

Corporate Governance

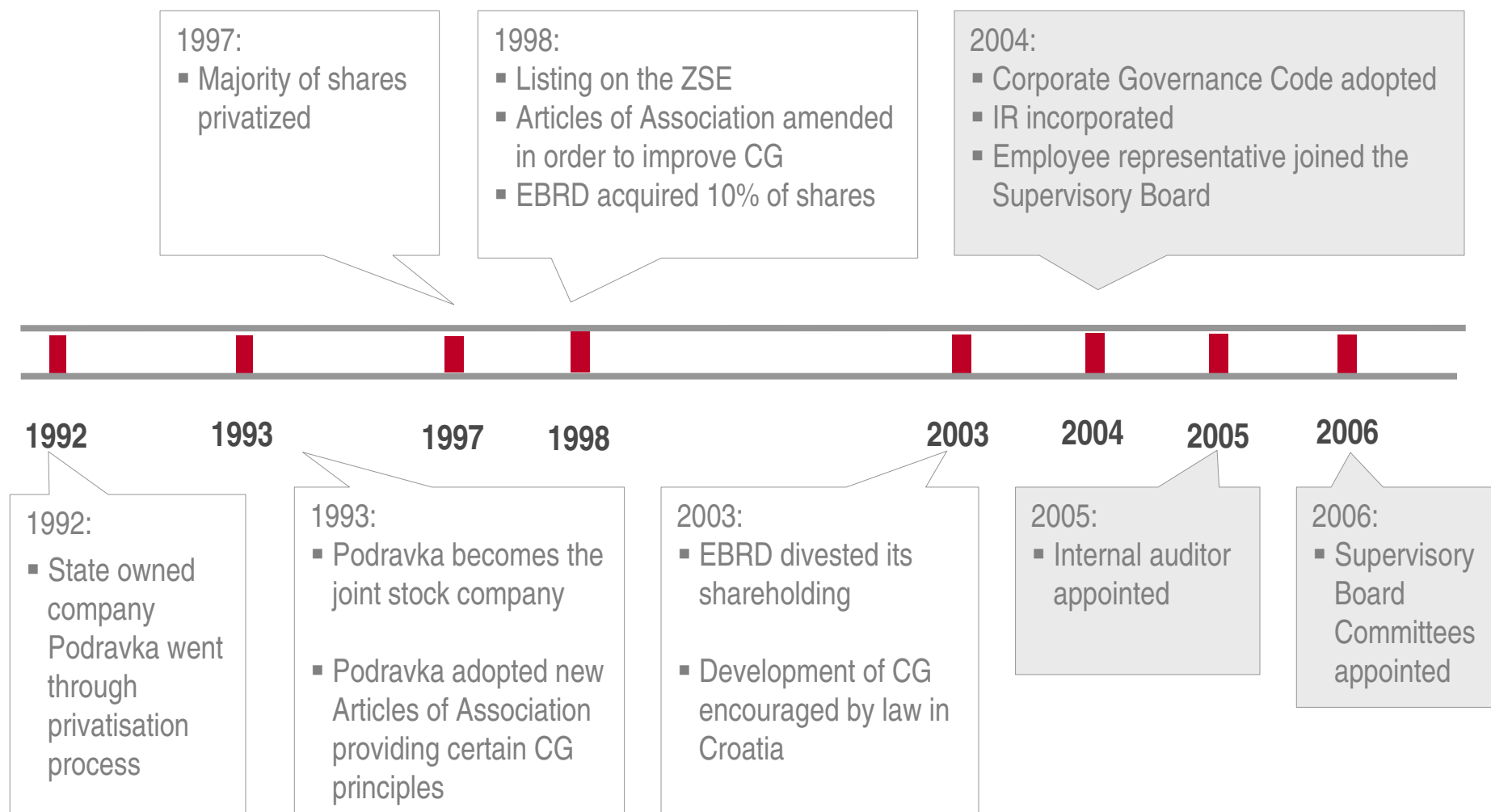
The Role of the Supervisory Board

Podravka Case Study

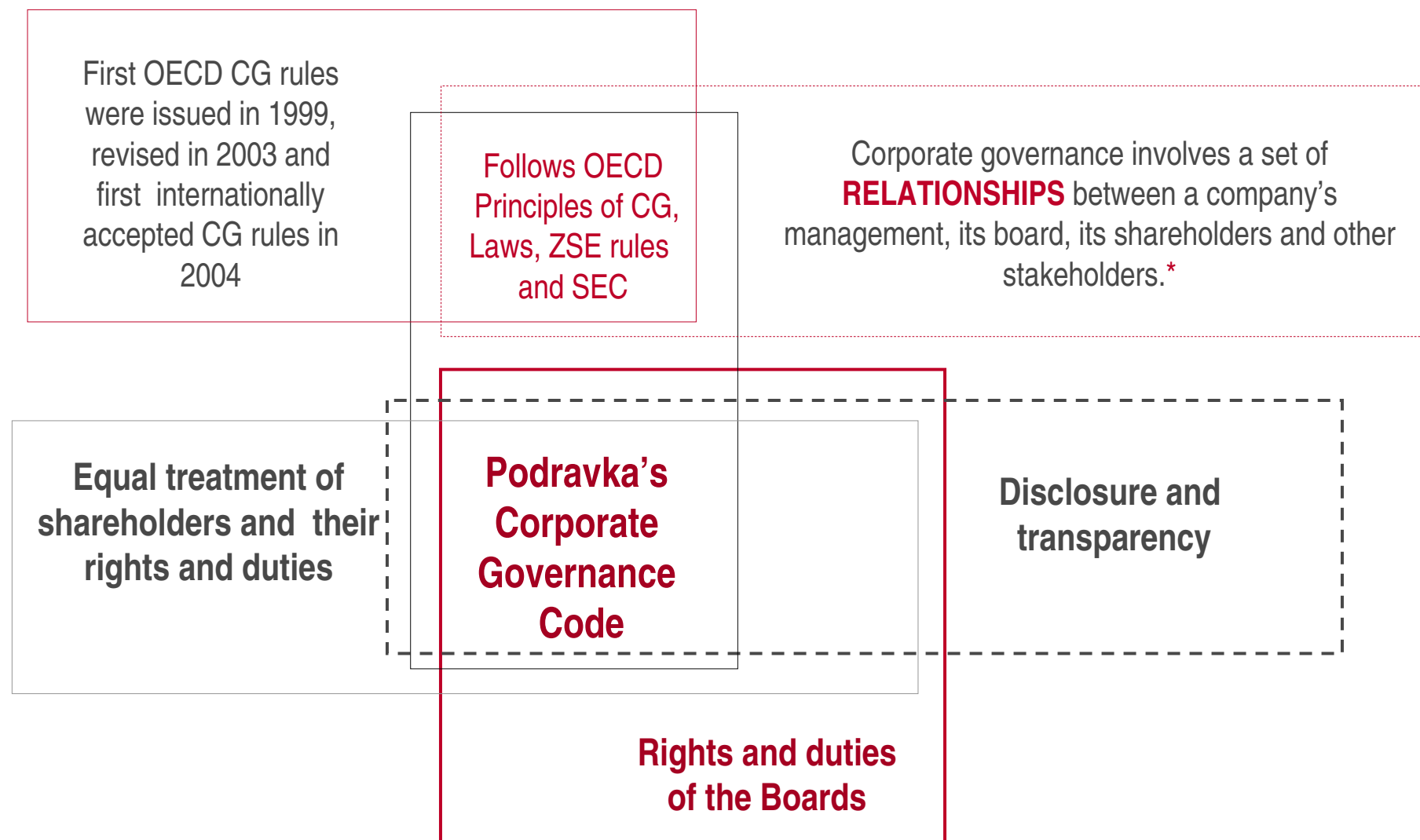
Regional Finance and Investment Conference for SouthEast Europe, Cavtat, Croatia, 2007



History of Corporate Governance in Podravka

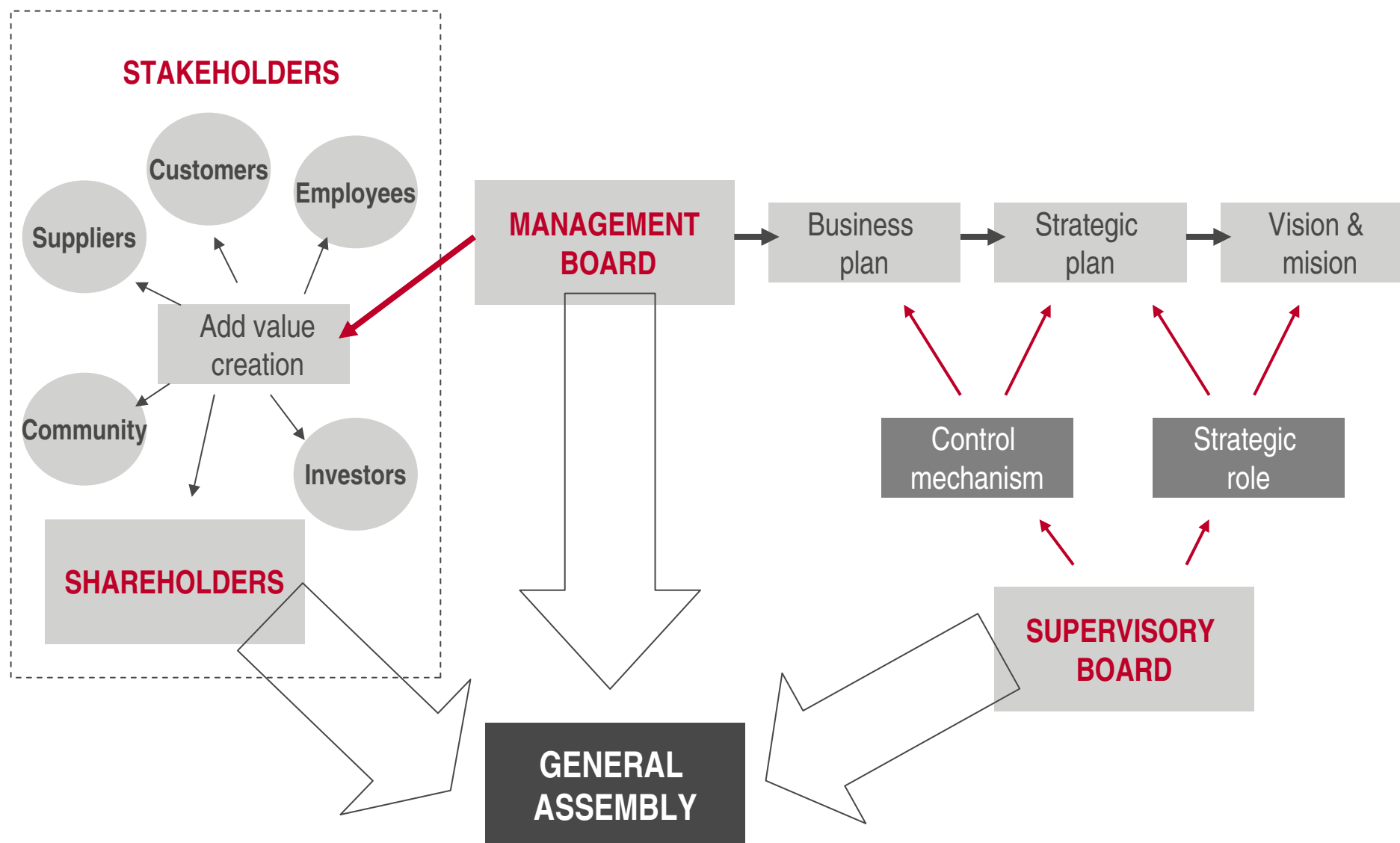


Podravka's Corporate Governance Code



* Source: (OECD Principles of CG, Preamble)

Set of relationships - boards, shareholders, stakeholders



Role of the Supervisory Board in Podravka

COMPANIES ACT

ARTICLES OF ASSOCIATION

CORPORATE GOVERNANCE
CODE

SCOPE OF THE SUPERVISORY BOARD

CONTROL MECHANISM

- Select MB
- Monitor corporate performance against plans
- Evaluate MB
- Compensate MB
- Appoint external audit
- Appoint internal auditor
- Protect shareholders interest
- Interrupt conflict of interests
- Approve business results

STRATEGIC ROLE

- Evaluate previous strategies
- Advice and support MB
- Participate in strategic decisions
- Common vision and mission
- Active participation in forming and implementing strategy of company
- Review and approve strategic and long-term plans

Structure of the Supervisory Board



Supervisory Board - link in the chain of improving the CG

Customer preference in doing business with you

Shareholder support for your company at times of controversy

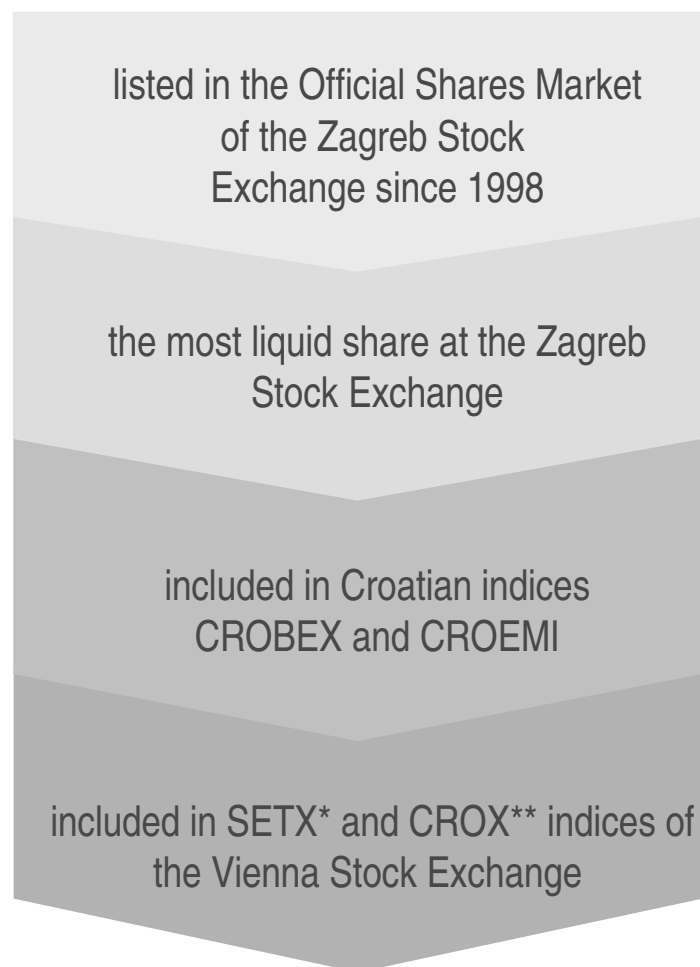
Your company's value in the financial market

Better corporate reputation

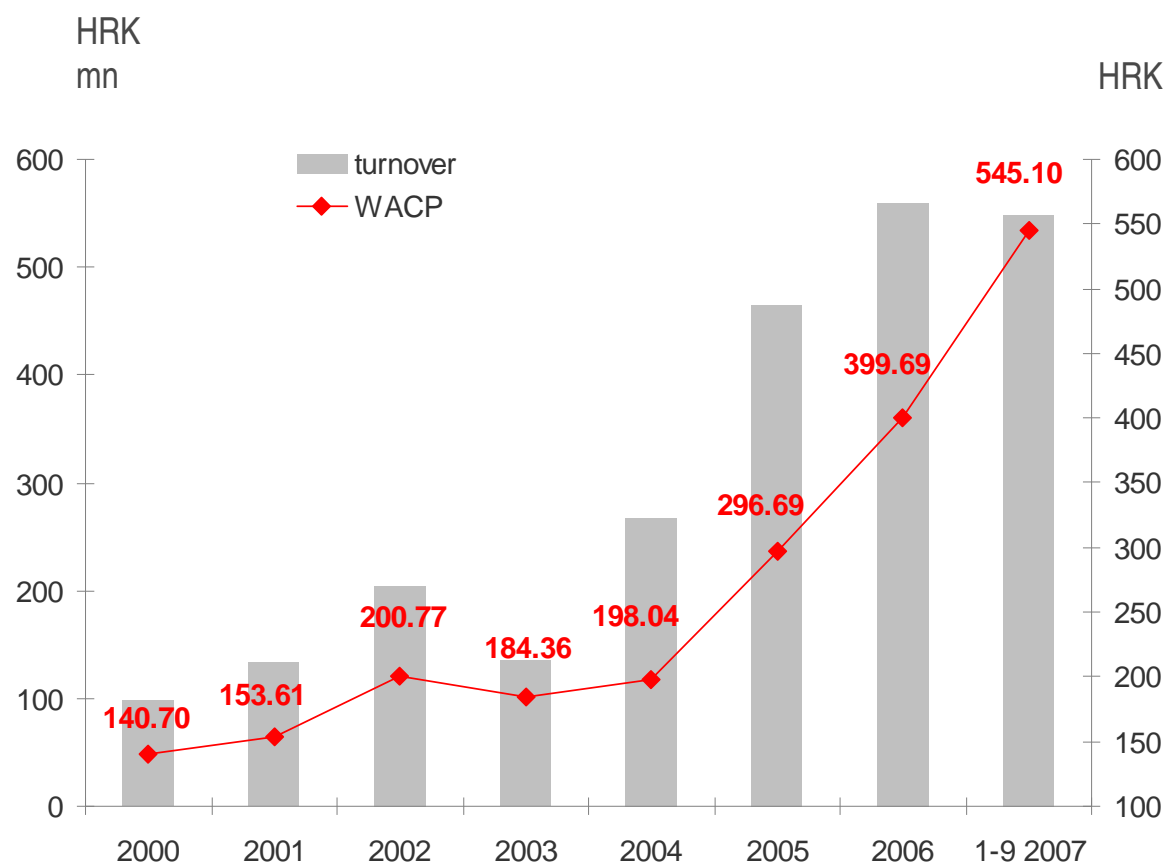
Positive impact on the share price

Podravka's share performance

PODR-R-A share price and turnover



**one of the best share performance
on the Croatian equity market**



*South-East Europe Traded Index, **Croatian Traded Index

Podravka's awards

June 2006 - The Golden Share 2005: Podravka awarded the best industrial share

The Zlatna Dionica (Golden Share) awards have been presented for the ninth year in a row to the companies whose shares, in the opinion of the jury, had the best results on the Zagreb and Varaždin Stock Exchanges in 2005. The industrial share of the year in food and pharmaceuticals category went to Podravka.

February 2007 - Podravka awarded for excellence in corporate reputation in Croatia



Reputation Institute awarded Podravka, Pliva and Vindija for excellence in corporate reputation among Croatian companies in 2006. According to the Reputation Institute Score, Podravka holds 21st position on the global scale of companies with the best corporate reputation.

March 2007- Podravka realized higher improvement in IR online according ZSEM survey of web sites disclosures in 2006

Zagreb School of Economics and Management (ZSEM) and PFS Program released results of the IR Online survey. According to the results, Podravka realized higher improvement in IR Online 2006.



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