

Corporate Governance Code Statement

1 In the reporting period AD Plastik has applied the Corporate Governance Code, edition 2010 (hereinafter: the Code) published on the official website of Zagreb Stock Exchange, www.zse.hr.

- The Company has not adopted its own corporate governance code in its regular business operations, instead it has implemented recommendations and guidelines prescribed by the Code of Zagreb Stock Exchange.
- The Corporate Governance Code Statement, signed by all members of the Management Board, is an integral part of the AD Plastik Group's Integrated Annual Report, which is also available on the websites of the Company and the Zagreb Stock Exchange.

2 In the reporting period, there have been minor deviations from individual recommendations, stated in the Statement, as follows:

- An information on all remunerations and other receivings from the company or related parties of each individual member of the Management Board or the Supervisory Board, including the structure of remuneration, is not specified in the Report by the Company in detail, but in summary for key personnel.
- Most members of the Audit Committee are not independent members of the Supervisory Board. All members of the Audit Committee are also members of the Supervisory Board, in which case the Audit Committee shall be exempted from the requirement of independence as prescribed by the Audit Law in Article 65, paragraph 7.
- The Company does not use the means of modern communication technology to participate and vote at the General Assembly, because in practice the current voting method has been confirmed as the optimal solution.

3 Internal control is performed by Controlling and Internal Audit Services. Controlling Department informs the Management Board on conducted control and Internal Audit Service informs the Audit Committee and Management Board.

Internal Audit Service is an independent and objective assurance and consulting activity that is governed by value added philosophy with the intent to improve company's business op-

erations. It helps the company in meeting its goals through a systematic and disciplined approach of assessing the effectiveness of risk management of the company, control and corporate governance.

The scope of work of Internal Audit Service refers to research, testing and evaluation of the efficiency of the internal control systems, reporting on established results and proposing solutions to the management, as well as to risk management and Company's assets protection.

4 Ten significant indirect and direct shareholders are listed on page 58 of this report. The Company has no holders of securities with special control rights, nor holders of securities with limitations on voting rights of a certain percentage or number of votes. The Company has no specific rules on appointment and revocation of appointment of Management Board members, nor specific rules on authority of Management Board members. The Company Charter prescribes that two members of the Supervisory Board are appointed by the shareholder Open Joint Stock Company „Holding Autokomponenti“ from St. Petersburg, Russia.

The provisions of Corporations Act and Company Charter are applied on all aforementioned relations.

On July 20, 2017, the General Assembly gave authorisation to the Management Board to acquire own shares on behalf of the Company for the period of five years.

On December 31, 2019, the Company owned 69,058 own shares.

5 The General Assembly is competent for making decisions on the following issues: electing and removal from office of Supervisory Board members, appropriation of profit, granting clearance to Management Board members, appointing auditors, amending the Charter, increasing and reducing share capital and on other issues under its responsibility as regulated by the law. Shareholders exercise their rights via the General Assembly. Activities of the General Assembly are regulated by the Corporations Act and the Rules of Procedure for the General Assembly published on the Company's website (www.adplastik.hr).

6 Members of the Management Board and Supervisory Board are listed on pages 43, 47 and 48 of this report. In accordance with the Corporations Act and the Company's Charter, the Management Board makes decisions at the meetings of the Management Board. In 2019, 28 meetings of the Management Board were held, which is in line with good corporate practices. In accordance with the Act and the Rules of Procedure for the Supervisory Board, the Company has established three committees whose activities assist the work of the Supervisory Board by preparing decisions that shall later be taken by the Supervisory Board, and supervising their implementation. The Committees are as follows: Audit Committee, Remuneration Committee and the Appointment Committee.

7 The objective of the diversity policy of AD Plastik Group applied on the Company managing bodies is to establish necessary standards ensuring the diversity of the Management and Supervisory Boards members. This improves the quality of their work and enables them to make better management decisions.

Appointment criteria are candidates' skills and experience, industry knowledge, personal qualities and integrity, while diversity criteria such as gender, age, length of service and individual differences in professional and personal experience are also taken into consideration.

In the reporting period the Management Board of the Company consists of the President of the Management Board and two members. Balance has been established on the criteria of skills, experience and competences, as can be seen from the CV of the members of the Management Board.

The Supervisory Board consists of seven members, three of whom are Russian citizens, while four members are Croatian citizens. With respect to the gender criteria, the Supervisory Board consists of two women and five men, and the age criteria was fulfilled by having a good age balance ranging from 39 to 69 years of age.

Amounts of fees paid to external auditors

During 2019, AD Plastik d.d. paid HRK 582,653.37 to external auditors for audit services and HRK 12,817.50 for other services. The amounts include VAT.

Marinko Došen, president of the Management Board



Katija Klepo, member of the Management Board



Mladen Peroš, member of the Management Board

