

KODEKS KORPORATIVNOG UPRAVLJANJA
GODIŠNJI UPITNIK

MAIN COMPANY INFORMATION:

CONTACT PERSON AND CONTACT PHONE:

DATE OF QUESTIONNAIRE COMPLETE:

AD Plastik d.d., Matoševa 8, Solin

Marko Jerončić 021/206-664

26.04.2017

All the questions contained in this questionnaire relate to the period of one business to which annual financial statements also relate.

If question in questionnaire ask for explanation, it is needed to explain answer.

All answers in questionnaire will be measured in percentage as explained in the beginning of each chapter.

COMPANY HARMONIZATION TO THE PRINCIPLES OF CORPORATE GOVERNANCE CODE

Answers to this questionnaire chapter will be valued with max. 20% of whole questionnaire valuation of company harmonization to the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
1	Did the Company accept the application of the Corporate Governance Code or did it accept its own policy of corporate governance?	YES	
2	Does the Company have adopted principles of corporate governance within its internal policies?	YES	
3	Does the Company announce within its annual financial reports the compliance with the principles of 'comply or explain'?	YES	
4	Does the Company take into account the interest of all shareholders in accordance with the principles of Corporate Governance Code while making decisions?	YES	

SHAREHOLDERS AND GENERAL MEETING

Answers to this questionnaire chapter will be valued with max. 30% of whole questionnaire valuation of company harmonization to the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
5	Is the company in a cross-shareholding relationship with another company or other companies? (If yes, explain)	NO	
6	Does each share of the company have one voting right? (If not, explain)	YES	
7	Does the company treat all shareholders equally? (If not, explain)	YES	
8	Has the procedure for issuing power of attorney for voting at the general assembly been fully simplified and free of any strict formal requirements? (If not, explain)	YES	
9	Has the company ensured that the shareholders of the company who, for whatever reason, are not able to vote at the assembly in person, have proxies who are obliged to vote in accordance with instructions received from the shareholders, with no extra costs for those shareholders? (If not, explain)	NO	Until now the company did not receive any requirements in this sense
10	Did the management or Management Board of the company, when convening the assembly, set the date for defining the status in the register of shares, which will be relevant for exercising voting rights at the general assembly of the company, by setting that date prior to the day of holding the assembly and not earlier than 6 days prior to the day of holding the assembly? (If not, explain)	YES	
11	Were the agenda of the assembly, as well as all relevant data and documentation with explanations relating to the agenda, announced on the website of the company and put at the disposal of shareholders on the company's premises as of the date of the first publication of the agenda? (If not, explain)	YES	
12	Does the decision on dividend payment or advance dividend payment include information on the date when shareholders acquire the right to dividend payment, and information on the date or period during which the dividend will be paid? (If not, explain)	YES	
13	Is the date of dividend payment or advance dividend payment set to be not later than 30 days after the date of decision making? (If not, explain)	YES	

14	Were any shareholders favoured while receiving their dividends or advance dividends? (If so, explain)	NO	
15	Are the shareholders allowed to participate and to vote at the general assembly of the company using modern communication technology? (If not, explain)	NO	So far the Company didn't find justifiably to use the application of modern communication technology, because through practice of the current voting system, prescribed by the Statute and Rules of Procedure of General Assembly has proved to be an optimal solution
16	Have the conditions been defined for participating at the general assembly by voting through proxy voting (irrespective of whether this is permitted pursuant to the law and articles of association), such as registration for participation in advance, certification of powers of attorney etc.? (If so, explain)	YES	Because of legal certainty and organizing assembly of the Company
17	Did the management of the company publish the decisions of the general assembly of the company?	YES	
18	Did the management of the company publish the data on legal actions, if any, challenging those decisions? (If not, explain)	NO	No, because there were none

MANAGEMENT AND SUPERVISORY BOARD

PLEASE PROVIDE THE NAMES OF MANAGEMENT BOARD MEMBERS AND THEIR FUNCTIONS

Marinko Došen, President of the Management Board,
Katija Klepo, Management Board member,
Sanja Biočić, Management Board member,
Mladen Peroš, Management Board member

PLEASE PROVIDE THE NAMES OF SUPERVISORY BOARD AND THEIR FUNCTIONS

Dmitrij Leonidovič Drandin, President of the Supervisory Board,
Ivica Tolić, Deputy
Marijo Grgurinović, member,
Hrvoje Jurišić, member,
Nadezhda Anatolyevna Nikitina, member,
Igor Antoljevič Solomatin, member
Dolores Čerina, member

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Question No.	Questions	Answer YES/NO	Explanation
19	Did the Supervisory or Management Board adopt a decision on the master plan of its activities, including the list of its regular meetings and data to be made available to Supervisory Board members, regularly and in a timely manner? (If not, explain)	YES	
20	Did the Supervisory or Management Board pass its internal code of conduct? (If not, explain)	YES	

21	Is the Supervisory Board composed of, i.e. are non-executive directors of the Management Board mostly independent members? (If not, explain)	NO	Members of the Supervisory Board: Ivica Tolić and Hrvoje Jurišić are employees of the Company, Marijo Grgurinović is a former employee of the Company. A representative of the Workers' Council is the employee Dolores Čerina, who was appointed on 02.06.2015, the other three members of the Supervisory Board: Dmitrij Leonidovič Drandin, Nadezhda Anatolyevna Nikitina, Igor Antoljevič Solomatin are the representatives of the largest individual shareholder, who are considered independent members of the Supervisory Board.
22	Is there a long-term succession plan in the company? (If not, explain)	YES	
23	Is the remuneration received by the members of the Supervisory or Management Board entirely or partly determined according to their contribution to the company's business performance? (If not, explain)	YES	
24	Is the remuneration to the members of the Supervisory or Management Board determined by a decision of the general assembly or in the articles of association of the company? (If not, explain)	YES	
25	Have detailed records on all remunerations and other earnings of each member of the Supervisory or Management Board received from the company or from other persons related to the company, including the structure of such remuneration, been made public? (If not, explain)	YES	
26	Does every member of the Supervisory or Management Board inform the company of each change relating to their acquisition or disposal of shares of the company, or to the possibility to exercise voting rights arising from the company's shares, not later than five trading days, after such a change occurs (If not, explain)	YES	
27	Were all transactions involving members of the Supervisory or Management Board or persons related to them and the company and persons related to it clearly presented in reports of the company? (If not, explain)	YES	
28	Are there any contracts or agreements between members of the Supervisory or Management Board and the company?	NO	
29	Did they obtain prior approval of the Supervisory or Management Board? (If not, explain)	NO	There are no such contracts
30	Are important elements of all such contracts or agreements included in the annual report? (If not, explain)	NO	There are no such contracts
31	Did the Supervisory or Management Board establish the appointment committee?	YES	
32	Did the Supervisory or Management Board establish the remuneration committee?	YES	
33	Did the Supervisory or Management Board establish the audit committee?	YES	
34	Was the majority of the committee members selected from the group of independent members of the Supervisory Board? (If not, explain)	NO	Mandate of the Supervisory Board member Mr. Nikola Zovko expired on 19.07.2016, therefore Mr. Drandin is the only committee member selected from the group of independent members of the Supervisory Board.
35	Did the committee monitor the integrity of the financial information of the company, especially the correctness and consistency of the accounting methods used by the company and the group it belongs to, including the criteria for the consolidation of financial reports of the companies belonging to the group? (If not, explain)	YES	
36	Did the committee assess the quality of the internal control and risk management system, with the aim of adequately identifying and publishing the main risks the company is exposed to (including the risks related to the compliance with regulations), as well as managing those risks in an adequate manner? (If not, explain)	YES	
37	Has the committee been working on ensuring the efficiency of the internal audit system, especially by preparing recommendations for the selection, appointment, reappointment and dismissal of the head of internal audit department, and with regard to funds at his/her disposal, and the evaluation of the actions taken by the management after findings and recommendations of the internal audit? (If not, explain)	YES	
38	If there is no internal audit system in the company, did the committee consider the need to establish it? (If not, explain)	YES	

39	Did the committee monitor the independence and impartiality of the external auditor, especially with regard to the rotation of authorised auditors within the audit company and the fees the company is paying for services provided by external auditors? (If not, explain)	YES	
40	Did the committee monitor nature and quantity of services other than audit, received by the company from the audit company or from persons related to it? (If not, explain)	YES	
41	Did the committee prepare rules defining which services may not be provided to the company by the external audit company and persons related to it, which services may be provided only with, and which without prior consent of the committee? (If not, explain)	YES	
42	Did the committee analyse the efficiency of the external audit and actions taken by the senior management with regard to recommendations made by the external auditor? (If not, explain)	YES	
43	Did the audit committee ensure the submission of high quality information by dependent and associated companies, as well as by third parties (such as expert advisors)? (If not, explain)	YES	
44	Was the documentation relevant for the work of the Supervisory Board submitted to all members on time? (If not, explain)	YES	
45	Do Supervisory Board or Management Board meeting minutes contain all adopted decisions, accompanied by data on voting results? (If not, explain)	YES	
46	Has the Supervisory or Management Board evaluated their work in the preceding period, including evaluation of the contribution and competence of individual members, as well as of joint activities of the Board, evaluation of the work of the committees established, and evaluation of the company's objectives reached in comparison with the objectives set?	YES	
47	Did the company publish a statement on the remuneration policy for the management, Management Board and the Supervisory Board as part of the annual report? (If not, explain)	YES	
48	Is the statement on the remuneration policy for the management or executive directors permanently available on the website of the company? (If not, explain)	YES	
49	Are detailed data on all earnings and remunerations received by each member of the management or each executive director from the company published in the annual report of the company? (If not, explain)	NO	Summary data are published
50	Are all forms of remuneration to the members of the management, Management Board and Supervisory Board, including options and other benefits of the management, made public, broken down by items and persons, in the annual report of the company? (If not, explain)	NO	Summary data are published
51	Are all transactions involving members of the management or executive directors, and persons related to them, and the company and persons related to it, clearly presented in reports of the company? (If not, explain)	YES	
52	Does the report to be submitted by the Supervisory or Management Board to the general assembly include, apart from minimum information defined by law, the evaluation of total business performance of the company, of activities of the anagement of the company, and a special comment on its cooperation with the management? (If not, explain)	YES	

AUDIT AND MECHANISMS OF INTERNAL AUDIT

Answers to this questionnaire chapter will be valued with max. 20% of whole questionnaire valuation of company harmonization to the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
53	Does the company have an external auditor?	YES	
54	Is the external auditor of the company related with the company in terms of ownership or interests?	NO	
55	Is the external auditor of the company providing to the company, him/herself or through related persons, other services?	YES	The provision of non-audit services by the external auditor has not affected the independent opinion by the external auditor, thereby ensuring a fair presentation of company's financial statements.
56	Has the company published the amount of charges paid to the independent external auditors for the audit carried out and for other services provided? (If not, explain)	YES	
57	Does the company have internal auditors and an internal audit system established? (If not, explain)	YES	

TRANSPARANCY AND THE PUBLIC OF ORGANIZATION OF BUSINESS

Answers to this questionnaire chapter will be valued with max. 20% of whole questionnaire valuation of company harmonization to the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
58	Are the semi-annual, annual and quarterly reports available to the shareholders?	YES	
59	Did the company prepare the calendar of important events?	YES	
60	Did the company establish mechanisms to ensure that persons who have access to or possess inside information understand the nature and importance of such information and limitations related to it?	YES	
61	Did the company establish mechanisms to ensure supervision of the flow of inside information and possible abuse thereof?	YES	
62	Has anyone suffered negative consequences for pointing out to the competent authorities or bodies in the company or outside, shortcomings in the application of rules or ethical norms within the company?	NO	
63	Did the management of the company hold meetings with interested investors, in the last year?	YES	
64	Do all the members of the management, Management Board and Supervisory Board agree that the answers provided in this questionnaire are, to the best of their knowledge, entirely truthful?	NO	All members of the Management Board and four members of the Supervisory Board agreed with the answers provided in this questionnaire, while three members of the Supervisory Board still did not provide their consent to the answers provided in this questionnaire.

Statement on the application of the corporate governance

1. AD Plastik d.d. is compliant with the Code of Corporate Governance (hereinafter: the Code) published on the official website of the Zagreb Stock Exchange, www.zse.hr.
2. The Company has not adopted and implemented its own code of corporate governance in regular business operations, instead the Company has implemented recommendations and guidelines prescribed by the Code.
3. The Company published all information as prescribed by regulations and in the interest of shareholders. By regularly submitting annual surveys published on the official website of the Zagreb Stock Exchange (www.zse.hr) and on the Company's website (www.adplastik.hr), AD Plastik conclusively demonstrates its commitment to adhere to the principles of corporate governance and social responsibility.
4. The Company has not deviated from the prescribed mandatory Code of Corporate Governance, except to the extent that most of the members of the Supervisory Board are not independent members, nor do committees of the Supervisory Board mostly consist of independent members of the Supervisory Board.
5. The internal control system in place at AD Plastik d.d. is organized in such a way that the internal organization and operating procedures define checkpoints and ensure accuracy flow and integrity of specific data relating to financial, business and legal obligations that may pose significant risks for the Company.

The Controlling and Internal Audit Department is responsible for performing internal control functions within AD Plastik. Controlling subsequently notifies the Management Board, whereas the Internal Audit department informs the Management Board and the Audit Committee on monitoring results. Such informing is provided through the report on conducted monitoring. Supervision and coordination of business reporting by the Controlling include encouraging communication between different functions of the Company, and coordination with the preparation of report and analysis of business results; evaluating the overall business efficiency, and proposing guidelines for improvement; giving orders and determination of preventive and corrective activities; and forecasting the impact of external and internal changes in the overall business of the Company.

The scope of internal audit activities includes as follows:

- Assessing and making recommendations on corporate governance processes
 - Evaluation of adequacy and effectiveness of controls encompassing organization's governance, operations, and information system
 - Monitoring the realization of set goals and compliance with prescribed policies, operating procedures and working instructions
 - Reporting and providing opinions on different applications in various areas of business, anticipating and managing risks, and protecting Company's assets.
6. Significant direct and indirect holders of shares, ten in total, are stated on the list which is an integral part of this Statement. The Company has no hold-

ers of securities with special control rights, nor limitations on voting rights of holders of a given percentage or number of votes. The Company has no specific rules on appointment and recalling of Management Board members, nor specific rules on authority of Management Board members. Company Statute prescribes that the shareholder Open Joint Stock Company "Holding Autokomponenti" from St. Petersburg, Russia, shall appoint two members of the Supervisory Board.

The provisions of the Companies Act and the provisions of the Company Statute are applied on the aforementioned relations.

The Company acquired no own shares in 2016, and as of 31 December 2016 owns 27,957 of own shares.

Overview of the 10 largest shareholders on 31 December 2016 is given on page 17 of the Annual Report of AD Plastik Group.

7. Company bodies consist of the Management Board, Supervisory Board and General Assembly

The shareholders exercise their rights with regard to the operation of the joint stock Company at the General Assembly, and the same is competent to decide on the following issues:

- Selection and dismissal of members of the Supervisory Board, unless appointed to this Board
- Use of profit
- Granting the relieve from duty to Management and members of the Management Board
- Appointment of the Auditor
- Amendments to the Company Statute
- Increasing and decreasing share capital
- Status changes and termination
- Listing shares on the regulated market for trading purposes, and withdrawing shares from such listing
- Other matters put forth pursuant to competent legislation.

Activities of the General Assembly are regulated by the Companies Act and the Rules of Procedure of the General Assembly published on the Company's website (www.adplastik.hr).

Members of the Management Board and Supervisory Board are listed on pages 24, 27 and 28 of the Annual Report of AD Plastik Group.

AD Plastik has three committees whose activities are focused on assisting the functions of the Supervisory Board by preparing decisions that shall later be adopted by the Supervisory Board, and supervising their implementation. Committees are as follows: Audit Committee, Remuneration Committee and the Appointment Committee

8. AD Plastik acknowledges the benefits of diversity with regard to members of its executive and supervisory bodies and recognizes that such diversity enhances the quality of work of said Company bodies. Our diversity policy aims to establish standards that are needed to ensure diversity of gender, age, education,

skills and other differences that can help the Company make better management decisions.

Members of Management and Supervisory Boards will be appointed on the basis of their competence and knowledge, taking into consideration various diversity criteria such as gender, age, length of work service, nationality and individual differences in professional and personal experiences.

First criteria for appointment are skills and experience of candidates, knowledge of the industry in which the Company operates, as well as personal qualities and integrity.

Company has established an Appointment Committee tasked with electing members of the Management Board and the Supervisory Board, and implementing Diversity policy objectives by suggesting candidates for members of the Management Board and the Supervisory Board according to these criteria.

New Management Board was appointed in 2016, balancing the criteria regarding gender, skills, experience and competencies of new members of the Board depending on their education, as can be seen from their CVs.

Seven members were appointed to the Supervisory Board. Chairman and two members of the Supervisory Board are Russian citizens, thus respecting the significance of our largest market.

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 31 to 65 years of age.

Marinko Došen
President of the Management Board



Katija Klepo
Member of the Management Board



Sanja Biočić
Member of the Management Board



Mladen Peroš
Member of the Management Board



Amount of fees paid to external auditors

During 2016, AD Plastik d.d. paid to external auditors HRK 677,952 for audit services and HRK 414,014 for other services. The amounts include VAT.