

On 20 November 2020, pursuant to Article 277, paragraph 2 of the Companies Act, and Articles 17 and 27 of the Articles of Association of SHIPYARD VIKTOR LENAC d.d., Rijeka, Martinšćica bb, the Management Board of the Company makes a decision on convoking an

EXTRAORDINARY GENERAL ASSEMBLY

of SHIPYARD VIKTOR LENAC d.d. (hereinafter referred to as the Company), which shall be held on 22 December 2020, starting at 1 pm, in the premises of the Company headquarters (Conference hall), Rijeka, Martinšćica bb.

I AGENDA

1. Opening of the General Assembly meeting and determination of the quorum, compiling the list of present and represented shareholders
2. Decision on supplementing the list of the Company's activities
3. Decision on changes and amendments to the Company's Articles of Association
4. Decision on adoption of the Remuneration policy for members of the Management Board
5. Decision on remuneration of the Supervisory Board members
6. Decision on appointment of new external auditor of the Company for 2020

II PROPOSED DECISIONS

Ad. 2.

Decision on supplementing the list of the Company's activities

The list of the Company's activities shall be supplemented by the following activities:

- * Preparing and serving food and beverages and providing accommodation services
- * Preparing meals and beverages to be taken away for consumption elsewhere, with or without serving (onboard a transport means, at events, etc.) and supply of catering services
- * Dismantling of ships and other types of vessels

Ad 3.

Decision on changes and amendments to the Company's Articles of Association

Article 1

Provisions of the Company's Articles of Association dated 14 September 2016, the text of which is stored in the collection of documents of the Court Register of the Commercial Court in Rijeka, are completely repealed and a completely new text of the Company's Articles of Association shall be adopted, which reads as follows:

**ARTICLES OF ASSOCIATION
OF
SHIPYARD VIKTOR LENAC JSC
Rijeka**

Rijeka, December 2020

**ARTICLES OF ASSOCIATION
OF
SHIPYARD VIKTOR LENAC JSC
RIJEKA**

I INTRODUCTORY PROVISIONS

Article 1

- (1) Viktor Lenac Shipyard was founded as a joint stock company and entered into the Register of the Commercial Court of Rijeka under the Company Registration Number 040000358.
- (2) Company ID Number is 27531244647.
- (3) Company Register Number 03333710.

Article 2

- (1) The Articles of Association shall define:
 - Company Name;
 - Headquarters;
 - Scope of Business;
 - Internal Organization of Company;
 - Duration and Closure of Company;
 - Corporate Disclosure;
 - Share Capital;
 - Company Shares;
 - Rights and Obligations of a Shareholder;
 - Corporate Bodies;
 - Increase of Share Capital;
 - Audit;
 - Business Ledgers and Reports;
 - Profit and Dividend;
 - Confidentiality;
 - Transitional and Closing Provisions.

II COMPANY NAME

Article 3

- (1) The Company has been established and shall operate under the name BRODOGRADILIŠTE VIKTOR LENAC dioničko društvo.
- (2) The abbreviated name of the Company shall be BRODOGRADILIŠTE VIKTOR LENAC d.d.
- (3) The name of the Company translated into the English language shall be SHIPYARD VIKTOR LENAC JSC.

III HEADQUARTERS

Article 4

- (1) The headquarters of the Company shall be in Rijeka at Martinšćica bb.
- (2) Decision on changing the headquarters of the Company shall be made by the Company General Assembly.
- (3) Decision on changing the headquarters address of the Company shall be made by the Company Management Board with the consent of the Supervisory board.

IV SCOPE OF BUSINESS

Article 5

- (1) The Company has been registered to do the following activities:

- * Building and repair of vessels and boats;
- * Production of civil construction joinery and elements;
- * Production of wooden packing;
- * Production of other wooden products;
- * Production of plastic products;
- * Production of metal constructions;
- * Production of tanks, reservoirs and similar metal vessels;
- * Treatment and coating of metal;
- * General mechanical works;
- * Transport of goods (cargo) by roads;
- * Loading/unloading of cargo in ports;
- * Stocking of goods;
- * Services in maritime traffic;
- * Other traffic agencies activities;
- * Accounting;
- * Renting of automobiles;
- * Renting of vessels;
- * Renting of office machines and equipment, including computers;
- * Renting of other machines and equipment;
- * Production of machinery and industrial plant drawings;
- * Engineering, project management and technical activities;
- * Development and execution of projects in construction, electrical engineering, electronics, mining, chemistry, mechanics and industry;
- * Development of investment and technology documentation, and technical supervision;
- * Technical testing and analysis;
- * Safekeeping of vessels;
- * Maintenance and repairs of:
 - engines and turbines, except engines for airplanes and motor vehicles

- pumps and compressors
- taps and valves
- bearings, transmission gear, transmission and propulsion elements
- lifting and transporting devices
- electric motors, generators and transformers
- equipment for distribution and control of electric power
- electric equipment for motors and vehicles
- * Stone excavation;
- * Extraction of gravel and sand;
- * Production of concrete, plaster (gypsum) and artificial stone products;
- * Manufacturing of lifting and transport equipment;
- * Renting of machinery and equipment for building or demolition including operator;
- * Maritime and coastal transport;
- * Acceptance and transport of solid waste and grey waters from vessel afloat and liquid/solid waste that caused marine pollution;
- * Consulting and supporting companies in terms of planning, organization, efficiency and control, management information etc.;
- * Design, building, usage and removal of buildings, reconstruction, maintenance and supervision of buildings;
- * Installation and final works in construction;
- * Purchase and sales of goods, trading business in domestic and foreign markets;
- * Traffic and usage of hazardous chemicals;
- * Export and import of military goods and non-military explosive materials;
- * Services relating to military goods;
- * Repairs of arms and military equipment;
- * Installation, connection, renewal, repairs, remodelling, inspection and maintenance of electrical and non-electrical devices associated with Ex products;
- * Project management and consultancy in spaces exposed to hazards of explosive atmospheres;
- * Waste management;
- * Other waste treatment activities;
- * Consultancy in business and management;
- * Repairs and renewal of equipment and machinery, painting, cleaning of ships;
- * Towing and pushing of vessel and other maritime navigation maneuvers;
- * Shipping agency activities;
- * Repairs and maintenance of industrial equipment;
- * Welding, steel carpentry, lathe machining and installation works;
- * Organization, acceptance, temporary storage and treatment of accumulated ship waste;
- * Organization and carrying out of bunkering for the ships in the Shipyard's port;
- * Organization of hazardous matters handling in the Shipyard's port;
- * Building, repairs and maintenance of offshore vessels;

- * Conversion of ships;
 - * Training for fire protection and occupational health and safety
 - * Preparing and serving food and beverages and providing accommodation services
 - * Preparing meals and beverages to be taken away for consumption elsewhere, with or without serving (onboard a transport means, at events, etc.) and supply of catering services
 - * Dismantling of ships and other types of vessels
- (2) The Company may, without registering in the court register, to a lesser extent or occasionally, engage in other activities which are supplementary to the activities registered in the court registrar and which are commonly carried out along with such activities.
 - (3) The Company may, based on a decision adopted by the Management Board, previously approved by the Supervisory Board, establish or acquire new companies, branch offices, sales outlets and representative offices in the country and abroad.

V INTERNAL ORGANIZATION OF COMPANY

Article 6

- (1) Internal organization of the Company, organization of work processes and activities, duties and tasks, and other organizational issues shall be defined by the Regulation on principles for internal organization and systematization of work positions.

VI DURATION AND CLOSURE OF COMPANY

Article 7

- (1) The Company has been established for an unlimited period of time.
- (2) The Company may be dissolved as stipulated by these Articles of Association and law.

VII CORPORATE DISCLOSURE

Article 8

- (1) Corporate information and communiques shall be published according to current legislation.

VIII SHARE CAPITAL

Article 9

- (1) The share capital of the Company amounts to HRK 168,132,470.00 (onehundred sixtyeightmilliononehundredthirtytwothousandfourhundredseventy HRK).
- (2) The share capital of the Company was raised by paying up issued shares in cash or in goods or rights.

IX INCREASE OF SHARE CAPITAL

Article 10

- (1) The share capital of the Company can be increased by issuing new shares, and by paying up issued shares in cash or in goods or rights. The share capital can be increased from the Company's assets by converting capital gains, reserves and retained earnings into share capital of the Company.

Article 11

- (1) The decision to increase the share capital is made by the General Assembly with votes

representing more than 75% of the share capital represented at the General Assembly when making a decision.

X COMPANY SHARES

Article 12

- (1) The share capital of the Company is divided into 16,813,247 B-ordinary registered shares, each having a nominal amount of HRK 10.00.
- (2) Registered shares shall be issued in an intangible form in accordance with securities laws.

XI RIGHTS AND OBLIGATIONS OF A SHAREHOLDER

Article 13

- (1) Each voting share shall entitle the shareholder to vote at the Company General Assembly, share the Company profits, be kept informed on the Company business to the extent necessary to consider matters on the agenda of the General Assembly and other rights as stipulated by these Articles of Association and law.
- (2) Fair and equal treatment of all shareholders is a fundamental right of shareholders.

Article 14

- (1) Rights and obligations of a shareholder towards the Company and other shareholders under forms of shares in accordance with these Articles of Association and laws shall only be recognized to the shareholder registered as such within the depository of the Central Depository & Clearing Company Inc.

Article 15

- (1) Shareholder voting rights equate to one vote per share owned unless the decision to issue shares or the law provides otherwise.

XII CORPORATE BODIES

Article 16

- (1) Corporate bodies shall be the Management Board, the Supervisory Board, and the General Assembly.
- (2) All members of the Company's bodies shall exercise their rights and obligations in the best interest of the Company.

MANAGEMENT BOARD

Article 17

- (1) The Management Board shall consist of up to three (3) Members.
- (2) The Management Board shall consist of the President and up to two (2) Members.
- (3) Management Board President or Member shall be appointed and revoked by the Supervisory Board. The term of office may last up to five (5) years and the same persons may be reappointed to the Management Board. The Supervisory Board may conduct an open competition procedure that shall precede the adoption of the Decision on appointment. In these cases, the Supervisory Board makes a special decision on the implementation of the competition procedure.
- (4) Only a person who has at least a university degree and who offers an appropriate business and development program of the Company may be appointed President or Member of the Management Board.

- (5) Supervisory Board may revoke its decision on appointing President or Member of the Management board when there is an important reason for it. An important reason is considered to be a severe breach of duty, inability to perform duties or a vote of no confidence at the General Assembly of the Company, unless it was done for obviously unfounded reasons. The revocation is valid until its invalidity is determined by a court decision. The revocation of a Member or the President of the Management Board does not affect the provisions of the employment contract concluded with the Company.
- (6) President, as appointed by the Supervisory Board, is the first person of the Management Board and the Company, and in that sense coordinates the entire business of the Company.
- (7) President chairs the meetings of the Management Board, coordinates the functions in the Company and submits Reports to the Supervisory Board and the General Assembly on behalf of the Management Board.
- (8) Company shall be represented by the President and Members of the Management Board independently and individually.
- (9) Management Board may authorize a Company employee or another person in writing to represent the Company.
- (10) More details on the management of the Company, the scope of work of the President and individual members of the Management Board and their responsibilities, signing, etc., are regulated by the Rules of Procedure of the Management Board adopted by the Supervisory Board.
- (11) Supervisory Board of the Company concludes individual employment contracts with the President and Members of the Management Board, which shall regulate their rights and obligations.

Article 18

- (1) Management Board shall conduct the Company business at their own responsibility through distribution of work and collective management.
- (2) Members of the Management Board shall run the Company business with due diligence.
- (3) Management Board shall be independent and responsible in running business and free in its creation.
- (4) Management Board shall make decisions at its own discretion, and in the interest of the Company.
- (5) Management Board shall perform all activities of the Company if they do not fall within the scope of other bodies by law or the Articles of Association.
- (6) Business management of the Company means making decisions in order to realize the business vision, plans and work programs, activities arising from the common goal as well as acting within the Company and in its favor and to protect the Company's share in affiliated companies.
- (7) Management Board shall run the Company business in a way that ensures due performance of all activities and professional duties within the functions, up to the lowest forms of organization.
- (8) In accordance with the Rules of Procedure or a special decision, the Management Board of the Company may delegate some authorizations from its scope to the President of the Management Board or to any of the Members of the Management Board.

Article 19

- (1) Members of the Management Board shall collectively:
 - Establish Company business policy rules and undertake business initiative;
 - Propose to the General Assembly the development program of the Company and take measures for its implementation;
 - Develop and implement Company strategies and business plans;
 - Manage Company activities and resources;
 - Implement Company values and ethics;

- Select and appoint members of senior management;
 - Implement an effective risk management and internal control system;
 - Maintain constructive relations with all shareholders;
 - Adopt Company acts;
 - Convene General Assembly meetings;
 - Establish, plan and coordinate Company business functions;
 - Draw up Company annual financial statements;
 - Execute decisions made by the General Assembly and Supervisory Board;
 - Perform other tasks, if by law, the Articles of Association or the Rules of Procedure of the Management Board they are not within the scope of the President and other bodies of the Company.
- (2) Management Board decisions are made by majority of votes of the present members.
- (3) In the event of a tie, the President shall have the casting vote.
- (4) Management Board and its members must conscientiously and truthfully report to the Supervisory Board of the Company, at least once a year, on the following issues:
- Business policy and other principal issues in respect of the future business management at least once a year;
 - Business profitability, and especially the profitability of the use of equity, as part of the annual financial statements;
 - Course of business and the state of the Company, at least quarterly;
 - Activities that could be of great importance for the profitability of operations, the profitability of the use of equity and for the solvency of the Company;
 - Issues related to the Company's operations whenever requested by the Supervisory Board;
 - Evaluation of own efficiency;
 - Business results of associated companies over which the Company has a dominant influence or the return on capital invested in those companies, at least once a year.
- (5) Management Board or its members may undertake the following tasks only with the prior consent of the Supervisory Board:
- Alienation, acquiring or burdening of real estate;
 - Leasing or renting real estate of value exceeding 5% of the equity;
 - Building of new business facilities;
 - Alienation and acquiring of bonds and issuing bonds;
 - Issuing guarantees except when guaranteeing for a dependent company liability or related to normal operations;
 - Taking loans and credits of individual value exceeding EUR 500,000 other than normal operations;
 - Conclusion of other legal transactions whose value exceeds 15% of the value of the share capital or which are concluded for a period longer than 5 years and are not related to normal operations of the Company.
- (6) In the case of activities referred to in the previous paragraph, indents 1 and 3, in a value exceeding 25% of the Company's assets, the Management Board may undertake such activities only with the prior consent of the General Assembly.

- (7) The Management Board does not need further consent of the Supervisory Board to take legal action and enter into transactions that implement the decision with which the Supervisory Board agreed in accordance with the provisions of these Articles of Association.

SUPERVISORY BOARD

Article 20

- (1) The Company's Supervisory Board shall be composed of five (5) members of which four (4) are elected by the Company General Assembly.
- (2) Workers' representative in the Supervisory board shall be elected as provided by law and shall be employed in the Company.

Article 21

- (1) Members of the Supervisory Board may not, for their own account or for the account of a third party, perform activities that compete with the Company. A member of the Supervisory Board who, for his/her own account or for the account of a third party, has an interest in a certain business deal that could be contrary to the interest of the Company, shall inform other members of the Supervisory Board without delay and abstain from voting on this issue. In the event that he/she violates such an obligation, such a member of the Supervisory Board shall be liable for damage caused to the Company. For the avoidance of any doubt, participation or engagement of any member of the Supervisor Board in any affiliated entity of the Company (including, but not limited to as a member of a corporate body, official, employee or shareholder or member of such entity) shall not be considered as breach of this clause. This provision shall not apply to a member of the Supervisory Board appointed by a particular shareholder who has thus acted for the account and on behalf of a company owned by such shareholder or for the account and on behalf of a company controlled by such shareholder.
- (2) At least one member of the Supervisory Board must be an expert in the field of accounting or auditing financial statements.

Article 22

- (1) The term of office of the members of the Supervisory board shall be for a maximum of four (4) years and they can be reelected.

Article 23

- (1) At the constituent meeting of the Supervisory Board elected at the General Assembly, the members of the Supervisory Board shall elect the President of the Supervisory Board and the Vice-President of the Supervisory Board by a majority vote.

Article 24

- (1) Supervisory Board of the Company shall be responsible to supervise the Company's business management and performance.
- (2) In particular, the Supervisory Board shall perform these tasks:
 - Appointing and revoking members of the Management Board;
 - Supervising the Company's business management and performance;
 - Convoking General Assembly meetings as required;
 - Submitting reports on supervision of the Company's business management and performance to the General Assembly;
 - Examining plans, programs of work, and Company's general acts, taking part in developing annual financial statements except for those in domain of the General Assembly;
 - Representing the Company towards the Management Board;
 - Giving prior approval for carrying out transactions between members of the Management Board or the Supervisory Board and the Company (or persons related to any party);

- Establishing its committees;
- Approving decisions made by the Management Board when it is prescribed by law and these Articles of Association relating to:
 - Alienation, acquiring or burdening of real estate;
 - Leasing or renting real estate of value exceeding 5% of the equity;
 - Building of new business facilities;
 - Alienation and acquiring of bonds and issuing bonds;
 - Issuing guarantees except when guaranteeing for a dependent company liability or related to normal operations;
 - Taking loans and credits of individual value exceeding EUR 500,000 other than normal operations;
 - Conclusion of other legal transactions whose value exceeds 15% of the value of the share capital or which are concluded for a period longer than 5 years and are not related to normal operations of the Company.
- Adopting the Rules of Procedure for the Supervisory Board, if it determines that it is purposeful;
- Appointing and revoking members of its committees that shall be granted access to all information, classified information included;
- Performing other tasks explicitly entrusted to it by law or these Articles of Association.

Article 25

- (1) Each Supervisory Board member can cast one (1) vote.
- (2) The Supervisory Board shall make its decisions, if a majority of all members are present, by a simple majority of votes of the members present.
- (3) The Supervisory Board shall make its decisions at the meetings of the Supervisory Board.
- (4) The Supervisory Board may make decisions without holding a meeting, by correspondence, if none of the members of the Supervisory Board requests a meeting.
- (5) The decision of the Supervisory Board shall be considered passed even if the absent member of the Supervisory Board voted for it and informed the Supervisory Board of his / her vote by submitting a credible statement.
- (6) The decision of the Supervisory Board adopted in the manner described in paragraphs 4 and 5 of this Article shall be made in writing, and must be confirmed at the next meeting of the Supervisory Board.

Article 26

- (1) General Assembly may, at any time, without stating reasons thereof, revoke any member of the Supervisory Board.

Article 27

- (1) General Assembly shall decide on the right of the Supervisory Board members to remuneration for their work in the Supervisory Board and the amount of such remuneration.

GENERAL ASSEMBLY OF THE COMPANY

Article 28

- (1) The General Assembly of the Company meets at least once a year and within eight months from the end of the previous business year (regular General Assembly). It shall be convened whenever the interests of the Company so require or when the conditions prescribed by law are met (extraordinary General Assembly).
- (2) As a rule, the General Assembly of the Company is convened by the Management Board. The General Assembly may also be convened by the Supervisory Board whenever it deems it necessary to protect the interests of the Company.
- (3) The General Assembly shall be convened and announced at least 30 (thirty) days before the expiration of the deadline for registration of participation in the General Assembly, provided that the day of announcement is not counted within that deadline.
- (4) The invitation for the General Assembly is published according to the law.
- (5) A shareholder is a person owning shares in the Company, which are registered to his / her dematerialized securities account, kept in the computer system of a legal entity authorized by law to keep an account, on the last day of the application deadline for participation in the General Assembly.
- (6) The power of attorney for representation at the General Assembly of the Company must be given in writing. The power of attorney must contain an indication of the proxy, an indication of the shareholder issuing the power of attorney, the number of shares, the authorization to participate and vote on behalf of the shareholder and the day of issuance.

Article 29

- (1) The General Assembly of the Company is held, as a rule, at the headquarters of the Company.
- (2) The General Assembly of the Company may also be held outside the seat of the Company, in a place suitable for that purpose, if so decided by the Management Board with the prior consent of the Supervisory Board.

Article 30

- (1) Shareholders participate in the General Assembly in person or by proxy.
- (2) A shareholder who intends to participate and exercise his / her rights at the General Assembly shall:
 - Register his / her participation in the General Assembly in writing (including by e-mail), whereby the application must be delivered to the Company no later than six days before the day of the General Assembly, where the day of receipt of the application to the Company is not included;
 - Be entered in the register of shares of the Central Depository and Clearing Company as of the last day for application for participation in the General Assembly.
- (3) Management Board may decide to allow shareholders to participate in the General Assembly remotely or to vote in writing or by electronic communication when they do not participate in the General Assembly, under the conditions prescribed by law.

Article 31

- (1) The General Meeting may make valid decisions if the shareholders or their proxies who together hold shares that give more than half of all votes in the General Meeting of the Company (quorum)
 - participate in its work.
- (2) If there is no quorum in terms of the provisions of paragraph 1 of this Article thirty (30) minutes after the expiration of the time specified in the invitation to start the General Assembly, the President of the General Assembly shall adjourn the meeting, and a rescheduled meeting with the same agenda shall be held on the day determined by the invitation by the person who convened the meeting of the General Assembly.

- (3) A rescheduled meeting of the General Assembly may be held no earlier than seven, and no later than fifteen days from the day when the meeting at which there was no quorum was to be held. If there is no quorum at the rescheduled meeting in terms of the provision of paragraph 1 of this Article, decisions shall be made at that meeting by a majority of the votes represented at the meeting, regardless of the fact that no quorum has been reached.
- (4) If all shareholders participate in or are represented at the General Assembly, the General Assembly may make decisions even though it has not been convened in accordance with the provisions of the Companies Act, if no shareholder objects to the decisions.

Article 32

- (1) The manner in which the General Assembly works is regulated in more detail by the Articles of Association and the law. The General Assembly may, for the purpose of detailed regulation of the rules of procedure, adopt the Rules of Procedure of the General Assembly.
- (2) The General Assembly shall be presided by the General Assembly President. The General Assembly President is appointed by the Supervisory Board.
- (3) The General Assembly President may be appointed to the office without limitations as to the number of terms.
- (4) The General Assembly President shall:
 - chair the meetings of the General Assembly, determine the order of discussion on individual items on the agenda, decide on the order of voting on individual proposals and on the manner of voting on individual decisions;
 - sign the Minutes and Decisions of the General Assembly;
 - communicate with other Company's bodies and with third parties on behalf of the General Assembly, as provided for by law and these Articles;
 - communicate with other Company bodies and third parties on behalf of the General Assembly when provided by law and these Articles of Association.
- (5) The Supervisory Board may also appoint the Vice President of the General Assembly.
- (6) The Vice President of the General Assembly shall replace the President in the event of his/her justified absence. If the President of the General Assembly for any reason ceases to hold office before the expiration of his/her term, the Vice President of the General Assembly shall become President until the expiration of the term of the originally appointed President, and the General Assembly shall appoint a new Vice President.
- (7) The President and Vice President of the General Assembly are entitled to a remuneration for their work, which is determined by a decision of the Supervisory Board of the Company.

Article 33

- (1) The working language of the General Assembly is Croatian. Simultaneous translation into English shall be provided for representatives of foreign shareholders, and such a representative has the right to bring his/her own translator and advisor to the meeting. Minutes from the meeting shall be made in Croatian, and in case of participation in the General Assembly of foreign shareholders, in English.

Articles 34

- (1) Voting at the General Assembly shall be cast in an open voting.

Article 35

- (1) Decisions at the General Assembly are made by a majority of more than 50% of all the actual votes cast by the Shareholders present (ordinary majority), unless the law or the Articles of Association provide for a larger majority and / or special conditions.
- (2) The following decisions are considered adopted if they are voted for by members of the General Assembly who together have at least seventy-five (75)% of the votes represented at the General

Assembly (qualified majority):

- Increasing and decreasing the share capital of the Company;
- Issuance of new shares, type and classes of shares and their nominal values;
- Status changes of the Company (merger or acquisition with other companies);
- Dissolution or liquidation of the Company;
- Adoption, changes and amendments of the Articles of Association;
- Revocation of a member of the Supervisory Board before expiry of his/her term;
- Other issues provided by the Articles of Association, law or a special decision of the General Assembly of the Company.

Article 36

- (1) When voting on a decision on granting an individual shareholder or shareholders discharge, or release of obligations or deciding on a claim the Company has against the shareholder(s), that shareholder / shareholders may not vote for that decision.

Article 37

- (1) Each shareholder shall bear the costs incurred due to his/her participation in the General Assembly meetings, and the costs of preparation and holding of the General Assembly meetings shall be borne by the Company.

XIII AUDIT

Article 38

- (1) Following the proposal made by the Supervisory Board, the General Assembly shall appoint an independent audit company to perform audit work.
- (2) The auditing firm shall report to the Supervisory Board.

XIV BUSINESS LEDGERS AND REPORTS

Article 39

- (1) The Management Board of the Company is obliged to ensure the keeping of business ledgers in accordance with the law.
- (2) The Company shall keep business records as prescribed by the law.
- (3) Based on the business ledgers, the Management Board of the Company draws up annual financial statements and reports on the Company's business performance.
- (4) These statements and reports shall be submitted to the Supervisory Board, before deadline for submission to relevant institutions, in order to obtain approval, along with the proposal for allocation of profit or coverage of loss. It is by obtaining the Supervisory Board's approval that annual financial statements are considered approved by the Management and Supervisory Board.
- (5) The annual financial statements, the Management Board's report on Company's business performance, the Supervisory Board's report and the Management Board's proposal for allocation of profit or coverage of loss, shall be disclosed within the deadlines prescribed by the laws and general acts of the Company.

XV PROFIT AND DIVIDEND

Article 40

- (1) Profit of the Company for each business year is determined as prescribed by law. The business year shall be considered a calendar year.
- (2) During the business year, the Management Board of the Company is authorized to pay an advance to the shareholders in the name of dividends from the foreseeable part of the net profit. Such payment requires the consent of the Supervisory Board.
- (3) The expenses of dividend payment shall be borne by the Company.

XVI CONFIDENTIALITY

Article 41

- (1) Business secret means documents and data related to the Company's operations or the work of employees whose disclosure to unauthorized persons would be contrary to the interests of the Company.
- (2) Business secret in particular means the following: research results, documents and data on activities in commercial operations and relations, relations with business partners and clients and the amount of salary of an individual employee.
- (3) Business secret shall also include documents and data declared as business secret by a competent body of the Company, those communicated to the Company as confidential by any body, bids and applications for tenders until the announcement of the tender results, and technical-technological documentation referring to technological knowledge and commercial issues.

Article 42

- (1) Shareholders of the Company, members of the Company's bodies and Company's employees who become aware of the content of documents or data that are considered a business secret of the Company, are obliged to keep the business secret of the Company. Any violation of this duty creates on the part of these persons liability for damage suffered by the Company due to the disclosure of business secrets.
- (2) The obligation to keep a business secret shall not discontinue even after the mentioned persons lose the status based on which they have been liable to keep business secret of the Company.
- (3) The Management Board may, by special by-laws, determine which data shall be considered business secret, procedures for protecting business secret and other issues relevant for protecting the secrecy of data of the Company.
- (4) Disclosure of business secret shall be deemed as a justified reason for regular termination of employment contract due to breach of employment obligations.

XVII TRANSITIONAL AND CLOSING PROVISIONS

Article 43

- (1) The Company's Articles of Association shall come into force on the day of their entry into the Court Register and shall be published on the official website of the Company.
- (2) The provisions of Paragraph 1 of this Article shall apply to any and all subsequent changes and amendments of these Articles.
- (3) Changes and amendments to the Articles of Association shall be adopted by a qualified majority of 75% of votes present at the General Assembly at which the decision is made.

Article 44

- (1) If any of the provisions of these Articles of Association is null and void or otherwise contrary to law, it shall not affect the validity of other provisions, and instead of such a provision the Company shall directly apply the decision prescribed by law until the next General Assembly replaces this provision with a legal and valid one that reflects the true will and interest of the shareholders.

Article 45

- (1) With the entry into force of the provisions of these Articles of Association, the fully consolidated text of the Articles of Association of 14 September 2016 is replaced.

Article 46

- (1) The original of the Articles of Association is considered to be the text of the Articles of Association that has been duly adopted by the General Assembly of the Company, all pages of which are initialed by the President of the General Assembly and signed.
- (2) By signing the Articles of Association, the President of the General Assembly of the Company confirms that the Articles of Association were adopted in accordance with the prescribed procedure in the text signed by the President.

President of the General Assembly

Article 2

This Decision shall enter into force on the day of its entry in the Court Register of the Commercial Court in Rijeka.

Ad 4.

DECISION

The Remuneration Policy for members of the Management Board is hereby approved, which had been drafted by the Supervisory Board of the Shipyard Viktor Lenac d.d. at its 6th meeting held on 19 September 2020, pursuant to Article 247a of the Companies Act and the provisions of item 50 of the Corporate Governance Code, which reads as follows:

REMUNERATION POLICY

I Remuneration policy objectives and their alignment with Company's business strategy and long-term development

This policy establishes a system of remuneration of members of the Management Board in order to ensure the implementation of established policies and procedures, built on transparency, for determining remuneration of members of the Management Board, where their interests are aligned with long-term interests and successful implementation of the business strategy of the Shipyard Viktor Lenac d.d. set on the ethical standards (hereinafter referred to as the Company).

The Company is the largest shiprepair yard in the Republic of Croatia and one of the most important shipyards in the Mediterranean. The Company's operations in terms of revenue size and structure are most affected by global trends in the global maritime market and consequently the demand for shiprepair services, with competing shipyards in the environment of major Mediterranean maritime routes, where the Company has the least favourable geographical location. The Company plays an important economic role as it uses mostly domestic resources for its labour-intensive production activities, thus creating new value for shareholders and workers, taking care of sustainable development and the local community, while respecting and promoting core values in business relations and corporate culture. The Remuneration policy reflects fundamental values of the Company, encourages the Company's development and responsible decision-making and rewards efficiency and business results, especially in a global environment where the Company constantly needs to find new ways to adapt to increasingly competitive market. At the same time, the Remuneration policy provides members of the Management Board with security and stability in decision-making by discouraging them from taking unnecessary risks, or encouraging long-term prudent risk-taking that is in line with the Company's business strategy and long-term sustainable development.

II Remuneration structure

The Company seeks to achieve a balance between monetary and non-monetary fixed and variable rewards for members of the Management Board, deriving from the Company's values and strategies. Remuneration is composed of fixed and/or variable part, subject to the decision of the Supervisory Board.

In determining the amount and type of remuneration of members of the Management Board, the Company took into account level of salaries and status of its employees and subcontractors' workers that the Company normally engages in its activities, the specifics of the Company's business and position in the domestic and international environment as well as amount of remuneration that management boards of similar entities in a competitive environment tend to receive.

Fixed remuneration is determined based on the range of tasks performed by the member (s) of the Management Board, their expertise and education, competence and organizational and legal responsibility arising from their position.

Variable remuneration is based on performance indicators and other criteria in exceptional cases. Variable remuneration provides an incentive for long-term prudent risk-taking and good risk management.

Fixed remuneration

Fixed remuneration ensures balance between responsibilities, knowledge, skills, and experience, and encourages better performance in terms of goals, results, development and competencies of the organization and its adaptation to market conditions.

Fixed remuneration of members of the Management Board ensures that the Management Board does not undertake high-risk activities, to protect the tangible and intangible assets of the Company.

Fixed remuneration (basic salary) of members of the Management Board is determined in monthly gross amount. The basic salary includes a flat-rate compensation for working outside working hours, vacation days, paid leave, and public holidays. Members of the Management Board are not entitled to a special compensation or salary increase for overtime work or redistribution of working hours, as well as allowances as defined by the Collective Agreement. In addition, members of the Management Board are not entitled to rewards and / or remuneration for work in the bodies of the Group. All the allowances, rewards and compensations are included in the basic salary.

Fixed remuneration (basic salary) of members of the Management Board is also determined based on the responsibilities of members of the Management Board depending on the number of members of the Management Board during their term of office and the distribution of legal responsibility among members of the Management Board. For the members of the Management board that have the right to fixed and variable remuneration, share of fixed remuneration in the total remuneration will be no lower than 50%.

Variable cash remuneration

If the respective member of the Management Board member is entitled to variable remuneration in accordance with the decision of the Supervisory Board, variable remuneration is a bonus that can be paid to a member of the Management Board for results achieved in the business year. Performance of each member of the Management Board is determined in accordance with the achievement of financial and non-financial goals of the Company and/or Group arising from the long-term business strategy, and are set generally for a period of one business year.

The amount of variable remuneration shall be dependent on achievement of financial goals of the Company, as well as on achievement of non-financial goals. Methods for determining the achievement of financial goals are established by the Supervisory Board in accordance with the indicators from the audited annual financial reports of the Company, while the method of determining of achievement of non-financial goals is the evaluation of the Supervisory Board. Supervisory Board is entitled to discretionary decision on adjustment of the total amount of variable remuneration.

Depending on the trends in the world maritime market, the criteria for achieving variable remuneration of members of the Management Board may be supplemented or amended for each business year, by the end of the respective business year at the latest, and that is the responsibility of the Company's Supervisory Board.

Members of the Management Board are entitled to variable remuneration for the previous business year when the audited financial statements for the previous business year are approved by the Supervisory Board. Variable remuneration is paid in cash, by the end of June for the previous business year. The Company has no right to demand from the members of the Management Board to return any variable remuneration paid in cash.

For the members of the Management board that have the right to fixed and variable remuneration, share of variable remuneration in the total remuneration will be no greater than 50%.

Variable remuneration paid out in Company's shares

The Supervisory Board may, depending on business results evaluated in relation to global trends and assessment of the contribution of a member of the Management Board, grant a member of the Management Board shares of the Company.

Distribution of shares contributes to the orientation of the member of the Management Board towards adequate balance between short-term and long-term goals of the Company.

The shares are distributed to the members of the Management Board in accordance with a special decision of the Supervisory Board by the end of August of the current business year for the previous business year.

Members of the Management Board may not sell, donate, pledge or otherwise dispose of the granted shares for the entire duration of their term of office and at least two years upon receipt.

In case of termination of the term of office of a member of the Management Board before the expiration of regular term, and in case of violation of the contract of a member of the Management Board or at the request of a member of the Management Board, the Company has the right to demand return of shares.

Other benefits in money, rights and things

Members of the Management Board can be entitled to other benefits and rewards in accordance with the applicable regulations of the Company, if the purpose of such remuneration is not already approved to members of the Management Board through their managerial contracts (collective or individual insurance, medical examinations, occasional non-taxable payments and similar non-taxable remunerations in accordance with Labour Regulations and / or the Collective Agreement).

The Supervisory Board may, by contract or decision, make a Company vehicle available to a member of the Management Board for use 24 hours a day, otherwise the member of the Management Board is

entitled to non-taxable reimbursement of home to work travel expenses in accordance with the managerial contract and applicable regulations.

Taxes and contributions

For all taxable payments, the Company shall, in addition to the remuneration, pay all related taxes and contributions in accordance with legal provisions governing personal income.

III Duration of managerial contract

Duration of managerial contract is determined by length of period for which the member of the Management Board is elected. The contract terminates upon the expiration of the period for which it was concluded, with the resignation of a member of the Management Board, revocation, termination or fulfilment of retirement eligibility requirements.

IV Severance pay

If the Supervisory Board recalls a member of the Management Board (except in case of dismissal due to misconduct or resignation by a member of the Management Board) or if a member of the Management Board is not offered a new contract or if a member of the Management Board does not accept a new contract, upon expiration of the notice period, the member of the Management Board is entitled to severance pay in the amount stipulated by the managerial contract, whereby the Company shall pay all taxes (income, etc.), contributions and / or similar allowances that may charge such payment.

If a member of the Management Board during the term of the contract, in accordance with the regulations, meets the retirement eligibility requirements, the contract terminates on the day of retirement, and the member of the Management Board is entitled to severance pay in the amount stipulated by the managerial contract.

V Notice period

The notice period for a member of the Management Board shall not be longer than three months, as determined in the managerial contract of each member of the Management Board, and shall apply regardless of whether the member of the Management Board resigns or is dismissed by the Supervisory Board. If the contract is terminated due to misconduct of a member of the Management Board, the Supervisory Board may decide on a shorter notice period.

A member of the Management Board is entitled to a basic salary during the notice period. If the contract is terminated due to misconduct of a member of the Management Board, the member of the Management Board loses the right to a variable part of the salary and severance pay.

VI Remuneration Committee

The Company's Supervisory Board shall establish a Remuneration Committee and Nomination Committee to express a competent and independent opinion on remuneration policies and practices and on incentives established for risk management.

The main responsibilities of the Remuneration Committee are:

- Making recommendations to the Supervisory Board regarding remuneration of members of the Management Board;
- Making suggestions and proposals to the Supervisory Board on development and amendment of the Remuneration policy;
- Reviewing the Remuneration policy and supervising its implementation;
- Reviewing appointment of external advisers that the Supervisory Board may, if necessary, engage for advice or support;
- Providing support to the Supervisory Board by supervising the implementation of the remuneration system on behalf of the Supervisory Board;
- Carefully assessing remuneration mechanisms adopted to ensure that the entire remuneration system is in line with the business strategy, goals, values and interests of the Company;

- Ensuring normal independent review of the Remuneration policy and system by internal audit;
- Considering possible scenarios to examine how the remuneration system would respond to future external and internal events.

VII Conflict of interest and confidentiality

Remuneration policy has been aligned with the business strategies, objectives, values and interests of the Company, shareholders and employees and includes measures to avoid a conflict of interest.

The Company's Management Board shall ensure that the principles and procedures related to remuneration are formulated in such a way that all management decisions are balanced and in the best interests of the Company, shareholders and employees, which is ensured by using risk-adjusted performance indicators that also take into account qualitative criteria such as violation of restrictions stipulated by internal acts and external regulations, innovative procedures and proposals for improving the organization, etc.

Contract of a member of the Management Board shall contain provisions restricting the participation of members of the Management Board, without the Supervisory Board's approval, in other companies, both in membership and in the bodies of other companies, whose activities are related to the Company's core business. A member of the Management Board may, by law or by special authorization of the Supervisory Board, participate in the bodies of subsidiaries or affiliates, in which case he / she is not entitled to remuneration or other fees or rewards.

VIII Deviations from Remuneration policy

The Company may temporarily deviate from any part of its Remuneration policy if it is absolutely necessary for the purpose of achieving the long-term well-being of the Company or due to circumstances that are unpredictable and may significantly affect the Company's business.

Any deviations from the Remuneration policy shall be proposed by the Remuneration Committee and approved by the Supervisory Board.

IX Adoption, implementation and supervision over Remuneration policy

Supervisory board adopts the Remuneration policy which is then approved by the Company's General Assembly.

The Remuneration Committee and the Supervisory Board shall supervise the implementation of the Remuneration policy in such a way that the Remuneration Committee shall submit a report to the Supervisory Board once a year on the supervision over the implementation of the Remuneration policy.

X Remuneration of members of Supervisory Board

General Assembly shall decide on the right of the Supervisory Board members to remuneration for their work in the Supervisory Board and the potential amount of such remuneration, by a special decision. The Company shall perform all obligations related to the calculation and payment of the net amount and all relevant contributions, taxes and surcharges.

Members of the Supervisory Board are remunerated for their work depending on the range of their tasks in the Supervisory Board and subcommittees of the Supervisory Board.

Remuneration for work of members of the Supervisory Board is determined in a lump sum.

XI Final provisions

The Remuneration policy shall enter into force on the day it is approved by the General Assembly of the Company, and shall apply for a period of four years, from 2021 to 2024.

The Remuneration policy, in its main provisions, is in line with the existing contract of a member of the Management Board, which expires on April 30, 2021 and shall apply until the appointment of the Management Board for a new term of office.

The decision of the General Assembly and the Remuneration policy are published on the Company's website and shall apply from the date of adoption.

President of the Supervisory Board

Ad 5.

Decision on remuneration of the Supervisory Board members

Members of the Supervisory Board are assigned a monthly fee for membership in the Supervisory Board in the net amount of HRK 1,500, and the President of the Supervisory Board in the net amount of HRK 2,250.

Ad 6.

Decision on appointment of new external auditor of the Company for 2020

A new external auditor of the Company for 2020 is hereby appointed:

IRIS NOVA, d.o.o., Rijeka, Fiorella La Guardia 13.

IV INVITATION TO SHAREHOLDERS

1. Right to participate and vote at the General Assembly

The right to participate and vote at the General Assembly of the Company have shareholders who on the day of the General Assembly (end of the trading day 21 December 2020) are registered as owners of the Company's shares with the Central Depository and Clearing Company d.d. Zagreb (SKDD d.d.).

Shareholders are invited to participate at the General Assembly of the Company, by attending the General Assembly meeting and voting on the proposed items on the agenda, in person or through their proxies.

2. Power of attorney

Shareholders may be represented by attorney on the basis of a written power of attorney, which does not need to be notarized, issued by a shareholder or a person authorized by law to represent the shareholder that is a legal entity.

The power of attorney should contain an indication of the attorney, the shareholder issuing the power of attorney, the total nominal value of shares, the account number

with the Central Depository and Clearing Company d.d., the authority to act and vote on behalf of shareholders at the General Assembly.

The power of attorney is valid for this meeting of the General Assembly or for the repeated meeting, which shall be held in the term below in case of lack of quorum.

The power of attorney form is available on the Company's website www.lenac.hr.

The Company shall provide attorney to those shareholders who for any reason are not able to participate by themselves, without special costs. The list of the Company's attorneys can be found on the Company's website www.lenac.hr.

3. Possibility to supplement the agenda

Shareholders that together hold shares in the amount of one twentieth of the share capital of the Company, after the General Assembly had been convened, may request that an item be placed on the agenda of the General Assembly and published. An explanation must be provided and decision must be proposed with each new item on the agenda. The request for placing a new item on the agenda of the General Assembly must be received by the Company at least 30 days before the day of the General Assembly.

The day of receipt of the request to the Company is not included in that deadline. If the stated deadline is omitted, the proposed item on the agenda shall be deemed as not being validly published and could not be submitted for adoption at the General Assembly.

4. Possibility to submit a counterproposal

Shareholders have the right to put a counterproposal to the submitted proposal for a decision on an item on the agenda. The counter-proposal stating the name and surname of the shareholder or the company of the shareholder, if it is a legal entity, and the explanations shall be communicated to the persons referred to in Article 281, paragraphs 1-3 of the Companies Act, if the shareholder submits such counter-proposal to the Company at least 14 days before the General Assembly meeting at the address specified in this invitation. The day of receipt of the counterproposal to the Company is not included in this period of 14 days. If the shareholder does not exercise this right, it does not result in the loss of the right to submit a counterproposal on the day of the General Assembly meeting.

This also applies to the proposal of shareholders on the election of members of the Supervisory Board or the appointment of the Company's auditor.

5. Materials and notices to shareholders

Materials and notifications for the Extraordinary General Assembly shall be provided by the Company's Management Board to all shareholders at the Company's headquarters

(Management Board Office), in Rijeka, Martinšćica bb, every working day from 1 pm to 3 pm, starting from the day of this invitation.

The invitation for the Extraordinary General Assembly of the Company is published and is available to all shareholders on the Company's website www.lena.hr, the official website of HANFA and the Zagreb Stock Exchange.

If a quorum is not reached at the convened meeting, the repeated meeting, with the same agenda, at the same place, regardless of the existence of a quorum and without a special invitation and announcement, shall be held on 12 January 2021 at 1 pm.

For the timely commencement of the meeting, shareholders or their proxies are kindly requested to register their presence no later than 10 minutes before the beginning of the meeting.

Shipyard Viktor Lenac d.d.
Member of the Management Board
Sandra Uzelac

