

CODE OF CORPORATE GOVERNANCE
ANNUAL QUESTIONNAIRE

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 to which annual financial statements also relate.

If question in questionnaire ask for explanation, it is needed to explain answer.

All answers in questionnaire will be measured in percentage as explained in the beginning of each chapter.

Ilirija d.d. for hospitality and tourism, Tina Ujevića 7, Biograd na Moru
Jasmina Kulaš Stojanov; 023/383-165
13th April 2017

COMPANY HARMONIZATION TO THE PRINCIPLES OF CORPORATE GOVERNANCE CODE

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

Question No.	Questions	Answer YES/NO	Explanation
1	Did the Company accept the application of the Corporate Governance Code or did it accept its own policy of corporate governance?	YES	
2	Does the Company have adopted principles of corporate governance within its internal policies?	YES	
3	Does the Company announce within its annual financial reports the compliance with the principles of 'comply or explain'?	YES	
4	Does the Company take into account the interest of all shareholders in accordance with the principles of Corporate Governance Code while making decisions?	YES	

SHAREHOLDERS AND GENERAL MEETING

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

Question No.	Questions	Answer YES/NO	Exsplanation
5	Is the company in a cross-shareholding relationship with another company or other companies? (If not, explain)	NO	
6	Does each share of the company have one voting right? (If not, explain)	YES	
7	Does the company treat all shareholders equally? (If not, explain)	YES	
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	because there were no requests submitted by the proxies in the year 2016.
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)	NO	because there were no requests for using modern communication technology.
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 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 websites of the: Zagreb Stock Exchange, Croatian Financial Services Supervisory Agency, Central Registry of Prescribed Information, on the websites of the Company (www.ilirijabiograd.com) and on Croatian News Agency.
18	Did the management of the company publish the data on legal actions, if any, challenging those decisions? (If not, explain)	NO	In 2016 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? (If not, explain)	NO	There are instructive rules for the work of the Supervisory Board.
21	Is the Supervisory Board composed of, i.e. are non-executive directors of the Management Board mostly independent members? (If not, explain)	NO	The Company has a major owner.
22	Is there a long-term succession plan in the company? (If not, explain)	NO	There is no need in the Company for long-term 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	It is determined by the Decision by the Shareholders' 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 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, explain)	NO	but in accordance with the Statut of the company quarterly reports on transactions involving persons related to the company have been submitted to the Supervisory Board.
26	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 five trading days, after such a change occurs (If not, explain)	YES	During the year 2016 no change was made regarding an increase or decrease in a number of shares of the members of the Management Board and Supervisory Board of the Company.
27	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	
28	Are there any contracts or agreements between members of the Supervisory or Management Board and the company?	NO	

	29	Did they obtain prior approval of the Supervisory or Management Board? (If not, explain)	NO	because there were no such agreements in 2016.
	30	Are important elements of all such contracts or agreements included in the annual report? (If not, explain)	NO	because there were no such agreements in 2016.
	31	Did the Supervisory or Management Board establish the appointment committee?	NO	
	32	Did the Supervisory or Management Board establish the remuneration committee?	NO	
	33	Did the Supervisory or Management Board establish the audit committee?	YES	
	34	Was the majority of the committee members selected from the group of independent members of the Supervisory Board? (If not, explain)	NO	The Company has a major owner.
	35	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	
	36	Did the 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	
	37	Has the 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	because there was no need for it.
	38	If there is no internal audit system in the company, did the committee consider the need to establish it? (If not, explain)	NO	because there is an internal audit in the Company.
	39	Did the 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	
	40	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	

	41	Did the 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 it is determined by the rules of the auditor's profession.
	42	Did the 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	
	43	Did the audit committee ensure the submission of high quality information by dependent and associated companies, as well as by third parties (such as expert advisors)? (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	Did the company publish a statement on the remuneration policy for the management, Management Board and the Supervisory Board as part of the annual report? (If not, explain)	NO	The Company has no Statement on the remuneration policy in place, therefore the Company does not publish it.
	48	Is the statement on the remuneration policy for the management or executive directors permanently available on the website of the company? (If not, explain)	NO	The Company has no Statement on the remuneration policy in place.
	49	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 Management Board in the public.
	50	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	Only the level of the remuneration to the members of the Supervisory Board is made public.
	51	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	
	52	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, explain)	YES	

AUDIT AND MECHANISMS OF INTERNAL AUDIT

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Question No.	Questions	Answer YES/NO	Exsplanation
53	Does the company have an external auditor?	YES	
54	Is the external auditor of the company related with the company in terms of ownership or interests?	NO	
55	Is the external auditor of the company providing to the company, him/herself or through related persons, other services?	NO	
56	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.
57	Does the company have internal auditors and an internal audit system established? (If not, explain)	YES	

TRANSPARANCY AND THE PUBLIC OF ORGANIZATION OF BUSINESS

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Question No.	Questions	Answer YES/NO	Exsplanation
58	Are the semi-annual, annual and quarterly reports available to the shareholders?	YES	
59	Did the company prepar the calendar of important events?	YES	The calendar of instructive nature has been created.
60	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	
61	Did the company establish mechanisms to ensure supervision of the flow of inside information and possible abuse thereof?	YES	
62	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?	NO	
63	Did the management of the company hold meetings with interested investors, in the last year?	YES	
64	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	