

RULEBOOK

ON DONATIONS AND SPONSORSHIPS

Pursuant to Article 22 of the Charter of AD PLASTIK d.d., Solin, the Management Board of AD PLASTIK d.d. Solin, at session held on December 20, 2018 adopted the following

R U L E B O O K ON DONATIONS AND SPONSORSHIPS

I. GENERAL PROVISIONS

Article 1.

This Rulebook sets out the terms, principles, donation and sponsorship process in the Company.

Donation means donating financial and/or other material resources to organizations, activities, business, legal and physical entities engaged in positive activities, which have a general social significance, or making donations for humanitarian purposes by practicing ethics and social responsibility towards the social community.

Within the meaning of this Rulebook Sponsorship means financing, promotion and support of other companies, non-profit organizations, associations, business, activities or persons which have a positive social significance with a certain amount of counter favors (advertising or other way of Company promoting, which contributes to its recognition and reputations).

The Company will not make any donations that cannot be treated as tax deductible expenses in accordance with applicable tax laws except in the cases approved based on the Company's Management Board decision.

Article 2.

The Company shall not donate or sponsor:

- 1 organizations that support racial, religious, national or any other discrimination
- 2 political parties, citizen associations or citizen's groups organized for the purpose of achieving political goals
- 3 events that are offensive to public morality
- 4 organizations or individuals who have any debt towards the Company or are in dispute with the Company
- 5 activities that are inappropriate, illegal and offensive or can disturb the public
- 6 organizations or individuals who have harmed the Company's reputation or caused material damage to the Company in their previous work or failed to fulfill the commitments assumed under the previously concluded contracts
- 7 organization or activities that could harm the reputation or the business interest of the Company
- 8 organizations (responsible persons) and individuals who are known to be subject to criminal proceedings or legally convicted of a criminal offense.

II. PRINCIPLES OF GRANT FUNDING

Article 3.

Grant funding for the purposes set forth in Article 1 of this Rulebook shall be based on the following principles:

- **Excellence.** Applicants must justify the grant funding with their previous work and results, commitment, proposed project / program and proposal for implementation and assessment of the funds requested.
- **Impartiality and equality of procedure.** The same procedure applies to all applicants, and the requests will be assessed based on their value and the established criteria, and if necessary independent expert assessment.
- **Avoiding conflict of interest.** The lack of conflict of interest is reflected in the fact that an individual participating in deciding on the fulfillment of prescribed conditions and assessing the quality of the applications, as well as the members of his family, has no personal interest (material or immaterial).
- **Efficiency and velocity.** The Company will carry out the granting procedure within a prescribed and reasonable period, while maintaining a high quality of valuation.

III. GRANT FUNDING

Article 4.

Grants for donations and sponsorships shall be funded only at the applicant's request and in accordance with the budget.

Donations may only fund actual and acceptable costs for the implementation of a project or program for which a donation is requested. When assessing the project, the needs of the indicated costs in relation to the foreseen activities will be assessed as well as the reality of the above-mentioned costs.

The final Decision on grant funding for donations and sponsorships shall be made by the Management Board, taking into account the proposal of the Donations and Sponsorships Committee as well as the amount of funds remaining in the budget.

Article 5.

Donations and Sponsorships Committee (hereinafter: the Committee) consists of the President and two members appointed by the Management Board.

The Committee has the following powers and tasks:

- defining the procedure and time frame within which requests for donations and sponsorships will be received;
- defining program areas within which it is possible to submit a sponsorship request;
- evaluation of the submitted donation and sponsorship requests;
- drafting a proposal for granting donations or sponsorships and its submission for approval to the Management Board.

The Committee shall meet, when necessary, depending on the frequency and the number of requests received.

The Committee, if necessary shall, invite Applicants for donations or sponsorships to provide additional information or documentation necessary to establish whether the applicant's request meets the conditions set out in this Rulebook.

In the event that the Applicants fail to comply with the invitation to submit information or documents, the Committee may decide that the donation or sponsorship request will not be considered.

Article 6.

Completely submitted documentation in the process of grant funding for donations or sponsorships is considered confidential and is not available to third parties.

By submitting the documentation, the applicant is solely responsible for the accuracy of the data, and in the case of determining the inaccuracy of the submitted data, the applicant's request will be denied or a refund will be requested in case the funds have already been paid.

Article 7.

Funds for donations and sponsorships are planned in the Company's annual financial plan in the amount specified by the Management Board decision at the end of each year for the next calendar year.

In the event that the planned funds have not been allocated during the calendar year, they may be transferred to the next calendar year.

Article 8.

Pursuant to this Rulebook, the Company is not obligated to make donations and sponsorships.

The procedure for granting donations and sponsorships is an act of business and is not conducted as an administrative procedure and the provisions on appeal as a legal remedy do not apply to the applicant's complaint.

Article 9.

Grants may also be funded regardless of the provisions of this Rulebook (eg. if the request has been submitted out of the procedure and time required for receiving donations and sponsorships requests and / or if the funds in the budget for the year are fully utilized and / or in case of a program area not intended as a subject of sponsorship for that year), especially in the following cases:

- In particular circumstances such as elemental disasters, riots, war events or other similar events that could not be foreseen, avoided or eliminated in advance;
- When the Management Board decides to fund certain grants for justified reasons.

Article 10.

Upon approval of the funds for sponsorships, the Company will sign a sponsorship agreement with the applicant (beneficiary of funding), who has been granted funding for the program or project, not later than 30 days after the date of the financing decision.

Article 11.

The contract referred to in Article 10 determines the subject of the contract, the deadline and manner of payment of funds, the obligation to use the funds for a certain purpose, the manner and deadline for submitting the beneficiary's report on the execution of the project, waiving the Company's liability for damages arising from any financing beneficiary activities in the implementation of the contracted project or programs and a way of resolving disputes.

Article 12.

This Rulebook shall enter into force and apply from the eighth day after its publication.

MANAGEMENT BOARD OF THE COMPANY

Marinko Došen

President of the Management Board