



**CODE OF CORPORATE GOVERNANCE
ANNUAL QUESTIONNAIRE**

MAIN COMPANY INFORMATION:

CONTACT PERSON AND CONTACT PHONE:

DATE OF QUESTIONNAIRE COMPLETE:

AD PLASTIK d.d. Matoševa 8, 21210 Solin

Katia Zelić 021 260 640

18.3.2019.

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

If a question in the questionnaire asks for an explanation, it is necessary to explain the answer provided.

All the answers in the questionnaire will be measured in percentages, as explained at the beginning of each chapter.

COMPANY HARMONIZATION WITH THE PRINCIPLES OF CORPORATE GOVERNANCE CODE

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

Question No.	Questions	Answer YES/NO	Explanation
1	Has the company accepted implementation of the code of corporate governance of the Zagreb Stock Exchange?	YES	
2	Does the company have its own code of corporate governance?	NO	
3	Have any principles of the code of corporate governance been adopted as part of the company's internal policies?	YES	
4	Does the company disclose harmonization with the principles of corporate governance in its annual financial statements?	YES	

SHAREHOLDERS AND GENERAL MEETING

Answers to this questionnaire chapter will be valued with max. 30% of whole questionnaire valuation of company harmonization with 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 so, explain)	NO	
6	Does each share of the company have one voting right? (If not, explain)	YES	
7	Are there cases of different treatment of any shareholders? (If so, explain)	NO	
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 has not received 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 justifiable to use modern communication technology, because the practice of the current voting system, defined by the Statute and the 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	For the reasons of legal certainty and organizing the General Assembly
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 no such legal actions

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,
Mladen Peroš, Management Board member, Sanja Biočić (1.1.2018-26.11.2018)

PLEASE PROVIDE THE NAMES OF SUPERVISORY BOARD AND THEIR FUNCTIONS

Dmitrij Leonidovič Drandin, President of the Supervisory Board,
Ivica Tolić, Deputy
Zoja Crnečki, member, Hrvoje Jurišić, member, Nadezhda Anatolyevna Nikitina, member,
Igor Antoljevič Solomatin, member
Robert Kuhta, 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?	YES	
21	Does the company have any independent members on its Supervisory or Management Board? (if not, please explain)	YES	
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 management or each executive director received from the company or from other persons related to the company, including the structure of such remuneration, been made public (in annual financial statements)? (If not, explain)	NO	Summary data for key personnel are published in Annual report
26	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 (in annual financial statements)? (If not, explain)	NO	Summary data for key personnel are published in Annual report
27	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 promptly and no later than three business days, after such a change occurs? (If not, explain)	YES	
28	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	
29	Are there any contracts or agreements between members of the Supervisory or Management Board and the company?	NO	
30	Did they obtain prior approval of the Supervisory or Management Board? (If not, explain)	NO	there are no such contracts
31	Are important elements of all such contracts or agreements included in the annual report? (If not, explain)	NO	there are no such contracts
32	Did the Supervisory or Management Board establish the appointment committee?	YES	
33	Did the Supervisory or Management Board establish the remuneration committee?	YES	
34	Did the Supervisory or Management Board establish the audit committee?	YES	
35	Was the majority of the audit committee members selected from the group of independent members of the Supervisory Board? (If not, explain)	NO	Of the total number of members of the audit committee one comes from the group of independent members of the supervisory board, all in accordance with the Code of Conduct.
36	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	
37	Did the audit 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	
38	Has the audit 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	

	39	If there is no internal audit system in the company, did the audit committee consider the need to establish it? (If not, explain)	NO	audit committee is established in the company
	40	Did the audit 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	
	41	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	

42	Did the audit 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	
43	Did the audit 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	
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	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 for key personnel are published in Annual report
48	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 for key personnel are published in Annual report
49	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	
50	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 management 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 a max. 10% of the whole questionnaire valuation of company harmonization with the principles of Corporate Governance Code

Question No.	Questions	Answer YES/NO	Explanation
51	Does the company have an external auditor?	YES	
52	Is the external auditor of the company related with the company in terms of ownership or interests?	NO	
53	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.
54	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	
55	Does the company have internal auditors?	YES	
56	Does the company have an internal audit system in place? (If not, explain)	YES	

TRANSPARANCY AND THE PUBLIC OF ORGANIZATION OF BUSINESS

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

Question No.	Questions	Answer YES/NO	Explanation
57	Are the semi-annual, annual and quarterly reports available to the shareholders?	YES	
58	Did the company prepare the calendar of important events?	YES	
59	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	
60	Did the company establish mechanisms to ensure supervision of the flow of inside information and possible abuse thereof?	YES	
61	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? (if yes, explain)	NO	
62	Did the management of the company hold meetings with interested investors, in the last year?	YES	
63	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?	YES	

Corporate Governance Statement

- AD Plastik applies the Corporate Governance Code (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.
- By regularly submitting Annual Questionnaire published on the website of Zagreb Stock Exchange (www.zse.hr) and the company (www.adplastik.hr), we thoroughly inform about the commitment to the principles of corporate governance and social responsibility. Corporate Governance Statement signed by all members of the Management Board is an integral part of the Integrated annual report of AD Plastik Group that is also available on the websites of the company and Zagreb Stock Exchange.
- During the reporting period there were no deviations from accepted recommendations of Corporate Governance Code of Zagreb Stock Exchange regarding relevant facts, except for minor deviations from individual recommendations. Detailed explanations regarding those deviations are presented in the Annual Questionnaire of the Corporate Governance Code.
- 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 operations. 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.
- Ten significant indirect and direct shareholders are listed on page 65 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, 2018, the Company owned 71,002 own shares.
- Company bodies are Management Board, Supervisory Board and General Assembly.
- The General Assembly is competent for making decisions on the following issues: electing and removal from office of Supervisory Board members, use of profit, granting clearance to Management Board members, appointing auditors, amending the Charter, increasing or 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).

Members of the Management Board and Supervisory Board of the company are listed on pages 47, 51, 52.

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.

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

The Appointment Committee tasked with electing members of the Management Board and the Supervisory Board implements the Diversity Policy objectives by suggesting candidates for members of the Management Board and the Supervisory Board according to aforementioned criteria.

The Company's Management Board was appointed in 2016, for the period of four years, and there was a change regarding Management Board members during the reporting period. Management Board member in charge of Finance, Accounting, Controlling and IT resigned for personal reasons in November 2018. Balance has been established according to the criteria of skills, experience and competencies, as seen from the resumes of the Management Board members.

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 34 to 67 years of age. Members of the Supervisory Board are listed on page 47.

Marinko Došen, president of the Management Board



Katija Klepo, member of the Management Board



Mladen Peroš, member of the Management Board



Amount of fees paid to external auditors

During 2018, AD Plastik d.d. paid to external auditors HRK 491,505 for audit services and HRK 3,755 for other services. The amounts include VAT.