



**RULES OF PROCEDURE FOR THE OPERATION OF THE
SUPERVISORY BOARD OF GD GRANIT AD SKOPJE**

Rectangular seal reading: 12-10591/1

Date: 28.01.2022

In accordance with the Article 351 from the Law on trading companies (Official Gazeta of R. Macedonia no. 28/2004, 84/2005, 71/2006, 25/2007, 87/2008, 17/2009, 23/2009, 42/2010, 48/2010, 8/2011, 21/2011, 24/2011, 166/2012, 70/2013, 119/2013, 120/2013, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015 and 192/2015), the Supervisory Board of GD Granit AD Skopje, on the 6-th regular meeting, held on 17.12.2021, it adopted the following

RULES OF PROCEDURE

for the operation of the Supervisory Board on GD Granit AD Skopje

I. GENERAL PROVISIONS

Article 1

These Rules of procedure regulate the manner of operation of the Supervisory Board of the GD Granit AD Skopje (hereinafter: Supervisory Board), a in particular: preparation, convening and holding of the meetings; course of operation; adjournment, suspension and closure of meetings; the method and procedure for making conclusions, opinions and recommendations; managing and preparing minutes of held meetings; rights and duties on the Articles on the Supervisory Board, the rights and the duties of the corporate secretary, as well as other issues related to the operation of the Supervisory Board.

Article 2

The provisions from these Rules of Procedure relate and are mandatory for all members on the Supervisory Board, as well as for all persons participating in the work of the meetings of the Supervisory Board.

Article 3

The President of the Supervisory Board is responsible and takes care for the correct application of these Rules of Procedure, and in his absence a member of the Supervisory Board, determined by the President of the Supervisory Board, takes care of the said.

II. CONSTITUTION NA SUPERVISORY BOARD

Article 4

The Supervisory Board is constituted on its first meeting.

The first constitutive meetings of the Supervisory Board is called and to the choice of a President, it is managed by the oldest member of the Supervisory Board.

On the first constitutive meetings, the members of the Supervisory Board choose President of the Supervisory Board. The candidates for President of the Supervisory Board everything they choose with publicly voting.

For selected President on Supervisory Board everything counts the one who received majority on voices from the total number of Articles of the Supervisory Board.

The President and the member of the Supervisory Board are elected for a term of 6 (six) years, with the possibility of re-election.

Article 5

For matters within its scope, the Supervisory Board may establish one or more Commissions from among its members and from other persons.

Article 6

The Supervisory Board operates within its meetings based on the law, Articles of association on the company, this Rules of procedure and other acts of the Company.

III. JURISDICTION**Article 7**

The Supervisory Board on the company accomplishes its competences determined with law, the by-laws regulations, the Articles of association and other acts of the Company, and within the framework of the same acts as follows:

- It does supervision above management with the Company;
- It gives strategically directions;
- Appoints members of the Management Board of the Company based on the established knowledge, experience and skills required by the Management Board in general;
- At least once a year reviews the composition, number and functioning of the Management Board, in order to evaluate its effectiveness and proposes possible changes;
- At least once a year reviews the composition on the Supervisory Board and its commissions from aspect of the knowledge, qualifications, skills and evaluates if the members individually and collectively possess the required skills for successful performance of their functions (the so-called "Board Profile");
- It adopts a Politics for reward on The Management Board;
- It resolves members of The Management Board;
- Organizes the Service for internal revision and appoints and resolves the persons that are employed in the same;
- Approves the Annual Plan for the work on the Service for internal revision;
- Reviews and approves the strategy, the business plan and the budget on the Company;
- Reviews the reports on the operation of the Management Board of the Company, including the system for identifying and managing risks;
- Approves The annual account and the financial reports of the Company;
- Approves the policies and procedures for performing internal audit, supervise 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 Company's operations and submits a written opinion on it to the Assembly of the shareholders of the Company;
- Submits Proposal to the Management Board for election on an independent auditing house;
- Reviews the Audit Report for the Company and submits a written opinion on it to the Assembly of the shareholders of the Company;
- Follows the execution on the decisions, the conclusions and the directions adopted from the Assembly of the shareholders of the Company;
- It gives consent, i.e. verifies the decisions adopted from the bodies of the Company, in cases when the same is provided by law, bylaws or by acts of the Company;
- Determines essential internal organizational changes in the Company that refer to the establishment of new subsidiaries;
- Approves the decision on the Management Board for choice of a President of the Management Board;
- It does supervision on the Management Board and evaluates the operation of the Management Board of the Company and proposes possible remuneration of the members of the Management Board;
- It does insight and checks the books and the documents on the Company, as well as the property, cash register, the Company's securities and goods;
- Approves, observes and implements the main Policies of the Company;
- It does others works in consent with the law and the by-laws regulations, the Articles of association and the other acts of the Company.

IV. RIGHTS AND DUTIES OF THE PRESIDENT OF THE SUPERVISORY BOARD

Article 8

The President on the Supervisory Board is obliged to:

- Organize the work on the Supervisory Board through preparation on the Agenda for the meetings of the Board;
- Encourages open discussions for various questions in constructive atmosphere;
- Ensures that all members of the Supervisory Board express their opinion and point of view regarding the items on the Agenda;
- Observes the work on the Supervisor Board;
- Initiates the procedure for rating on the work on the Supervisory Board;
- In the framework on its own powers, it works in the best interest on the Company;
- It does others duties determined with the law.

V. RIGHTS AND DUTIES OF THE MEMBERS OF THE SUPERVISORY BOARD

Article 9

The members of the Supervisory Board have a right to:

- Participate in the debate upon the items from the Agenda;
- Give opinions, suggestions and proposals;
- Suggest decisions, conclusions and others acts from scope of the Supervisory Board;
- To be informed in a timely manner for all the questions that are in the jurisdiction of the Supervisory Board.

Article 10

Each member of the Supervisory Board has the right and obligation to vote for a proposal – decision, conclusion or some other act that is adopted to the meeting of the Supervisory Board.

Each member of the Supervisory Board can hold back from voting.

Article 11

The members of the Supervisory Board are obliged to attend at all the meetins of the Supervisory Board to which they were duly invited.

Member of the Supervisory Board can be absent from the meeting of the Supervisory Board out of justified reasons. The Member of the Supervisory Board is obliged to promptly inform the President of the Supervisory Board about the inability to attend the meeting.

Article 12

The members of the Supervisory Board are obliged to conscientiously perform their own function for time on the mandate.

Article 13

The members of the Supervisory Board are obliged to keep the business secrets and the others trustworthy data which they find out in the performance of their duties within the Supervisory Board.

VI. RIGHTS AND DUTIES OF THE CORPORATE SECRETARY OF THE SUPERVISORY BOARD

Article 14

The Corporate Secretary, among the other, is obliged to:

- Provide organizational and professional support of the President of the Supervisory Board;
- Advises the Supervisory Board respectively for its responsibilities and legal obligations, ensures correct application of the legal procedures by the Supervisory Board;
- Provides correctly implementation on the procedures determined in the Agenda for work of the Supervisory Board;

- Strives the management bodies to respect the corporate rules and policies, proposes the introduction of new corporate rules and policies when there is such a need,
- It helps to establish and maintain good communication between the different management bodies of the Company in accordance with the Articles of association and the internal acts of the Company;
- Executes other administrative tasks connected with the corporate management on the Company.

Article 15

In exercising its powers, the Corporate Secretary acts in the interest of the Company and its shareholders, working responsibly, dedicatedly, independently, demonstrating loyalty, integrity and authority.

VII. MANNER OF WORK AND DECISION MAKING

1. Preparation of a meeting

Article 16

The Supervisory Board decides on a meeting or without holding a meeting, under conditions determined by law, the Articles of Association, these Regulations and other acts of the Company.

Article 17

The meetings of the Supervisory Board are held upon a need, and at least once on three months.

Article 18

The proposal Agenda for the meetings of the Supervisory Board is determined by the President of the Supervisory Board. When preparing the Agenda, the President of the Supervisory Board is obliged to introduce only those proposals that, according to the Articles of Association and other acts of the Company, fall under the jurisdiction of the Supervisory Board.

Article 19

The materials for the Supervisory Board meeting are delivered to the other members of the Supervisory Board by the Corporate Secretary of the Supervisory Board.

The materials with the invitation and the agenda are delivered at least 7 (seven) days before the day set for holding the meeting.

As an exception, the materials can be submitted at the session itself, if their review and decision-making is urgent, which is decided by the Supervisory Board.

After receiving the materials for the meeting, the member of the Supervisory Board who cannot attend the session, may express his opinion in writing on the materials, but may not vote on the items on the agenda.

2. Convening a meeting

Article 20

The meetings of the Supervisory Board are convened and managed by the President of the Supervisory Board, and in his absence one of the members from the Supervisory Board that is appointed by the President of the Supervisory Board. Meetings of the Supervisory Board are also convened at the request of one third of the members of the Supervisory Board or upon a request of the Management Board of the Company.

Article 21

The meetings of the Supervisory Board are convened by a written invitation, which is signed by the President of the Supervisory Board, and in his absence by the member of the Supervisory Board appointed by the President of the Supervisory Board, or by an invitation in electronic form, sent by e-mail.

The invitation shall state the day, hour and place of the meeting and the proposal for the agenda of the meeting.

In urgent cases, the invitation to convene the meeting can be sent by fax or communicated by telephone.

Article 22

On the meeting of the Supervisory Board all the members of the Supervisory Board are invited. The members of the Management Board of the Company, as well as other persons from different sectors or work units within the Company whose scope of work have included questions in the agenda for consideration, and whose presence is decided by the President of the Supervisory Board, can be invited to be present to the Supervisory Board meeting.

Article 23

The members of the Supervisory Board can also participate and make decisions on a meeting organized using a conference connection, telephone connection or using other audio or visual communication means equipment, with what all participants on the sessions can listen, see and talk to and between each other.

3. Holding and proceeding of a meeting**Article 24**

The President of the Supervisory Board manages the meetings of the Supervisory Board. In case on obstruction or absence of the President, the member that is appointed from the President of the Supervisory Board manages the meeting. The President of the Supervisory Board opens the meeting and first establishes majority for work (quorum) and ascertains who is absent. The Supervisory Board full-fledged works and decides if on the meeting the majority from the total number of members of the Supervisory Board are present. If on the meeting of the Supervisory Board there is none majority for fully important operation and decision-making, the meeting will be postponed and convened within a period of no longer than 3 (three) days from the day of the postponement.

Article 25

The Supervisor Board, upon a proposal of the President, before the beginning on the meeting establishes the Agenda of the meeting.

Article 26

The Agenda for the meeting can be supplemented or amended. If the questions with which the Agenda is amended do not require a specific study or submission of additional materials, they will be considered and decided on the same meeting. The Supervisory Board may decide to postpone certain issues for the purpose of studying the submission material for the next meeting.

Article 27

On the beginning of the meeting the Supervisory Board adopts the Minutes from the previous meeting of the Supervisory Board.

Article 28

The review on the materials is conducted in accordance with the order from the adopted Agenda. The discussion on the items of the Agenda is opened by the President of the Supervisory Board, that is, in his absence, the member of the Supervisory Board determined by the President of the Supervisory Board. The discussion is conducted upon the point from the Agenda, while the same is fully exhausted. All the members of the Supervisory Board are allowed to take part in the debate. Upon a request of the members of the Supervisory Board, other persons from the professional services of the Company that are invited can take part in the debate and they are due to give explanation for the materials in subject. The President of the Supervisory Board gives word according to the order on registration for discussion.

Article 29

After the determination that the discussion is exhausted, the President on the Supervisory Board concludes the debate and formulates the Proposal - Decision or Proposal - Conclusion that should be voted on.

If there is a proposal contrary to the one proposed in the material, the President of the Supervisory Board, and in his absence the member of the Supervisory Board determined by the President of the Supervisory Board, it puts on voting first the opposite suggestion, and if there are more suggestions, the same are put to the vote in the order in which they were proposed.

4. Decision making

Article 30

After the finished discussion conducted under certain question, the Supervisory Board approaches to adopting decisions, conclusions and other acts within its powers.

For suggestion, decision, conclusion or another act that is adopted by the Supervisory Board, it is decided with voting.

Article 31

The vote on the proposal is done publicly, by a show of hands, if it is not decided to vote by name or otherwise.

The member on the Supervisory Board can votes " **FOR** ", " **AGAINST** " or can hold back from the vote. The appropriate vote, according to paragraph 2 of this article, is recorded in the Minutes.

Every member of the Supervisory Board has a right to own opinion in relation with specific question/proposal which is considered or voted upon, to request that it be separated and entered separately in the Minutes.

Article 32

The Supervisory Board adopts decisions with a majority of votes from the total number of members of the Supervisory Board.

In case on division on the voices, the voice from the President on Supervisory Board, is decisive.

Article 33

After finishing on the voting and upon the received results from the same, the President of the Supervisory Board ascertains whether the proposal is accepted or not.

Article 34

The members of the Supervisory Board leave the meeting and don't participate in adopting decisions if their objectivity is questioned due to the existence of a conflict of interests.

In case on existence on conflict of interests, the members of the Supervisory Board, before holding the meeting, give letter statement to the President of the Supervisory Board in which they state the basis from which the conflict arises and they leave the meeting when it is discussed and decided the issue in matter from the Agenda, and the same is recorded in the Minutes.

Article 35

The Supervisory Board can decide and adopt decisions without holding a meeting, if all members give written consent to the Supervisory Board for the proposed decision to be adopted.

Giving the consent from paragraph 1 of this article can be done with a handwritten signature, with a signature sent by fax or electronically on the proposal - decision.

The decisions of the Supervisory Board are adopted with writing consent of the members of the Supervisory Board and they enter into force counting from the day of giving the consent from all the members of the Supervisory Board. For all decisions of the Supervisory Board adopted with written consent of the members of the Supervisory Board Minutes are being prepared in which the decisions are recorded. The Minutes is signed by the President of the Supervisory Board, and in his absence by the member of the Supervisory Board determined by the President of the Supervisory Board.

The Minutes of the adopted decisions are submitted to the members of the Supervisory Board for inspection at the first following meeting.

Article 36

The decisions and other acts adopted by the Supervisory Board are signed by the President of the Supervisory Board.

Article 37

The decisions of the Supervisory Board adopted on a meeting enter into force on the day of their adoption, unless another effective date is derived from the decision.

Article 38

The decisions and the acts adopted from the Supervisory Board must be in accordance with the law, by law acts, Articles of association and other acts of the Company.

5. Maintenance on the order on the meeting**Article 39**

The President of the Supervisory Board takes care for the maintenance of the order on the meeting.

6. Postponing, interruption or locking of a meeting**Article 40**

The meeting of the Supervisory Board can be postponed when the president of the Supervisory Board states that there is no quorum for work, i.e. a majority of the members of the Supervisory Board to start work.

The meeting is postponed by the President of the Supervisory Board.

In case the meeting is being postponed, the present members are informed orally for the time of holding the new meeting, and the absent members are notified in writing about the postponement.

Article 41

The meeting of Supervisory Board can be interrupted if:

- During the meeting, the number of the members present decreased below the necessary minimum for legally valid decision-making;
- Because of long duration on the meeting and fatigue of the members, upon a request from the majority of the members of the Supervisory Board;
- There is disturbance of the order on the meeting;
- Others cases.

The interruption of the meeting is declared by the President of the Supervisory Board.

Article 42

The interrupted meeting continues latest in period of 3 (three) days, counting from the day of the interruption.

The continuation of the meeting is scheduled by the President of the Supervisory Board, and in his absence, the member of the Supervisory Board determined by the President of the Supervisory Board.

7. Minutes from meeting**Article 43**

Minutes are prepared for the work of the Supervisory Board.

The Minutes from the meeting of the Supervisory Board are prepared by the Corporate Secretary of the Supervisory Board. The Minutes from paragraph 1 of this article must contain the following data:

- Time and place of the holding of the meeting;
- Persons that attended the meeting;
- The Agenda of the meeting;
- Questions that were subject of voting;
- The results from each voting.

As exception, i.e. on request from the member of Supervisory Board who voted " **FOR** " or " **AGAINST** " a certain decision can be entered in the Minutes as well as the reason why he voted that way.

Article 44

The Minutes from held meeting of the Supervisory Board is adopted on the beginning on the next meeting. Each member of the Supervisory Board, before the beginning of the meeting has a right to brought out remarks of the Minutes from the previous meeting. The Supervisory Board decides on the merits of the remarks. Comments accepted are an integral part of the adopted Minutes.

Article 45

The Minutes of the held meetings are submitted for comments to the members of the Supervisory Board within 5 (five) days, counting from the day of the meeting.

Article 46

The Minutes are signed by all them members of the Supervisory Board who were present at the meeting and the President of the Supervisory Board, and in his absence by the member of the Supervisory Board determined by the President of the Supervisory Board.

VIII. TRANSITIONAL And FINAL PROVISIONS**Article 47**

The Agenda for operation of the Supervisory Board and the Articles of Association of the Company in which x provisions are contained that refer to the Supervisory Board, complement each other and represent a single entity.

Article 48

For correct application on the provisions from this Rules of Procedure the President on Supervisory Board is taking care.

Article 49

The changes and additions of this Rules of Procedure are performed in a manner and procedure same as it is for its adoption.

Article 50

This Rules of Procedure enter into force, counting from the day on its adoption by the Supervisory Board.

Official round seal of the company GD Granit AD Skopje, affixed
President of the Supervisory Board
Ivana Milkovska, signed