

## COMPLIANCE QUESTIONNAIRE FOR ISSUERS OF SHARES

All questions contained in this questionnaire relate to the **period of one calendar year.**

The Corporate Governance Code is intended for companies with two-tier governance structure considering that such a governance structure is most common in companies whose shares are listed on the Zagreb Stock Exchange. If the issuer has a one-tier structure, the questionnaire on management practices is answered in accordance with Appendix B of the Code of Corporate Governance

Companies respond to questions from the compliance questionnaire with **YES, NO or Partially** by selecting answers from a drop-down menu for each question.

For questions where company has responded with **YES** column **Explanation is not filled**.

For questions where company has responded with **NO or PARTIALLY** in the column **Explanation it should explain why this is so**, that is:

- explain in which part it does not comply with the provisions of the Code and for what reason,
- describe the measures taken in the place of compliance with provisions of the Code in order to fulfill the objectives set out in the relevant principles of the Code
- if the company intends to comply with the provisions of the Code in the future, indicate when it will start to act accordingly.

Instructions for generating XML Schema from XLS files are published on Hanfa's website under Technical instructions and forms in section Transparency of the issuer.



















































































































Year	Institution code
2021	1461

**Instructions:**

\* Year is entered without period (eg. 2019)

\* Enter the year for which data are entered in the questionnaire

CHAPTER	PROVISION	ARTICLE	QUESTION	ANSWER (Each question is answered by choosing the answer from the drop-down menu)	EXPLANATION (fill in only for questions that were answered with "NO" or "PARTIALLY")
1	Cooperation	1	The Articles of Association and/or other internal acts clearly define the powers of the Supervisory Board and management board.	YES	
1	Cooperation	1	The Articles of Association and/or other internal acts are available free of charge on the company website.	YES	
1	Cooperation	2	The Supervisory Board has adopted a Decision in which it stated categories of Decisions and legal transactions that require prior approval by the Supervisory Board and those decisions about which Management Board must consult with the Supervisory Board before making a Decision, and a summary thereof is available free of charge on the company website.	YES	
1	Cooperation	2	The Articles of Association and/or internal company acts provide for prior consent of the Supervisory Board for making important decisions that affect the strategy of the company, expenses, risk exposure and reputation.	YES	
1	Cooperation	3	The Articles of Association and/or internal company acts stipulate that the Supervisory board and its committees have timely access to documents, premises and employees when necessary for the performance of their duties.	YES	
1	Cooperation	4	The Articles of Association and/or other internal company acts stipulate that the Management Board must report to the Supervisory Board at regular intervals on the operating results of the company, financial situation, substantial financial and non-financial risks and results of interaction with shareholders and other stakeholders.	YES	
1	Cooperation	5	The Articles of Association and/or internal company documents stipulate that the President of the Management Board shall immediately notify the Supervisory Board if there is, or is likely for an event to arise that has the potential to significantly affect the results, financial position or reputation of the Company.	YES	
1	Rules of conduct	6	The Supervisory Board approved the code of conduct (or other internal act), which establishes rules of conduct to be followed by members of the management and supervisory board members, employees and others acting on behalf of the Company, which also contains rules and measures to be taken in case of its violations.	YES	
1	Rules of conduct	6	Code of Conduct (or other internal act) is available free of charge on the Company website.	YES	
2	Conflict of interest	7	the prohibition of participation in decision-making in relation to which there are conflicts of interest is stipulated for members of the Management Board and the Supervisory Board .	YES	
2	Conflict of interest	7	The Supervisory board has given prior consent to the policy for managing conflicts of interest.	NO	There is no written policy on resolving conflicts of interest, but specific cases are discussed at the Supervisory Board sessions.
2	Conflict of interest	7	The policy for managing conflicts of interest is available free of charge on the Company website.	PARTIALLY	There is no written policy on resolving conflicts of interest, but specific cases are discussed at the Supervisory Board sessions.
2	Conflict of interest	8	The Supervisory Board members shall inform the entire Supervisory Board that they are in an actual or potential conflict of interest.	YES	
2	Conflict of interest	8	Management Board members shall inform the Supervisory Board Chairman and other members of the Management Board of an actual or potential conflict of interest.	YES	
2	Conflict of interest	8	The Supervisory Board keeps records of all notices pertaining to conflict of interest.	YES	
2	Conflict of interest	9	The Management Board member or the Supervisory Board member shall inform the President/Chairman and/or Vice-President/Chairman of that board if he/she considers that another member of the Management or Supervisory Board is in an actual or potential conflict of interest.	YES	
2	Competition ban	10	The Supervisory Board members and members of the Management do not perform activities that compete with the Company business, are not members of the Management or Supervisory Boards of the Companies that carry out such activities nor hold more than 5% share in such companies.	YES	
2	Competition ban	10	Members of the Management Board and the Supervisory Board who hold shares in the Companies with which the Company is in competition, informed the Company Secretary of all the shares in such Companies and the details of these shares are available free of charge on the Company website.	NO	Members of the Management Board and the Supervisory Board do not have shares in such companies.
2	Related party transactions	11	No transactions between the Management or Supervisory board members and the Company (or a person affiliated with any party) can not be concluded without the prior consent of the Supervisory Board.	YES	
2	Related party transactions	11	The fair value of each material transaction must be confirmed by an independent expert prior to any such transaction, and his/her report shall be available free of charge on the Company website.	YES	
2	Related party transactions	12	The Company has adopted procedures for the approval and disclosure of transactions between the Management or Supervisory Board members and the Company (or a person affiliated with any party).	NO	There is no written procedures.
2	Related party transactions	12	The audit committee annually assesses the effectiveness of these procedures.	NO	There is no written procedures.
3	Role of the Supervisory Board	13	The Supervisory Board is responsible for appointing and revocation of the Management Board members and for giving recommendations for candidates for the Supervisory Board members to the General Assembly.	YES	
3	Role of the Supervisory Board	13	The Supervisory board has ensured formal and transparent procedures for the appointment to both, the Management and Supervisory Boards.	YES	
3	Role of the Supervisory Board	14	The Supervisory Board has set as a target percentage of female members of the Supervisory Board and the Management Board, which must be achieved in the next five years and has adopted a plan for the implementation of this goal. The target percentage and plan are published in the Annual Report.	NO	The Company has not set such a goal at the moment, but that does not exclude the possibility of electing women as members of the Supervisory Board and the Management Board.
3	Role of the Supervisory Board	14	A Report on the progress on the plan is published in the Annual Report.	NO	The Company has not set such a goal at the moment, but that does not exclude the possibility of electing women as members of the Supervisory Board and the Management Board.
3	Role of the nomination committee	15	The Appointment Committee has all the tasks listed in Article 15 of the Code.	NO	The Company has no mentioned committee.
3	Election of Supervisory Board members by the General Assembly	16	When nominating candidates for the Supervisory Board to the General Assembly , the Company makes available all information listed in Article 16 of the Code within the materials for the General Assembly.	YES	
3	Election of Supervisory Board members by the General Assembly	16	Information provided by Article 16 of the Code are freely available on the Company website.	YES	

3	Election of Supervisory Board members by the General Assembly	17	Materials for the General Assembly contain all information listed in Article 17 of the Code.	YES	
3	Election of Supervisory Board members by the General Assembly	18	The information referred to in Article 17 of the Code is available free of charge on the Company website also in instances when the workers' representative or another member of the Supervisory Board is elected which are not elected by the shareholders at the General Assembly.	YES	
4	Responsibilities of the Supervisory Board	19	The Supervisory Board has all the tasks listed in Article 19. of the Code.	YES	
4	Composition	20	The Supervisory Board has a respective profile set up, which specifies the minimum number of members and combination of skills, knowledge and education, as well as professional and practical experience that is required in the Supervisory Board.	YES	
4	Composition	21	The Supervisory Board consists of members of different gender, age, profile and experience, to ensure a diversity of perspective in decision making.	YES	
4	Composition	22	Majority of the Supervisory Board members are independent in accordance with the definition set out in Appendix A of the Code.	PARTIALLY	There are some family connections among some members.
4	Composition	22	The Supervisory Board Chairman or Deputy Chairman are independent.	YES	
4	Chairman	23	The Supervisory Board Chairman is tasked with activities listed in Article 23 of the Code.	YES	
4	Supervisory Board committees	24	Supervisory Board established a Committee for Appointment.	NO	Committee has not been established yet owing to a small number of Supervisory Board members (5), but this will be reevaluated in case the number of Supervisory Board members increases.
4	Supervisory Board committees	24	Supervisory Board established a committee for receipts.	NO	Committee has not been established yet because there are no frequent and significant remuneration that would require forming of such board.
4	Supervisory Board committees	24	Supervisory Board established an Audit Committee.	YES	
4	Supervisory Board committees	24	The Supervisory Board has stipulated the mandate and activities of each of its committees.	YES	
4	Supervisory Board committees	26	Each Supervisory Board committee consists of members who have the necessary skills, knowledge and education, as well as professional and practical experience to effectively carry out the responsibilities of that particular committee.	YES	
4	Supervisory Board committees	27	Each Supervisory Board committee has at least three members.	YES	
4	Supervisory Board committees	27	Majority of members of each Supervisory Board committee are independent (as defined in Appendix A of the Code).	YES	
4	Supervisory Board committees	27	Management Board members shall not be members of Supervisory Board committees.	YES	
4	Supervisory Board committees	28	The tasks of each Supervisory Board committee is made available on the Company website free of charge.	YES	
4	Supervisory Board committees	28	The Company's Annual Report includes a report on the work of each Supervisory Board committee as well as information on the number of meetings held and on the committee members.	YES	
4	Time commitment	29	The minimum expected time commitment of each Supervisory Board member is defined at the time of their appointment.	YES	
4	Time commitment	29	The Annual Report includes a record of attendance of each member at the Supervisory Board sessions and sessions of its committees.	YES	
4	Time commitment	30	The Articles of Association and/or internal Company acts stipulate the obligation of the Supervisory Board member to inform the Company Secretary on their membership in the Supervisory Board or Management Boards of other companies.	YES	
4	Frequency and format of meetings	31	The Supervisory Board meets at least every three months.	YES	
4	Frequency and format of meetings	31	The Supervisory Board has adopted a work plan that includes time and agenda of future meetings.	YES	
4	Frequency and format of meetings	31	The Supervisory Board committees shall meet as often as necessary for the effective discharge of their duties, and regularly report to the Supervisory Board on its activities.	YES	
4	Frequency and format of meetings	32	The Supervisory Board sessions can be held without the participation of the Management members when the Supervisory Board considers it appropriate.	YES	
4	Frequency and format of meetings	32	Persons that are not members of the Supervisory Board committees can participate in committee sessions only at the invitation of that particular committee.	YES	
4	Support	33	The Company has designated an individual to carry out the duties of Company Secretary.	YES	
4	Support	33	In accordance with the Articles of Association and/or other internal acts of the Company, the Company Secretary is responsible for ensuring that the Supervisory Board procedures are complied with, for giving advice to the Supervisory Board on management matters, for supporting the Chairman of the Supervisory Board and helping the Supervisory Board and its committees to function efficiently.	YES	
4	Quality and timeliness of information	34	The tasks of the Supervisory Board members and/or the Company's internal acts require that materials for Supervisory Board sessions are delivered to all its members one week before the session at the latest.	YES	
4	Quality and timeliness of information	34	The tasks of the Supervisory Board committees and/or the Company's internal acts require that materials for Supervisory Board committee sessions are delivered to all its members one week before the session at the latest.	YES	
4	Quality and timeliness of information	35	The Articles of Association and/or internal Company acts anticipate that the Protocol from the Supervisory Board Session shall be available to all Supervisory Board members.	YES	
4	Quality and timeliness of information	35	Supervisory Board Protocols contain data on voting results including details of how individual members voted.	YES	
4	Quality and timeliness of information	36	The Supervisory Board has the right to obtain information and advice from persons outside the Company, at the expense of the Company, if it considers it necessary for successful implementation of its duties, and this procedure is specified in the Company's internal documents adopted by the Management Board with the consent of the Supervisory Board.	YES	
4	Training and development	37	All Supervisory Board members received an introductory training for their role at the time of their appointment.	YES	
4	Training and development	37	All Supervisory Board members continuously undertake training and education programs to improve their skills and knowledge.	YES	

4	Training and development	38	The Supervisory Board members regularly receive updates and briefings from the Management Board and from experts regarding matters important for the Company and for the duties of the Supervisory Board members.	YES	
4	Evaluation of the Supervisory Board	39	The Supervisory Board assessed its efficiency in the past 12 months.	YES	
4	Evaluation of the Supervisory Board	39	The Supervisory Board assessed the individual results of its members in the last 12 months.	YES	
4	Evaluation of the Supervisory Board	39	Assessment of the efficiency of the Supervisory Board was led by the Chairman or Deputy Chairman of the Supervisory Board.	YES	
4	Evaluation of the Supervisory Board	40	The assessment of the Supervisory Board included an assessment of all circumstances specified in Article 40 of the Code	YES	
4	Evaluation of the Supervisory Board	41	The Annual Report includes an assessment report of the Supervisory Board and its committees, including assessment of all circumstances set out in Article 41 of the Code.	YES	
5	Responsibilities of the Management Board	42	The duties of Management Board include all activities specified in Article 42 of the Code.	YES	
5	Responsibilities of the Management Board	43	The Management Board adopted and the Supervisory Board approved the rules of procedure of the Management Board that define all matters specified in Article 43 of the Code.	YES	
5	Responsibilities of the Management Board	44	In the case of a Group, the Management Board of the parent Company shall provide efficient oversight over the activities of other companies in the Group.	YES	
5	Responsibilities of the Management Board	44	The Articles of Association and/or internal company acts contain rules governing the responsibilities and reporting procedures at the level of the parent company and its subsidiaries.	YES	
5	Composition	45	The Supervisory Board ensures that the Management maintains a profile of the Management Board with the minimum number of members and a combination of members who possess the skills, knowledge and education, as well as professional and practical experience that are required for Management Board.	YES	
5	President	46	The President of the Management Board is formally responsible for all activities listed in Article 46 of the Code.	YES	
5	Limits on other appointments	47	Internal company act require that the Management Board members must obtain a prior consent from the Supervisory Board before accepting the appointment to the Management Board or Supervisory Board of a company which is not a member of the same Group.	NO	There is no such Regulation in the Company's internal Acts , but such approval, irrespective of that, would be requested because of potential conflict of interest
5	Limits on other appointments	47	Internal company acts prohibit that the Management Board members hold more than two positions in the Management Board or Supervisory Board of other companies.	NO	There is no such regulation in the internal acts of the Company, and such a prohibition is independently applied as practice in the Company.
5	Management Board evaluation	48	The Supervisory Board evaluated the efficiency of cooperation between the Supervisory Board and the Management Board in the past 12 months , as well as the adequacy of support and information received from the Management Board.	YES	
5	Management Board evaluation	48	Results of the evaluation of cooperation between the Supervisory Board and the Management are included in the Annual Report.	YES	
5	Management Board evaluation	49	The Management Board has evaluated its own efficiency as well as the efficiency of its individual members for the last 12 months.	YES	
5	Management Board evaluation	49	The Management Board informed the Supervisory Board on the conclusions regarding evaluation of its own efficiency and that of its members.	YES	
6	Role of remuneration committee	50	The duties of the committee for receipts include all the activities listed in Article 50 of the Code.	NO	The Company does not have a remuneration committee.
6	Remuneration of Management Board members	51	The Supervisory Board determines the annual remuneration for each Management Board member, based on recommendations of the remuneration committee and in accordance with the approved remuneration policy.	NO	The Company does not have a remuneration committee.
6	Remuneration of Management Board members	52	The level of remuneration for the Management Board members takes into account the agreed strategy, risk appetite, the economic environment in which the company operates as well as wages and conditions of work within company.	YES	
6	Remuneration of Management Board members	53	Remuneration policy provides that a Management Board member shall not dispose with the shares assigned to him/her as part of the remuneration, for at least two years from the date on which the shares were assigned to him/ her.	NO	There is no such policy.
6	Remuneration of Management Board members	53	Remuneration policy provides that a Management Board member shall not make use of share options assigned to him/her as part of remuneration for at least two years from the date on which the share options were assigned to him/her.	NO	There is no such policy.
6	Remuneration of Management Board members	53	Remuneration policy includes provisions that more precisely define the circumstances in which a portion of the remuneration of Management Board member would be retained or its return requested.	NO	There is no such policy.
6	Remuneration of Supervisory Board members	54	The remuneration for the Chairman of the Supervisory Board and for other Supervisory Board members reflects the time commitment and responsibilities, including the time commitment and responsibilities in the Supervisory Board committees.	YES	
6	Remuneration of Supervisory Board members	55	Remuneration policy and/or internal company acts prohibit the inclusion of variable elements or other elements related to business performance in the Supervisory Board members remuneration.	NO	There is no such policy.
6	Reporting on remuneration	56	Remuneration policy of the Company was approved by shareholders at the General Assembly.	NO	There is no such policy.
6	Reporting on remuneration	56	The approved remuneration policy of the Company is available on its Company website free of charge.	NO	There is no such policy.
6	Reporting on remuneration	57	Annual report on remuneration includes data on remuneration of each individual member of the Supervisory Board as well as other information contained in Article 57 of the Code.	YES	
7	Roles of the Supervisory and Management Boards	58	The Management Board, with the prior approval of the Supervisory Board, adopted a policy that determines the nature and extent of risk that company needs and that is willing to take in order to achieve all the long-term strategic objectives ( "risk appetite" ).	NO	There is no such policy.
7	Roles of the Supervisory and Management Boards	59	The Management Board is formally responsible for the activities listed in Article 59 of the Code.	YES	
7	Role of the audit committee	60	Terms of reference of the audit committee includes all activities listed in Article 60 of the Code.	YES	
7	Role of the audit committee	61	The audit committee, the Supervisory Board or one of its committees, undertook the activities referred to in Article 61 of the Code.	YES	
7	Relations with the external auditor	62	The audit committee oversees the process of selection and appointment of external auditors in accordance with the legal requirements and makes recommendations to the Supervisory Board for the selection of the external auditor and conditions for their appointment.	YES	
7	Relations with the external auditor	63	The audit committee in the last 12 months approved the work plan of the external auditors, which includes the scope and content of the activities to be audited.	YES	



7	Relations with the external auditor	63	The audit committee shall, according to need, meet with the external auditors to discuss the issues that have been identified during the audit and to oversee the quality of services provided.	YES	
7	Relations with the external auditor	64	The audit committee if responsible for monitoring the independence and objectivity of external auditor.	YES	
7	Relations with the external auditor	64	The audit committee approved a policy on permitted non-audit services provided by the external auditor.	NO	No non-audit services.
7	Risk management and internal control	65	The audit committee evaluated the efficiency of risk management and internal control system as a whole, at least once a year.	YES	
7	Risk management and internal control	65	The audit committee, where appropriate, makes recommendations to the Supervisory Board and Management Board regarding the effectiveness of risk management and internal control systems.	YES	
7	Risk management and internal control	66	The Company maintains an effective risk management system that provides reliable identification of risk, its measurement, answers, reporting and supervision.	YES	
7	Risk management and internal control	66	The Company has determined clear responsibilities at the internal level for the maintenance of the risk management system, and a clear procedure for maintaining contacts between persons responsible and the audit committee.	YES	
7	Risk management and internal control	67	The Company has established an internal audit system responsible for monitoring the effectiveness of internal control systems, including risk management.	NO	There is no internal audit plan.
7	Risk management and internal control	67	The audit committee approved the internal audit plan for the last 12 months.	NO	There is no internal audit plan.
7	Risk management and internal control	67	The audit committee receives reports of internal auditors and monitors the implementation of its recommendations.	NO	There is no internal audit plan.
7	Risk management and internal control	68	The audit committee shall recommend to the Supervisory Board the appointment or revocation of the Heads of the internal audit system.	NO	There is no internal audit plan.
7	Risk management and internal control	68	If the Company des not have an internal audit system, the audit committee has once in the last 12 months evaluated the need for this system as part of its assessment of internal control systems.	YES	
7	Whistle-blowing	69	Management board, with the prior approval of the Supervisory Board, adopted a procedure for reporting violations of laws or internal rules of the Company, actual or in the case of suspected violation.	YES	
7	Whistle-blowing	69	This procedure ensures that workers and external stakeholders do not suffer negative consequences if they report suspicious behaviour.	YES	
7	Whistle-blowing	69	Details of the procedure for reporting this are available free of charge on the Company website.	YES	
7	Whistle-blowing	70	Articles of Association and/or internal Company acts stipulate the duty of the Management Board to inform the Supervisory Board of any irregularities and to agree on measures that must be implemented.	YES	
7	Whistle-blowing	70	The audit committee evaluated the effectiveness of this procedure and its application in the last 12 months.	YES	
8	Use of the company website	71	All information that the Company is required to disclose in accordance with the law, rules on the listing, the Code and its own Articles of Association are available free of charge on the Company website.	YES	
8	Use of the company website	72	All information defined by Article 72 of the Code are made available free of charge and easily accessible on the Company website.	YES	
8	Use of the company website	73	The Company ensures that the information on the website is kept up to date and published in accordance with time limits prescribed in law and regulations.	YES	
8	Use of the company website	73	All data on the website are available free of charge in both Croatian and English.	YES	
8	Annual Report	74	The Annual Report contains all the information referred to in Article 74 of the Code.	PARTIALLY	Some information from Article 74 of the Code are available on the Company website
9	Relations with shareholders	75	The Company ensured that all shareholders, regardless of the number or type of shares they hold, have equal access to information about the Company and about the way they can execute and protect their rights.	YES	
9	Relations with shareholders	76	The Company has established effective formal mechanisms to ensure minority shareholders the possibility to put questions directly to the President of the Management Board and Chairman of the Supervisory Board, and the details of these mechanisms are available free of charge on the Company website.	YES	
9	Relations with shareholders	77	The Company has selected a person to act as a contact person for all shareholders in relations with investors, and this contact is available free of charge on the Company website.	YES	
9	General Assembly	78	The Articles of Association and/or internal acts of the Company do not in any way limit the shareholders to call a General Assembly, to participate in it or to add items to the agenda.	YES	
9	General Assembly	79	The Articles of Association and/or internal acts of the Company give the possibility for shareholders to exercise their right to vote by proxy without limitation.	YES	
9	General Assembly	79	The Articles of Association and/or internal acts of the Company give the possibility for shareholders to exercise their right to vote electronically without limitation.	NO	Electronic voting is not planned
9	General Assembly	79	Explanation of other ways in which shareholders can exercise their right to vote are set out in the General Assembly documents.	YES	
9	General Assembly	80	Notice of the General Assembly session is published no later than 30 days before it is held.	YES	
9	General Assembly	80	The agenda, decisions and all other materials required for the General Assembly are available free of charge on the Company website.	YES	
9	General Assembly	80	All documents are available in English and Croatian language.	YES	
9	General Assembly	81	All persons referred to in Article 81 of the Code were present at the General Assembly in the past 12 months.	YES	
9	General Assembly	81	The external auditor was present at the General Assembly on which the financial statements are presented.	NO	The external auditor is present at the Supervisory Board session, and at the General Assembly only at the request of the shareholders.
9	General Assembly	82	The Company has made available all Decisions adopted at the General Assembly free of charge on the Company website.	YES	
9	General Assembly	82	The Company has made available on its website all answers to questions raised at the General Assembly within 30 days from the date of the General Assembly and free of charge.	YES	
10	Corporate social responsibility	83	The Supervisory Board and the Management Board have agreed and adopted policies stated in Article 83 of the Code.	YES	
10	Corporate social responsibility	83	These policies are available free of charge on the Company website.	YES	

10	Corporate social responsibility	84	When the Management Board requests prior approval from the Supervisory Board regarding Decisions, accompanying documents explain how the recommended measure is in line with the policies associated with impact assessment of company's activities on the environment and the community, with the policies associated with the preservation of human rights and labour rights and the measures associated with prevention and sanctioning of corruption and bribery.	YES	
10	Stakeholder engagement	85	The Supervisory Board and Management Board jointly identified whom they consider as key stakeholders in relation to the Company.	YES	
10	Stakeholder engagement	85	The Management Board has set up effective mechanisms for regular communication with key stakeholders, as well as mechanisms to inform the Supervisory Board about the results of these communications.	YES	
10	Stakeholder engagement	86	The Supervisory Board is authorized, subject to prior notification to the President of the Management Board, to organize meetings with external stakeholders when it deems it necessary.	YES	
10	Stakeholder engagement	87	The mandate of every Supervisory Board committee defines for what purpose the committee chairman may communicate directly with stakeholders and what procedure must be followed.	YES	