



**GENERAL ASSEMBLY**

No. GS-1-3-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Article 275 of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION**  
**on distribution of the profit of PODRAVKA Inc. for the year 2021**

I

It is determined that net profit of PODRAVKA Inc., M.B. 03454088, PIN 18928523252 (hereinafter: the Company) for the year 2021 stated in the audited annual financial statements of the Company, amounts HRK 245.103.764,63.

II

The net profit of the Company for year 2021 from item I of this Decision shall be allocated as follows:

- legal reserves in the amount of HRK 12.255.188,23
- other reserves in the amount of HRK 116.424.288,20.

III

It is approved that dividend to shareholders of the Company, owners of ordinary shares under the ticker PODR-R-A, shall be paid out in the gross amount of HRK 13.00 (thirteen kunas) per share.

Dividend shall be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company Inc. on July 14<sup>th</sup> 2022 (record date).

Date on which securities of the Company will be traded without dividend payment right is July 13<sup>th</sup> 2022 (ex date).

Dividend payment claim will be due on August 12<sup>th</sup> 2022 (payment date).

IV

After the net profit of the Company has been allocated in accordance with articles II and III of this Decision, the remaining part of net profit shall be retained in retained earnings of the Company.

V

This Resolution comes to force as of the date it is passed.

President of the  
General Assembly

Hrvoje Markovinović



**GENERAL ASSEMBLY**

No. GS-1-4-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Article 275 of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. (hereinafter: "Company") held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION**  
**on discharging the Company Management Board members**  
**for the year 2021**

I

Discharge is given to the members of the Company Management Board in respect of their duties carried out in managing the Company in the year 2021.

II

This Resolution comes to force as of the date it is passed.

President of the  
General Assembly

Hrvoje Markovinović



**GENERAL ASSEMBLY**

No. GS-1-5-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Article 275 of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. (hereinafter: "Company") held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION**  
**on discharging the Company Supervisory Board members**  
**for the year 2021**

I

Discharge is given to the members of the Company Supervisory Board by which their duties and supervision over managing Company business in the year 2021 have been approved.

II

This Resolution comes to force as of the date it is passed.

President of the  
General Assembly  
Hrvoje Markovinović



GENERAL ASSEMBLY

No. GS-1-6-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Articles 247.a, 275 and 276.a of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. (hereinafter: "Company") held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION**  
**on approving the Remuneration Policy**

I

The Remuneration Policy is approved, which is attached to this Resolution and makes its integral part.

II

This Resolution comes to force as of the date it is passed.

President of the  
General Assembly

Hrvoje Markovinović

**ANNEX:**

**The Remuneration Policy**

PODRAVKA Inc., Koprivnica, Ante Starčevića 32, The Commercial Court in Bjelovar, CRN: 010006549, PIN: 18928523252  
Privredna banka Zagreb P.L.C., Zagreb, Radnička cesta 50, IBAN: HR94 2340 0091 1000 9852 6, share capital: HRK 1,566,400,660.00,  
paid in full, total number of shares issued: 7,120,003, nominal share value: HRK 220.00, President of the Supervisory Board: Ž. Vukina,  
President of the Management Board: M. Dalić, members of the Management Board: D. Doko, Lj. Šapina, M. Tadić



SUPERVISORY BOARD

No.: NO-42-1-2022.  
Koprivnica, 29 April 2022

Pursuant to Article 247a, paragraph 1 of the Companies Act (OG 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 111/12, 125/11, 68/13, 110/15, 40/19 and 34/22, hereinafter: **Act**), Article 27 of the Statute of the company PODRAVKA prehrambena industrija, d.d., seated in Koprivnica, Ante Starčevića 32, OIB: 18928523252 (hereinafter: **PODRAVKA d.d.** or **Company**) and Article 4 of the Rulebook on the work of the Supervisory Board of PODRAVKA d.d., at its 42nd session held on 29 April 2022, the Supervisory Board of PODRAVKA d.d. confirmed the following:

## REMUNERATION POLICY

### 1. INTRODUCTION

PODRAVKA prehrambena industrija, d.d., Koprivnica is one of the largest industrial companies operating in the region of Southeast, Central and Eastern Europe. The core business activity is the production of a broad assortment of food products.

The remuneration policy is intended to attract and retain high quality experts, who will achieve the set strategic goals of the Company, through the equalisation of the interests of shareholders and other key stakeholders. The activities of the members of the Management Board must be geared towards achieving those strategic goals that move the Company forward, and protect and secure its long-term sustainable value.

The total remuneration of members of the Management Board is created in such a way to ensure competitiveness and to stimulate the attraction of and interest for positions as a member of the Company Management Board among sufficiently high-quality profile experts possessing the required capabilities, skills and experience.

Accordingly, the total remuneration of members of the Management Board is in line with the tasks of the members of the Management Board of the Company: execution of strategic goals that advance and sustain the operations of the Company and its affiliate companies, and the creation of sustainable long-term values. Achievement of the short-term and long-term business plan through the achieved operating results and development of the Company and its affiliated companies is monitored and rewarded.

The Company Management Board may also confirm the principles established in this Remuneration Policy concerning variable remunerations for Company management at levels below the Management Board, with the supervision and abidance of the recommendations of the Remunerations Board and the Supervisory Board.

### 2. ALL FIXED AND VARIABLE REMUNERATION ELEMENTS AND THEIR RATIO IN TOTAL REMUNERATION

The fixed remunerations of the members of the Management Board consist of:

- Fixed salary;
- Variable incentives, and
- Other benefits.

The remuneration policy aims to create a competitive level of compensation in all elements. To that aim, we apply the level of remuneration on the market achieved in companies of similar size, complexity and industry in which the Company operations and the region in which the Company operates.



#### SUPERVISORY BOARD

### 2.1. Fixed earnings

The fixed earnings of members of the Management Board are made up of the basic monthly salary, expressed in gross terms, and payments made into the voluntary pension fund and other earnings.

The basic monthly salary is established as the gross monetary amount stipulated in accordance with the market conditions of comparable companies, and is aligned with the remuneration policy at levels below the Management Board. Individual amounts of the fixed salary of members of the Management Board are also reflected in their area of responsibility in the Management Board, and are expressed in absolute amounts.

The members of the Management Board are also entitled to the contracted specific monthly gross amount that the Company may pay into the volunteer pension fund of their choice, or pay-out as a salary addition, pursuant to the decision of the member of the Management Board.

Other earnings include the right of the member of the Management Board to a single salary pay-out per vacation day for the calendar year, the jubilee award, and a Christmas gift for children, all in the amount as stipulated in the Collective Agreement of the Podravka Group.

### 2.2. Variable incentives

The variable incentives include the Annual bonus and the Long-term share incentive programme of the Company.

Variable incentives are based on the benchmarks for pay-out as rewards for the achieved operations and sustainable development of the Company. Together with the fixed earnings, they are incentives for the Management Board to run the Company in a responsible manner, with the aim of ensuring the Company continues its sustainable and innovative development and the creation of new value.

Every business year, the Supervisory Board establishes whether the contractually defined benchmarks have been met for the pay-out of the variable part of the remuneration that is based on the Operating Plan of the Podravka Group. The Remunerations Board analyses whether these benchmarks have been met and examines the proposed decision of the Supervisory Board.

The decision on the fulfilment of benchmarks for the pay-out of the variable incentives and the right to the variable remuneration is made by the Company Supervisory Board pursuant to the annual audited financial report of the Podravka Group.

#### 2.2.1. Annual bonus

The amount of the variable incentive pertaining to a salary bonus is dependent on the achievement of previously set goals for the business year, that are expressed through the contractually stipulated key performance indicators, and may amount to a maximum of 100% of the annual gross salary.

##### 2.2.1.1. Benchmarks for the pay-out of the Annual bonus

The annual bonus is based on the achievement of set indicators in the Podravka Group Business Plan for each business year, as stipulated in the work performance contract and labour contract and the decision of the Supervisory Board, in which the set operating indicators account for 80% of the calculation of the annual bonus, and the decision of the Supervisory Board accounts for 20% of the calculation.

##### 2.2.1.2. Manner and time of pay-out of the Annual bonus

The Company pays out the Annual bonus in money within 30 days of the date of the decision of the Supervisory Board establishing the amount of the Annual bonus. The Supervisory Board will pass this decision within 30 days of giving its consent to the annual consolidated and audited financial report of the Company and the Podravka Group for the year in question, for which the Annual bonus is paid.





#### SUPERVISORY BOARD

The Company will calculate and pay all legally stipulated contributions from the gross amount of the Annual bonus, and will pay out the remaining amount as the net Annual bonus.

#### 2.2.2. Long-term share incentive programme of the Company

A part of the remuneration can be received in Company shares, under the prescribed conditions, which directly motivates the individual to achieve not only the short-term, but also the long-term goals of the Company, and to achieve the strategies of profitable growth and sustainable development of operations as defined by the Strategic Plan of the Podravka Group for the period 2021–2025. This influences the retention and growth of share prices, and increases the value of the Company for shareholders, employees and other stakeholders.

The long-term share incentive programme of the Company pertains to the duration of the contract with the members of the Management Board and depends on the fulfilment of long-term indicators of Company operations, and the discretionary decision of the Company Supervisory Board.

##### 2.2.2.1. Benchmarks for awarding shares pursuant to the Long-term share incentive programme of the Company

The member of the Management Board is entitled to receive shares if their mandate has lasted for two or more years.

Long-term performance indicators account for 80% of the calculation of the number of Company shares, while the discretionary decision of the Supervisory Board of the Company accounts for 20%.

The member of the Management Board earns the right to share allocation if they have earned the right to pay-out of the Annual bonus such that they have met at least 100% of the set performance indicators.

The total number of shares that a member of the Management Board may receive for any business year is determined in the manner that the determined number of monthly salaries, as stipulated in the job performance contract and the labour contract, is multiplied by the total monthly salary expressed in the gross amount, and then divided by the Company share price, where the Company share price is calculated as the average price achieved on the Zagreb Stock Exchange for a period of 6 months preceding the decision of the Supervisory Board on the total number of shares to which a member of the Management Board is entitled.

The Company Supervisory Board will, together with the decision on the amount of the Annual bonus, also issue the decision on the total number of shares to which a member of the Management Board is entitled for the business year for which the Annual bonus is defined, together with the time period for their allocation.

##### 2.2.2.2. Manner and time of allocation of shares pursuant to the Long-term share incentive programme of the Company

The Supervisory Board will define the timeline for the allocation of the total number of Company shares to which the member of the Management Board is entitled for a given business year such that 50% of the total number of shares for the said year is issued to the member of the Management Board within 30 days of the decision of the Supervisory Board establishing the amount of the Annual bonus for the said business year.

The right of the member of the Management Board to the remaining 50% of shares will depend on the fulfilment of the long-term performance indicators, and the discretionary decision of the Supervisory Board, and such fulfilment will be determined by the Supervisory Board after three or five years from the start of the mandate of the Management Board as a whole.

#### 2.2.3. Limitations, pay-out delays and return of the variable part of remunerations



#### SUPERVISORY BOARD

The member of the Management Board is not required to retain the Company shares after acquiring them, though they may not dispose of them in any way until the expiry of two years from the date of allocation of individual shares.

If the member of the Management Board violates the requirement to abide by the ban on competition or the requirement of protecting business secrets, or if the mandate of the member of the Management Board ceases due to the Member's concealed conduct, they shall not be entitled to the variable remuneration which was not paid out until the date of termination of the mandate.

In the event that it is established that the financial results pursuant to which the Company shares were allocated were incorrectly reported or if any concealed conduct is revealed that requires the re-statement of the financial reports, the Company shall be entitled to demand from the member of the Management Board both the right to compensation of damages, and the return of the allocated shares within a period of two years of their allocation.

#### 2.3. Other benefits

In addition to the fixed and variable remuneration, the member of the Management Board is also entitled to other benefits.

This type of remuneration contributes to the more effective and streamlined operation of the Company, stimulates members of the Management Board to develop their professional skills and continue their education, and offers the opportunity for further personal growth, additional security and stability.

Members of the Management Board are entitled to use a company vehicle for business and private purposes, and the Company bears all costs of maintenance and use.

For members of the Management Board, the Company concludes life insurance contracts with savings components with the possibility of collecting the life insurance policy after ending their employment at the company, in which the rights from the policy belong to the member of the Management Board should they decide to continue to pay premiums. Further, the Company has concluded accident and D&O insurance and pays the premiums. Further, the Company promotes the health protection of members of the Management Board with regular physical examinations in renowned institutions, and conclusion of policies for supplemental and additional health insurance.

### 3. CONTRACT WITH THE CHAIRPERSON AND MEMBERS OF THE MANAGEMENT BOARD

#### 3.1. Duration of the contract and its cessation

The Contract is concluded for the duration of the mandate of an individual member of the Management Board, as stipulated by the decision of the Supervisory Board.

The Contract ceases to have effect upon fulfilment of the assumptions stipulated by law and the contract: upon the expiry of the period for which it was concluded, by termination, or resignation.

Termination periods are stipulated in the job performance contract of the member of the Management Board.

#### 3.2. Severance

A member of the Management Board who ceases to hold this position due to the expiry of the mandate may be offered an appropriate position to continue working at the Company.

If the former member of the Management Board does not accept such an offer, they shall have the right to severance in the amount of 8 gross fixed monthly salaries, from which the Company shall calculate and pay the taxes and public contributions and pay-out the net amount. In the





#### SUPERVISORY BOARD

event of the expiry of the mandate of the member of the Management Board, the Company shall, in addition to this severance, pay the member of the Management Board 4 gross fixed monthly salaries, which shall be considered as compensation for salary due to the contract ban on competition.

The member of the Management Board, in the case of their resignation and cessation of the labour contract in the Company, shall be entitled to severance, depending on the time spent in the mandate as a member of the Management Board. For less than 12 months spent in the mandate, severance shall be one-half the gross salary for each month spent in the mandate, and for more than 12 months spent in the mandate, severance shall be 8 gross monthly salaries, with the condition that they state that they will not take new employment within 6 months of the cessation of their work in the Company.

If the member of the Management Board should resign, and there is an important reason for their revocation that is considered a gross violation of duty, incompetence for proper execution of Company tasks, or a vote of non-confidence at the Company General Assembly, the member of the Management Board shall not be entitled to receive severance.

In the case the provisions and contractual provisions on the revocation of a member of the Management Board do not apply, and the Supervisory Board unilaterally terminates the contract, the member of the Management Board shall be entitled to severance in the amount of 12 gross monthly salaries.

The member of the Management Board shall receive severance in the amount of 3 gross salaries in the event of retirement.

The member of the Management Board shall receive severance in the amount of 12 gross salaries in the event of an injury, disability or disease that leads to the cessation of their duty as a member of the Management Board.

The right to severance shall not be granted to a member of the Management Board if the reason for termination of the contract was concealed conduct, or revocation for important reasons in the sense of the provisions of the Companies Act.

If within one year of the cessation of working relations of the member of the Management Board, the Company is to ascertain that the member of the Management Board violated the obligation to abide by the contractual ban on competition or the obligation of keeping business secrets, the Company shall be entitled to demand the return of the severance, together with interest on arrears.

#### 3.3. Pension and health insurance

The Company calculates and pays the contributions for the compulsory pension and health insurance from the fixed salaries of the member of the Management Board, and is not required to purchase additional pension seniority for the member of the Management Board if upon the cessation of the mandate, they decide to enter into early retirement.

#### 4. CONFLICT OF INTEREST

The members of the Management Board are bound by the provisions of the Companies Act which pertain to conflicts of interest.

In its operations, the Company applies the Corporate Governance Code of the Zagreb Stock Exchange (Zagrebačke burze d.d.) and the regulatory agency (HANFA).

In its operations, the Company has adopted the Conflict of Interest Governance Policy, which also applies to members of the Management Board.

The contracts of members of the Management Board contain provisions on the ban on competition and a contractual ban on competition with the Company following the cessation of labour relations.



#### SUPERVISORY BOARD

The contracts of the members of the Management Board contain a clause on the restriction of participation of members of the Management Board in other companies, both in their membership and company organs.

The contracts of the members of the Management Board contain a clause on the protection of confidentiality and business secrets.

#### 5. ADOPTION OF THE REMUNERATION POLICY

The Remuneration Board gives its recommendations to the Supervisory Board pertaining to the Remuneration Policy for the members of the Management Board at least once every two years.

Following consultation with the Chairperson of the Management Board, the Remuneration Board shall give its recommendations to the Supervisory Board once a year concerning the remuneration of members of the Management Board pursuant to the assessment of the Company results and the personal results of each individual member of the Management Board.

The Supervisory Board shall consider the recommendations, and establishes the Remuneration Policy for members of the Management Board, which is then forwarded to the General Assembly for approval at least once every four years.

The Remuneration Board continually oversees the content and implementation of the Remuneration Policy, and once a year reports to the Supervisory Board thereto. Further, the Remuneration Board oversees the drafting of the prescribed compulsory annual report on remunerations.

The Supervisory Board may temporarily in all sections withdraw from the remuneration policy if this is essential for the long-term benefit of the Company, pursuant to the procedure established by virtue of a decision of the Supervisory Board.

#### 6. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board receive compensation for their work pursuant to the separate decision of the Company General Assembly. The amount of the compensation is determined by the General Assembly in that decision.

In the Company, the decision on the remuneration of Members of the Supervisory Board of the Company of 25 September 1997 is in effect.

All taxes, contributions and/or other payments are made by the Company from the gross amount of the compensation. In addition to the compensation for their work, the Company also pays members of the Supervisory Board all travel expenses ensuing from their work.

#### 7. FINAL PROVISIONS

This Remuneration Policy is established for the four-year period from 2022–2025.

The Remuneration Policy enters into effect as of the date of its approval by the Company General Assembly.

The decision of the General Assembly and the Remuneration Policy are disclosed and are available free-of-charge for a period of ten years on the Company website, immediately after the General Assembly is held.

  
Chairperson of the Supervisory Board

Želimir Vukina



GENERAL ASSEMBLY

No. GS-1-7-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Articles 272.r, 275 and 276.a of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. (hereinafter: "Company") held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION**  
**on approving the Remuneration Report**  
**for Supervisory and Management Board members in the year 2021**

I

The Remuneration Report of the Company Supervisory and Management Board members in the year 2021 is approved, which is attached to this Decision and makes its integral part.

II

This Resolution comes to force as of the date it is passed.

President of the  
General Assembly

Hrvoje Markovinović

ANNEX:

The Remuneration Report of the Company Supervisory and Management Board members in the year 2021

**PODRAVKA D.D.**

**SUPERVISORY BOARD AND MANAGEMENT BOARD  
REMUNERATION REPORT FOR 2021**



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## Independent limited assurance report on Remuneration Report for the year 2021

To the Management board and Supervisory board of Podravka d.d.

We have been engaged by the Management board of Podravka d.d. ("the Company"), in order to perform, on the basis of the provisions of Article 272r, paragraph 3 of the Companies Act, an engagement expressing a limited assurance on the attached Remuneration Report for the year ended 31 December 2021 ("Remuneration Report") prepared by the Company's Management board and Supervisory board.

Our task, based on the procedures performed and the evidence gathered, is to express a conclusion in the form of an independent report expressing a limited assurance on the examination of the Remuneration Report.

### *Underlying Subject Matter and Applicable Criteria*

The limited assurance engagement relates to the following subject matter on which the following applicable criteria are applied:

- Remuneration Report prepared by the Company for the year ended 31 December 2021 contains data in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

The applicable reporting criteria for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration are contained in the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

### *Management board and Supervisory board Responsibilities*

The Company's Management board and Supervisory board are responsible for:

- preparing the Remuneration Report for the year 2021 in accordance with the disclosure requirements of Article 272r, paragraphs 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r, paragraph 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the data disclosed in the Remuneration Report,
- measurement of remunerations for the year ended 31 December 2021 in accordance with the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with the provisions of Article 272r, paragraph 4 of the Companies Act.

The Company's Management board and Supervisory board are responsible for the design, implementation and maintenance of the internal control system which reasonably ensures that the previously described data do not contain material errors, whether due to fraud or error. In addition, the Company's Management board and Supervisory board are responsible for ensuring that the documentation provided to us is complete and accurate.



We conducted our assurance engagement in accordance with the requirements of Article 272r, paragraph 3 of the Companies Act, and in accordance with International Standards for Assurance Engagements (ISAE) 3000 (revised) - Engagements to perform assurance engagements other than audits or reviews of historical financial information.. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to form a conclusion based on the evidence gathered as to whether the report contains the information required in accordance with the relevant legal requirements.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In respect of the subject matter, we have performed the following procedures:

- A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

### Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Remuneration Report for the year ended 2021 prepared by Podravka d.d. does not contain data, in all material respects, in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.





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working world**

***Restrictions on the use of our Report***

Our report is intended solely for the Company's Management board and Supervisory board for the purpose of reporting on the Remuneration Report prepared by the Company for the year ended 31 December 2021 in accordance with Article 272r of the Companies Act. Our report is not, nor does it represent, a legal opinion on compliance with Article 272r of the Companies Act.

In the case of additional information or data provided to us, or in the case of misleading oral or written statements or explanations, our findings, interpretations or conclusions in our independent limited assurance report may be incomplete or may result in the need for additional procedures not included in the scope of this engagement.

To the fullest extent permitted by law, we do not accept responsibility and do not agree to any obligations to any party other than the Company's Management board and Supervisory board, in connection with our work or this independent limited assurance report or the conclusions we have reached.



**ERNST & YOUNG**

d.o.o.

Zagreb, Radnička cesta 50

**Berislav Horvat**

**President of the Management board and certified auditor**

**Ernst & Young d.o.o.**

**Radnička cesta 50**

**10000 Zagreb**

**Republic of Croatia**

**29 April 2022**

**Attachment**

- 1. Management board and Supervisory board Remuneration Report for 2021**



In accordance with Article 272r of the Companies Act and the provisions of the Corporate Governance Code of the Zagreb Stock Exchange and HANFA, the Management Board and the Supervisory Board of PODRAVKA Inc. (hereinafter referred to as the "Company") submit to the General Assembly of the Company the following

## **SUPERVISORY BOARD AND MANAGEMENT BOARD REMUNERATION REPORT FOR 2021**

### **1. Introduction**

PODRAVKA Inc. was registered in 1993 as a joint-stock company. The Company's shares have been listed on the Prime Market of the Zagreb Stock Exchange.

The bodies of PODRAVKA Inc. are the Management Board, the Supervisory Board and the General Assembly, as determined by the Company's Articles of Association.

In accordance with the provisions of the Articles of Association, the Management Board consists of three to six members appointed by the Supervisory Board. The Management Board is appointed for a period determined by the Supervisory Board, but for a maximum of five years with the possibility of reappointment.

The Supervisory Board of the Company has nine members, eight of whom are elected by the shareholders at the General Assembly, while one member of the Supervisory Board is appointed by the Workers' Council of the Company. Members of the Supervisory Board are elected for a term of four years.

The reward system for the Supervisory Board and the Management Board of PODRAVKA Inc. is determined by the internal acts of the Company in accordance with the Remuneration Policy adopted by the General Assembly on 29 June 2021 (hereinafter: the Remuneration Policy).

Supervisory Board and Management Board Remuneration report for 2020 was approved by the General Assembly on 29 June 2021.

This Report is presented in Croatian Kuna (HRK).

### **2. Remuneration of the members of the Supervisory Board**

The Supervisory Board of PODRAVKA Inc. has nine members.

During 2021, from 1 January to 31 December 2021, members of the Supervisory Board were as follows:

- Želimir Vukina, President of the Supervisory Board,
- Luka Burilović, Vice-President of the Supervisory Board,
- Marina Dabić, member,
- Ksenija Horvat, member,
- Tomislav Kitonić, member,
- Ivana Matovina, member until 29 June 2021,
- Ivan Ostojić, member from 30 June 2021,
- Petar Miladin, member,
- Dajana Milodanović, member,
- Krunoslav Vitelj, member.

Each member of the Supervisory Board is entitled to a fixed monthly gross compensation from the date of their election or appointment to the Supervisory Board until the date their status of a member ceases. The Supervisory Board remuneration does not depend on the Company's results and does not contain a variable part of the remuneration.



Members of the Supervisory Board are not entitled to remuneration for membership in committees of the Supervisory Board.

Members of the Supervisory Board have received remuneration for their work and are entitled to remuneration that is appropriate to the scope of their engagement and the tasks they perform, as well as the position and results of the Company's operations.

Pursuant to the Remuneration Policy and the Decision of the Company's General Assembly of 25 September 1997, the remuneration of the members of the Supervisory Board is determined according to the position they hold in the Supervisory Board in relation to the average gross salary of the PODRAVKA concern employees paid in the previous month.

Pursuant to the Decision of the General Assembly of 29 June 2021, the remuneration of the member of the Audit Committee is determined in relation to the average gross salary of employees in the Podravka Group companies in the Republic of Croatia in the previous month.

Thus, the members of the Supervisory Board are entitled to a monthly compensation in the amount of 2 (two) average monthly gross salaries paid to employees of the PODRAVKA concern in the previous month. This remuneration is increased for the President of the Supervisory Board by 50%, and for the Vice-President of the Supervisory Board by 30%.

Members of the Supervisory Board are also entitled to reimbursement of expenses and costs incurred in performing the tasks of the Supervisory Board, in accordance with the regulations applicable to employees of the Company.

Members of the Supervisory Board are not entitled to severance pay, additional payments by the Company or its related parties, or the allocation of the Company's shares.

The member of the Audit Committee is entitled to a monthly compensation in the amount of 1 (one) average gross monthly salary of employees in the Podravka Group companies in the Republic of Croatia in the previous month.

Consequently, in 2021, the members of the Supervisory Board were paid remuneration in the following gross amounts:

Name and surname	Position	Gross remuneration of Supervisory Board members in 2021 in HRK
Želimir Vukina	President of SB	312,362
Luka Burilović	Vice-President of SB	270,713
Marina Dabić	Member of SB	208,241
Ksenija Horvat	Member of SB	208,241
Tomislav Kitonić	Member of SB	208,241
Ivana Matovina*	Member of SB	120,032
Petar Miladin	Member of SB	208,241
Dajana Milodanović	Member of SB	208,241
Krunoslav Vitelj	Member of SB	208,241
Ivan Ostojić	Member of SB	88,209

\* The engagement of the member of the Supervisory Board ended on June 29, 2021. and after that date she received remuneration on the basis of membership in the Audit Committee in the amount of HRK 44,104. The total gross receipt of fees in both committees amounts to HRK 164,136.



Remuneration in the following gross amounts was paid to a current member of the Supervisory Board for membership in the Supervisory Board of a subsidiary and to a former member of the Supervisory Board for membership in the Supervisory Board of a subsidiary:

Name and surname	Position	Gross remuneration of Supervisory Board members in 2021 in HRK
Petar Vlaić*	Former member of SB	98,077
Petar Miladin**	Member of SB	35,670

\* Member of the Supervisory Board of the subsidiary Žito d.o.o., Ljubljana

\*\* Member of the Supervisory Board of Podravka Inc., Petar Miladin is also a member of the Supervisory Board of the subsidiary Belupo Inc. Koprivnica; the total gross receipts from remuneration in both Supervisory Boards amount to HRK 243,911.

Apart from the above, the Company or its related parties have not made any other payments.

### 3. Remuneration of the members of the Management Board

The Management Board of PODRAVKA Inc. has five members.

During 2021, from 1 January to 31 December 2021, the members of the Management Board were as follows:

- Martina Dalić, President of the Management Board from 4 February 2021,
- Davor Doko, member,
- Hrvoje Kolarić, member,
- Ljiljana Šapina, member,
- Marko Đerek, member,
- Marin Pucar, President of the Management Board until 6 January 2021.

The Management Board remunerations are intended to attract and retain quality managers who will achieve the set strategic goals of the Company through balancing the interests of shareholders and other key stakeholders. The activities of the Management Board members must be aimed at achieving those strategic goals which improve the Company and protect and ensure its long-term sustainable value.

The structure of Management Board remuneration is determined by the Performance agreement and the employment contract and forms a balance between variable and fixed remuneration, where the fixed part is determined in gross amount, while the variable part of remuneration is related to performance.

The amount of the annual bonus is determined according to the performance agreement of a member of the Management Board and is related to the achievement of key performance indicators (hereinafter: KPIs).

For 2021, KPIs are largely based (weight in the total bonus of 80%) on the realized net profit of the Podravka Group, with key performance indicators for the President of the Management Board and the member of the Management Board for finance being determined according to the realization of the Podravka Group's planned net profit. For other members of the Management Board they are determined according to the realization of the planned net profit of the Podravka Group in 40% and the planned net



profit of the Strategic business unit (SBU) Food in 60% for the member of the Management Board for supply chain and the member of the Management Board for sales and marketing, and according to the realization of the planned net profit of the Podravka Group in 40% and the planned net profit of the SBU Pharmaceuticals in 60% for the member of the Management Board in charge of the SBU Pharmaceuticals.

In the second part (weight in the total bonus of 20%) KPIs are based on individual achievements of the President and members of the Management Board according to the Supervisory Board assessment, taking into account the increase in operating income, EBITDA and net profit compared to the same indicators in the previous year, the implementation of the Company's strategic projects, agreed restructuring plans, development of markets, personnel, organization and investment plans and personal contribution. The assessment of the achievement of such financial preconditions and KPIs is based on the audited consolidated financial results of the Podravka Group for the relevant financial year.

In 2021, the members of the Management Board were paid the following gross amounts:

Name and surname	Annual gross salary / remuneration in HRK	%	Amount of paid gross bonus for 2021 in HRK	%	Other gross receipts* in HRK	%	Total gross in HRK	%
Martina Dalić	797,850	86%	-	0%	131,807	14%	929,657	100%
Davor Doko	855,600	46%	855,600	46%	140,462	8%	1,851,662	100%
Marko Đerek	855,600	50%	713,000	42%	133,064	8%	1,701,664	100%
Ljiljana Šapina	855,600	50%	713,000	42%	127,668	8%	1,696,268	100%
Hrvoje Kolarić **	956,400	68%	318,800	23%	132,838	9%	1,408,038	100%
Marin Pucar***	96,429	8%	1,134,000	90%	34,389	2%	1,264,818	100%

\* other gross receipts refer to the use of a company car, health insurance premiums, voluntary pension insurance premiums, life insurance premiums, meals, etc.

\*\* Podravka Inc. does not pay compensation for membership in the Management Board of Podravka Inc. to a member of the Management Board who is employed in another company of the Podravka Group; the member receives remuneration from this subsidiary

\*\*\* For the former President of the Management Board only contributions were calculated and paid, while income tax and surtax were calculated, and net amounts paid to the heirs.

For the achieved results for the business year 2021, the members of the Management Board are entitled to a variable part of remuneration (gross bonus for 2021) which will be paid during 2022 as follows:

Name and surname	Amount of gross bonus for 2021 in HRK
Martina Dalić	972,000
Davor Doko	641,700
Marko Đerek	606,050
Ljiljana Šapina	606,050
Hrvoje Kolarić *	677,450

\* Podravka Inc. does not pay bonus to a member of the Management Board who is employed in another company of the Podravka Group; the bonus is paid by this subsidiary





Members of the Management Board are entitled to the options to purchase shares of PODRAVKA Inc. from the Company for each year of their term, after the expiration of at least two and at most five years from the year to which the option to purchase shares relates, and for that year.

The price of a share which the members of the Management Board have the option to purchase is determined as the weighted average price of the Company's share on the Zagreb Stock Exchange in the year to which the share option relates.

The share option does not mean that a member of the Management Board is granted a certain number of the Company's shares but it means that a member of the Management Board has the right to purchase a certain number of shares from the Company at a price determined as the weighted average price of the Company's shares on the Zagreb Stock Exchange in the year to which the share purchase option relates (exercise price).

For the business year 2021, the members of the Management Board are entitled to the option to purchase shares of PODRAVKA Inc. as follows:

Name and surname	Year of allocation	Number of options granted	Option's exercise price in HRK	Market value of options granted in HRK *
Martina Dalić	2021	10,000	589.19	428,100
Davor Doko	2021	7,500	589.19	321,075
Marko Đerek	2021	7,500	589.19	321,075
Ljiljana Šapina	2021	7,500	589.19	321,075
Hrvoje Kolarić **	2021	7,500	589.19	321,075

\* The market value of granted options was calculated using the last share price from the Zagreb Stock Exchange on 30 December 2021 of HRK 632.

\*\* Member of the Management Board who is employed in another company of the Podravka Group is granted options by that subsidiary.

During 2021, a member of the Management Board of PODRAVKA Inc. exercised options granted for 2017.

Name and surname	Year of allocation	Number of options granted	Gross amount of receipt in HRK
Ljiljana Šapina	2017	5,000	948,300

Apart from the above, the Company or its related parties have not made any other payments to members of the Management Board.

The Company and its related parties have not provided any loans or advances to and do not issue guarantees for the members of the Management Board.

The Company and its related parties have not given any gifts or benefits of significant value to the members of the Management Board.





#### 4. Remuneration of former members of the Management Board

During 2021, former members of the Management Board of PODRAVKA Inc. did not exercise any options.

#### 5. Comparative overview of movements in total revenues, profit and employee receipts

The overview below shows the average receipts of employees of PODRAVKA Inc. in gross amount which includes the fixed and variable parts of salary, other benefits in kind and all other payments made in connection with the employee status, divided by full time equivalents (FTEs) of the observed periods.

Other benefits in kind include meals, accommodation, supplementary health insurance premiums, benefits in kind /Easter bonus, benefits in kind based on the allocation or option purchase of own shares, etc.

Other payments include severance pay, reimbursement of costs for transportation to and from work, cash bonuses for results and other forms of additional rewards, occasional bonuses, voluntary pension insurance premiums, bonuses to employees for years of service, gifts for children, supports for continuous sick leave of more than 90 days, one-off supports in the event of the death of a member of the employee's immediate family, supports for newborn children, supports for living apart from the family, etc.

In the comparative overview of movements in the last five years, the total revenues and net profit of the Company are stated according to what was realized in a particular year, while the average receipts are stated according to what was paid in a certain calendar year.

Year	Total revenues of PODRAVKA Inc. in HRK thousand	Net profit of PODRAVKA Inc. in HRK thousand	Average annual gross receipts per employee in HRK
2017	2,109,182	86,437	118,053
2018	1,977,205	113,141	114,149
2019	2,148,856	145,189	118,074
2020	2,187,936	193,832	121,063
2021	2,285,050	245,104	124,742

#### 6. Additional information

The Company did not request a refund of variable part of the salary from members of the Management Board of PODRAVKA Inc.

There are no payments or liabilities payable by a third party to the members of the Management Board, in connection with the tasks they performed as members of the Management Board in the Company or any other function within PODRAVKA Inc.

The performance agreement of a member of the Management Board may be terminated at any time and without stating the reasons. In the event of termination of the contract during its validity by PODRAVKA Inc. and the simultaneous mutually agreed termination of employment in the Company, a member of the Management Board is entitled to the amount of twelve (12) contractual monthly gross salaries, unless the contract is terminated due to unlawful conduct of the member of the Management Board or revocation for an important reason in accordance with the Companies Act.



In case of resignation and simultaneous termination of employment in the Company, a member of the Management Board is entitled to severance pay depending on the duration of the term; for less than 12 months – one half of the gross salary, and for more than 12 months – one gross salary.

In the event of expiration of the term and simultaneous mutually agreed termination of employment in the Company, a member of the Management Board is entitled to the amount of twelve (12) monthly gross salaries paid in the month preceding the termination of the Contract.

A member of the Management Board is entitled to severance pay in the amount of twelve (12) gross salaries also in the event of retirement, or injury, disability, illness or the like, which leads to the termination of the duties of a member of the Management Board.

The Management Board remuneration report for 2021 has been prepared in accordance with the relevant legal provisions, the Corporate Governance Code of the Zagreb Stock Exchange and HANFA and the Articles of Association of PODRAVKA Inc.

In Koprivnica, 29 April 2022

**President of the Supervisory Board**

A blue ink signature of Želimir Vukina, consisting of stylized, flowing letters.

**Želimir Vukina**

**President of the Management Board**

A blue ink signature of Martina Dalić, featuring a large, elegant 'D' followed by 'alić'.

**Martina Dalić, PhD**



**GENERAL ASSEMBLY**

No. GS-1-8-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Article 275 of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION  
on election  
the Supervisory Board members of PODRAVKA Inc.**

I

It is hereby determined that for the Supervisory Board member of PODRAVKA Inc. Mr. Ivan Ostojić from Zagreb, Zavrtnica 28, PIN: 56672705385, his membership at PODRAVKA Inc. Supervisory Board is terminated by his resignation with effect as of 30<sup>th</sup> June 2022.

II

It is determined that on 7<sup>th</sup> September, 2022 term of office of the Supervisory Board members of PODRAVKA Inc. expires as follows:

1. Petar Miladin, PhD, Zagreb, Zelengaj 77, PIN: 88899511525,
2. Luka Burilović, PhD, Vinkovci, Vijenac Jakova Gotovca 23, PIN: 09991752217,
3. Krunoslav Vitelj, M. Econ, Legrad, Šoderica 134, PIN: 55989560281 and
4. Dajana Milodanović, expert specs oec., Đurđevac, Ivana Gorana Kovačića 6, PIN: 63554610682.

III

Members elected to PODRAVKA Inc. Supervisory Board are:

1. Petar Miladin, PhD, Zagreb, Zelengaj 77, PIN: 88899511525
2. Damir Grbavac, M. Econ, Samobor, Andrije Bijankinija 27, PIN: 79690397796,
3. Krunoslav Vitelj, M. Econ, Legrad, Šoderica 134, PIN: 55989560281,
4. Damir Felak, B. Sc. forestry engineer, Koprivnica, Đure Basaričeka 14, PIN: 18222253138
5. Luka Burilović, PhD, Vinkovci, Vijenac Jakova Gotovca 23, PIN: 09991752217.

IV

Supervisory Board member of PODRAVKA Inc. Mr. Damir Grbavac stated under item III of this Resolution is elected to a 4-year term, as of 1<sup>st</sup> July 2022.

Supervisory Board member of PODRAVKA Inc. Mr. Petar Miladin stated under item III of this Resolution is elected to a 4-year term, as of 8<sup>th</sup> September 2022.

Supervisory Board member of PODRAVKA Inc. Mr. Krunoslav Vitelj stated under item III of this Resolution is elected to a 4-year term, as of 8<sup>th</sup> September 2022.

Supervisory Board member of PODRAVKA Inc. Mr. Damir Felak stated under item III of this Resolution is elected to a 4-year term, as of 8<sup>th</sup> September 2022.

Supervisory Board member of PODRAVKA Inc. Mr. Luka Burilović stated under item III of this Resolution is elected to a 4-year term, as of 8<sup>th</sup> September 2022.

V

This Resolution comes to force as of the date it is passed.

President of the  
General Assembly

Hrvoje Markovinović



**GENERAL ASSEMBLY**

No. GS-1-9-2022

Koprivnica, 14<sup>th</sup> June 2022

Pursuant to Article 275 of the Companies Act (Official Gazette No. 152/11-full text, 111/12, 68/13, 110/15, 40/19 and 34/22), the General Assembly of PODRAVKA Inc. (hereinafter: "Company") held on 14<sup>th</sup> June 2022 passed the following

**RESOLUTION**

**on appointing the Company auditors  
for the business year 2022  
and determination of their respecting fees**

I In accordance with the recommendation and commitment submitted by the Company Audit Committee, the financial statements of the parent company PODRAVKA Food Processing Industry Inc. and of its affiliated companies, along with consolidated financial statements of the PODRAVKA Group for the business year 2022 shall be audited by the authorised auditor company:

**ERNST & YOUNG Ltd.**

headquartered in Zagreb, Radnička Street 50.

II PODRAVKA Inc. Management Board is authorized to enter in appropriate agreements on audit services with the Auditing Company from previous item in which will be determined remuneration for their work.

III This Resolution comes to force as of the date it is passed.

President of the  
General Assembly

  
Hrvoje Markovinović