

# 2015

## SUSTAINABILITY REPORT

according to the G4 Guidelines of the Global reporting Initiative (GRI), core option



# About the report

One of the prerequisites for participation in the supply chain of the world's car manufacturers is adherence to high standards for environmental protection and business sustainability.

By issuing a third "Sustainability Report", we would like to emphasize that raising the level of social responsibility is an important segment of the business of AD Plastik Group. In this manner we continue to encourage and develop two-way communication with all our stakeholders, fully aware of our role and responsibility towards the society and the environment in which we operate.

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## Statement by the President of the Management Board



Dear stakeholders,

I am pleased to present to you the third Sustainability Report of the AD Plastik Group for 2015. It was prepared according to the G4 reporting guidelines on the sustainability of the Global Reporting Initiative (GRI). Most of the aspects are shown as consolidated data on the level of the group, while a part of the aspect is shown separately for each AD Plastik Group member to facilitate comparison and trend monitoring.

In order to participate in the procurement chain of the automotive industry, the extremely high standards of quality, environmental protection and sustainable business are the prerequisites for establishing cooperation. Therefore it is not surprising that sustainable business is one of the key components of the business and development policy of our company.

Despite the market challenges and difficult economic environment, particularly the complex and demanding situation in Russia, in 2015 we achieved goals we had set for ourselves both in the economic aspect and other sustainable development aspects.

The reporting period was marked by the beginning of changes within the company. Our first task is to have employees who are satisfied and motivated. Therefore we have been working systematically to improve our internal communications, employee training, establish a quality rewards system, and motivation. Investment into our employees and their know-how, recognition and rewarding of their efforts and work, being up-to-date, motivation, health and security are very important components of our business. Therefore we have introduced a new rewards system, improved information flows and communication with our employees, and invested significantly more resources into their education and training. We have also started cooperating with universities for the purpose of education, professional practice, and recruitment of young employees.

Our aim is to develop a successful and long-term cooperation with all our stakeholders, and that is why we are always finding and modifying ways of establishing higher-quality communication and relationships. We have been continuously working to improve the development and quality of our products, in accordance with the demands of the market we are operating on, to the satisfaction of all our stakeholders. We invest significant resources into research & development to keep abreast with our competition. Any natural or semi-natural recyclable materials, reduction in the fuel consumption of the finished product, and, consequently, reduced harmful gas emissions, are an imperative in today's automotive world.

The establishment of partnerships with our customers counts among the top priorities in our business, which primarily means participation in all phases of new project creation. In the previous period, we participated in multiple professional and economic conferences and round tables to promote the industry we are part of, but also to highlight the problems and solutions of exporters and entrepreneurs in the environment we operate in.

The Report you see before you is intended for all stakeholders of the AD Plastik Group, our employees, partners, customers, suppliers, stockholders, investors, creditors and all those who are interested in our business of a socially responsible economic operator. In our day-to-day business, we strive to conduct ourselves socially responsibly, and to manage all our processes in a quality manner. We are sure that our improvements will be noticed. We are satisfied with what we have achieved, but we have set the bar high because we want to continuously work on the contributions of our company to the world around us. In order to achieve our desired goals as regards sustainable business, we value the opinions of all individuals and groups interested in our work. We wish to establish a two-way communication channel, and that is why your assessment of the Sustainability Report is extremely valuable to us, so that we can be better to mutual satisfaction.

A handwritten signature in blue ink, appearing to read 'Marinko Došen'.

Marinko Došen  
President of the Management Board

## AD Plastik Group

The AD Plastik Group is a multinational company with more than 30 years of experience in the world of automotive industry, with eight manufacturing sites in four countries.

It is the leading company for the development and manufacture of car interior and exterior components in Croatia, and one of the leading ones in Eastern Europe. Apart from Croatia-based factories in Zagreb and Solin, where the company headquarters are situated, the AD Plastik Group owns factories in Serbia, Russia and Romania.

The 30 years of history and survival on the demanding car market serve as testament to the quality of business founded

on tradition, knowledge, capacities, excellent expertise and diligent work of each individual. Its cooperation with customers is present from the early development phase to the final product, using contemporary tools and techniques, with the application of specific expertise, skills and experience. Continuous investment into the development and improvement of technology, as well as maintenance of a high quality and competitiveness of our products and services, are the main prerequisites for the survival and development of the company.

By improving the manufacturing process, the resource consumption is reduced, along with a more efficient use of energy and materials in order to reduce the impact on the environ-

ment, which in turn increases the competitiveness of the product.

Car manufacturers and all their suppliers are aware of their responsibility towards the environment. Therefore, they are continuously working on the development and improvement of the materials and products. That is one of the prerequisites for survival in the key chain of global car manufacturers, which the AD Plastik Group belongs to. Respecting high quality and competitiveness standards, following global trends and market developments, and continuous investment into reinforcement of environmental standards and criteria is what makes our company different, and what it bases its advantage on in relation to the competition.



# Research & Development

## Research & development significance and activities

The dynamic car industry market is always on the lookout for advanced products because it is a way for car manufacturers to gain advantage over their competition, and increase their sales and profits. Therefore, it is extremely important to monitor trends, and offer similar or better solutions to customers, while the research & development activities must be at

least as quality and intensive as those undertaken by the competition.

The AD Plastik Group invests significant resources into research & development as the foundation of the future and growth of the company. That is why today it is a reliable and stable partner for almost all global car manufacturers.



## Ecology

Harmful gas emissions are a global problem, so in the recent years companies have been manufacturing cars with low harmful gas emissions, while the reduction trend is rapidly moving toward zero emissions. In order to achieve the desired objective, it is necessary to reduce the weight of the cars of the future. The priority is thus to select the so-called lightweight materials and improvement of

handling characteristics. Car weight can be reduced by modifying the weight of each individual component, particularly as regards car interior or exterior. The AD Plastik Group is ready to respond to the new market demands through its research of new and lighter materials, as well as the development of lighter components.

## Research & Development (continued)

### Composite materials

Components made of composite sandwich panels have a special significance when it comes to reducing the weight of the vehicle. Our experts have been conducting research into such materials for the manufacture of interior parts, as well as the exterior parts in the future. The foamy and multi-layered materials have a great potential for weight reduction in the existing products, so the AD Plastik Group continues to improve its products by adopting new processes and manufacturing techniques.

We already have components manufactured from lightweight materials on offer, such as components made of non-woven textiles for



car interior and exterior. Non-woven textiles and components manufactured from them are the subject of the research done by diligent engineers. One of our more important goals is the improvement of the company in this segment. By following the trends of the development of such materials in the automotive industry,

the AD Plastik Group can offer innovative solutions to its customers. Non-woven textiles have excellent insulation properties. The same is true for sandwich panels made of foamy materials for the manufacture of interior ceilings currently manufactured for the Smart electric vehicle.



### Materials recycling

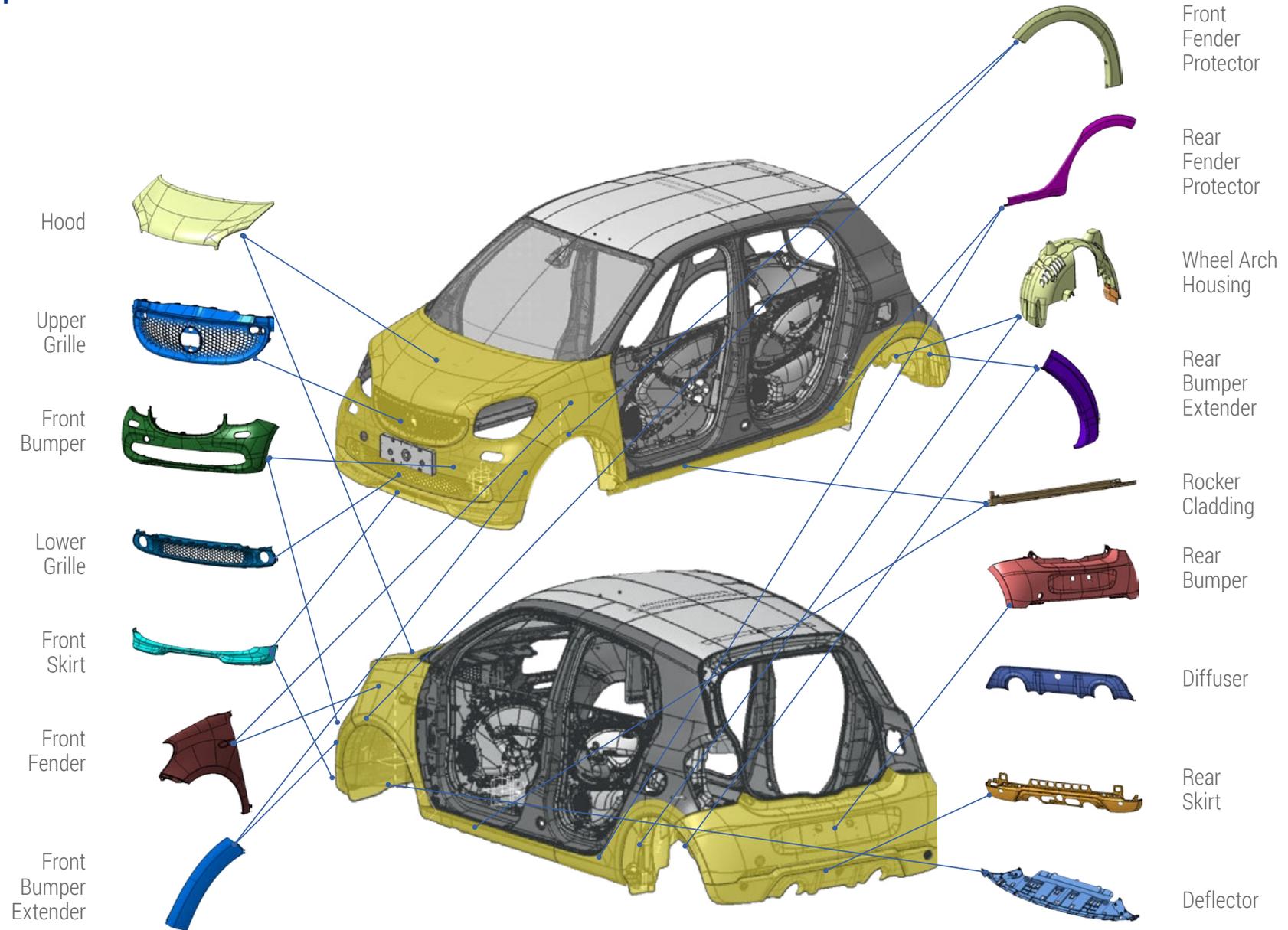
In order to protect the environment, every part of a car whose lifespan has expired must be usable as a raw material in manufacturing in the near future. Therefore, it is extremely important to substitute the existing materials with new recyclable materials, with natural materials having a special role. The AD Plastik Group has recognised the research into the processing of natural, "green" materials as an important element of its business. Many

parts are already being manufactured with a certain percentage of natural materials, which reduces the negative impact on the environment due to the possibility of reuse. The development guideline of the company is to offer a product to clients that will ensure an advantage for them compared to their competition through research & development. Such business policy is a guarantee of success and longevity.

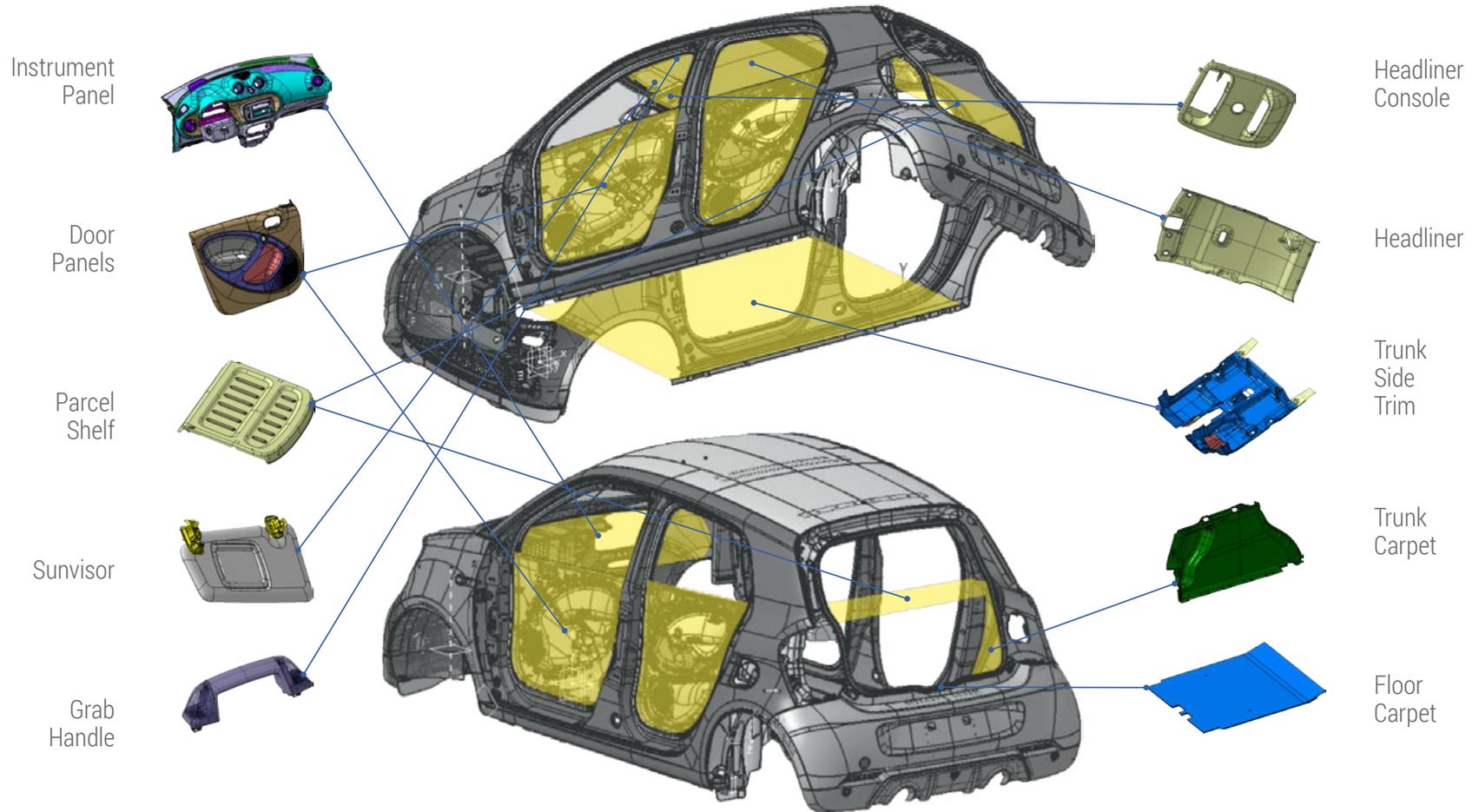


The technologies used by the AD Plastik Group in its business operation include the following: injection moulding, painting, non-woven textiles, thermoforming, extrusion and blow moulding.

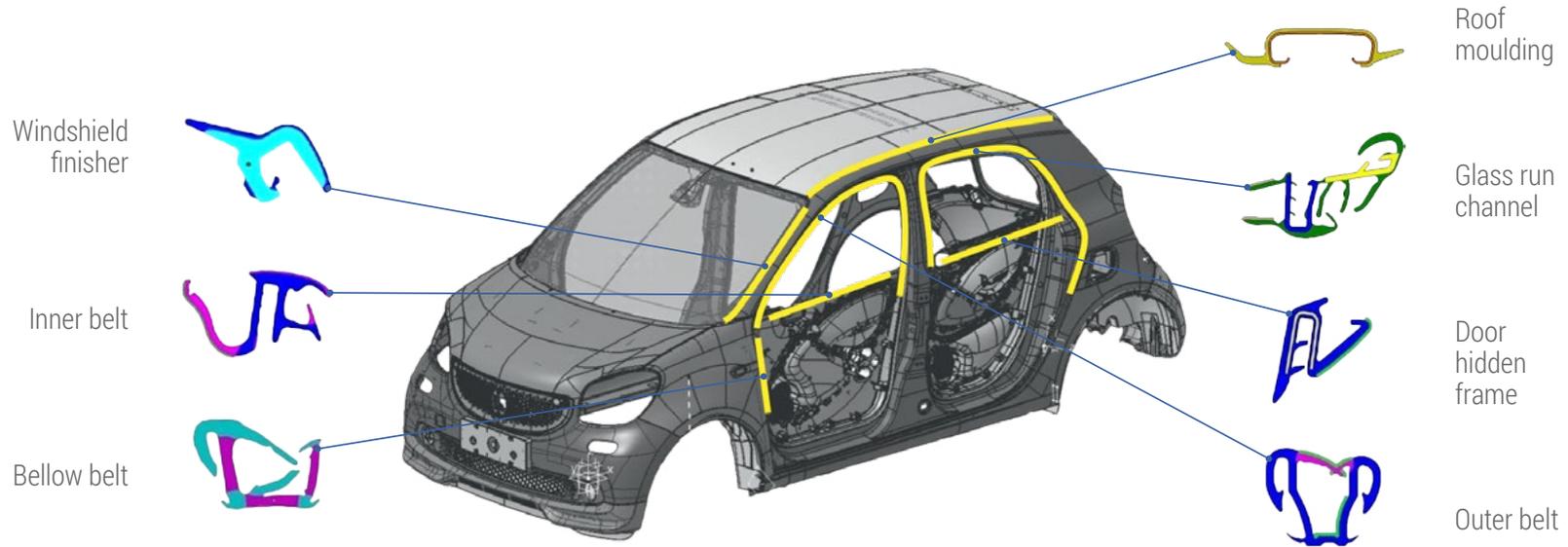
## Examples of products – exterior



# Examples of products – interior



## Examples of products – sealing systems



**1** **AD Plastik ..... Solin, Croatia**

- Headquarters, R & D
- employees ..... 638
- floor area of facilities 26 618 m<sup>2</sup>



**2** **AD Plastik ..... Zagreb I, Croatia**

- employees ..... 413
- floor area of facilities 24 136 m<sup>2</sup>



**3** **AD Plastik ..... Zagreb II, Croatia**

- employees ..... 152
- floor area of facilities . 7 336 m<sup>2</sup>



**4** **ADP..... Mladenovac, Serbia**

- employees ..... 169
- floor area of facilities 13 952 m<sup>2</sup>



**5** **AD Plastik Kaluga ..... Russia**

- employees ..... 225
- floor area of facilities ..8 524 m<sup>2</sup>



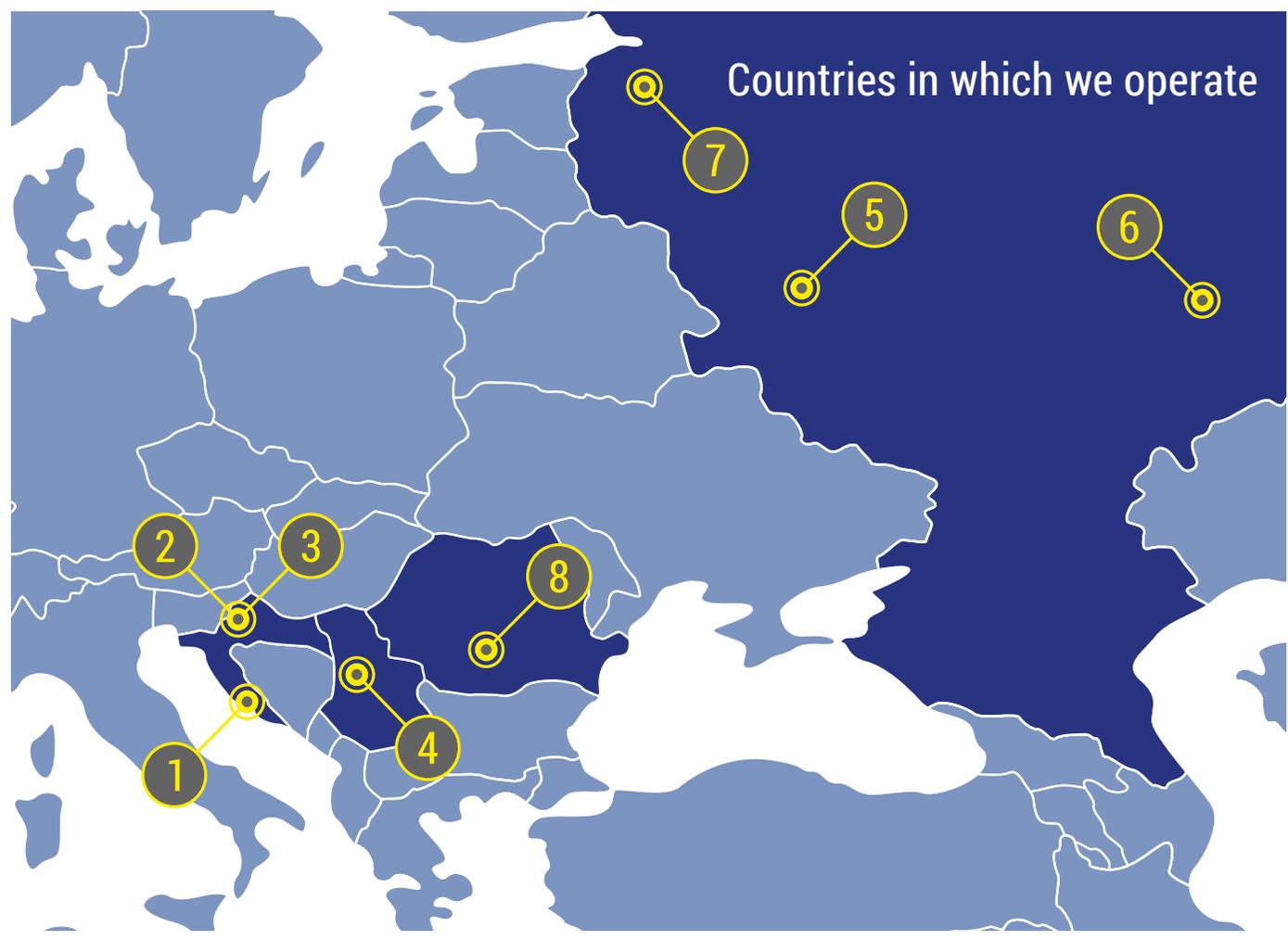
**6** **AD Plastik ..... Vintai, Russia**

- employees ..... 520
- floor area of facilities 24 500 m<sup>2</sup>



## Organisation headquarters

AD Plastik d.d., Matoševa 8, Solin



**7** **FADP.....Luga, Russia**

- Joint Venture
- AD Plastik ..... 40%

JV

**8** **EAPS.....Mioveni, Romania**

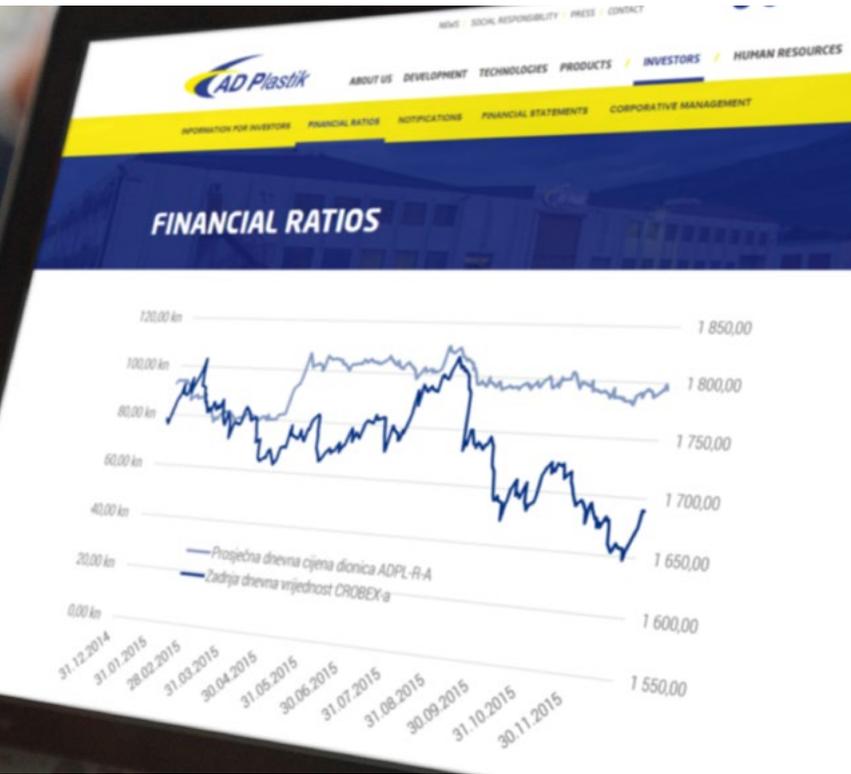
- Joint Venture
- AD Plastik ..... 50%

JV

# Ownership structure

AD Plastik d.d. (Parent company) is a joint-stock company founded in the Republic of Croatia and entered into the court register of the Commercial Court in Split under the company registration number (MBS) 060007090, company identification number (OIB) 48351740621.

The share capital of AD Plastik d.d. amounting to HRK 419,958,400 has been divided into 4,199,584 stocks with the nominal value of HRK 100.00 each. Its stockholders are legal and natural entities from Croatia and abroad, who pursue their interests through the General Assembly and the Supervisory Committee in accordance with the legislation of the Republic of Croatia.



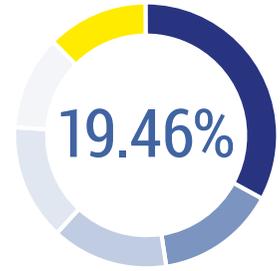
30.00%

OA0 Holding, Russia



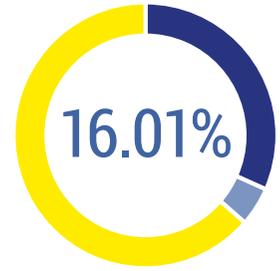
- OA0 Holding, Russia..... 30.00%
- Pension funds..... 19.46%
- Small shareholders..... 20.28%
- Management and employees..... 16.01%
- Other institutional investors..... 14.25%

Pension funds



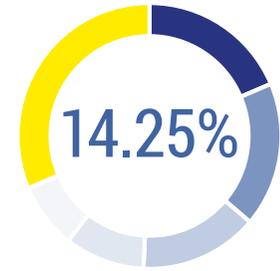
- Raiffeisen OMF category B..... 6.42%
- PBZ CO OMF category B..... 2.85%
- Capital fund..... 2.78%
- Erste Plavi category B..... 2.75%
- AZ OMF category B..... 2.24%
- Others..... 2.42%

Management and employees



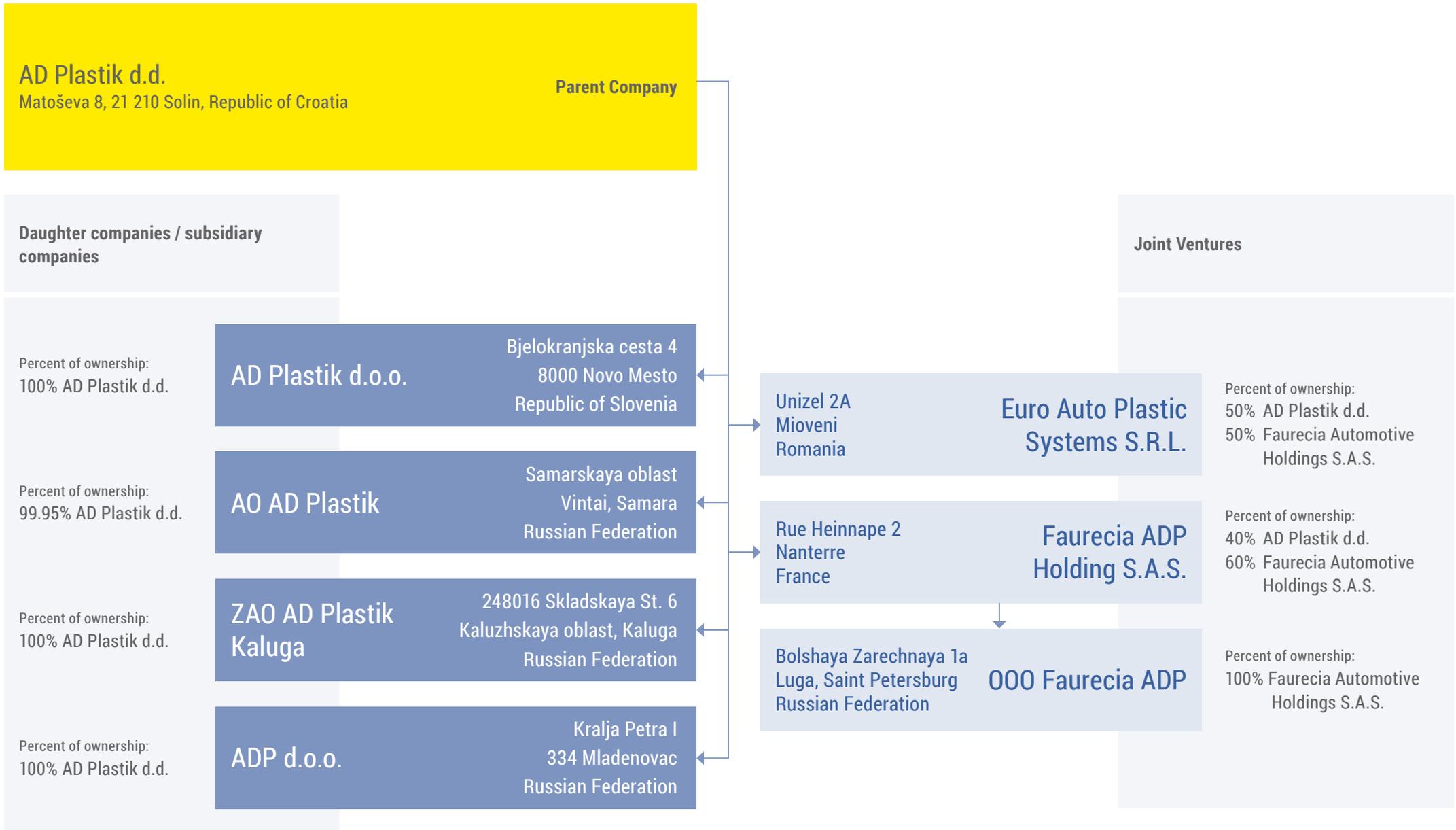
- ADP ESOP..... 5.07%
- AD Plastik d.d..... 0.76%
- Others..... 10.18%

Other institutional investors

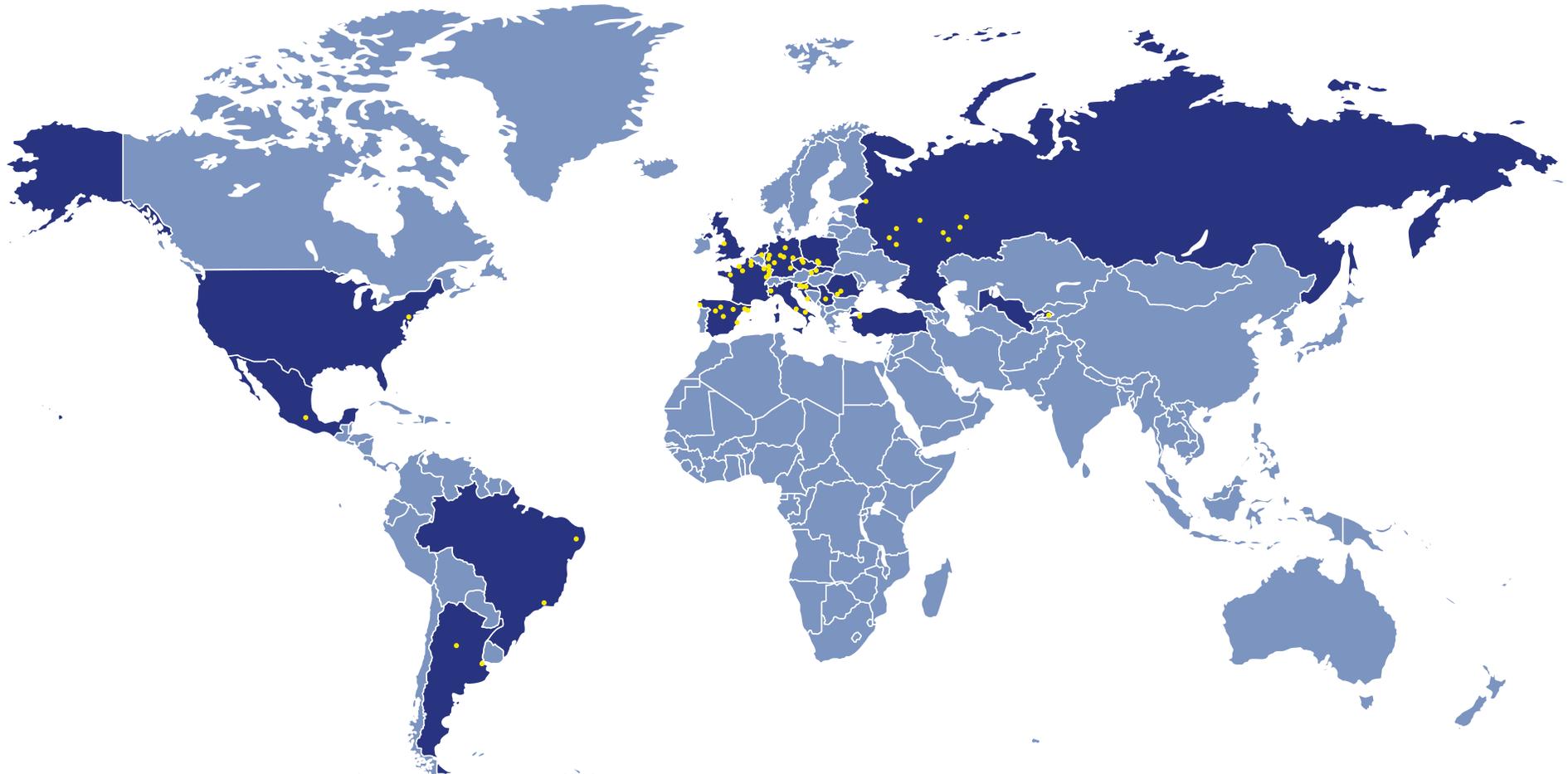


- PBZ d.d. / State street client..... 2.65%
- Erste bank / Joint custodial account..... 2.51%
- Zaba / State street bank..... 2.07%
- PBZ d.d. / Joint custodial account..... 1.40%
- ZABA / ZB Aktiv..... 1.14%
- Others..... 4.48%

# Corporation matrix



## Overview of the market and customers



- |  |   |   |  |  |   |   |  |   |
|--|---|---|--|--|---|---|--|---|
| <b>Argentina</b> <ul style="list-style-type: none"> <li>• Córdoba</li> <li>• Buenos Aires</li> </ul> | <b>France</b> <ul style="list-style-type: none"> <li>• Batilly</li> <li>• Douai</li> <li>• Hambach</li> <li>• Mulhouse</li> <li>• Poissy</li> <li>• Rennes</li> <li>• Sandouville</li> <li>• Sevelnord</li> </ul> | <ul style="list-style-type: none"> <li>• Sochaux</li> </ul> <b>Germany</b> <ul style="list-style-type: none"> <li>• Bochum</li> <li>• Cologne</li> <li>• Eisenach</li> <li>• Kassel</li> <li>• Mosel</li> <li>• Regensburg</li> <li>• Ruesselsheim</li> </ul> | <ul style="list-style-type: none"> <li>• Saarlouis</li> <li>• Wolfsburg</li> </ul> <b>Italy</b> <ul style="list-style-type: none"> <li>• Cassino</li> <li>• Melfi</li> <li>• Mirafiori</li> </ul> <b>Mexico</b> <ul style="list-style-type: none"> <li>• Cuautitlán</li> </ul> | <b>Poland</b> <ul style="list-style-type: none"> <li>• Gliwice</li> <li>• Tychy</li> </ul> <b>Romania</b> <ul style="list-style-type: none"> <li>• Craiova</li> <li>• Mioveni</li> </ul> <b>Russia</b> <ul style="list-style-type: none"> <li>• Izhevsk</li> <li>• Kaluga</li> </ul> | <ul style="list-style-type: none"> <li>• Moscow</li> <li>• Naberezhnye Chelny</li> <li>• Nizhny Novgorod</li> <li>• Saint Petersburg</li> <li>• Togliatti</li> <li>• Ulyanovsk</li> </ul> | <b>Serbia</b> <ul style="list-style-type: none"> <li>• Kragujevac</li> </ul> <b>Slovakia</b> <ul style="list-style-type: none"> <li>• Bratislava</li> <li>• Trnava</li> </ul> <b>Slovenia</b> <ul style="list-style-type: none"> <li>• Ljubljana</li> <li>• Novo Mesto</li> </ul> | <b>Spain</b> <ul style="list-style-type: none"> <li>• Barcelona</li> <li>• Madrid</li> <li>• Palencia</li> <li>• Valencia</li> <li>• Valladolid</li> <li>• Vigo</li> <li>• Zaragoza</li> </ul> | <b>Turkey</b> <ul style="list-style-type: none"> <li>• Bursa</li> </ul> <b>UK</b> <ul style="list-style-type: none"> <li>• Ellesmere Port</li> </ul> <b>USA</b> <ul style="list-style-type: none"> <li>• Detroit</li> </ul> <b>Uzbekistan</b> <ul style="list-style-type: none"> <li>• Asaka</li> </ul> |
|--|---|---|--|--|---|---|--|---|

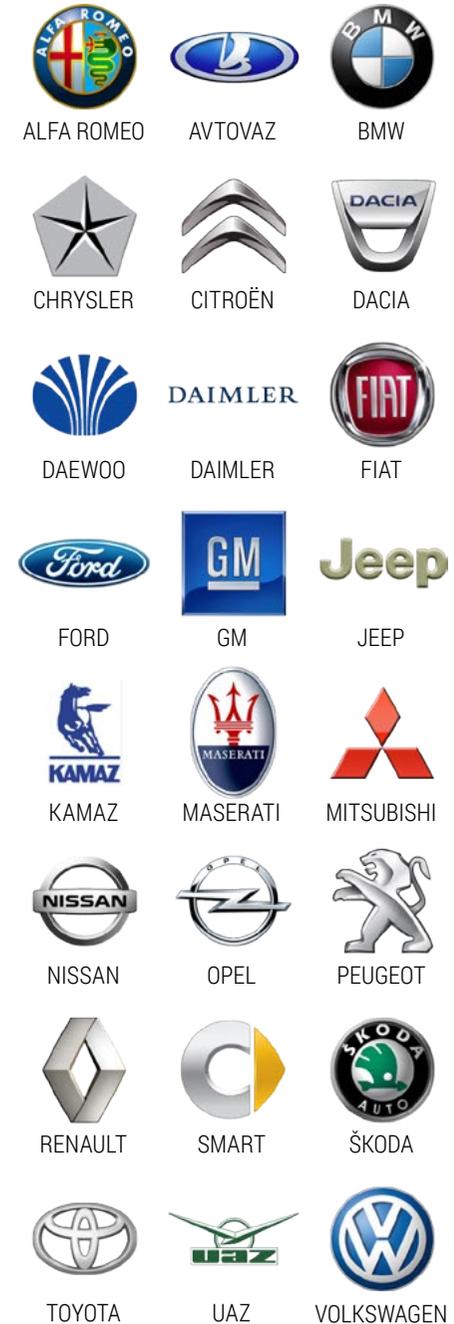
## Overview of the market and customers (continued)

Europa + Serbia	
Customer	Sales market
FCA	Serbia, Italy, Poland
Ford	Spain, Germany, Romania, Russia
Grupo Antolin	Slovenia
Hella	Slovenia
PSA	France, Spain, Czech Republic, Slovakia, Argentina, Brazil, China, Russia
Reydel	Slovenia, France
RSA	Slovenia, France
VW	Germany
Webasto	Germany, Slovakia

Euro APS, JV Romania	
Customer	Sales market
Dacia	Romania

Russia	
Customer	Sales market
AvtoVaz	Russia
Ford	Russia
GM-VAZ	Russia
Nissan	Russia
PCMA (Peugeot Citroen Mitsubishi Automotive)	Russia
Renault	Russia
VAZ	Russia



## Overview of the top 10 stockholders as of 31 December 2015

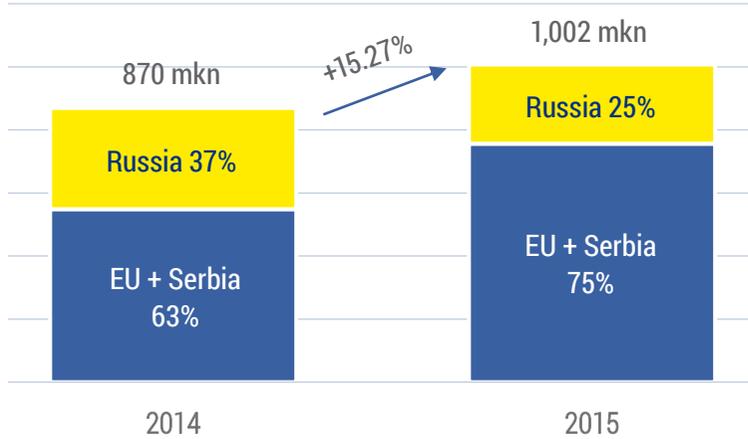
Owner/account holder	Balance	%
OA0 HOLDING AUTOKOMPONENTI	1,259,875	30.00
HYPO ALPE-ADRIA-BANK d.d. / RAIFFEISEN OMF - B CATEGORY	269,462	6.42
ADP-ESOP d.o.o.	212,776	5.07
HYPO ALPE-ADRIA-BANK d.d. / PBZ CO OMF - B CATEGORY	119,640	2.85
HRVATSKA POŠTANSKA BANKA d.d. / KAPITALNI FOND d.d.	116,541	2.78
SOCIETE GENERALE - SPLITSKA BANKA d.d. / ERSTE PL OMF - B CATEGORY	115,353	2.75
PBZ D.D.	111,366	2.65
ERSTE & STEIERMARKISCHE BANK D.D.	105,349	2.51
SOCIETE GENERALE - SPLITSKA BANKA d.d. / AZ OMF - B CATEGORY	93,900	2.24
ZAGREBAČKA BANKA d.d.	86,777	2.07
<b>TOTAL</b>	<b>2,491,039</b>	<b>59.34</b>

The company does not have a majority owner, and the largest stockholder is the open joint-stock company "Holding Autokomponenti" from Saint Petersburg, Russian Federation, which owns 1,259,875 stocks, which represent 30% of the interest in the stock capital of the Company. In 2015, there were no significant changes in the ownership structure.



# Income from sales

## Overview of sales by sites



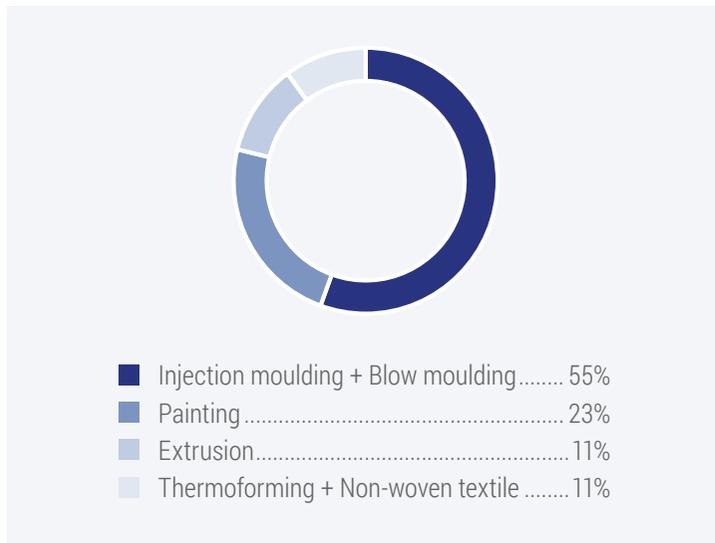
### EU and Serbian market

The markets of the EU and Serbia have in 2015 reported an increase of revenue of 36.35% compared to the year 2014. An increase in sales compared to the previous year was the result of a further increase in utilization of production capacities in Croatia achieved within the project Edison and other projects for customers PSA and Ford in plants Solin and Zagreb in Croatia, as well as in plant Mladenovac in Serbia. In addition, Serbia had, compared to the same period of the previous year, expanded product portfolio and started the delivery of grab handles and blow moulded products to new destinations in Italy and Poland.

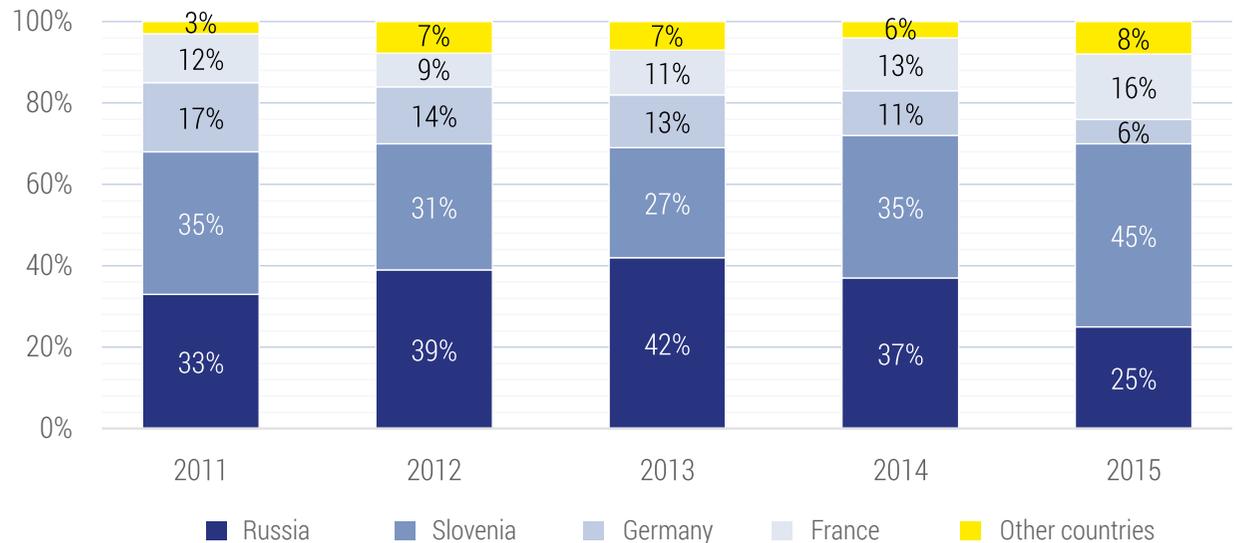
### Russian market (subsidiaries)

Total production and sales realised in Vintai (Samara) and Kaluga factories are intended for Russian market. The decrease of 35.7% on the total automotive market in Russia in 2015 was significantly higher than the decrease of sales in our factories due to smaller decrease in production of makes and models of vehicles by manufacturers with whom we cooperate. To this we must add new projects whose production began this year - Renault Duster Phase 2, new Qashqai and Lada Vesta, which are now not only in demand on the Russian market but also winning nominations for new Ford operations.

## Overview of sales by technology



## Income from sales by market



# Employees

The key to success of the AD Plastik Group lies in recognising the importance and potential of its employees. Each year, an employment plan and individual new employee development programmes are developed for the purpose of optimal and quality management of human resources within the Group. The company's business plan, foreseeing the need for new employees, serves as the basis for the creation of such a document. When selecting new employees, their motivation for growth and improvement, innovation, preference for team work and creation of a relationship filled with respect and trust are extremely valued. Equally important are their skills, knowledge and experience. The company tends to employ younger professionals, while at the same time holding respect for persons with life and work experience.



In the aforementioned reporting period, as well as in the previous years, most of the employees of the AD Plastik Group worked in Croatia. In the total employee structure by sex, there were no significant changes compared to the previous period, with no significant changes in the age structure of the employees either. In the reporting period, the company has hired fewer people compared to the previous period due to its stable serial manufacturing. Furthermore, the number of fixed-term

Number of employees by region and type of employment contract for 2015

Country	Site	Indefinite term	Fixed term	Temporary and occasional employment	Total number of employees
Croatia	Zagreb, Solin	779	424	2	1203
Serbia	Mladenovac	169	0	17	169
Russia	Kaluga	222	3	0	225
	Vintai	520	0	0	520
<b>Total</b>		<b>1690</b>	<b>427</b>	<b>19</b>	<b>2117</b>

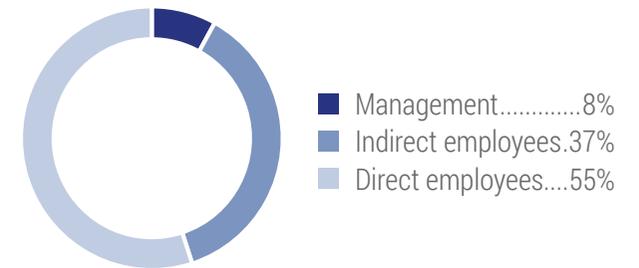
Proportion of different types of employment contracts in 2015



Proportion of employees by country in 2015



Proportion of employees by type of work in 2015



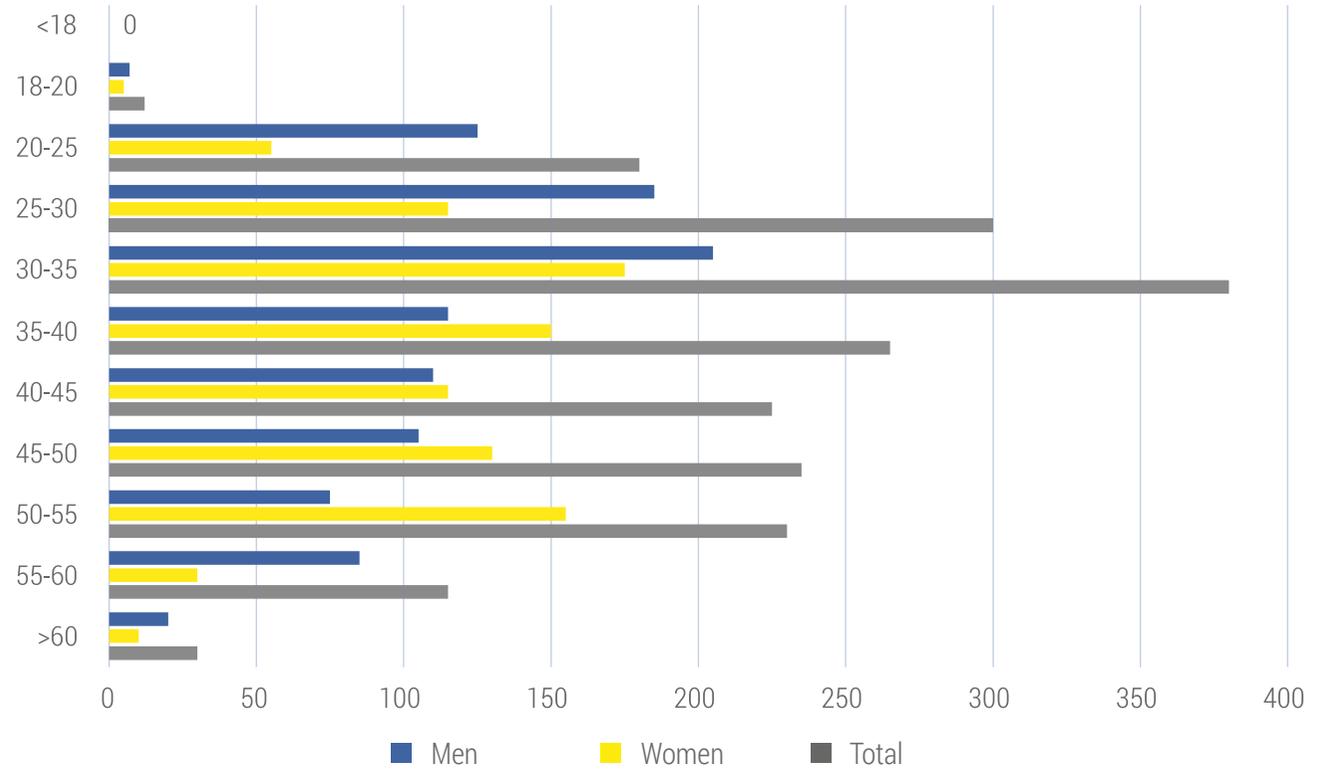
## Employees (continued)

contracts was 12% lower compared to the previous period. With regard to the basic business activity of the company, most of the employees are employed in direct manufacturing, with a slightly fewer percent of staff being indirect employees supporting the manufacturing, while the fewest number of employees is in management. Company management includes the members of the Management Board, executive dire-

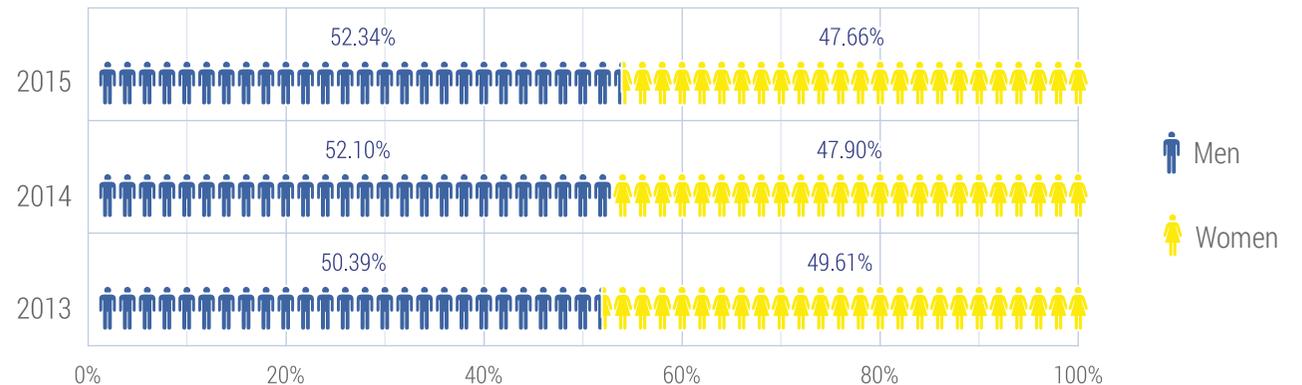


ctors and directors, indirect employees are overhead workers and manufacturing overhead, while direct employees are employees engaged in manufacturing. On 31 December 2015, there were 2,117 people employed at the AD Plastik Group. All employees in Croatia and most of the employees in Russia, namely employees in Vintai, are signatories of a collective agreement. Collective agreements regulate the employment of a total of 81.39% employees.

Age structure of the employees in 2015



Sex structure of the employees



## Supply chain

The business of the AD Plastik Group depends largely on the supply chain and its performance due to the fact that, apart from financial effects, it has an impact on the total status of the company on the car market. Together with suppliers, it offers its customers innovative solutions and improved products not only according to price and quality parameters, but also sustainable development, namely impact on the environment.

All suppliers that have a direct impact on the quality of the Group's products are subject to the prescribed rules for choosing and supervising suppliers in accordance with the car industry standards. One of the main criteria for the selection of new suppliers of materials and components is the possession of the certificate and adherence to the ISO TS 16949 and ISO 14001 standards.

If the suppliers do not possess the aforementioned standards, the minimal requirement is ISO 9001, upgraded with the Self-Evaluation Questionnaire. The Questionnaire contains clearly defined environmental protection standards and guidelines for a socially responsible business. In order to maintain the status of a supplier of the AD Plastik Group, they agree to work on improving their business systems, with a clearly defined plan and realistic deadlines in which the aforementioned standards are to be achieved. Routine supplier audits are also carried out in order to determine whether they comply with the standards and the Self-Evaluation Questionnaire.

The aim is to gradually increase the number of local suppliers while meeting the customers' quality demands



## Supply chain (continued)

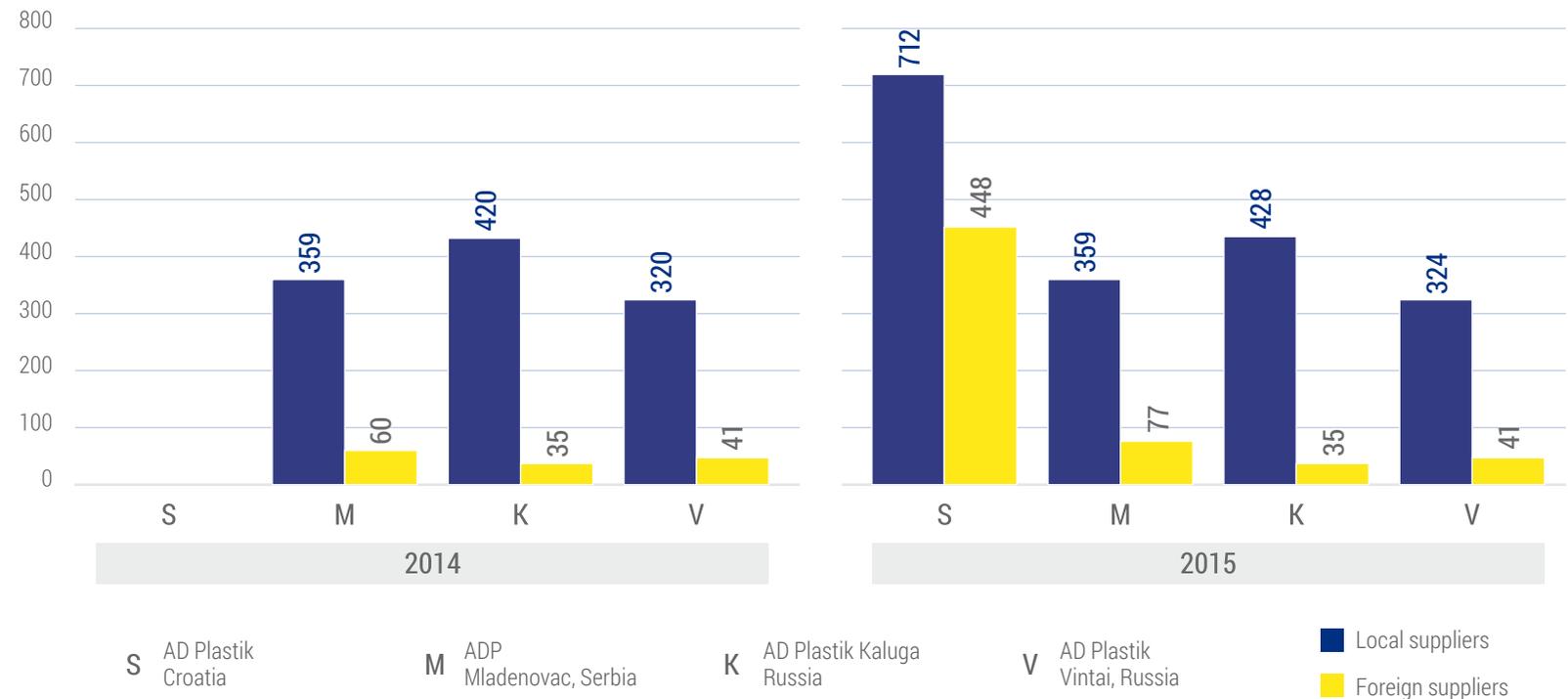
that need to be satisfied. Due to the specificity of the industry in which the company operates, it is often impossible to find adequate local suppliers. That is a particularly prominent issue in Croatia, a country without a developed car industry and thus no necessary local suppliers. With regard to local suppliers, they are suppliers located in the countries of the company's individual manufacturing sites, which are paid in the domestic currency.

Although the local-foreign suppliers ratio in every site is in favour of local suppliers, foreign suppliers have a much greater financial impact due to the greater purchasing value of goods and services.

There were no major changes in the structure of the supply chain in the reporting period. The total numbers of suppliers per sites were the following:

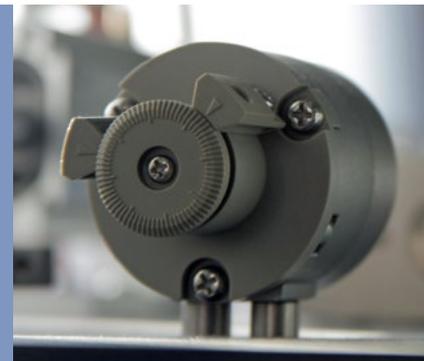
- **AD Plastik, Vintai:** 41 foreign and 324 local suppliers
- **AD Plastik Kaluga:** 35 foreign and 428 local suppliers
- **AD Plastik, Croatia:** 448 foreign and 712 local suppliers
- **ADP, Mladenovac:** 77 foreign and 359 local suppliers

Local and foreign suppliers



### The suppliers within the Group are divided into several categories:

- suppliers of basic materials, such as polymers of different kinds
- suppliers of components, such as various metal and plastic parts, and insulation materials
- suppliers of moulds, tools, equipment and spare parts
- suppliers of services



## Obligations with regard to foreign initiatives

The AD Plastik Group actively participates in the work of national and regional economic institutions which represent strategic interests of Croatian economy. The President of the Management Board Marinko Došen is a member of the Assembly of the Croatian Chamber of Commerce (CCC), while the member of the Management Board Mladen Peroš is Deputy Chairman of the Economic Council of the County Chamber in Split.

As the leader in its sector, the AD Plastik group has a leading role in the work of the Plastics and Rubber Industry Association of the CCC, whose first vice-president is the member of the Management Board Mladen Peroš. The company also participates in the work of the Professional Plastics and Rubber Manufacturers' Group of CC in Split, where Mirko Zeljko is the president. As the largest manufacturer of car parts in Croatia, the company is the founder of AD Klaster, a cluster of car part manufacturers. The President of the Management Board of AD Plastik is the Chairman of the Assembly of AD Plastik. The head of AD Klaster is also the President of the Management Board of the Croatian Cluster of Automotive Sector Competitiveness.

Through its membership in the Institute for Industrial Development, a think tank organisation, the AD Plastik Group is actively contributing to smart, sustainable and inclusive growth and development, by improving the theory and policies of industrial development, as well as the supporting policies, through an interdisciplinary approach.

In the reporting period, an innovation cluster called the Centre of Competences for the Development of Car Parts for the Automotive Industry was founded and one of its founders is also a member of the AD Plastik Group. The company plays an active role in associations abroad – it is a member of the Croatian-Russian business club in Moscow, and the Association of European Business with headquarters in Moscow.

A membership in the Croatian Business Council for Sustainable Development is extremely important for the development of socially responsible business of the AD Plastik Group. At the same time, it represents an efficient platform for promoting social responsibility in all segments of the society.

AD Plastik is a signatory of the United Nations initiative called the Global Compact, whereby we undertook the obligation of promoting the ten principles of the GC in the areas of human and labour rights, environmental protection, and eradicating corruption in our business.

As a member of the Croatian Chamber of Commerce, AD Plastik is a signatory of its Code of Business Ethics, which lays down



**ISO TS  
16949:2009**  
valid till

**ISO  
14001:2004**  
valid till

**OHSAS  
18001:2007**  
valid till

<b>Solin, Croatia</b>	20. May 2016	1. June 2016	9. October 2017
<b>Zagreb, Croatia</b>	20. May 2016	1. June 2016	9. October 2017
<b>Samara, Croatia</b>	1. April 2017	18. October 2017	
<b>Kaluga, Croatia</b>	19. December 2016		
<b>Mladenovac, Serbia</b>	14. September 2018	15. June 2018	20. December 2018

the basic guidelines for ethical behaviour of businesses in the Croatian economy. It is a member of the Community for Socially Responsible Business of the CCC, Community for Environmental Protection in the Economy of the CCC, and the Community for the Development of Human Potential of the CCC.

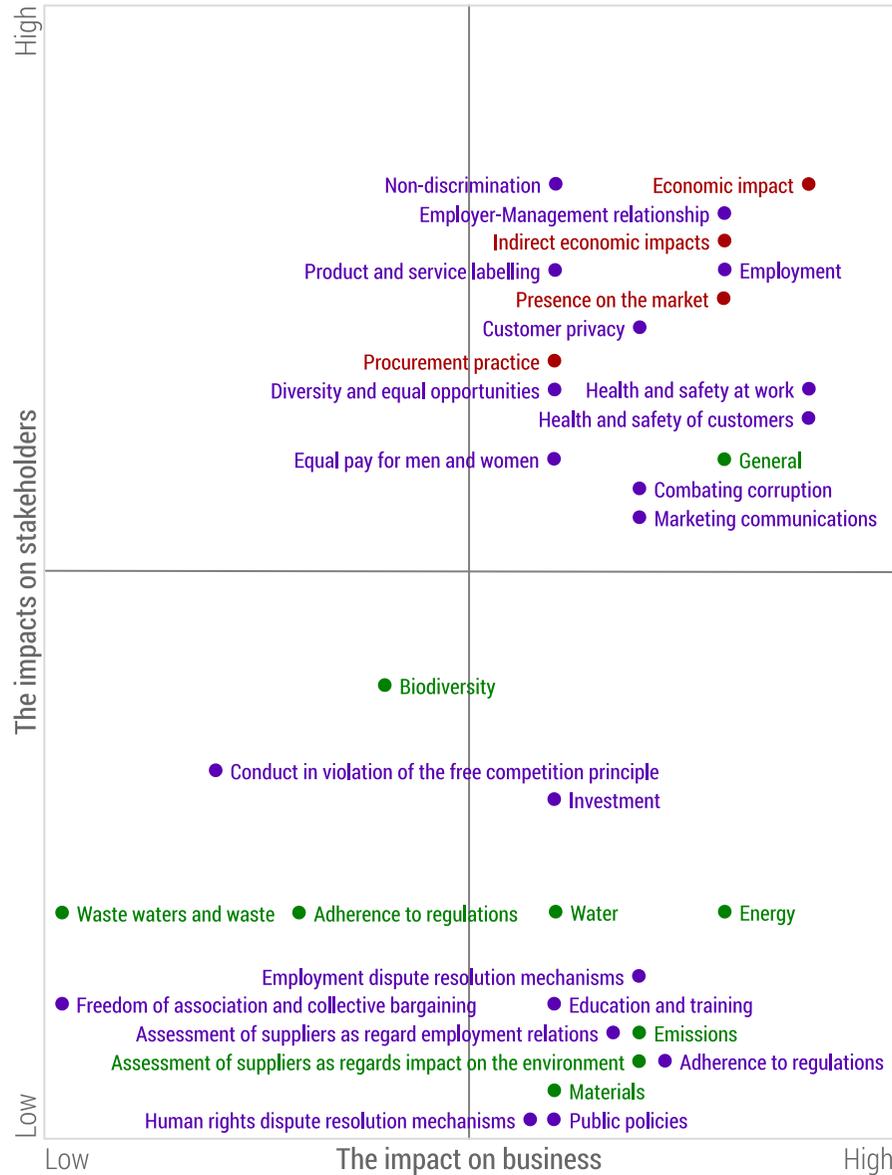
The AD Plastik Group applies the principle of precaution, avoiding any possible risk in the application of new technologies until the complete knowledge or understanding of its impact on the environment and human health is gained.

# Identified material aspects and limits

The consolidated financial report of the AD Plastik Group includes the following operators, while more detailed data can be found in the Annual Report for 2015, available on the company's website.

- AD Plastik d.d. Croatia
- ADP d.o.o. Serbia
- AD Plastik d.o.o. Slovenia
- AO AD Plastik, Russia
- ZAO AD Plastik Kaluga, Russia

The selection of material aspects and limits was made by a team responsible for the sustainable development of the company's business. The team first gathered at a training session for the application of new reporting principles. After the initial meeting, the members held three more consultative sessions within the team in order to make the final selection of the material aspects. The limits of the material aspects were created on the basis of the assessed importance of individual aspects for identified stakeholders. The specific characteristics of the industry and business process, including the sites in which the business was conducted, were taken into consideration. Due to the improvement of reporting and sustainable business in general, there is a plan to set clear goals for individual aspects in the future in order to be able to monitor their realisation in a quality and more transparent way. According to the changes in external and business impacts, and in accordance with the sustainable development priorities, the companies will adapt and update the material aspects.



## List of identified material aspects

- Economic aspects**
  - Economic impact
  - Presence on the market
  - Indirect economic impacts
  - Procurement practice
- Environmental aspects**
  - Materials
  - Energy
  - Water
  - Biodiversity
  - Emissions
  - Waste waters and waste
  - Adherence to regulations
  - General
  - Assessment of suppliers as regards impact on the environment
- Social aspects**
  - Diversity and equal opportunities
  - Equal pay for men and women
  - Assessment of suppliers as regard employment relations
  - Employment dispute resolution mechanisms
  - Investment
  - Non-discrimination
  - Freedom of association and collective bargaining
  - Human rights dispute resolution mechanisms
  - Combating corruption
  - Public policies
  - Conduct in violation of the free competition principle
  - Adherence to regulations
  - Health and safety of customers
  - Product and service labelling
  - Marketing communications
  - Customer privacy

## Stakeholders

The key stakeholders of the AD Plastik Group in accordance with the company's business strategy and sustainable development strategy are customers, employees, unions, suppliers and partners, owners and stockholders, the financial public, local and national authorities, community (universities, associations, organisations) and media. The most important stakeholders are defined in the Group's mission and vision statement, which contributes to the understanding of the environment in which it operates. The company is continuously working to improve the involvement of stakeholders and connecting with them.

Involving stakeholders in the drafting of the sustainability report is still a great challenge; there is much room for development in that area. Understanding the needs of stakeholders is considered to be very important. The company strives to achieve that through routine consultations and communication with individual groups. Transparent and routine communication is the only way to achieve mutual understanding aspired to in the future business development of the company. Most of the stakeholders have been involved so far by organising consultations from time to time, while others have been involved in open discussions in the community.

Customers are stakeholders who are the most involved in the preparation of the sustainability report, which has to meet the required sustainable development standards of the customers. In the reporting period, the company passed the sustainable business assessment by the company EcoVadis, ordered by the customer Renault. In case of irregularities, it is necessary to create an improvement action plan, which has to be implemented within the required time. There were no corrective measures in the reporting period. Most customers ask the Group to sign agreements or adopt guidelines on compliance with the rules of socially responsible business in the automotive industry, which reflects how a large part of this Report is based on consultations with customers as one of the most important groups of stakeholders.



## Stakeholders (continued)

### Customers

Customers are an extremely important group of stakeholders in the car industry. One of the highest priorities of the AD Plastik Group is the establishment of partnerships with its customers in all phases of new project development. By cooperating with its customers from the early development phase to the final products, innovative solutions and constant research improvement, the company strives to contribute to the quality of final products and customer success.

In the reporting period, mutual visits were more frequent to promote networking and building even stronger partnerships.

#### Types of consultations and frequency

- Visits/meetings (regularly)
- Audits (where necessary)
- Written communication (where necessary)
- Satisfaction survey (regularly via specialised portals)
- Official website (regularly)
- Sustainability Report (annually)



### Employees

Employees are the greatest value of the company. Their knowledge, experience and skills are the key to the success of the AD Plastik Group. The company encourages mutual cooperation on all levels as well as team work, the latter being necessary for the development and growth of not only the company, but also each individual. Sharing knowledge and ideas, a multicultural environment, mutual respect and solidarity are the key principles of a developing community. Employees are expected to adhere to the standards of excellence. They participate in making new

suggestions for improvement daily.

#### Types of consultations and frequency

- Survey of the organisation climate and satisfaction (annually)
- E-mail announcements (where necessary)
- Bulletin board notices (where necessary)
- Internal newsletter (every two months)
- Intranet (regularly)
- Sustainability Report (annually)
- Informal gatherings (regularly)

In the reporting period, communication with employees was improved by changing the appearance and contents of the internal newsletter, doubling the number of yearly issues, introducing mailboxes for anonymous questions and comments, introducing a new employee reward system, organising informal gatherings with employees, and creating additional communication instructions for an easier understanding and unambiguity of interpretation of individual terms.

## Stakeholders (continued)

### Unions

Unions, as a part of the public, participate in the decision-making at the company via the worker's council, and in supervising the company's operations via membership in the Supervisory Board. Collective bargaining as a model of conducting business in the company has proven to be very successful and effective.

In the reporting period, unions met with the employer three times during collective negotiations, which resulted in the adoption of three annexes to the collective agreement.

### Suppliers and partners

Suppliers and partners are an important part of the public in the business of the AD Plastik Group, while the creation and management of commercial relationships with suppliers for the purpose of ensuring a competitive price and quality of the materials, tools, equipment and services are one of the key strategic goals of the company. Our business depends largely on suppliers because we have to jointly offer new and improved products to customers with the aim of reducing our impact on the environment. Just as the company needs to meet the standards of its customers, the

In the reporting period, the continuous cooperation and consultancy with the suppliers continued for the purpose of improving their business system, and meeting the required standards of the car industry.

#### Types of consultations and frequency

- Meetings/negotiations (where necessary)
- Internal newsletter (every two months)
- Intranet (regularly)
- Sustainability Report (annually)

suppliers have to meet the required standards, starting from the very selection of materials, equipment and services, and further in the course of development, particularly in serial manufacturing.

#### Types of consultations and frequency

- Supplier evaluation (twice a year)
- Quality criteria evaluation (monthly)
- Visits (where necessary)
- Sustainability Report (annually)



## Stakeholders (continued)

### Owners and stockholders

Owners and stockholders are an important part of the public whose trust we have been building for years, with business results serving as proof of the orientation towards a increasing the value of the company and creating added value. Via reporting, transparency and interactive communication with the aforementioned stakeholders, we are building trust as the foundation of our long-term relationship to our mutual satisfaction. It is a long-term strategy of the AD Plastik Group to increase the satisfaction of the stockholders by increasing the value of stocks and paying

In the reporting period, the financial reporting and regular notifications were improved along with everyday communication with stockholders by training new personnel.

out attractive dividends.

#### Types of consultations and frequency

- Notifications (where necessary)
- Financial reports (quarterly)
- Stockholders' Assembly (annually)
- Official website (regularly)
- E-mail communication (where necessary)
- Annual financial report (annually)
- Sustainability Report (annually)

### The financial public

The financial public, which includes investors and creditors, is an important stakeholder of the AD Plastik Group. With transparent, routine reporting and interactive communication, we build relationships based on mutual trust.

#### Types of consultations and frequency

- Notifications (where necessary)
- Financial reports (quarterly)
- Official website (regularly)
- Conferences (twice a year)
- Roadshow (annually)
- E-mail communication (where necessary)
- Annual financial report (annually)
- Sustainability Report (annually)

In the reporting period, the financial reporting method was improved, the practice of regular letters on the occasion of the publication of quarterly reports was introduced, and presentations intended for the financial public were improved graphically by introducing more indicators and information.



## Stakeholders (continued)

### National and local administration bodies

National and local administration bodies are a part of the public the company cooperates with regularly. As a renowned and respectable economic operator, the Group has a responsibility to improve the business environment in the communities it operates in. By employing the local populations and paying local charges, the Group directly participates in improving the quality of life in that area. It cooperates with all institutions of local and

In the reporting period, the representatives of the AD Plastik Group have participated in several conferences organised by the national and local administration bodies, where used their know-how and experience to contribute to the development and improvement of the business conditions in the area, particularly in connection with exporters.

### The community

The community (universities, NGOs,...) in which it operates and creates new business and economic standards is an important part of the corporate culture of the AD Plastik Group. Apart from occasional support to local initiatives and associations through donations and sponsorships, a part of the strategy is a continuous cooperation with the university community with the aim of sharing knowledge

In the reporting period, the cooperation with several faculties was formalised, while professionals employed at the Group mentored students who created seminar papers and final theses, and participated in the work of various associations and organisations.

national authorities in the countries in which it operates, in accordance with their requirements.

#### Types of consultations and frequency

- Participation in specialised congresses and conferences (where necessary)
- Memberships (regularly)
- Visits (where necessary)
- Sustainability Report (annually)

and employing young professionals, cooperating with and supporting citizens' association, as well as participating and joining various professional associations.

#### Types of consultations and frequency

- Participation in conferences (where necessary)
- Memberships (regularly)
- Visits (where necessary)
- Sustainability Report (annually)

### The media

The media are among the stakeholders with which the company is developing a successful cooperation with the aim of informing the wider public and all the other stakeholders regarding changes and events within the company in a timely and transparent manner.

In the reporting period, a proactive and structured communication with the media was established, resulting in an increased number of press releases which mention the company.

#### Types of consultations and frequency

- Press releases (regularly)
- Press conferences (where necessary)
- Visits (where necessary)



## Report profile

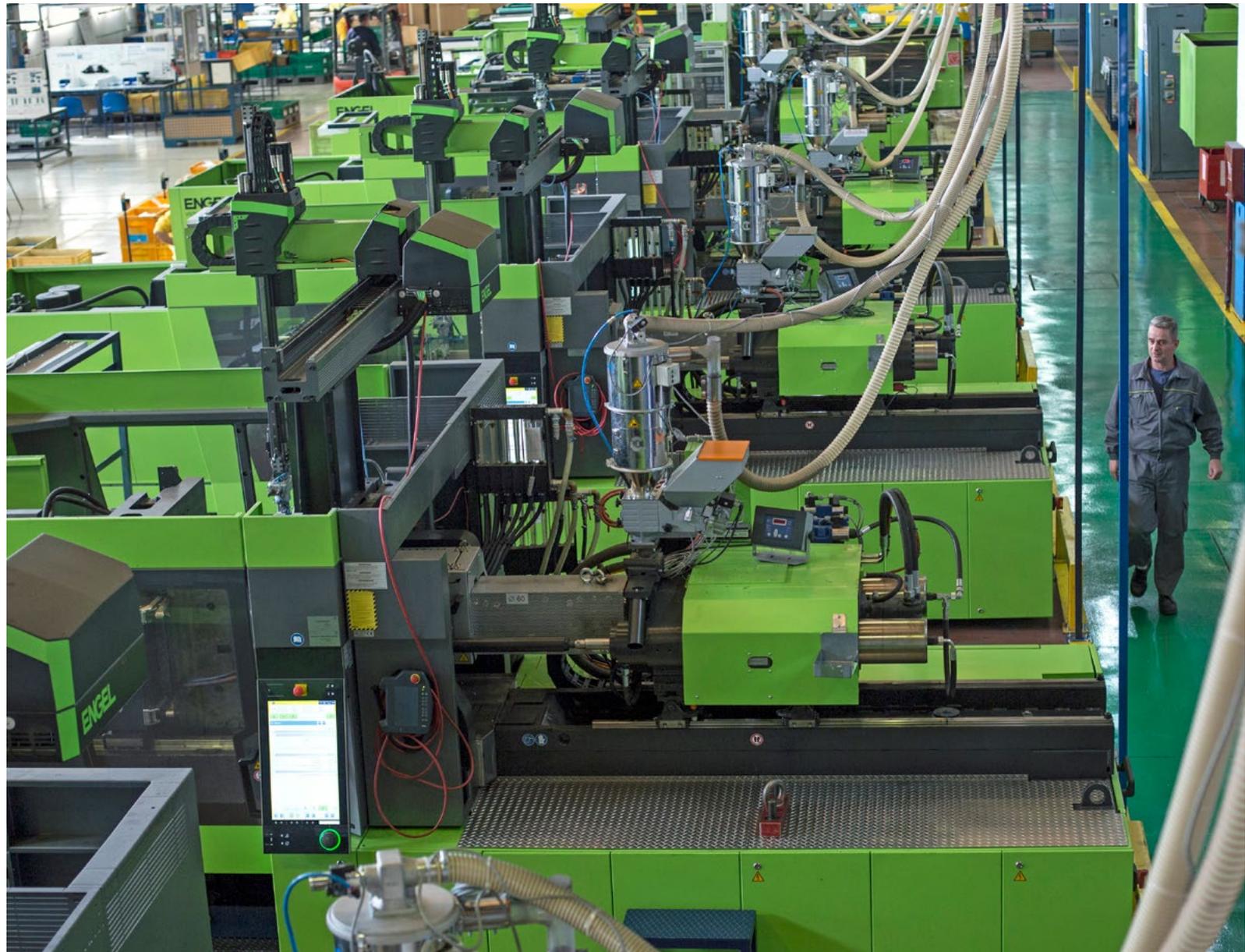
This is the third Sustainability report of the AD Plastik Group and it covers the year 2015. The fiscal year matches the calendar year in this case. Up until now, the company has been issuing reports in biannual cycles. From this year onwards, it will issue reports annually.

The previous report covered the years 2013 and 2014, and was published in December 2015. This is the first report drafted in accordance with the GRI G4 guidelines. The core option was chosen, while the Croatian Business Council for Sustainable Development (CBCSD) was asked to verify the contents of this Report.

The AD Plastik Group gathers data for the Sustainability Report in all countries and locations it operates in, while the CBCSD was chosen to verify the Report as an independent institution. The Croatian Business Council for Sustainable Development (CBCSD) is the most competent institution for the verification of the Sustainability Report in the Republic of Croatia.

### Contact person:

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## Management

The AD Plastik Group bases its business activities on its good practice of corporate management. With its day-to-day business practice, strategy, company policy and internal acts, it strives to contribute to transparent and efficient business, as well as higher-quality relationships with the environment in which it operates. All company employees must aim at honest and frank relationships with all stakeholders in order to ensure, above all, respect for human rights, avoiding conflicts of interest, and any form of corruption.

Since the stocks of AD Plastik have been officially listed at the Zagreb Stock Exchange, the Code of Corporate Management of the Zagreb Stock Exchange will apply, with annual detailed reporting on the dedication to the principles of corporate management and social responsibility.

Account is taken of the implementation of anti-corruption measures within the group. In the following period, additional effort will be made to adopt an internal anti-corruption policy.

AD Plastik is also a signatory of the Code of Ethical Business of the Croatian Chamber of Commerce, with the obligation of responsible and ethical conduct as the necessary prerequisite for an efficient functioning of the market.



## Management structure

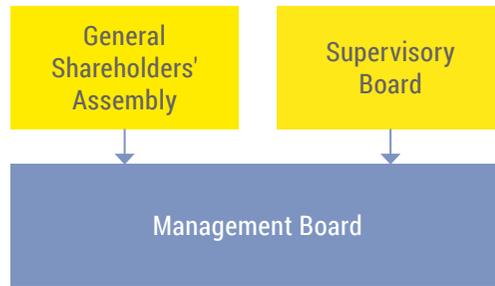
The corporate management structure of AD Plastik is based on a dual system comprised of the Management Board and the Supervisory Board. The Management Board and the Supervisory Board, together with the General Assembly and Audit Committee, comprise the four key functions of the company.

### The Supervisory Board

oversees the company operations, including the examination of business accounts and documents, of which it reports to the General Assembly. The Supervisory Board makes decisions for certain types of activities that may not be carried out without their prior consent. The Supervisory Board can convene the General Assembly, and all its members share the responsibility of supervision, oversight and sustainable business.

The Supervisory Board consists of seven members:

- four members of the General Assembly with the mandate of four years and eligible for a re-appointment
- one member is appointed by the Workers' Council for the period of four years
- two members are appointed by the stockholder Holding Autokomponenti, open joint-stock company, Saint Petersburg, Russia, for the period of four years, eligible for a re-appointment



In accordance with the laws and rules of procedure, two commissions have been appointed to support the work of the Supervisory Board by preparing decisions to be adopted by the Supervisory Board and overseeing their implementation. The Remuneration Committee proposes to the Supervisory Board the Management reward policy, rewards for the members of the Supervisory Board decided on by the General Assembly, as well as the appropriate form and provisions of the agreements concluded with the members of the Management Board. The Appointments Commission proposes candidates for the Management Board and Supervisory Board, considers the Management policy regarding the recruitment of senior management, and evaluates the performance of the Supervisory Board and Management Board.

The amount of rewards for members of the Supervisory Board is set by the General Assembly depending on the business results and status of the Company. The decision sets out the remuneration for the members of the Supervisory Board as follows: 1.5 ave-

rage monthly gross salary to the Chairman for each session of the Supervisory Board, and 1 average monthly gross salary to other members for each session of the Supervisory Board.

In the reporting period, **the members of the Supervisory Board** were the following: Josip Boban, President, Nikola Zovko, Vice President, and Marijo Grgurinović, Dmitrij Leonidovič Drandin, Nadežda Anatoljevna Nikitina, Igor Anatoljevič Solomatin and Dolores Čerina, members. In 2015, five regular sessions of the Supervisory Board were held.

### The General Assembly

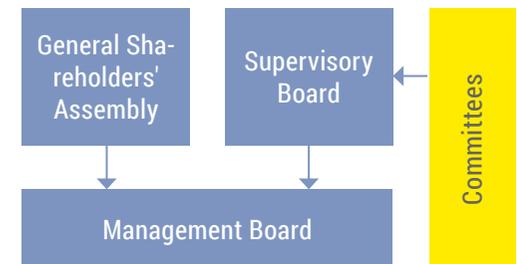
appoints and dismisses members of the Supervisory Board, appoints the company auditor, and resolves on the ratification of the members of the Management Board and Supervisory Board. Their responsibilities include increasing and reducing the amount of the capital stock, deciding on how the profits are to be used, amending the Statute, and deciding on the dissolution of the Company.

In 2015, a regular session of the General Assembly was held, on which it adopted the Annual Financial Report of the Group for 2014, report of the Supervisory Board on the completed supervision of the operations for 2014, decisions on the use of profits for other reserves, resolution on the ratification of the members of the Management Board and Supervisory Board, decision appointing the auditor and two members of the Supervisory Board.

### The Audit Committee

is responsible for monitoring the efficiency of the internal control system, internal audit system and risk management system, supervising the implementation of the review of annual financial and consolidated reports, and discussing plans and the annual internal audit report, as well as discussing significant issues connected with this area.

The internal supervision is carried out by the controlling and internal audit services. Controlling informs the Management Board, and internal audit informs the Management Board and Audit Committee of the supervision carried out. The scope of the internal audit covers assessments and recommendations for corporate management process improvement, evaluation of adequacy and effectiveness of controls in organisation management, business operations and IT system, supervision of the realisation of aims and compliance with the prescribed policies, procedures and work instructions, reporting and giving opinions on applications by areas of activity, anticipating and managing risks, and protecting the company property.

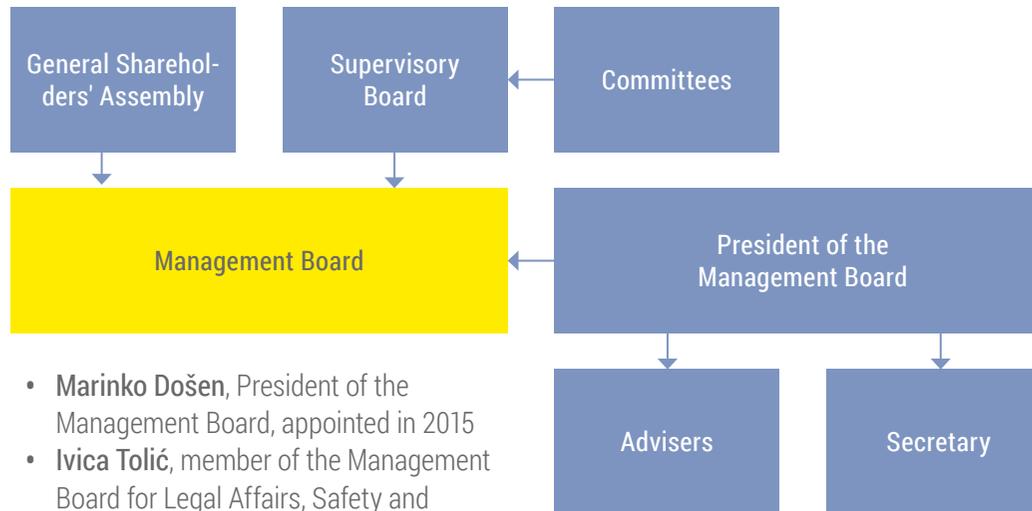


## Management Board

The Management Board of the AD Plastik Group is responsible for conducting business, including defining corporate functions and their tasks, representing the company individually; preparing draft decisions (economic, development, social and environmental), general acts and agreements within the purview of the General Assembly; implementing decisions adopted by the General Assembly within its purview, reporting to the Supervisory Board, submitting consolidated annual reports to the General Assembly, affairs related to the management of subsidiaries, and participation in the management of affiliates.

The Management Board consists of 3-8 members appointed and dismissed by the Supervisory Board. They determine the number of members, and appoint one member President of the Management Board. They can also appoint the Vice President. The mandate of the members of the Management Board is five years, with the possibility of re-appointment with no restrictions on the number of mandates. The members of the Management Board have executive status. Each member represents the company independently and individually, and is appointed on the basis of his/her expertise and the necessary experience.

In the reporting period, the Management Board of the AD Plastik Group had six members, namely:



- **Marinko Došen**, President of the Management Board, appointed in 2015
- **Ivica Tolić**, member of the Management Board for Legal Affairs, Safety and General Affairs
- **Mladen Peroš**, member of the Management Board for Commercial Affairs, Research and Development
- **Katija Klepo**, member of the Management Board for Finance and Accounting
- **Denis Fusek**, member of the Management Board for Business Organisation, IT and Controlling
- **Hrvoje Jurišić**, member of the Management Board for Production and Logistics

In the reporting period, 34 sessions of the Management Board were held.

The Management Board defines tasks of corporate functions, and each individual corporate function has a defined position on the executive level that corresponds to the highest management body or appropriate positions on the management level (directors, managers) that report directly to the Management Board on the plans, progress and task completion. The Management Board directly participates in the development, approval and updating of statements on the purpose, value

and mission of the organisation, its strategies, policies and goals. It is responsible for quality management of potential business risks, while the economic, environmental and social impacts and circumstances are discussed at regular sessions.

The corporate functions are the following:

- controlling
- internal audit,
- human resources,
- research & development,
- sales,
- strategic procurement,
- finance
- central logistics,
- legal affairs,
- corporate communications,
- business organisation,
- IT,
- safety and security, and
- quality system.

The President of the Management Board of AD Plastik is the executive manager for the areas of human resources, quality system and executive committee management. The reason for the assignment of those management functions to the president of the highest body is the reduction of the information transfer level as regards human resources management and strategic decision-making in connection with the quality system of the Group in the sense of the system, and development and manufacturing quality.



## Management Board (continued)

The Management Board occasionally organises consultations with individual stakeholders of the Group, while the regular consultations with individual stakeholders are delegated to the management, which is obliged to send feedback to the Management Board. By adopting strategies and plans, the existing management methods are analysed, and new advanced ones are proposed, while the corporate functions routinely suggest improvements in individual areas. The Management Board is continuously working on the advancement of the collective knowledge on all relevant topics.

The performance of the Management Board is evaluated by the Supervisory Board at regular sessions. The evaluation is based on business success indicators, as well as the maintenance and creation of a positive company image in all relevant public spheres.

Pursuant to the Companies Act, a member of the Management Board may neither be a member of the management board nor a member of the supervisory board in another company whose business activities fall within the scope of the business activities of the company. Furthermore, without the consent of the Supervisory Board, he/she may not participate in decision-making or conclusion of a legal transaction if the legal representative, authorised signatory or the attorney-in-fact of



the other contracting party is his/her relative or spouse, extramarital partner or relative by marriage to the second degree. A member of the Management Board may not participate in decision-making related to any legal transaction in connection which there is a conflict of interest between the member of the Management Board and the company. The member of the Management Board is obliged to notify the other members of the Management Board and the Supervisory Board of such circumstances, regardless of whether he/she is involved in decision-making or conclusion of the legal transaction. He/she is obliged to state all the relevant facts about the nature of his/her relationship with the other contracting party, as well as his/her assessment of whether there is a conflict of interest.

The Management Board of the AD Plastik Group, namely the President of the Management Board, is responsible for approving the sustainability report of the Group.

The total remuneration for the members of the Supervisory Board, Management Board and executive directors for 2015 amounted to HRK 11,605,880.



# Ethics and integrity

## Code of business conduct of the AD Plastik Group

### Vision Statement

To be the market leader in the development and manufacture of car components on the territory of Eastern Europe, and to expand the business to new markets.

### Mission Statement

To contribute to the quality of the final products and to the success of our customers with innovative and creative solutions, as well as with constant advancement of the product research & development. We meet our goals by applying the principles of socially responsible and ethical business to the satisfaction and welfare of all our stakeholders – employees, business partners, customers and stockholders.

Apart from the Code of Business Ethics of the Croatian Chamber of Commerce, the AD Plastik Group, as an international company, and all our employees implement the corporate responsibility guidelines of the Code of Business Conduct of April 2013. The Code defines the rules of the business conduct of the Group that have to be applied in day-to-day interactions within the company and with external parties. The company employs people of various nationalities, cultures and religions, which requires jointly agreed ethical standards and practices. The Code lays down the standards of conduct in various areas in order to preserve the reputation of the company with a high level of integrity and reliability. It is divided into five basic topics: human rights, working practices, environmental protection, good business practice, and business partners. The company was guided by the principles of the Universal Declaration of

Human rights of the United Nations, International Labour Organisation, and the Global Compact initiative of the United Nations, which the AD Plastik Group adheres to. The Code was published on the company's website in three languages. In case of a violation of any provision of the Code of Business Conduct, the procedures prescribed by the internal procedure are applied in addition to measures prescribed by the relevant laws. In agreements with suppliers, we ask that they respect the essential provisions of the Code of Business Contact, Global Compact initiative of the UN, and ILO conventions against child labour and forced labour (ILO138, ILO29 and ILO105).

The mission statement, vision statement, key company values and Code of Business Conduct of the Group are integral parts of the brochure that each person receives upon recruitment to the AD Plastik Group.

### Key values

#### Reliability

We base our relationships with all our stakeholders on trust, and honest and frank communication. The continuous establishment of long-term partnerships with all our stakeholders is based on mutual respect.

#### Excellence

In every business segment, we strive to meet the highest quality standards, be it products, working methods or employee competences.

#### Innovation

With our own ideas and creativity, we are working to improve the development of the company and each individual segment within it daily, simultaneously following the developments and trends on the global market.

#### Responsibility

The responsibility is ours. It is an important prerequisite for the development, growth and results of the company. We express it daily in our relationship with each individual, work, partners, stakeholders and our actions with regard to the society, nature and community in which we operate.

#### Dedication

Loyalty, productivity and satisfaction are the indicators of the dedication that we wish to encourage with a conscientious approach to the company. We wish our employees to identify with the company and its values.

#### Community

We encourage mutual cooperation on all levels, as well as team work, which is necessary for the development and growth of not only the company, but also each individual person. Sharing ideas and knowledge, a multicultural environment, mutual respect and solidarity are the key principles of community that we are developing.



## Economy

The business results in the reporting period show the achievement of the goals set by the Management Board. There is a strong growth of business income on the Group level of 14% compared to the previous period, while the business expenses saw a milder growth of 9%. The year 2015 was marked by rationalisation and reorganisation of business as the foundation for generating added value for all our stakeholders. The result of such activity is the return of the EBITDA margin to the levels appropriate to the industry in which we operate. Thus we have achieved the EBITDA margin of 11.20%, or EBITDA in the amount of HRK 114.9 million. Increased income, business efficiency and cost rationalisation have resulted in a significant increase of the Group's profits after tax, with a rise in net profit from HRK 4.9 million in 2014 to HRK 46.2 million in 2015.

Significant effort was invested into reducing the credit indebtedness of the Groups, while the set goals in the domain of financial acti-



	Direct, generated and distributed economic value in thousands of HRK		
	2015	2014	2013
<b>Directly generated economic value</b>	<b>1,025,395</b>	<b>897,477</b>	<b>835,771</b>
Income from sales	1,002,363	869,553	817,591
Other income	23,032	27,924	18,180
<b>Distributed economic value</b>	<b>934,820</b>	<b>896,847</b>	<b>822,856</b>
Business expenses	716,810	653,826	601,777
Employee wages and benefits	187,560	182,196	165,658
Payments to capital providers	29,653	59,106	53,561
Payments to the state	647	1,484	1,746
Investments into the community	150	235	114
<b>Sustained economic value</b>	<b>90,575</b>	<b>630</b>	<b>12,915</b>

vities were fully achieved. The credit obligations were reduced by HRK 69.4 million in the reporting period, which significantly improved the company's liquidity indicators. The Group increased its profitability, improved its total cost efficacy, achieved greater income from sales, and increased the usability of its capacities in Croatia and Serbia, which attests to the fact that the goals set for the reporting period were successfully achieved.

The sustained economic value in 2015 is as much as 16 times higher compared to the previous year. The main reason for that, apart from the non-payment of dividends in 2015, is a significant increase of income and cost rationalisation.

In accordance with the regulations of the Republic of Croatia, all employees are registered and included in the national pension fund. The rate of pension contributions is 20% of the contribution basis, and the pension contributions are paid by employers on behalf of their employees and at their expense. In the Russian Federation, all employees are registered and included in the national pension fund. The rate of contributions is 22%, but no more than 711,000.00 roubles for 2015, after which up to 10% is paid in. In the Republic of Serbia, all employees are registered in the national Retirement and Disability Fund for which it is mandatory to pay 14% at the expense of the employees and 12% at the expense of employers from the gross wage.

The minimum initial wage within the AD Plastik Group is higher than the minimum local wage in all sites, but in different percentages. Thus in Serbia, the minimum initial wage is higher by 5.4%, in Croatia by 11.7%, in Kaluga by 66.6%, and in Vintai by 90%. There are no differences in salaries between the sexes in any site of the AD Plastik Group.

In Russia, the minimum wage is laid down by the state, but each region can set its own minimum wages that have to be higher than the national minimum wage in accordance with the costs of living in that region. Thus the minimum wage in Kaluga is higher than the one in Vintai, or the Samara District.

## Economy (continued)

Recruitment and employment of the local population is supported in all countries in which the company operates. Therefore, the local population comprises the greatest proportion of employees in all sites. As a multinational company, the AD Plastik Group offers many opportunities for international growth, mobility and promotion within the Group to its em-

ployees. There are employees who have been appointed to key functions in other sites within the AD Plastik Group through career advancement and promotion. The Group encourages the mobility and potential for improvement of its own experts, who often transfer their knowledge to colleagues in different manufacturing sites of the Group.

In the reporting period, 91% of employees in the senior management (members of the Management Board, executive directors and directors) come from the local communities, meaning persons who live in a county, district or region in which individual Group members operate.

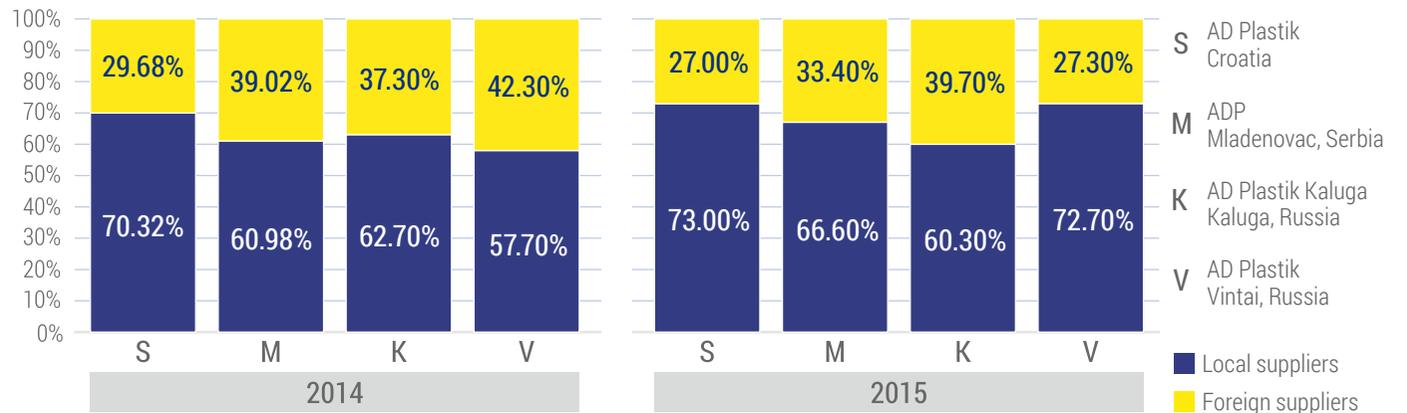
In the reporting period, there were no major indirect economic impacts on the business and stakeholders of the AD Plastik Group.

Financial aid received from the government in thousands of HRK

	AD Plastik, Croatia		AD Plastik, Novo Mesto		AD Plastik, Vintai		AD Plastik Kaluga		ADP, Mladenovac		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Tax relief	2,651	5,190	677								3,328	5,190
Aid	3,095	3,774			543				1,023	2,077	4,661	5,851
<b>Total</b>	<b>5,746</b>	<b>8,965</b>	<b>677</b>	<b>0</b>	<b>543</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,023</b>	<b>2,077</b>	<b>7,989</b>	<b>11,041</b>

The financial aid from the Government in the reporting period concerns tax relief and subsidies for financial and capital investments, as well as investments into high-degree technologies.

The proportion of local suppliers in the total procurement value





## Environment

Environmental protection is the result of the harmonisation of the activities of all business processes. The ecological orientation and developed environmental consciousness of the AD Plastik Group is visible in the very choice to establish the Environmental Management System according to the ISO 14001 standard, which was implemented more than 10 years ago at some manufacturing sites.

The application of this international norm enables the shaping of the business management policy and goal setting, taking into consideration the legal and other binding requirements, as well as the data on significant impacts on the environment that our business activities, products and services have. The supervision and measurement of the impact on the environment are being continuously monitored so that they can be managed well for the purpose of preserving the environment and the surroundings in which we operate.

The Group is implementing its strategy of continuous improvement of its impact on the environment; through regular monitoring and analysis, the realisation of the planned goals is checked. Where the goals are not realised, additional measures are defined and implemented. At the end of the year, an annual activity plan is defined as a part of the preparation of the business plan of the Group, which is confirmed and adopted by the Management Board.

Some of the environmental aspects are shown by product unit. However, the specificity of the industry and the wide range of different products manufactured using different technologies must be taken into account, and therefore the impact is different as well. For example, the manufacture of certain products requires the utilisation of multiple technologies, so the energy consumption for such a range of products can be significantly higher.

Nonetheless, all environmental aspects are managed continuously, depending on the specificity and complexity of individual products.

By introducing an energy management system in 2016, the efficiency of energy use at the company will be monitored through energy consumption indicators by kilogramme of material spent.



## Materials

The raw materials used in manufacturing processes are obtained from non-renewable sources. Granulated synthetic materials polypropylene, polyethylene, paints, varnishes and organic solvents are used.

Out of the total amount of granulated synthetic materials used, depending on the vehicle type and category, some plastic products are made of recycled synthetic materials.



Materials used by weight or quantity				
Material	Site	2013	2014	2015
PP/PE/PES (t)	Solin	2,632	3,045	3,379
	Zagreb	4,371	5,269	5,965
	Mladenovac	1,070	1,014	1,097
	Vintai	2,910	2,780	5,882
	Kaluga	1,940	1,850	1,239
	<b>TOTAL</b>	<b>12,923</b>	<b>13,958</b>	<b>17,562</b>
Paints, varnishes, solvents (t)	Zagreb	222	278	157
	Mladenovac	122	324	394
	Vintai	0	0	10
	Kaluga	0	0	1
	<b>TOTAL</b>	<b>344</b>	<b>602</b>	<b>562</b>

Recycled input materials (t)				
Material	Site	2013	2014	2015
PP/PE/PES (t)	Solin	1,800	1,920	1,349
	Zagreb	0	0	896
	Mladenovac	478	219	28
	Vintai	226	241	240
	Kaluga	22	167	128
	<b>TOTAL</b>	<b>2,526</b>	<b>2,547</b>	<b>2,641</b>

Percentage of used material consisting of recycled input material (%)				
Material	Site	2013	2014	2015
PP/PE/PES (t)	Solin	68	63	40
	Zagreb	0	0	15
	Mladenovac	45	22	3
	Vintai	8	9	4
	Kaluga	0	9	10
	<b>TOTAL</b>	<b>20</b>	<b>18</b>	<b>15</b>

## Energy

The total energy consumption in the reporting period amounts to 178,417 GJ, out of which 79% is electric energy consumption, which is the main source of energy in the manufacturing processes. The remaining energy consumption refers to the consumption of natural gas, fuel oil and liquefied natural gas.

Total energy consumption within the organization															
Site	2013					2014					2015				
	Fuel oil	Natural gas	Liquefied natural gas	Electricity	TOTAL 2013	Fuel oil	Natural gas	Liquefied natural gas	Electricity	TOTAL 2014	Fuel oil	Natural gas	Liquefied natural gas	Electricity	TOTAL 2015
Solin	1,005	0	838	27,951	29,794	804	0	1,370	31,949	34,123	80	0	1,544	33,747	35,371
Zagreb	0	20,007	2,075	29,620	51,702	0	20,748	3,050	46,153	69,951	0	20,749	3,519	48,337	72,605
Mladenovac	0	938	330	10,538	11,806	0	4,644	85	7,687	12,416	0	4,028	89	10,835	14,952
Vintai	0	0	6,032	30,906	36,938	0	0	6,048	32,122	38,170	166	6,654	0	36,253	43,073
Kaluga	0	0	0	0	0	0	0	0	0	0	0	2	0	12,414	12,416
<b>TOTAL</b>	<b>1,005</b>	<b>20,945</b>	<b>9,275</b>	<b>99,015</b>	<b>130,240</b>	<b>804</b>	<b>25,392</b>	<b>10,553</b>	<b>117,911</b>	<b>154,660</b>	<b>246</b>	<b>31,433</b>	<b>5,152</b>	<b>141,586</b>	<b>178,417</b>

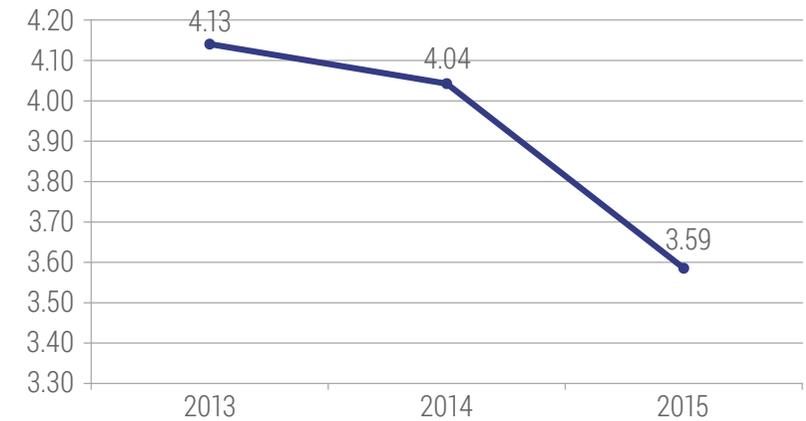
The data we monitor refer to the consumption of non-renewable energy sources, or fuel consumption for the purpose of business trips by company-owned cars.

Total energy consumption outside the organisation (GJ)									
Site	2013			2014			2015		
	Diesel	Petrol	Total 2013	Diesel	Petrol	Total 2014	Diesel	Petrol	Total 2015
Solin	1,195	1,170	2,365	689	1,787	2,476	753	1,601	2,354
Zagreb	116	347	463	152	341	493	108	427	535
Mladenovac	128	53	181	231	58	289	205	54	259
Vintai	4,535	3,711	8,246	695	4,387	5,082	435	4,546	4,981
Kaluga	0	0	0	0	0	0	93	192	285
<b>TOTAL</b>	<b>5,974</b>	<b>5,281</b>	<b>11,255</b>	<b>1,767</b>	<b>6,573</b>	<b>8,340</b>	<b>1,594</b>	<b>6,820</b>	<b>8,414</b>

## Energy (continued)

The energy intensity diagram shows the ratio of the total energy consumption (the sum of energy spent within and outside the organisation) in relation to the total number of products manufactured. With the introduction of the energy management system in the next period, it will be measured according to the energy consumption efficiency indicator EnPi, i.e. energy consumption in kWh per kilogramme of material spent (kWg/kg) will be measured.

Site	Energy intensity in kJ/product		
	2013	2014	2015
Solin	4.73	4.55	3.44
Zagreb			
Mladenovac	3.18	3.77	3.09
Vintai	3.57	3.22	4.00
Kaluga	0.00	0.00	4.36
<b>TOTAL</b>	<b>4.13</b>	<b>4.04</b>	<b>3.59</b>



## Water

Water is supplied from the local water supply system, and in smaller part from the company's own well. One such well is located at AD Plastik in Zagreb. The volume of water drawn from such sources is determined by the water meter. The manufacturing plants do not recycle their waste water.

	Water use by source ( m <sup>3</sup> )		
	2013	2014	2015
The local water supply	67,411	51,429	70,858
The company's own well	3,400	5,712	5,713
<b>TOTAL</b>	<b>70,811</b>	<b>57,141</b>	<b>76,571</b>

### AD Plastik, Solin

The company obtains water from the internal water supply system of the town of Solin, which is supplied from the source of the river Jadro. As a significant water habitat, the upper flow of that river has been declared a protected natural area in the category of a special ichthyologic reservation. The average annual discharge of the source of the river Jadro is 9.0 m<sup>3</sup>/s.

### AD Plastik, Zagreb

The company obtains water from the internal water supply system of the City of Zagreb. Nowadays, Zagreb draws water from eight pumps with a total of around 30 wells. The most significant ones are the following: Mala Mlaka, Petruševac, Sašnak and Strmec and Zapruđe (Bundek); the total capacity of the water supply system is 4.5 m<sup>3</sup>/s.

Site	Water use by source ( m <sup>3</sup> )					
	W. consumption from the public water supply (m <sup>3</sup> )			Water consumption from own well (m <sup>3</sup> )		
	2013	2014	2015	2013	2014	2015
Solin	41,464	23,095	27,184	0	0	0
Zagreb	17,009	9,733	14,134	3,400	5,712	5,713
Mladenovac	1,446	8,671	11,975	0	0	0
Vintai	7,492	9,930	13,296	0	0	0
Kaluga	0	0	4,269	0	0	0
<b>TOTAL</b>	<b>67,411</b>	<b>51,429</b>	<b>70,858</b>	<b>3,400</b>	<b>5,712</b>	<b>5,713</b>

### ADP, Mladenovac

The company obtains water from the JKP Mladenovac town water supply, which draws water from bored artesian wells. There are 55 of them, with depths ranging from 5 to 200 m. The capacity of one source is 2-5 l/s. All sites with wells on them have been declared protected areas. Brestovica, Kokorin, Serava and Kovačevac are the most significant ones among them.

### AD Plastik, Vintai

The company obtains water from the internal water supply system of the Vintai settlement, which draws water from wells whose depths ranges from 270 m to 275 m and whose capacity is 1.5 m<sup>3</sup>/s. The distance from the river Volga is about 8km.

### AD Plastik Kaluga

The company obtains water from the internal water supply system of the town of Kaluga, which draws water from underground and surface sources. The water supply currently provides the water volume of 180 m<sup>3</sup>/h from three artesian wells, with the possibility of increasing the water flow by 3,360m<sup>3</sup>/day.

**AD Plastik Group** does not own, rent or administrate any land in protected areas or in their immediate vicinity, nor in high-value areas with regard to the biodiversity outside the protected areas, and thus its business activities do not produce any impact on the protected areas. Furthermore, the plants have neither direct nor indirect impact on the biodiversity in the protected areas or high-value areas with regard to the biodiversity outside the protected areas; there are no examples related to protected and renewed habitats, endangered species according to the IUCN's red list and national list.

## Emissions

Direct greenhouse gas emissions are the consequence of the combustion of energy sources used to fire furnaces. This involves the combustion of fuel oil and natural gas. Indirect emissions come from the consumption of electric energy used to run machinery and equipment in the manufacturing plants, as well as the consumption of electric energy necessary for the operation of the equipment designed to heat and cool the work premises.

### Total direct and indirect emissions of greenhouse gases by weight ( t CO2\* )

	2013	2014	2015
Direct emissions of greenhouse gases by weight	2,415	2,486	2,722
Indirect emissions of greenhouse gases by weight	7,612	9,064	10,964
<b>TOTAL</b>	<b>10,027</b>	<b>11,550</b>	<b>13,686</b>

### Total direct and indirect greenhouse gas emissions by weight ( t CO2\* )

Site	2013		2014		2015	
	Direct greenhouse gas emissions by weight	Indirect greenhouse gas emissions by weight	Direct greenhouse gas emissions by weight	Indirect greenhouse gas emissions by weight	Direct greenhouse gas emissions by weight	Indirect greenhouse gas emissions by weight
Solin	301	2,149	327	2,456	276	2,594
Zagreb	1,040	2,277	1,120	3,548	1,425	3,796
Mladenovac	87	810	287	591	250	833
Vintai	987	2,376	752	2,469	750	2,787
Kaluga	0	0	0	0	21	954
<b>TOTAL</b>	<b>2,415</b>	<b>7,612</b>	<b>2,486</b>	<b>9,064</b>	<b>2,722</b>	<b>10,964</b>

\* t CO2 - Data on the emission amounts obtained using calculations according to the national standard

## Emissions (continued)

The greenhouse gas emission intensity diagram shows the proportion of total direct and indirect greenhouse gas emissions in relation to the total number of manufactured products.

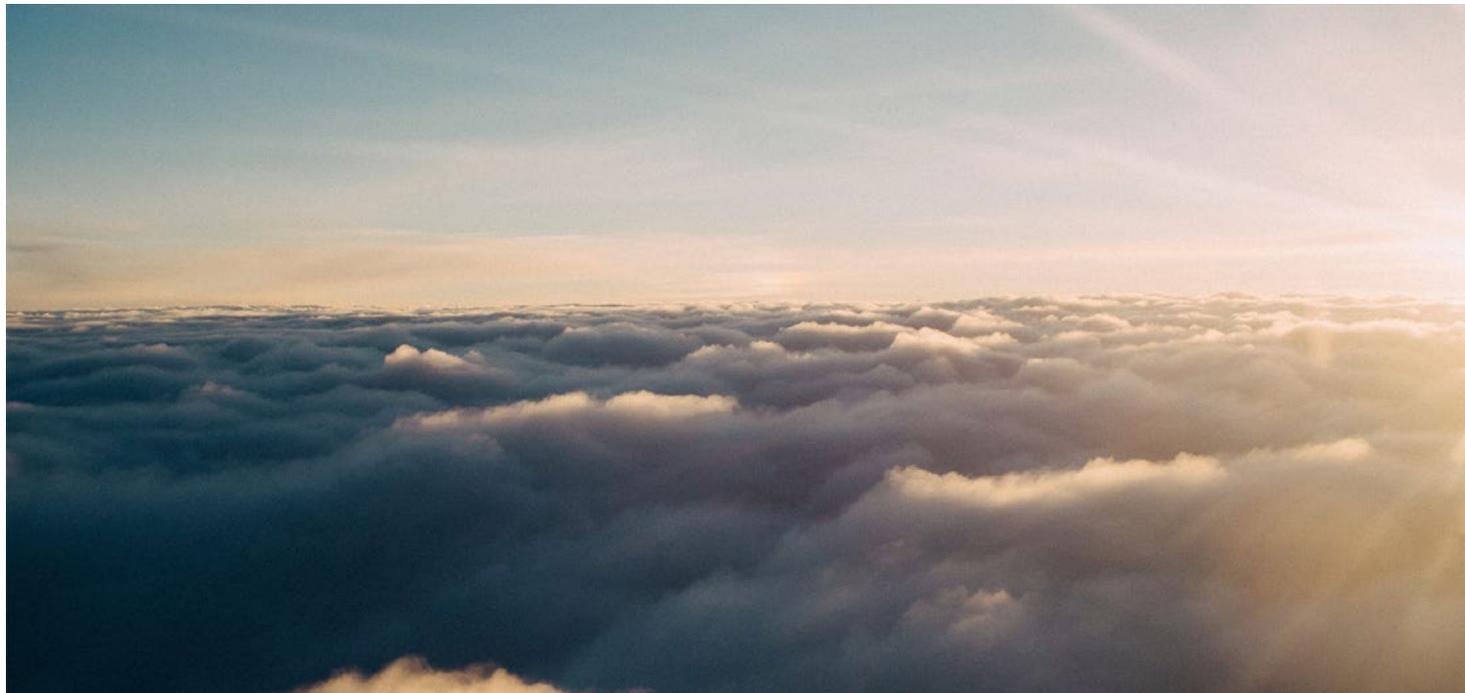
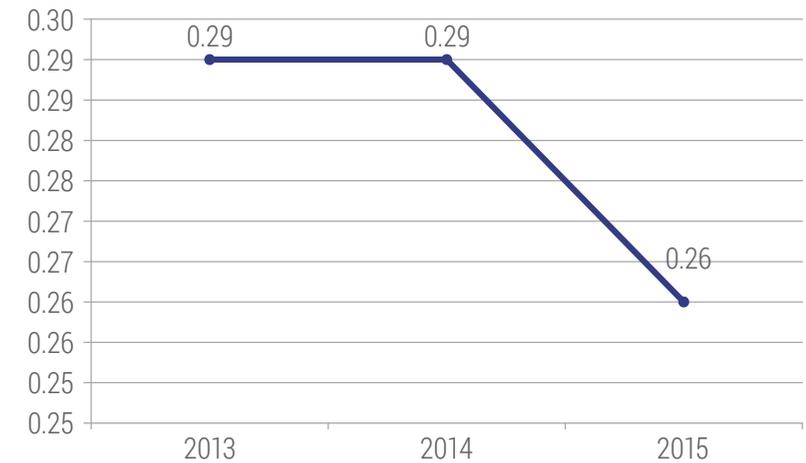
Data on the consumption of direct and indirect energy vary; they are directly related to the manufacturing quantity. However, a series of initiatives undertaken at the AD Plastik Group for a more efficient and rational energy consumption do have an impact on its reduction.

Initiatives undertaken to reduce the energy consumption

- Turning off lights and working equipment after leaving the working premises, and replacing the lights with LED lighting
- Installation of central cooling (heat risers)
- Installation of new, more energy-efficient manufacturing equipment
- Setting up heat insulation on plastics injection cylinders
- Programmed turning on and starting up of machines at the beginning of the working week
- Entrances into the manufacturing halls and warehouses equipped with high-speed doors and an automatic opening and closing system
- Replacement of the wooden carpentry with PVC on buildings



Site	Greenhouse gas emission intensity (kg CO <sub>2</sub> /product)		
	2013	2014	2015
Solin	0.32	0.32	0.25
Zagreb			
Mladenovac	0.24	0.26	0.22
Vintai	0.27	0.24	0.29
Kaluga	0.00	0.00	0.33
<b>TOTAL</b>	<b>0.29</b>	<b>0.29</b>	<b>0.26</b>



## Emissions (continued)

The manufacturing processes employed by AD Plastik Group do not emit any substances that damage the ozone layer. However, for the purpose of maintaining the necessary climate in its manufacturing and other working rooms, the company uses cooling and air conditioning devices that operate using substances that affect the ozone layer. The maintenance of those devices and systems in operation is entrusted to authorised contractual partners whose duty, among other things, is to dispose of replaced refrigerants in an environmentally friendly manner. In 2015, due to an equipment malfunction in the manufacturing plant in Vintai, 10kg of R407C were accidentally released into the atmosphere.

NO<sub>x</sub>, SO<sub>x</sub>, CO are generated due to the consumption of energy sources used to heat the working rooms (fuel oil, natural gas) and due to the use of energy sources in manufacturing processes. VOC is emitted from the finishing plant in Zagreb.

\* The data on the emission amounts have been obtained using calculations according to the national standard.

	Refrigerant contained in the equipment (kg)											
	2013				2014				2015			
	R22	R407C	R134A	227ea	R22	R407C	R134A	227ea	R22	R407C	R134A	227ea
Solin	240	32	133	40	240	32	133	40	240	32	133	40
Zagreb	198	301	0	0	120	863	0	0	120	863	0	0
Mladenovac	7	70	0	164	8	70	0	164	8	70	0	164
Vintai	0	17	0	0	0	1316	0	0	0	40	0	0
Kaluga	0	220	0	0	0	980	0	0	0	120	0	0
<b>TOTAL</b>	<b>445</b>	<b>640</b>	<b>133</b>	<b>204</b>	<b>368</b>	<b>3261</b>	<b>133</b>	<b>204</b>	<b>368</b>	<b>1125</b>	<b>133</b>	<b>204</b>

	NO <sub>x</sub> , SO <sub>x</sub> and other significant emissions into the air by type and weight (t)											
	2013				2014				2015			
	NO <sub>2</sub>	SO <sub>2</sub>	CO	VOC	NO <sub>2</sub>	SO <sub>2</sub>	CO	VOC	NO <sub>2</sub>	SO <sub>2</sub>	CO	VOC
Solin	0.092	1.000	0.002	0.000	0.073	0.800	0.002	0.000	0.095	1.000	0.080	0.000
Zagreb	1.084	0.000	0.084	87.260	1.335	0.000	0.134	55.740	1.255	0.000	0.950	17.060
Mladenovac	0.036	0.000	0.002	0.000	0.176	0.000	0.008	0.000	0.050	0.000	0.030	0.000
Vintai	2.058	0.000	3.871	0.000	5.650	0.024	12.071	0.000	4.523	0.024	0.427	0.000
Kaluga	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.018	0.009	5.191	0.000
<b>TOTAL</b>	<b>3.270</b>	<b>1.000</b>	<b>3.959</b>	<b>87.260</b>	<b>7.234</b>	<b>0.824</b>	<b>12.215</b>	<b>55.740</b>	<b>5.941</b>	<b>1.033</b>	<b>6.678</b>	<b>17.060</b>



## Waste waters and waste

### Solin, Zagreb

In Solin, the internal drainage system was constructed separately, so the sanitary and service (cooling) waste waters are connected through the public drainage system to the town water treatment plant, while the atmospheric waters are released through collectors draining into the Bay of Kaštela.

In Zagreb, sanitary, service and atmospheric waste waters are generated. The service waste waters are drained through settlers and oil and grease separator into the internal drainage system, while the waste waters from the finishing plant are not released. The waste waters are drained to the public drainage system of the City of Zagreb through sewers to the city water treatment plant. Separators and grease catchers have been installed to treat waste waters prior to their release into the public drainage system in Solin and Zagreb. The sewer system is tested for impermeability every five years. The asphalt and concrete surfaces are regularly cleaned in order to drain the collected water toward the gutters. The collected sediment from the grease catchers, separators and drains is removed regularly. The sediment, mud and grease are stored in the appropriate place prior to their transport from the site. The waste waters are controlled by sampling in accordance with the water permit requirement. All waste waters comply with the maximum permitted concentration (MPC) for release into the public drainage system.

### Mladenovac

The internal drainage system has been constructed so as to separate sanitary and service waters from atmospheric waters. Sanitary waste waters are drained to the public sewer



system, as are the service waste water following treatment in a separator. Atmospheric waters are released into the River Veliki Lug. They are controlled regularly by sampling according to the water permit requirement. The waste waters meet the maximum permitted concentration (MPC).

### Vintai

The internal drainage system was constructed in the form a cooling tower, and the sanitary and process/cooling waste waters are drained into the town sewer. Atmospheric waters are released into a collector with a drain into the atmospheric sewer of the town of Vintai. The factory has filters in the cooling tower for the treatment of waste water prior to their release, which are checked and cleaned twice a year. The asphalt and concrete surfaces are regularly cleaned in order to drain the waste waters into the sewer. The waste waters are controlled by sampling according to the water permit requirement. All waste waters comply with the maximum permitted concentration (MPC) for release into the public sewer. The waste water control is carried out by a contracted waste water organisation.

### Kaluga

The internal drainage system was constructed separately so that the sanitary and process/cooling waste waters are drained into the public drainage system, i.e. the town water treatment plant. Atmospheric waters are released via a collector with a drain into the public drainage system.

## Waste waters and waste (continued)

Waste is collected separately, disposed of according to the regulations, and delivered to authorised waste collectors for further disposal. Records of the generated waste delivered for disposal are kept according to the documentation required by law, while the data on the weight of the waste delivered for disposal are obtained by weighing prior to its delivery to authorised collectors. They are used in reports to the competent national authorities.

The significant increase in the quantity of non-hazardous waste in 2015 in Solin and Zagreb was due to the disposal of old manufacturing equipment and machinery as metal waste.

In Vintai, the increase in the quantity of hazardous waste was due to the introduction of a new waste classification.

Site	Quantity of water released ( m <sup>3</sup> )		
	2013	2014	2015
Solin	37,701	18,645	27,184
Zagreb	10,763	4,050	5,336
Mladenovac	1,446	8,671	11,975
Vintai	7,492	9,930	13,296
Kaluga	0	0	4,269
<b>TOTAL</b>	<b>57,402</b>	<b>41,296</b>	<b>62,060</b>



	Total waste weight by type (t)					
	2013		2014		2015	
	non-hazardous	hazardous	non-hazardous	hazardous	non-hazardous	hazardous
Solin	106.67	14.1	126.13	25.58	219	20
Zagreb	114.03	146.39	213.56	301.01	301	237
Mladenovac	9.7	2.35	159.28	6.66	180	5
Vintai	1,221.26	2.29	1,055.69	8.60	1,099.00	334.00
Kaluga	225.88	0.00	450.00	0.50	62.00	7.00
<b>TOTAL</b>	<b>1,677.54</b>	<b>165.13</b>	<b>2,004.66</b>	<b>342.35</b>	<b>1,861.00</b>	<b>603.00</b>
	<b>1,842.67</b>		<b>2,347.01</b>		<b>2,464.00</b>	

Disposal methods	Waste weight (t)		
	2013	2104	2015
Recycling	519.92	809.08	862.58
Waste warehousing prior to the application of any disposal process	142.67	298.42	275.31
Use of waste mostly as fuel or other energy source	7.83	12.55	27.68
Physical and chemical processing of waste	4.11	18.27	27.08
Waste incineration on land	7.38	35.83	55.66
Waste disposal on landfills	1,160.76	1,172.86	1,215.69
<b>TOTAL</b>	<b>1,842.67</b>	<b>2,347.01</b>	<b>2,464.00</b>

## Waste waters and waste (continued)

Site	Weigh of transported, imported, exported or processed waste considered hazardous according to the Basel Convention, Annexes I, II, III and VIII, and percentage of waste transported abroad								
	2013			2014			2015		
	Hazardous waste weight (t)	Weight of hazardous waste transported abroad (t)	Percentage of hazardous waste transported abroad (%)	Hazardous waste weight (t)	Weight of hazardous waste transported abroad (t)	Percentage of hazardous waste transported abroad (%)	Hazardous waste weight (t)	Weight of hazardous waste transported abroad (t)	Percentage of hazardous waste transported abroad (%)
Solin	14.1	1.73	12	25.58	3.279	13	20	20	100
Zagreb	146.39	137.11	94	301.01	287.55	96	237	220	93
Mladenovac	2.35	0	0	6.66	5.5	83	5	0	0
Vintai	2.29	0	0	8.6	0	0	334	0	0
Kaluga	0	0	0	0.5	0.2	40	7	0	0
<b>TOTAL</b>	<b>165.13</b>	<b>138.84</b>	<b>84</b>	<b>342.35</b>	<b>296.529</b>	<b>87</b>	<b>603</b>	<b>240</b>	<b>40</b>

There were no significant spillages of hazardous substances that could have significant negative impact on the environment with possible harmful consequences for the soil, water, air, biodiversity and human health. Systematic efforts to avoid major spillages of hazardous materials are directly connected with internal regulations and working instructions, while their implementation is routinely monitored.

Waste waters released from manufacturing plants have no negative impact on the biodiversity and connected habitats. Waste waters

are not released into protected areas.

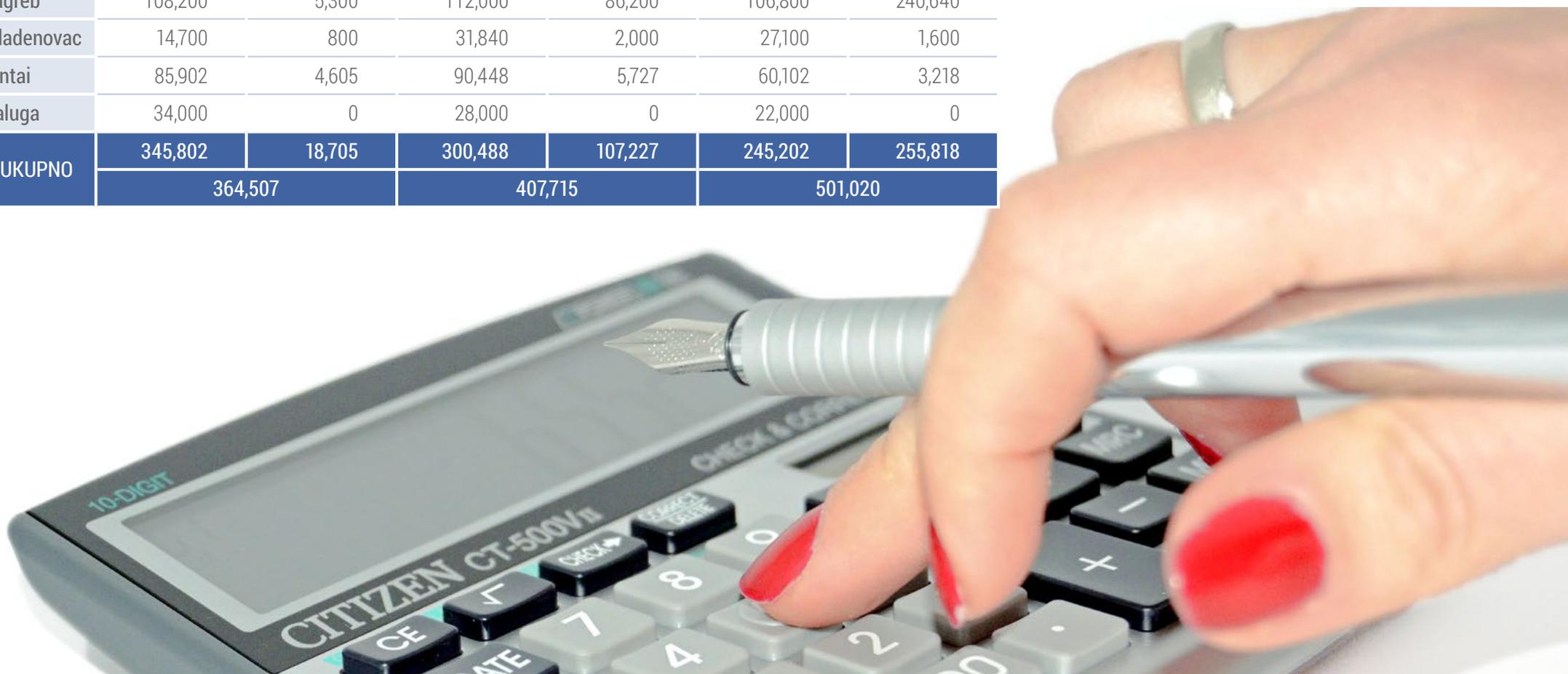
On manufacturing sites in Solin, Zagreb and Mladenovac, environmental protection inspections are routinely carried out, once a year as a rule. There were no major pecuniary or non-pecuniary penalties for violations of the laws and regulations in the area of environmental protection. In Vintai and Kaluga, there were no environmental protection inspections in the reporting period.



## Expenditures and investments into environmental protection

	Total expenditures and investments into environmental protection (EUR)					
	2013		2014		2015	
	Expenditures for environmental protection	Investments into environmental protection	Expenditures for environmental protection	Investments into environmental protection	Expenditures for environmental protection	Investments into environmental protection
Solin	103,000	8,000	38,200	13,300	29,200	10,360
Zagreb	108,200	5,300	112,000	86,200	106,800	240,640
Mladenovac	14,700	800	31,840	2,000	27,100	1,600
Vintai	85,902	4,605	90,448	5,727	60,102	3,218
Kaluga	34,000	0	28,000	0	22,000	0
UKUPNO	345,802	18,705	300,488	107,227	245,202	255,818
	364,507		407,715		501,020	

Expenditures for environmental protection include the costs of hazardous and non-hazardous waste disposal, costs of emission testing, and costs of discharging and cleaning. The investments included the purchase of more efficient equipment (cooling central, distiller, tempering devices, oil filtering aggregate, safety cabinet, crushing machinery, water meter) and energy efficiency testing of buildings.

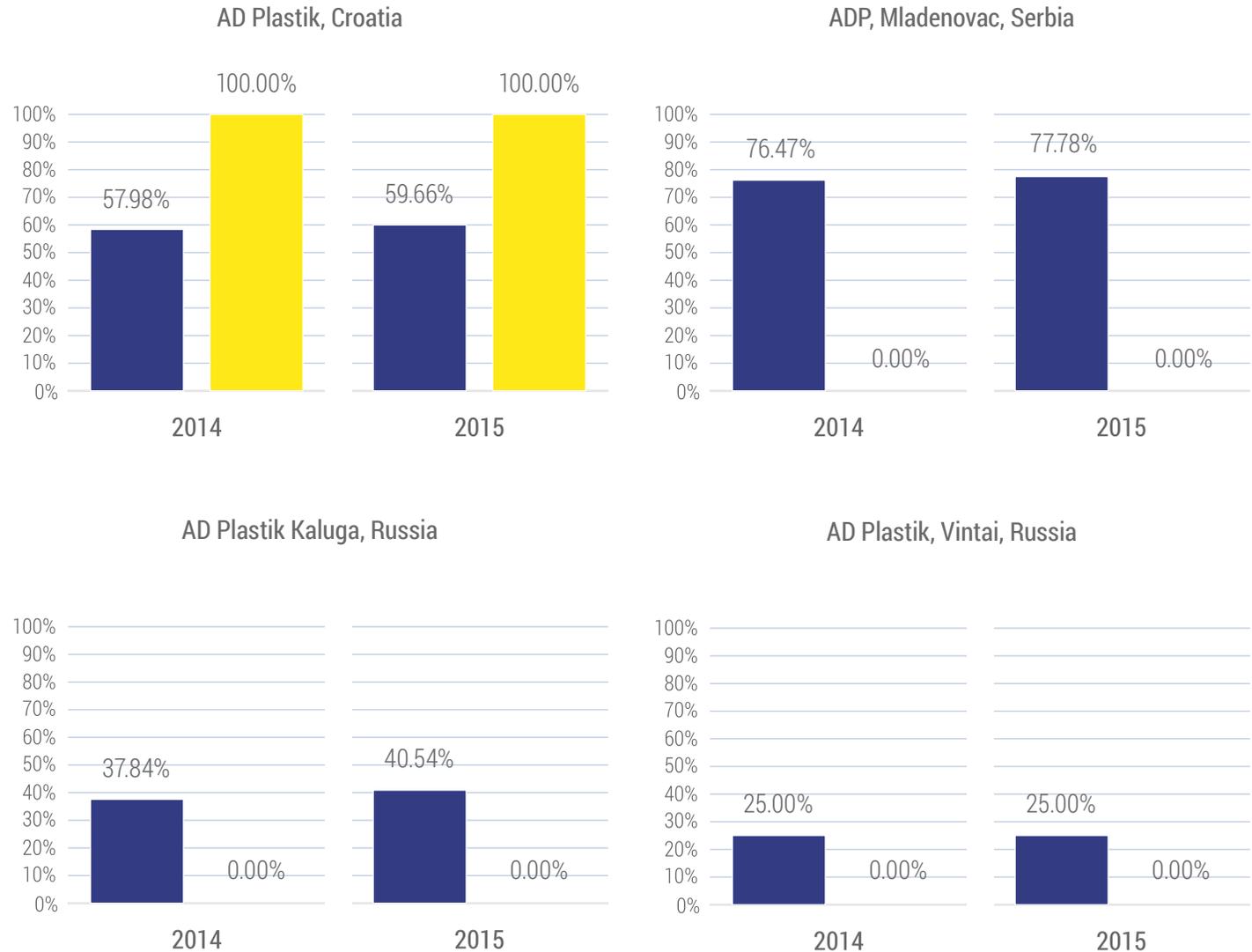


## Supplier assessment with regard to their impact on the environment

All new suppliers in the reporting period were checked in connection with the environmental impact criteria by means of the Questionnaire on the Compliance with the Quality Management System ISO 9001 or ISO TS 16949, Environmental management system ISO 14001 and Corporate Social Responsibility Guidelines.

The proportion of suppliers checked according to the environmental impact criteria and those who possess an ISO 14001 certificate

■ ISO 14001  
■ Questionnaire





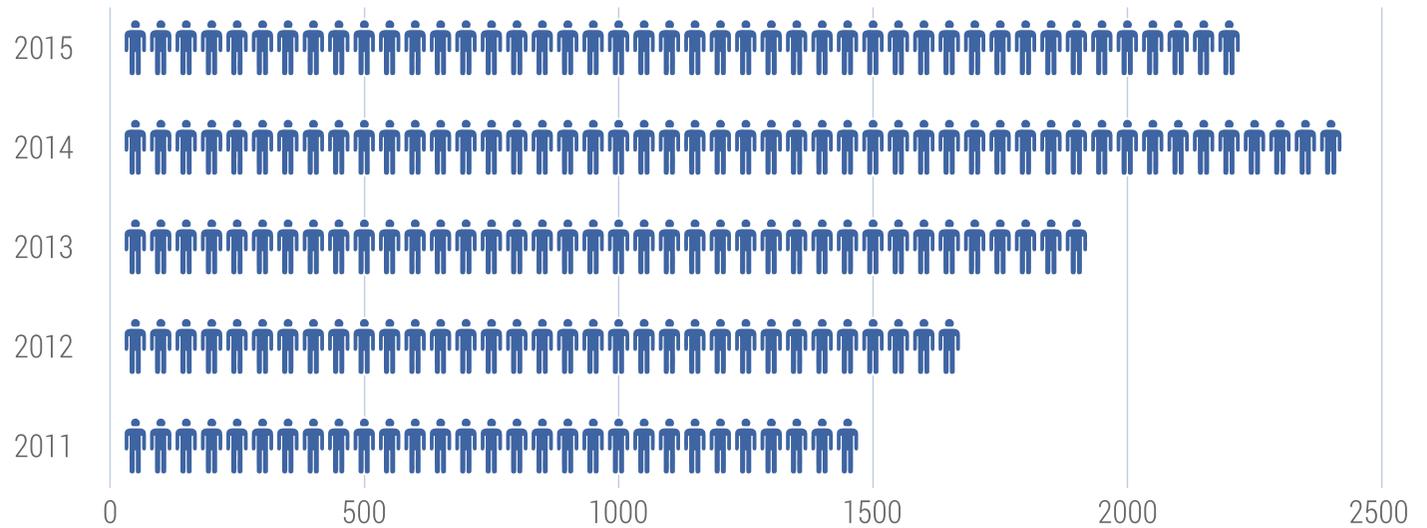
# Employment

The trend of the number of employees at the AD Plastik Group is an indicator of the adaptation of the Group's business to changes and the specificities of the industry in which it operates. Despite the realisation growth in the reporting period, a slight drop in the number of employees was recorded. This was due to the adaptation to the economic circumstances on the Russian market. The greatest number of new recruitments was also recorded in the Russian Federation. The proportion of new recruits by sex is traditionally in favour of men, but it is necessary to note that the percentage of women in the AD Plastik Group is significantly above the EU average of women employed in the automotive industry.

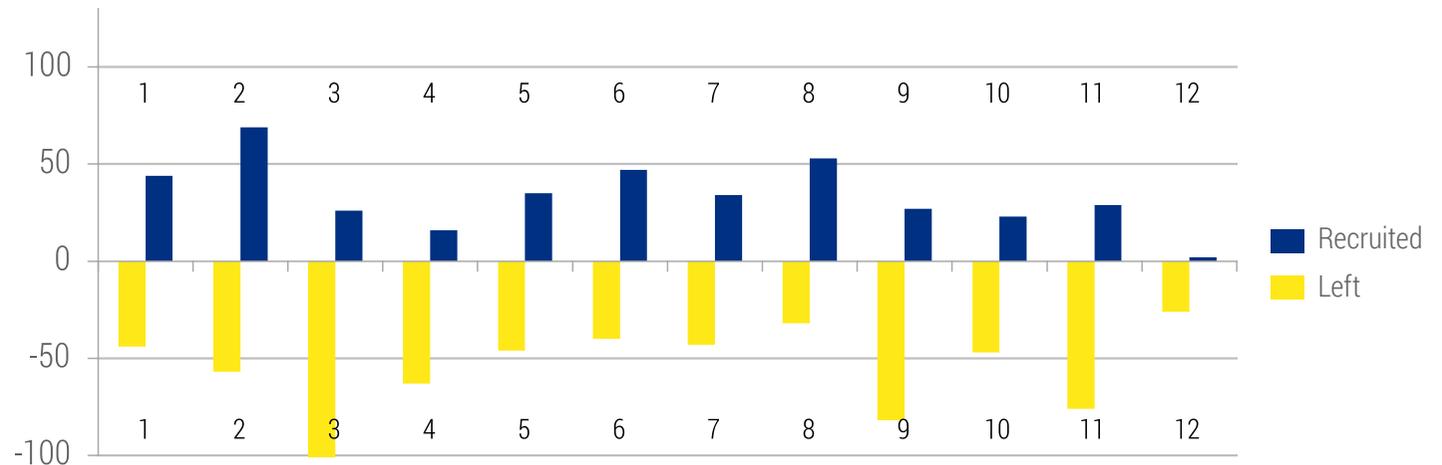
Full-time, part-time and fixed-term employees of the AD Plastik Group have the same privileges and rights.



Number of employee trend in the past five years

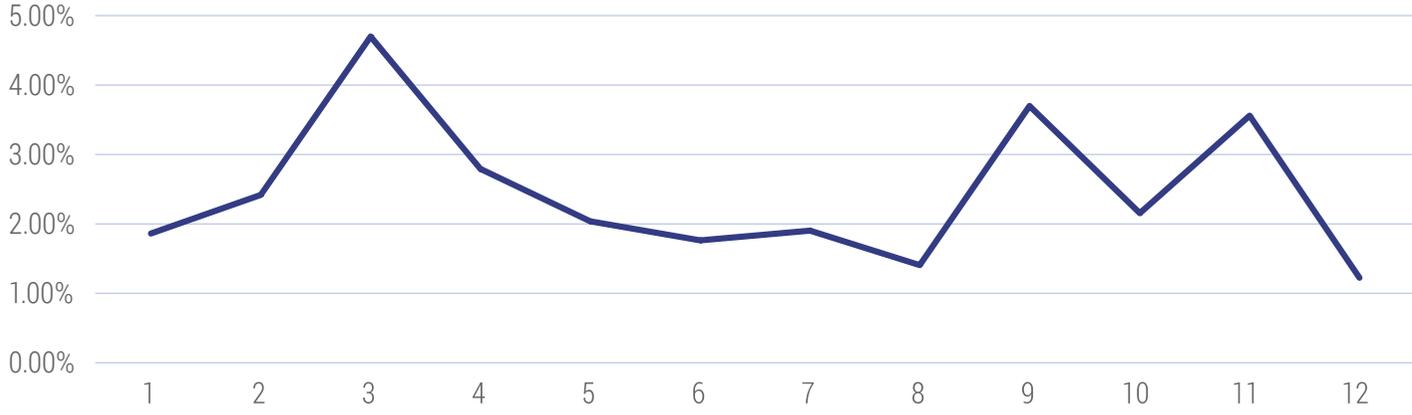


Number of employees recruited and those who left the Group for 2015 by months

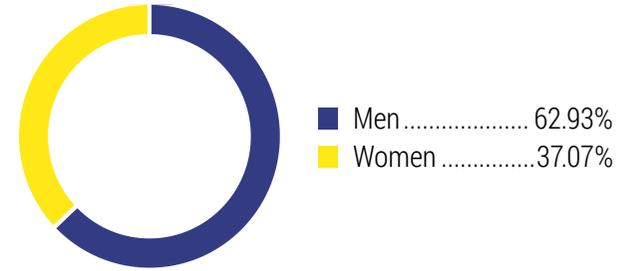


# Employment (continued)

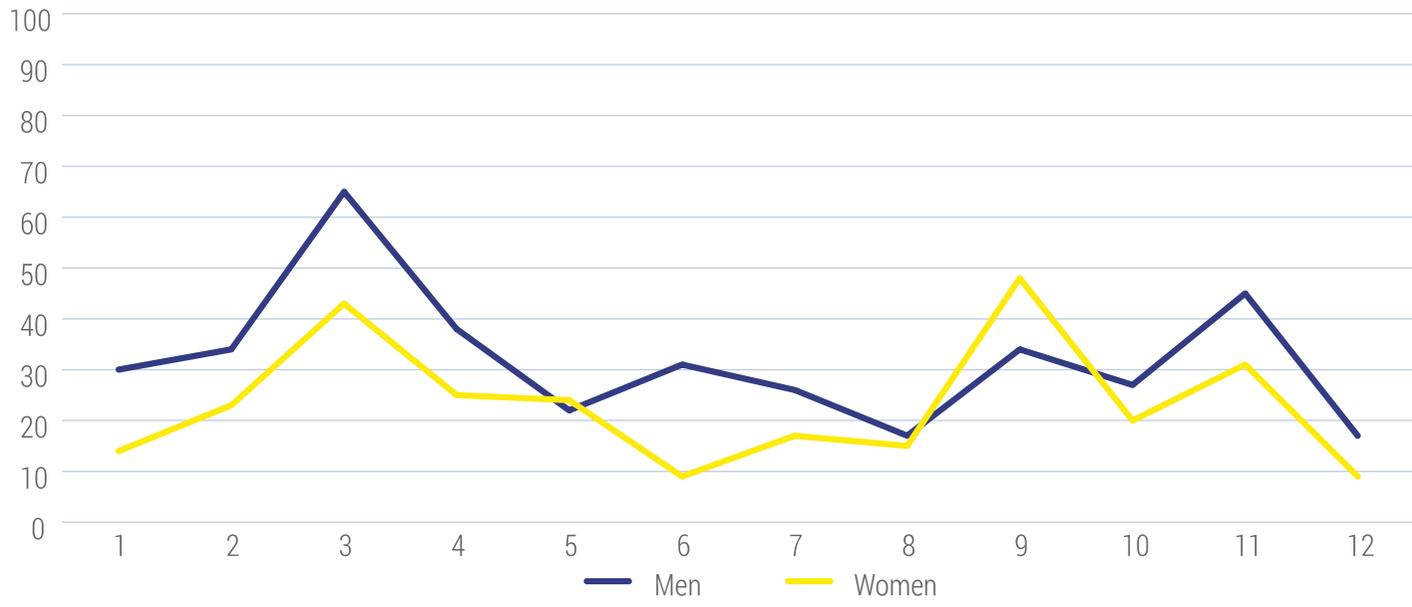
Total rate of employee fluctuation for 2015 by months



Total recruitment of employees in 2015 by sex

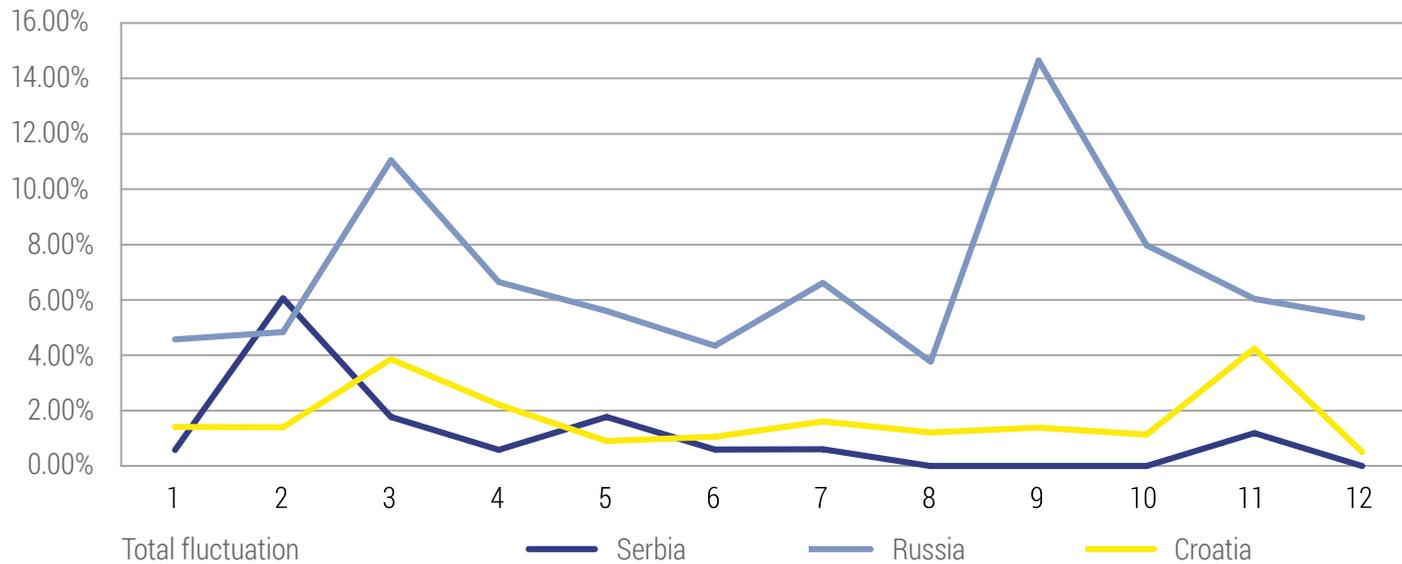


Departures of employees in 2015 by sex

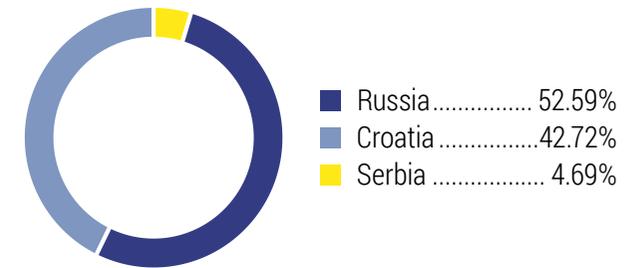


## Employment (continued)

Fluctuation rate in 2015 by region



Total recruitment of employees in 2015 by region



All employees of the AD Plastik Group have the right to parental leave in accordance with the regulations of the country in which they are employed. In the reporting period, 92 female employees and 2 male employees used the right to parental leave. In the same period, 18 female employees and 2 male employees returned to work from their parental leave. Since this indicator only came into use in 2015, their stay at work following the use of their parental leave will be monitored in the next reporting period. The number of fathers who take advantage of a paid parental leave is on the rise.

Upon the expiry of their parental leave, regardless of their sex, employees almost regularly return to work in agreement with their managers. This points to the security that the company gives them.

The AD Plastik Group values the occupational health and safety of all its employees, particularly pregnant and breastfeeding women, which is laid down by the Collective Agreement in a separate provision. The Group's internal documents, activities, encouragement of a positive climate and culture promotes the equality of sexes and particularly the employees' right to use of parental leave.

Parental leave	Total number of employees by sex		Use of parental leave
	men	women	
AD Plastik, Croatia	706	497	1
			25
ADP, Mladenovac	139	30	0
			0
AD Plastik Kaluga	81	144	1
			35
AD Plastik, Vintai	182	338	0
			32
<b>AD Plastik Group</b>	<b>1108</b>	<b>1009</b>	<b>2</b>
			<b>92</b>

## Employment (continued)

The Group continuously implements the practice of good relations and social dialogue with its employees, who are always up to date with all major changes in the business. In accordance with the law and Collective Agreement, they are timely informed. Collective agreements as formal agreements with unions cover topics in the area of health and safety, in accordance with the laws and regulations and customary good business practice. Employees have a representative in the Supervisory

Board of the AD Plastik Group, who is informed of any major changes in the business that may have a significant impact on employees prior to making the final decision.

The deadlines for providing information are defined in the provisions of the laws on labour and employment relationships, as well as in the provisions related to consultations and negotiations. They are not defined separately in the Collective

Agreement. Depending on the laws of the state in which the company operates, the deadlines range from eight days to three months.

However, communication with employees and their elected representatives on all matters related to changes in the business is more frequent than what the law prescribes.



## Occupational health and safety

There was a grand total of 21 injuries on the level of the Group in the reporting period, out of which six injuries (29%) were due to a collision of a worker with an object, seven (33%) due to a

fall on the ground level, three (14%) were caused by improper handling of tools, one (5%) by physical overexertion, and four (19%) fall under other causes of injury. Following an analysis of

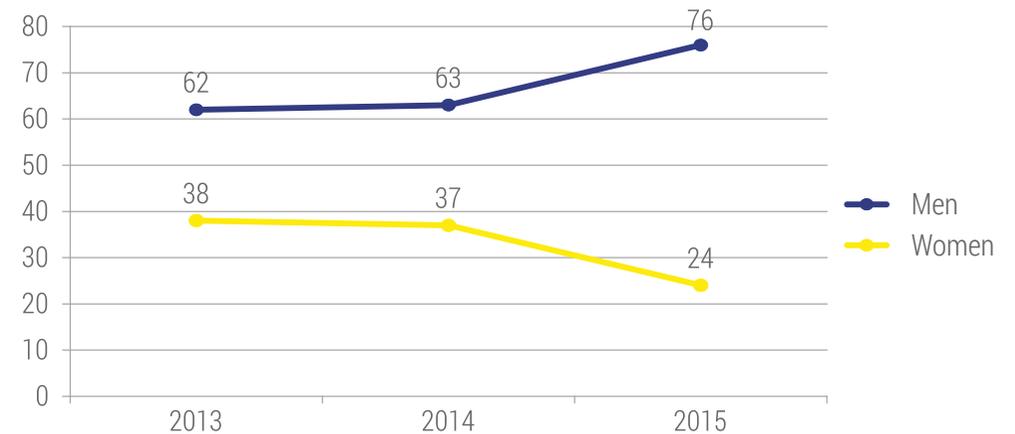
the cause of the injury, responsible persons were designated and corrective activities were carried out.

Rate of injuries, professional diseases, lost days or absences, and number of death cases connected with accidents at work

Site	2013				2014				2015			
	Number of injuries	Number of professional diseases	Number of lost days	Number of death cas	Number of injuries	Number of professional diseases	Number of lost days	Number of death cas	Number of injuries	Number of professional diseases	Number of lost days	Number of death cas
Solin	5	0	129	0	7	0	303	0	6	0	278	0
Zagreb	5	0	73	0	7	0	245	0	6	0	159	0
Mladenovac	0	0	0	0	3	0	45	0	6	0	225	0
Vintai	3	0	61	1	1	0	49	0	0	0	0	0
Kaluga	0	0	0	0	1	0	11	0	3	0	19	0
<b>TOTAL</b>	<b>13</b>	<b>0</b>	<b>263</b>	<b>1</b>	<b>19</b>	<b>0</b>	<b>653</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>681</b>	<b>0</b>

Parameter	2013	2014	2015
IR (injury rate)	0.74	0.87	0.99
ODR (occupational disease rate)	0.00	0.00	0.00
LDR (lost day rate)	0.06	0.11	0.19
AR (absentee rate)	0.05	0.00	0.00

Injury rate by sex



## Education and training

In the reporting period, the average duration of training per employee was 25 hours. Investment into programmes for specific customer demands, managerial knowledge and installation of technologies was substantially increased. Investment into specific knowledge depends largely on the type of business activity, but concern for the health and safety of employees is common to everyone, so such programmes are carried out regularly.

In 2015, a cooperation was started with the consultancy firms Renault Consulting SAS and Renault Technologie Roumanie, while cooperation with the consultancy firm Ford aus und weiterbildung e.v. was continued. Their courses that employees

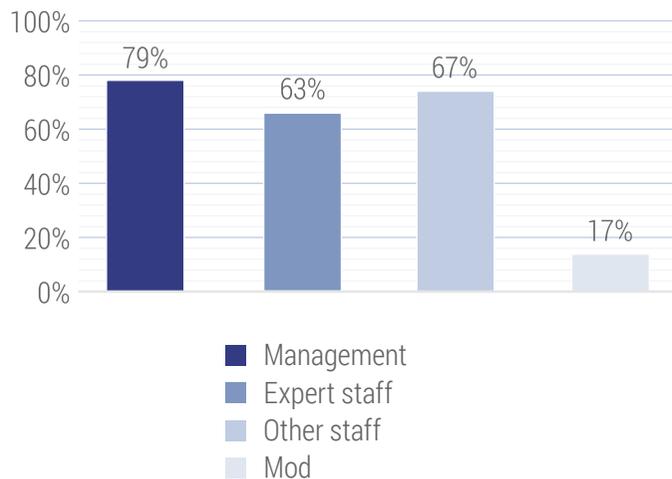
take provide them with expertise and competence in the automotive industry. In cooperation with the Group, Fiat and Daimler organised courses that employees of the AD Plastik Group took in order to become fully acquainted with the customers' demands for the purpose of ensuring the required quality. The group regularly cooperates with the company Sneci Cee s.r.o. regarding employee training. In 2015, a series of workshops was held for the purpose of setting up Lean manufacturing.

The aforementioned workshops, training sessions and programmes enable employees to educate themselves and increase their skills on the competitive automotive labour market, which increases the employability of each individual.

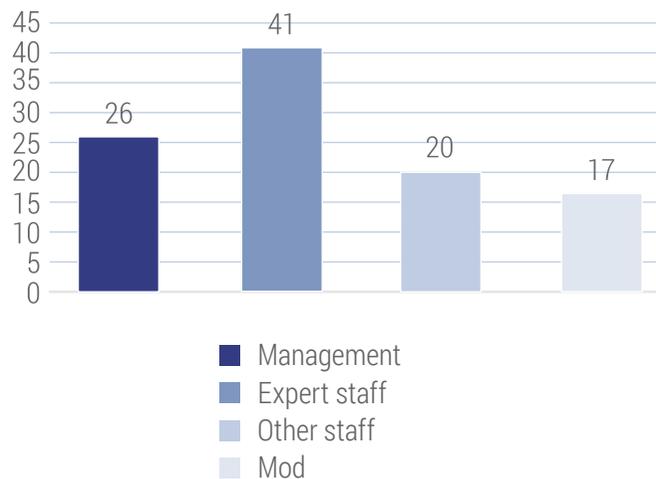
There are routine internal training programmes published annually on the Intranet in the Catalogue of Internal Training Programmes. Internal trainers and mentors are brought from different sites of the Group depending on their competences and specific knowledge.

Within the company, regular consultations are held in connection with retirement. Retired persons are involved in the mentorship programme so that they can continue contributing and transferring knowledge to their younger colleagues.

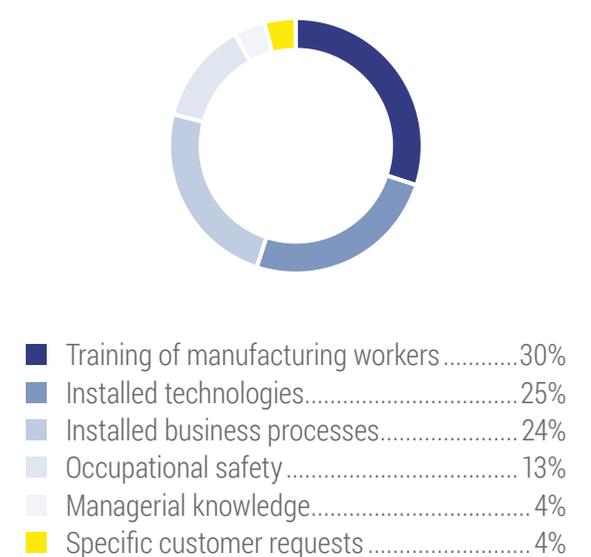
Proportion of employees in training in 2015 by category



Average number of training hours per employee category



Proportion of different programmes in 2015



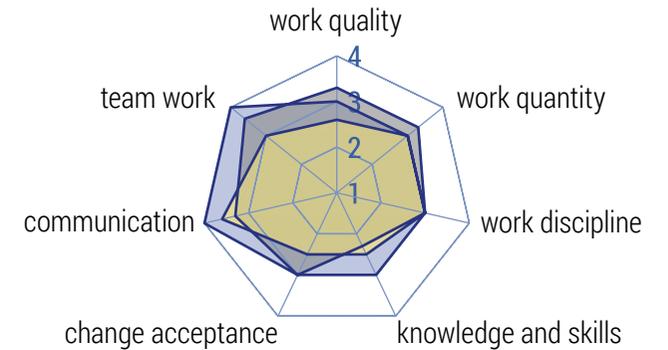
# Rewarding

In the reporting period, two new reward models were introduced, and a series of activities connected with employee evaluation in the area of work quality and quality was carried out.

## The 360° method

Company employees (with the exception of direct workers) were evaluated at the Zagreb site. The status of their competences was determined, talents identified, and development plans defined. The evaluation resulted in an overview of the current competences of the employees, their strengths and areas in which further development is necessary. Based on that evaluation, the development plan was defined, with a training plan being created for the management level, covering communication skills, internal communication and organisational culture, giving feedback to employees, personal efficiency and organisation, management of conflicts and "toxic" com-

munication, leadership and team management (Belbin Team Roles, group dynamics and leadership theories), skill coaching in employee development and management, discrimination, and managing differences in the organisation. The training is envisaged as a series of half-day or full-day workshops, at the rate of one workshop per month. The plan is for the education to start in the third quarter of 2016. In the professional level category, employees with excellent results have been recognised. In the future, they will be assigned to the orientation of new employees to teach them about good working practices.



## The AD5 model

In the final quarter of 2015, the new model was introduced to reward employees with excellent results related to the main business activities of the department/sector in the given period. 82 employees were rewarded at the Solin and Zagreb sites. A series of additional activities was launched with the aim of motivating and promoting employees. The programme is initially being carried out in Croatia in order to determine and remedy any weaknesses. The aim is to implement it in other sites as well in 2017.



## Rewarding (continued)

### Idea for Improvement rewarding

At the Group's factories in Russia, the Idea for Improvement rewarding model was designed and launched. An idea is every useful novelty which, when applied, improves the quality of the working conditions and methods, and refers to all segments of business. According to the determined evaluation matrix, three best ideas are chosen every month, and the employees who proposed them are rewarded and publicly commended at a celebratory get-together.

Proportion of employees who receive regular feedback on their performance and individual development

ZAO AD Plastik Kaluga	185	225	82%	28%
AO AD Plastik	280	520	54%	
AD Plastik d.d.	113	1203	9%	
ADP d.o.o.	7	169	4%	



# Diversity and equal opportunities

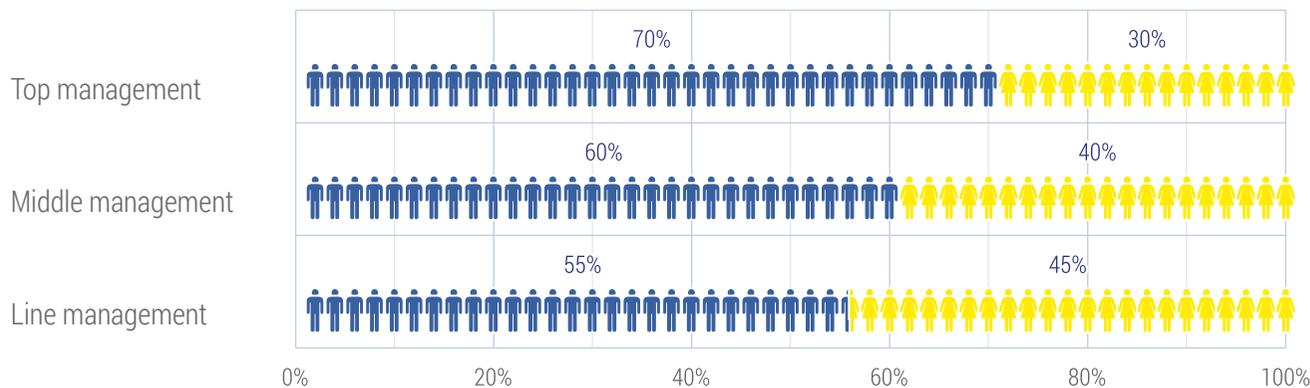
On 31 December 2015, there were 47.66% female employees and 52.34% male employees in the Group. On the management level, most of the women were in line management, followed by middle management, with the fewest number of them in top management. Inside the steering/leadership structure, women comprise a total of 38% of the management positions.

In the entire steering and management structure by age for 2015, most of the employees are aged 30-50. That age group makes up 71.88%. In the top management, most of the employees are aged 30-50, while in middle and line management employees aged 30-50 are also prevalent. The proportion of employees aged 50+ in management positions is 19.79%.

Each potential candidate has an equal opportunity for employment regardless of the sex, which is attested by the fact that the AD Plastik Group has been hiring an almost equal number of women and men for several years. The basic wage of employees on the Group level is determined exclusively according to the job. There are no differences between basic wages and remunerations between men and women.

All employees of the AD Plastik Group are treated equally, with dignity and respect, regardless of their ethnicity, religion, language, sex, age or culture. Discrimination on any basis is not tolerated. Competence is the only basis for decision-making in all aspects of employment, including recruitment, development and promotions.

Employee age structure in 2015 depending on the management line



## Diversity and equal opportunities (continued)

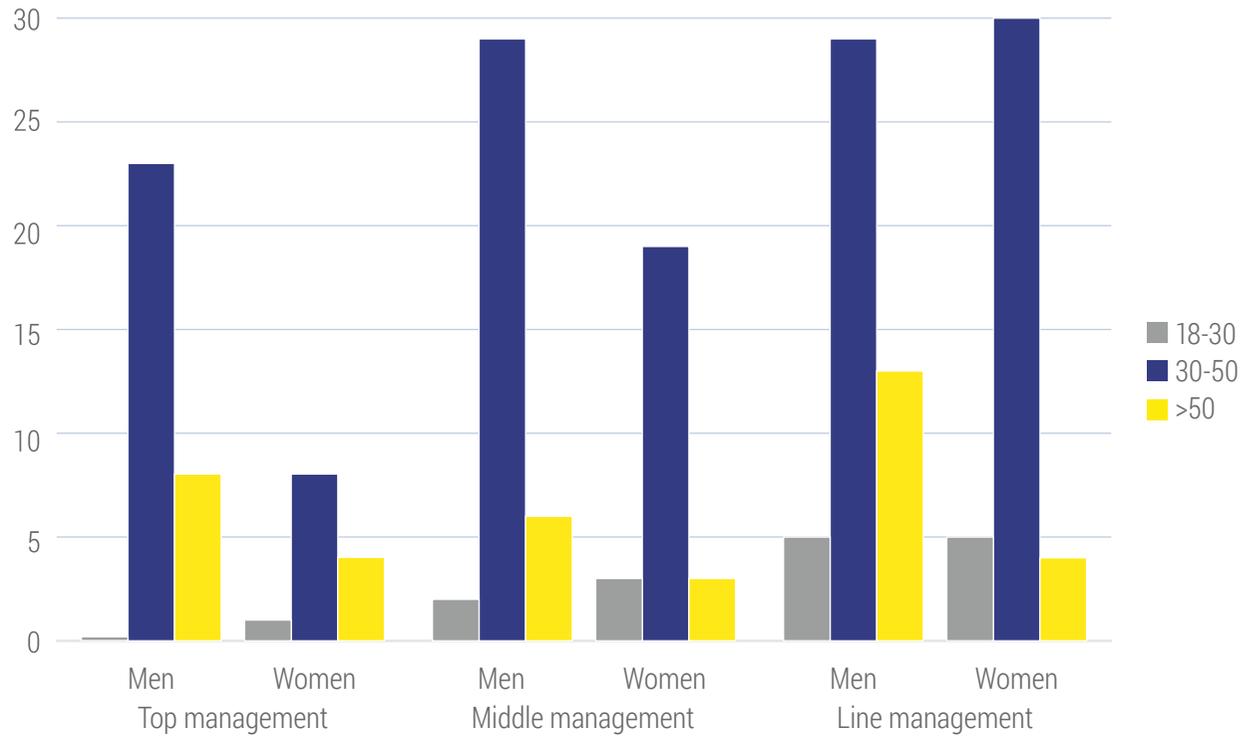
In the reporting period, all suppliers of AD Plastik in Croatia were checked according to the employment relationship criterion. The results show that all of them respect the aforementioned criteria, and they make up a total of 48% of the Group's suppliers. The check was carried out by means of a Questionnaire on the Compliance with the ISO 9001 or ISO TS 16949, ISO 14001 systems and Corporate Social Responsibility Guide-

lines. The suppliers of the manufacturing sites in Russia and Serbia were not checked in the reporting period, but a check is planned for the next period.

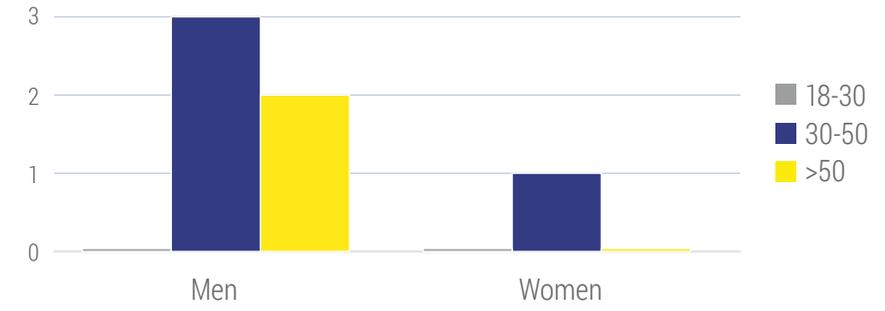
In the reporting period, a total of ten disputes were filed on the Group level in connection with employment. Eight disputes were filed in Kaluga, one in Vintai and Mladenovac each, whi-

le in Croatia there were no disputes. They were filed through formal mechanisms. All of them were processed and resolved in the same period. Furthermore, in 2015, three more employment disputes, which had been filed prior to the aforementioned period, were resolved in Mladenovac.

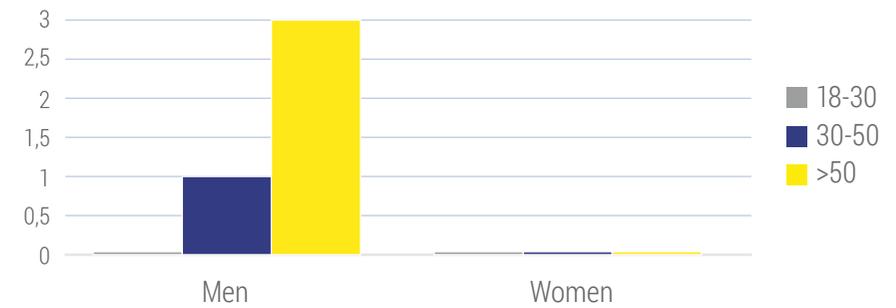
Age structure of steering/management positions in 2015



Management Board sex and age structure in 2015



Audit Committee sex and age structure in 2015



## Human rights

The AD Plastik Group does not employ persons under 15 years of age, which is laid down by additional internal documents. In the reporting period, no employment contracts were concluded with persons under 15 years of age, which was also the case in the preceding reports. The Human Resources service takes special account of age in the candidate selection processes.

Employee training on human rights aspects and policies was carried out at the Kaluga site – two hours per employee – so that a total of 450 hours of training in human rights were carried out in the reporting period. No discrimination complaints were received, nor have there been any disputes in connection with human rights.

In the reporting period, all suppliers of AD Plastik in Croatia were checked according to the criteria of the freedom of association of workers and respect for human rights using the Questionnaire on the Compliance with the ISO 9001 or ISO TS 16949, ISO 14001 systems and Corporate Social Responsibility Guidelines. Based on the Questionnaire, which contains questions from the field of the freedom of association and collective bargaining, all of the suppliers surveyed respect human rights and the freedom of association of workers.

The suppliers of the manufacturing sites in Russia and Serbia were not checked, but a check is planned for the next period.



## Society

### Anti-corruption

The anti-corruption policy has not been described in a separate document yet, but is an integral part of the Code of Business Conduct of the AD Plastik Group, available on the website of the company. According to the Code, employees must not participate in corruption of any kind, and each employee who has been asked for offered a bribe is obliged to report the situation to Legal Affairs. In 2015, there were no reports that would imply bribery and/or corruption. In the reporting period, no anti-corruption training was carried out within the company.

### Public policies

The AD Plastik Group promotes a transparent and public advocacy of different public policies through business organisations and advocacy groups, public appearances, expert discussions or direct suggestions and comments submitted to the competent authority. The Group does not condone any material or financial support to political parties or political contributions.

No legal proceedings have been instituted due to conduct violating the principle of competition on the market, anti-trust and anti-monopoly practices.

In the reporting period, there were no significant pecuniary or non-pecuniary penalties due to breach of laws and regulations on the level of the AD Plastik Group.



## Society (continued)

### Customer health and safety

For all products developed by the AD Plastik Group, from product design planning and development, through checks, verification and validation of each phase of design and development, to disposal following the expiry of the working life, in accordance with the legal provisions, we adhere to all regulations and standards pertaining to customers, as well as directives of the automotive industry.

At the same time, all products are assessed for the purpose of improving their impact on health and safety (taking into account the purpose of the product or service so that they it does not present a health or safety risk).

In the reporting period, there were no recorded cases of any breach or regulations and voluntary codes in relation to the impact of the product on health and safety.

### Labelling of products and services

The quality and characteristics of the products manufactured by the AD Plastik Group are as declared. They are safe and acceptable for further use in terms of health. Continuous care is taken of appropriate and useful labels, ensured disposal following the expiry of its working life in accordance with the regulations, and adherence to all other regulations and standards.

For each product and service, the source of its components, contents (particularly as regards substances that may have an impact on the environment or society), safety of use, disposal and impact on the environment are listed.

Since the majority of the products are made of plastics, the Group takes care of the improvement of recycling possibilities

together with customers in order to reduce the impact on the environment following the expiry of the life cycle of the product. Customers have developed recycling indicators for their suppliers, which enable life cycle assessment and integration of the recycling possibility from the design phase, negotiations with the customer, measurement of developments made, and improvements with regard to environmentally acceptable design. All products comply with the aforementioned requirements set by customers.

Special health and safety tests form an integral parts of activities carried out with car manufacturers. All products must pass them in order to be completely safe for the end customer, all with the aim of protecting their health and safety.



## Society (continued)

### Customers

One of the most important parameters monitored in the business process with the customer in the automotive industry is quality. The quality of products and processes is monitored by the customer using forms (special IT portals). The results are recorded for certain periods of time. The so-called manufacturer rating is the basic criterion for contracting new projects. In 2017 we plan to introduce an additional customer satisfaction questionnaire, which will contain questions connected with product quality, communication, logistics and finance.

In the reporting period, there were no complaints in connection with customer privacy, violations of regulations and voluntary codes with regard to products and services. There were also no fines for violation of laws and regulations with regard to the offer and use of products and services.

### Marketing communications

The AD Plastik Group adheres to the Croatian Advertising Code, and has its own Advertising Code, which is applicable to all forms of marketing communications. In the reporting period, there were no violations of regulations and voluntary codes in connection with marketing communications.

The company refrains from selling illegal or disputed products on all markets, and such products are not the subject of queries by stakeholders or public debates.





## Comparative table of GRI and Global Compact indicators

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## Tasks for 2015 accomplished

- Beginning of the implementation of the ISO 50001 standard (Energy Management System) for the sites in Solin and Zagreb – activities initiated
- Beginning of the implementation of the ISO 14001 standard at AD Plastik Kaluga
- Introduction of the OHSAS 18001 system for the management of occupational health and safety for the ADP Mladenovac site – introduced on 21 December 2015.
- Introduction of the employee reward system – reward system AD5 introduced
- Development of activities with the aim of increasing the employees' motivation – improvement of the internal newsletter and introduction of an editorial committee, ADP mailboxes for anonymous questions and comments, informal gatherings, additional communicational instructions, holiday programmes.
- Adoption of the Advertising Code
- Realisation of the transfer to G4 reporting



## Tasks for 2016

- Implementation of the ISO 14001 standard at AD Plastik Kaluga
- Implementation of the ISO 50001 standard (Energy Management System) for the sites in Solin and Zagreb
- Implementation of the ISO 9001 at the ADP Mladenovac site
- Beginning of the implementation of the ISO 27001 standard (Information Security System) for the sites in Solin and Zagreb
- Development of activities with the aim of increasing the employees' motivation – ADP Day, team building events, open days of the Management Board, launching the "Ideas and innovation" project
- Informing and engaging other stakeholders in a better way
- Adoption of policies in relation to product quality, customer health and safety, and environmental protection
- Education of the management on anti-corruption issues
- Assessment of suppliers for the sites in Russia and Serbia according to the Compliance Questionnaire

## Opinion of the Commission of the Management Council of the Croatian Business Council for Sustainable Development (HR PSOR) on the Sustainability Report of the AD Plastik Group for 2015

With its contemporary approach and design, the third Sustainability Report created by the AD Plastik Group has fulfilled the purpose of non-financial reporting in its entirety, which is to understand the needs and expectations of stakeholders for information, and to provide an overview of the company's non-financial result in accordance with their needs. The Report is successful in showcasing the results that the companies within the Group achieved in 2015, while its contents comply with the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative – Core Option.

The Group's Sustainability Report for 2015 is written in a clear and comprehensible language, the data is shown so as to facilitate review, while individual aspects are described in great detail. In its Report, the Group respected the reporting principles, aiming to ensure a uniform overview of all the important business features connected with sustainable development and social responsibility.

The AD Plastik Group is a growing international company with an ambition to become the market leader in the development and manufacture of automotive components in Eastern Europe. On that demanding market, sustainable business is one of the most important elements of competitiveness, while understanding the expectations and interests of stakeholders is the necessary prerequisite for good communication.

Therefore it is not surprising that, in its Report, the AD Plastik Group highlighted as many as 34 material aspects that reflect the significant economic, environmental and social impacts of the Group, i.e. those that significantly influence the stakeholders' assessments and decisions. The majority of the material

aspects – no fewer than 21 of them – are connected with the social category: employees and human rights.

Recognising material aspects is a very important aspect of this type of reporting. Those priorities constitute the greatest part of the Report and focus the attention on topics important to all stakeholders. However, too many material aspects can mean that the company failed to recognise the key impacts, and subsequently failed to focus on them. Therefore we applaud the process whereby priorities and key aspects are defined in accordance with the changes in the external and business impacts. We hope that the development of the communication with the stakeholders will continue in the following years with the topic of the contents from the Sustainability Report.

The previous year yielded good financial results at the AD Plastik Group, which were also reflected in increased investments into employee training, with a new rewarding system being rolled out, while information provision and communication were improved. In the following reports, we would like to see a clearer overview of the human potential management strategy, which is the basis for this successful practice of investment into employees.

The purpose of the Report is not merely to show understanding in the application of the social responsibility principle, but also attract its readers and draw their attention to the topics of sustainability. Therefore the announcement that the following Reports will be published annually, and that they will contain clear goals for individual aspects so that their realisation could be monitored better and more transparently, is particularly valuable. At the same time, the AD Plastik Group uses the repor-

ting process as a process of impact analysis and evaluation. This also serves as basis for the plan for its continuous improvement, which is the main goal of reporting. We will continue to follow that progress with great interest through upcoming reports, and we applaud the AD Plastik Group for the process that it has rolled out successfully.

**Commission of the Management Council of the Croatian Business Council for Sustainable Development (HR PSOR)**



A close-up photograph of a vibrant green leaf. In the center-left, a small, clear glass globe sits on the leaf's surface. Inside the globe, a dandelion seed head is visible, with some seeds appearing to be blowing away. The background is a soft, out-of-focus green, suggesting a natural setting.

***Your needs. Our drive.***

Solin, November 2016

[www.adplastik.hr](http://www.adplastik.hr)