

CORPORATE GOVERNANCE CODE

ANNUAL QUESTIONNAIRE

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

Company name

Luka Ploce d.d.

1. Does the company have its website?

if so, what is its address?

YES/NO

EXPLANATION

YES

www.luka-ploce.hr

if not, why?

2. Are the semi-annual, annual and quarterly reports available to the shareholders?

at the headquarters and business address of the company (If not, why?)

YES

on the website of the company (If not, why?)

YES

in the English language (If not, why?)

YES

3. Has the company prepared the calendar of important events? (If not, why?) If so,

has the calendar of important events been published on the website of the company? (If not, why?), (ako ne, zašto?)

NO

not anticipated by the Code of Corporate governance

is the calendar of important events properly and timely updated? (if not, why?)

NO

there was no need for updating

4. . Is the company in a cross-shareholding relationship with another company or other companies?

which companies are those?

NO

are the data on cross-shareholding publicly announced and how? (If not, why?)

NO

5. Does the company publish in its annual report data on financial instruments issued by the company and owned by members of the Supervisory or Management Board or the management of the company? (If not, why?)

NO not anticipated by teh Code of Corporate Governance

6. Does the company publish on its website data on financial instruments issued by the company and owned by members of the Supervisory or Management Board or the management of the company, and are those data regularly updated (within 24 hours)? (If not, why?)

YES

7. Does the company determine and publicly announce risk factors? (If not, why?)

YES

8. . Has the company established 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? (If not, why?)

YES

supervision of the flow of inside information and possible abuse thereof (If not, why?)

YES

9. Does each share of the company have one voting right? If not,

YES

have all relevant data on non-voting shares been made public on time? (If not, why?)

how were these data published?

10. Have the lists of all candidates for members of the Supervisory or Management Board elected or appointed at the assembly, including their CVs, been published on the website of the company? (If not, why?)

YES

11. Does the company treat all shareholders equally? (If not, why?)

YES

12. Has the company issued any new shares? If so,

YES

Were all shareholders allowed to participate in the increase in the initial capital of the company in proportion to their shares in the earlier initial capital, in the form of transferable financial instruments containing the pre-emption right, in order to protect interests of the shareholders who at the time of issue cannot subscribe and buy new shares? (If not, why?)

YES

Was the intention to issue new shares published at least 10 days prior to the day set as the date for defining the status in the register of shares, which will be relevant for determining which shareholders are entitled to pre-emption right while acquiring newly issued shares? (If not, why?)

YES	
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13. Has the company acquired or disposed of any own (treasury) shares? If so, was the acquisition or disposal made

on an open market? (If not, why?)

in the manner not favouring any shareholder or investor or group of shareholders or investors? (If not, why?)

YES

YES	
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YES	
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14. 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, why?)

NO	
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15. 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, why?)

NO	
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16. 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, why?)

YES	
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17. 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, why?)

NO	
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18. 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, why?)

NO	
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19. Was the decision on dividend payment or advance dividend payment defining the above-mentioned dates published and submitted to the Stock Exchange not later than within two days after it had been made?

NO

20. Were any shareholders favoured while receiving their dividends or advance dividends? (If so, why?)

NO

21. . 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, why?)

YES

22. Were the agenda of the assembly and all relevant data and documentation published on the website of the company in English as well? (If not, why?)

NO

not anticipated by the Code of Corporate Governance

23. 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, why?)

NO

24. 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 management of the company, and a special comment on its cooperation with the management? (If not, why?)

YES

25. Are the shareholders allowed to participate and to vote at the general assembly of the company using modern communication technology? (If not, why?)

YES

not anticipated by the Code of Corporate Governance

26. . Did the management of the company publish the decisions of the general assembly of the company, as well as the data on legal actions, if any, challenging those decisions? (If not, why?)

YES

27. Has the Supervisory or Management Board adopted 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, why?)

YES

28. Has the Supervisory or Management Board passed its internal code of conduct? (If not, why?)

YES

29. Please provide the names of the Supervisory Board and Management Board members.

Darko Drozdek, Davorin Rudolf, Krešimir Gjenero, Biserka Šoštarčić i
Tonka Lovrinov

30. Please provide information on other companies whose members of the Supervisory or Management Board or management are also members of the Supervisory Board of the company. Also, provide information on whether some of those companies are considered as the company's competition.

Darko Drozdek-member of the board of PBZ, Krešimir Gjenero-member of the board-director Allianz d.o.o. DMD

31.. Is the Supervisory Board composed of, i.e. are non-executive directors of the Management Board mostly independent members? (If not, why?)

YES

32. Which members of the Supervisory Board and which non-executive directors of the Management Board are independent?

all are independent

33. Is there a long-term succession plan in the company? (If not, why?)

NO

not anticipated by the Code of Corporate Governance

34. . 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, why?)

NO

not anticipated by the Code of Corporate Governance

35. Is the remuneration to the members of the Supervisory or Management Board:

determined by a decision of the general assembly

YES

stipulated in the articles of association of the company

NO

determined in some other way (if so, in which way?)

NO

36. 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? (If not, why?) (If so, where?)

NO

not anticipated by the Code of Corporate Governance

37. 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, not later than on the next business day after such a change occurs (If not, why?)

YES

38. Please provide information on all transactions involving both members of the Management or Supervisory Board or persons related to them, and the company or persons related to it.

39. Were all transactions involving members of the Supervisory or Management Board or persons related to them and the company and persons related to it:

concluded based on the current market situation (especially with regard to time limits, interest, guarantees etc.)? (If not, why and which transactions were those?)

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clearly presented in reports of the company (If not, why and which transactions were those?)

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confirmed by an independent estimate of experts independent as regards the participants in the said transaction? (If not, why and which transactions were those?)

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40. Are there any contracts or agreements between members of the Supervisory or Management Board and the company? If so,

YES

did they obtain prior approval of the Supervisory or Management Board? (If not, why?)

YES	
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are important elements of all such contracts or agreements included in the annual report? (If not, why?)

YES	
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41. Have the Supervisory or Management Board established the appointment committee? (If not, why?) If so,

NO	not anticipated by the Code of Corporate Governance
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has the committee evaluated the structure, size, membership and quality of work of the Supervisory Board and the management, and prepared appropriate recommendations for the Supervisory Board? (If not, why?)

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has the committee evaluated the knowledge, skills and experience of each member of the Supervisory Board and informed the Supervisory Board thereof? (If not, why?)

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has the committee analysed problems related to the planning of work continuity of the Supervisory Board and the management? (If not, why?)

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has the committee analysed the policy of the management on the employment of senior management? (If not, why?)

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42. Have the Supervisory or Management Board established the remuneration committee? If so,

YES

has the majority of the committee members been selected from the group of independent members of the Supervisory Board? (If not, why?)

YES	
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has the committee proposed to the Supervisory Board the remuneration policy for the management, which shall include all types of remuneration, especially its fixed part, variable part dependent on business results, pension scheme and severance pay? (If not, why?) mirovinski plan i otpremnine? (ako ne, zašto?)

NO	there were no remunerations
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in the case of variable part of remuneration dependent on business results, did the proposal of the committee include recommendations for determining impartial criteria for assessing efficiency? (If not, why?)

NO	there were no remunerations
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has the committee proposed to the Supervisory Board the amount of remuneration for each member of the management, in compliance with the company's remuneration policy and evaluation of business performance of each member of the management? (If not, why?)

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has the committee proposed to the Supervisory Board the appropriate form and content of contracts with the members of the management? (If not, why?)

NO	there were no remunerations
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has the committee monitored the amount and structure of remuneration to senior management and made general recommendations to the management thereon? (If not, why?)

NO	there were no remunerations
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as regards the part of the remuneration to the management representing stimulus, in the case where it consists of stock options or other arrangements based on share acquisition, has the commission analysed the general policy on such type of remuneration and proposed to the Supervisory Board appropriate solutions, as well as analysed information published thereon in the annual report, prior to the publication?

NO	
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43. Have the Supervisory or Management Board established the audit committee? (If not, why?) If so,

has the majority of the committee members been selected from the group of independent members of the Supervisory Board? (If not, why?)

YES	
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has the committee monitored 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, why?) izvještaja društava koja pripadaju grupi? (ako ne, zašto?)

YES	
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has the committee assessed 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, why?)

YES	
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YES	
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has the committee worked at 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, why?)

YES	
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if there is no internal audit system in the company, has the committee considered the need to establish it? (If not, why?)

YES	
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has the committee made recommendations to the Supervisory Board on the selection, appointment, reappointment and replacement of the external auditor, and on terms and conditions of his/her employment? (If not, why?)

YES	
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has the committee monitored 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, why?)

YES	
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has the committee monitored the nature and quantity of services other than audit, received by the company from the audit company or from persons related to it? (If not, why?)

NO	not anticipated by the Code of Corporate Governance
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has the committee prepared 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, why?).

NO	not anticipated by the Code of Corporate Governance
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has the committee analysed the efficiency of the external audit and actions taken by the senior management with regard to recommendations made by the external auditor? (If not, why?)

YES	
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has the committee examined the circumstances related to the dismissal of the external auditor, and made adequate recommendations to the Supervisory Board? (in a case of such dismissal)? (If not, why?)

NO	there was no dismissal of external auditor
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Does the committee maintain open and unlimited communication with the Supervisory Board and the management? (If not, why?)

YES	
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Who is the committee accountable to for its work?

to the Supervisory Board

Does the committee maintain open and unlimited communication with the internal and external auditor? (If not, why?)

YES	
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Does the management submit to the audit committee:

timely and periodic presentations of financial statements and related documents prior to their publication (If not, why?)

YES	
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data on changes in accounting principles and criteria (If not, why?)

YES	
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accounting procedures accepted for the majority of operations (If not, why?)

YES	
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data on all major differences between the book and real value by items (If not, why?)

YES	
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all the correspondence with the internal audit department or independent auditors (If not, why?) .

YES	
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Has the management informed the audit committee of the methods used for booking significant and unusual transactions and business events in cases when booking of such events may done in different ways? (If not, why?) načine? (ako nije, zašto?)

YES	
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Has the audit committee discussed with the independent auditor issues related to:

changes in or adherence to current principles and criteria (If not, why?)

YES	
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application of regulations (If not, why?)

YES	
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application of regulations (If not, why?)

YES	
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methods of risk assessment and results (If not, why?)

YES	
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high risky areas of business operations (If not, why?)

YES	
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major deficiencies and significant shortcomings in the internal audit system (If not, why?)

YES	
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effects of external factors (economic, legal and industrial) on financial statements and audit procedures (If not, why?)

YES	
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has the audit committee ensured the submission of high quality information by dependent and associated companies, as well as by third parties (such as expert advisors)? (If not, why?)

YES	
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44. Has the documentation relevant for the work of the Supervisory Board been submitted on time to all members? (If not, why?)

YES	
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45. Do Supervisory Board or Management Board meeting minutes contain all adopted decisions, accompanied by data on voting results, along with information on votes of each individual member? (If not, why?)

YES	
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46. Have 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? komisija koje je ustanovio, i procjenu postignutih u odnosu na zacrtane ciljeve društva?

YES

47. Please provide the names of the members of the Management Board or executive directors.

Ivan Pavlović

48. Have rules been established for the work of the management or executive directors, covering the following issues:

scope of activities and objectives,

YES

rules of procedure,

YES

rules of solving conflicts of interest,

YES

management secretariat ,

YES

manner of convening meetings, adopting decisions, agenda, taking minutes and delivering documents ,

YES

cooperation with the Supervisory Board.

YES

(If not, why?)

49. Has the company published a statement on the remuneration policy for the management, Management Board and the Supervisory Board as part of the annual report? (If not, why?)

NO there was no remuneration

50. In the case where remuneration policy has been defined, does it include the following parts:

significant changes in comparison with the remuneration policy in the past year (If not, why?)

NO there was no remuneration

explanation of the relative share and of the importance of fixed and variable components of remuneration (If not, why?)

NO there was no remuneration

sufficient information on efficiency criteria, the fulfilment of which the right to acquire stock options, shares or other form of variable part of remuneration is based on (If not, why?)

NO there was no remuneration

sufficient information on the connection between the amount of remuneration and efficiency (If not, why?)

NO there was no remuneration

basic indicators and reasons for payments of annual bonuses or benefits which are not cash (If not, why?)

NO	there was no remuneration
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abbreviated overview of contracts with management members, which shall include data on contract duration, notice periods and especially severance pays. Every type of remuneration for members of the management and the Supervisory Board which consists of stock options or other rights to acquire shares, or if remuneration is based on the price of company shares, shall be approved by the general assembly of the company prior to becoming effective. This approval relates to remuneration principles and not to the approval of remuneration for individual members of the management or the Supervisory Board. (If not, why?)

NO	there was no remuneration
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51. Is the statement on the remuneration policy for the management or executive directors permanently available on the website of the company? (If not, why?)

NO	Not anticipated by the Code of Corporate Governance
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52. Have detailed data on all earnings and remunerations received by each member of the management or each executive director from the company been published in the annual report of the company? (If not, why?)

YES	
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53. Have all forms of remuneration to the members of the management, Management Board and Supervisory Board, including options and other benefits of the management, been made public, broken down by items and persons, in the annual report of the company? (If not, why?)

YES	
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54. Does the statement on remunerations to the members of the management or Management Board include the following data on each member who exercised that function in the year which the statement relates to:

total amount of the salary payment, irrespective of whether it has already been paid or not (If not, why?)

NO	Not anticipated by the Code of Corporate Governance
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remuneration or benefits received from associated companies (If not, why?)

NO	Not anticipated by the Code of Corporate Governance
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remuneration in the form of participation in profit or bonuses and the reasons for its payment (If not, why?)

NO	Not anticipated by the Code of Corporate Governance
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any other additional remuneration paid to the members of the management for activities they conducted for the company outside the usual scope of duties of a management member (If not, why?)

NO	there was no such remunerations /benefits
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compensation that was or should be paid to a former member of the management due to cessation of exercise of his/her duties during the year which the statement relates to (If not, why?)

NO	there was no such remunerations /benefits
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total estimated value of non-cash benefits considered as remuneration, but not listed in the items above (If not, why?)

NO there was no such remunerations /benefits

as regards the remuneration in shares or stock options or other forms of remuneration based on acquisition of shares:

NO there was no such remunerations /benefits

the number of options or shares approved by the company in the year which the statement relates to and terms and conditions for their disposal (If not, why?)

NO there was no such remunerations /benefits

the number of options exercised in the year which the statement relates to, and for each of them, the number of shares and the price it was exercised at, or the value of shares distributed to the members of the management at the year-end (If not, why?)

NO

the number of options not exercised at the end of the year, the price they can be exercised at, the exercise date and the main conditions relating to the exercise (If not, why?)

NO

each change related to the change in conditions of exercise of the existing options which occurred in the company in the year which the statement relates to (If not, why?)

NO

each loan (including the debt balance and the interest rate), advance payment or a guarantee paid to members of the management by the company and its associated companies included in consolidated financial statements (If not, why?)

NO

55. Did every member of the management or executive director inform the Supervisory or Management Board of 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 not later than on the next business day after such a change occurs, whereas the company has the obligation to publish such a change within the shortest possible time? (If not, why?)

YES

56. Please provide information on all transactions involving both members of the management or executive directors and persons related to them, and the company or persons related to it.

no such transactions

57. Were all transactions involving members of the management or executive directors and persons related to them and the company and persons related to it:

concluded based on the current market situation (especially with regard to time limits, interest, guarantees etc.)? (If not, why and which transactions were those?)

NO no such transactions

clearly presented in reports of the company (If not, why and which transactions were those?)

NO no such transactions

confirmed by an independent estimate of experts independent as regards the participants in the said transaction? (If not, why and which transactions were those?)

NO no such transactions

58. Do any members of the management or executive directors own a significant holding in the companies which might be considered as the company's competition? (If so, which members, where do they own holdings, and what is the size of those holdings?)

NO	
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59. Are any members of the management or executive directors also members of the Supervisory Boards of other companies? (If so, provide the names of those members of the management, names of the companies in which they are members of the Supervisory Board, and functions they exercise in those Supervisory Boards).odborima)

NO	
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60. Does the company have an external auditor (If not, why?)

YES	
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61. Is the external auditor of the company:

related with the company in terms of ownership or interests (If so, state in which way)

NO	
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providing to the company, him/herself or through related persons, other services? (If so, provide information on those services and on how much it costs the company)

NO	
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62. Have the independent auditors directly informed the audit committee of the following issues:

discussions on the main accounting policy,

YES	
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major deficiencies and significant shortcomings in the internal audit system,

YES	
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alternative accounting procedures,

YES	
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disagreement with the management,

YES	
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risk assessment, and

YES	
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analysis, if any, of fraud and/or abuse.

YES	
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If not, why?

63. 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, why?)

NO	Not anticipated by the Code of Corporate Governance
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64. Does the company have internal auditors and an internal audit system established? (If not, why?)

YES	
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65. Do investors have the possibility to request in writing and receive on time all relevant records from the management of the company or from the person in the company responsible for investor relations? (If not, why?)

YES	
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66. How many meetings did the management of the company hold with investors?

twenty

67. Has anyone suffered negative consequences for pointing out to the competent authorities or bodies in the company or outside it shortcomings in the application of rules or ethical norms within the company? (If so, why?)

NO	
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68. 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, truthful in their entirety? (If not, please provide names of the members of the management and the Supervisory Board who do not agree with some of the answers, list the answers they do not agree with and explain why.)

YES	
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