ZAGREBAČKA BURZA
Zagreb Stock Exchange

CODE OF CORPORATE GOVERNANCE
ANNUAL QUESTIONNAIRE

MAIN COMPANY INFORMATION:	Ilirija d.d.
CONTACT PERSON AND CONTACT PHONE:	Jasmina Kulaš Stojanov; 023/383 - 165
DATE OF QUESTIONAIRE COMPLETE:	22.03.2018.

All the questions contained in this questionnaire relate to the period of one bussines 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 beggining 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?	NO	
	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	becauese there was no requests submitted by shareholders for proxies in the year 2017.
	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)	YES	
	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)	YES	
	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)	YES	
	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)	YES	

	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	The registration for participation is to be carried out in advance and certification of powers of attorney is done for easier and more efficient planning and holding of the General Assembly
	17	Did the management of the company publish the decisions of the general assembly of the company?	YES	The decisions by the General Assembly are publicized on the following websites of the: Zagreb Stock Exchange (www.zse.hr), Croatian Financial Services Supervisory Agency and Central Registry of Prescribed Information (www.hanfa.hr), on the websites of the Company (www.ilirijabiograd.com) and on Croatian News Agency (www.hina.hr).
	18	Did the management of the company publish the data on legal actions, if any, challenging those decisions? (If not, explain)	NO	In 2017 the Company did not receive the claims for challenging the decisions taken by the General Assembly.

MANAGEMENT AND SUPERVISORY BOARD

PLEASE PROVIDE THE NAMES OF MANAGEMENT BOARD MEMBERS AND THEIR FUNCTIONS

Goran Ražnjević, President of the Management Board

PLEASE PROVIDE THE NAMES OF SUPERVISORY BOARD AND THEIR FUNCTIONS

Goran Medić-President; David Anthony Tudorović - Deputy President, Davor Tudorović - Member, Siniša Petrović - Member, Darko Prebežac - 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?	NO	There are instructive rules for the work of the Supervisory Board.
	21	Does the company have any independent members on its Supervisory or Management Board? (if not, please explain)	YES	
	22	Is there a long-term succession plan in the company? (If not, explain)	NO	Since there is no defined long-term succession plan, although the medium and senior management provides education and training for employees through continius and additional education by directing them and developing their potentials for certain job positions or positions that are in line with the Company requirements.
	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	It is determined by the Decision by the General Assembly.
	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	There is a requirement for submission of the Report on transactions with related persons solely to the Company's Supervisory Board
	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	There is a requirement for submission of the Report on transactions with related persons solely to the Company's Supervisory Board
	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)	YES	although in 2017 there was no change to the increase/decrease in a number of shares of the members of the Supervisory Board.
	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?	YES	
	30	Did they obtain prior approval of the Supervisory or Management Board? (If not, explain)	YES	

	31	Are important elements of all such contracts or agreements included in the annual report? (If not, explain)	NO	because the contracts/agreements are of less importance and value for the Company.
	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	because it was not a legal obligation.
	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)	YES	
	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)	YES	
	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	
	41	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	
	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	because this is defined by the legal regulations in the area of accounting and audit.
	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?	YES	
	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	The Company does not have the practice to publicize the data on remuneration and earnings of the members 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	although the remuneration to the members of the Supervisory Board is made public.
	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)	NO	they are presented in the Report on the transactions with related persons to the Company's Supervisory Board.
	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?	NO	
	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)	NO	The Company does not have the practice to publicize such data.
	55	Does the company have internal auditors?	YES	
	56	Does the company have an internal audit system in place? (If not, explain)	YES	

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?	YES	The calendar of instructive nature has been created.
	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?	YES	
	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	