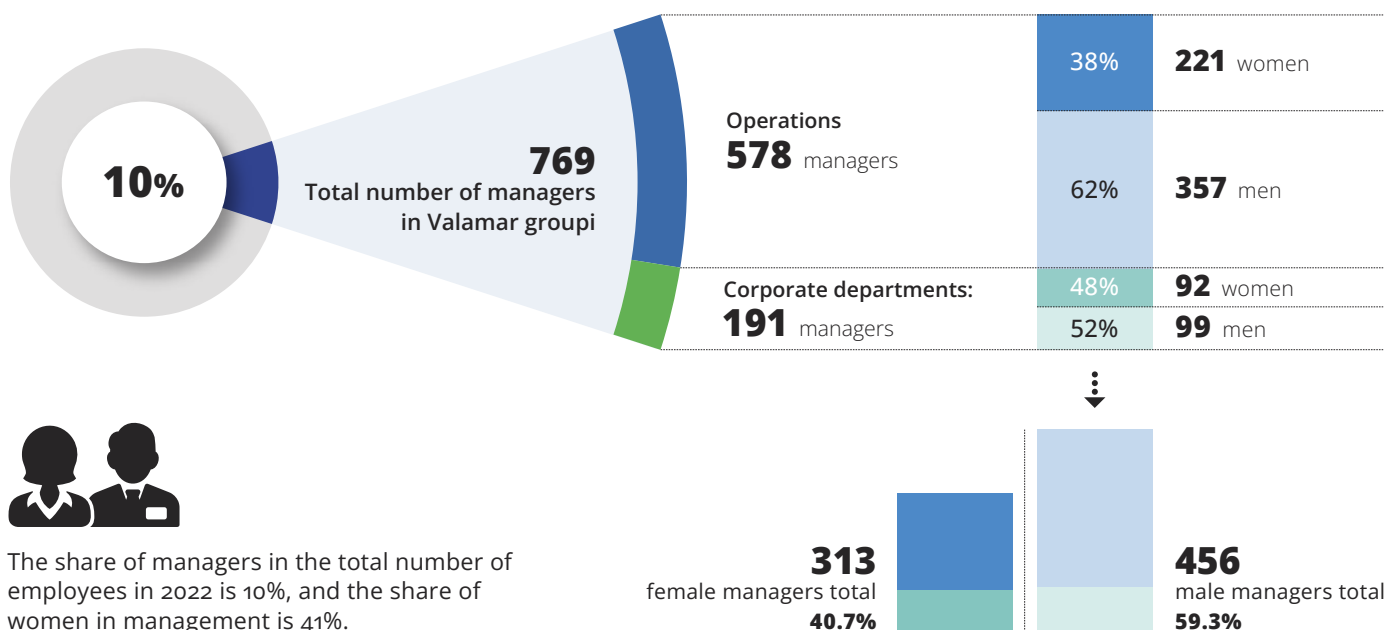
Compared to 2021, the index fell by 6 percentage points, but this is due solely to the increase in the number of employees in 2022 because more properties opened after several years of downtime caused by the covid crisis.

SHARE OF WOMEN EMPLOYED IN THE COMPANY (VALAMAR GROUP, AS AT 31 JULY 2022, SHARE FROM TOTAL NUMBER OF EMPLOYEES)

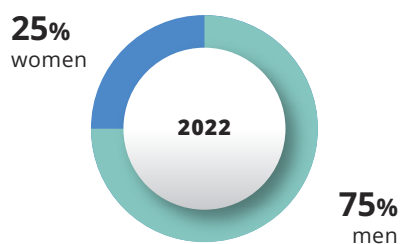
	Total	F	M	F	M
Valamar Riviera d.d.	4,756	2,473	2,283	52%	48%
Imperial Riviera d.d.	1,575	942	633	60%	40%
TOTAL	6,331	3,415	2,916	54%	46%

Compared to the total number of employees, the share of women is 54%, while the share of men is 46%. Compared to 2021, the share of women increased by 1 p.p.

SHARE OF MANAGERS IN TOTAL NUMBER OF EMPLOYEES IN 2022. (VALAMAR GROUP)



SHARE OF WOMEN IN LEADING EXECUTIVE POSITIONS (VALAMAR GROUP)



As of January 1st, 2022 Valamar Riviera's Management Board consists of three members, one of whom is a woman.

EMPLOYEES BY CONTRACT TYPE AND GENDER (VALAMAR GROUP)

	Total	F	M
Fixed term work	317	179	138
Seasonal employee	2,852	1,584	1,268
Permanent seasonal worker	746	427	319
Permanent employee	2,416	1,225	1,191
Total	6,331	3,415	2,916

SHARE OF LOCAL, DOMESTIC EMPLOYEES AND RETURNING SEASONAL WORKERS IN 2022 (VALAMAR GROUP)

	% returning seasonal workers	% local employees	% domestic residents
Dubrovnik	114%	54%	85%
Krk	48%	59%	86%
Poreč	54%	59%	89%
Rabac	62%	60%	83%
Rab	47%	67%	88%
Makarska	75%	85%	97%
Baška	49%	41%	85%
TOTAL	60%	61%	87%

The increase in the number of open hotels, resorts and camps in 2022 compared to 2021 also affected the number of employees, and in peak season, there were as many as 1,562 employees more than in the previous year.

This also affected the share of local workers, which fell by 5%. Various activities in the field of human resources aimed at increasing the loyalty of seasonal workers resulted in a positive increase in the share of returning seasonal workers by 3% in 2022

* Local employee is an employee who has permanent residence within the destination where he or she works.

** A domestic employee is an employee who has Croatian citizenship.

EMPLOYEES BY REGION AND GENDER

	NUMBER OF EMPLOYEES			PERMANENT EMPLOYEES			TEMPORARY EMPLOYEES			FULL-TIME EMPLOYEES			PART-TIME EMPLOYEES		
	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M
Dubrovnik	947	502	445	349	172	177	598	330	268	933	492	441	14	10	4
Krk	256	117	139	107	50	57	149	67	82	255	117	138	1	0	1
Poreč	2,709	1,420	1,289	1,127	591	536	1,582	829	753	2,672	1,406	1,266	37	14	23
Rabac	1,129	651	478	364	196	168	765	455	310	1,108	638	470	21	13	8
Rab	577	320	257	248	107	141	329	213	116	567	317	250	10	3	7
Makarska	472	287	185	137	70	67	335	217	118	467	284	183	5	3	2
Baška	241	118	123	84	39	45	157	79	78	241	118	123	0	0	0
TOTAL	6,331	3,451	2,916	2,416	1,225	1,191	3,915	2,190	1,725	6,243	3,372	2,871	88	43	45

The data collection methodology is the total number of employees in the period of peak season, i.e. the maximum number of performers.

* The category of "temporary employees" includes all employees except employees with a permanent employment contract.

** This review does not include assigned agency workers.

WORKERS WHO ARE NOT VALAMAR EMPLOYEES

STUDENTS

	Total	F	% F	M	% M
Baška	47	29	62%	18	38%
Dubrovnik	81	39	48%	42	52%
Krk	53	24	45%	29	55%
Makarska	55	29	53%	26	47%
Poreč	413	276	67%	137	33%
Rab	72	51	71%	21	29%
Rabac	239	121	51%	118	49%
TOTAL	960	569	59%	391	41%

AGENCY WORKERS

	Total	F	% F	M	% M
Dubrovnik	6	2	33%	4	67%
Krk	42	30	71%	12	29%
Makarska	1	1	100%	0	0%
Poreč	58	29	50%	29	50%
Rabac	49	24	49%	25	51%
TOTAL	156	86	55%	70	45%

STUDENT APPRENTICESHIP

	Total	F	% F	M	% M
Baška	1	1	100%	0	0%
Dubrovnik	19	9	47%	10	53%
Krk	14	9	64%	5	36%
Makarska	1	0	0%	1	100%
Poreč	31	16	52%	15	48%
Rab	31	21	68%	10	32%
Rabac	9	6	67%	3	33%
TOTAL	106	62	58%	44	42%

Data at the level of the Valamar Group on 31 July 2022.

In addition, during peak season, Valamar also concluded a contract with cleaning services to assist in the most intense summer months.

The full time equivalent (FTE) methodology results in 74 non-employees being hired through a group level cleaning service.

Since the group does not keep records of the above-mentioned workers, it is not able to report on the division by gender for 2022.



EDUCATION, DEVELOPMENT AND EMPLOYEE SATISFACTION

The development and education of employees are key components of human resources management in Valamar and have been given an even more important role within the framework of the adopted sustainability strategy. In 2022, Valamar continued with a series of activities and programs aimed at encouraging the personal and professional development of employees, which is a prerequisite for ensuring high quality services in tourism. Valamar Excellence as an umbrella title for the in-house lifelong learning program for acquiring knowledge in tourism and hospitality, providing specialist programs within the V-Executive and V-Professional sub-programs, and Valamar trainings within which education is conducted through V-Academy, V-Lead, V-Intern and V-Start programs for Valamar employees.

Valamar provides its employees with educational opportunities within these in-house programs and through the PERO digital platform that ensures flexibility and availability of educational content. Within the framework of the PERO platform, all employees can learn more about Valamar's standard operating procedures, trends in

tourism, various skills useful for business and personal development.

In addition to the digital form, trainings conducted in person are extremely important, providing educational content on a number of topics that employees need - from foreign language courses, sommelier courses, schools of bartenders to legally compulsory trainings and extended training programs. In cooperation with numerous partners and suppliers, Valamar provides employees with education in the field of food and beverages, the use of new technologies and learning different skills.

The transfer of in-house knowledge is particularly expressed within the V-Academy program that Valamar has been developing for many years and mentoring as an extremely valuable approach in the education and development of employees in all destinations.

Valamar managers and mentors pay special attention to the onboarding of new employees and constantly hold training sessions with them in order to acquire the necessary work skills as quickly and efficiently as possible.



5,437,465 HRK

annual investment
in various educational
programs for 2022



139,652 hours

of Valamar Excellence
training in 2022
(increase of almost **240%**
compared to 2021)



32.2 hours

of education per employee
average in 2022 at the level
of the Valamar Group

CORPORATE CULTURE AND CLIMATE - RESULTS 2022

The survey examining the corporate climate and culture in Valamar in 2022 was completed by 80% of employees, and the overall rating at the level of Valamar Riviera is 3.96 (on a scale of 1 to 5).

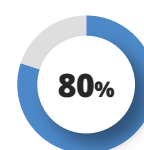
Valamar values the opinion and feedback of its employees as well as whether employees receive timely information within the company, whether they are satisfied with the organizational culture and whether they have suggestions for improvement.

The categories Work Organization, Leadership, Work Environment, Team Relations, and Life and work balance were rated higher than 4.0.

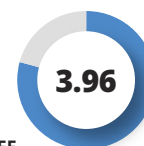
For the fourth consecutive year, Valamar Riviera has been measuring eNPS, i.e. the employee Net Promoter Score. This year it amounts to 12.9, which is an increase of 17% compared to 2021.



EMPLOYEES
COMPLETED THE SURVEY IN 2022



TOTAL EMPLOYEE
SATISFACTION RATING



The highest score of **4.25**
was given to the Leadership
category for the third year in a row

Score higher than 4.0
received categories Work
Organization, Leadership, Work
Environment and Team Relations,
Balanced work and life

12.9
eNPS for 2022

VALAMAR'S COOPERATION WITH EDUCATIONAL INSTITUTIONS

In 2022, Valamar continued to develop cooperations with numerous universities and other higher education institutions in Croatia, through the provision of student internships, work on case studies and guest lectures by Valamar experts. Valamar also continued the cooperation with secondary schools and ensuring internships for students, as part of the promotion of career development in tourism.

Valamar actively encourages young people to develop careers in tourism and invests in the promotion of vocational professions. By investing in

education and development, Valamar contributes to the development of qualified and educated employees and promotes responsible business practice, which has a positive impact on the development of destinations and the local community and the economy.

In cooperation with educational institutions from Croatia, Valamar also cooperated with the school from Kapošvar (Hungary) and hosted 36 students and provided them with internships in hotels and camps, as part of a program co-financed by the Erasmus project.



VALAMAR SCHOLARSHIP

In 2022, Valamar responded to the public invitation of the Ministry of Tourism and Sports and continued to implement its scholarship program, which was paused during the Covid-19 crisis.

In cooperation with the Ministry of Tourism and Sports, the scholarship provides financial support to students during their education, as well as the opportunity to practice and acquire new skills and knowledge. Students can gain work experience in Valamar hotels, camps and resorts, and are offered a job with the leading employer in tourism in Croatia upon graduation. Scholarship holders who come from other destinations are provided with accommodation and meals by Valamar at the expense of the employer. Valamar provides a scholarships of HRK 2.000 per month during the school year for 10 months until the end of school.

Students who are studying hospitality professions are thus encouraged to learn what a career in tourism looks like from the start of their education, to find out the opportunities for advancement and development, and explore all the dynamics of tourism and hospitality.

In addition to the scholarship program, in 2022 Valamar has also restarted scholarships for students with the aim of starting their careers after completing their education in Valamar and continuing to develop in the profession. In 2022, 87 students received a scholarship from Valamar, which will continue in 2023.

SCHOLARSHIPS IN TOURISM 2022 (VALAMAR RIVIERA D.D. AND IMPERIAL RIVIERA D.D.)



	Local	From other regions	Total
Graduates	31	27	58
Other grades	85	20	105
TOTAL	116	47	163

SALARY, REMUNERATION AND OTHER MATERIAL AND INTANGIBLE BENEFITS FOR EMPLOYEES

In 2022, Valamar invested more than EUR15 million in salary increases and reward programs, which was strongly supported by Valamar's social partners. This initiated the process of harmonizing wages in tourism with EU standards. Salaries for professional positions including chefs, waiters, specialist repairmen and receptionists at Valamar have increased by an average of 14%, and their income in the 2022 season were between EUR 1,000 and 1,600 net per month. The Valamar minimum net income guarantee for housekeepers, assistant chefs, assistant waiters, kitchen workers, waiters and many others increased to a monthly amount of EUR 750 to 1,100 net. In addition to raising basic salaries, Valamar continued to award excellence.

In Valamar Riviera, salary equality is regulated by the Collective Agreement. Valamar fully respects the rights of workers to join workers' councils and unions, while at the same time guaranteeing that no worker will be disadvantaged due to membership in associations or participation or non-participation in their activities. The collective agreement covers 97% of employees. The remaining 3% consists of senior management, which is also covered for the most part by the rights from the Collective Agreement, but not 100%.

AVERAGE SALARY IN 2022 - CROATIA, VALAMAR AND THE HOSPITALITY SECTOR (HRK)

	Valamar	Croatia	Sector	Valamar vs. Croatia	Valamar vs. Sector
2018	9,075	8,448	6,902	7.42%	31.48%
2019	8,945	8,766	7,149	2.04%	25.12%
2020	8,500	9,216	6,891	-7.77%	23.35%
2021	9,285	9,599	7,296	-3.27%	27.26%
2022	10,218	10,398	8,371	-1.73%	22.07%

REWARDS AND OTHER TANGIBLE AND INTANGIBLE BENEFITS FOR EMPLOYEES

Valamar ensures the best possible working environment and working conditions, which is why it continuously invests in the improvement of material rights by revising the old and introducing new rights. Active and constructive social dialogue along with employee feedback, have enabled Valamar to develop rewards and benefits for employees.

In 2022, Valamar placed an even greater emphasis on adapting to the labor market and material rights of employees in order to meet the needs of employees, all in order to increase their satisfaction, which ultimately ensures the retention of existing and attracting new employees.

	Employees awarded in 2022	Awards paid in 2022
Valamar Riviera	4,756	30,282
Imperial Riviera	1,575	9,131
Valamar Group	6,331	39,413

REWARD POLICIES ACCORDING TO THE DECISION OF THE MANAGEMENT AND THE COLLECTIVE AGREEMENT

- ▶ Gift to children
- ▶ Reward in kind
- ▶ Holiday bonus
- ▶ Jubilee Awards
- ▶ Reward in July
- ▶ 13th Salary
- ▶ Christmas bonus
- ▶ Loyalty Reward

NINE REWARD PROGRAMS

The goal of the reward program is to motivate and encourage employees to achieve the given results, encourage desirable behavior, reward teamwork and work in difficult conditions, reward exceptional contribution in all business segments and emphasis on digitalization processes, annual excellence awards, minimum income guarantee, retention and acquisition of new talents, etc.

OTHER EMPLOYEE MATERIAL AND NON-MATERIAL RIGHTS

- ▶ Paid leave (moving, education, death of family members, etc.)
- ▶ A day off for the first day of school
- ▶ Provided hot meal at the expense of the employer (except for a part of employees, a minimum fee for a wider selection of hot meals)
- ▶ Seasonal accommodation provided (at the expense of the employer)
- ▶ Financial assistance/support due to illness, death of loved ones or death of workers.
- ▶ Free days for prenatal examinations of pregnant women
- ▶ Possibility of year-round work (permanent seasonal worker measure, and employment during the winter season in Austria)
- ▶ Accident insurance 24 hours a day
- ▶ Education

- ▶ Housing lease subsidy
- ▶ Travel expenses
- ▶ Severance pay on retirement

EMPLOYEE BENEFITS

With the ValamArtist card employees can get various benefits and discounts and can also pay for a number of services at Valamar – all employed workers can enjoy many benefits within Valamar or with contracted partners.

VALAMAR BENEFITS

Family & Friends program – accommodation in Valamar properties at cheaper rates

F&B benefits in Valamar Group properties (discounts on food and beverages)

Use of V Sport in all destinations.

EMPLOYEE HEALTH AND SAFETY

Occupational health and safety activities in Valamar are based on a legal obligation under the Occupational Health and Safety Act, which obliges an employer who employs 250 or more workers to employ one or more occupational health and safety professionals, depending on the total number of workers. Also, by the decision on the categorization of fire risk, the employer must provide a certain number of workers who conduct preventive fire protection activities. In accordance with the above regulations, Valamar Riviera has employed occupational safety experts and, if necessary, hires external experts in the field of occupational safety.

Occupational health and safety activities include professional assistance to the employer and authorized persons, commissioners and workers, participation in the preparation of risk assessment as a basic document in the field of occupational health and safety, internal supervision of the application of occupational health and safety rules and encouragement to eliminate deficiencies, collection and analysis of data related to injuries, occupational diseases and work-related diseases, cooperation with bodies responsible for work inspection, occupational health and safety institutes, training of employers, authorized persons and commissioners in the field of occupational health and safety, as well as workers for work in a safe manner, cooperation with an occupational medicine specialist, work in the Occupational Health and Safety Committee, sending workers to health examinations, etc.

In addition to risk assessment as a basic document in the field of occupational safety, the occupational health and safety service and fire protection professionals organize and supervise electrical installation tests (indirect contact protection, insulation resistance), lightning protection system inspection, testing the working environment (illumination, noise, microclimate); testing of work equipment (machines, devices, installations, facilities), keeping prescribed records, health inspections of workers in workplaces with special working conditions, training workers to provide first aid, testing the fire alarm and extinguishing system, preparation of evacuation and rescue plans and conducting evacuation drills.

After analyzing the type and level of risk intensity, the plan of measures provides proposals for the application of basic and special rules of occupational safety and/or certain principles of occupational safety



(elimination or reduction of risks, removal of risks from workers or vice versa, use of personal protective equipment, etc.).

The service ensures that work equipment is marked with safety signs and instructions for working in a safe manner, so that workers are as safe as possible when handling equipment, and also warns about the use of work clothes and footwear and the use of personal protective equipment.

Valamar Riviera has established a Committee of Occupational Safety and Health who are experts in occupational safety, field doctors of occupational medicine, workers' commissioners or their coordinators and heads of the Operations sector from destinations. The Committee shall hold regular meetings.

Workers' commissioners are also involved in making and considering certain decisions through the coordination of occupational health and safety, i.e. giving opinions on individual acts (opinion on risk assessment).

Workers are regularly referred to health examinations at workplaces with special

working conditions in accordance with the applicable regulations.

The training of workers to work in a safe manner as well as the training of workers for initial firefighting and evacuation is carried out continuously and several hundred workers are trained each year in accordance with new employment.

Inspections by occupational health and safety inspections and fire protection inspections shall be carried out regularly and their reports are satisfactory.

Cooperation with the workers' council, their president and the coordination of occupational health and safety is of high quality, and the occupational health and safety service is present at thematic sessions, where the quality of work clothes and footwear and other important issues for the safety and health of workers are discussed.

The service also keeps records of injuries at work. The injuries are mostly cuts, scratches, falls and traffic accidents when arriving and leaving work, which also applies to 2022.



30

Total injured workers
in Valamar Riviera in 2022

= 0.89%



15

Total injured workers
in Imperial Riviera in 2022

= 1.52%

The share of injuries at work of the Valamar Group in 2022 = **1.04%**

VALAMAR IN THE COMMUNITY 2022

VALAMAR RIVIERA SUPPORTS DOMESTIC PRODUCERS AND PRODUCTS

With the aim of increasing the share of food and beverage products from domestic raw materials, Valamar has been continuously cooperating with most large food companies in Croatia for years. Consequently, 78 percent of the products in the food and beverage segment at Valamar are of domestic origin. Within its own online platform Valfresco Direkt, Valamar cooperates with more than 100 family farms. Valfresco Direkt is an excellent example for making domestic products available to Valamar guests, but also to citizens in Istria, Rijeka and Kvarner. Within the Valfresco Direkt platform and the central kitchen and distribution center Vinež, Valamar has provided a central place for the purchase and processing of fresh domestic food and prepares ready-made and semi-finished dishes for the Valfresco kitchen offer. Through the connection of tourism and agriculture, Valamar has thus enabled small and local producers and family farms to have better access to markets and greater availability of products to customers. When procuring other categories of products and services, the company is also primarily oriented towards domestic suppliers and domestic production.



VALAMAR PLANTED ALMOST 3,000 TREES WITH THE HELP OF GUESTS

The Valamar Riviera donation campaign, "Easy as one, two, tree", in which Valamar's hotel and camp guests could donate new trees for reforestation, exceeded the original goal of a thousand trees in the first two weeks from the start of the campaign. During 2022, Valamar planted almost three thousand new trees in Split-Dalmatia and Karlovac County. When visiting their favorite destination, Valamar guests could donate to plant new trees, and for each donated tree, Valamar planted another one. Planting was organized in Makarska, in the area of the Osejava peninsula and in Draganić, a municipality located between Zagreb and Karlovac. Valamar employees also joined the planting campaign.



VALAMAR HOSTS POREČ KINDERGARTEN RADOST WHILE UNDERGOING RENOVATION

During the renovation works of the Gornji vrtić kindergarten building, Valamar Riviera hosted four kindergarten groups from Poreč kindergarten Radost in the Maro Club rooms in hotel Valamar Pinia. Valamar Riviera has provided a pleasant stay and meals for seventy children aged 3 to 6 years in the Maro Club, where the Summer Camp of the Društvo Naša Djeca society Poreč have been held for several years. Works on the renovation of the kindergarten will last until the spring of 2023, making it a priority to find a quality solution for the children. This donation is part of Valamar's long-standing programs oriented towards the well-being of children and is a continuation of the previous cooperation between Valamar and kindergarten Radost. In previous years, Valamar donated funds for improving working conditions in this kindergarten's branches as part of the "Valamar's Big Heart" campaign, and the youngest Poreč residents are also frequent guests at Valamar's playgrounds at hotels, resorts and camps.

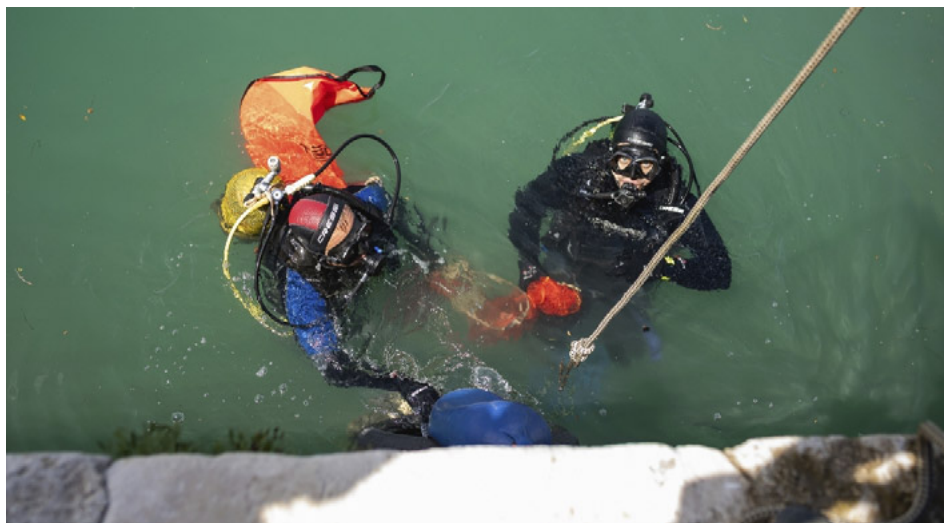
VALAMAR RIVIERA GATHERS ARTISTS FROM CROATIA, SPAIN, GERMANY AND AUSTRIA AS PART OF THE 38TH PAINTING COLONY

Valamar Riviera hosted renowned artists as part of the 38th Riviera painting colony. The longest-running painting colony is traditionally held in Poreč, and this time it gathered six artists who, at the end of September, spent a week in the relaxing ambience of Isabella Valamar Collection

Island Resort, creating works of art and finding their inspiration in the sun, the beauty of the sea and the architecture of Poreč.

The Poreč Painting Colony was founded in 1983 and in 2022 it hosted, artists from Croatia, Spain, Germany and Austria

participated in the painting colony. The works created during the 38th Valamar Riviera painting colony and artists' stay in Poreč are now part of the Valamar art fundus and are exhibited at Valamar properties, thus presenting a part of contemporary artistic creativity to guests.



VALAMAR AND THE "RUDAR LABIN" HANDBALL CLUB CLEANED THE BEACHES IN RABAC AS PART OF THE TRADITIONAL PROJECT 'WE LOVE THE ADRIATIC SEA'

In 2022, Valamar Riviera organized a beach cleaning campaign in Rabac with members of the Rudar Labin handball club. The action was held as part of the already traditional project "We love the Adriatic Sea", which is part of the corporate social responsibility program of Valamar Riviera. "In addition to paying great attention to the development of accommodation capacities, tourist

infrastructure and the development of destinations, we have been actively working on nature protection and environmental protection projects for many years. We are pleased that the young handball players of the "Rudar Labin" club have gathered again and helped clean the beach in Rabac," said Sandi Sinožić, the director of destination Rabac. The goal of the project "We love the

Adriatic Sea" is to protect the Adriatic coast and the sea through various actions that raise awareness of the importance of preserving the marine environment and contribute to the preservation of protected plant and animal species and their habitats. Valamar Riviera cooperates with local communities in all its destinations and invests in their growth and development.

THE TENTH EDITION OF THE ARTIST ON VACATION PROJECT IN VALAMAR

In 2022 Valamar marked the tenth anniversary of the Artist on Vacation project, organized in cooperation with the Institute for the Research of the Avant-Garde of the collectors of Avant-Garde Art Marinko Sudac. This international art project supports the creativity of local and international artists and numerous cultural initiatives and projects. Within the project, an exhibition by the Slovak artist Stan Filk (1937, Velká Hradná – 2015 Bratislava), one of the key actors of the Slovak neo-avant-garde, was held at the Zuccato Gallery in Poreč. This was the artist's first retrospective exhibition in Croatia, and the exhibited works are part of the Marinko Sudac Collection. Isabella Valamar Collection Island Resort on the island of Sveti Nikola, near Poreč, hosted members of the Autopsia art project, artists Lucia di Luciano and Giovanni Pizzo from Italy, Naško Križar from Slovenia, Tristan Pranyko from Switzerland and Frieder Nake from Germany. Autopsia, a depersonalized art project in the field of art and music is active since the late 1970s, and the Italian art couple from Rome Lucia di Luciano and Giovanni Pizzo, are only several of many artists whose works were presented in 2022. The first edition of Artist on Vacation was held in 2012, and to date over 80 neo-Avant-Garde artists from all over the world have participated in the project. The mission of the project is to present the various legacies of the avant-garde through guest appearance of world-renowned neo-Avant-garde artists, as well as artists of radical practices and artists who continue developing the concept of radical artistic practice in a contemporary context.

IMPERIAL RIVIERA DONATES MEDICAL EQUIPMENT TO THE INSTITUTE FOR EMERGENCY MEDICAL ASSISTANCE

Imperial Riviera donated two defibrillators to the Institute for Emergency Medical Assistance Makarska at the initiative of the Makarska Tourist Board. This donation of medical devices enabled the Makarska Institute for Emergency Medical Assistance to improve working conditions and a higher level of health care for patients. The Makarska Tourist Board has launched this initiative to procure important medical devices in order to raise the standard of emergency medical care for the local population as well as a large number of tourists during the season.

VALAMAR HOSTED MORE THAN 550 CHILDREN FROM THE DRUŠTVO NAŠA DJECA SOCIETY POREČ

Valamar Riviera has been supporting the work of the Društvo Naša Djeca Poreč Society for many years, which was founded with the aim of promoting children's rights to leisure time, which should be of high quality and creative. In 2022, the Društvo Naša Djeca Association Poreč and the City of Poreč organized a summer program called Dječji ljetni kamp (Children's Summer Camp). As part of this famous summer program in Poreč, children stayed on the beach of Valamar's hotel Pinia, as well as on the beaches of island Sveti Nikola, by the Valamar Isabella Island Resort. For the purpose of carrying out the camps' activities, Valamar also enabled the use of the children's playroom, soft play playroom and the children's playground of hotel Pinia. In 2022, the camp included more than 550 girls and boys of different ages who were assigned to four two-week shifts at two city locations, with activities organized by shift leaders and volunteers. The activities are usually diverse, and children enjoy excursions, workshops and competitions, and Valamar also provides the children with lunch during their stay in the camp.

ENVIRONMENTAL IMPACT

RESPONSIBILITY TO THE ENVIRONMENT AND CLIMATE

The 2030 Agenda for Climate Change the European Commission is proposing to increase the EU's ambition to reduce greenhouse gas emissions to at least 55% below 1990 levels by 2030, while Valamar has already reduced greenhouse gas emissions in scope 1 and 2, per night, by as much as 65% compared to 2015. The EU's goal is to be climate neutral by 2050 – a net-zero-emission economy.

Due to the scarcity of natural resources, every action of individuals and organizations should be aimed at their preservation. A high level of environmental awareness has become an extremely important factor in the tourism sector.

As the leading tourism company in Croatia, Valamar Riviera has a special responsibility to systematically apply high standards in environmental protection - a key resource in tourism, which reduces exposure to climate risks. Environmental responsibility is one of the pillars of sustainability that Valamar Riviera has incorporated into its Quality and Sustainable Business Policy and ESG goals.



Valamar Bellevue Resort 4*, Rabac

ENERGY AND CLIMATE CHANGE

Valamar Riviera plans to achieve carbon neutrality from scope 1 and 2 by 2025. Reducing greenhouse gas emissions is the first of 12 ESG targets defined by the ESG strategy. It is becoming increasingly important to our guests, as many want to reduce and compensate for their carbon footprint in hotels or camps. At Valamar's properties, this is much easier to do since Valamar's emissions are among the lowest compared to other tourist properties.

Energy efficiency and green innovation are, in today's energy markets, a source of competitive advantage. Valamar is continuously reducing its carbon footprint by replacing fossil fuels with electricity from renewable sources, installing heat pumps, building photovoltaic power plants on its properties and other measures.

Valamar is reducing emissions from scope 1 and 2 by increasing the share of energy from renewable sources, increasing energy efficiency, and the company plans to reduce the remaining emissions from scope 1 and 2 by 2025 through restoring and protecting nature, and other projects.

To reduce emissions from scope 3, Valamar plans to cooperate with suppliers, increase the share of local products, use more environmentally friendly materials and more. For the planned reduction of greenhouse gas emissions by 2025, the budget predicts appropriate financial resources.

Climate science is evolving, and so are our goals to reduce greenhouse gas emissions. Accordingly, Valamar aims to become carbon neutral in scope 1 and 2 by 2025 by further decarbonizing and offsetting emissions. Valamar will also work to significantly reduce greenhouse gas emissions from scope 3, namely greenhouse gas emissions from: purchased goods and services, capital goods, fuel and energy related activities, waste

generated in operations, business travel and transportation of employees in the coming period of ten years. In 2023, we plan to join the Science Based Targets initiative (SBTi) to confirm our emission reduction targets are in line with the goals of the Paris Agreement.

The Science-Based Targets Initiative (SBTi) checks whether the targets set by companies are in line with the goals of the Paris Agreement, which aims to keep global temperatures within 1.5°C compared to pre-industrial levels.



- ▶ **262,000 EUROS ALLOCATED IN 2022**
for the procurement of collection tanks and devices for the treatment of biodegradable waste in hotels and camps.
- ▶ **416,000 EUROS ALLOCATED IN 2022**
for investing in energy efficiency; procurement of heat pumps for heating and cooling of properties and in LED lighting.
- ▶ **TOTAL OUTFLOW OF CO₂ FROM FORESTS**
managed by Valamar Riviera amounts to 538 tons of annual outflow while the total area of forests and forest land owned by Valamar (for which there is a cadaster) is 272.7 ha.
- ▶ **VALAMAR RIVIERA REDUCED MORE THAN 65 PERCENT**
of direct and indirect greenhouse gas emissions from scope 1 and 2, per night in the period from 2015 to 2022 The reduction was mainly achieved by switching to electricity from renewable sources. An additional, significant effect was also achieved by replacing fuel oil boilers with gas boilers, and even more so with heat pumps, and other measures already listed elsewhere in the Report.

SUSTAINABLE HOTEL CERTIFICATE



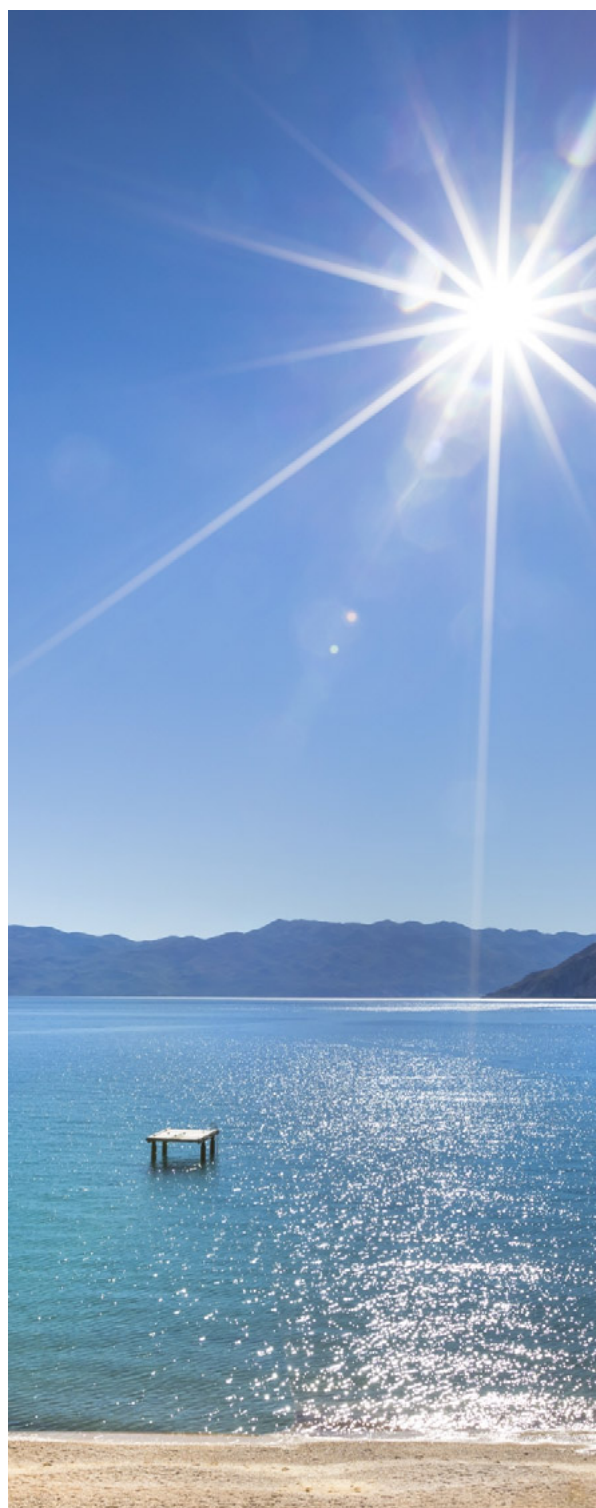
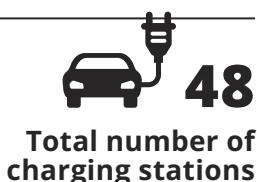
Valamar Sanfior Hotel & Casa	★★★★	Rabac
Valamar Koralj Hotel	★★★	Krk island
Dubrovnik President Valamar Collection Hotel	★★★★★	Dubrovnik
Valamar Parentino Hotel	★★★★	Poreč
Valamar Bellevue Resort	★★★★	Rabac
Valamar Padova Hotel	★★★★	Rab island
Valamar Carolina Hotel & Villas	★★★★	Rab island

IN BUSINESS VALAMAR IS FOCUSED ON:

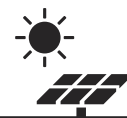
- ▶ Reducing greenhouse gas emissions
- ▶ Reducing potable water consumption
- ▶ Reducing energy consumption

INVESTING IN ELECTRIC VEHICLES

During 2022, Valamar Riviera and related companies invested over 530 thousand euros in the purchase of 20 new electric vehicles, 3 electric scooters and 7 electric carts for its properties.

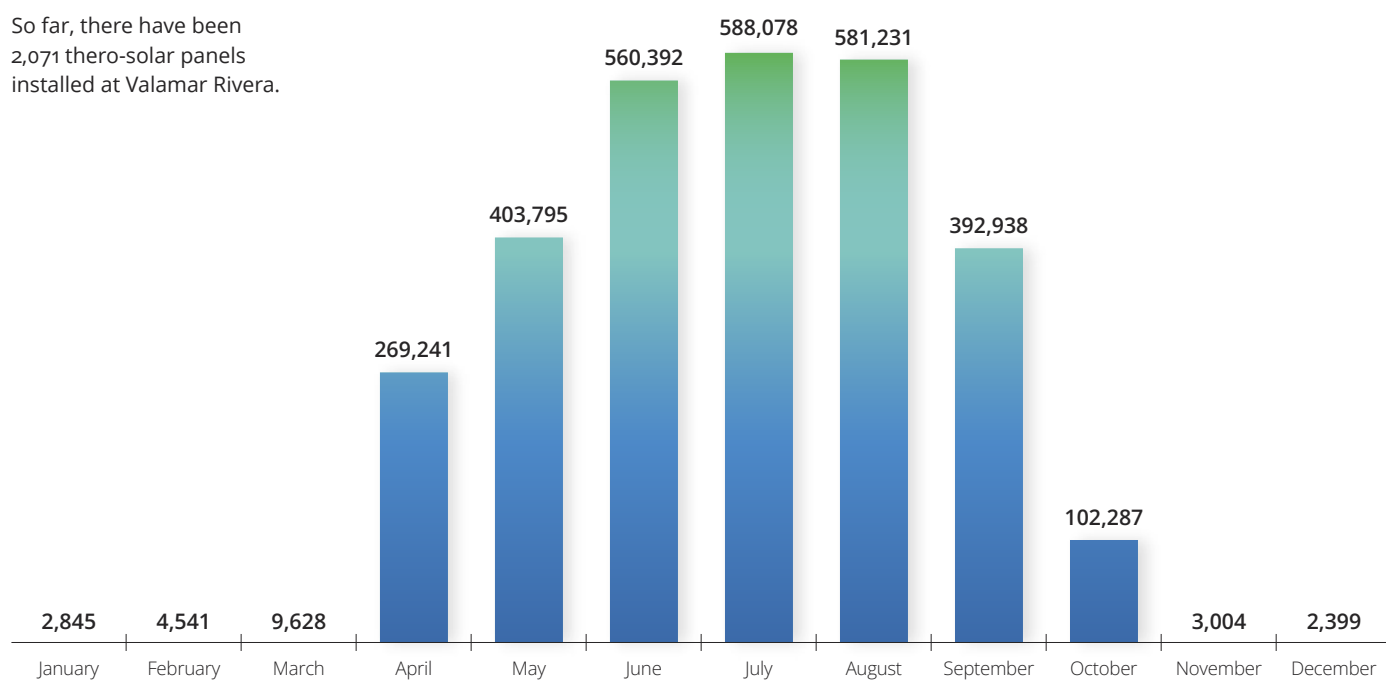


ENERGY EFFICIENCY



ENERGY SENT INTO THE SYSTEM FROM QSOL THERMO-SOLAR COLLECTORS IN 2022 (kWh)

So far, there have been 2,071 thermo-solar panels installed at Valamar Rivera.



Solaris Camping Resort
by Valamar 3*, Poreč

CONSUMPTION OF ENERGY PRODUCTS 2022*

	Consumption in unit	kWh	GWh	kWh/overnight	kWh/occ. room
Electrical energy	81,650,515	81,650,515	81.65	12.04	27.62
Heating oil	144,863	1,448,625	1.45	0.21	0.49
Vehicle fuel	420,098	4,200,975	4.2	0.62	1.42
Natural gas	10,590,659	10,590,659	10.59	1.56	3.58
LPG	947,099	12,122,871	12.12	1.79	4.1
TOTAL		110,013,645	110.01	16.23	37.21

ENERGY INTENSITY AS SHOW PER ITEM 2016 - 2022**

kWh	2016	2017	2018	2019	2020	2021	2022
Electrical energy	63,888,056	68,658,141	76,218,734	82,941,062	38,310,651	63,018,762	81,650,515
Heating oil	14,744,254	12,878,905	14,070,590	7,900,513	1,698,225	2,059,338	1,448,625
Vehicle fuel	2,365,896	3,010,647	3,136,522	3,271,894	2,091,246	3,228,286	4,200,975
Natural gas	10,408,564	12,713,001	12,247,836	11,632,414	4,876,617	7,765,367	10,590,659
LPG	4,570,454	6,004,339	8,763,417	12,574,161	4,934,425	5,673,474	12,122,871
TOTAL	95,977,224	103,265,033	114,437,099	118,320,044	51,911,164	81,745,226	110,013,645

kWh/overnight	2016	2017	2018	2019	2020	2021	2022
Electrical energy	10.52	11.01	11.57	12.24	16.81	12.59	12.04
Heating oil	2.43	2.06	2.14	1.17	0.75	0.41	0.21
Vehicle fuel	0.39	0.48	0.48	0.48	0.92	0.64	0.62
Natural gas	1.71	2.04	1.86	1.72	2.14	1.55	1.56
LPG	0.75	0.96	1.33	1.86	2.16	1.13	1.79
TOTAL	15.8	16.55	17.37	17.47	22.78	16.33	16.23

kWh/occ. room	2016	2017	2018	2019	2020	2021	2022
Electrical energy	24.49	26.58	27.49	28.17	35.76	29.99	27.62
Heating oil	5.65	4.99	5.08	2.68	1.59	0.98	0.49
Vehicle fuel	0.91	1.17	1.13	1.11	1.95	1.54	1.42
Natural gas	3.99	4.92	4.42	3.95	4.55	3.7	3.58
LPG	1.75	2.32	3.16	4.27	4.61	2.7	4.1
TOTAL	36.79	39.98	41.28	40.18	48.45	38.91	37.21

* Increase in LPG consumption because of added data for Laundry facility Makarska.

** Data refers to Valamar Riviera, Imperial Riviera and Laundry facility Makarska.



WATER

WATER RECYCLING 2022*

	2019	2020	2021	2022
Total water consumption (m³)	1,826,616	792,079	1,192,140	1,624,537
Water consumption/ occ. room (l)	0.62	0.74	0.57	0.55
Amount of recycled water for irrigation (m³)	7,696	7,847	0	0
Laundry facility Poreč (m³)	28,582	13,958	21,396	23,471
Used recycled water (out of total consumption)	1.99%	2.75%	1.79%	1.27%

GROUNDWATER AND WATER FROM LOCAL OR OTHER WATER SUPPLY

Underground water supply lines (m³)	25,764	16,758	28,891	28,488
Local and other water supply (m³)	1,800,852	775,321	1,163,250	1,596,049

WATER DISCHARGE BY DESTINATION

Public sewage system (m³)	1,570,889	681,188	1,025,241	1,397,102
Sea (m³)	85,492	62,672	66,604	82,498
Discharge into surrounding terrain (m³)	8,441	8,342	8,782	11,786

* Data refers to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.

WASTE

VALAMAR RIVIERA WASTE MANAGEMENT

Valamar Riviera takes care of reducing the amount of mixed municipal waste, i.e. increasing the share of selective waste by handing it over for processing to authorized collectors who take care of its adequate disposal through further activities.

In the past year, the share of selective waste in the total amount was 46%, and Valamar aims to increase this percentage every year by raising awareness on the importance of its proper disposal and recycling, as well as investing in devices and projects that will contribute to this. Valamar pays special attention to bio-waste, as evidenced by the company's participation in the pilot project "Reduce food waste, cook for your guests" of the Environmental Protection and Energy Efficiency Fund. Based on the information obtained by participating in the pilot project, there is more room for the reduction of bio-waste. In order to reduce its quantities, Valamar has acquired and tested several models of composting devices in several of its hotels and camps, while at Camp Lanterna, guests started collecting bio-waste separately which is then handed over to an authorized collector.

In the past year, 80 tons of bio-waste have been composted in the Valamar Riviera properties, and the produced substrate (compost) can be used in horticulture. The intention is to continue with the implementation of good practices in the future. Valamar Riviera aims to minimize the amount of bio-waste and position itself as a leading hotel company in the field of sustainable business and thus compete with the world's leading companies from the hotel and hospitality industry.

TOTAL WEIGHT OF HAZARDOUS, NON-HAZARDOUS AND MIXED MUNICIPAL WASTE* (t)

	2016	2017	2018	2019	2020	2021	2022
NON-HAZARDOUS							
Paper and cardboard	459	598	672	663	290	537	544
Glass	211	285	312	319	117	277	350
Plastic	160	255	286	285	110	156	220
Wood	478	469	42	45	8	17	84
Biodegradable waste	625	1,533	1,759	2,527	819	1,960	2,315
Used cooking oil	20	32	28	21	5	18	25
FOG separator waste	712	758	691	480	287	217	277
Metals	35	14	12	7	29	43	36
Bulky waste	139	306	102	246	242	732	506
Other non-hazardous waste	45	6	13	6	2	6	7
TOTAL	2,884	4,256	3,917	4,599	1,909	3,963	4,364
HAZARDOUS WASTE							
Asbestos	–	22	–	–	–	8	1
Electric and electronic waste	7	6	18	7	4	3	2
Contaminated packaging	5	9	9	6	1	4	7
Other hazardous waste	8	2	14	11	1	1	3
TOTAL	20	39	41	24	6	16	13
Biowaste composted on place of origin							80
Waste separated for recycling							3,958
Share of separated waste							44.04%
Mixed municipal waste	4,292	5,117	5,029	5,102	2,016	4,598	5,161
TOTAL WASTE GENERATED	7,195	9,412	8,987	9,725	3,931	8,577	9,618

* Data refers to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.

BIODIVERSITY

The world is facing two major intertwined and interdependent crises - climate change and the loss of biodiversity. According to the IUCN, the International Union for the Conservation of Nature and Natural Resources, the Mediterranean area is considered one of the most important biodiversity hotspots in the world, and at the same time it is the world's leading tourist destination. Tourism directly depends on the health of ecosystems, and for long-term sustainability it is necessary to minimize its impact on the aforementioned.

Valamar's direct impact on biodiversity is manifested through greenhouse gas emissions, water consumption, waste generation, potential pool water pollution and chemical handling, beach landscaping and concession beach activities, and light and noise pollution. Tourism activities can also lead to increased pressure on animal species through direct harassment, hunting or destruction of their habitats. Indirect impacts are possible through the supply chain, especially in the food and beverage segment.

Valamar hotels, resorts and camps are not located in protected areas, but the company is aware that some are within, or next to, the Natura 2000 ecological network and manages the reduction of environmental impact in the immediate vicinity of its properties accordingly. Preserving the environment in which Valamar operates is important for guests and the wider community that benefits from ecosystem services.

Valamar informs its employees and guests about endemic and protected species and the well-being of natural habitats. Valamar informs and refers guests to acceptable behavior in the environment, warns about endemic plant and animal species, and invites them not to disturb terrestrial and marine species. Valamar also informs guests and invites them to adhere to the rules of caution while visiting the natural beauties in all destinations. This includes information such as the ban on lighting fires in open areas and the dumping of cigarette butts and litter into the environment, as well as the ban on collecting and hunting endemic and protected species of flora and fauna.

Valamar's biodiversity conservation measures include the implementation and certification of the Environmental Management System since 2009, cooperation with relevant institutions for nature protection, employee education and raising awareness of suppliers and guests. In addition to reducing greenhouse gas emissions, Valamar significantly reduces pollutant emissions into the air. Waste management reduces the quantities that reach landfills, but also ensures that they do not reach the environment and the sea uncontrollably. With the program of eliminating single-use plastics, Valamar additionally affects the preservation of biodiversity.

When landscaping properties, Valamar uses indigenous or adapted plant species, in accordance with the Catalogue of Desirable Plants, and horticulture employees take care of almost 80,000 trees around Valamar properties. As many as 16 Valamar beaches bear the label Blue Flag, an international environmental program for the sea and coastal area, with the goal of sustainable management and management of the sea and coastal zone.

Standard operating procedures and cleaning plans prescribe the use of chemicals, which reduces environmental pollution. Valamar educates employees on how to carry out individual cleaning procedures without the use of chemicals or with the use of chemicals that are less harmful to the environment. Written procedures also regulate the use of disinfectants and surveillance methods in order to prevent overuse due to possible malfunction of devices.

When renovating buildings, it is taken into consideration to reuse usable furniture and infrastructure and to use solutions that will have a minor negative impact on the environment. Also, during the reconstruction of properties, all contractors undertake to apply environmental protection measures. Valamar Amicor Green Resort opened in 2022 and is the first resort in Croatia built according to the principles of sustainable construction, with special care for indigenous horticulture and the environment.



VALAMAR SUPPLIERS AND PARTNERS

Valamar Riviera fosters long-term cooperation and partnerships with suppliers. Through the Procurement Policy, it establishes principles and guidelines with the aim of ensuring professional and fair relations with suppliers, while respecting and encouraging the principles of business ethics, transparency, quality of products and services and the principles of sustainability in the supply chain.

Valamar primarily procures local products and uses the services of local suppliers when possible. In 2022, Valamar recorded a high share of local suppliers of as much as 92%.

Valamar prioritizes sustainable production and procurement. This includes the selection of products from recycled or recyclable materials, products using a smaller amount of packaging, and products bearing relevant sustainability labels. Valamar delivers its Quality and Sustainable Business Policies to all suppliers and strives to develop sustainable practices throughout the value chain.

VALAMAR FOOD AND BEVERAGES SEGMENT –
FOCUS ON DOMESTIC PRODUCERS

The high share of food and beverages of domestic production and local products in 2022 in Valamar was maintained at the level of 2021.

In 2022, Valamar continued to develop cooperation with more than 100 local family farms, primarily within its Valfresco Direct platform. Cooperation with local family farms guarantees less impact on the

environment and encourages a stronger connection between tourism and agriculture by facilitating the placement of products by local producers towards domestic and foreign guests. Local family farms guarantee local and seasonal foods and contribute to reducing food waste and reducing the use of disposable packaging, especially plastic.

SUSTAINABLE FISHERY PRODUCTS

The tourism sector can have an impact on marine ecosystems, and a focus on sustainable fishery products can contribute to its conservation. In order to protect marine resources and to ensure not only quality but also fishery products that have the least impact on the environment and at the same time contribute to the quality of

life of coastal and island communities, an analysis of fishery products at the company level has been initiated in Valamar. A cooperation has been established with WWF, the world's nature conservation organization, which will conduct an in-depth analysis based on scientific data during 2023. The analysis of fishery

products will be the basis for establishing the criteria for the procurement of sustainable fishery products and the objectives of Valamar by 2025. By supporting the work of WWF Adria, Valamar Riviera wants to directly contribute to the preservation of marine resources and the quality of life of local fishermen.

SUSTAINABILITY AND ETHICAL BUSINESS IN THE SUPPLY CHAIN

In 2022, Valamar began a comprehensive analysis of the supply chain and asked suppliers to complete a preliminary questionnaire with the aim of assessing the level of sustainability.

The questionnaire covers a variety of ESG criteria, including questions on measurement and measures to reduce greenhouse gas emissions, water use and reduction, energy efficiency, waste management, impacts on biodiversity, involvement in improving the quality of life in local communities, employee relations, reporting on sustainability topics, adopted relevant policies and other issues. In addition to understanding the situation in the supply chain, the analysis of the conducted testing contributes to the definition of the criteria of sustainable and responsible procurement and joint measures and recommendations.

In accordance with the collected responses in 2022, which includes 32% of the TOP 100 suppliers, key goals have been defined by 2025.

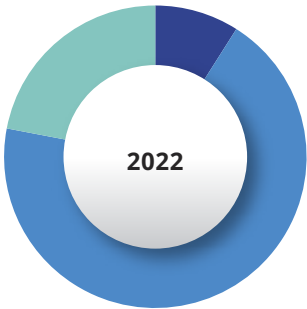
In 2023, Valamar will continue to work on the establishment of a process that will analyze the targeted suppliers in terms of sustainability on an annual basis and include a sustainability clause in contracts covering environmental, social and governance aspects of operations. The plan for 2024 is to implement the Code of Ethics for suppliers, i.e. to supplement the current Procurement Policy, which will guarantee that the suppliers with which the company operates are aligned with the values of the company, and committed to achieving responsible and ethical business operations.

By 2025, the goal is that 80% of Valamar's targeted suppliers meet the criteria of responsible business operations.

SHARE OF LOCAL FOOD AND BEVERAGES 2022

Valamar Riviera has a high share of domestic production and local products in the food and beverage segment, which significantly contributes to ensuring authentic service and products. By promoting indigenous products, Valamar further enriches its offer and develops long-term cooperation with local producers.

	Croatian products which may contain imported raw materials	9%
	Croatian products containing only domestic raw materials	69%
	Import products	22%



REPORT OF GREENHOUSE GAS EMISSIONS FOR 2022

We have been monitoring greenhouse gas emissions, direct and indirect emissions from scope 1 and 2 since 2015.

The methodology used for calculating greenhouse gas emissions from 2015 to today is the HCMI (The Hotel Carbon Measurement Initiative), published by the WTTC. It is a sectoral methodology, suitable for the hotel industry. Valamar will continue to use HCMI primarily because of the possibility of comparing the performance of our tourist properties with a large database of hotels.

From 2022, Valamar calculates greenhouse gas emissions from all three scopes. Calculation and reporting is carried out in accordance with the Corporate Standard of Calculation and Reporting on Greenhouse Gases (World Resources Institute and World Business Council for Sustainable Development), hereinafter referred to as the "GHG Protocol". Therefore, since 2022, data on greenhouse gas emissions have been recalculated and presented, in accordance with the GHG Protocol.

MOVEMENT OF GREENHOUSE GAS EMISSIONS FROM SCOPES 1 AND 2, FROM 2015 TO 2022 FOR THE VALAMAR GROUP (VALAMAR RIVIERA AND IMPERIAL RIVIERA)

	2015	2016	2017	2018	2019	2020	2021	2022
Total CO ₂ e (t)	25,491	11,113	10,888	12,024	7,782	3,092	4,505	9,926
% decrease of emissions compared to base year 2015		56.4%	57.3%	52.8%	69.5%	87.9%	82.3%	61.06%
CO ₂ e (kg)/overnight	4.41	1.84	1.70	1.83	1.15	1.36	0.90	1.46
% decrease of emissions compared to base year 2015		58.4%	61.4%	58.4%	74.3%	71.3%	79.2%	66.8%
CO ₂ e (kg)/ occ. room	10.1	4.2	3.9	4.2	2.6	2.9	2.1	3.4
% decrease of emissions per occ. room compared to base year 2015		58.4%	61.4%	58.6%	73.9%	69.0%	79.6%	66.7%

Note: The total greenhouse gas emissions from scope 1 and 2 of related companies not included in the calculations are: Helios Faros d.d., Valamar A GmbH and Valamar Obertauern, and in 2022 they amounted to 608.6 tCO₂e.



Lanterna Premium
Camping Resort 4*, Poreč

SUMMARY OF THE METHODOLOGY - GREENHOUSE GAS CALCULATIONS FOR 2022

Valamar 2022 The GHG report has been prepared in accordance with the GHG Protocol.

Greenly, a company specializing in calculating greenhouse gas emissions, supported Valamar in calculating greenhouse gas emissions in 2022.

SCOPE 1

SCOPE 1: STATIONARY COMBUSTION

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 1	Stationary combustion emissions	GHG emissions related to natural gas are estimated based on the consumption of all the sites in kWh.
	Natural gas	The emission factors used comes from IAE.
SCOPE 1	Stationary combustion emissions	GHG emissions related to fuel are estimated based on the consumption of all the sites in kWh.
	Fuel	The emission factor used comes from the Croatian Ministry of Economy and Sustainable Development.
SCOPE 1	Stationary combustion emissions	GHG emissions related to fuel are estimated based on the consumption of all the sites in kWh.
	Liquid petroleum gas	The emission factor used comes from the Croatian Ministry of Economy and Sustainable Development.

SCOPE 1: MOBILE COMBUSTION

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 1	Mobile combustion	GHG emissions related to diesel are estimated based on the consumption of all vehicles in Litres.
	Business vehicle	The emission factor used comes from the ADEME.
SCOPE 1	Mobile combustion	GHG emissions related to diesel are estimated based on the consumption of all vehicles in Litres.
	Transportation Vehicle	The emission factor used comes from the ADEME.
SCOPE 1	Mobile combustion	GHG emissions related to diesel are estimated based on the consumption of all vehicles in Litres.
	Boat	The emission factor used comes from the ADEME.

SCOPE 1: FUGITIVE EMISSION

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 1	Fugitive emission	GHG emissions related to gas leaks were estimated based on the annual refill of all air conditioning systems (in kilograms).
	Air conditioning	The emission factor used comes from the ADEME.

SCOPE 2

The Greenhouse Gas Protocol requires companies to report their Scope 2 emissions using two approaches:

- 1 'location-based approach' reflecting the intensity of average emissions in local energy consumption networks.
- 2 a 'market-based' approach that reflects emissions from electricity generation deliberately chosen by undertakings, allowing companies to use their purchasing power to accelerate the deployment of renewable energy.

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 2	Emission from purchased energy - Electricity	GHG emissions related to electricity consumption are estimated based on the consumption of all sites in kWh.
	Location based	For electricity originating from the network/grid, the emission factor used is the average emission factor of the electricity mix of the country (IAE). The emission factor used for electricity produced on site is equal to 0. Indeed, the solar panel and thermosolar panel on site don't emit GHG when generating energy.
SCOPE 2	Emission from purchased energy - Electricity	GHG emissions related to electricity consumption are estimated based on the consumption of all sites in kWh.
	Market based	For electricity originating from the network/grid and not covered by a guarantee of origin certificate, the emission factor used is the average emission factor of the electricity mix of the country (IAE). The emission factor used for electricity is covered by a certificate of origin and is equal to 0. The distributor of electric energy has provided the Certificate of participation in the Register of guarantees of origin issued by the Croatian Energy market Operator (HROTE). The emission factor used for electricity produced on site is equal to 0. Indeed, the solar panel and thermosolar panel on site don't emit GHG when generating energy. Therefore, Scope 2 emissions are equal to 0.
SCOPE 2	Emission from purchased energy - Steam	GHG emissions related to Steam are estimated based on the consumption of all sites in kWh.
	Location Based	The steam is purchased from a local network in Zagreb. Therefore, the emission factor is the one of the heating plant in Zagreb.



Isabella Valamar Collection
Island Resort 4/5*, Poreč

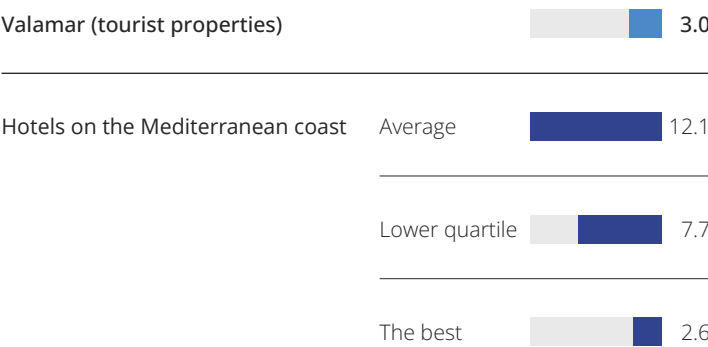
SCOPE 3

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 3	1 Product & Services	GHG emissions related to food products and chemicals were computed using the total weight of products purchased by Valamar in 2022 (kg). GHG emissions related to the other products & services were estimated using a monetary approach. A database of food, chemical and other product-related emission factors was used to estimate GHG emissions resulting from these purchases. For example, Ecoinvent for chemicals.
SCOPE 3	2.1 Capital Goods Activity approach	The GHG emission related to capital goods (on-site electric vehicles, mobile-homes, IT equipment and business vehicles) were computed using an activity-based approach. A database of goods related emission factors was used to estimate GHG emissions.
SCOPE 3	2.2 Capital Goods Monetary approach	GHG emissions related to all other equipment (furniture, electrical equipment, kitchen equipment) were computed using a monetary approach.
SCOPE 3	3 Fuel & Energy related activities.	GHG emissions related to Electricity consumption are estimated based on the consumption of all sites (in kWh). The emission factor used to computed Scope 3 energy related-emissions include upstream emissions and T&D losses. GHG emissions related to Fuel are estimated based on the consumption of all sites (in kWh). GHG emissions related to Natural Gas are estimated based on the consumption of all sites (in kWh). GHG emissions related to LPG are estimated based on the consumption of all sites (in kWh).
SCOPE 3	4 Upstream Distribution & Transportation	The emission related to the distribution & Transportation of products has been estimated, calculating the tons of products transported (T.km). In order to estimate the distances, several methodologies have been used. 1) The data have been asked directly to the supplier. 2) The data have been estimated with the location of the supplier.
SCOPE 3	5 Waste	GHG emissions related to on-site generated waste are estimated using the weight (Metric tons) of waste and how the waste is dealt with (recycling, incineration, landfill, etc.) The emission factors used are the ones recommended by the GHG protocol.
SCOPE 3	6 Business Travel	GHG emissions resulting from air travels are estimated based on the trips that were booked by the reporting company in 2022. GHG emissions depend on the total KM passenger distance. RFI (Radiative Forcing Index) is included in the emission factors that were used. GHG emissions from business travel by automobile are shown in Scope 1.

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 3	7 Employee commuting	GHG emissions related to employee travel are estimated by calculating: – The daily travel of employees to get to work – The travel of seasonal workers at the beginning and end of the season to travel between their place of residence and the hotels where they will be staying.
SCOPE 3	8 Upstream Leased assets	Not applicable All GHG emissions resulting from leased vehicles were accounted for in Scope 1.
SCOPE 3	9 Downstream Transportation & Distribution	Most of the product sold per Valamar are sold on site (food, beach equipment, clothes) and don't require downstream transportation. The only products requiring transport (and emissions are not shown in Scope 1) are toys and textile sold through the website. To estimate emissions resulting from downstream transportation, the total distance travelled was computed. An emission factor in kgCO₂e/T.KM was then used.
SCOPE 3	10 Processing of sold products	Not applicable Valamar does not sell intermediate products to a third-party company.
SCOPE 3	11 Used of sold products	Not applicable The products sold by Valamar are diverse. Nevertheless, these products do not directly consume energy and do not emit greenhouse gases during their use. Therefore, the only emissions resulting from sold products is the energy consumed indirectly during the use phase of the products (i.e. cleaning). In accordance with the GHG Protocol guidelines, Valamar decided not to account for these emissions, knowing that they would not be significant in comparison with Valamar's total emissions.
SCOPE 3	12 End of life treatment of sold products	Emissions related to end of life treatment of sold products were computed using a sample of product sold by Valamar in 2022. The average rate of recycling per country was used to estimate the emission factor.
SCOPE 3	13 Downstream Leased assets	Not applicable In accordance with the GHG protocol, all buildings leased out by Valamar were included in Scope 1 & 2. Therefore, emissions linked to this category are equal to 0.
SCOPE 3	14 Franchises	Not applicable
SCOPE 3	15 Investment	Not applicable
OUT OF SCOPE	Guest Travel	The results of guest travel have been calculated but excluded from the total emission because it was not part of the 15 categories of the GHG protocol. The impact of guest travel was computed using the results and data provided by guests in a questionnaire (2022). Emissions are computed using estimated distances and means of transport. Respondents' results are extrapolated to all guests.
OUT OF SCOPE	Partners Travel	The results of partners travel have been calculated but excluded from the total emission because it was not part of the 15 categories of the GHG protocol. Emissions are computed using distances and type of vehicles.

In 2022 Valamar Riviera increased its greenhouse gas emissions by 0.6 kg per night compared to 2021. The increase was because in 2022, 20% of electricity originating from non-renewable sources was purchased, which was conditioned by the energy crisis that hit the EU. Another reason is the increase in gas consumption due to the increased volume of work. Although the increase is significant, Valamar hotels are among the best, compared to other hotels in the Mediterranean Coastal Zone (Hotel Sustainability Benchmark Index 2021).

COMPARISON OF GREENHOUSE GAS EMISSIONS,
BY OCCUPIED ROOM, VALAMAR WITH OTHER HOTELS
IN THE MEDITERRANEAN
(kgCO₂e)



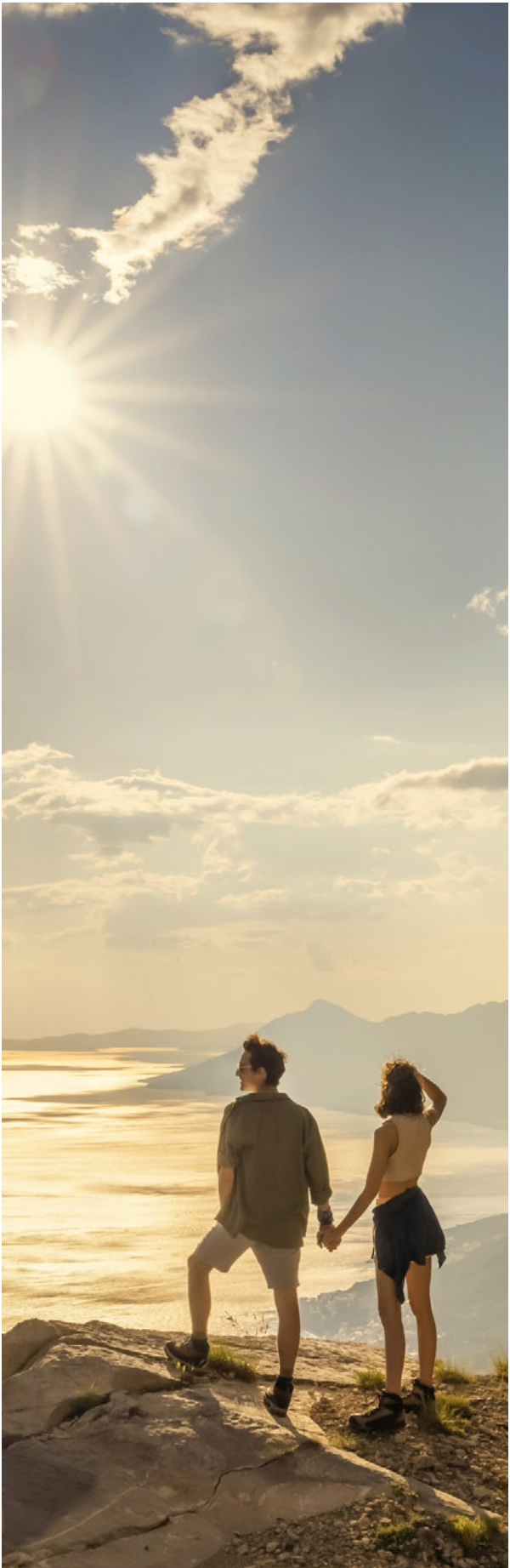
REPORT OF GREENHOUSE GAS EMISSIONS FOR 2022

The emissions reports have been verified by the SGS certification body, in accordance with ISO 14064.

2022 GHG EMISSION OVERVIEW FROM SCOPE 1, 2 AND 3 OF
THE VALAMAR GROUP

Total GHG emissions – location based (tCO ₂ e)	107,086
Total GHG emissions – market based (tCO ₂ e)	94,476
Activity approach	70%
Monetary approach	30%

Scope 1	7,167.1
Scope 2 (market based)	2,759.3
Scope 3	84,549.3



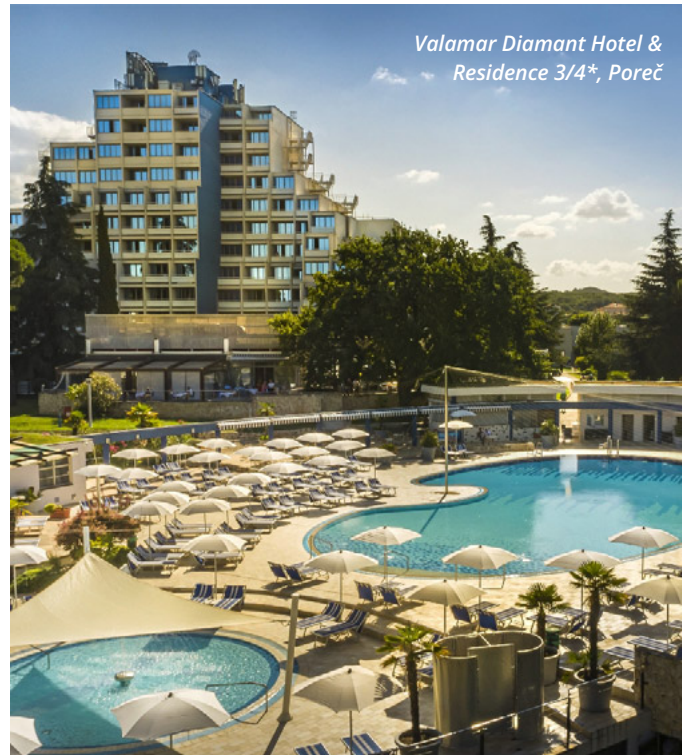
VALAMAR RIVIERA ON THE FINANCIAL TIMES' LIST OF EUROPE'S CLIMATE LEADERS, VALAMAR RECEIVED THE GREENPRIX 2022

Thus, Financial Times, the leading global business media, has included Valamar Riviera on the list of European climate leaders, as one of only six European companies from the tourism sector for their proactive engagement on climate issues. The analysis included as many as 4,000 companies from 33 countries, according to the success of their ESG strategies and activities in the field of environmental protection, social engagement and management methods. Valamar Riviera has reduced the intensity of CO₂ emissions per night by as much as 65 per cent since 2015.

GREEN PRIX IN THE CATEGORY "DECARBONIZE THE COMMUNITY" IN 2022

Valamar Riviera and E.ON Croatia won the National Environmental Award - GREEN PRIX in the category 'Decarbonize the Community'. The prestigious award was presented in partnership with the Ministry of Economy and Sustainable Development and the Environmental Protection and Energy Efficiency Fund, in cooperation with the Croatian Chamber of Economy.

Valamar Riviera, in cooperation with E.ON Croatia, implemented a solar power plant project in December 2021, in which solar panels were installed on Valamar hotels and campsites along the Adriatic coast, thanks to which Valamar produces up to six percent of all electricity through photovoltaic cells.



SOLAR SYSTEMS IN 32 PROPERTIES IN 2022

Valamar Riviera and E.ON Solar, the leading Croatian company for the design and construction of solar power plants, agreed on a unique project in Croatia which included solar systems for 32 tourism properties along the coast according to the ESCO model.

It is a model according to which customers recompense the solar power plant exclusively through electricity consumption over a ten-year period and take ownership without any additional costs. In the previous phases of the project, 12,080 panels were

installed in Valamar Riviera. The estimated annual energy production is about 4,1 GWh, which is approximately the annual consumption of Isabella Island Resort.





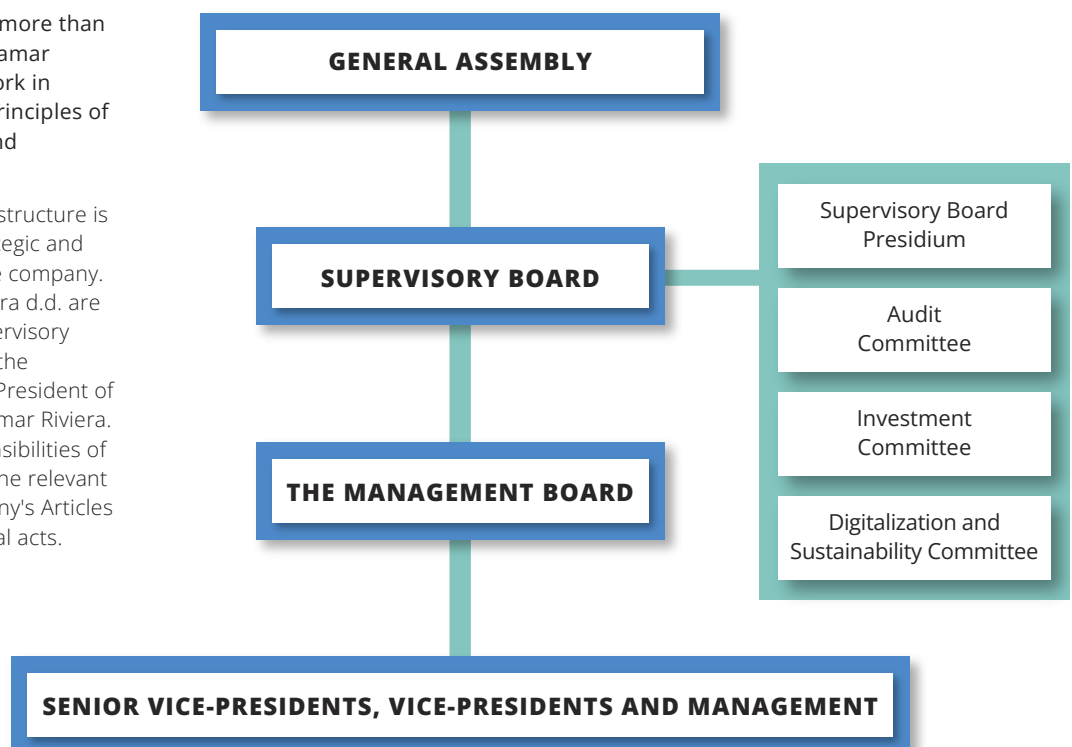
*Isabella Valamar Collection
Island Resort 4/5*, Poreč*

CORPORATE GOVERNANCE

CORPORATE STRUCTURE

As a joint stock company with more than 21 thousand shareholders, Valamar Riviera d.d. is committed to work in accordance with the highest principles of good corporate governance and regulatory compliance.

A well-defined, clear corporate structure is the foundation of effective strategic and operational management of the company. The key bodies of Valamar Riviera d.d. are the General Assembly, the Supervisory Board with its committees and the Management Board led by the President of the Management Board of Valamar Riviera. The specific powers and responsibilities of these bodies are regulated by the relevant Croatian legislation, the Company's Articles of Association and other internal acts.



*Dubrovnik President
Valamar Collection Hotel 5*,
Dubrovnik*

SUPERVISORY BOARD

The Supervisory Board consists of nine members, three of whom are independent, and one is an employee representative. The Supervisory Board meets at least four times a year. The Supervisory Board actively participates in key decisions through relevant committees which meet more often in order to consider key strategic initiatives and provide support to the Management Board in the decision-making process and supervision of the management of the Company's affairs in accordance with relevant regulations and acts.

Supervisory Board term of office 16/6/2021 to 15/6/2025			Supervisory Board	Supervisory Board Presidium	Audit Committee	Investment Committee	Digitalization and Sustainability Committee
Gustav Wurmböck	Chairman	Proprietary	■	■		■	■
Franz Lanschützer	Deputy Chairman	Proprietary	■	■		■	■
Mladen Markoč	Deputy Chairman	Proprietary	■	■	■		
Georg Eltz Vukovarski	Member	Proprietary	■		■	■	
Daniel Goldscheider	Member	Proprietary	■				■
Boris Galić	Member	Independent	■		■		
Ivan Ergović	Member	Employee representative	■				
Gudrun Kuffner	Member	Independent	■		■		
Petra Stolba	Member	Independent	■				■
Meetings held in 2022			10*	8	4	2	2

* The Supervisory Board held ten (10) meetings in 2022, of which six (6) via correspondence in accordance with the Company's Statute.



MANAGEMENT BOARD IN 2022

The Management Board consists of three members:

- ▶ Željko Kukurin, President of the Management Board
- ▶ Marko Čižmek, Member of the Management Board
- ▶ Ivana Budin Arhanić, Member of the Management Board.

President of the Management Board Željko Kukurin independently:

- 1 Convenes and chairs meetings of the Management Board;
- 2 Coordinates business management activities in individual areas among other members of the Management Board;
- 3 Coordinates the corporate activities of the group (with the Company of affiliated companies);
- 4 Independently manages the affairs of the following areas:
 - ▶ Hotel operations, business of profit centers,
 - ▶ Marketing and sales
 - ▶ Tourist destination management,
 - ▶ Procurement,
 - ▶ Leases,
 - ▶ Development and maintenance of assets, technical services,
 - ▶ Relations with state administration, bodies related to tourism, as well as relations with local administration and self-government in the areas in which the Company operates,
 - ▶ Operations of branches and organizational units outside the Company's headquarters,
 - ▶ Human resources, employment, negotiations and relations with trade unions,
 - ▶ Analysis and preparation of investments,
 - ▶ Controlling,
 - ▶ Legal affairs and general corporate affairs and the Office of the Management Board.

Member of the Management Board Marko Čižmek independently manages the following areas:

- 1 Finance, accounting, treasury,
- 2 IT,
- 3 Relations with Institutional Investors.

Member of the Management Board Ivana Budin Arhanić independently manages the following areas:

- 1 Quality Management,
- 2 Public Relations and Corporate Communications,
- 3 Acquisitions and mergers, expansion of management services,
- 4 Internationalization of the Company's operations,
- 5 Digitalization,
- 6 Sustainable business management.

SENIOR MANAGEMENT IN 2022

Strategic corporate business functions are organized into three divisions led by three senior vice-presidents and two sectors led by two vice-presidents: These include:

- ▶ **Sales and Marketingg** – Senior Vice President Davor Brenko
- ▶ **Operations** – Senior Vice President David Poropat
- ▶ **Property development, maintenance and technical services** – Senior Vice President Alen Benković
- ▶ **Strategic planning and controlling** – Vice-President Sebastian Palma
- ▶ **Human resources development** – Vice-President Ines Damjanić.

Senior management or vice presidents of divisions are responsible for the management of key functional business areas and activities. Furthermore, the task of senior management is cross functional management and leadership, implementation of the corporate strategy and providing management support to the President of the Management Board.

Therefore, senior management works closely with the Management Board and performs the given corporate functions through business boards that are focused on those strategic activities of the company that require a high level of interdepartmental functional management:

- ▶ **Capex Committee**
- ▶ **Product and Service Development Committee**
- ▶ **Procurement and Partnerships Committee**
- ▶ **Digitization Committee**
- ▶ **Sustainability Committee**
- ▶ **Human Resources Management Committee.**

BUSINESS COMMITTEES

CAPEX COMMITTEE

Željko Kukurin, committee chairman

Alen Benković, committee vice-chairman

Davor Brenko, member

David Poropat, member

Sebastian Palma, member

Andrea Štifanić, member

TASKS OF THE COMMITTEE:

- ▶ preparation of the investment scenario and concept;
- ▶ preparation of business plans;
- ▶ cost-effectiveness studies;
- ▶ annual CAPEX plan and 3/5 annual business plans;
- ▶ analysis of M&A business plans; monitoring of investment realization.

DIGITALIZATION COMMITTEE

Ivana Budin Arhanić, committee chairman

Roberto Gobo, member

Davor Brenko, member

David Poropat, member

Marko Čižmek, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ 3/5 annual digitalization strategy;
- ▶ annual CAPEX and OPEX digitalization plan;
- ▶ monitoring digital projects;
- ▶ approval of the annual digitalization program;
- ▶ monitoring key digital technologies.

PRODUCT AND SERVICE DEVELOPMENT COMMITTEE

Davor Brenko, committee chairman

Ivica Vrkić, member

Alen Benković, member

David Poropat, member

Ivana Budin Arhanić, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ quality and improvement monitoring;
- ▶ product and service concept development;
- ▶ brand management;
- ▶ pre-opening and post-opening monitoring;
- ▶ direct sales and marketing;
- ▶ guest database management (CRM);
- ▶ destination products and marketing;
- ▶ sales and distribution development.

SUSTAINABILITY COMMITTEE

Ivana Budin Arhanić, committee chairman

Karmela Višković, member

Alen Benković, member

Davor Brenko, member

David Poropat, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ 3/5 annual sustainability strategy;
- ▶ annual CAPEX and OPEX sustainability plan;
- ▶ sustainability project monitoring;
- ▶ approval of annual sustainability initiatives;
- ▶ monitoring key sustainability trends.

PROCUREMENT AND PARTNERSHIPS COMMITTEE

David Poropat, committee chairman

Dragan Vlahović, member

Marko Čižmek, member

Dario Kinkela, member

Alen Benković, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ preparation of procurement guidelines and policies;
- ▶ management contracts;
- ▶ strategic partnerships;
- ▶ Valfresco, trade, central kitchen;
- ▶ analysis of tender results and selection of key suppliers;
- ▶ analysis of procurement processes;
- ▶ strategy for outlets;
- ▶ lease policy and strategic leases.

HUMAN RESOURCES MANAGEMENT COMMITTEE

Željko Kukurin, committee chairman

Ines Damjanić, committee vice-chairman

Davor Brenko, member

David Poropat, member

Alen Benković, member

Ivana Budin Arhanić, member

Marko Čižmek, member

TASKS OF THE COMMITTEE:

- ▶ 3/5 annual strategy for human resources;
- ▶ salary policy;
- ▶ organization;
- ▶ employment policies;
- ▶ education and training program;
- ▶ rewards and bonus programs;
- ▶ succession and talent development.

MEMBERS OF THE SUPERVISORY BOARD



GUSTAV WURMBÖCK, Supervisory Board Chairman

Gustav Wurmböck graduated from the Universities of Vienna and Innsbruck in Business and Finance. Before founding EPIC in 1991, Mr. Wurmböck has held various positions in prestigious companies such as IFC in Washington D.C. (International Finance Corporation - World Bank Group), DEG (Deutsche Investitions und Entwicklungsgesellschaft) in Cologne, Germany, and was head of the International Department of Länderbank in Vienna (today's Bank Austria).

Mr. Wurmböck is one of the co-founders and managing partners of EPIC in Vienna, which is one of the leading investment and advisory firms in CEE. At EPIC, he has led many large privatization and corporate finance transactions in the areas of energy, telecommunications, brewing and the hotel industry.

From 2005 to 2010 he was the Chairman of the Management Board of Valamar Group d.d., and from 2014 to June 2023 he served as the Chairman of the Supervisory Board of Valamar Riviera d.d. As of June 2023, he is a member of the Valamar Riviera d.d. Supervisory Board.



FRANZ LANSCHÜTZER, Supervisory Board Deputy Chairman

Franz Lanschützer received his MBA from the Vienna University of Economics and his Ph.D. from the University of Budapest. He has gained extensive experience in the areas of corporate finance and asset management in Central and Eastern Europe. Dr. Lanschützer is a managing partner at EPIC Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. from Vienna. For the last thirty years, Dr. Lanschützer has been working in the field of mergers, acquisitions and corporate finance, as well as providing consulting services in Austria, the Czech Republic, Poland, Croatia, and some other countries of the former Yugoslavia. He has also set up and run investment privatization funds in the Czech Republic and Croatia.

Dr. Lanschützer held executive positions at major financial advisory and auditing companies such as Ernst&Young and Price Waterhouse before joining EPIC.

He has also held executive positions at Valamar Group since 1999, including CEO and Management Board president at Valamar Group d.d. (2011-2014) and holds the position of Supervisory Board deputy chairman at Valamar Riviera d.d. since June 2015.



MLADEN MARKOČ, Supervisory Board Deputy Chairman

Mladen Markoč graduated from the Faculty of Law of the University of Zagreb. He specialises in company law, securities law, and commercial law. Mr. Markoč has been a consultant in numerous important transactions in the Croatian and foreign capital markets and has been a regular speaker at the Zagreb Stock Exchange Academy and, occasionally, at the Judicial Academy. He started his career in law in 1988 as a legal apprentice. He was a corporate secretary at the pharmaceutical company PLIVA d.d. from 1990 to 1997, partner at the law firm Bogdanović, Dolički & Partners from 1997 to 2007, and Management Board member at ICF Grupa d.o.o. in 2008. He served as an attorney at the Mladen Markoč law office from 2010 to 2013, then at the joint law office of Mladen Markoč and Ivan Krešimir Tomić, which is today known as the joint law office of Mladen Markoč, Relja Pečina and Fran Kušeta. He is vice president of the Association of Business Lawyers of Zagreb.

He was also a supervisory board member at Valamar Adria holding d.d. (2011 – 2014), and is currently a member of the supervisory boards of Valamar Riviera d.d., Imperial Riviera d.d., Helio Faros d.d., Ingra d.d., ICF d.d., Hotel Laguna d.d. and Proficio d.d, while he was a member of the supervisory board of Hoteli Laguna d.d. until November 9, 2021.

He is a member of the Management Board of the Magdalena Clinic for Cardiovascular Diseases at the Faculty of Medicine of J.J. Strossmayer in Osijek and the president of the supervisory board of CGS Capital d.o.o. He has been the Supervisory Board Deputy Chairman of Valamar Riviera d.d. since 2014.



BORIS GALIĆ, Supervisory Board Member

Boris Galić graduated from the Faculty of Economics, University of Zagreb, majoring in Finance. He began his many years of experience in the field of finance and accounting in 1991 in Germany with Tchibo GmbH. He gained experience in auditing financial institutions and industrial companies during 1995 at ECONSTA Ernst & Young S.a.s. in Italy.

In the period from 1997 to 2001, he gained both experience and insight into the banking world by working at the National Bank of Croatia, CAIB d.d. and Zagrebačka banka d.d. He held the position of President of the Management Board in Allianz ZB d.o.o., the mandatory pension fund management company, from October 2001 to April 2003, and the position of member of the Management Board for sales and marketing and President of the Management Board in Allianz Zagreb d.d. from 2003 to 2019. In the period from 2012 to 2016, he held the position of Treasurer and Vice President of the Management Board in the German-Croatian Chamber of Industry and Commerce. In previous years, he was the President of the Supervisory Board of Allianz ZB d.o.o., a mandatory pension fund management company (from 2003 to 2014), and since 2019 he has been the President of the Supervisory Board of Imperial Riviera d.d.



GEORG ELTZ VUKOVSKI, Supervisory Board Member

Georg Eltz Vukovski was educated in Switzerland and Germany where he majored in economics, history and philosophy. He graduated from the University of St. Gallen with a degree in Business Administration. Before moving to Croatia in 1994, he was a Management Board member and marketing chief of a major Swiss corporation, and CEO of its Canadian subsidiary. He co-founded Valamar Adria holding (as PIF Dom fond d.d.) in 1998 and served as president of its Management Board before it was merged to Valamar Riviera d.d. in 2014. In the years between, he served as president and member of management boards and supervisory boards of several affiliated companies.

Currently, he is managing director of SATIS d.o.o. and of its parent company ELADCO Invest GmbH. Apart from being a member of Valamar Riviera's supervisory board, he served on the boards of both the German-Croatian Chamber of Industry & Commerce, and the Croatian-Austrian Chamber of Commerce. As co-founder of "Zaklada znanje na djelu - Stiftung Wissen am Werk", he also is a member of its supervisory board.

He has been a member of the Supervisory Board of Valamar Riviera d.d. and its legal predecessors since September 1999 and held the position of Chairman of the Supervisory Board in the period from 1999 to July 2008 and from June 2012 to the end of September 2014.



IVAN ERGOVIĆ, Supervisory Board Member

Ivan Ergović graduated from the Faculty of Management in Tourism and Hospitality in Opatija, University of Rijeka in 2008 and in 2014 he completed the lifelong learning program at the same faculty where he acquires the skills and knowledge of Food and Beverage Specialist. In 2021, he also enrolled in a training program for nutritionists at the Magistra Lifelong Learning Institution. He started his career in 2008 as a chef at the Valamar Club Tamaris Hotel, after which he was promoted to specialist chef (2010-2012), head chef (2012-2014), assistant chef (2014-2016), Chef (2016-2018).) and in 2018 he became the Executive Chef at Valamar Riviera and the Spinnaker restaurant, which received many top reviews and recognitions, as well as the "Tourist Flower" award for the best restaurant of 2019.

Since 2021, he has been working as an Executive Chef at the Marea Valamar Collection Suites. His work has been noted and awarded at the event 'Days of Croatian Culinary Arts', where he won a silver (2012), two bronze (2013) and a gold medal (2014). At the Days of Croatian Culinary Arts in 2022, he won the title of the best pastry chef and in the same year he went to the World Culinary Cup held in Luxembourg, where he won a bronze medal, while at the European pastry championship in 2023 in Rimini, he won the second place. He regularly participates in conferences such as the Istria gourmet festival and Chefs' stage, as well as in various culinary courses. He was appointed a member of the Supervisory Board as the workers' representative by the Labour Council of the Company for a term of 4 years starting from June 16, 2021.

MEMBERS OF THE SUPERVISORY BOARD



PETRA STOLBA, Supervisory Board Member

Petra Stolba acquired valuable knowledge through her education at a technical High School followed by a certificate in Marketing and Sales at the Vienna University of Economics and Business as well a post-matric course on photography. She has also received a master's degree in communications, a doctorate in political science and a diploma in business administration (specializing in tourism). In her work so far, she has gained extensive experience in the field of tourism and marketing as Head of Department at Niederösterreich Werbung GmbH in charge of tourism marketing and PR. Between 1999 and 2004 she was head of the department for National Tourism Policy at the Federal Ministry of Economics and Labour Affairs (Directorat Tourism and Historic Buildings) and from 2004 to 2006 she was Secretary General at the Austrian Federal Economic Chamber, Federal Division Tourism and Leisure Industries. Before becoming self-employed in 2022, she was CEO of the Austrian National Tourist Organization from 2006 to 2021.

Petra Stolba is a member of AIEST, the International Organisation of Scientific Experts in Tourism, and she shares her valuable knowledge and experiences as a lecturer at various universities and conferences in Austria and abroad. Since 2010, she has been a member of Future Mountain, the Alliance for Promoting the Development of Alpine Winter and Summer Tourism and has been appointed SDG Ambassador for Tourism.

Petra Stolba is proposed as an independent member of the Supervisory Board since she is not in business or employment with Valamar Riviera d.d. She will contribute with her vast experience and expertise in the field of tourism and marketing, to the work of the Supervisory Board which, in its current term, will continue to be composed of top experts with the knowledge and skills necessary to successfully perform the function of the Supervisory Board in accordance with the relevant regulations and acts of the Company.

GUDRUN KUFFNER, Supervisory Board Member

Gudrun Kuffner graduated from the University of Vienna, Department of Economics and subsequently obtained her Master of International Affairs from the School of International and Public Affairs at Columbia University, New York. She has extensive business experience in performing leading functions in Austrian companies. Starting as project manager at EPIC Goldscheider&Wurmböck UnternehmensberatungsgmbH in 1999, she was a partner at EPIC Financial Consulting GmbH, one of the leading investment and advisory companies in Central and Eastern Europe, from 2008 until 2017. Since then she has been Chief Internal Auditor at AIT Austrian Institute of Technology GmbH.

In the period 2005-2010, she was a member of the Supervisory Board of Valamar Group d.d., legal ancestor of Valamar Riviera d.d., and in the period 2014-2015, a member of the Supervisory Board of Valamar Riviera d.d. and the investment committee of same Company.

She was also a member of the supervisory board and project committee of Austria Wirtschaftsservice GmbH from 2012-2017, as well as a member of the investment committee of AWS Mittelstandsfonds GmbH from 2014-2018. Gudrun Kuffner is proposed as an independent member of the Supervisory Board since she is not in business or employment with Valamar Riviera d.d. With her rich knowledge and expertise in the field of internal audit and finance, as well as a good knowledge of opportunities in the Company and in tourism, Ms. Kuffner will contribute to the work of the Supervisory Board in the current term, which will continue to be composed of top experts with the knowledge and skills necessary to successfully perform the function of the Supervisory Board in accordance with the relevant regulations and acts of the Company.



DANIEL GOLDSCHIEDER, Supervisory Board Member

Daniel Goldscheider graduated from Theresianum School in Vienna. Mr. Goldscheider is the co-founder and CEO of yes.com, a digital banking platform, while he has also co-founded Mediaguide with the American Society of Composers, Authors and Publishers and Aureus Private Equity.

He is currently on the board of directors of Identity Trust Management AG and the Global Footprint Network. He is a consultant and investor in numerous high-tech startups. As of June 16, 2021, he is a member of the Supervisory Board of Valamar Riviera d.d.

MANAGEMENT BOARD



ŽELJKO KUKURIN, president and CEO

Željko Kukurin, Ph. D. was born in 1974 in Zagreb. He graduated from the Faculty of Economics and Business in Zagreb where he received his Master of Science degree in Marketing. In 2010 he received his EMBA degree in International Management from the Bocconi University in Milan in 2010. In 2020, he received his Doctor of Economics degree at the Faculty of Economics and Business in Pula on the topic Profitability of Investments in the Hospitality Industry.

In 2000 he began his career as an intern at Riviera Poreč, a member of Valamar Group. From 2003 to 2009, he held various managing positions in Sales and Marketing, and he was responsible for developing several strategic projects within the group. From 2010 to 2014 he was the Management Board president at Istraturist d.d., owned by Zaba Unicredit Group and cooperated with Meliá Hotels International in managing the hospitality portfolio in Umag. After restructuring business operations and increasing enterprise value, in 2014 he participated in the EUR 120 million sale of the company.

In June 2015, Mr. Kukurin was appointed President of the Management Board of Valamar Riviera where he has led a strong

development and investment cycle over the past 5 years, worth a total of EUR 531 million. During this period Valamar Riviera's portfolio has been repositioned towards higher quality products, expanded through acquisitions in Croatia and the first international acquisition in Austria, various strategic partnerships with pension funds have been established for joint investments in tourism, while enterprise value grew. Valamar Riviera is the best employer in tourism for the third consecutive year, and Mr. Kukurin was businessperson of the year in 2017. In his extensive career, he has managed tourism investment projects in the amount of more than EUR 1 billion.

He also serves as deputy Supervisory Board Chairman at Imperial Riviera d.d., and holds numerous important positions in Croatian tourism; he is chairman of the Hospitality and Tourism branch of the Croatian Employers' Association, deputy chairman of the Croatian Tourism Association and member of the Croatian National Tourist Board Council and the Istrian Tourist Board Council. In addition, he is involved in various national professional associations.



MARKO ČIŽMEK, Management Board Member

Marko Čižmek graduated from the Faculty of Economics and Business in Zagreb. He has qualified as a broker and investment advisor. He started his career in 1996 at the Croatian National Bank. He spent several years working in corporate finance at Investment bank Austria and ICF. In the period from 2001 to 2004, he was a Management Board member at EURO Invest, an investment fund management company.

Mr. Čižmek has held numerous managing positions at companies that have been merged to the present Valamar Riviera: he was management board member at Rabac d.d. (2004-2011), management board member at Dubrovnik Babin kuk d.d. (2009-

2013) and a management board member at Valamar Adria holding d.d. (2008-2013), general manager at Epima d.o.o. (2008-2014), supervisory board member at Zlatni otok d.d. (2002-2011) and Rabac d.d. (2000-2004).

Mr. Čižmek started serving as Management Board Member at Valamar Riviera in 2011 where he is responsible for finances, accounting, the treasury, capital markets and investor relations, as well as information technology. He is also a management board member at the Croatian Association of Financial Analysts and the Croatian Association of Corporate Treasurers, and the deputy chairman of the supervisory board at Helios Faros d.d. since 2019.



IVANA BUDIN ARHANIĆ, Management Board Member

Ivana Budin Arhanić received her economics degree from Middlebury College (USA) in 1999 and an MBA from Harvard Business School in 2007. After completing her studies, she spent three years as a strategy management consultant in Boston and New York. Following this, she successfully led Lura d.d. group expansion on the Serbian market. In 2007, she joined the Valamar Group where she held leading positions with a focus on strategic development, corporate restructuring, service quality, portfolio expansion, digital transformation, sustainability and communications. As of 2022, she is a member of the Management Board of Valamar Riviera.

At Valamar she has led the business and portfolio expansion in Croatia, as well as the first acquisitions in Austria, which initiated the process of business internationalization. In the last five years,

she has built a digitalization and innovation team responsible for strategic investments in digital solutions and new technologies. She has steered Valamar's sustainable business since 2015, and today Valamar is a renowned leader in Croatia and Europe, evidenced by awards such as the CSR Index and the Financial Times Climate Leader award. She has developed a service quality system by which Valamar continuously increases guest satisfaction and creates a unique excellence culture among its employees. As for stakeholder communication, Valamar is a two-time winner of the Grand Prix for corporate communications award and is the best employer in tourism for the fifth consecutive year.

Ivana Budin Arhanić is an active member of the National Competitiveness Council of the Republic of Croatia and a participant in numerous professional bodies and associations in tourism.

DIVISION VICE PRESIDENTS AT VALAMAR RIVIERA



ALEN BENKOVIĆ, Senior Vice President for Asset Development, Maintenance & Technical Services and President of the Management Board at Imperial Riviera

After graduating from the Faculty of Economics in Pula, Alen Benković began his career in 1999 as an intern at the former Riviera, where he held several important positions including assistant general manager at Funtana campsite, assistant general manager at Lanterna campsite and general manager at the Neptun Hotel – today's Valamar Riviera 4* in Poreč. He continued his career at the municipal company Parentium, which manages investments for the Town of Poreč, where he worked on the construction project of the Žatika Sport Hall (the largest investment in the city of Poreč in the last decade). From 2011 until 2015 he was the director of asset development, maintenance and technical services in Istraturist and managed the investments in tourism assets worth around EUR 47 million.

Since 2015, he has been Vice President of Asset Development, Maintenance and Technical Services at Valamar Riviera d.d., where he is responsible for managing investments in the tourism portfolio and planning the further asset development. In just seven months, one of the largest investment projects in Valamar's history was successfully completed, repositioning destination Rabac

to high-value-added tourism through the reconstruction of the Bellevue and Girandella hotels with a total of 763 accommodation units worth almost EUR 60 million. Since 2016, Valamar Group has realized around EUR 400 million in investments.

At that time, the repositioning projects of Valamar Girandella Maro Suites, Valamar Marea Suites, Imperial Valamar Collection Hotel, Valamar Parentino Hotel, Valamar Meteor Hotel and Valamar Padova Hotel and campsites Ježevac Premium Camping Resort, Istra Premium Camping Resort, Lanterna Premium Camping Resort, Padova Premium Camping Resort and Baska Beach Camping Resort were successfully implemented. Notably, during this period there have been continuous investments in energy efficiency projects, seasonal workers' accommodation quality and investments in beach infrastructure.

In 2021, he was named President of the Management Board of Imperial Riviera (term of office starting on January 1, 2022), as well as Senior Vice President at Valamar Riviera in 2021.



DAVID POROPAT, Senior Vice president for Operations

David Poropat, Ph.D., graduated in 1993 from the University of Rijeka's Hotel Management Faculty in Opatija. In 2007, he completed his postgraduate master's study at the Faculty of Tourism and Hotel Management in Opatija, where he completed a doctoral scientific course in 2013. He started his career in 1993 as Sales and Marketing intern at the former Jadran turist d.d. in Rovinj, where he continued his career in charge of the western market in Sales, and then as planner and analyst in the Controlling Department.

From 1996 to 2002, he was the general manager of Sol Park, one of Jadran turist's hotels, managed at the time by the Spanish company Sol Meliá. In March 2002, he joined the company Riviera Holding d.d. in Poreč as Head of Operations and until 2006 he oversaw all Valamar tourism properties. From 2007 to 2011, he served as a Management Board member at Valamar hoteli i ljetovališta d.o.o., and from 2012 to 2014 he headed Valamar poslovni razvoj d.o.o. At the end of 2014 he became Vice President of Operations at the leading Croatian tourism company Valamar Riviera d.d. where he manages 37 hotels and 15 campsites which can accommodate up to 58,000 guests daily. In 2021, he was named Senior vice president of operations at Valamar Riviera.

He is responsible for service management and operations in all areas of hotel and camping operations like property management, including accommodation, food and beverage, sport, pools, beaches, wellness, entertainment and animation in which Valamar implemented numerous innovations through new product and service concepts for which Valamar has received a number of guest and trade awards. He is also responsible for service management and operations in destinations Rab, Hvar, Makarska and Obertauern.

Mr. Poropat has also held various important positions in trade associations, and actively participated in dozens of business projects that particularly broadened his business experience. He has published a number of expert and scientific papers.



DAVOR BRENKO, Senior Vice President for Sales & Marketing

Davor Brenko graduated from the Faculty of Economics in Rijeka and began his professional career in 2000 at the former Riviera hoteli i ljetovališta, in Sales and Marketing. In 2002 he became project manager for research into guest satisfaction and guest relations management, while in 2004 he oversaw Direct Sales, which quickly became the strongest sales channel in Valamar.

In 2009, Mr. Brenko was promoted to the position of Valamar's head of Direct Sales and Marketing and as such has participated in creating developmental projects which resulted in upgrading sales, marketing and business development. At the beginning of 2010, he joined Istraturist Umag d.d., where he headed Business Development and implemented strategic marketing and destination management initiatives, aimed at raising the quality and competitiveness of the company and its destination.

As of 2015, Davor Brenko has been appointed Vice President of Sales and Marketing at Valamar Riviera d.d., where he achieved a double-digit growth in sales income, and has advanced the development of the direct channel. He has also launched a new loyalty program and re-branded the portfolio under the umbrella brand Valamar All you can holiday. Mr. Brenko has concluded partnerships with certain global tour operators and Valamar launched new markets for guests arriving by plane in north Adriatic destinations. He is responsible for numerous projects aimed at strengthening the tourism offer, destination management and raising the attractiveness of Valamar's destinations for visitors.

In 2021, he was named Senior Vice president of sales and marketing at Valamar Riviera.



INES DAMJANIĆ, Vice president for Human Resources

Ines Damjanić graduated from the Università degli Studi di Trieste, specializing in technical and scientific translation, and then successfully completed an international master's degree in tourism and hospitality at the MIB School of Management in Trieste in 2009. During her studies she gained work experience in Croatia, America and Italy. She began her business career in 2009 as a Human Resources Coordinator at the Four Seasons Hotel in Milan.

From 2010 to 2016, she worked in the former Istraturist Umag, first as a human resources coordinator, and then

as a recruitment manager. She joined Valamar in 2016 as Head of Employment, and in 2019 she was promoted to the position of Director of Human Resources. Together with her team, she has successfully implemented a number of projects in the field of management, education and development of human resources, which resulted in the recognition of Valamar as a top employer in tourism and one of the top 10 employers in Croatia. In 2022, Ines Damjanić was appointed Vice President of Human Resources at Valamar Riviera.



SEBASTIAN PALMA, Vice President for Strategic Controlling and Member of Management Board at Imperial Riviera

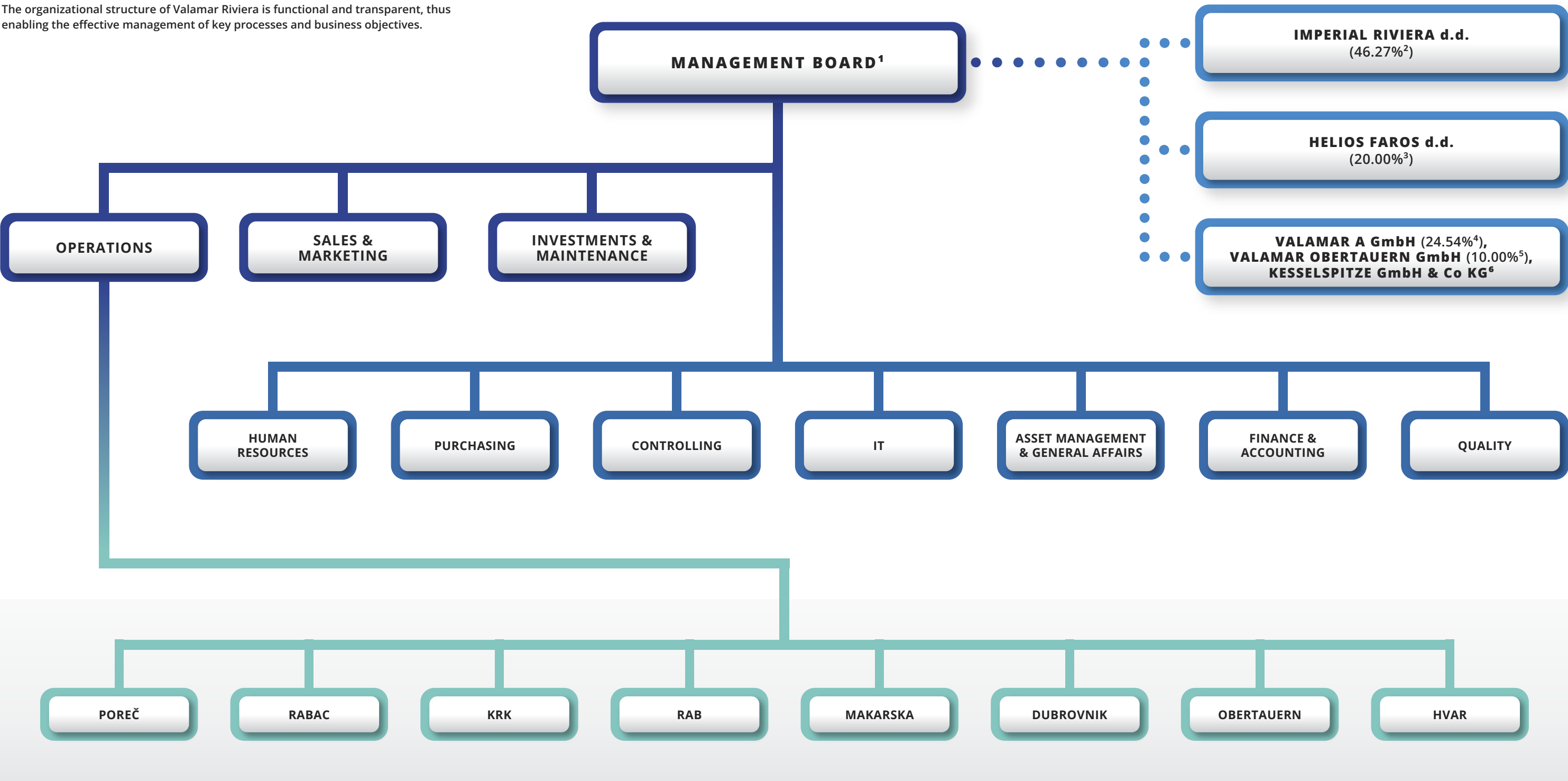
After completing his studies on Hotel Management at the Faculty of Tourism and Hotel Management in Opatija, Sebastian Palma completed his master's degree in corporate finance at the SDA Bocconi School of Management in Milan in 2009. He started his business career at Laguna Novigrad d.d. as a sales and marketing representative, and in the same year he gained foreign experience in Germany and the United States.

In the former Riviera Poreč d.d., he held the position of regional hotel director, assistant to the destination manager of operations for investments, and member of the local Tourist Board from 2003 to 2008. In 2009, he worked at BS Private Equity as an investment manager in Milan, and in the same year he became

Head of Investment and Development Projects at Valamar Hotels and Resorts, and remained in office until 2012. He held the position of Director of Finance, Accounting and Controlling at Istraturist d.d. from 2012 to 2015, and was appointed Director of Strategic Planning and Controlling at Valamar Riviera d.d. in 2015 until 2020. In 2020, he became an advisor for strategic development to the Management Board of Valamar Riviera d.d. and Member of the Management Board of Imperial Riviera d.d. In 2022, he was appointed Vice President for Strategic Controlling at Valamar Riviera d.d. and continues to be a Member of the Management Board at Imperial Riviera d.d.

ORGANIZATIONAL STRUCTURE OF VALAMAR RIVIERA 2022

The organizational structure of Valamar Riviera is functional and transparent, thus enabling the effective management of key processes and business objectives.



¹ The Management Board holds the following departments: digitalization, business and sustainable development, corporate affairs, legal affairs, internal audit, project management and the administration office.

² 46.27% owned by the company Valamar Riviera d.d. together with the subsidiary PRAONA d.o.o., Makarska. The contract in relation to the management of hotel and tourist properties and facilities is in force from November 28, 2019.

³ 20% owned by Valamar Riviera d.d. The contract in relation to the management of hotel and tourist properties and facilities is in force from September 2, 2019.

⁴ 24,54% owned by Valamar Riviera d.d. together with subsidiaries Kesselspitze GmbH & Co KG, Kesselspitze GmbH, WBVR Beteiligungs GmbH, Valamar Marietta GmbH, ContiEstates AG until September 28, 2022 when it was merged with Valamar Marietta GmbH.

⁵ 10% owned by Valamar Riviera d.d. The contract in relation to the management of hotel and tourist properties and facilities is in force from June 1, 2022.

⁶ The contract in relation to the management of hotel and tourist properties and facilities is in force from July 12, 2022.



Dalmacija [PLACESHOTEL]
by Valamar, Makarska

GOVERNANCE STRUCTURE AND COMPOSITION - FOCUS ON SUSTAINABLE BUSINESS

The Management Board of Valamar Riviera makes decisions considering the impact of the organization on the economy, the environment and people, and the Management Board member Ivana Budin Arhanić is in charge of sustainability and has the necessary competencies and significant experience in the field of ESG.

Valamar Riviera has a dualistic structure and therefore has no executive and non-executive members of the Management Board, in accordance with the relevant regulations. There is no separation between dependent and independent members as all members of the Management Board are employees of Valamar Riviera.

The Management Board is in charge of developing, approving, updating the statements of values, mission, strategy, policy and objectives related to the sustainable development of Valamar Riviera.

The Sustainability and Digitalization Committee in Valamar Riviera is an advisory body that examines certain issues in advance and makes recommendations and proposals to the Management Board, which makes decisions in accordance with the acts of Valamar Riviera and relevant regulations.

The efficiency of the organization process is monitored systematically within the framework of the Management's responsibilities and defined strategic initiatives and key performance indicators that Valamar reports on an annual basis. The assigning of responsibility for managing the impact of companies on the economy, the environment and people is carried out primarily through the work of the Sustainability and Digitalization Committee and through the responsibilities of the Quality Sector and the responsibilities of managers from a number of other sectors which implement certain strategic sustainable initiatives. The Sustainability and Digitalization Committee regularly reports to the Management Board on the management of the impacts of Valamar on the economy, the environment and people.

MANAGEMENT BOARD AND SUPERVISORY BOARD

At the session of the Supervisory Board held on 3 December 2021, a new female member was appointed to the Management Board with the beginning of term of office from 1 January 2022, and at the General Assembly held on 19 May 2022, the number of members of the Supervisory Board increased from 7 to 9 as two additional female members of the Supervisory Board were elected. The percentage of female Supervisory Board members is 22.22%.



APPOINTMENT OF THE MANAGEMENT BOARD

The Articles of Association of Valamar Riviera d.d. stipulates that the Management Board has one to five members, appointed by the Supervisory Board. Therefore, the task of the Supervisory Board is to ensure timely and quality appointment of the President and members of the Management Board, as a prerequisite for the quality management of the Company's affairs. The Presidium of the Supervisory Board prepares the basis for the Supervisory Board so that it can decide on the appointment of the President and members of the Management Board, revocation of that appointment, as well as remuneration. It also prepares a succession plan to re-nominate or replace board members.

After reviewing, analysing and discussing what the Presidium has prepared and proposed, the Supervisory Board adopts decisions on the remuneration policy, the conclusion of contracts with the members of the Management Board, the possible need to determine the annual bonus of the members of the Management Board in accordance with the achieved results of the Company and personal results according to the Company's acts and contracts concluded with the Company, the report on remuneration with the Management Board, the appointment and revocation of the appointment of the President and members of the Management Board and the succession plan for the reappointment or replacement of the members of the Management Board.

The Company's Management Board members must be competent to manage the Company's business. They must: be adequately educated and highly skilled in licensed schools and universities; have years of professional experience in conducting business in the economy during which they have acquired additional professional knowledge and skills necessary to conduct the business of a significant joint stock company of size, scope of work, type of business and other characteristics such as the Company; have additional necessary specialist professional knowledge and experience in a specific area relevant to the Company's business, such as knowledge in the field of management, tourism, hotel management, finance, commercial law; be appropriately familiar with the rules and standards of good corporate governance in a joint stock company whose shares are listed on a regulated market.

The Presidium of the Supervisory Board prepares the basis for the Supervisory Board so that it can decide on the appointment of the President and members of the Management Board, revocation of that appointment, as well as remuneration.

PRESIDENT OF THE MANAGEMENT BOARD

The President of the Management Board is a senior manager in terms of the provisions of the Capital Market Act. The company has an internal act that regulates in detail possible conflicts of interest, both the president and members of the Management Board, as well as the president, deputies and members of the Supervisory Board, as well as managers and employees.

THE ROLE OF THE MANAGEMENT BOARD IN SUSTAINABILITY REPORTING

At its session, the Management Board reviews the Integrated Annual Report and Sustainable Business and determines it. In accordance with the Rules of Procedure of the Management Board, the Management Board makes decisions unanimously. Subsequently, the report is sent to the Supervisory Board for approval. Upon approval by the Supervisory Board, the report shall be made public.

CONFLICT OF INTEREST

The Management Board and the Supervisory Board of the Company have established a Conflict of Interest Management Policy with the aim of better regulation and improvement of the corporate governance system of the Company. The Conflict of Interest Policy forms part of the Code of Business Conduct available on the Company's corporate websites. This Policy applies to all members of the Company's Management Board and to all members of the Company's Supervisory Board (and all its committees) as well as to all Company employees. The policy is a set of rules by which the Company establishes mechanisms for identifying, detecting and preventing conflicts of interest.

The policy establishes rules to avoid conflicts of interest.

The Company's interest is to monitor and manage any identified or potential conflict of interest and, if necessary, take measures to reduce or eliminate conflicts of interest of Executives and Employees, in order to ensure their independence and objectivity in complying with the provisions of this Policy.

In cases where a conflict of interest cannot be avoided, Executives and Employees have the following duties in the process of determining a conflict of interest in accordance with this Policy:

- 1) the obligation to disclose to the competent person any conflict of interest,
- 2) the obligation to document any conflict of interest and
- 3) the obligation to act with expert care in accordance with the applicable regulations of the Republic of Croatia and other internal acts of the Company.

The following will not be considered a conflict of interest:

- legal transactions related to the use of hospitality services in the Company's properties in accordance with the conditions set by the Company's internal acts (for example in accordance with the provisions of the Regulation on prices and conditions of use of accommodation services and other hospitality services for employees and business partners)
- concluding employment contracts in accordance with the conditions set by internal acts and the needs of the Company (for example in accordance with the provisions of the Regulation on the internal organization and systematization of jobs and employment plans)
- legal transactions from the Company's regular operations (procurement of goods and services, assignment of work, sale of services, etc.) which are concluded according to market conditions and according to the conditions and selection procedure of certain internal acts of the Company (for example based on tenders according to the Procurement Regulation).

In accordance with the provisions of this Policy, Executives and Employees are obliged without delay upon the occurrence of events or circumstances that may be considered a conflict of interest (including suspicion of a particular situation or knowledge of a particular activity that could lead to a conflict of interest), or immediately after becoming aware of a circumstance that may be considered a conflict of interest, to notify the Company thereof.

Executives must immediately notify the Supervisory Board, the Management Board and the Management Board of the Company of all potential and actual conflicts.

Employees must report any conflict of interest or potential conflict of interest to their superior, the Company's Management Board and the competent member of the Management Board without delay.

If the Executive has reason to believe that the other Executive has not reported an existing or potential conflict of interest, he/she is obliged to inform the Chairman of the Supervisory Board. In case the Chairman of the Supervisory board is the person in the conflict of interest then the Deputy chairman of the Supervisory board must be notified.

Managers and Employees must provide all necessary information regarding conflicts of interest, including all necessary information about closely related persons (spouse or common-law partner and life partner, children, all blood relations or in-laws up to the second degree and persons in the joint household).

In the event of suspicion regarding a particular situation and/or knowledge of a particular activity that could lead to a conflict of interest and/or in the event of doubt whether a particular legal sent is considered a conflict of interest under the provisions of this Policy, managers and employees may request the opinion of the Office of Administration – Department of Legal Affairs. If the Management Board Office - Legal Affairs Department, based on the information received from the Managing Person and the Employee, determines that a particular situation/activity/legal transaction could be considered a conflict of interest, it will refer the Managing Person and the Employee to the notification and reporting obligations in accordance with the provisions of this Policy.

The following procedures and measures may be taken to manage conflicts of interest:

- 1) exemption from participation in decision-making when deciding on an issue in respect of which the Executive or Employee is in a conflict of interest or potential conflict of interest;
- 2) the obligation to obtain prior consent for transactions from executives, significant shareholders or employee with the Company;
- 3) ban on trading in Company shares for executives and employees;
- 4) organizational separation and change of work of the Employee in order to prevent access to confidential information of the Company;
- 5) keeping a register of conflicts of interest and
- 6) conducting education.

In 2022, there were no reported conflicts of interest in the Valamar Riviera.

COMMUNICATION OF CRITICAL PROBLEMS

Critical problems are reported to the management of several open channels of communication with all stakeholders in the Valamar Riviera business, from employees to shareholders, the investment public, the local community or business partners. To this end, a channel for Proposals and complaints has been opened, as well as a channel intended to protect whistleblowers. Internal audit in a structured manner and through reports can indicate irregularities and at the same time to the Management Board and the Audit Committee of Valamar Riviera.

During the 2022 reporting period, no reports of critical problems were recorded according to the administration.

EVALUATION OF THE MANAGEMENT BOARD'S WORK

The Management Board assesses its effectiveness in relation to the management of the company's business. In the area of sustainability, for which Management Board member Ivana Budin Arhanić is in charge, this includes the implementation of strategic initiatives and the achievement of goals that are monitored through the given key ESG indicators that are evaluated on an annual basis.

MANAGEMENT REWARD POLICIES

At the General Assembly on 24 September 2020, the Remuneration Policy for the period from 2020 to 2023 was approved, all by invitation and within the meaning of Article 247a (1) under the Corporations Act; The Remuneration Policy was publicly announced as part of the call for GS on 24 September 2020 and can be found at the following link:

valamar-riviera.com/media/374466/poziv-na-glavnu-skupstinu-1-61-2020.pdf.

In accordance with the provisions of Article 272r of the Companies Act and the relevant provisions of the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency, the Management Board and the Supervisory Board shall establish a report on the remuneration of the members of the Management Board and the Supervisory Board. The remuneration report is examined by the auditor who also examines the company's annual financial statements. The auditor shall examine whether the statement of receipt contains the information referred to in paragraphs 1 and 2 of Article 272r. He shall draw up a report on the examination of the remuneration report. The auditor's report shall be attached to the remuneration report. The Management Board and the Supervisory Board shall submit the report on receipts to the General Assembly for approval.

The Company is obliged to publish and make available on its website a report on receipts for a period of ten years free of charge, so the reports are available on the following links:

- For 2020: valamar-riviera.com/media/431300/mis-ljenje-revizora-i-izvjes-c-e-o-primicima-2020.pdf
- For 2021: valamar-riviera.com/media/451357/mis-ljenje-revizora-i-izvjes-c-e-o-primicima-za-2021.pdf
- For 2022: valamar-riviera.com/media/467956/misljenje-revizora-i-izvjesce-o-primicima-za-2022.pdf.

All of the above reports have been approved at the General Assembly by the shareholders, and the results of the vote are available at the following links.

- For 2020: valamar-riviera.com/media/441920/odluke-glavne-skupstine-i-rezultati-glasovanja-1-37-2021.pdf
- For 2021: valamar-riviera.com/media/451379/odluke-glavne-skupstine-i-rezultati-glasovanja-1-39-2022.pdf
- For 2022: valamar-riviera.com/media/467984/odluke-glavne-skupstine-i-rezultati-glasovanja-1-29-23.pdf

REWARD RATIO

1. The ratio of the total annual remuneration of the best-paid individual of the organization to the mean annual total remuneration for all employees (excluding the best individual) is 1:25.50, that is, the annual remuneration of the best-paid individual is 25.50 times the mean annual remuneration for all employees (excluding the best-paid individual)

2. The percentage increase in the annual remuneration of the best-paid individual is 114%, and the percentage increase in the average annual remuneration (excluding the best-paid individual) is 15%.

The ratio of the percentage increase in the total annual remuneration for the best-paid individual in the mean percentage increase in the total annual remuneration for all employees is 1:7.62, that is, the total annual remuneration of the best-paid individual increases 7.62 times more than the increase in the mean total annual remuneration of all employees (excluding the best-paid individual).

Note: this item shows a percentage increase in the total annual fee paid in 2022 versus the total annual fee paid in 2021

3. Compensation of the highest paid individual – total receipts made in the period from January 1 to December 31 in accordance with the "Remuneration Report of the Management Board and the Supervisory Board" examined by the authorized auditor and approved at the General Assembly Median annual total remuneration for all employees (excluding the best-paid individual) - total remuneration realized in the period from January 1 to December 31 in accordance with the "Report on remuneration of the Management Board and the Supervisory Board" examined by an authorized auditor and approved at the General Assembly, divided by the average number of employees based on hours of work from January 1 to December 31.

Note: the above report excludes the entire Management Board from the calculation of the average total annual compensation for employees, and in the data above, only the highest paid individual is excluded from the calculation

STATEMENT ON THE SUSTAINABLE DEVELOPMENT STRATEGY

Valamar Riviera has published its sustainability strategy by 2025 as part of the published the Integrated annual and sustainability report in June 2022 and through the Valamar Riviera corporate website, esg.valamar-riviera.com.

DECISIONS ON THE ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS OF VALAMAR RIVIERA

The members of the Valamar Riviera Management Board with senior division vice-presidents and sector vice-presidents are responsible for the economic, environmental and social impacts of Valamar Riviera.

OBLIGATIONS OF IMPLEMENTATION

The Code of Business Conduct is established by the Management Board and the Supervisory Board of the Company.

Managers have a duty to promote a culture of ethical conduct and the rules set out in this Code. They are obliged to acquaint employees with the provisions of this Code and to take measures to comply with it.

Managers are obliged to set clear and realistic goals, fulfill their obligations, should be an example to other employees and be ready to advise associates and support them in performing tasks independently.

Every employee of the Company is obliged to:

- Comply with laws and all relevant regulations, as well as internal general acts.
- Know the regulations, manuals, standard operating procedures and common business practices in a particular task area and apply them conscientiously and in the best possible way.
- Intervene in case of non-compliance with standards of conduct.
- Contribute to a work climate that encourages trust, professionalism, success, respect and self-esteem.
- Constantly act in good faith, responsibly, with appropriate care and competence, without misrepresenting the facts.
- Protect property and other resources and encourage their successful implementation.
- Act honestly and ethically, inter alia, with actual or potential conflicts of interest.
- Maintain and encourage cooperation and share knowledge and experience.
- To maintain and improve the public reputation of the Company.

Employee behavior should be in accordance with generally accepted rules of decency, which include greeting at the meeting, a polite communication style, appropriate addressing, apology and mistake rectification, adherence to agreed deadlines, appropriate business attire, cleanliness and tidiness of the workplace, avoidance and active prevention of quarrels and conflicts, avoiding participation in rumors or other types of negative and harmful communication.

Valamar integrates the obligations of organizational strategy, operational policies and operational processes through internal acts and standard operating procedures at the company level and provides the necessary training for employees to be familiar with them.

PROCEDURES FOR REMEDIATION OF NEGATIVE IMPACTS

In accordance with the provisions of the Law on the Protection of Whistleblowers, the Management Board of the Company has adopted the Regulation on in-house whistleblowing, which establishes the procedure for in-house whistleblowing, the appointment of a confidential person, the right to the protection of whistleblowers and other issues related to in-house whistleblowing in the Company. The Company has also established Procedures for the management of proposals, complaints and applications intended for all employees, business partners, shareholders and other interested persons via e-mail address: prituzbe.prijedlozi@valamar.com, published on the corporate website of Valamar Riviera.

Complaints received by a confidential person will be identified and resolved in accordance with the Law on the Protection of Whistleblowers and the Regulation on in-house whistleblowing. Accordingly, a confidential person is obliged to receive a report and initially determine whether the report contains all the prescribed information and is obliged to examine it within a further prescribed deadline. If necessary, a confidential person may request clarifications from the applicant upon receipt of the application and throughout the application process. In the procedure after the report, a confidential person has the right to professional assistance of professional persons of the Company depending on the reported irregularity. Complaints received through the specified e-mail address in accordance with the internal procedure are received through a confidential person who forwards the received complaints to the competent authorized persons within the division, sector or department to which the complaint relates for further resolution.

MECHANISMS FOR SEEKING ADVICE AND VOICING CONCERNS

Individuals can contact us through all publicly available contacts published on the corporate website of Valamar Riviera. Number of reports received by whistleblowers in 2022: 0 (zero)

COMPLIANCE WITH LAWS AND REGULATIONS

Valamar Riviera had no significant cases of non-compliance during the 2022 reporting period. During this period, no fine was imposed that would relate to significant cases of non-compliance with laws and regulations, nor were non-monetary sanctions imposed.

During the reporting period, the Company paid HRK 105,899.33, or EUR 14,055.26 in the name of fines for non-compliance with laws and regulations for a total of 11 cases. Of the above items,

the total amount of fines paid in the amount of HRK 27,233.33, i.e. EUR 3,614.48 related to fines paid for non-compliance with laws and regulations in the current reporting period, while the amount of fines paid in the amount of HRK 76,000.00, i.e. EUR 10,086.93 related to violation of regulations incurred in 2021, and the amount of fines paid in the amount of HRK 2,666.00, i.e. EUR 353.84 related to fines paid for non-compliance with laws and regulations that occurred during 2019.

PROTECTION OF HUMAN RIGHTS AND WORKERS' RIGHTS

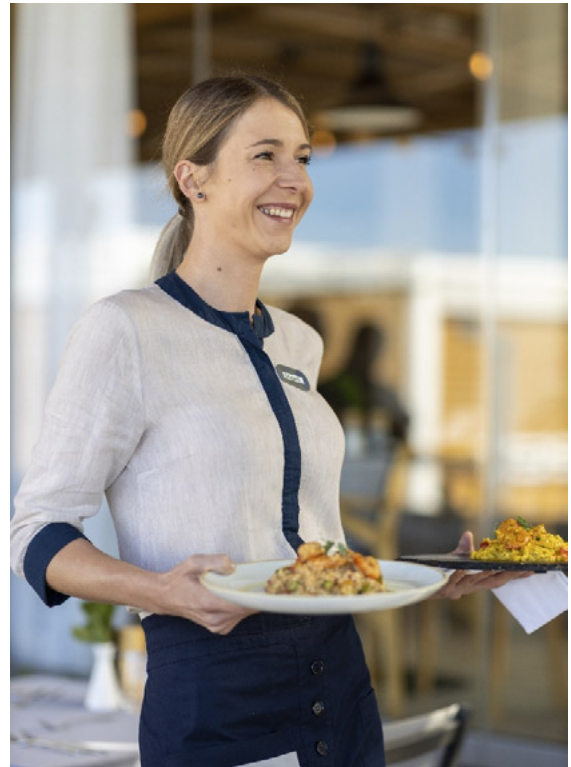
Valamar Riviera complies with and applies basic human rights regulations, including the protection of life, health, dignity and privacy, as well as the prevention of discrimination. Valamar respects and applies these regulations in accordance with the regulations of the Republic of Croatia and has incorporated them into its internal acts, including the Collective Agreement concluded with trade union partners. The Company is committed to the implementation of the UN Principles on Business and Human Rights, as well as to the core conventions of the International Labor Organization and insists that the Company's activities never result in human rights abuse. Valamar Riviera's core values include responsibility and credibility towards business partners, employee care, support for the community and commitment to the environment. Employees participate in the Workers' Council, which ensures the representation of employees and the presentation of all key problems in an appropriate and transparent manner.

CHILD PROTECTION

Valamar pays special attention to the protection of children's rights and respect for all human rights. In the consultation process with stakeholders, Valamar also takes into account the rights of the child. The Company considers its direct and indirect positive and negative effects on children's rights related to business operations, products and services, as well as business relationships, including employees, suppliers, clients and other partners. Valamar Riviera is committed to respecting national legislative, administrative and other measures on children's rights and the Convention on the Rights of the Child, adopted by the UN General Assembly in 1989, which encompasses the civil, political, economic, social and cultural rights of children, anywhere in the world and without discrimination. It emphasizes the right of children to survival, full development, protection from harmful influences, abuse and exploitation, and full participation in family, cultural and social life. The Company has zero tolerance for violence, abuse and exploitation of children in all its business facilities, real estate, resources and communication networks. The Society respects the UN Guidelines on the Business Sector and Human Rights: Implementation of the United Nations Framework "Protect, Respect and Correct". The Company respects the International Labor Organization (ILO) Conventions and the Declaration of Fundamental Principles and Rights at Work, adopted in 1998, and commits to abide by the UNICEF Principles on the Rights of the Child in Business.

HEALTH AND SAFETY

Valamar Riviera focuses on the health and safety of its guests and employees in business, all with the aim of their well-being and satisfaction. Valamar responsibly and consistently ensures a healthy living and work environment. The Health and safety policy is implemented in all properties of the Company by applying Valamar standard operating procedures. Valamar Riviera continuously harmonizes operations and activities with all applicable legal and other requirements in the field of health and safety protection. Valamar Riviera conducts consultations with workers and their representatives and ensuring their participation in the creation and improvement of health and safety management systems. The company is focused on identifying potential risks and hazards in the environment and implementing measures to eliminate them, thus preventing injuries and diseases. In addition, the company continuously improves working and living conditions, as well as improving the health and safety management system.



COOPERATION WITH THE LOCAL COMMUNITY

Valamar Riviera develops and maintains a close and long-term relationship with local communities in the destinations in which it operates, ensuring that key issues of cooperation or the needs of the local community and the company are addressed in the mutual interest. Particular attention is paid to the employment of local employees and the procurement of local products and services.

Valamar Riviera continuously supports many local associations, organizations, humanitarian and environmental projects - through donation programs or support in co-organizing many events. In addition, Valamar Riviera encourages the participation of its employees and guests in actions aimed at preserving the environment and the well-being of the community.

ETHICS AND INTEGRITY

The fundamental characteristics of the corporate culture and business of Valamar Riviera are ethics and integrity. The highest priority of Valamar Riviera is transparent business management.

The application of the Corporate Governance Code of the Zagreb Stock Exchange d.d. and the Croatian Financial Services Supervisory Agency promotes the culture of corporate governance and business transparency, as evidenced by the Compliance Questionnaire and the Management Practices Questionnaire. The highest priority is transparent business management, and the most important characteristics of the Company's corporate culture are the protection of human rights, the promotion of fair and secure employment conditions, responsible environmental management and high ethical standards.

Valamar Riviera also applies its Code of Business Conduct in its daily work. It sets out, with a view to achieving a common good and



public interest, including anti-corruption rules, desirable rules of conduct for all employees. Ethics in business, equal opportunities and working conditions for all employees, equality and protection of human rights and nurturing cultural diversity are the basic principles that guide the Company in business. The fundamental human rights and their protection, including the protection of life, health, dignity and privacy and the prohibition of discrimination, are incorporated into the labour law positive regulations of the Republic of Croatia that Valamar Riviera respects and applies and are also incorporated into the Collective Agreement concluded by the company with trade unions operating within it.

The Company is committed to the implementation of the UN Principles on Business and Human Rights, as well as to the core conventions of the International Labor Organization, and insists that the Company's activities never result in human rights abuse. Valamar Riviera's core values include responsibility and credibility towards business partners, employee care, support for the community and commitment to the environment.

As one of the first companies in Croatia, Valamar Riviera signed the Diversity Charter in October 2017, organized by the Croatian Business Council for Sustainable Development. The Diversity Charter is a document signed by business and other organizations, which commits them to implementing diversity and non-discrimination policies in their work environments and business environment, and Valamar has incorporated the same into its diversity and non-discrimination policies. Bearing in mind that diversity is one of the most important values of modern society, in 2018 Valamar Riviera incorporated issues of diversity and non-discrimination into its Diversity Policy, in accordance with the previously signed Charter, and in 2019 it included the topic of diversity and non-discrimination in its regular annual employee education. Diversity enables the realization of the full potential of

each person, and a diversity and non-discrimination policy in the workplace is a prerequisite for the development of creativity, innovation and individual talent. Valamar Riviera strongly believes that employees, in their diversity and with their skills, creativity and innovation, are the key to the long-term success of any organization.

An integral part of the Valamar Code of Business Conduct consists of the following policies:

- 1 Conflict of interest management policy
- 2 Policies and procedures for approving and disclosing related party transactions
- 3 Risk management policy
- 4 Corporate social responsibility policies:
 - 4.1 Service excellence and sustainable business policy
 - 4.2 Health and Safety Policy
 - 4.3 Protocol on ensuring the health safety of food
 - 4.4 Diversity and non-discrimination Policy
 - 4.5 Procurement policy
 - 4.6 Child Safety and Protection Policy

THE CODE OF BUSINESS CONDUCT

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Code_Business.pdf

Kodeksom poslovnog ponašanja se, s ciljem ostvarivanja zajedničkog dobra, utvrđuju osnovne smjernice etičkog ponašanja u Društvu.

CONFLICT OF INTEREST POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Conflict_interest.pdf

It establishes principles and guidelines for the management of conflicts of interest, i.e. rules for avoiding conflicts of interest and measures for dealing with the resulting conflict of interest.

POLICIES AND PROCEDURES FOR APPROVING AND DISCLOSING TRANSACTIONS WITH RELATED PARTIES

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Transaction_Policy.pdf

It establishes a set of rules by which the company establishes mechanisms for approving and disclosing transactions with related parties and a reporting procedure at the level of the Company and subsidiaries.

RISK MANAGEMENT POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Risk_Policy_Management.pdf

It establishes a set of rules by which Valamar Riviera establishes mechanisms and measures for the company's risk management, with the aim of better regulation and improvement of the corporate governance system.

QUALITY AND SUSTAINABLE BUSINESS POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Quality_and_Sustainability_policy.pdf

It sets out the principles and guidelines for ensuring the quality of service, including guest satisfaction, ensuring the health and safety of guests and employees, respecting the interests of employees, society, the local community and environmental protection.

HEALTH AND SAFETY POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Health_safety_policy.pdf

It establishes principles and guidelines in order to ensure a healthy and safe environment for Valamar guests and other users, as well as for employees, and good working conditions for employees.

FOOD HEALTH & SAFETY PROTOCOL

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Food_Safety_protocol.pdf

It establishes the principles and procedures that ensure high standards of food safety.

DIVERSITY AND NON-DISCRIMINATION POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Non_discrimination.pdf

It establishes principles and guidelines for the development of an organizational culture based on mutual respect and respect for individual differences.

PROCUREMENT POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Procurement_Policy.pdf

It establishes principles and guidelines with the aim of ensuring professional and fair relations with suppliers, while respecting and encouraging the principles of business ethics, transparency, quality of products/services and the principles of sustainability in the supply chain.

CHILD SAFETY AND PROTECTION POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Safety_Childrens_Rights.pdf

It establishes principles and guidelines to ensure the safety and protection of children's rights, related to business operations, products and services, as well as business relationships, including employees, suppliers, clients and other partners.

In order to ensure that all employees are familiar with the Code and that they accept it, Valamar organizes trainings on the Code and specific topics covered by the Code. Education is available to employees "online" as part of an internal education platform (PERO platform).

In 2022, the PERO digital platform enabled "online" training on the topic of the Code of Business Conduct for all employees.

In 2022, new trainings in the field of environmental protection were developed, which will begin to be implemented as part of the education system from 2023.

Valamar is actively working to prevent bribery and corruption, including Policies and Procedures for Approval and Disclosure of Related Party Transactions and Policies, Controls and Procedures for Reducing and Effectively Managing Money Laundering and Terrorist Financing Risk.



INTERNAL AUDIT, CONTROLS AND PROJECT MANAGEMENT OFFICE

Valamar Riviera operates in an open and ethical manner, taking care of the protection of human, financial, physical, information, social, ecological and reputational capital.

Internal audit of Valamar Riviera d.d. and the company's Audit Committee are committed to maintaining the standards of integrity and good practice of corporate governance, in order to ensure excellence in business and improve trust in the existing system. Office of Project Management. Project Management (hereinafter referred to as PMO) provides support to processes in the management of strategic projects and continuously works on standardization of reporting processes. The Audit Committee is an advisory body of the Supervisory Board, which takes care of the integrity of the company's business activities in financial reporting and general compliance of operations with procedures. Valamar's Audit Committee is an independent body that ensures the implementation of internal audits, as well as increasing the efficiency of operations. The committee meets four times a year, and more often if necessary. Internal audit systematically assesses key risks, which are then quantified and ranked separately through the corporate risk matrix. Any risk, proposed by business stakeholders, in particular management or the Audit Committee, is valued in such a way that the probability of occurrence of a particular event, as well as its impact on the business, is estimated, which is the basis for the preparation of the annual audit plan.

Although each audit project is unique, the audit process is similar for most engagements and usually consists of four phases, namely:

- ▶ Planning
- ▶ audit work (interviews, field work, audit notes)
- ▶ preparation of the audit report
- ▶ reviewing and monitoring the execution of performed actions (so-called follow up).

During 2022, internal audit and PMO continue with activities in order to create a new risk matrix as a basis for proposing an operational and strategic work plan from 2022-2025.

Internal audit practices are conducted within organization units that differ in their purpose, size, complexity, structure, and involvement of individuals.

The key documents that regulate the area of work of the Internal Audit within Valamar Riviera are:

- ▶ Internal Audit Charter
- ▶ Internal Audit Standards
- ▶ Code Of Business Conduct
- ▶ Charter of the Audit Committee.

In addition to the aforementioned activities, envisaged by the internal audit work plan based on the matrix, during 2022, Internal Audit conducted control activities, in accordance with the Code of Business Conduct, as well as the associated Policies, related to Internal Audit, the work of the Audit Committee and the Management Board.

KEY RISK TYPES BY AREA



STRATEGIC RISKS:

- ▶ corporate governance
- ▶ development projects
- ▶ Mergers, Acquisitions and Investments
- ▶ market dynamics
- ▶ communication and relations with investors
- ▶ macroeconomic changes
- ▶ changes in the sector.



COMPLIANCE RISKS:

- ▶ compliance with regulations
- ▶ compliance with legal regulations
- ▶ standard operating procedures
- ▶ Internal controls.



OPERATIONAL RISKS:

- ▶ tangible assets
- ▶ fraud
- ▶ threats or natural disasters
- ▶ human factor
- ▶ sales
- ▶ supply chain
- ▶ reputation
- ▶ information technologies.



FINANCIAL RISKS:

- ▶ tax system
- ▶ liquidity and credit conditions
- ▶ exchange rate
- ▶ accounting and market reporting.

KEY ACTIVITIES OF INTERNAL AUDIT AND THE PMO OFFICE DURING 2022

The key audited business areas during 2022 relate to operations and processes related to corporate governance activities, real estate management of the company, financial operations and IT security. Also, during 2022, the internal audit undertook activities to further strengthen the digital interfaces and the way of working in such an environment. Initially, during 2022, a digital platform was tested in order to continuously monitor the costs and prices of key products in procurement, as well as compare them with available data from the environment.

The annual audit plan for 2022 is adapted to the new circumstances, all based on the corporate risk matrix, developed during the first half of the year. The work plan is defined for the next three-year period with the need to examine the key risks of each business year, as well as to monitor the implementation of the given measures through the so-called follow up digital platform.

Furthermore, Internal Audit gave its contribution to ensuring business continuity, fur-

ther understanding of key risks and adjustment of work, and especially by performing the work of the so-called ESG risks, participating in working groups and preparing to comply with the upcoming EU regulation in this part. Furthermore, during 2022 Internal audit provided support with the transfer of knowledge and experience, introducing the internal audit function in companies operating within the Valamar Group, in particular Imperial Riviera. By introducing the mentioned practice and knowledge transfer, pos-

itive synergistic effects and harmonization of work are expected, as well as better management of key risks to various groups. Internal audit provided support in the work of the Audit Committee, especially during the implementation of the so-called joint audits, as a new concept based on a legal obligation. In the part of the Project Management Office during the first half of 2022, the digital platform was updated, which is also adapted to organizational changes, while conducting user education.

KEY RISK TYPES BY AREA - GROUP AND COMPANY RISKS

The tourism industry is on a global scale and is very closely linked to the real and financial economy, the geopolitical environment and environmental sustainability. The way in which the tourism industry acts as a whole will largely determine its future development.

Considering the importance of the tourism industry and the impact on the overall environ-

ment, the Company and the Group monitor and assess risks at the micro and macro level. In addition, in defining the strategy, particular attention is paid to the impacts of risks in the short and medium term in order to ensure the sustainability of the business over time.

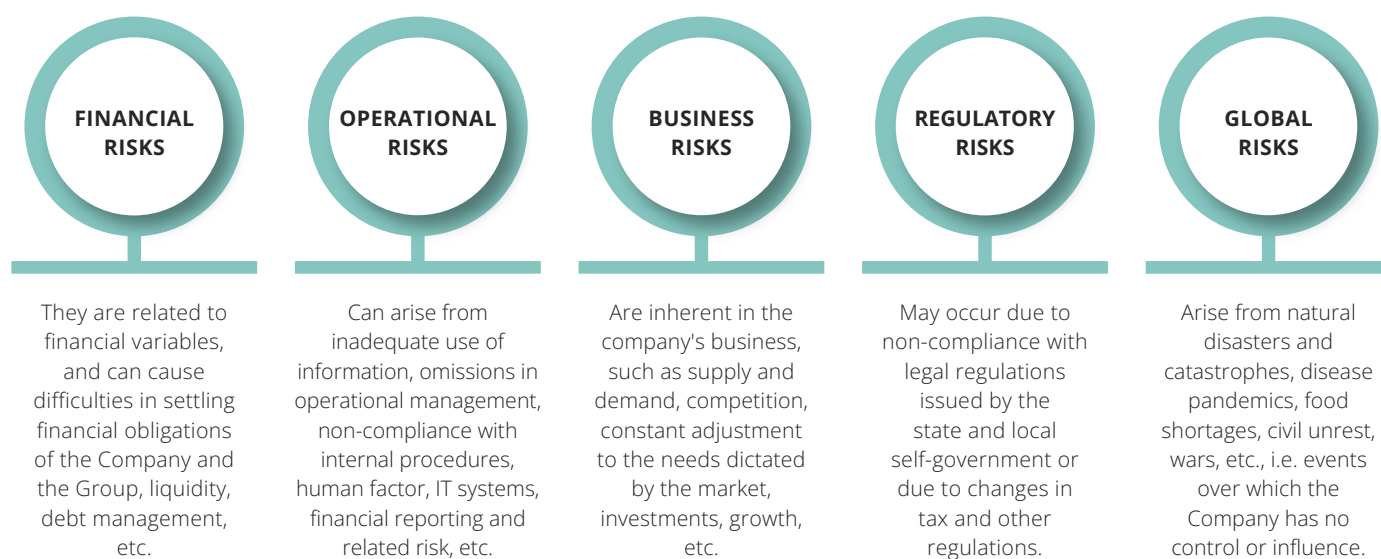
When monitoring and assessing risks, the Company and the Group apply a proactive ap-

proach by considering the impact of each individual risk on the potential opportunities that that risk brings. The Company and the Group consider risk management one of the key factors of differentiation in a competitive environment. The aim of risk management is to further encourage the creation of sustainable value and to offer trust and security to many stakeholders of the Company and the Group.

THE RISK MANAGEMENT PROCESS CONSISTS OF THE FOLLOWING STEPS:



DIFFERENT TYPES OF RISKS THAT VALAMAR ENCOUNTERS IN BUSINESS CAN BE DIVIDED INTO THE FOLLOWING GROUPS:



FINANCIAL RISKS

In their daily activities and activities undertaken by the Company and the Group, they are exposed to several financial risks, in particular:

- 1) currency risk;
- 2) interest rate risk;
- 3) credit risk;
- 4) price risk;
- 5) liquidity risk;
- 6) risks related to the listing of company shares on a regulated market
- 7) the risk of inflation and the increase in the prices of procurement goods and distortions in the market for the procurement of goods and services.

The Company and the Group actively approach interest rate and exchange rate protection through market-available instruments with the aim of mitigating the aforementioned risks. Internal objectives and risk management policies relate to the protection of foreign exchange inflows during seasonal activity and partial interest protection of credit principal.

1) CURRENCY RISK

The Company and the Group operate at the international level and are exposed to currency risk, which mostly results from changes in the nominal exchange rate of the euro/kuna. Currency risk arises from future commercial transactions and recognized assets and liabilities. Historically, most of the revenue from sales abroad has been generated in euros, the currency in which most of the long-term credit debt is denominated. Accordingly, the Company and the Group are for the most part naturally protected against currency risk. A certain part of the liabilities is contracted in kunas, which is why the Company and the Group actively manage currency risk through derivative financial instruments available on the financial market, in accordance with operational estimates and expected market trends. This protects the Group and the

Company from the effect of currency risk and the impact of adverse changes in the nominal exchange rate on cash flows. Due to the extraordinary circumstances caused by the COVID-19 pandemic in 2020, potentially stronger depreciation pressures on the kuna against the euro affect the value of long-term credit debt denominated in euros and contracted forward transactions whose potential negative effects are sought to be controlled through proactive management of concluded derivative financial instruments. In case of exceptional reduction of euro inflows, the Company and the Group will use existing euro liquidity reserves to service long-term debt repayments and access adequate use of financial hedging instruments, in accordance with the current situation and future assessment of the Company's and Group's foreign exchange position, the expected movements in value of the kuna/euro currency pair, as well as other intercurrency relations among world currencies. With Croatia's entry into the Eurozone from January 1, 2023, the majority of the stated currency risk in relation to EUR will cease to exist, i.e. the Company will not be exposed to it.

2) INTEREST RATE RISK

Borrowings from banks with variable interest rates expose the Company and the Group to cash flow interest rate risk. The Company and the Group actively use derivative instruments to actively hedge their exposure to cash flow interest rate risk and interest rate risk by applying the interest rate change from variable to fixed interest rate. Such a change in interest rates has the economic effect of converting a variable rate loan into a fixed rate loan for a pre-agreed portion of the principal of the loan being hedged.

The Company and the Group have assets (cash and deposits) that generate interest income, and income and cash flow from operating activities are dependent on changes in market interest rates. This part is particularly pronounced in the seasonal period when the Company and the Group have significant cash surpluses. The Company and the Group expect a limited impact of increased interest rate volatility due to the recent Coronavirus pandemic, given that a large part of the Group's loan portfolio (89,7%) consists of long-term fixed rate loans and derivative loans (IRS).

3) CREDIT RISK

Credit risk arises from money, term deposits and trade receivables. In accordance with the sales policies of the Company and the Group, cooperation is contracted with customers who have an appropriate credit history, i.e. it is contracted with payment in advance, payment of security deposits and via credit cards (for individual customers). In order to reduce credit risk, the Company and the Group continuously monitor their exposure to the parties with which they operate and their creditworthiness, obtains instruments of securing receivables (bills of exchange, promissory notes and guarantees), thus reducing the risks of non-performance of their receivables for the services provided. Considering the negative consequences of COVID-19 on the Company's and the Group's customers, especially tour operators and travel agencies, special attention is paid to the impact of current adverse circumstances on related parties, with active verification of creditworthiness and their potential to overcome current challenges.

4) PRICE RISK

The Company and the Group are holders of equity securities and are at risk of changing the price of equity securities listed on the stock exchange. The Company and the Group are not active participants in the capital market in terms of trading in equity and debt securities. By investing in the shares of Imperial Riviera and Helios Faros, the Company is to a certain extent exposed to the risk of changing the price of the equity.

5) LIQUIDITY RISK

The Company and the Group have a sound management of liquidity risk. A sufficient amount of cash is provided at all times through adequate amounts of contracted credit lines for the settlement of liabilities, as well as ensuring the availability of credit lines in the future. Liquidity risk is assumed and controlled through strong net positive operating cash flows and credit lines that finance capital investments.

Repayments of credit liabilities are in line with the period of significant cash inflows from operational activities. The Company and the Group monitor the level of available sources of funds on a daily basis through reports on the balance of cash assets and liabilities. Based on the established budget, the cash flow for the next year by months is prepared, as well as the long-term cash flow plan. The surplus of funds above the amount required for the management of working capital is transferred to the Company's and the Group's treasury. The Treasury invests surplus cash in accounts that bear interest, fixed-term deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity in accordance with demand projections for liquidity resources.

6) RISKS RELATED TO THE LISTING OF COMPANY SHARES ON A REGULATED MARKET

As the most risky asset class, the market value of shares can be extremely volatile under the influence of the volatility of the entire capital market, trading volumes, macroeconomic developments in the markets in which the Company and the Group operate, the gap in the expectations of financial analysts in relation to the results achieved, the variability of the dividend policy, activities in the segment of mergers, acquisitions and strategic partnerships, the instability of the business model of the Company and the Group, as well as fluctuations in the financial results of the Company and the Group's operations. If these factors have a negative connotation, there is a risk of a drop in the market value of the shares. Furthermore, there is a risk that investors will not be able to sell their shares at any time at a fair market price.

7) INFLATION RISK AND RISING PRICES OF PROCUREMENT GOODS AND DISRUPTIONS IN THE MARKET FOR GOODS AND SERVICES

The COVID-19 pandemic and related movement restrictions and supply disruptions, coupled with strong energy price increases and the war in Ukraine, prompted global inflation and general price increases at the end of 2021 and throughout 2022.

The Croatian Bureau of Statistics (CBS) announced in January 2023 that the prices of goods and services for personal consumption are measured by the consumer price index, in December 2022 compared to December 2021, i.e. on an annual basis, they are on average higher by 13.1%.

According to the CNB statement of December 2022, the acceleration of price growth in 2022 primarily reflects extremely high prices of energy products and food and industrial raw materials on the world market. The acceleration of inflation was also driven by strong demand for services following the abolition of epidemiological measures, in conditions of a lack of skilled labor and wage growth in the hospitality sector. In contrast, the intensity of the acceleration of inflation has been somewhat mitigated by the price caps on some energy products and basic food products. It is precisely the pronounced growth in tourism demand of non-residents in Croatia, stronger economic recovery, less competition on the domestic market and differences in the structure of the consumer basket with a higher share of food and accommodation services in 2022 that resulted in noticeably higher inflation in Croatia than in the euro area. In 2023, the CNB expects a slowdown in inflation in Croatia.

Inflation and the price increase of purchasing goods can have an effect on the purchasing power of foreign and domestic guests, as well as on the level of our sales prices. The Company and the Group are exposed to the impact of the changing purchase prices of energy sources (especially electricity and gas) and the prices of food, beverages and consumables. Furthermore, the Company feels the consequences of disruptions in global supply and delivery channels, with the present risk of the so-called product desertization, which it continuously and actively manages while maintaining business relations with key suppliers. The Company and the Group continuously make significant investments in energy efficiency, renewable and alternative energy sources, in order to mitigate the impact of possible rising energy prices and reduce dependence on suppliers.

The Company and the Group have a very high share of own direct channels and other on-line channels in total sales and sales prices are largely formed dynamically, throughout the year. Accordingly, the Company and the Group have the flexibility to manage the level of sales prices.

OPERATIONAL RISKS

Operational risk is the risk of direct or indirect loss arising from inadequate or erroneous internal or external processes of the Company and the Group.

They also include the generation and analysis of financial reporting information and data (so-called financial reporting risk), as well as potentially insufficient and inadequate internal and external exchange of information. When implementing the operational risk management system, the Company and the Group took care of its continuity and complexity with regard to the size of the organization.

The benefits of its management are reflected in i) defining and recognizing the risk profile of the Company and the Group in relation

to operational risk, ii) recognizing and managing known operational risk events that reduce the costs of the Company and the Group, and iii) data analysis that indicates the business trends of the Company and the Group and the economic situation in the country.

Aware of the risks of reliability of IT business solutions and cyber security of business, the Company and the Group are continuously working on the improvement, further development and implementation of new technologies in everyday business. Special emphasis is placed on ensuring sufficient resources for the development and implementation of new technologies in the field of ICT, data protection projects and the improvement of existing and development and implementation of new, modern business systems.

BUSINESS RISKS

The Company and the Group are exposed to business risks related to competitiveness and business stability. As the Company and the Group are owners of significant real estate, this business model requires intensive engagement of capital to maintain high quality products and services.

Various ongoing capital-intensive investment projects to increase the service and product quality may exceed budgetary expectations, construction may not be completed on time, and in the meantime, changes in urban planning regulations, laws and fiscal policy may take effect. These risks can negatively affect the increase in costs of the Company and the Group, as well as the weakening of cash flow and lower revenues. The Company and the Group have improved the results and efficiency of operations in the past several years by making business decisions, which have contributed to increasing competitiveness in the demanding Mediterranean market, and with thoughtful long-term strategic management, such positive trends are expected to continue in the future.

Considering the fact that about 90% of the guests of the Company and the Group are foreign guests who carefully choose their destination for vacation, the stability of macroeconomic indicators in their home countries is very important. Special emphasis is placed on the exchange rate and price of goods and services that directly affect the purchasing power of guests.

Although the share is smaller, the number of arrivals of domestic guests to the Company and the Group properties is also important. It

is also influenced by a number of other macroeconomic indicators in the country such as employment/unemployment, growth/decline of domestic gross domestic product, growth/decline of industrial production and others that directly affect the purchasing power of Croatian citizens and thus the decision on vacation in one of Valamar properties.

Looking at the risk of the tourism sector of the economy, tourism in the Republic of Croatia was one of the few growing economic sectors in the years of the global financial crisis. In addition, the strong seasonality of tourism as an economic branch leads to insufficient use of the available capacities and resources of the Company and the Group. By joining the European Union, the market of the Republic of Croatia became part of a large European market, while the membership of the Republic of Croatia in NATO reduced security risks. Good management of human resources is vital for the future growth of the Company and Group. Risks related to shortages of specific skills, expertise and jobs are connected with the opening and expansion of the labor market.

Valamar Riviera is also one of the most desirable employers and continuously invests in the education and development of human resources. Recognizing global trends in tourism helps Valamar Riviera to define the need for new knowledge and skills and how to successfully respond to the challenges in the environment. In the continuous dialogue with the social partners, a high level of labor rights is ensured, both from the point of view of wage competitiveness, motivation and reward systems, as well as career development, health care and cooperation with educational institutions throughout Croatia.

REGULATORY RISKS

The risk of changing tax and other regulations also represents a significant risk for the Company and the Group and is one of the more demanding risk management segments where the possibilities of the Company and the Group are limited.

Frequent changes in the regulations related to fiscal and parafiscal benefits to the economy, which very often occur after the Company and the Group have already adopted the business policy and budget for the next business year and contracted commercial conditions with business partners, significantly impairs the financial position of the Company and the Group and jeopardizes the plans for further

investments, and thus investor confidence. One recent example is the introduction of the Law on Additional Income Tax of December 2022.

The Company and the Group are also exposed to the risks of a potential change in regulations in relation to concessions and concession approvals, i.e. concession fees for the use of maritime domain, but also concession fees, i.e. rental fees for the use of tourist land, which is not fully regulated to date. Considering the core business of the Company and the Group, the right to use the maritime domain and tourist land are some of the particularly important conditions for their further business, especially in camps.

GLOBAL RISKS

Despite the improved security-political conditions that have partly spurred investment cycles in tourism, there are still numerous challenges and risks before Croatian tourism, such as:

- ▶ global economic and financial crises affecting the reduction of purchasing power of the population more prone to travel;
- ▶ security-political risks related to terrorism threats occurring in the world;
- ▶ security-political instability in the immediate environment of neighboring countries;
- ▶ geopolitical risks associated with Russia's invasion of Ukraine in February 2022.

The results of Valamar's operations can also be influenced by various environmental stressors. They primarily pose a danger to the guest's satisfaction with the overall experience of staying in the destinations where Valamar operates. This can result in a reduced number of arrivals. Such stressors are, for example, pollution of the sea (e.g. due to a tanker accident or the release of chemicals into the sea), but also long-term deterioration of the quality of the sea and pollution of the coast due to inadequate waste and wastewater disposal, as well as intensive use of fertilizers in agriculture. At the same time, climate change such as global warming, long periods of drought or, on the other hand, long periods of rain can also have a direct impact on guests' arrivals and length of stay in Valamar

hotels and camps, as well as on increased operating costs. This includes other natural disasters (such as earthquakes, fires, floods or hurricane storms), air and soil pollution caused by emissions from industrial plants and traffic vehicles, excessive urbanization and the introduction of plant and animal invasive species. Likewise, disease epidemics and pandemics can negatively affect Valamar's business results.

In order to minimize their impact, Valamar actively monitors the risk levels of epidemics and pandemics around the world, especially in source markets, and takes proactive steps in managing them. The COVID-19 pandemic is a recent example of the operational and financial disruption of the global economy, especially tourist flows given that almost all global destinations have restrictions or complete travel bans. The occurrence of extraordinary circumstances in the Republic of Croatia and the introduction of extraordinary measures prohibiting social gatherings, closing restaurants and shops, all with the primary goal of protecting the population from the risk of infection, there was the expected consequential and immediate disruption of business operations for the Company and Group due to cancellations of contracted services by partner agencies and guests.

Risks related to Russia's invasion of Ukraine in February 2022 are still present. Historically, source Russian and Ukrainian markets in Valamar accounted for up to 2% of turnover and their absence will be compensated from other source markets in 2022.



AWARDS AND CERTIFICATES IN 2022

As the leading tourism company, Valamar Riviera constantly invests in service and product quality, which is supported by numerous awards and recognitions in 2022.

Thus, Financial Times, the leading global business media, has included Valamar Riviera on the list of European climate leaders, as one of only six European companies from the tourism sector for their proactive engagement on climate issues. Valamar Riviera has reduced the intensity of CO₂ emissions per night by as much as 65 per cent since 2015.

During 2022, the Valamar Riviera was also awarded the Green Prix in the category "Decarbonise the community". The prestigious award recognizes the project of solar power plants implemented by Valamar Riviera in cooperation with E.ON Croatia in December 2021, in which solar panels were installed on Valamar hotels and camps along the Adriatic coast. Thanks to the project, Valamar generates up to six percent of all electricity through photovoltaic cells. Also in 2022, Valamar Riviera is on the list of TOP employers in Croatia, and according to the selection of more than 25,000 respondents, Valamar is a TOP employer in tourism and the only tourism company among the ten most desirable employers for five years in a row.

AWARDS IN 2022

Croatian Camping Association	Croatia's Best Campsites 2022 – 11 awards	Istra Premium Camping Resort 5* Lanterna Premium Camping Resort 4* Krk Premium Camping Resort 5* Ježevac Premium Camping Resort 4* Padova Premium Camping Resort 4* Marina Camping Resort 4* Orsera Camping Resort 3* Solaris Camping Resort 3* Baška Beach Camping Resort 4* Bunculuka Camping Resort 4* San Marino Camping Resort 4*
ADAC	Superplatz 2022 – 5 awards	Lanterna Premium Camping Resort Krk Premium Camping Resort Istra Premium Camping Resort Baška Beach Camping Resort Ježevac Premium Camping Resort
Financial Times	European Climate Leader	Valamar Riviera d.d.
HolidayCheck	HolidayCheck Special Award 2022 – 2 awards	Valamar Padova Hotel 4* Valamar Parentino Hotel 4*
Greencajt festival – Ministry of Economy and Sustainable Development, Fund for Environmental Protection and Energy Efficiency, Croatian Chamber of Economy	Green Prix	Valamar Riviera d.d. (E.ON Hrvatska)

Moj posao	The best employer in Croatian tourism and 9th most desirable employer in Croatia	Valamar Riviera d.d.
ConsumeLess Plus	ConsumeLess Med – 9 awards	Valamar Diamant Hotel & Residence Marea Valamar Collection Suites Valamar Diamant Hotel & Residence Valamar Parentino Hotel Valamar Riviera Hotel & Residence Valamar Tamaris Resort Girandella Valamar Collection Resort Valamar Bellevue Resort Valamar Sanfior Hotel & Casa
FEE (Foundation for Environmental Education)	Blue Flag – 15 awards	Adria Beach, Lanterna Premium Camping Resort, Tar-Vabriga Beach Crnika, Lanterna Sunny Resort, Tar-Vabriga Beach Galeb, Solaris Camping Resort, Tar-Vabriga Beach Borik, Poreč Beach Brulo, Poreč Beach Val Marea Sandy, Marea Valamar Collection Suites, Poreč Beach Maro Sandy – Sunrise Beach, Isabella Valamar Collection Island Resort, Poreč Beach Istra Premium Camping Resorta, Funtana Beach Vala, Orsera Camping Resort, Vrsar Beach Lanterna, Valamar Sanfior Hotel, Rabac Beach Girandella, Rabac Beach Ježevac Premium Camping Resort, Krk Beach Krk Premium Camping Resort, Krk Beach Dubrovnik President Valamar Collection Hotel Beach Cava, Valamar Argosy Hotel, Dubrovnik
TripAdvisor	Travelers' Choice 2022 – 21 awards	Valamar Diamant Hotel & Residence Valamar Parentino Hotel Valamar Riviera Hotel & Residence Isabella Valamar Collection Island Resort Marea Valamar Collection Suites Istra Premium Camping Resort Orsera Camping Resort Girandella Valamar Collection Resort Sanfior Hotel & Casa Valamar Bellevue Resort Miramar Sunny Hotel by Valamar Ježevac Premium Camping Resort Bunculuka Camping Resort Imperial Valamar Collection Hotel Padova Premium Camping Resort Valamar Padova Hotel Valamar Meteor Hotel Dubrovnik President Valamar Collection Hotel Valamar Argosy Hotel Valamar Lacroma Dubrovnik Hotel HVAR [PLACESHOTEL] by Valamar
World Luxury Hotel Awards	Luxury Beach Resort	Dubrovnik President Valamar Collection Hotel
	Luxury Island Resort	Isabella Valamar Collection Island Resort
	Luxury Family Hotel	Valamar Collection Marea Suites

DCC	DCC Europe Platinum 2022	Lanterna Premium Camping Resort by Valamar
ANWB	ANWB TOP 5* – 4 awards	Lanterna Premium Camping Resort by Valamar Krk Premium Camping Resort by Valamar Istra Premium Camping Resort by Valamar Solaris Camping Resort by Valamar
World Luxury Hotel Awards	Luxury Beach Resort	Dubrovnik President Valamar Collection Hotel
	Luxury Island Resort	Isabella Valamar Collection Island Resort
	Luxury Family Hotel	Marea Valamar Collection Suites
World Travel Awards	Country / Croatia: Luxury Beach Hotel	Valamar Riviera Hotel & Residence
	Continent / Europe: Luxury Island Resort	Dubrovnik President Valamar Collection
	Regional / Southern Europe: Luxury Family Hotel	Valamar Padova Hotel
Ministry of Economy and sustainable Development	EU Ecolabel – 6 awards	Istra Premium Camping Resort by Valamar Ježevac Premium Camping Resort by Valamar Krk Premium Camping Resort by Valamar Lanterna Premium Camping Resort by Valamar Orsera Camping Resort by Valamar Solaris Camping Resort by Valamar
SGS Adriatica	ISO 9001	47 properties
	ISO 14001	49 properties
	HACCP Codex Alimentarius	37 properties
SGS	V Health & Safety Protocol Label in Partnership with SGS	46 properties
Quality Austria	ISO 50001	47 properties
	ISO 45001	Istra Premium Camping Resort by Valamar
	Control of textile bio-pollution	Valamar Laundry facility Poreč, PRAONA d.o.o.
Travelife	Sustainable Hotel Certificate	28 properties
UPUHH	Sustainable Hotel	7 properties
DGNB	Green Building	Valamar Amicor Green Resort
Days of Croatian Tourism – Tourism Flower – Quality for Croatia	Family holiday hotel – winner	Valamar Tamaris Resort
	Camp of the Year – winner	Istra Premium Camping Resort by Valamar
	The Best Large Camp – winner	Istra Premium Camping Resort by Valamar

CERTIFICATES, SAFETY AND SUSTAINABILITY STANDARDS 2022

SGS	HACCP	Valamar Diamant Hotel & Residence Crystal Sunny Hotel by Valamar Rubin Sunny Hotel by Valamar Isabella Valamar Collection Island Resort Marea Valamar Collection Suites Valamar Riviera Hotel & Residence Valamar Tamaris Resort Solaris Camping Resort by Valamar Valamar Sanfior Hotel & Casa Girandella Valamar Collection Resort Valamar Bellevue Resort Koralj Sunny Hotel by Valamar Valamar Parentino Hotel Valamar Lacroma Dubrovnik Hotel Dubrovnik President Valamar Collection Hotel Valamar Argosy Hotel Bunculuka Camping Resort by Valamar Marina Camping Resort by Valamar Padova Premium Camping Resort by Valamar Imperial Valamar Collection Hotel Valamar Carolina Hotel & Villas Eva Sunny Hotel & Residence Zvonimir Sunny Hotel by Valamar Valamar Atrium Baška Residence Corinthia Baška Sunny Hotel by Valamar Lanterna Premium Camping Resort by Valamar San Marino Sunny Camping Resort Valamar Meteor Hotel Dalmacija Sunny Hotel Rivijera Sunny Resort
Quality Austria	ISO 14001	96% In Valamar Riviera and Imperial Riviera and Helios Faros
	ISO 9001	100% in Valamar Riviera and Imperial Riviera
	ISO 50001	100% in Valamar Riviera and Imperial Riviera
	ISO 45001	Istra Premium Camping Resort by Valamar
Ministry of Tourism and Sport	EN 14065	Valamar Laundry facility Poreč, PRAONA d.o.o.
	Q Label	Valamar Lacroma Dubrovnik Hotel Valamar Riviera Hotel & Residence
	Safe Stay in Croatia Label	All Valamar properties
Ministry of Economy and Sustainable Development	EU Ecolabel	Istra Premium Camping Resort by Valamar
		Orsera Camping Resort by Valamar
		Ježevac Premium Camping Resort by Valamar
		Solaris Camping Resort by Valamar
		Krk Premium Camping Resort by Valamar
		Lanterna Premium Camping Resort by Valamar

7 EU TAXONOMY 2022

**CONSOLIDATED PUBLICATIONS IN ACCORDANCE
WITH ARTICLE 8 TAXONOMY REGULATIONS**

KEY PERFORMANCE INDICATORS ACCORDING TO THE TAXONOMY REGULATION

With the adoption of the European Green Deal, the European Union has set a net-zero goal by 2050. In this context, the European Commission has developed a comprehensive sustainable finance program to ensure that the objectives set are met.

One of the key pillars for stimulating investments in sustainable projects is the EU Taxonomy Regulation (EU) 2020/852. The purpose of the Regulation is to establish a framework, i.e. a single classification system that defines the criteria that activities must meet in order to be sustainable and "green". In this way, investment in sustainable projects and activities becomes transparent, comparable and verifiable. The EU Taxonomy also aims to combat greenwashing (manipulative green marketing)*.

In accordance with the delegated acts supplementing the EU Taxonomy Regulation, economic activities may qualify as taxonomically acceptable only if they are defined by those acts. For 2021, it was only necessary to analyze the acceptability of key indicators, and for 2022, economic activities in terms of harmonization with the EU Taxonomy must be reviewed. According to Article 3 In accordance with Article 3 of Regulation (EU) 2020/852, economic activities qualify as taxonomically compliant when they meet all the following criteria:

- ▶ if they contribute significantly to one or more environmental objectives:
 - ▶ climate change mitigation,
 - ▶ climate action,
 - ▶ sustainable use and protection of water and marine resources,
 - ▶ transition to a circular economy,
 - ▶ prevention and control of pollution,
 - ▶ protection and restoration of biodiversity and ecosystems.
- ▶ economic activities must not significantly harm any of the other environmental objectives (DNSH = do not cause significant damage)
- ▶ economic activities must be carried out in accordance with minimum safeguards, with regard to human and consumer rights, the fight against corruption and bribery, taxation and fair competition.

* In the context of the Regulation, manipulative green marketing refers to the practice of gaining an unfair competitive advantage by placing a financial product on the market as environmentally sound although, in fact, basic environmental standards are not met.



*Valamar Amicor Green
Resort 4*, Hvar island*

Only Annexes I and II are currently in force, for climate change mitigation or adaptation (delegated acts of 4 June 2021), and for the other four environmental objectives the criteria and supplementary acts do not yet exist.

Taxonomically ineligible economic activity is any economic activity not described in the

delegated acts supplementing the Taxonomy Regulation.

For 2022, it is necessary to publish key performance indicators showing the share of coordinated and acceptable economic activities. During 2022, Valamar Riviera performed an analysis of its revenues and expenditures in accordance with Article 8

of the Taxonomy Regulations. The entire Valamar Group portfolio is included in the analysis of economic activities. EU delegated acts on climate taxonomy currently cover sectors where Valamar Riviera does not generate significant revenues. For this reason, we paid special attention to capital investments and operational expenses.

TAXONOMICALLY ACCEPTABLE AND HARMONIZED ECONOMIC ACTIVITIES

Although Valamar Riviera belongs to the group of companies that generate most revenues in the sector that is not covered by Taxonomy, by analyzing turnover, we recognized that a small part of the income from rents of our premises and buildings is still acceptable.

Furthermore, we reviewed all economic activities that meet the requirements of the Taxonomy specified in the Delegated Act on Climate Based on Expenditure and Investments as a Hotel Group and identified which expenditures can be reconciled with the so-

called procurement of outputs (in accordance with Commission Delegated Regulation (EU) 2021/2178). In addition to rental income, activities from the following areas are acceptable within our CapEx and OpEx: transport, construction and real estate business, and information and communication (see table).

In 2022, it is taxonomically acceptable: 1.56% of revenues, 55.84% of total CapEx and 69.46% of OpEx.

For ease of display, the table below shows eligible activities by area.

VALAMAR RIVIERA TAXONOMY ELIGIBLE ACTIVITIES

TRANSPORTATION

6.4 Business with personal mobility devices, cycling logistics

6.5 Transport of motorcycles, passenger cars and commercial vehicles

6.11 Maritime and coastal passenger transport

6.13 Infrastructure for personal mobility, cycling logistics

CONSTRUCTION ACTIVITIES AND REAL ESTATE BUSINESS

7.2 Renovation of existing buildings

7.3 Installation, maintenance and repair of energy efficiency equipment

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces connected to buildings)

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings

7.6 Installation, maintenance and repair of renewable energy technologies

7.7 Purchase of buildings and ownership of buildings

INFORMATION AND COMMUNICATIONS

8.1 Processing of data, server services and related activities

In order to avoid double aggregation and, taking into account the current practice of reporting on the compliance of economic activities of procurement of outputs, we have aligned our eligible activities with the criteria of significant contribution to the environmental objective of climate change mitigation and the related criteria of not causing significant damage (DNSH).

Given the precautionary approach and insufficient good practice on the market, we decided to analyze all the criteria and to harmonize the eligible activities. However, given the lack of clear guidelines in the very criteria and examples of compliance in our sector, we have decided on a conservative approach and will show all our eligible activities as non-compliant for 2022.



MINIMUM SAFEGUARDS

Minimum safeguards are the basis for harmonization with the EU Taxonomy, in accordance with Art. 18 of the Regulation. They shall include all procedures to be followed to ensure that economic activities are carried out in accordance with:

- ▶ OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines);
- ▶ The UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration of Fundamental Principles and Rights at Work; and
- ▶ International Charter of Human Rights.

The minimum safeguards cover four themes: human rights (including labour and consumer rights), corruption and bribery, taxation and fair competition. As there are still no clear guidelines

on how to comply with the Minimum Safeguards, we based our assessment on the "Final Report on Minimum Safeguards" published by the Sustainable Finance Platform in October 2022.

Although Valamar has been evaluating suppliers according to the criteria of responsible business for many years, as we wrote, we have started a comprehensive supply chain management process. Thus, in 2022, we conducted an analysis of the supply chain and included human rights issues in the ESG questionnaire. Furthermore, in 2023, we will continue to work on establishing a supplier analysis process on an annual basis (see more on p. 81), and in 2024, the implementation of the Code of Ethics for Suppliers is planned, which will also include all four topics of minimum safeguards. Since our goal is to have at least 80% of suppliers who meet the criteria of responsible business operations by 2025, we will also ensure that this criterion is met in accordance with the EU Taxonomy Regulation.

ACCOUNTING POLICIES COMPLIANT WITH THE EU TAXONOMY

Key performance indicators ("KPIs") include income KPIs (Turnover), capital investment KPIs (Capex) and operational expenditure KPIs (OPEX). For the presentation of Taxonomy KPIs, we use the templates listed in Appendix II of the Delegated Law on Publications. As KPIs must include a Taxonomy Compliance Assessment for the first time for the 2022 reporting period, we do not present comparative compliance figures. Since we do not carry out any activities related to natural gas and nuclear energy (activities 4.26-4.31), we do not use dedicated templates introduced by the Supplementary Delegated Act for activities in individual energy sectors.

According to the clarification in this report, since our core economic activities are not acceptable to Taxonomy, we do not report any

turnover as taxonomically acceptable. Furthermore, we have no capital plans to upgrade an economic activity that meets the requirements of the Taxonomy in order to become compliant with the Taxonomy or to expand an economic activity eligible for the Taxonomy ("category b" according to Section 1.1.2.2 of Appendix I. of the Delegated Act on Publications).

Only capital expenditures and operational expenditures of "category c" can therefore qualify as eligible for Taxonomy, i.e. capital expenditures/operational expenditures related to the procurement of outputs from economic activities eligible for Taxonomy and individual measures that allow the targeted activities (our ineligible activities) to become low-carbon or lead to a reduction in greenhouse gases (Section 1.1.2.2 (c) of Appendix I. Delegated act on publications).

*Imperial Valamar
Collection Hotel 4*,
Rab island*



OPINION OF THE HRPSOR EXPERT COMMITTEE ON THE VALAMAR RIVIERA INTEGRATED ANNUAL REPORT AND SUSTAINABILITY 2022

The latest integrated report of Valamar Riviera combines the company's financial report with the impact on the widest range of topics in the field of sustainability. It provides an overview of the material impacts of Valamar in 2022 regarding economic, environmental and social topics, according to the guidelines of the GRI Standard 2021. We confirm that the report complies with the requirements of the Global Reporting Initiative (GRI) 2021 Standard and the requirements of the regulations on sustainability reporting of the Republic of Croatia and the European Union.

With the new sustainability report, Valamar Riviera once again proves that, with its commitment to the transition to sustainable tourism, it is an industry leader in the Republic of Croatia. The company's ESG strategy 2022-2025, covering environmental, social and governance objectives and initiatives by 2025, includes achieving carbon neutrality by 2025 in scopes 1 and 2, and predicts investments of EUR 50 million in destinations through sustainable projects. The Quality and Sustainable Business Policy has been adopted, and the implementation of the assumed obligations is the responsibility of the Committee for Sustainability and Digitalization of Valamar Riviera, which monitors the status of implementation and the progress of strategic ESG initiatives on a monthly basis.

Regarding the management policy, the roles of the Supervisory Board and the General Assembly, remuneration policies are clearly presented and data such as the ratio of the remuneration of the highest paid individual to the average of the annual remuneration of all employees are presented transparently. The company also publishes all important economic indicators, revenue growth and the investing method, as well as the ratio of sustainable investments. The GRI Standard indicators are shown in the GRI content index, which is structured and legible.

Certainly, Valamar's Sustainability Strategy strongly emphasizes the intention to achieve carbon neutrality in scopes 1 and 2 by 2025. Although, of course, the biggest challenge lies in scope 3, it is still a significant initiative, which makes Valamar Riviera stand out as the first tourist company that invests significantly in measuring and managing greenhouse gas emissions. For example, Valamar Riviera reduced GHG emissions in scopes 1 and 2 by 65% compared to 2015, which is a decrease compared to previous years due to a higher share of electricity purchased from fossil sources, which is a consequence of the energy crisis caused by the war in Ukraine. But it is still invested in reducing GHG emissions, and plans to procure 20 new electric vehicles, 3 electric scooters and 7 electric strollers for its properties. Part of the 1 and 2 scopes are eliminated by investing in solar energy sources. Thus Valamar Riviera and E.ON Croatia are the winners of the National Award for Environment - GREEN PRIX in the category "Decarbonize the community", for the project of installing solar systems on 32 tourist properties along the coast according to the ESCO model, and it is also planned to plant trees to increase the carbon dioxide outflow.

Among the initiatives to reduce the impact on and adapt to climate change, the opening of Valamar Amicor Green Resort, the first green sustainable resort in Croatia is certainly worth mentioning. It is built according to the standards of green building and energy efficiency.

Activities in scope 3 emissions are also planned, including cooperating with suppliers, as well as increasing the share of local products and suppliers. In the food and beverage segment, 78% of the products offered by Valamar Riviera are of domestic origin. In 2022, Valamar recorded a high share of local suppliers of as much as 92%. In 2022, a comprehensive analysis of the supply chain was started, and the suppliers filled out a questionnaire on the fulfillment of the ESG criteria. In accordance with the collected answers in 2022, which includes 32% of the 100 most important suppliers, key goals have been defined by 2025, which is that 80% of the targeted suppliers meet the criteria of responsible business.

In relations to employees, we note that Valamar Riviera is ranked among the 10 most desirable employers in Croatia and has been the best employer in the tourism industry for five years in a row according to the Moj posao portal. Valamar is also the largest employer in Croatian tourism, and at the peak of the season, almost 7,500 employees were employed, of which 87% domestic employees. The average salaries in Valamar are significantly above the average of the Republic of Croatia, especially above the average of the sector, and the process of aligning salaries with European and increasing the material rights of workers has been initiated. In the satisfaction survey, employees give the company high grades and the grade of higher than 4.00 evaluates the organization of work, leadership, work environment and team relations and the balance of private and business life.

Part of the report related to environmental topics covered all components and showed the trend of impact through the years. It is commendable that biodiversity is recognized as an important segment and the company educates employees and guests about endemic species that need to be preserved. The report also includes an analysis of taxonomic compliance, and tables recommended by the delegated act have been prepared.

In order to increase the clarity of the reports and the information presented, for the coming year, we propose to provide more contextual information in addition to tables showing environmental indicators, especially in cases where there are negative trends such as an increase in consumption (water) or waste production. We also suggest consistent monitoring of GRI indicator requirements when displaying data (e.g. on employees) to make them easier to track.

Regardless of the suggestions for improving reporting that are always possible, we have a thorough report that is full of interesting and substantive information. They show extremely ambitious activities on the implementation of the principle of sustainability in business, which makes Valamar Riviera one of the leading positions in the Croatian economy when it comes to sustainable development.



GRI INDEX

GRI	PUBLICATION	CHAPTER / TOPIC	PAGES	OMITTED INFORMATION AND EXPLANATION
Valamar Statement on the application of GRI standards: Valamar Riviera reported applying GRI Standards for the period from 1 January to 31 December 2022. The top management body is responsible for reviewing and approving the published information including material topics on organization according to Publication 2-14 in GRI 2: General Publication 2021.				
USED GRI 1: BASICS 2021, GRI 2: GENERAL PUBLICATIONS AND APPLICABLE GRI SECTOR STANDARDS				
GRI 2: GENERAL PUBLICATIONS 2021				
GRI 2-1	Information on the organization	About Valamar Riviera	8	
GRI 2-2	Parts of the organization included in sustainable business report	About this Integrated annual report and sustainability 2022	6	
GRI 2-3	Reporting period, reporting frequency and contact information	About this Integrated annual report and sustainability 2022	6	
GRI 2-4	Repeated statement on information			There were no repeated publications nor information modifications from previous reporting periods
GRI 2-5	External validation	Opinion of the HRPSOR expert committee on the Valamar Riviera Integrated annual report and sustainability 2022	128, 129	
GRI 2-6	Activities, value chain and other business relations	About Valamar Riviera	8, 10-13	
GRI 2-7	Employees	Impact on society: employees and organization	62	
GRI 2-8	Workers who are not employees	Impact on society: employees and organization	67	
GRI 2-9	Management structure	Corporate governance	90, 92	
GRI 2-10	Appointment and election of the highest governing body	Corporate governance	92, 102, 103	
GRI 2-11	President of highest governing body	Corporate governance	97, 102	
GRI 2-12	The role of the highest governing body in monitoring impact management	Corporate governance	92, 102	
GRI 2-13	Assigning responsibility for impact management	Corporate governance	92, 102	
GRI 2-14	The role of the highest governing body in sustainability reporting	Message from the CEO, Message from the Chairman	2, 3	
GRI 2-15	Conflict of interest	Corporate governance	103	
GRI 2-16	Communication of issues of particular concern	Corporate governance	104	
GRI 2-17	Collective knowledge of the highest governing body	Corporate governance	102, 103	
GRI 2-18	Performance evaluation of highest governing body	Corporate governance	104	
GRI 2-19	Award program	Corporate governance	104	
GRI 2-20	Process of determining compensation	Corporate governance	104	
GRI 2-21	Total annual compensation ratio	Corporate governance	104	
GRI 2-22	Statement on sustainable development strategy	Valamar ESG strategy 2025/Corporate governance	34, 105	
GRI 2-23	Corporate policy obligations	Corporate governance	107	
GRI 2-24	Applying corporate policy obligations	Corporate governance	105	
GRI 2-25	Processes of remediating negative impacts	Corporate governance	105	
GRI 2-26	Mechanisms for seeking advice and voicing concerns	Corporate governance	105	
GRI 2-27	Compliance with laws and regulations	Corporate governance	105	
GRI 2-28	Membership in associations	Key stakeholders and material aspects	28,29	
GRI 2-29	A stakeholder involvement approach	Key stakeholders and material aspects	26, 28, 29, 32	
GRI 2-30	Collective agreements	Impact on society: employees and organization	63	

GRI	PUBLICATION	CHAPTER / TOPIC	PAGES	OMITTED INFORMATION AND EXPLANATION
GRI 3 MATERIAL TOPICS 2021				
GRI 3-1	Process of determining material topics	Key stakeholders and material aspects	26, 28, 29, 32	
GRI 3-2	List of material topics	Key stakeholders and material aspects	33	
GRI 3-3	Management of material topics	Impact of society/Environmental impact/Corporate governance	62, 74, 102	
THEMATIC STANDARDS				
GRI 201: ECONOMIC EFFECT 2016.				
GRI 201-1	Directly created and distributed economic value	Key stakeholders and material aspects	30	
GRI 201-2	Financial consequences and other risks and opportunities related to climate change	Corporate governance	114	
GRI 202: MARKET PRESENCE 2016				
GRI 202-1	Standard starting wage by gender and local minimum wage ratio	Impact on society: employees and organization	70	
GRI 202-2	Proportion of senior management employed from the local community	Impact on society: employees and organization	92	
GRI 203: INDIRECT ECONOMIC IMPACT 2016				
GRI 203-1	Subsidized investments in infrastructure and services	Reports: Innovations in 2022/ Impact on society: Valamar in the community 2022	37, 38, 41, 60, 72, 73	
GRI 203-2	Significant indirect economic impact	Reports: Innovations in 2022/ Impact on society: Valamar in the community 2022	60, 61, 72, 73	
GRI 204: PROCUREMENT PRACTICES 2016				
GRI 204-1	Proportion of expenses on local suppliers	Environmental impact: Valamar suppliers and partners	81	
GRI 205: ANTI-CORRUPTION 2016				
GRI 205-2	Communication and training on anit-corruption policies and processes	Corporate governance	103, 106, 107	
GRI 205-3	Confirmed cases of corruption and measures taken	Corporate governance	104, 105	
GRI 302: ENERGY 2016				
GRI 302-1	Energy consumption within the organization	Environmental impact	74, 75, 83, 84, 87	
GRI 302-2	Energy consumption outside the organization	Environmental impact	85 - 87	
GRI 302-3	Energy intensity	Environmental impact	77	
GRI 302-4	Reduction in energy consumption	Environmental impact	75 - 77	
GRI 303: WATER AND WASTEWATER 2018				
GRI 303- 3	Water withdrawal	Environmental impact	78	
GRI 303- 4	Emissions	Environmental impact	78	
GRI 303 -5	Water consumption	Environmental impact	78	
GRI 304: BIODIVERSITY 2016		ENVIRONMENTAL IMPACT		
GRI 304-2	Significant impact of activities, products and services on biodiversity	Environmental impact	80	

GRI	PUBLICATION	CHAPTER / TOPIC	PAGES	OMITTED INFORMATION AND EXPLANATION
GRI 305: EMISSIONS 2016				
GRI 305-1	Direct GHG emissions (Scope 1)	Environmental impact	82, 83, 87	
GRI 305-2	Indirect energy GHG emissions (Scope 2)	Environmental impact	84, 87	
GRI 305-3	Other indirect GHG emissions (Scope 3)	Environmental impact	85 - 87	
GRI 305-4	GHG emissions intensity	Environmental impact	82, 87	
GRI 305-5	Reduction of GHG emissions	Environmental impact	82	
GRI 306: WASTE 2020				
GRI 306-2	Waste by type and disposal method	Environmental impact	79	
GRI 306-3	Total amount of waste	Environmental impact	79	
GRI 306-5	Waste directed to landfills	Environmental impact	79	
GRI 308: ASSESSMENT OF SUPPLIERS IN TERMS OF ENVIRONMENTAL IMPACT 2016				
GRI 308-1	New suppliers that have been verified using environmental impact criteria	Environmental impact		Information incomplete, supply chain analysis with defined key goals until 2025 is underway.
GRI 308-2	Supply chain negative impacts on the environment and measures taken	Environmental impact		Information incomplete, supply chain analysis with defined key goals until 2025 is underway.
GRI 401: EMPLOYMENT 2016				
GRI 401-1	New employment rate and employee turnover	Impact on society	63 - 66	
GRI 401-2	Benefits for full-time employees that are not provided to temporary or part-time employees	Impact on society	70	
GRI 402: EMPLOYEE AND MANAGEMENT RELATION 2016				
GRI 402-1	The shortest period in which significant changes at work are notified in advance	Impact on society	63	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018				
GRI 403-1	Workplace health and safety management system	Impact on society	71	
GRI 403-2	Hazard identification, risk assessment and accident investigation	Impact on society	71	
GRI 403-4	Health and safety issues covered by formal agreements with trade unions	Impact on society	71	
GRI 403-9	Occupational injuries	Impact on society	71	
GRI 404: EDUCATION AND TRAINING 2016				
GRI 404-1	Average annual number of training hours per employee	Impact on society	68	
GRI 404-2	Skills acquisition programs and programs that support lifelong employability of employees	Impact on society	68	
GRI 404-3	Percentage of employees who receive regular evaluation of work performance and individual development	Impact on society	68	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016				
GRI 405-1	Diversity of management bodies and employees	Impact on society	63, 65, 66, 92	
GRI 416: CONSUMER HEALTH AND SAFETY 2016				
GRI 416-1	Assessment of the impact on health and safety of significant categories of products and services	Report: Service excellence	45, 119	
GRI 417: MARKETING AND LABELING 2016				
GRI 417-3	Cases of non-compliance with regulations and voluntary codes regarding marketing communications	Report: Service excellence	45	



Valamar Meteor
Hotel 4*, Makarska

DISCLAIMER

This report may contain certain expectations made on the basis of facts, knowledge and circumstances currently available, as well as estimates in this regard. Our expectations are based on, but not limited to, a) the results achieved in 2022; b) the business revenues generated so far in 2023; c) the current state of provisions; d) the forecast of business results by the end of 2023; e) the absence of additional significant negative consequences of the risks to which the Company and the Group are exposed.

Expectations statements are based on currently available information, current assumptions, and expectations and projections of future events. Expectations are not a guarantee of future results and are subject to future events, risks and uncertainties, many of which are out of control or currently unknown to Valamar Riviera, as well as potentially inaccurate assumptions on the basis of which actual results could differ materially from previously stated expectations and forecasts. Risks and uncertainties include, but are not limited to, those described in the "Company and Group Risks" section. Material differences from given expectations may result from changes in circumstances, unrealized assumptions and other risks, uncertainties and factors, including but not limited to:

- ▶ revocation of all measures of assistance to the economy to protect against the rise in prices of energy products adopted for the period 1.10.2022 - 31.3.2023.;
- ▶ macroeconomic developments in the Republic of Croatia and in the emitting markets, which include changes in the exchange rate and price of goods and services, deflation and inflation, unemployment, trends in gross domestic product and industrial production and other developments that directly and indirectly affect the purchasing power of Valamar Riviera guests;
- ▶ economic, security and political conditions and movements and events in the capital markets in the Republic of Croatia and the source markets of Valamar Riviera;
- ▶ the level of consumption and disposable income of guests and the trust and satisfaction of guests with the products and services of Valamar Riviera;
- ▶ movement of the number of nights, booking trend and movement of average sales prices of accommodation units in Valamar Riviera properties;
- ▶ changes in market interest rates, changes in the price of equity securities and other financial risks to which Valamar Riviera is exposed;

- ▶ the availability and cost of labor and the costs of transport, energy, utility costs, selling prices of fuel and other goods and services, as well as disruptions in the supply chain;
- ▶ changes in accounting policies and findings of the audit of financial statements, as well as findings of tax and other business supervision;
- ▶ The outcomes and costs of legal proceedings to which Valamar Riviera is a party;
- ▶ loss of competitiveness and reduced demand for products and services of Croatian tourism and Valamar Riviera under the influence of weather conditions and seasonal trends;
- ▶ reliability of IT business solutions and cyber security of Valamar Riviera business and related costs;
- ▶ changes in tax and other regulations and laws, trade restrictions and customs rates;
- ▶ natural disasters, environmental risks, epidemics and pandemics of diseases;
- ▶ regional and global geopolitical uncertainties and war conflicts.

In the event of material changes to the stated expectations, Valamar Riviera shall, in accordance with Article 459 Of the Capital Market Act, inform the public without delay. Expectations expressed do not constitute an inducement to buy, sell or retain shares in Valamar Riviera.



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