



Declaration of Compliance with the Corporate Governance Code for Publicly Traded Companies

Reference to the Corporate Governance Code

The governance of the company Poslovni sistem Mercator, d.d., is based on legal provisions, sound business practice, and the principles of the Corporate Governance Code (hereinafter referred to as the Code).

Compliance with the provisions of the Code

The Management Board and the Supervisory Board of the company Poslovni sistem Mercator d.d. found for the year 2020 that corporate governance at the company Poslovni sistem Mercator d.d. and the Mercator Group complies with the provisions of the Code, with particular deviations explained below.

Diversity policy (Recommendation 4 and 10.0): The Management Board and the Supervisory Board are aware that heterogeneity of composition of all supervisory and managerial bodies is important for their efficiency. The current composition of the Supervisory Board and the Management Board reflect the different personality characteristics and experience in a variety of field of business, different educational profile, and different nationality of the members of these bodies. In light of the planned transfer of Mercator to the Fortenova Group, preparation and implementation of more concrete policies and guidelines for further work all corporate bodies of the company can only commence after the transfer.

Statement of corporate governance and compliance with the Code (Recommendations 5.7 and 14.4): Third-party audit of the corporate governance statement and third-party audit of Supervisory Board operation for 2020 were not conducted due to the anticipated transfer of the company Poslovni sistem Mercator d.d. to the company Fortenova Grupa d.d. (Fortenova Group); therefore, the company Poslovni sistem Mercator d.d. shall commission such external audit later on.

Relations with shareholders (Recommendation 6.2): Two largest shareholders (Agrokor d.d. and Sberbank of Russia) independently communicate their intents regarding the management policy for their investment into the publicly traded stock corporation; therefore, the company did not make any additional invitations to shareholders to publicly disclose their management policies with regard to their investment in this publicly traded stock corporation.

Supervisory Board, independence (Recommendations 18.7, 22, 23): Due to the current ownership structure of the company Poslovni sistem Mercator d.d. (the company Agrokor d.d. holds 69.57% of total company shares and the company Sberbank of Russia holds 18.54% of shares), the company Supervisory Board and the Supervisory Board committees also include members with close economic ties to the said two shareholders.

Statement of independence (Recommendation 11): All Supervisory Board members signed a special statement specifying their position regarding the compliance with each criterion of independence. However, the company did not disclose their statements on its official website, since compliance with each particular criterion of independence is a matter of personal integrity of respective Supervisory Board members.

Supervisory Board tasks and payment to the Management Board (Recommendations 12.10 and 21.1): In 2020, Management Board member receipts only included the fixed part, while the decision on the variable part of the reward to Management Board members is subject to Supervisory Board decision that is made based on the performance in the preceding year.

Supervisory Board member training (Recommendation 13.1): Supervisory Board members take part in training and education courses consistently with the needs of each member. Therefore, the Supervisory Board does not specify an annual training plan for members of the Supervisory Board and its committees.

Composition and appointment of the Management Board (Recommendation 20.7): The term of contract of the extraordinary Management Board member at the company Poslovni sistem Mercator d.d. Gregor Planteu is related to the Act on Conditions for Appointment of Extraordinary Management Board Member in Companies of Systemic Importance to the Republic of Slovenia, pursuant to which he was appointed to the Management Board.

Public disclosure of important information (Recommendation 29.9): At its website at www.mercatorgorup.si, the company makes available, in Slovenian and English, all rules of procedure for its corporate bodies, except for rules of procedure for the shareholders assembly, since such rules of procedure have not been in place for a number of years, as the shareholders assemblies (annual general meetings) are always presided over by a renowned attorney, in compliance with the effective legislation.

The company Poslovni sistem Mercator d.d. shall continue to observe the recommendations of the Corporate Governance Code in the future, as it is looking to preserve a transparent governance system and the level of confidence by all company stakeholders and the broad public.