



## CODE OF CORPORATE GOVERNANCE ANNUAL QUESTIONNAIRE

GRANOLIO d.d., Budmanijeva 5, 10000 Zagreb, OIB 59064993527
Vladimir Kalčić, 01-6320 216
30.04.2019.

**MAIN COMPANY INFORMATION:**

CONTACT PERSON AND CONTACT PHONE:

DATE OF QUESTIONNAIRE COMPLETE:

All the questions contained in this questionnaire relate to the period of one business year to which the annual financial statements also relate.

If a question in the questionnaire asks for an explanation, it is necessary to explain the answer provided.

All the answers in the questionnaire will be measured in percentages, as explained at the beginning of each chapter.

**COMPANY HARMONIZATION WITH THE PRINCIPLES OF CORPORATE GOVERNANCE CODE**

Answers to this questionnaire chapter will be valued with a max. 20% of the whole questionnaire valuation of company harmonization with the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
1	Has the company accepted implementation of the code of corporate governance of the Zagreb Stock Exchange?	YES	
2	Does the company have its own code of corporate governance?	YES	
3	Have any principles of the code of corporate governance been adopted as part of the company's internal policies?	YES	
4	Does the company disclose harmonization with the principles of corporate governance in its annual financial statements?	YES	

**SHAREHOLDERS AND GENERAL MEETING**

Answers to this questionnaire chapter will be valued with max. 30% of whole questionnaire valuation of company harmonization with the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
5	Is the company in a cross-shareholding relationship with another company or other companies? (If so, explain)	NO	
6	Does each share of the company have one voting right? (If not, explain)	YES	
7	Are there cases of different treatment of any shareholders? (If so, explain)	NO	
8	Has the procedure for issuing power of attorney for voting at the general assembly been fully simplified and free of any strict formal requirements? (If not, explain)	YES	
9	Has the company ensured that the shareholders of the company who, for whatever reason, are not able to vote at the assembly in person, have proxies who are obliged to vote in accordance with instructions received from the shareholders, with no extra costs for those shareholders? (If not, explain)	NO	Shareholders who are not able to vote at the assembly in person appoint, at their own discretion, proxies who are obliged to vote in accordance with instructions received from the shareholders.
10	Did the management or Management Board of the company, when convening the assembly, set the date for defining the status in the register of shares, which will be relevant for exercising voting rights at the general assembly of the company, by setting that date prior to the day of holding the assembly and not earlier than 6 days prior to the day of holding the assembly? (If not, explain)	NO	According to the Company's Statutes, shareholders, i.e. their proxies, have voting rights and the right to participate in the assembly if they are registered with the Central Depository and Clearing Company as shareholders on the beginning of the 21st (twenty first) day before the General Assembly is held, and persons who apply for participation at the General Assembly no later than 6 (six) days before the General Assembly meeting is held
11	Were the agenda of the assembly, as well as all relevant data and documentation with explanations relating to the agenda, announced on the website of the company and put at the disposal of shareholders on the company's premises as of the date of the first publication of the agenda? (If not, explain)	YES	
12	Does the decision on dividend payment or advance dividend payment include information on the date when shareholders acquire the right to dividend payment, and information on the date or period during which the dividend will be paid? (If not, explain)	NO	The Company did not pay the dividend in 2018.
13	Is the date of dividend payment or advance dividend payment set to be not later than 30 days after the date of decision making? (If not, explain)	NO	The Company did not pay the dividend in 2018.
14	Were any shareholders favoured while receiving their dividends or advance dividends? (If so, explain)	NO	
15	Are the shareholders allowed to participate and to vote at the general assembly of the company using modern communication technology? (If not, explain)	NO	The technical conditions do not allow for shareholders to participate in the General Assembly in this manner.
16	Have the conditions been defined for participating at the general assembly by voting through proxy voting (irrespective of whether this is permitted pursuant to the law and articles of association), such as registration for participation in advance, certification of powers of attorney etc.? (If so, explain)	YES	Registration for participation in advance as a requirement for participation has been introduced in order to ensure orderly and lawful holding of the General Assembly.

	<b>17</b>	Did the management of the company publish the decisions of the general assembly of the company?	YES	
	<b>18</b>	Did the management of the company publish the data on legal actions, if any, challenging those decisions? (If not, explain)	NO	There has been no legal action challenging the decisions of the Company's General Assembly.

**MANAGEMENT AND SUPERVISORY BOARD**
**PLEASE PROVIDE THE NAMES OF MANAGEMENT BOARD MEMBERS AND THEIR FUNCTIONS**

 Hrvoje Filipović (President),  
 Drago Šurina (Member),  
 Vladimir Kalčić (Member),

**PLEASE PROVIDE THE NAMES OF SUPERVISORY BOARD AND THEIR FUNCTIONS**

 Franjo Filipović (President),  
 Jurij Detiček (Vice-president),  
 Davor Štefan (Member),  
 Braslav Jadrešić (Member),

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Question No.	Questions	Answer YES/NO	Explanation
19	Did the Supervisory or Management Board adopt a decision on the master plan of its activities, including the list of its regular meetings and data to be made available to Supervisory Board members, regularly and in a timely manner? (If not, explain)	YES	
20	Did the Supervisory or Management Board pass its internal code of conduct?	YES	
21	Does the company have any independent members on its Supervisory or Management Board? (If not, please explain)	NO	The President of the Supervisory Board is not an independent member.
22	Is there a long-term succession plan in the company? (If not, explain)	NO	The Company does not have a formal succession plan.
23	Is the remuneration received by the members of the Supervisory or Management Board entirely or partly determined according to their contribution to the company's business performance? (If not, explain)	NO	The remuneration received by members of the Supervisory Board depends on their participation in Supervisory Board meetings.
24	Is the remuneration to the members of the Supervisory or Management Board determined by a decision of the general assembly or in the articles of association of the company? (If not, explain)	YES	
25	Have detailed records on all remunerations and other earnings of each member of the management or each executive director received from the company or from other persons related to the company, including the structure of such remuneration, been made public (in annual financial statements)? (If not, explain)	NO	The Management Board members total remunerations and earnings in form of wages received from the company are listed in the Financial reports.
26	Have detailed records on all remunerations and other earnings of each member of the Supervisory or Management Board received from the company or from other persons related to the company, including the structure of such remuneration, been made public (in annual financial statements)? (If not, explain)	NO	The Supervisory Board members total remuneration and earnings received from the company are listed in the Financial reports.
27	Does every member of the Supervisory or Management Board inform the company of each change relating to their acquisition or disposal of shares of the company, or to the possibility to exercise voting rights arising from the company's shares promptly and no later than three business days, after such a change occurs? (If not, explain)	NO	So far we did not have a case of change, acquisition or disposal of shares by members of the Supervisory Board, however, all members are informed of the obligation to inform the company of such cases.
28	Were all transactions involving members of the Supervisory or Management Board or persons related to them and the company and persons related to it clearly presented in reports of the company? (If not, explain)	YES	
29	Are there any contracts or agreements between members of the Supervisory or Management Board and the company?	NO	
30	Did they obtain prior approval of the Supervisory or Management Board? (If not, explain)	NO	There are no such contracts or agreements.
31	Are important elements of all such contracts or agreements included in the annual report? (If not, explain)	NO	There are no such contracts or agreements.
32	Did the Supervisory or Management Board establish the appointment committee?	NO	
33	Did the Supervisory or Management Board establish the remuneration committee?	NO	
34	Did the Supervisory or Management Board establish the audit committee?	YES	
35	Was the majority of the audit committee members selected from the group of independent members of the Supervisory Board? (If not, explain)	NO	The Audit Committee had only one member from the Supervisory Board who was independent.
36	Did the committee monitor the integrity of the financial information of the company, especially the correctness and consistency of the accounting methods used by the company and the group it belongs to, including the criteria for the consolidation of financial reports of the companies belonging to the group? (If not, explain)	YES	
37	Did the audit committee assess the quality of the internal control and risk management system, with the aim of adequately identifying and publishing the main risks the company is exposed to (including the risks related to the compliance with regulations), as well as managing those risks in an adequate manner? (If not, explain)	NO	The Audit Committee evaluates the establishment of internal audit function within whose scope the listed activities
38	Has the audit committee been working on ensuring the efficiency of the internal audit system, especially by preparing recommendations for the selection, appointment, reappointment and dismissal of the head of internal audit department, and with regard to funds at his/her disposal, and the evaluation of the actions taken by the management after findings and recommendations of the internal audit? (If not, explain)	NO	The Audit Committee evaluates the establishment of internal audit function within whose scope the listed activities
39	If there is no internal audit system in the company, did the audit committee consider the need to establish it? (If not, explain)	YES	
40	Did the audit committee monitor the independence and impartiality of the external auditor, especially with regard to the rotation of authorised auditors within the audit company and the fees the company is paying for services provided by external auditors? (If not, explain)	YES	

	<b>41</b>	Did the committee monitor nature and quantity of services other than audit, received by the company from the audit company or from persons related to it? (if not, explain)	YES	
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42	Did the audit committee prepare rules defining which services may not be provided to the company by the external audit company and persons related to it, which services may be provided only with, and which without prior consent of the committee? (If not, explain)	NO	The official rules were not established. The Audit Comitee, according to it's work rules, monitors the type and quantity of services which are not audit and which are obtained by the company auditor or it's connected companies
43	Did the audit committee analyse the efficiency of the external audit and actions taken by the senior management with regard to recommendations made by the external auditor? (If not, explain)	YES	
44	Was the documentation relevant for the work of the Supervisory Board submitted to all members on time? (If not, explain)	YES	
45	Do Supervisory Board or Management Board meeting minutes contain all adopted decisions, accompanied by data on voting results? (If not, explain)	YES	
46	Has the Supervisory or Management Board evaluated their work in the preceding period, including evaluation of the contribution and competence of individual members, as well as of joint activities of the Board, evaluation of the work of the committees established, and evaluation of the company's objectives reached in comparison with the objectives set?	NO	
47	Are detailed data on all earnings and remunerations received by each member of the management or each executive director from the company published in the annual report of the company? (If not, explain)	NO	Data on earnings and remunerations received by members of the Management Board are published in the annual report of the
48	Are all forms of remuneration to the members of the management, Management Board and Supervisory Board, including options and other benefits of the management, made public, broken down by items and persons, in the annual report of the company? (If not, explain)	NO	According to their contract, members of the Supervisory and Management Board do not receive any remuneration or benefits.
49	Are all transactions involving members of the management or executive directors, and persons related to them, and the company and persons related to it, clearly presented in reports of the company? (If not, explain)	YES	Except transaction treated as materially not relevant
50	Does the report to be submitted by the Supervisory or Management Board to the general assembly include, apart from minimum information defined by law, the evaluation of total business performance of the company, of activities of the anagement of the company, and a special comment on its cooperation with the management? (If not, explain)	YES	

#### AUDIT AND MECHANISMS OF INTERNAL AUDIT

Answers to this questionnaire chapter will be valued with a max. 10% of the whole questionnaire valuation of company harmonization with the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
51	Does the company have an external auditor?	YES	
52	Is the external auditor of the company related with the company in terms of ownership or interests?	NO	
53	Is the external auditor of the company providing to the company, him/herself or through related persons, other services?	YES	
54	Has the company published the amount of charges paid to the independent external auditors for the audit carried out and for other services provided? (If not, explain)	YES	
55	Does the company have internal auditors?	NO	The internal audit is performed partly through activities of the Controlling function, and partly through activities of the management, external auditors and certification companies
56	Does the company have an internal audit system in place? (If not, explain)	NO	The internal audit is performed partly through activities of the Controlling function, and partly through activities of the management, external auditors and certification companies

#### TRANSPARANCY AND THE PUBLIC OF ORGANIZATION OF BUSINESS

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Question No.	Questions	Answer YES/NO	Explanation
57	Are the semi-annual, annual and quarterly reports available to the shareholders?	YES	
58	Did the company prepare the calendar of important events?	NO	
59	Did the company establish mechanisms to ensure that persons who have access to or possess inside information understand the nature and importance of such information and limitations related to it?	YES	
60	Did the company establish mechanisms to ensure supervision of the flow of inside information and possible abuse thereof?	YES	
61	Has anyone suffered negative consequences for pointing out to the competent authorities or bodies in the company or outside, shortcomings in the application of rules or ethical norms within the company? (if yes, explain)	NO	
62	Did the management of the company hold meetings with interested investors, in the last year?	NO	
63	Do all the members of the management, Management Board and Supervisory Board agree that the answers provided in this questionnaire are, to the best of their knowledge, entirely truthful?	YES	

