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Construction Company
GRANIT AD
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SKOPJE

ANNUAL REPORT
for the work of the
INTERNAL AUDIT SERVICE
for 2024

January, 2025

List for distribution of the Report
Supervisory Board of CC Granit AD Skopje



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1. Introduction

Based on the Law on Trade Companies (Official Gazette 28/2004) Article 415-a, Article 415-b and Article 415-c, the Law Amending the Law on Trade Companies (Official Gazette 28/2024, 84/2005, 25/2007, 87/2008, 42/10, 48/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16, 61/16, 64/18, 120/18 and 290/2020), the Rulebook on Work of the Internal Audit Service of CC Granit AD, the handed over Plan for Internal Audit for 2024, The Internal Audit Service submits to the Supervisory Board of CC Granit AD Skopje the Annual Report on its Work for the previous 2024.

The Report covers the basic activities of the Internal Audit Service related to:

- Description of performed regular and extraordinary audits in the Company and its Organizational Units according to the Plan for Audit for 2024;
- Description of other activities of the Internal Audit Service, realization of the set targets of the Service, findings and given recommendations for surpassing the stated notes and the level of implementation of the recommendations;
- Assessment of the Adequacy of the systems for internal control and opinion by proper conclusions and recommendations for improvement of the condition;
- Evaluation of the compliance of the organization and operations of the Company with the Corporate Management Code, according to the Law on Trade Companies and the conclusion of the Supervisory Board No. 12-13206 as of 10.12.2020.

2. Review of Performed Regular and Extraordinary Audits

During 2024, under the Plan for Work of the Internal Audit Service, a semi-annual report has been drafted covering the entire work of the Service for the first half of the previous year. Specifically, the emphasis was put on controls of the work of OU Mechanization, in the part of cooperation and usage of the resources of the construction mechanization and transport means, as well as in the part of the cooperation with external service providers that directly participate in the process of project realization conducted by the Company. The Internal Audit Service also controlled certain processes in the sale of materials produced in the company's organizational units. During the year, an audit was also made related to the usage and conditions of the crushing plants within the OU Stonepits. Also, in the current year, control was made over the entire documentation in the part of cooperation with external subcontractors of the following objects performed by the Company:

- Rehabilitation of national road A4, section Blace – Skopje LOT 3,
- Rehabilitation and reconstruction of state road A, road section K. Palanka – Deve Bair

The conducted audits and reports handed over by the Internal Audit Service for 2024 are presented in the table:

Reg. number	Title of the Report	Number	Date	Submitted to:
1	Usage of the resources of OU Mechanization	01/2024-06	18.06.2024	President of the Supervisory Board
2	Sale of materials by compensation by OU Stonepits	02/2024-06	30.06.2024	President of the Supervisory Board

3	Semi-annual report of the Internal Audit Service	23-5834	26.07.2024	President of the Supervisory Board
4	Usage of motor vehicles in CC Granit AD Skopje	03.10.2024	21.10.2024	President of the Supervisory Board
4	Qualitative analysis of the purchased truck tires	03/2024-10	21.10.2024	President of the Supervisory Board
5	Analysis of the work of OU Stonepits	04/2024-11	12.11.2024	President of the Supervisory Board

The reports prepared by the realized audits and controls identify certain observations and, together with the Management, proper recommendations and concrete corrective measures were adopted for solving the identified issues, set by the deadlines and dynamics of their realization.

3. Other Activities of the Internal Audit Service

For the audits realized in 2024, the Internal Audit Service monitored the level of the given recommendations, as well as their considerations for surpassing the stated observations and realization of the conclusions adopted.

During the entire past year, the Internal Audit Service, related to certain professional issues, made consultancies, gave opinions, advice, and instructions to the employees and Company management personnel.

In that context, we can mention that the Service gave certain recommendations for improvement and amendment of the existing Rulebooks and Procedures setting out certain processes in the Company, of which we can set apart the following:

- The Rulebook on Work, Rights, and Obligations of the Employees in the Repair Service of OU Mechanization;
- Procedure on the Preparation, Putting into Function, and Maintenance of the Crushing Plants within OU Stonepits;
- Rulebook on the Implementation of Procurements in the Company;
- Rulebook of the Manner of Use and Maintenance of the Company Vehicles of CC Granit AD Skopje;
- Rulebook on the Use of the Company Vehicles by the Company Management Team.

The working staff of the Internal Audit Service has made maximum effort for the realization and proper application of all the recommendations, through monitoring of the conditions, participation in work meetings, giving expert opinions, and the realization of the given recommendations and conclusions. Additional measures are being taken for more successful realization of the plans and audits, established standards are implemented, as well as continuous professional improvement of the staff employed in the Service.



4. Findings and Given Recommendations

During the realization of the Annual Plan for 2024, the Internal Audit Service was focused on efficient and effective realization of the planned audits within the available time and the available human resources. In 2024, most of the activities planned under the submitted and accepted Annual Plan of the Service were realized.

The Internal Audit Service, in continuity, made controls related to the entire work of the Company, covering the planned segments and business processes, assessed by the Service as priority.

The Internal Audit Service, as a result of the monitoring and realization of the given recommendations, points to the fact that the given observations are, in general, respected and implemented, excluding certain ones that require a longer period of realization.

5. Monitoring of the Corporate Management Code

According to the Law on Trade Companies, including the amendments stated in the Official Gazette Number 290 as of 07.12.2020 and the conclusion by the Supervisory Board Number 12-13206 as of 10.12.2020, during 2024, the Internal Audit Service in continuity monitored the compliance and operations of the Company compared to the principles of the Corporate Management Code.

As such, we point out the following management principles:

- Principle of Guaranteeing the Rights and Interests of the Shareholders
- Principle of Transparency
- Supervision and Audit of the Company Work
- Principle of Anti-Corruption
- Principle of Personal Data Protection
- Informing the Public

Implementing the Corporate Management Code according to the Law on Trade Companies from 2020, we confirm that the Company, in the previous 2024, also practices and applies in its entirety the principles of the Corporate Management Code.

In the field of its work, the Company keeps to and implements the existing Code, which is also transparently published on the website of CC Granit AD Skopje, and at the same time, stays focused on following the latest practices and implementation of the same in the work.

For the purpose of practical implementation of the transparency and guaranteeing the rights and interests of the shareholders, as well as informing the public, in the previous 2024, CC Granit AD Skopje regularly and transparently published all the information of interest on its website.

In the Company, the awareness of the importance of keeping to the principle of privacy deriving from the Law on Personal Data Protection is at a high level. For that purpose, the investment is made in technologies and human resources for the purpose of keeping to the obligations deriving from the mentioned Law.

The controls performed by the Internal Audit Service for keeping to and application of the principles from the Corporate Management Code of CC Granit AD Skopje, it is stated that the Company is fully compliant with and fully performs its business activities according to the Code.



6. Assessment of the Adequacy of the System for Internal Control and Opinion

For more successful work in the process of realizing the set annual target, the Internal Audit Service is led by and adjusted according to the existing legal regulations from which the need for audit of certain processes in the work of the Company derives.

The findings and recommendations from the controls performed point to the fact that there are certain issues identified by the processes of control that require greater attention in the future, that is, to continuously refer to and remind of certain weaknesses which will be promptly noted and removed from the business operations of the Company.

The Internal Audit Service considers that most of the controls identified the possible risks that would occur from the current work of the Company.

Based on the audits performed in 2024, proper measures and recommendations for removal of all the notes were also given in the reports and analyses submitted by the management bodies of the Company.

Continuous monitoring of the removal of certain issues for the Company's work was also made.

The manner of work established in such a way contributed to lowering the working risks to a minimum and to setting up standards for more qualitative, more economic, and more efficient work of CC Granit AD Skopje.

In coordination with the management structures and bodies of the Company, the Internal Audit Service, in the future period, will pay special attention and assessment of the possible risks in the work and will propose measures and activities for the timely detection of such risks at all the organizational units of the Company.

Skopje, 10.01.2025

Director of the Internal Audit Service

Filip Goshev

/signature/

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Appointed as permanent court translator from Macedonian into English Language and vice versa in the Primary Court Skopje I Skopje - Decision No. 08/1-300/2004-2 as of 01.02.2005 issued by the Ministry of Justice of the Republic of Macedonia

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I do confirm that this is the correct translation
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Number 74/25

Date 17.4.2025

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