



# **CORPORATE MANAGEMENT CODEX OF GD GRANIT AD SKOPJE**



Градежно друштво  
ГРАНИТ АД  
Бр. 12-13868/1  
25.12.2020 год  
СКОПЈЕ

**C O R P O R A T E M A N A G E M E N T C O D E X**

**of GD Granit AD Skopje**

**- I Edition –**

**December, 2020**

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## **INTRODUCTION**

With this Corporate Management Codex, GD Granit AD Skopje defines the principles of corporate management, relations with the shareholders, relations of the Management Board and the General Manager, relations of the Management and the Supervisory Board, audit by the Internal Audit Service, as well as the external auditors, communication and the Company's relationship with suppliers, customers and employees.

The Company provides good corporate management through:

- clear organizational structure of the Company, where the obligations and the authorities of the members of the Management and the Supervisory Board, the Managers of the departments, the organizational and working units are clearly defined;
- transparent operation and publication of all information that are of interest of the shareholders, investors, customers and suppliers of the Company;
- systems of supervision over the management and the operation of the Management Board through supervision by the Supervisory Board;
- as well as continuous monitoring of compliance with this Code and the positive law by the Internal Audit Service.

The corporate management is the tool through which the Company provides a good basis for control of business operations, but also protection of the interests of the shareholders, investors, customers, suppliers and employees.

Aware of the importance of this Codex, all management bodies, as well as all employees are obliged to apply its provisions, in the performance of their obligations towards the Company and the shareholders.

## **1. PRINCIPLES OF THE CORPORATE MANAGEMENT**

### **I. Principle of legality**

The Company organizes its operations and all activities in accordance with the legislation and bylaws that regulate and the operations in the Construction Department, as well as in accordance with the Statute, the Codex of Ethics of the Company and this Corporate Management Codex.

### **II. Principle of guaranteeing the rights and interests of shareholders**

The Company:

- Guarantees that managers and the auditors are fully aware of the cases under review, provides access to complete and accurate information to auditors, as well as access to the Company's documentation, respects and guarantees their autonomous assessment and opinion;
- Guarantees that the shareholders are informed about the general progress and the most important events related to the management of the Company and the development of the business activity and that are of interest to the shareholders, in accordance with the provisions of the Law on Trade Companies;
- Appreciates the fact that the control and supervisory bodies strictly perform their function and ensures that they have the necessary cooperation to achieve this goal.

### **III. Principle of transparency**

Pursuant to the Law on Trade Companies, all information relevant to the Company's operations and its management are available to the shareholders. The Company implements the availability of information through:

- publishing the Information through the website of the Company;
- by announcing price sensitive decisions and decisions of importance for the management of the Company on the stock exchange website of the Republic of North Macedonia with clear observance of the rules for stock exchange operations;
- holding an annual meeting at which decisions are adopted within the competence of the Shareholders Assembly;
- the company has appointed a responsible person for contact with the shareholders.

### **IV. Principle of social responsibility**

The Company nurtures the principles of corporate social responsibility and accepts its responsibility towards the shareholders, investors, customers, suppliers, employees and the state.

### **V. Division of competencies**

The internal structure and the management system of the Company are regulated by the Statute of the Company, on the basis of which the division of competencies that are determined in the Rulebook for internal organization and the Rulebook for job systematization is based.

## **VI. Supervision and audit of the Company's operations**

The Company has a two-tier Management System in which the supervision and audit of the Company's operations is carried out by the Supervisory Board.

The Supervisory Board of the Company, in accordance with the rights set forth in the Law on Trade Companies, organizes an independent Internal Audit Service that performs permanent and complete audit of the legality, regularity and timeliness of the Company's operations through:

- 1) assessment of the adequacy and efficiency of the internal control systems;
- 2) assessment of the implementation of risk management policies;
- 3) assessment of the establishment of the IT system;
- 4) assessment of the accuracy and reliability of the trade books and financial statements;
- 5) checking the accuracy, reliability and timeliness of the reporting in accordance with the regulations; and
- 6) monitoring the observance of the regulations, policies and procedures of the Company.

On the annual meeting, the Shareholders' Assembly elects an Audit Company from among the independent audit institutions that controls the entire financial and business operations of the Company and presents its Report to the shareholders.

## **VII. Independence and objectivity**

The members of the Management and the Supervisory Board, the management and the managerial staff, as well as all employees of the Company are obliged to make decisions during the performance of their current duties independently and based on an objective assessment to ensure good results. In doing so, they undertake, within their powers, to act honestly, responsibly, independently, loyally, professionally and to put the interests of the Company before their personal interests.

## **VIII. Principle of preventing corruption**

The members of the Management and Supervisory Board, the management and managerial staff, as well as all employees of the Company are obliged to refrain from preventing and reporting any kind of:

- promising, offering or giving undeserved property benefit, to any person who has special powers, for himself or for another person or entity, in order to perform or refrain from performing an act that is within the scope of performing his official functions (**active corruption**); as well as
- claiming or accepting undeserved property gain for oneself or another person or entity, in order to perform or refrain from performing an act within the performance of one's official functions (**passive corruption**).

The members of the Management Board and the management team pursue a clear policy of impeccable respect of The Corporate Management Codex and the Codex of Ethics as the basis of their business activities.

They take care of proper observance of the same rules by the employees with continuous monitoring of the risks and their minimization, training and control over the implementation of the Company's policies and the rules of behavior.

**IX. Principle of protected internal reporting**

The Company regulates the protected internal reporting with the Rulebook for protected internal reporting and encourages all employees who have suspicion or a knowledge that a criminal offense or other illegal or impermissible act will be committed, to report it to the authorized person of the Company.

**X. Principle of personal data protection**

The Company is committed to the protection of personal data, both to the shareholders and its employees and all individuals with whom it cooperates and whose personal data are collected, processed and stored and regulates its operations in accordance with the Law on Personal Data Protection, bylaws governing this matter, as well as international data protection practices and policies.

The company has appointed a Personal Data Protection Officer, who takes care of the compliance of the personal data processing with the legislation, and to whom all interested parties can submit their requests for exercising any of their rights under this matter.

**XI. Principle of confidentiality**

All employees of the Company are obliged to keep confidential information that becomes available to them during the performance of their duties. Confidential information may be disclosed only in the case and in the manner prescribed by law. In order to protect its business venture, strategies and price sensitive information, the Company has adopted a Rulebook on protection and management of confidential information and Business Secret in GD Granit AD Skopje.

**XII. Principle of direct communication with employees and fair compensation**

The most important resource of the Company are its employees and the Company nurtures a decades-old tradition of investing in their professional development according to their affinities and needs, providing them with the necessary funds and working conditions, as well as financial compensation that corresponds to their efforts in fulfilling work responsibilities.

The company takes care to improve and strengthen the corporate culture of its employees.

### **XIII. Principle of responsibility and commitment to work**

The employees of the Company are expected and encouraged to perform their duties in an effective, efficient manner, demonstrating responsibility, diligence, loyalty and commitment according to the level of knowledge, experience, duties and responsibilities. The employees are obliged to treat carefully the entrusted tasks and to contribute to the maintenance and improvement of the reputation of the Company.

### **XIV. Informing the public**

The company regularly and timely publishes information on the results of operations, taking into account their accuracy, relevance, comprehensibility and completeness. The information is easily available to the public, i.e. it is published on the official website of the Company.

Pursuant to the legal provisions, ie the Listing Rules of the Macedonian Stock Exchange, the Company publishes the following information on the website of the Macedonian Stock Exchange:

- Postings related to business operations
- Postings related to the Company`s assets
- Significant changes in the financial situation
- Postings related to the dividend calendar
- Notifications of publicly owned shares
- Notification of significant shares
- Notifications regarding the meetings of the shareholders assembly
- Publication of financial statements and annual report on operations
- Specific reporting obligations of the issuers located in the sub-segment Stock Exchange listing

## **2. COMPANY MANAGEMENT**

The Company bases its operation on the current legislation and the founding act, of which the implementation takes place through the bodies of the Company.

In a world of growing environmental and social challenges and rapid technological changes, which set requirements for dynamic and adaptable management of modern companies in all industries, a key strategic goal and basic mission of the Company is to achieve sustainable development and recognizable quality.

The Company is managed in a way to preserve and increase the capital of the Company, by taking reasonable and economically viable risks, focusing on exceeding customer expectations, building partnerships with them, promoting the principles of long-term cooperation and modern construction technologies.

All of this will lead to strengthening the stability of the Company, long-term profitability, as well as continuing the tradition and recognition of the brand - GD Granit AD Skopje - on the market.

The Company aims to foster development, increase profitability and operational excellence, take a reasonable level of risk and make resource allocation decisions. All in order to achieve greater profits of the Company, and to the satisfaction of both customers and employees and of course the shareholders for their trust and support in the process of management and development of the Company.

The company is a taxpayer and works in a way that always and fully fulfills all obligations under the positive laws.

GD Granit AD Skopje owes its successful existence to the proper business-oriented management and monitoring of the needs of the Company, all through the establishment of a business management policy, which is primarily based on planning, decision-making and implementation of decisions made in accordance with the legal regulations, the Statute of the Company, other general acts and the decisions of the Shareholders Assembly.

As a joint stock company, a two-tier management system has been established by the Supervisory and Management Board.

The Supervisory Board elects the members of the Management Board in accordance with the Law on Trade Companies and the Statute of the Company.

The Management Board elects from among its members the Chairman of the Management Board who manages the sessions of the Management Board, as well as a person who will represent the Company in relations with third parties, which is called the General Director.

The obligations and tasks of the members of the Management Board and the General Director are regulated by a special decision.

The Departments, Organizational and Working Units, the Services are currently implementing the Decisions of the Management Board, through which the timely undertaken agreed works are finalized. The management staff of the same, directs its employees towards the achievement of the set goals, and imposes the challenge for achievement and better results than planned.

Following the latest trends and technologies in construction, the Company continuously invests in funds for research, development and improvement of the construction of facilities, as well as by providing the necessary funds, modernization of mechanization, equipment, as well as through continuous training of employees, attending seminars and congresses in the field of construction, attending international construction fairs and cooperation with the most important educational institutions in this branch of the economy.

The company supports the scientific-research activity in a way that actively participates in several events in the field of construction, and also enables the implementation of practical classes for students, giving them the opportunity to build and develop into professionals in their areas of interest.

### 3. CORPORATE MANAGEMENT

The corporate system is based on the legal regulations and the Statute of GD Granit AD Skopje and the best international practices and as such ensures efficient and transparent management of the Company through an established two-tier management system, consisting of a Supervisory and Management Board.

The shareholders' assembly, as the highest body, decides on issues regulated by law and entrusted with the Statute of the Company. The internal organizational set-up of the Company is based on the division of affairs by Organizational Units, Working Units, Services and Departments that operate within the Company, while some of the other activities that do not belong to its predominant activities are performed through companies formed in full ownership of GD Granit AD Skopje.

The corporate management of the Company, as a listed company and as a member of the Macedonian Stock Exchange, is harmonized with the Code of Corporate Governance of joint stock companies listed on the Macedonian Stock Exchange. All Decisions that are planned to be made public, the Company publishes on its official website and submits them to the Macedonian Stock Exchange, promoting it and adhering to the principle of transparency in operations.

The company establishes a corporate management system that is oriented towards:

- Increasing the value of the shares;
- Quality of the works performed;
- Control of the corporate risk;
- Promoting transparency;
- Acting in accordance with the interest of the share-holders;
- Responsible management of the assets.

#### 4. SUPERVISORY BOARD

The Supervisory Board of the Company exercises its competencies determined by law, bylaws, the Statute and other acts of the Company. It consists of 3 (three) members, with a mandate of 6 (six) years, with the possibility of re-election.

The work of the Supervisory Board is managed by the President of the Supervisory Board who is elected at the first constitutive session. The Supervisory Board strives for objective and transparent operation of the Company, within the following authorizations:

- Supervises the managing of the Company;
- Appoints and dismisses members of the Management Board of the Company;
- Organizes an Internal Audit Service and appoints and dismisses its employees;
- Approves the Annual Plan for the operation of the Internal Audit Service;
- Reviews the Reports on the operation of the Management Board of the Company;
- Approves the Annual Report and the Financial Reports of the Company;
- Approves the policies and the procedures for internal revision, supervises the adequacy of the procedures and the efficiency of the work of the Internal Audit Service and reviews its reports;
- Approves the Annual Report on the operation of the Company and submits a written opinion on it to the Assembly of the Company;
- Reviews the Audit Report for the Company and submits a written opinion on it to the Assembly of the Company;
- Monitors the execution of the decisions, conclusions and directions adopted by the Assembly of the Company;
- Gives consent, i.e. verifies the decisions adopted by the bodies of the Company, in cases when it is so provided by the laws, bylaws or acts of the Company;
- Approves the substantial internal organizational changes in the Company related to the establishment of new branches;
- Approves the Decision of the Management Board for election of the President of the Management Board;
- Evaluates the work of the Management Board of the Company and proposes possible remuneration of the members of the Management Board;
- Inspects and checks the books and documents of the Company, as well as the property, the treasury, the securities and the goods of the Company;
- Performs other activities in accordance with the laws and bylaws, the Statute and other acts of the Company.

The Chairman of the Supervisory Board organizes the work of the Supervisory Board, by preparing the agenda of the meetings of the Board, encourages open discussions on various issues in a friendly and constructive atmosphere, allows the members of the Supervisory Board to express their views on the points of the agenda. The President of the Supervisory Board, within his powers, acts with conviction and in the best interest of the Company.

## 5. MANAGEMENT BOARD

The Management Board takes care of the management of the Company within the legal regulations, respecting the interests of all shareholders, investors, employees, customers and suppliers.

The Management Board has the broadest powers in the management of the Company.

The Management Board is constituted in accordance with the Law on Trade Companies and the Statute of the Company. It is consisted of 5 (five) members who are elected and dismissed by the Supervisory Board. The members of the Management Board are elected for a period of 6 (six) years, with the right to be re-elected.

The Management Board performs its functions with due diligence, taking into account when deciding and assessing the situation in the country, but also globally, the opportunities and capacities available to the Company, the risks, the strategic determinations of the Company, and accurate reporting, all in order to increase the value of the shares, the capital of the Company and the protection of the interests of the shareholders.

In this context, the Management Board:

- Conducts the business policy and manages the operation of the Company;
- Adopts the Program and the Work Plan of the Company and gives directions for their successful implementation;
- Determines the internal organization of the Company;
- Gives and revokes the authorizations of the Directors of the Organizational and Working Units, Departments and Services;
- Receives and analyzes Quarterly Reports on the operation of the Organizational and Working Units, Departments and Services and gives recommendations for overcoming and dealing with possible problems;
- Directs and organizes the work of the Organizational and Working Units, Departments and Services of the Company;
- Establishes compensation for the Managers of the Organizational and Working Units, Departments and Services;
- Defines the general organizational structure and the structure of the Company, continuously monitoring its adequacy and the possible need for reorganization and changes in accordance with the goals of the Company;
- Reviews and approves the strategic, industrial and financial plans;
- Forms commissions according to the needs that may arise during the operation of the Company;
- Decides on the distribution of funds for sponsorships and donations;
- Adopts decisions, conclusions and recommendations on issues within its competence;
- Reviews and approves operations with significant economic and financial impact or impact on the balance sheet, especially if they are performed by related parties or involve a potential conflict of interest;
- Follows the general trend in the operation of the Company, with special reference to the conflict of interests and periodically confirms the achievement of the planned results;

- Accountable to shareholders at the shareholder meeting;
- Decides on other issues and performs other activities determined by law and the Statute of the Company, as well as matters that will be transferred to it by the Shareholders Assembly.

The Chairman of the Management Board is appointed by the Supervisory Board and it coordinates the activities of the Management Board, convenes the meetings of the Management Board taking care that all relevant information is timely submitted to all members of the Management Board, in coordination with the General Manager contributes to the formation of strategies of the Company.

The manner of work and decision-making of the Management Board is determined in detail in the Statute of the Company and the Rules of Procedure of the Management Board, as well as other general acts of the Company.

## 6. GENERAL MANAGER

The member of the Management Board that represents the Company, is called General Manager.

The General Manager is responsible for:

- Supervision and management of the organizational structure of the Company, in accordance with the decisions of the Management Board, coordination of all Organizational and Working Units, Departments and Services, introduction of all necessary measures to provide the most efficient technical, economic, commercial and financial management and coordination of all activities of the Company;
- Concluding contracts, amending, renewing, terminating all types of contracts or relationships, including trade relations, as well as any events involving the registration of movable and immovable property, within the powers given by the Statute of the Company;
- Opens, closes and makes transactions on current accounts and any relationship of a financial nature within the previously defined restrictions;
- Gives authorizations, adopts decisions, instructions and rulebooks;
- Approves participation on tenders, auctions, bids, project financing and other public procedures;
- Performs other activities that will be assigned to him by the Management Board, determined by the contract and the Statute of the Company.

## **7. INTERNAL AUDIT SERVICE AND EXTERNAL AUDITS**

### **7.1. Internal audit service**

The Internal Audit Service of the Company is organized by the Supervisory Board, in accordance with the Law on Trade Companies, as an independent internal Service of the Company, whose employees perform the functions of internal audit.

The Service is obliged to perform constant and complete audit of the legality, regularity and timeliness of the Company's operations, and especially by monitoring the compliance of the organization and the Company's operations in accordance with this Corporate Management Codex. For that purpose, the Service performs regular and extraordinary audits, gives recommendations for overcoming any observed irregularities in the operation of the Company. Provides an objective and independent assessment of the adequacy and efficiency of the internal control system, the compliance of internal policies and procedures with applicable laws and regulations, as well as the overall efficiency of the Company. Submits a semi-annual and annual Report to the Supervisory Board for the implemented activities.

The employees of the Internal Audit Service have the right to free and unhindered access to all information and documents that are relevant for their work.

It performs all authorizations in accordance with the principle of transparency, applying its professional qualifications, for which it is accountable to the Supervisory Board.

### **7.2. Independent audits**

The audit of the financial statements of GD Granit AD Skopje is performed in accordance with the selection of the audit company from the ranks of independent professional audit companies, and elected by the General Meeting of Shareholders of the Company.

The audit firm performs an objective and independent audit of the balance sheet, income statement, statement of comprehensive income, statement of financial position, cash flow statement and Statement of changes in equity of the Company.

The reports from the performed audits are reviewed by the Management Board of the Company, the Supervisory Board of the Company and the General Meeting of Shareholders. The transparency of the reports is ensured by publishing them on the official website of the Company, in a printed newspaper on the territory of the Republic of Northern Macedonia, as well as on the Macedonian Stock Exchange.

## **8. CRITERIA FOR APPOINTING MEMBERS OF MANAGEMENT AND SUPERVISORY BOARD AND INTERNAL AUDIT SERVICE**

The members of the Management and Supervisory Board of the Company, as well as of the Internal Audit Service of the Company, should meet at least the following criteria and qualifications:

- At least high school education;
- Knowledge of regulations in the field of construction and finance;
- Experience in the field that contributes to safe and efficient management and supervision of the Company's operations;
- Honesty, competence, confidentiality, ability for independent evaluation and expressed personal integrity and authority;
- Proactivity and following the international trends, in order to adapt and introduce them in the operation of the Company;
- Knowledge of the profile and risks of the Company;
- Understanding and awareness of their own role in corporate governance and efficient fulfillment of the role of management and supervision in the Company;
- Loyalty and care for the confidential information of the Company;
- Avoiding conflicts of interest or possible conflicts of interest;
- To have the trust of the shareholders, other managers and employees of the Company;
- To have the ability to take into account the interests of all stakeholders and make well-thought-out decisions;
- To have the ability to implement their knowledge and experience in solutions.

## **9. CORPORATE SECRETARY**

Following the latest corporate practices, as well as the recommendations of the Corporate Governance Manual issued by the Macedonian Stock Exchange, the Company has appointed a Corporate Secretary of the Management Board and a Corporate Secretary of the Supervisory Board.

Corporate secretaries assist the Management and the Supervisory Board to perform their duties and responsibilities, ensure proper application of legal procedures by the Management and the Supervisory Board, strive for governing bodies to comply with corporate rules and policies, propose the introduction of new corporate rules and policies when they assess that there is such a need, help to establish and maintain good communication between the various governing bodies of the Company in accordance with the Statute and the internal acts of the Company.

In order to ensure that the governing bodies develop a corporate management system, the Corporate Secretaries assist the Chairman of the Management Board and the Chairman of the Supervisory Board, to have timely and appropriate information, ensure that decisions are properly implemented throughout the Company and have responsible lead their minutes in a timely manner, keep minutes of the meetings held, regardless of the manner of their holding, and keep them in order, ensure compliance of internal acts with the applicable legal and regulatory framework, but also with the best practices of corporate governance, help in organizing the Shareholders Assembly, forward the requests from the shareholders to the management bodies.

In exercising their powers, the Corporate Secretaries act in the interest of the Company and its shareholders, acting responsibly, dedicatedly, independently, demonstrating loyalty, integrity and authority.

## 10. SHAREHOLDERS ASSEMBLY

The shareholders with their investments form the ownership capital of the company, and they exercise their rights through the Shareholders Assembly. The Assembly is a body in which all shareholders are activated in order to exercise their rights. Every shareholder registered in the Shareholders' Book, from the day of registration has the right to participate in the work of the Assembly and the right to vote. At the Assembly, the shareholders decide on the most important issues from the operation of the Company, i.e. on:

- Changes in the Statute of the Company;
- Approval of the Annual Account, the financial statements and the Annual Report on the operation of the Company in the previous business year and deciding on the distribution of the profit;
- Election and dismissal of the members of the Supervisory Board;
- Approval of the work and management of the members of the Management Board and the Supervisory Board;
- Change of rights related to certain genera and classes of shares;
- Increasing and decreasing the share capital of the Company;
- Issuance of shares and other securities;
- Appoint a certified auditor to audit the Annual Accounts and financial statements if the Company has an obligation to prepare them;
- Transformation of the Company into another form of Company, as well as the status changes of the Company; and
- Termination of the Company.

The Assembly may not decide on issues in the field of management, i.e. in the field of managing the operations of the Company, which are the competence of the management bodies.

The Management Board convenes the Annual Meeting no later than three months after the preparation of the Annual Account, the financial statements and the Annual Report on the Company's operations in the previous business year, but not later than six months from the end of the calendar year or 14 months from the last Annual Meeting.

The Assembly is convened by publishing a Public Call to the Shareholders published in a daily newspaper that is published on the entire territory of the Republic of Macedonia, as well as on the official website of the Company and the website of the Stock Exchange.

Every shareholder who intends to participate in a convened Assembly is obliged to register his participation on the Assembly (application for participation in the Assembly) no later than the beginning of the session of the scheduled Assembly, and may authorize, with a power of attorney, his proxy to the Assembly.

Decisions of the Assembly are made by a majority of the voting shares represented on the Assembly, unless a larger majority is determined by law or the Statute of the Company or other conditions are not prescribed regarding the majority by which the decisions of the Assembly are made.

The decisions are adopted by the Assembly by public voting, and the Decisions of the Assembly enter into force on the day of their adoption, unless the Statute of the Company or the Decision stipulates another date of entry into force.

### **10.1. Relations with the shareholders**

The Company highly values the opinion of all shareholders equally, which is why it provides easy, simple and constant access to relevant, complete, accurate and timely information that is important to shareholders. GD Granit AD Skopje creates conditions that guarantee the participation of the shareholders to be complete and appropriate and protects their interests.

The strategic goal and determination of GD Granit AD Skopje is to ensure transparency of the decisions adopted and elections made during the operation. The corporate management model of the Company is designed to ensure correctness and accuracy in corporate communications (financial statements, periodic reports on the results of the operation of Organizational and Working Units, Departments and Services, information projections, etc.).

All financial communications of the Company are aimed not only at meeting the legal minimum, but also given in understandable language, exhaustion, timeliness, in order to achieve the basic purpose of their disclosure.

### **10.2. Valuation of the shareholders' investment**

GD Granit AD Skopje ensures that all economic and financial performance of the Company is aimed at preserving and increasing the value of the Company, in order to justify and reward the risk that the shareholders take when investing their capital in the Company.

## **11. RELATIONS OF THE COMPANY WITH INTERESTED PARTIES**

In order to maintain the recognition created through the decades-old tradition on the domestic and foreign market, the Company is focused on building a fair and professional relationship with all stakeholders, as well as the customers and suppliers of goods and services.

All stakeholder deals are made on the basis of the provisions of the Law on Trade Companies by the Management Board and the Supervisory Board and the data for them are appropriately published in the Annual Report.

### **11.1. Relations with the customers**

The company enters the market respecting the rules of fair competition.

In accordance with the principle of prevention of corruption, the Company neither offers nor accepts any undeserved property gain (active / passive corruption) in order to promote or popularize the conclusion of business transactions in its favor. Giving gifts is in the form of modest branded and representative gifts in accordance with the Code of Ethics of the Company and the generally accepted norms for giving / accepting gifts and they do not serve as a tool for acquiring services and / or privileges, nor any benefit to the Company.

The Company undertakes to guarantee appropriate quality standards of the manufactured products based on pre-determined classes and periodically checks their quality.

The Company continuously provides world-recognized certificates and attestations for its products.

The Company is committed to quality assurance in its business activity, whose ultimate goal is customer satisfaction. All employees are aimed at demonstrating correctness and unambiguity in all negotiations, as well as diligent and responsible fulfillment of the undertaken obligations. Accordingly, the Company approaches the settlement of possible disputes through court and arbitration proceedings, only when it can not otherwise exercise its legal rights and requirements.

Customer relations are regulated by the applicable laws, as well as by this Codex of Corporate Management and the Codex of Ethics of the Company.

All employees of the Company who enter into relations with the customers and represent the Company are obliged to behave correctly, ethically, transparently and with restraint, respecting and maintaining the reputation of the Company and representing and protecting the interests of the Company.

The employees may not, for their own interests, nor for the interests of the Company:

- Make unethical compromises of any kind;
- To offer or accept any undeserved property gain in order to obtain services or real, potential or tangible benefits of any kind, nor to enter into tacit agreements in order to do so;
- Offer or accept gifts, contrary to the provisions of this Codex and the Codex of Ethics.

All employees are authorized to terminate the relationship / negotiation with a client who does not intend to comply with the Corporate Management Codex, upon prior notification to his / her immediate supervisor.

### **11.2. Relations with the suppliers of goods and services**

The Company values its suppliers as a competitive factor and an active part of the production process. The selection of suppliers is made solely on the basis of the needs of the Company and the fulfillment of a range of criteria of the bids of the suppliers. The company keeps records of satisfaction with the cooperation in accordance with established criteria and on that basis continues or terminates the cooperation with certain suppliers. The Company maintains a positive relationship with suppliers, and where necessary checks compliance with suppliers' laws and regulations and ensures that they adopt and apply appropriate corporate management and ethics codexes.

The Company maintains honest, transparent, fair and restrained behavior towards suppliers in order to build a relationship based on mutual cooperation and trust.

When establishing business relations with its suppliers, the Company informs them about the Corporate Management Codex and the Codex of Ethics of the Company, and at the same time they have access to the same on the official website of the Company at any time, and in case any of the suppliers do not comply with the legal provisions, as well as the rules of this Corporate Management Codex and the Codex of Ethics of the Company, the Company may take appropriate measures aimed at terminating the business relationship.

## **12. RELATIONS OF THE COMPANY WITH ITS EMPLOYEES**

The Company nurtures a positive work environment by investing in the most important resource - its employees. Recognizing employees as one of the main factors that is essential for the success of the Company, the Company constantly invests in professional development that corresponds to the potential of the employees, while striving to ensure a fair relationship, based on care and respect.

The Company is proud to confirm that Granit employees are the best in the field of construction, professionals who are characterized by dedication, loyalty and responsible performance of work tasks.

Employees work in a safe work environment, by monitoring and implementing the latest occupational safety practices, as well as providing the necessary equipment for safe work.

The company supports all initiatives and measures to preserve the psychological and physical health of its employees, not only by complying with applicable regulations, but also by promoting a culture of safety, proper organization of the work process and strengthening preventive measures.

For that purpose, the Company within the Operational Department has organized a Department for Occupational Safety and Health, which includes experienced professionals who are dedicated to continuous training to raise awareness of employees about the importance of safe and secure performance of tasks and preservation of health, and whose recommendations for improving the working environment are accepted unreservedly and are incorporated in the current policies of the Company.

The Company encourages and supports all opportunities for employee development, and the Company remains committed to sincere and open cooperation with trade unions, to help employees meet their needs and meet their requirements.

In this regard, the Company fully respects the employment contracts and regulations for health and social insurance, and sees the Union as a partner and an important tool for advocating for workers and promoting better working and living conditions. The Company strongly opposes any kind of discrimination against the Union. Recognizes the elected representatives, guarantees the free and independent realization of the trade union activity in the workplace, in full compliance with the valid agreements.

The Company ensures gender equality in its professional and managerial positions, in the salary levels and in the opportunities for development and promotion of the employees.

The principles we strive to incorporate into our work environment are the principles of the Universal Declaration of Human Rights and the Declaration of Fundamental Principles and Labor Rights of the International Labor Organization.

The Company encourages equal opportunities. We consider diversity in terms of nationality, religion, race, gender, age, sexual orientation, disability, political or any other point of view as an advantage in the multicultural world, we value diversity and we treat all employees equally.

The Company fully respects human rights in the workplace. Any conduct or behavior that degrades the dignity and personality of any employee, will be severely punished and will be the basis for initiating disciplinary proceedings against the employee who acted contrary to this Corporate Management Codex, the Company Code of Ethics, and vice versa the provisions of the Labor Law relating to harassment in the workplace. Employees are familiar with the provisions of the Law on Labor Relations and the Law on Protection from Harassment at Work which promote prevention and protection against harassment in the workplace and are familiar with the persons appointed to report cases of harassment in the workplace (mobbing).

Our people are engaged, promoted and offered opportunities for advancement based on their qualifications, engagement and self-motivation within their day-to-day tasks and responsibilities.

### **12.1 Selection of staff**

Candidates for employment are selected by comparing their profiles (degree of education, experience, specific knowledge and qualifications for the position) with the expectations and needs of the Company, providing equal opportunities for all candidates.

The information is requested only to an extent that satisfies the purpose, i.e. checking the required criteria in terms of professional profile and attitudes, while respecting the privacy of the candidates.

The HR Service, within the information available, provides measures to avoid favoritism, nepotism or any form of patronage in the selection and employment phase (for example, avoiding the use of committee members to admit a particular candidate).

### **12.2 Employment contracts**

The employees have been employed on the basis of Employment Contracts, in accordance with the conditions set out in the Law on Labor Relations. The company does not tolerate any form of irregular work.

In the Employment or Service Agreement, each employee or associate receives accurate information about:

- The characteristics of the job and the obligations it has to perform;

- Salary and benefits, as regulated by the Law on Labor Relations and the Collective Bargaining Agreement in the Private Sector;
- Responsibilities, obligations and rights arising from employment.

The signing of the employment contract is made in the Service for Human Resources, where the new employee is allowed questions regarding the content of the contract, in order to ensure that he has fully understood the content, rights and obligations arising from the work relation.

### **12.3 Staff Management**

GD Granit AD Skopje does not support any form of staff discrimination and strongly condemns it.

The Company manages the staff in such a way that all decisions are based on the relationship between the expected profit of the Company and the qualifications of the employees (for example when deciding on the award of incentives - salary bonuses based on the results achieved).

Access to different jobs is also based on the skills, qualifications and competencies of employees. The Company has a flexible organization of the work process that encourages and facilitates the work of mothers, in a way that promotes and encourages motherhood and general care for children.

The evaluation of the results achieved by the employees is done in a comprehensive way, including the evaluations in addition to the directors and managers, and the evaluations of the chief engineers, i.e. if applicable, all employees who work with the respective employee or who are related to the employee whose results are evaluated.

### **12.4 Development and training of the human resources**

The Company believes in and promotes continuous professional development of the employees, in line with new trends and technologies in the industry. To this end, it encourages managers to manage and value all professional skills of employees, using the tools available to promote development and professional growth.

Extensive powers are given to the managers to communicate the strengths and weaknesses of employees, in order for them to improve their skills through training that will fully suit that purpose.

The Company supports every initiative by the managers to attend specialized trainings, seminars, fairs by all employees who have such affinities and / or needs, and where there is a need and opportunity, organizes internal trainings, in order to cover a wider range of employees who will have opportunity to attend trainings.

Creativity and new ideas are supported and wherever possible they are implemented in the already established work processes. With this practice, the Company ensures that it maintains and increases the professional value of its staff.

### **12.5 Employee working time management**

The Company expects from each manager to adequately organize the working hours of each employee, in a way that will ensure that each employee performs the work tasks that are aimed at maintaining the dynamics of projects and timely and professional completion of contractual obligations undertaken by the Company.

In the event that the manager, as a hierarchical supervisor, requests services, personal services or any conduct that could constitute a breach of the Company Codex of Ethics and this Corporate Management Codex, such conduct will be considered an abuse of the position / function of authority.

### **12.6 Participation of the employees**

The involvement of the employees in the activities of the Company is provided through the opportunities for discussion and participation in the decisions for realization of the goals of the Company.

All employees are obliged to participate in such opportunities with a spirit of cooperation and independent judgment.

Listening to different opinions and views, where applicable and compatible with the goals and strategy of the Company, allows managers to make final decisions, and all employees are obliged to always contribute to their implementation.

### **12.7 Health and safety at work**

GD Granit AD Skopje is committed to implementing and promoting a culture of safety, developing risk awareness and encouraging responsible behavior by all employees and associates. In addition, it works to protect the health and safety of employees, primarily through preventive measures.

The Company has established a special Service for Occupational Safety and Health, which operates within the Operational Department, whose employees work to fully implement the provisions of the Law on Occupational Safety and Health, as well as the international practices.

The employees in the service for safety and health at work, regularly and continuously visit the field of all facilities performed by the Company, in order to inspect the implementation of the prescribed measures, where there is a need to give directions for improvement of the conditions, as well as to educate all employees about consistent compliance with the measures and proper use of personal protective equipment.

GD Granit AD Skopje aims to protect its employees by anticipating a wider internal structure, carefully monitoring changes in risk, investing in:

- Introduction of an integrated risk management and security system;
- Continuous analysis of risk and critical areas in the processes and resources to be protected;
- Adoption of best practices and technologies;
- Checking and updating the working procedures;
- Training and communication initiative.

### **12.8 Personal integrity and individual protection**

GD Granit AD Skopje undertakes to protect the personality and well-being of its employees, guaranteeing the right to working conditions that enable respect for personal dignity. For this reason it protects workers from psychological abuse and combats any form of discriminatory or harmful behavior towards people, their attitudes and their inclinations (e.g. insults, threats, isolation or excessive pressure, professional restrictions).

Sexual harassment is strictly forbidden and strongly condemned, and behaviors and topics of conversation that may disturb people must be avoided (e.g. displaying images with explicit sexual content, persistent and continuous allusions).

Any employee of GD Granit AD Skopje who considers that he / she is subject to harassment or discrimination for reasons related to age, gender, sexuality, race, health status, nationality, political views or religious beliefs, can report it to the Company, which will assess whether there has been a breach of this Corporate Management Codex and the Codex of Ethics. However, inadequacies and differences are not considered discrimination if they are justified or based on objective criteria.

In terms of the above provisions, the Company fully implements and complies with the legal provisions of the Law on Protection from Harassment at Work.

### **12.9 Privacy protection**

The privacy of employees is protected in accordance with the Law on Personal Data Protection, which regulates the collection, processing and storage of personal data, as well as the minimum data required for the exercise of employees' rights.

The company has appointed a Data Protection Officer, to whom all interested parties can address their requests, as regulated by law.

The Company has adopted Rules, Plans and Policies for the collection, processing and storage of personal data and they are harmonized in accordance with the changes in the laws and bylaws, as well as the international practices.

### **12.10 Duties of employees**

The employees are obliged to act in good faith in fulfilling the obligations undertaken by signing the Employment Agreement, in order not to hinder the normal operation of the Company and the fulfillment of the planned activities. Employees are obliged to avoid situations of conflict of interest.

The employees are obligated to:

- Inform their managers about the existence of any family relations with third parties that could enter into relations with the Company;
- Avoid situations that may create conflicts;
- Avoid negotiating with third parties that represent a potential conflict of interest in public administration;
- Report any possible occurrence of a conflict of interest to their supervisor and to the supervisory body, for an appropriate assessment.

### **12.11 Relations with the Public Administration**

Only authorized employees can maintain relations with the public administration, and in accordance with the codex of ethics, correctly, honestly and transparently.

Employees must have an understanding of conduct that is contrary to the Law, the Company Codex of Ethics and this Corporate Management Codex, and refrain from creating, encouraging or allowing conflict-of-interest situations.

The Company, in its relations with the government and the public administration, gives a statement and provides real documentation, confirmation and information, and its activities are characterized by the principles of accuracy, transparency and verifiability.

The Company does not permit conduct that could be intended to directly or indirectly affect the conduct of public officers or to result in an unlawful advantage or gain.

In the event of participation in public tenders or private negotiations with the state or public administration, the Company strictly adheres to the standards governing individual procedures.

For this purpose it is strictly forbidden:

- Promising, offering or giving to employees in the public administration or any public sector official, regardless of whether the R.N. Macedonia or any other country (active corruption), for themselves or a third person or entity that is in any way related to those officials, any undeserved property gain (cash, benefits, gifts) in order for the officials to do or to refrain from performing any of their functions, at the expense of which the Company would gain an undeserved advantage, profit or benefit;
- Striving to corrupt and / or influence public administration;
- Committing fraud of the public administration for personal or for the profit of the Company;
- Inappropriate or illegal use of privileged connections to achieve personal professional goals within the Company;
- Receiving or soliciting any undeserved property gain (passive corruption) in order to perform or refrain from performing any of its functional functions;
- Exercising pressure, requesting services, recommendations contrary to the conditions and principles set by the laws, the Codex of Ethics and this Corporate Management Codex.

In order to enable compliance with the above principles, the Company:

- Keeps written records of relations with the public administration;
- Prepares in writing all contracts and agreements;
- Does not transfer the relations with the public administration to a third party, in order not to create a conflict of interests.

Subsidies or funding received from the state, public enterprises or the European Union, the Company will not use them contrary to the purposes for which they are allocated.

Employees must not use or present false or untrue statements or documents, nor omit information.

### **12.12 Relations with supervisory, regulatory and governmental bodies**

In its relations with supervisory, regulatory and governmental bodies, the Company bases its activities on the principle of integrity and professionalism, avoiding influence over their decisions or seeking favorable treatment through acts of active or passive corruption.

The Company maintains relations with all the above bodies and authorities and they are characterized by full and active cooperation, timely provision of information required by the authorities to carry out their investigative actions and implementation of orders or measures prescribed by them.

The Company, in its relations with state, regional and local government bodies, as well as with international government bodies, in order to be able to assess the administrative and legislative activities in the affected sectors, demonstrates correct and transparent behavior.

### **12.13 Press and media relations**

Employees who are responsible for communication with the press and media are obliged to act honestly, transparently and to guarantee equal access to data and information to all stakeholders.

Other employees, who do not have the authority to communicate with the press and media, may not make statements, comments or interviews about the Company, including by electronic means. The Company dissociates itself from and does not accept as views of the Company, nor as true information all information made available by persons who do not have the authority to communicate with the press and media.

### **13. METHOD OF DISTRIBUTION**

GD Granit AD Skopje and its managers will undertake activities to familiarize themselves with the content of this Corporate Management Codex of all employees and will guarantee its periodic updating in accordance with the legal changes, as well as in accordance with the needs of the Company.

The Department of Legal, Personnel and General Affairs is responsible for preparing and updating the list of the main recipients, who are further obliged to submit it to all employees for whom they are directly responsible and to acquaint them with the content of this Code.

The Corporate Management Codex is published on the official website of the Company, in accordance with the legal provisions, but also in accordance with the principle of transparent and responsible operation of the Company.

Pursuant to the Law on Trade Companies, the Internal Audit Service is obliged to continuously monitor the compliance of the operation of all Organizational and Working Units, Departments and Services of the Company with the provisions of the Corporate Management Codex.

Besides the Internal Audit Service, all managers are obliged to closely monitor and take care of the application of this Codex by all employees of the Company and to report any violations to the Internal Audit Service. However, any employee who finds that any other employee acts contrary to the provisions of the Corporate Management Codex and the principles of operation of the Company, is obliged and encouraged to report such behavior to the Internal Audit Service.

The Internal Audit Service, on the other hand, undertakes to maintain maximum confidentiality regarding the violations, as well as the snitchers.

## 14. DISCIPLINARY SYSTEM

Violation of the principles and provisions set forth in this Corporate Management Codex violates the relationship of trust established between the Company and any other party that has entered into a relationship with the Company.

GD Granit AD Skopje can protect its interests by taking the necessary measures, i.e. to decide on its employees in determining appropriate disciplinary measures, including dismissal, while for third parties - beneficiaries, it may result in initiating a procedure for termination of interrelationship.

According to the principle of violation and punishment, as well as the proportionality of the sanctions in relation to the severity of the established violation, the type and scope of the sanctions, they will be determined taking into account the following criteria:

- The subjective aspects of the User's behavior (fraud, negligence, incompetence, etc.);
- The importance of breach of obligations;
- The severity of the created risk / danger;
- The extent of the damage / loss of the Company as a result of violation of the provisions of this Codex;
- The level of hierarchical / technical responsibility;
- Presence of aggravating or mitigating circumstances with special reference to the quality of previous work and disciplinary records in the last two years;
- Sharing responsibility with other employees and / or users who in any way contributed to the breach.

## 15. ANNOUNCEMENT AND ENTERING INTO FORCE

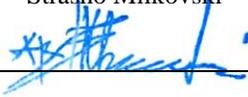
This Corporate Management Codex has been published on the Company's website, for the purpose of making it available to all interested parties.

At the same time, it is properly distributed to all employees of the Company and their content is introduced through appropriate training.

The provisions of this Codex shall enter into force on the day of adoption of the Decision for adoption of the Codex by the Management Board of GD Granit AD Skopje.

This Corporate Management Codex produces rights and obligations for all employees in the Company, but also for all users and any non-compliance with its provisions entails sanctions in accordance with the regulations.

President of the Management Board  
Strasho Milkovski




**GRANIT**



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