



## CIRCULAR

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### INVITATION TO THE GENERAL ASSEMBLY OF ATLANTIC GRUPA d.d.

Pursuant to the provisions of Article 277, paragraph 2 of the *Companies Act*, the Management Board of the Company ATLANTIC GRUPA d.d. for domestic and international trade, with the registered seat in Zagreb, Miramarska 23 (hereinafter: Atlantic Grupa d.d. or "Company"), on May 4th, 2022 passed the decision on the convocation of the General Assembly of the Company and hereby invites the shareholders of the Company to the

#### GENERAL ASSEMBLY of Atlantic Grupa d.d.

**to be held on June 15th, 2022 at 12:00 hours at the Headquarters of the Company, Miramarska 23, Zagreb**

With the following agenda:

1. Opening of the General Assembly, establishing the present and represented shareholders.....
2. Annual financial statements and consolidated financial statements of Atlantic Grupa for 2021, Annual Report on the Status and of Business Operations Management of the Company for BY 2021 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in BY 2021.....
3. Decision on the approval of the Remuneration Report for 2021.....
4. Decision on use of retained earnings of the Company realized in the previous business years and use of earnings for the BY 2021.....
5. Decision on issuing the note of release to the members of the Supervisory Board of the Company for BY 2021.....
6. Decision on issuing the note of release to the members of the Management Board for BY 2021
7. Decision on the election of three members of the Company's Supervisory Board.....
8. Decision on the share split.....
9. Decision on amendments to the Articles of Association.....
10. Decision on the approval of amendments to the Remuneration Policy for Members of the Management Board of Atlantic Grupa d.d.....
11. Decision on the election of auditors of the Company for the year 2022.....

#### **Proposals of decisions of the General Assembly:**

Ad 3. The Management Board and Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“

1. The Remuneration Report for 2021 with the accompanying Auditor's Report, which are published as Attachment 3 to the Invitation to this General Assembly, and which make an integral part of this Decision, are approved.
2. This Decision enters into force as of the date of its adoption.”

Ad 4. The Management Board and Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“

1. In the business year ending on 31 December 2021, Atlantic Grupa has realized a consolidated net income after minority interests in the amount of HRK 344,857,284.00 (three hundred forty four million eight hundred fifty seven thousand two hundred eighty four kuna and zero lipa), while Atlantic Grupa d.d. (hereinafter: the Company) has realized the net income of HRK 263,798,300.52 (two hundred sixty three million seven hundred ninety eight thousand three hundred kuna and fifty two lipa).
2. The dividend in the amount of HRK 50.00 (fifty kuna and zero lipa) per share (of the nominal value of HRK 40.00 (forty kuna)) shall be distributed to the shareholders of the Company in proportion to the number of shares held by each shareholder. The dividend shall be paid from the retained earnings of the Company realized in the business year 2020.
3. The dividend shall be paid to all shareholders of the Company registered as such in the depository of the Central Depository and Clearing Company on June 24th, 2022 (record date). The date on which the Company shares will be traded without the right to dividend payment shall be June 23rd, 2022 (ex date). The claim for dividend payment shall become due on July 5th, 2022 (payment date).
4. The net profit realized in the business year 2021 shall remain in the retained (undistributed) profit of the Company.”

Ad 5. The Management Board and Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

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1. The note of release has been given to Zdenko Adrović, a member and the President of the Supervisory Board of Atlantic Grupa d.d. for the business year 2021;
2. The note of release has been given to Siniša Petrović, a member and the Vice President of the Supervisory Board of Atlantic Grupa d.d. for business year 2021;
3. The note of release has been given to Aleksandar Pekeč, a member of the Supervisory Board of Atlantic Grupa d.d. for the business year 2021;
4. The note of release has been given to Franz Josef Flosbach, a member of the Supervisory Board of Atlantic Grupa d.d. for the business year 2021;
5. The note of release has been given to Peter Elam Håkansson, a member of the Supervisory Board of Atlantic Grupa d.d. for the business year 2021;
6. The note of release has been given to Anja Svetina Nabergoj, a member of the Supervisory Board of Atlantic Grupa d.d. for the business year 2021;

7. The note of release has been given to Monika Elisabeth Schulze, a member of the Supervisory Board of Atlantic Grupa d.d. for the business year 2021;

Ad 6. The Management Board and Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

1. The note of release has been given to Emil Tedeschi, a member and the President of the Management Board of Atlantic Grupa d.d. for the business year 2021;
2. The note of release has been given to Neven Vranković, a member of the Management Board of Atlantic Grupa d.d. for the business year 2021;
3. The note of release has been given to Zoran Stanković, a member of the Management Board of Atlantic Grupa d.d. for the business year 2021;
4. The note of release has been given to Lada Tedeschi Fiorio, a member of the Management Board of Atlantic Grupa d.d. for the business year 2021;
5. The note of release has been given to Srećko Nakić, a member of the Management Board of Atlantic Grupa d.d. for the business year 2021;
6. The note of release has been given to Enzo Smrekar, a member of the Management Board of Atlantic Grupa d.d. for the business year 2021.“

Ad 7. The Supervisory Board of the Company proposes to the General Assembly to adopt the following decision:

1. It is hereby established for members of the Supervisory Board of Atlantic Grupa d.d.:
  - 1a Franz Josef Flosbach, B.Sc.Eng., Johann-Wilhelm-Roth-Str. 22, 51688 Wipperfürth, PIN: 23310968578, the term of office in the Company's Supervisory Board expires on September 2nd, 2022;
  - 1b Prof. Aleksandar Pekeč PhD, Zagreb, Ivana Kukuljevića 24, PIN: 93278070011, the term of office in the Company's Supervisory Board expires on September 2nd, 2022;
  - 1c Lars Peter Elam Håkansson, B. Sc. Econ., Torgerdsvägen, 182 67 Djursholm, PIN: 59274844755, the term of office at the Company Supervisory Board expires on July 1st, 2022.
2. The following persons are elected as the Supervisory Board members of Atlantic Grupa d.d.:
  - 2a Franz Josef Flosbach, B.Sc.Eng., Johann-Wilhelm-Roth-Str. 22, 51688 Wipperfürth, PIN: 23310968578;
  - 2b Prof. Aleksandar Pekeč PhD, Zagreb, Ivana Kukuljevića 24, PIN: 93278070011;
  - 2c Lars Peter Elam Håkansson, B. Sc. Econ., Torgerdsvägen, 182 67 Djursholm, PIN: 59274844755.
3. The members of the Company's Supervisory Board listed in items 2a and 2b of this Decision are elected for the term of office of 4 years commencing on September 3rd, 2022.
4. The member of the Company's Supervisory Board listed in item 2c of this Decision is elected for the term of office of 4 years commencing on July 2nd, 2022.

5. This decision shall enter into force on the day of its adoption.”

Ad 8. The Management Board and Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“

1. Ordinary registered shares of the Company, each with an individual nominal value of HRK 40.00, code ATGR-R-A, ISIN: HRATGRRA0003 are hereby split. One ordinary registered share of the Company with an individual nominal value of HRK 40.00 is split into 4 (four) new ordinary registered shares of the Company with an individual nominal value of HRK 10.00.
2. As a result, the Company’s authorised share capital is divided into 13,337,200 (thirteen million three hundred thirty-seven thousand two hundred) ordinary registered shares with an individual nominal value of HRK 10.00, and each shareholder of the Company shall, under this Decision, acquire 4 (four) ordinary registered shares of the Company with an individual nominal value of HRK 10.00. for each ordinary registered share with an individual nominal value of HRK 40.00 prior to the split of the Company’s shares.
3. The split of the Company’s shares does not increase the Company’s authorised share capital.
4. The Management Board and the Supervisory Board of the Company are authorized and obliged to take all necessary actions in accordance with applicable regulations to implement this Decision on the Company’s share split, including the implementation of the share split corporate action in the system of the Central Depository and Clearing Company, Zagreb.”

Ad 9. The Management Board and Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“

1. In Article 6 of the Articles of Association of Atlantic Grupa d.d., the existing paragraph 2 is deleted and a new paragraph is added which reads:  
  
“The Company’s authorised share capital is divided into 13,337,200 (thirteen million three hundred thirty-seven thousand two hundred) ordinary registered shares. Nominal value of one share is 10.00 (ten) kuna.”
2. In Article 6 of the Articles of Association of Atlantic Grupa d.d., in the last sentence of paragraph 3, the number “40.00” is replaced by the number “10.00”.
3. In Article 6 of the Articles of Association of Atlantic Grupa d.d., the existing paragraph 6 is deleted, and a new paragraph is added which reads:  
  
“This provision shall enter into force following the registration of Amendments to the Articles of Association adopted at the General Assembly on June 15th, 2022 in the Court Registry.”
4. All other provisions of the Articles of Association shall remain unchanged.
5. This Decision on Amendments to the Articles of Association shall enter into force and apply from the date of registration in the Court Registry.
6. The Supervisory Board is hereby authorised to establish the complete version of the Articles of Association in accordance with this Decision on Amendments to the Articles of Association.”

Ad 10. The Supervisory Board of the Company proposes to the General Assembly to adopt the following decision:

“

1. The proposal of Amendments to the Remuneration Policy for Members of the Management Board is approved in the manner that

item 6, indent which reads:

“- realization of the qualitative (non-financial) objective consisting of the assessment of the employee engagement or key employee retention ratio objective or other People KPIs relevant for a specific year.“

is replaced by the following indent:

“- KPIs relevant for a specific year, which form the Company Sustainability Index that covers emissions, water, recycling, products and employees as relevant pillars. “,

and a new item 9 is added which reads:

“9. Members of the Management Board are entitled to the Company Executive Longevity Premium program (hereinafter: ELP) introduced in 2021 with the envisaged implementation in 2022, applicable to executive positions in the Company or in any of the Company’s subsidiary (within the meaning of CA), defined thereto. ELP provides for such executives, after spending a minimum of 6 years on such executive position, to be entitled to the allocation of a certain number of shares, out of which 1/3 is paid in the year in which the entitlement enters into force and 2/3 are paid as a deferred payment upon retirement, provided that such executive chooses to remain on the entitled executive position in the Company or in the Company’s subsidiary, until then. ELP takes into consideration longevity of the entitled executive position by increasing the yield of the deferred part every 6 years, as well as employment longevity in the Company, including in any of the Company’s subsidiary, before their promotion to the entitled executive position by triggering a sooner entitlement and increasing the yield:

- a) Members of the Management Board, apart from those encompassed by Article 8, are entitled to the allocation of 550 shares of the nominal value of HRK 40 each (or corresponding 2200 shares of the nominal value of HRK 10 each in case of the execution of the share split in ratio of 1:4, based on the Decision of the General Assembly adopted on 15 June 2022) respectively, out of which 1/3 is allocated in the year in which the entitlement enters into force and 2/3 is paid out upon their retirement, respectively, increased by the yield as provided under b) hereto;
- b) The yield is calculated for 2/3 of shares and is increased by 1 point for every 6 years spent on the entitled executive position within the Company, or in the Company’s subsidiary as it case may be, as follows:
  - 1.1 up to 12 years
  - 1.2 up to 18 years
  - 1.3 up to 24 years
  - 1.4 up to 30 years
  - 1.5 > than 30 years;
- c) Members of the Management Board encompassed by Article 8 are entitled to payment of the Executive Longevity Premium solely in terms of cash payment following the same ratio and yield terms. “,

while former items 9, 10, 11 and 12 become items 10, 11, 12 and 13.

2. The consolidated text of the Remuneration Policy for Members of the Management Board, which is published as Attachment 5 of the Invitation to this General Assembly, and which makes an integral part of this Decision, is approved.
3. This Decision enters into force as of the date of its adoption.”

Ad 11. The Supervisory Board of the Company proposes to the General Assembly to adopt the following decision:

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1. For the purposes of performing audit of the financial reports of the parent company Atlantic Grupa d.d. and its affiliated companies, and for the audit of consolidated financial reports of Atlantic Grupa d.d. for the business year 2022, by performing the joint audit, the following certified auditors' companies are elected:  
  
Ernst & Young d.o.o., Radnička cesta 50, Zagreb, Croatia  
and  
Kulić i Sperk Revizija d.o.o., Radnička cesta 52, Zagreb, Croatia.
2. This decision shall enter into force on the day of its adoption.”

INSTRUCTIONS FOR SHAREHOLDERS  
CONCERNING THEIR PARTICIPATION IN THE GENERAL ASSEMBLY  
(hereinafter – the Instructions):

**Invitation, time and venue of the General Assembly:**

1. Share capital of the Company is divided into 3,334,300 ordinary shares, each in the nominal amount of HRK 40.00, which are administered in the computer system of the Central Depository and Clearing Company (CDCC/SKDD) under the designation ATGR-R-A. Each share of the Company gives the right to one vote at the General Assembly.

**2. In case of extraordinary circumstances caused by the coronavirus pandemic (COVID-19), when participating in the work of the General Assembly the shareholders must respect all the health and safety recommendations and decisions made by the Civil Protection Headquarters of the Republic of Croatia and all the measures in conformity thereto that will be implemented by the Company when organizing the General Assembly. This way it will be possible to hold the General Assembly of the Company in its regular annual cycle, while at the same time protecting the health of the shareholders and the Company employees, as well as service providers included in the organization of the General Assembly.**

3. The participants are invited to come to the General Assembly on June 15th, 2022 at least one hour prior to its scheduled beginning for the purpose of timely registration of participants and in order for the Committee for Participant Registration to make a list of participants in the General Assembly. When registering, the shareholders or their proxies or representatives have to submit to the Committee a valid identification document provided under law, while the proxies who are legal persons have to submit an excerpt from the court register or other appropriate register in which the legal person concerned is entered, or other appropriate public document, if such a document was not submitted with the application for participation in the General Assembly. After registration, the participants may leave the General

Assembly only after informing the Committee for Participant Registration, until the conclusion of the General Assembly.

## **Participation and voting at the General Assembly:**

### **Registration:**

4. Each shareholder of the Company who has submitted to the Company, either personally or through their proxy or representative, an application for participation in written form at the latest six days prior to the General Assembly meeting in which period is not included the day the application is received at the Company, or by June 8th, 2022 has the right to participate in the General Assembly. A legal or natural person, who is on the last day for application for participation in the General Assembly, i.e. on June 8th, 2022 registered as a shareholder of the Company with the Central Depository and Clearing Company, Zagreb, is considered a shareholder of the Company.

5. The application shall have the following contents and attachments:

#### I. Application for shareholder – natural person

- name and family name, residence, address, OIB (personal identification number)
- number of account opened with the Central Depository and Clearing Company and the total number of shares of the shareholder concerned

#### II. Application for shareholder – legal person

- company name of the legal person, seat and address, OIB (personal identification number)
- number of account opened with the Central Depository and Clearing Company and the total number of shares of the shareholder concerned
- an excerpt from the court register or from other register in which the legal person is entered or a copy of such document, a certified copy or other appropriate public document clearly showing that the application was signed by a person who is under law authorized to represent the legal person concerned shall be attached to the application

#### III. Application submitted by shareholder's proxy

##### a) Proxy of natural person:

- name and family name, residence and address, OIB (personal identification number) of the proxy
- name and family name/company name; residence /seat, address, OIB (personal identification number) of the shareholder(s) which the proxy is representing, number of account opened with the Central Depository and Clearing Company of each shareholder concerned and the total number of shares of the shareholder(s) concerned
- all individual powers of authority given by shareholder shall be attached to the application on the recommended form

##### b) Proxy of legal person:

- company name, seat and address and proxy's OIB (personal identification number)
- name and family name/company name; residence /seat, address, OIB (personal identification number) of the shareholder(s) which the proxy is representing, number of account opened with the Central Depository and Clearing Company of each shareholder concerned and the total number of shares of the shareholder(s) concerned
- individual powers of authority given by shareholder in written form shall be attached to the application; if a shareholder is a legal person, the attachment shall contain an excerpt from the court register or other register in which the legal person is entered or a copy of such document, a certified copy or other public document clearly showing that the power of authority was signed by a person who is under law authorized to represent the legal person concerned.

6. As to minors and legally incapable or partially capable natural persons, the application shall be submitted by their statutory representative, who also represents them and who shall enclose with the application an original document or a copy or a certified copy thereof, showing their status as a statutory representative.

7. The applications for participation in the General Assembly shall be submitted directly to the Company at its seat in Zagreb, Miramarska 23 or sent to the Company by registered mail to the address: Atlantic Grupa d.d., Miramarska 23, 10000 Zagreb.

8. The applications for participation in the General Assembly shall be considered timely submitted if they are, in accordance with these Instructions, submitted or sent by mail to the Company by 24:00 hours on June 8th, 2022 at the latest. The shareholders who have failed to apply for participation in the General Assembly correctly and in accordance with these Instructions or who have failed to attach to the application the documents provided under these Instructions shall not be entitled to participate in the General Assembly.

#### **Power of Authority:**

9. The power of authority for the application for participation and/or voting at the General Assembly shall include the name and family name or company name, residence or seat and address of the giver of authority, OIB (personal identification number) of the giver of authority, number of account with the Central Depository and Clearing Company of the shareholder, the total number of shares, name and family name or company name, residence or seat and address of the proxy, OIB (personal identification number) of the proxy, signature of the giver of authority or statutory representative or representative under law, if the giver of authority is a legal person.

10. It is recommended to use forms for the application for participation in the General Assembly and for the power of authority, which can be obtained on the website of the Company: [www.atlanticgrupa.com](http://www.atlanticgrupa.com).

11. The application for participation in the General Assembly and the power of authority, as well as any other attachments, shall be in the Croatian language; if they are in a foreign language, they also have to be translated into Croatian language by an authorized court interpreter.

12. The Company shall bear the costs of holding the General Assembly. Shareholders shall bear their own costs of arrival and participation in the activities of the Company's General Assembly.

#### **Questions, proposals, counterproposals, materials and notifications:**

13. The shareholders who intend to ask questions or submit proposals in the General Assembly regarding individual agenda items are hereby asked, for the purpose of more efficient organization of the work of the General Assembly, to announce their intention in writing when submitting their application for participation in the General Assembly, or during the registration of participants prior to the General Assembly at the latest and to indicate the agenda item which their question or proposal will refer to, as well as the content thereof.

14. In case the shareholders who together own 5% of the share capital of the Company should request, after the General Assembly is convened, an additional subject to be included in the General Assembly's agenda and disclosed, then any new agenda item should be accompanied by an explanation and respective decision proposal. The Company has to receive requests to add items to the agenda at least 30 days prior to the day of the General Assembly. This period does not include the day the request is received at the Company. In case the deadline is not observed the proposed additional items of the agenda would be considered as not duly announced and no decision on them can be made at the General Assembly.



15. Counterproposals to the decision proposals submitted by the Management Board and/or Supervisory Board relating to the particular agenda item, made by shareholders with their names/family names, explanation and possible stand by the Management Board shall be available to persons stated in Article 281, paragraphs 1 to 3 of the Companies Act as defined in Article 282 of the Companies Act, in case a shareholder submits a counterproposal to the address of the Company Headquarters (Atlantic Grupa d.d., Miramarska 23, 10000 Zagreb), at least 14 days prior to the General Assembly date. The date counterproposal is received at the Company is not counted in the 14-day deadline. The counterproposal shall be available at the Company's Internet site: [www.atlanticgrupa.com](http://www.atlanticgrupa.com). In case the shareholder does not exercise this right, he/she shall still be entitled to make a counterproposal at the General Assembly. The stated applies accordingly to shareholders' proposals regarding the appointment of members of the Supervisory Board and the Company Auditor.

16. At the General Assembly, the Management Board is obliged to provide information about the Company operations to any shareholder at their request, in case this information is necessary to judge an agenda item.

17. The materials for the General Assembly, for which it is prescribed so by law, will be made available to the shareholders for inspection and for issuing of copies at the seat of the Company in Zagreb, every working day from the day on which the invitation to the General Assembly is published to the day of the General Assembly, from 10:00 to 14:00 hours. Those materials will be announced on the same day on the Company's Internet site: [www.atlanticgrupa.com](http://www.atlanticgrupa.com).

18. In case that, due to the circumstances after the convocation of the General Assembly, there will be no possibility of holding the same, in the light of the spreading of coronavirus (COVID-19), the Management Board of the Company will take the decision of cancelling the General Assembly in due time.

Zagreb, May 4th, 2022

Atlantic Grupa d.d.

Contact:

Katarina Mindoljević  
Company Secretary  
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Investor Relations  
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Annex 1 – Application for Participation form

GENERAL ASSEMBLY OF ATLANTIC GRUPA d.d., ZAGREB

Application for Participation

1. Name and family name, or company name of the shareholder, OIB (personal identification number) of the shareholder	
2. Residence or seat of the shareholder (street, number, place, state)	
3. Name and family name, or company name of the proxy, OIB (personal identification number) of the proxy	
4. Residence or seat of the proxy (street, number, place, state)	
5. Name and family name of the person who is under law authorized to sign this application for shareholder	
6. Number of shares of the shareholder represented /voted*	
7. Account number with the Central Depository and Clearing Company d.d. of the shareholder	

I herewith apply for participation in the General Assembly of Atlantic Grupa d.d. Zagreb, Miramarska 23, convoked for June 15th, 2022, starting at 12:00 hours at Atlantic Grupa registered seat, in Zagreb, Miramarska 23.

\*please mark if the total number of shares of the shareholder or shares on custody account is different then number with which it is voted on General Assembly, or for which proxy is issued. If the number of shares is expected to change, please enter following notice: "according to the number of shares registered on June 8th, 2022".

Signature of the shareholder/proxy: \_\_\_\_\_ Date: \_\_\_\_\_

Annex 2 – Power of Authority form

GENERAL ASSEMBLY OF ATLANTIC GRUPA d.d., ZAGREB  
Power of Authority

<p>1. Name and family name, or company name of the shareholder /OIB (personal Identification number)</p> <p>Name and family name of the person who is under law authorized to sign this power of authority for shareholder (for legal persons)</p>	
<p>2. Residence or seat of the shareholder (street, number, place, state)</p>	
<p>3. Total number of shares owned</p>	
<p>4. Number of shareholder's account with the CDCC</p>	

I herewith give authority to the below stated proxy to file, on my behalf and for my account, an application for participation in the General Assembly of the joint-stock company Atlantic Grupa d.d., Zagreb, Miramarska 23 to be held on June 15th, 2022 in Zagreb, to represent me at this General Assembly, to participate, on my behalf and for my account, in the work of the General Assembly, and to vote on all decisions to be passed in the General Assembly.

1.	Name and family name, or company name of the proxy	
2.	Residence or seat of the proxy (street, number, place, state)	
3.	OIB (personal identification number) of the proxy	
4.	Number of shares entitled to vote	
5.	Voting instructions	

Shareholder's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Attachment 3 – Remuneration Report for 2021 with the accompanying Auditor’s Report

## **Independent limited assurance report on Remuneration Report for the year 2021**

To the Management board and Supervisory board of Atlantic Grupa d.d.

We have been engaged by the Management board of Atlantic Grupa d.d. ("the Company"), in order to perform, on the basis of the provisions of Article 272r, paragraph 3 of the Companies Act, an engagement expressing a limited assurance on the attached Remuneration Report for the year ended 31 December 2021 ("Remuneration Report") prepared by the Company's Management board and Supervisory board.

Our task, based on the procedures performed and the evidence gathered, is to express a conclusion in the form of an independent report expressing a limited assurance on the examination of the Remuneration Report.

### ***Underlying Subject Matter and Applicable Criteria***

The limited assurance engagement relates to the following subject matter on which the following applicable criteria are applied:

- Remuneration Report prepared by the Company for the year ended 31 December 2021 contains data in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

The applicable reporting criteria for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration are contained in the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

### ***Management board and Supervisory board Responsibilities***

The Company's Management board and Supervisory board are responsible for:

- preparing the Remuneration Report for the year 2021 in accordance with the disclosure requirements of Article 272r, paragraphs 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r, paragraph 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the data disclosed in the Remuneration Report,
- measurement of remunerations for the year ended 31 December 2021 in accordance with the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with the provisions of Article 272r, paragraph 4 of the Companies Act.

The Company's Management board and Supervisory board are responsible for the design, implementation and maintenance of the internal control system which reasonably ensures that the previously described data do not contain material errors, whether due to fraud or error. In addition, the Company's Management board and Supervisory board are responsible for ensuring that the documentation provided to us is complete and accurate.

### ***Our Responsibilities***

We conducted our assurance engagement in accordance with the requirements of Article 272r, paragraph 3 of the Companies Act, and in accordance with International Standards for Assurance Engagements (ISAE) 3000 (revised) - Engagements to perform assurance engagements other than audits or reviews of historical financial information. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to form a conclusion based on the evidence gathered as to whether the report contains the information required in accordance with the relevant legal requirements.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

In respect of the subject matter, we have performed the following procedures:

- inquired members of the Management board and Supervisory board and other persons within the Company, to gain understanding of remuneration policies and the process applied in preparing the Remuneration Report;
- received from the Company a list of all members of the Company's Management board and Supervisory board during 2021 and checked whether their remunerations are disclosed in the Remuneration Report;
- reconciled the remuneration data presented in the Remuneration Report with the Company's accounting records (general ledger and subledgers) for the year ended 31 December 2021
- reviewed, on a sample basis, the relevant documentation of the Company (contracts and payments) related to the remuneration data presented in the Remuneration Report; and
- checked whether the Remuneration Report contains all the data required by the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

### ***Limited assurance conclusion***

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Remuneration Report for the year ended 2021 prepared by Atlantic Grupa d.d. does not contain data, in all material respects, in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

***Restrictions on the use of our Report***

Our report is intended solely for the Company's Management board and Supervisory board for the purpose of reporting on the Remuneration Report prepared by the Company for the year ended 31 December 2021 in accordance with Article 272r of the Companies Act. Our report is not, nor does it represent, a legal opinion on compliance with Article 272r of the Companies Act.

In the case of additional information or data provided to us, or in the case of misleading oral or written statements or explanations, our findings, interpretations or conclusions in our independent limited assurance report may be incomplete or may result in the need for additional procedures not included in the scope of this engagement.

To the fullest extent permitted by law, we do not accept responsibility and do not agree to any obligations to any party other than the Company's Management board and Supervisory board, in connection with our work or this independent limited assurance report or the conclusions we have reached.

Berislav Horvat,



President of Management Board  
and Certified auditor  
Ernst & Young d.o.o.  
Radnička cesta 50,  
Zagreb, Croatia

4 May 2022

Janja Kulić,



Director and Certified auditor  
Kulić i Sperk REVIZIJA d.o.o.  
Radnička cesta 52,  
Zagreb, Croatia

4 May 2022

Attachment: Remuneration report for 2021





Pursuant to Article 272r of the *Companies Act* and Articles of the *Code of Corporate Governance* of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA), the Management Board and the Supervisory Board of Atlantic Grupa d.d. (hereinafter also referred to as: the Company) submit to the General Assembly the following

## REPORT

### **ON THE REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD IN THE YEAR 2021**

#### Remuneration of members of the Supervisory Board

In the year 2021, the Supervisory Board of Atlantic Grupa d.d. comprised seven members: Zdenko Adrović, President of the Supervisory Board, Siniša Petrović, Vice President of the Supervisory Board, Anja Svetina Nabergoj, member, Monika Elisabeth Schulze, member, Franz Josef Flosbach, member, Aleksandar Pekeč, member, and Lars Peter Elam Håkansson, member.

Pursuant to the provision of Article 269, paragraph 3 of the *Companies Act*, on 18 June 2020 the Company's General Assembly adopted the *Decision on the remuneration of members of the Supervisory Board* under which, without any derogation, payments of remuneration to members of the Supervisory Board were made in the year 2021. The said Decision set the amounts of remuneration of members of the Supervisory Board, whereby different external and internal factors have been taken into account, such as economic conditions, prevailing wage levels, remuneration data and best practices of regional and relevant industries as well as remuneration levels and policies of the Company.

Each member of the Supervisory Board is entitled to a fixed monthly remuneration, from the day of his/her appointment to such duty until the day of its termination. In order to maintain their independence and full impartiality, the remuneration of members of the Supervisory Board is not dependent on the Company's results and does not contain a variable part of remuneration. In line with the above, the said fixed remuneration represents 100% of their total remuneration. Members of the Supervisory Board are not entitled to payments by the Company or its associated companies in Company shares.



Accordingly, in 2021 members of the Supervisory Board received remuneration in the following gross I amounts:

Remuneration of Supervisory Board members in 2021	HRK
Zdenko Adrović	360,000.00
Siniša Petrović	240,000.00
Anja Svetina Nabergoj	180,000.00
Monika Schulze	180,000.00
Lars Peter Håkansson	180,000.00
Aleksandar Pekeč	180,000.00
Franz Jozef Flosbach	180,000.00
<b>TOTAL</b>	<b>1,500,000.00</b>

Other than those mentioned above, no other payments were made by the Company or its associated companies. The Company and its associated companies did not provide any loans or advances, nor issue any guarantees for the benefit of members of the Supervisory Board. The Company and its associated companies did not provide any gifts or benefits of significant value to members of the Supervisory Board.

The report on the remuneration of members of the Supervisory Board for the year 2021 has been prepared in accordance with the respective provisions of the law, the *Code of Corporate Governance* of the Zagreb Stock Exchange and HANFA, as well as the *Code of Corporate Governance* and the *Articles of Association* of Atlantic Grupa d.d.

#### Remuneration of members of the Management Board

The Management Board of Atlantic Grupa is composed of six members, namely: Emil Tedeschi, President of the Management Board; Neven Vranković, Group Vice President for Corporate Activities; Zoran Stanković, Group Vice President for Finance, Procurement and Investment; Lada Tedeschi Fiorio, Group Vice President for Corporate Strategy and Development; Srećko Nakić, Group Vice President for Distribution; and Enzo Smrekar, Group Vice President for Savoury Spreads, Donat and International Expansion.

Pursuant to the provisions of Article 247 of the *Companies Act*, on 18 June 2020 the Company's General Assembly adopted the *Remuneration Policy for Members of the Management Board* (hereinafter referred to as: the Remuneration Policy) under which, without any derogation, payments of remuneration to members of the Management Board were made in 2021. The Remuneration Policy for Members of the Management Board is set in a manner that strongly supports the pay for performance culture and the long-term strategy of the Company. The amount of remuneration paid out to members of the Management Board is determined with the aim to attract, motivate and retain qualified professionals, to promote sound and effective risk management, as well as to discourage risk-taking that exceeds the level of tolerated risk of the Company. It takes into account all regional, local and relevant industry practices of remuneration for managers holding corresponding positions, including employees of the Company's associated companies. The Company provides attractive terms of employment, of

which remuneration, personal development, training, working environment and intellectually stimulating environment are all important components.

As such, the Remuneration Policy for Members of the Management Board contributes to achieving the Company's strategic goals.

The remuneration structure for members of the Management Board ensures a proper balance between the variable and fixed remuneration, whereby the fixed part – in terms of the principal salary – is set by the contract with a member of the Management Board in the gross amount, while the variable part of remuneration, also set by the contract, is always performance-related.

The amount of the annual bonus for 2021 is determined under the contract with a member of the Management Board and correlated to the realisation of key financial/sales metrics, as well as qualitative (non-financial) performance criteria (hereinafter jointly: Key Performance Indicator/s or KPI/s):

- For the President of the Management Board, the Group Vice President for Corporate Activities, the Group Vice President for Finance, Procurement and Investment and the Group Vice President for Corporate Strategy and Development:
  - fulfilment of the profit goal related to consolidated EBITDA of Atlantic Grupa, with the weighted share of 75%;
  - fulfilment of the direct sales to the external buyers/third party or IMS consolidated Atlantic Grupa with the weighted share of 15%;
  - fulfilment of the qualitative (non-financial) goal consisting of the assessment of the key employee retention ratio objective in 2021, with the weighted share of 10%,
- For the Group Vice President for Distribution and the Group Vice President for Savoury Spreads, Donat and International Expansion:
  - fulfilment of the profit goal related to consolidated EBITDA of Atlantic Grupa, with the weighted share of 40%;
  - fulfilment of the profit goal related to EBITDA of the business or distribution unit from their respective area of responsibility, with the weighted share of 35%;
  - fulfilment of the direct sales to the external buyers/third party or IMS of the business or distribution units from their respective area of responsibility, with the weighted share of 15%;
  - fulfilment of the qualitative (non-financial) goal consisting of the assessment of the key employee retention ratio objective in 2021, with the weighted share of 10%.

Each member of the Management Board is entitled to the annual bonus related to a specific business year provided that the following preconditions are fulfilled:

- at least 90% of the consolidated EBITDA plan of Atlantic Grupa for the relevant business year is realised;

- at least 90% of the planned EBITDA of the business unit tied to the authority of the respective Management Board member for the relevant business year is realised,
- if he/she was employed by the Company or its associated companies for at least 2/3 of the relevant business year, as well as on 31 December of the relevant business year, and has the right to payment of the annual bonus.

The realisation of such financial preconditions and financial KPI metrics are based on the Company's consolidated financial results for the relevant business year, while a valuation of the non-financial objective (realisation of the key employee retention objective in 2021) is based on the official Company report.

The annual bonus represents 75% of the realised principal annual gross salary in case of 100% realisation of KPIs. Members of the Management Board are entitled to payment of the annual bonus in cash or in Company shares in accordance with items 7 and 8 of the Remuneration Policy.

Contracted amount of the variable part in the overall remuneration of a member of the Management Board is not less than 40% of the total remuneration under the assumption of 100% realisation of the set KPIs and including a deferred part of the bonus.

Members of the Management Board in 2021 received remuneration in the following (in HRK, gross I) amounts:

Amounts in HRK	Fixed remuneration	%	Variable remuneration*	%	Receipts in kind	%	Total	%
Emil Tedeschi	2,746,200.00	54.40	2,179,160.75	43.17	122,721.53	2.43	5,048,082.28	100
Neven Vranković	1,790,400.00	57.90	1,231,596.88	39.83	70,082.58	2.27	3,092,079.46	100
Zoran Stanković	1,736,400.00	58.10	1,199,345.50	40.13	52,848.24	1.77	2,988,593.74	100
Lada Tedeschi Fiorio	1,680,000.00	55.81	1,243,060.50	41.30	87,073.38	2.89	3,010,133.88	100
Srećko Nakić	1,685,400.00	56.53	1,248,000.00	41.86	47,874.85	1.61	2,981,274.85	100
Enzo Smrekar	1,623,231.70	54.13	1,148,255.75	38.29	227,316.06	7.58	2,998,803.51	100

\* variable remuneration refers to the calculated annual bonus for the business year 2020 and the deferred part of the business year 2017 bonus, which includes remuneration for Management Board membership

The variable remuneration received in 2021 by Emil Tedeschi, President of the Management Board, and Lada Tedeschi Fiorio, Group Vice President for Corporate Strategy and Development, refers to the results for the business year 2020 and the deferred part of the bonus for the business year 2017 (gross I, in HRK):

Member of the Management Board	Variable remuneration paid during 2021 (total)	Variable remuneration related to the 2020 bonus – total	Variable remuneration related to the 75% of bonus for 2020 – paid in 2021	Variable remuneration related to the 2017 bonus – paid in 2021	Deferred part (25%) of bonus for 2020	Deferred part of the 2020 bonus for payment in 2024 with a multiplier of 1.2
Emil Tedeschi	2,179,160.80	1,997,860.50	1,498,395.38	680,765.42	499,465.13	599,358.15
Lada Tedeschi Fiorio	1,243,060.50	1,222,200.00	916,650.00	326,410.50	305,550.00	366,660.00



The variable remuneration for other members of the Management Board in 2021 was paid in Atlantic Grupa shares, and refers to the results for the business year 2020 and the deferred part of the bonus for the business year 2017 (gross I, in HRK):

Member of the Management Board	Variable remuneration paid during 2021 (total)	Variable remuneration paid during 2021, expressed in allocated shares (total)	Variable remuneration paid in shares during 2021 related to the 75% of bonus for 2020	Variable remuneration paid in shares during 2021 related to the 2017 bonus	Variable remuneration related to the 2020 bonus (total)	Deferred part (25%) of bonus for 2020, for 3 years	Deferred part of the 2020 bonus for payment in 2024 with a yield of 1.8
Neven Vranković	1,231,596.88	611	483	128	684	171	308
Zoran Stanković	1,199,345.50	595	468	127	664	166	299
Srećko Nakić	1,248,000.00	624	425	199	602	151	271
Enzo Smrekar	1,148,255.75 (total) 1,097,250.00 (in shares) 51,005.75 (payment)	570	457	113	648	162	292

*\* variable remuneration refers to the calculated annual bonus for the business year 2020 and the deferred part of the business year 2017 bonus, which includes remuneration for Management Board membership*

Out of the gross I value of the variable remuneration (annual bonus, in HRK), 75% of the net amount was paid in the form of shares in 2021 according to the average share price (volume-weighted) of the Zagreb Stock Exchange on 21 April 2021 (HRK 1,540.00). The grant date for the Employee Stock Option Program (ESOP) is upon expiration of 30 days from the date of adoption of the annual financial results for the business year by the Company's Supervisory Board. Members of the Management Board must retain such shares for a minimum period of 2 years from the day of their transfer to share accounts.

The remaining 25% of the realised annual bonus for 2020 for the respective member of the Management Board, multiplied by the coefficient of 1.8, will be paid in Company shares in 2024, provided that this member of the Management Board is still employed by the Company or its associated company on 1 April of the respective year.

For the results achieved in the business year 2021, the following members of the Management Board received the variable part of the remuneration in cash (gross I, in HRK), with the term of its payment as follows:

Member of the Management Board	Variable remuneration for 2021 (total)	Variable remuneration related to the 75% of bonus for 2021 – paid in 2022	Variable remuneration related to the 2018 bonus – paid in 2022	Variable remuneration paid in 2022 (total)	Deferred part (25%) of bonus for 2021	Deferred part of the 2021 bonus for payment in 2025 with a multiplier of 1.2
Emil Tedeschi	2,059,650.00	1,544,737.50	593,179.20	2,137,916.70	514,912.50	617,895.00
Lada Tedeschi Fiorio	1,260,000.00	945,000.00	305,856.00	1,250,856.00	315,000.00	378,000.00

For the results achieved in the business year 2021, other members of the Management Board received the variable part of the remuneration (gross I, in HRK) with the term of its payment as follows:

Member of the Management Board	Variable remuneration for 2021 (total)	Variable remuneration related to the 75% of bonus for 2021 – paid out in shares in 2022	Variable remuneration paid out in shares in 2022 related to the bonus for 2018	Variable remuneration paid out in shares in 2022 (total)	Variable remuneration calculated in shares paid out in 2022 (total)	Deferred part of the bonus for 2021, calculated in shares, for payment in 2025 with a yield of 1.8
Neven Vranković	1,342,800.00	1,007,226.33	814,211.60	1,821,437.93	821	287
Zoran Stanković	1,302,300.00	976,166.50	789,807.43	1,765,973.93	796	278
Srećko Nakić	1,396,775.25	1,047,805.82	598,746.18	1,646,552.00	748	300
Enzo Smrekar	1,223,100.00	917,407.92	281,790.43	1,199,198.35	566	273

Out of the gross I value of the variable remuneration (annual bonus, in HRK), 75% of the net amount is paid in the form of shares in 2022 according to the average share price (volume-weighted) of the Zagreb Stock Exchange on 19 April 2022 (HRK 1,694.98). The grant date for the Employee Stock Option Program (ESOP) is upon expiration of 30 days from the date of adoption of the annual financial results for the business year pertaining to the annual bonus by the Company's Supervisory Board. Members of the Management Board must retain such shares for a minimum period of 2 years from the day of their transfer to share accounts.

The remaining 25% of the realised annual bonus for 2021 for the respective member of the Management Board, multiplied by the coefficient of 1.8, is paid in Company shares with the vesting period until the year 2025, provided that this member of the Management Board is still employed by the Company or its associated company on 1 April of the respective year.

The overview provided below shows the average income of employees in Atlantic Grupa d.d. for 2021 in the gross I value, which includes both fixed and variable part of the salary, other receipts in kind and all other payments made in relation to the employee status, including awarding remuneration divided by the average number of full-time equivalent (FTE) employees. The guidance is based on the average income of Atlantic Grupa d.d. employees since the majority are on managerial and key professional positions which are relevant for comparison of remuneration.

<b>Annual remuneration per employee - HRK</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Annual base (gross I)	482,375	464,749	456,945	493,811	456,071
<b>(Atlantic Grupa d.d.; THRK)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues	501,005	444,190	417,644	371,093	279,533
Net profit/(loss)	263,798	224,534	187,594	76,490	4,282
<b>(Atlantic Grupa consolidated; THRK)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues	5,785,771	5,328,674	5,506,404	5,330,624	5,303,426
Net profit/(loss)	344,857	341,730	388,880	243,970	275,529

The Company did not reclaim any variable part of the salary and there were no conditions realised to do so.

There were no payments or payment obligations by any third party to members of the Management Board with regard to activities they performed as members of the Management Board in the Company or at any other function within Atlantic Grupa.

The report on the remuneration of members of the Management Board for 2021 has been prepared in accordance with the respective provisions of the law, the *Code of Corporate Governance* of the Zagreb Stock Exchange and HANFA, as well as the *Code of Corporate Governance* and the *Articles of Association* of Atlantic Grupa d.d.

The contract on performing the function of a member of the Management Board can be terminated in accordance with provisions of the law. The obligation of severance payment occurs in the case of contract termination by Atlantic Grupa in the period of its duration, unless the contract is terminated due to reasons caused by the wrongful conduct of the respective member of the Management Board. The severance payment is limited to the amount of twelve (12) average monthly gross I salaries paid to the respective Management Board member in the period of three months prior to contract termination.

Zagreb, 4 May 2022

Atlantic Grupa d.d.

  
 Emil Tedeschi  
 President of the Management Board

  
 Zdenko Adrović  
 President of the Supervisory Board

Attachment 4 – biographies of candidates proposed in the proposal of Decision on the election of three members of the Company's Supervisory Board under the Topic 7 of the agenda

**BIOGRAPHY: Aleksandar Pekeč**

Aleksandar Pekeč is a tenured professor at Duke University's Fuqua School of Business. He is an expert in managerial decision-making in complex competitive environments, and has published articles in top academic journals in management sciences, as well as in top journals in other fields such as economics, mathematics and psychology. His consulting experience includes banking, internet, pharmaceutical, retail, and telecommunications industries. He was a member of the Economic Council of the President of the Republic of Croatia in the period 2010 - 2015. Mr. Aleksandar Pekeč holds a Ph.D. degree from Rutgers University and B.Sc. degree from the University of Zagreb.

Given the expert competencies and experience of Mr. Aleksandar Pekeč, his past engaged work in the Supervisory Board and the Leadership Development and Compensation Committee and his ability to provide an independent and effective contribution to the further work of the Company's Supervisory Board, his re-election is proposed.

**BIOGRAPHY: Franz Josef Flosbach**

G. Franz Josef Flosbach obtained an industrial engineer degree at the Technische Universität Darmstadt in 1973. He had spent most of his working life, since 1975, in the DEG-Deutsche Investitions und Entwicklungsgesellschaft mbH. DEG promotes private businesses in emerging and developing countries, and since 2001 is a subsidiary of the German KfW - Bankengruppe, Frankfurt. Mr. Flosbach has been assigned a number of executive tasks – management audit (including responsibility for the investments in Asia, the Arabian countries, South-East Europe, English speaking Africa); business planning and controlling (including successful implementation of the SAP System); business development and portfolio management in Sub-Saharan Africa; consultancy activities for "Deutsche Mittelstand", Programmes of the European Community (ECIP, CDI, JOPP), Foreign Promotion Agencies, and Stability Pact for South-Eastern Europe. Furthermore, he was responsible for DEG's Business in East and South-East Europe, Caucasus, Central Asia, Turkey and Near East, which includes about 30 countries, 1.5 billion Euro investment, about 110 portfolio companies, 200 – 500 million new commitments per year. Prior to his career in DEG, he worked as a Senior Consultant at the Treuhand-Vereinigung AG/Coopers & Lybrand GmbH, today PriceWaterhouseCoopers (PwC) with a special focus on Merger & Acquisition activities. Mr. Flosbach has special knowledge in the following areas: financing - project financing, providing long term loans, equity, mergers and acquisitions, restructuring and privatisation, advisory service, risk management, corporate governance. Likewise, he has a profound country and sector know how. At present, he serves as a member of three Supervisory Boards, two Audit Committees (as chairman) and one Risk Committee (as chairman) in renowned companies in the region, of which two are banks. Mr. Flosbach is since 1999 a Member of the "Südosteuropa Gesellschaft", München.

Given the expert competencies and experience of Mr. Franz Josef Flosbach, his past engaged work in the Supervisory Board and the Audit Committee and his ability to provide an independent and effective contribution to the further work of the Company's Supervisory Board, his re-election is proposed.

**BIOGRAPHY: Lars Peter Elam Håkansson**

As Chairman and Chief Investment Officer Mr. Lars Peter Elam Håkansson leads East Capital's different investment teams for East Europe and Asia. He established East Capital's investment philosophy and strategy. Mr. Håkansson has been awarded the Gold Star for the best Fund Manager five times by



Morningstar and Sweden's largest financial daily Dagens Industri. With his investment teams he has also received numerous Lipper awards for the performance of the funds that East Capital manages. He is Chairman of the Board of Swedish Music Hall of Fame and member of the Board of Bonnier Business Press. Prior to founding East Capital, Mr. Håkansson held a series of senior positions at Enskilda Securities in London, Paris and Stockholm – where his last role was Head of Equities and Global Head of Research. Mr. Håkansson has a Master's degree in Finance from the Stockholm School of Economics and has also studied at l'EDHEC in Lille. He is a member of The Royal Swedish Academy of Engineering Sciences and is fluent in Swedish, English and French.

Given the expert competencies and experience of Mr. Lars Peter Elam Håkansson, his past engaged work in the Supervisory Board and its Leadership Development and Compensation Committee and his ability to provide an independent and effective contribution to the further work of the Company's Supervisory Board, his re-election is proposed.



## Attachment 5 – Consolidated text of the Remuneration Policy for Members of the Management Board

Pursuant to Article 247 of the *Companies Act* (hereinafter also referred to as: the CA), the Supervisory Board of Atlantic Grupa d.d. (hereinafter also referred to as: the Company) submits to the General Assembly for its session to be held on 15 June 2022 to approve the Consolidated text of the Remuneration Policy for Members of the Management Board as follows:

### REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD

1. This Policy on the remuneration of members of the Management Board (hereinafter: the Policy) is based on the principle to attract, motivate and retain qualified professionals with the objective to promote sound and effective risk management as well as to discourage risk-taking that exceeds the level of tolerated risk of the Company. The Policy is aimed on providing a balanced, sustainable and transparent remuneration of members of the Management Board strongly supporting the pay for performance culture and the long-term strategy of the Company. When determining the remuneration, this Policy has taken into account all regional, local and relevant industry practices of remuneration for managers holding corresponding positions, including employees of the associated companies of the Company. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment and intellectually stimulating environment are all important components. As such, the Policy contributes to achieving the Company's strategic goals.
2. The contract with a member of the Management Board (hereinafter: the Contract) is concluded for a period of three (3) years and it lays down rights, including provisions on remuneration and obligations based on his/her authority within the Management Board. All members of the Management Board have general employment right for an indefinite period in Atlantic Grupa d.d. or its associated companies.
3. The Contract can be terminated in accordance with provisions of the law. The obligation of severance payment occurs in the case of Contract termination by the employer in the period of its duration, unless the Contract is terminated due to reasons caused by the wrongful conduct of the respective member of the Management Board. The severance payment is limited to the amount of twelve (12) average monthly gross salaries paid to the respective Management Board member in the period of three months prior to Contract termination.
4. The remuneration structure for members of the Management Board ensures a proper balance between the variable and fixed remuneration, whereby the fixed part – in terms of the principal salary – is set by the Contract in the gross amount, and the variable part of remuneration is always performance-related. The amount of the variable part in the overall remuneration of a member of the Management Board will not be less than 40% of the total remuneration under the assumption of realization of the set KPIs and including a deferred part of the bonus.
5. The level of the principal salary is determined in accordance with Article 1 on the basis of the labour market peer group companies comparable in terms of size and/or complexity within the region in which the Company operates, taking into consideration the terms of employment of the Company's employees and employees of its associated companies.
6. The amount of the annual bonus is set per year of Contract duration and is correlated to the realization of key financial/sales metrics as well as qualitative (non-financial) performance criteria (hereinafter jointly: Key Performance Indicator/s or KPI/s):
  - realization of the financial objective consisting of the assessment of realization of the EBITDA profit objective,
  - realization of the direct sales to external buyers (third party) objective,

realization of the qualitative (non-financial) objective consisting of KPIs relevant for a specific year, which form the Company Sustainability Index that covers emissions, water, recycling, products and employees as relevant pillars.

Each member of the Management Board is entitled to the annual bonus related to a specific business year (hereinafter: the Business Year), provided that the following preconditions are fulfilled:

- at least 90% of the Company's consolidated EBITDA plan for the Business Year is realized,
- at least 90% of the planned EBITDA of the business unit tied to the authority of the respective Management Board member for the Business Year is realized,
- if he/she was employed at the Company or its associated companies for at least 2/3 of the respective Business Year as well as on 31 December of the respective Business Year and has the right to payment of the annual bonus.

The realization of such financial preconditions and financial KPI metrics are based on the Company's consolidated financial results for the respective Business Year, while a valuation of the non-financial objective is based on either the official Company report and/or a quantitative and/or qualitative research performed by relevant independent partners, e.g. a research agency.

The realization of the annual bonus is established by the decision of the Management Board on the remuneration applicable for all employees of Atlantic Grupa d.d. and its associated companies, adopted on an annual basis (hereinafter: the Decision).

The annual bonus represents 75% of the realized principal annual gross salary in case of 100% realization of KPIs.

7. A member of the Management Board is entitled to the payment of the annual bonus in terms of:

- a) the cash payment: 75% of the realized annual bonus for the respective member of the Management Board, payable upon expiration of 30 days from the date of the adoption of the annual financial results for the Business Year by the Supervisory Board of the Company (hereinafter: the Grant Date)

Members of the Management Board can opt to receive the cash component of their annual bonus through Company shares, in which case they must retain such shares for a minimum period of 2 years from the day of their transfer to share accounts;

- b) long-term equity-based program: 25% of the realized annual bonus for the respective member of the Management Board (hereinafter: Base Shares) multiplied by 1.8 (hereinafter: Addition Shares) payable in Company shares, with the vesting period until the end of April of the fourth year counted as of the end of the Business Year, provided that he/she is still employed by the Company or the associated company on April 1<sup>st</sup> of the respective year.

Members of the Management Board must retain such shares for a minimum period of 3 years from the day of their transfer to share accounts.

In case that the termination of employment of a member of the Management Board of the Company is initiated by the employer during the vesting period, the Company shall transfer the Base Shares, increased by the ratio of Addition Shares that corresponds to the length of the exercised vesting period, within 30 days of the termination of employment.

The number of shares granted to a member of the Management Board under the long-term equity-based program is determined by the average share price (volume-weighted) of the Zagreb Stock Exchange on the day that precedes the Grant Date.

In case that the termination of employment is initiated by the respective member of Management Board or that the termination of employment is exercised by the employer due to the wrongful conduct of the respective member of the Management Board, he/she is not entitled to Base Shares or Addition Shares.

8. An exception from previous Article applies to members of the Management Board who are on the Grant Date a majority shareholder of the Company or a member of the Management Board who is concurrently in terms of this Article related to such person.

Persons are considered related if they are blood-related in a direct line, in a collateral line up to the second degree inclusive and if they are spouses or extra-marital partners.

Members of the Management Board encompassed by this Article are entitled to payment of the annual bonus solely in terms of the cash payment following the same terms, specifically:

- a) the cash payment: 75% of the realized annual bonus for the respective member of the Management Board, payable upon expiration of 30 days from the date of adoption of annual financial results for the Business Year by the Supervisory Board of the Company;
  - b) deferred cash payment: 25% of the realized annual bonus for the respective member of the Management Board multiplied by 1.2 with the vesting period until the end of April of the fourth year counted as of the end of the Business Year, provided that he/she is still employed by the Company or the associated company on April 1<sup>st</sup> of the respective year.
9. Members of the Management Board are entitled to the Company Executive Longevity Premium program (hereinafter: ELP) introduced in 2021 with the envisaged implementation in 2022, applicable to executive positions in the Company or in any of the Company's subsidiary (within the meaning of CA), defined thereto. ELP provides for such executives, after spending a minimum of 6 years on such executive position, to be entitled to the allocation of a certain number of shares, out of which 1/3 is paid in the year in which the entitlement enters into force and 2/3 are paid as a deferred payment upon retirement, provided that such executive chooses to remain on the entitled executive position in the Company or in the Company's subsidiary, until then. ELP takes into consideration longevity of the entitled executive position by increasing the yield of the deferred part every 6 years, as well as employment longevity in the Company, including in any of the Company's subsidiary, before their promotion to the entitled executive position by triggering a sooner entitlement and increasing the yield:
    - a) Members of the Management Board, apart from those encompassed by Article 8, are entitled to the allocation of 550 of the nominal value of HRK 40 each (or corresponding 2200 shares of the nominal value of HRK 10 each in case of the execution of the share split in ratio of 1:4, based on the Decision of the General Assembly adopted on 15 June 2022) respectively, out of which 1/3 is allocated in the year in which the entitlement enters into force and 2/3 is paid out upon their retirement, respectively, increased by the yield as provided under b) hereto;
    - b) The yield is calculated for 2/3 of shares and is increased by 1 point for every 6 years spent on the entitled executive position within the Company, or in the Company's subsidiary as it case may be, as follows:
      - 1.1 up to 12 years
      - 1.2 up to 18 years
      - 1.3 up to 24 years
      - 1.4 up to 30 years
      - 1.5 > than 30 years;

- c) Members of the Management Board encompassed by Article 8 are entitled to payment of the Executive Longevity Premium solely in terms of cash payment following the same ratio and yield terms.
10. In addition to remuneration of the Management Board members, in line with local practices a number of additional arrangements apply. These include expense allowances, life insurance policy, accident insurance, voluntary health insurance policy, use of company cars and technical equipment, education allowances and, if applicable, expatriate allowances.
11. With the aim to avoid any conflict of interest, all Contracts provide for the following clauses:
- a) obligation of confidentiality: members of the Management Board are obliged to keep confidential the Company's business secrets during and after their employment, regardless of the reasons for employment termination, whereas the obligation of confidentiality extends to business secrets of the Company's associated companies as well;
  - b) no-competition clause: members of the Management Board are obliged not to compete with the Company for a period of one year from the date of receiving severance pay; in case of its breach, any Management Board member shall be liable to pay the contract penalty in the amount of twelve average net monthly salaries paid to that the Management Board member in the period of three months before Contract termination;
  - c) prohibition of participation of a member of the Management Board in the ownership and/or management structure, whether directly or indirectly, in any company which is in market competition with the Company and its associated companies, or in a company with which the Company and its associated companies have business cooperation, as well as to act as an advisor or consultant in such companies, regardless of being paid or not for such activities;
  - d) activities, except those performed for the Company or its associated companies, regardless of being paid or not, including the membership in supervisory boards, advisory bodies, etc. may be performed by a member of the Management Board only on the basis of prior approval of the Management Board of Atlantic Grupa d.d.
12. The Supervisory Board with the support of the Nomination and Remuneration Committee shall monitor whether the remuneration elaborated in this Policy is in line with the principles established in paragraph 1 of this Policy on an annual basis. The remuneration shall be checked against regional, local and relevant industry practices consisting of companies comparable in terms of size, business activity, geographic distribution of operations and/or complexity. The Supervisory Board reserves the right to amend the Policy in case of change of market circumstances. In such case, the Supervisory Board shall submit the proposal and explanation to the General Assembly in line with the applicable provisions of the law.
13. This Policy enters into force upon its adoption by the General Assembly.

Zdenko Adrović  
President of the Supervisory Board