

ATLANTIC GRUPA

**SUSTAINABILITY
REPORT 2015**



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LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD

In 2015, Atlantic Grupa has set the main direction of the company's further development in line with its strategic focus on intensive internationalization of operations, primarily directed towards Western Europe, but also towards Eastern European countries. The region of Southeast Europe is in no way affected by this as we continue the intensive development of our own portfolio and expansion of distribution activities in this area, but the goal of the internationalization strategy is to significantly increase the share of total sales outside the regional market with limited growth opportunities. We plan to achieve this goal through the expansion of our distribution network to new markets, which is on the level of internal organization reflected in establishing two distribution zones: Zone East and Zone West.

Among key business developments in 2015, in addition to the reorganization of distribution operations and the establishment of distribution companies in the markets of Germany and Austria, we should also point out further expansion of the distribution portfolio in the region. Further, less than one year since the start of construction works, the newly built plant for production of energy bars from the sports and functional food product range in Nova Gradiška started its operations. Finally, the last acquisition of Atlantic Grupa, the company Foodland d.o.o., was successfully and fully integrated into the business system of Atlantic Grupa and today, with its brand Bakina Tajna (Granny's Secret), operates under the new business unit Gourmet.

We are particularly pleased that our business model has proven stable in a difficult economic environment, as confirmed by reported results and launching of new investments. Despite the challenges, we are continuously successful in generating growth in an environment of general decline or stagnation, which also includes the region, while by the results achieved in key European markets we confirm this company's orientation towards internationalization as our strategic focus. The main levers of this process are our brands with the highest development and expansion potential in international markets – Granny's Secret, Argeta, Donat Mg, Multipower, Bebi and Cedevita. In addition to the strong sup-

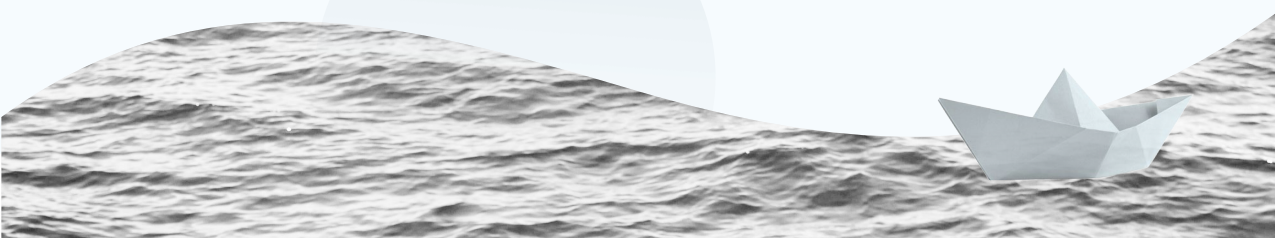
port of our own distribution system and cooperation with renowned distribution partners in the markets where we do not have own companies yet, smooth implementation of this strategic direction is also enabled by exceptional quality of the allocation of production capacities.

As the company whose shares have been quoted on the official market of the Zagreb Stock Exchange for 36 consecutive quarters, we realize the results we announce, on the basis of which the capital market as well as our shareholders consider us to be a transparent, responsible and perspective company. In addition to constantly working on building and developing quality working conditions and distinguishable corporate culture, we have placed additional focus on strengthening our management team and developing capacities. At the same time, the company is continually dedicated to risk management, liquidity maintenance and debt management. Due to all these factors, Atlantic Grupa, according to the latest survey of Euromoney, the leading global financial magazine, was awarded as the best-managed company in Croatia and the best-managed company in the food and beverages sector in Central and Eastern Europe in 2015.

Emil Tedeschi, President of the Management Board



1. ORGANIZATIONAL PROFILE



ABOUT THE COMPANY

Atlantic Grupa is a vertically integrated multinational company whose business activities incorporate research and development, production and distribution of fast moving consumer goods in Southeast Europe, the West European markets and Russia and Commonwealth of Independent States. Since the company's inception in early 1990's, Atlantic Grupa pursued a growth strategy based on combination of organic growth and mergers and acquisitions activities that culminated with the company's largest acquisition ever – acquisition of Droga Kolinska in 2010.





Atlantic Grupa stands out today as one of the leading food and beverage manufacturers in Southeast Europe with prominent coffee brands Grand Kafa and Barcaffè, range of beverage brands Cockta, Donat Mg, Cedevita, Kala and Kalnička, portfolio of sweet and salted snacks brands Smoki, Najlepše Želje and Bananica, savoury spread brands as Argeta, and Granny's Secret as new BU Gourmet. Additionally, Atlantic Grupa has a wide personal care product portfolio, owns the leading Croatian producer of vitamins, minerals, supple-

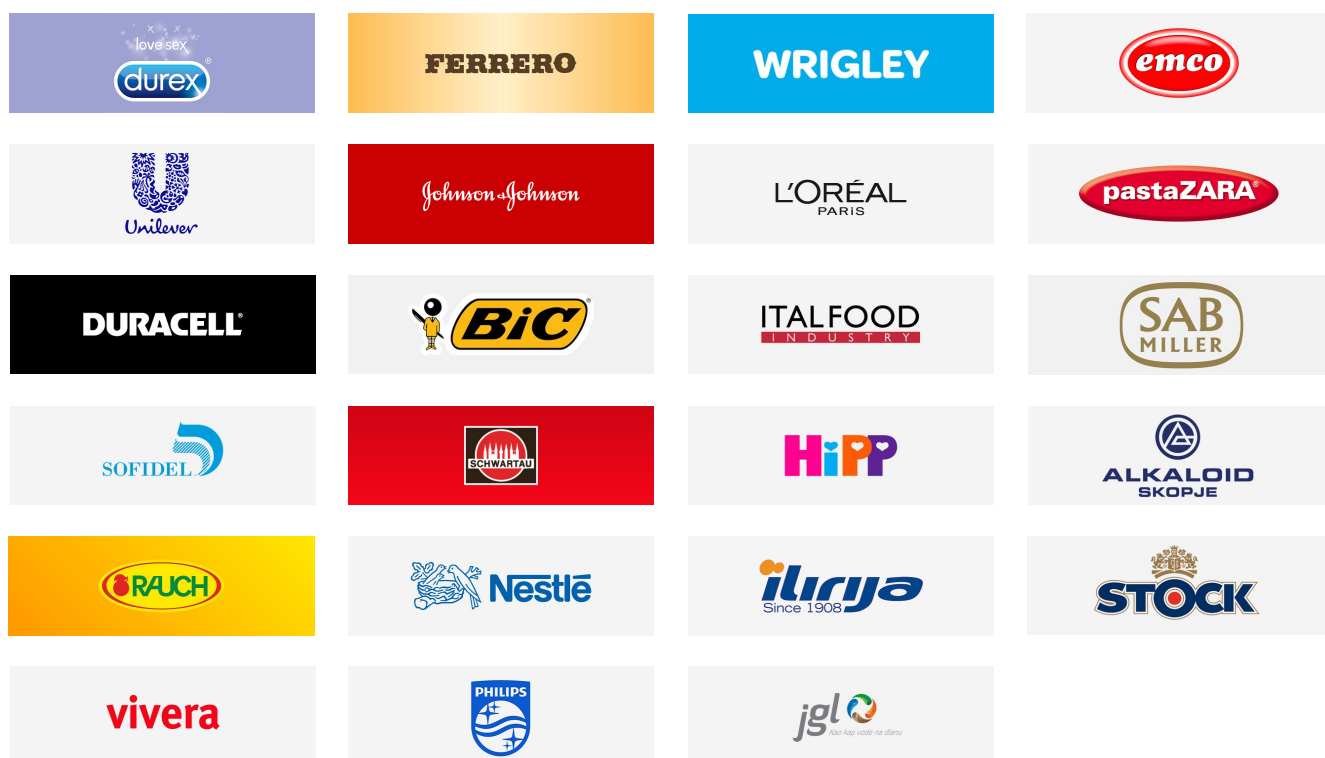
ments and OTC drugs as well as the leading pharmacy chain in Croatia under Farmacia brand. Furthermore, Atlantic Grupa manufactures and distributes the leading European brand in the sports nutrition – Multipower and has a strong foothold on the Russian and CIS markets with its baby food portfolio under Bebi brand. With its own distribution network in Croatia, Slovenia, Serbia and Macedonia, the company also distributes a range of products from external partners.

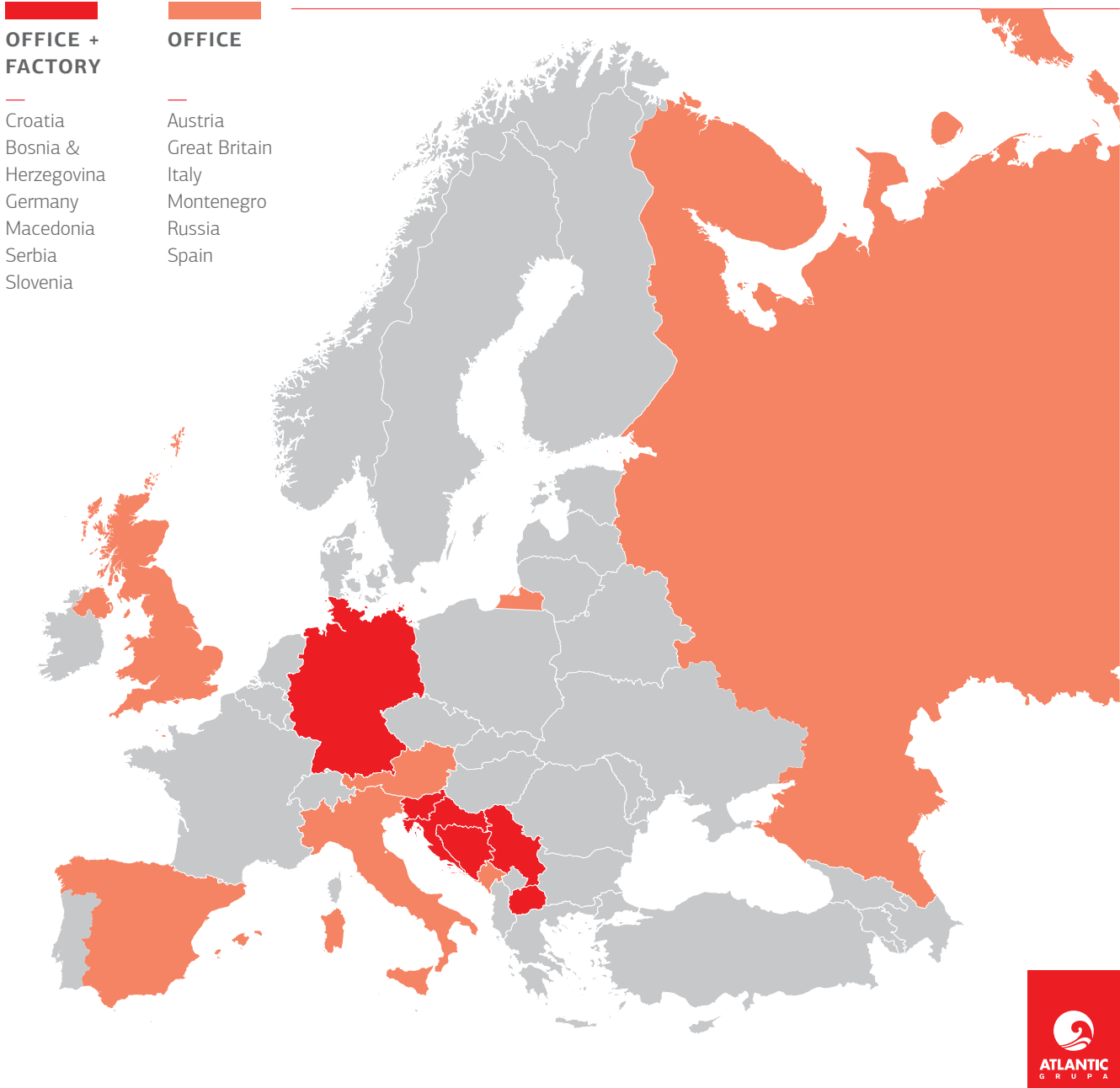
LEADING DISTRIBUTOR OF MULTINATIONAL BRANDS

ATLANTIC GRUPA is one of the leading distributors (both own and principal brands) high-quality FMCG brands in SEE whose brands are regional and global leaders. Our Strategic Distribution Units and Distribution Units have a highly developed know-how in the fields of key client management, product category management, supply chain management, trade marketing and sales improvement, which is continuously adapted to market trends. The primary activity of the Strategic Distribution Units and Distribution Units is distribution of the entire product range from Atlantic's own production and the portfolio of external principals.



LEADING DISTRIBUTOR OF MULTINATIONAL BRANDS





TODAY, ATLANTIC GRUPA IS A COMPANY WITH:

- HRK **5.4 billion** in sales revenues,
- modern production network (in Croatia, Slovenia, Germany, Serbia, Bosnia and Herzegovina and Macedonia),
- regional distribution infrastructure and
- **11 brands** with sales above HRK 120 million, high market shares and consumer recognisability.

Atlantic Grupa has a well-balanced presence in **Southeast Europe accounting for 78.2% of total sales**, while 21.8% refers to the company's presence in West Europe and CIS countries.

NATIONAL COMPANY

- 1991** Incorporation of Atlantic Trade and the development of consumer goods distribution Establishing cooperation with the company Wrigley
- 1992** Opening of the distribution centre Split
- 1994** Opening of distribution centres Osijek and Rijeka
- 1996** Cooperation with Procter & Gamble
- 1997** Investment in the Ataco distribution system in Bosnia&Herzegovina
- 1998** Launch of Montana, the first Croatian ready-made sandwich for broad distribution
- 1999** Establishing cooperation with Johnson & Johnson

REGIONAL COMPANY

- 2001** Establishing a representative office in Bosnia & Herzegovina
Start up of a distribution company
Atlantic Trade d.o.o.* Serbia
Acquisition of Cedevita d.o.o.
Establishing cooperation with Ferrero
- 2002** Incorporation of Atlantic Grupa d.o.o.
- 2003** Acquisition of Neva d.o.o.
Start up of a distribution company
Atlantic Trade Skopje d.o.o.
- 2004** Start up of a distribution company
Atlantic Trade d.o.o. Ljubljana
Acquisition of the brand Melem

EUROPEAN COMPANY

- 2005** Acquisition of a German sports food producer Multipower
- 2006** Establishing a representative office in Moscow
Transformation of Atlantic Grupa into a joint-stock company
- 2007** Acquisition of Fidifarm d.o.o.
Acquisition of Multivita d.o.o.
Listing of Atlantic Grupa d.d.
**shares on the official market of the Zagreb Stock Exchange
- 2008** Acquisition of pharmacies and forming of the
pharmacy chain Farmacia
- 2010** Acquisition of Droga Kolinska d.d.
Acquisition of Kalničke vode Bio Natura d.d.
- 2013** Establishing cooperation with Unilever
- 2015** Finalization of acquisition, Granny's Secret portfolio
and operations formed as a single Business Unit
Gourmet as of 1st September

* d.o.o. - Croatian abbreviation for "limited liability company" (Ltd)

** d.d. - Croatian abbreviation for "joint-stock company" (Inc.)

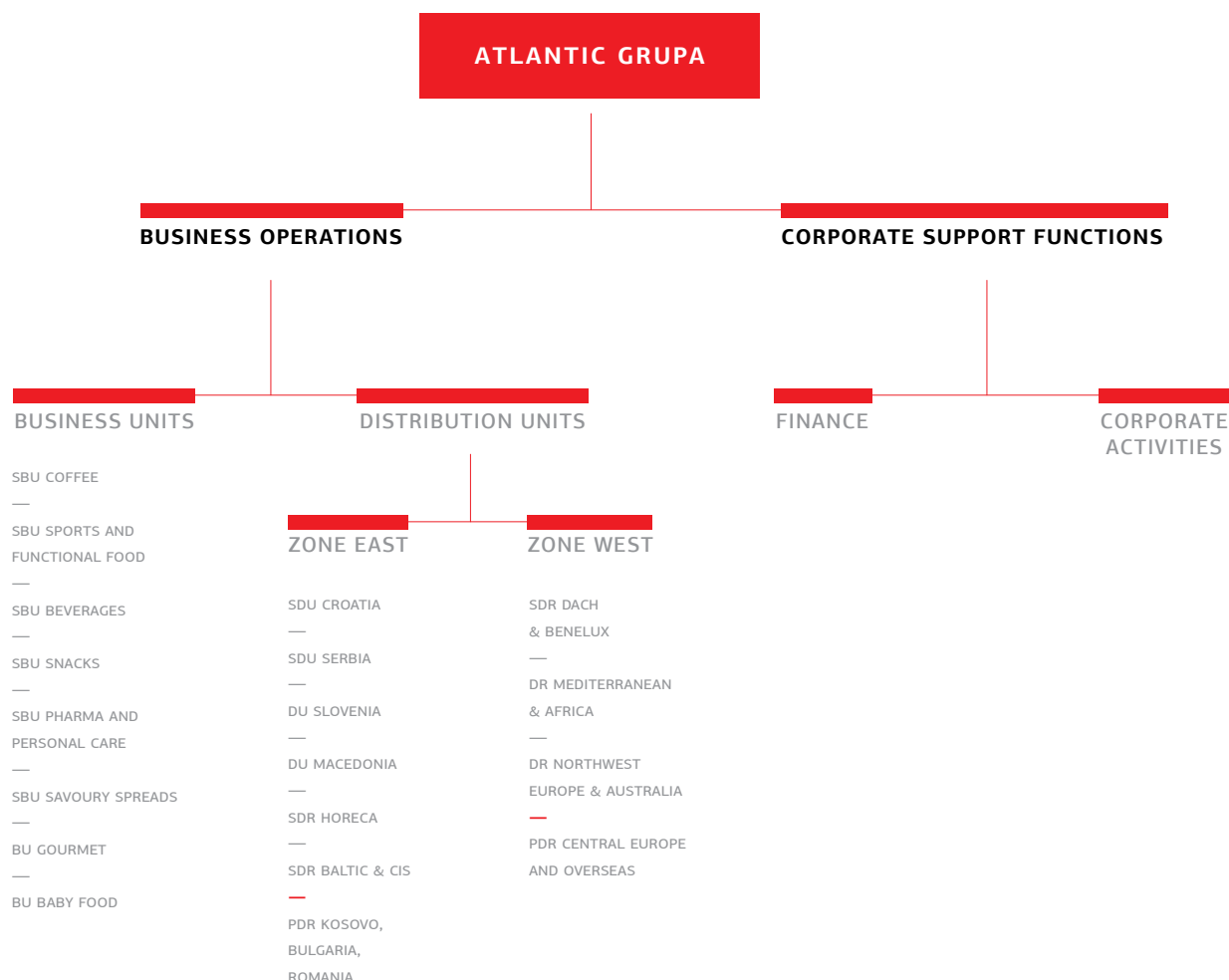
ORGANISATIONAL STRUCTURE

From 2014 the company's business operations are organised in six Strategic Business Units (SBU), one Business Unit (BU), five Strategic Distribution Units (SDU) and two Distribution Units (DU), while in late 2015 another business unit was added and distribution operations were organised through two main zones: Zone

East and Zone West, allowing the company to manage its sales and distribution operations more effectively.

The business organisation of Atlantic Grupa comprises two basic segments:

- Business Operations and
- Corporate Support Functions



Business operations of Atlantic Grupa in 2015 may be followed through business activities of special business units related to individual product type, and special sales units which cover all major markets as well as strategic sales channels, namely:

- Six Strategic Business Units (SBUs) – Coffee, Snacks, Beverages, Savoury Spreads, Pharma and Personal Care, and Sports and Functional Food;
- Business Unit (BU) Baby Food;
- Five Strategic Distribution Units (SDUs) – Croatia, Serbia, International markets, HoReCa and the Commonwealth of Independent States (CIS); and
- Two Distribution Units (DUs) – Slovenia and Macedonia.

Each business unit has its own internal organisational structure which is, depending on its activity and business volume, composed of organisational areas: business units, organisational units and departments.

Along with Strategic Business Units, Business Units, Strategic Distribution Units and Distribution Units, the Business Operations segment of the company also includes the functions of **Central Purchasing, Central Marketing and Corporate Quality Management**, established in order to take advantage of all synergies within the system and to ensure efficient coordination of purchasing, marketing and quality assurance tasks as well as to establish uniform standards on the entire Group's level.

CHANGES IN THE ORGANIZATIONAL STRUCTURE

In line with Atlantic Grupa's strategic focus on the internationalisation of operations, the last quarter of 2015 was, in terms of the organisational structure, marked by the decision on implementing certain changes in the structure of its business operations, with the aim to manage particular distribution markets and business segments as effectively as possible.

The new organisational structure is based on the division of the company's distribution operations into two main zones: ZONE EAST and ZONE WEST, where the Zone East includes Southeast Europe, the Baltics and the CIS region, and the Zone West includes Central and Southwest Europe, the Nordic countries and all overseas markets.

At the same time, the process of intensive internationalisation demanded a stronger focus on particular areas with global potentials, such as the production of the brand Granny's Secret which is, in the context of plans for its strengthening on the markets outside the region of Southeast Europe, was removed from the Strategic Business Unit Savoury Spreads and established as a separate area organised within the Business Unit Gourmet.

The process of applying the listed organisational changes was implemented by the end of 2015 in order to ensure quality preparations for starting business operations based on the new organisational structure and adjusted financial reporting in 2016.

Corporate support functions ensure the implementation of uniform corporate standards and more transparent and efficient business operations at the company level. Corporate support functions are centrally organised and, depending on their respective functional area, provide support to the development and management of the entire Atlantic Grupa.

These corporate support functions are divided into:

- **Corporate Activities; and**
- **Finances.**

The strategic corporate function **Corporate Activities** includes the following departments: **Human Resources, Corporate Communications, Legal Affairs, Investments and Asset Management, and Corporate Security.**

The strategic corporate function **Finance** includes the following units: **Corporate Report-**

ing and Consolidation, Corporate Controlling, Corporate Tax, Corporate Treasury and Investor Relations.

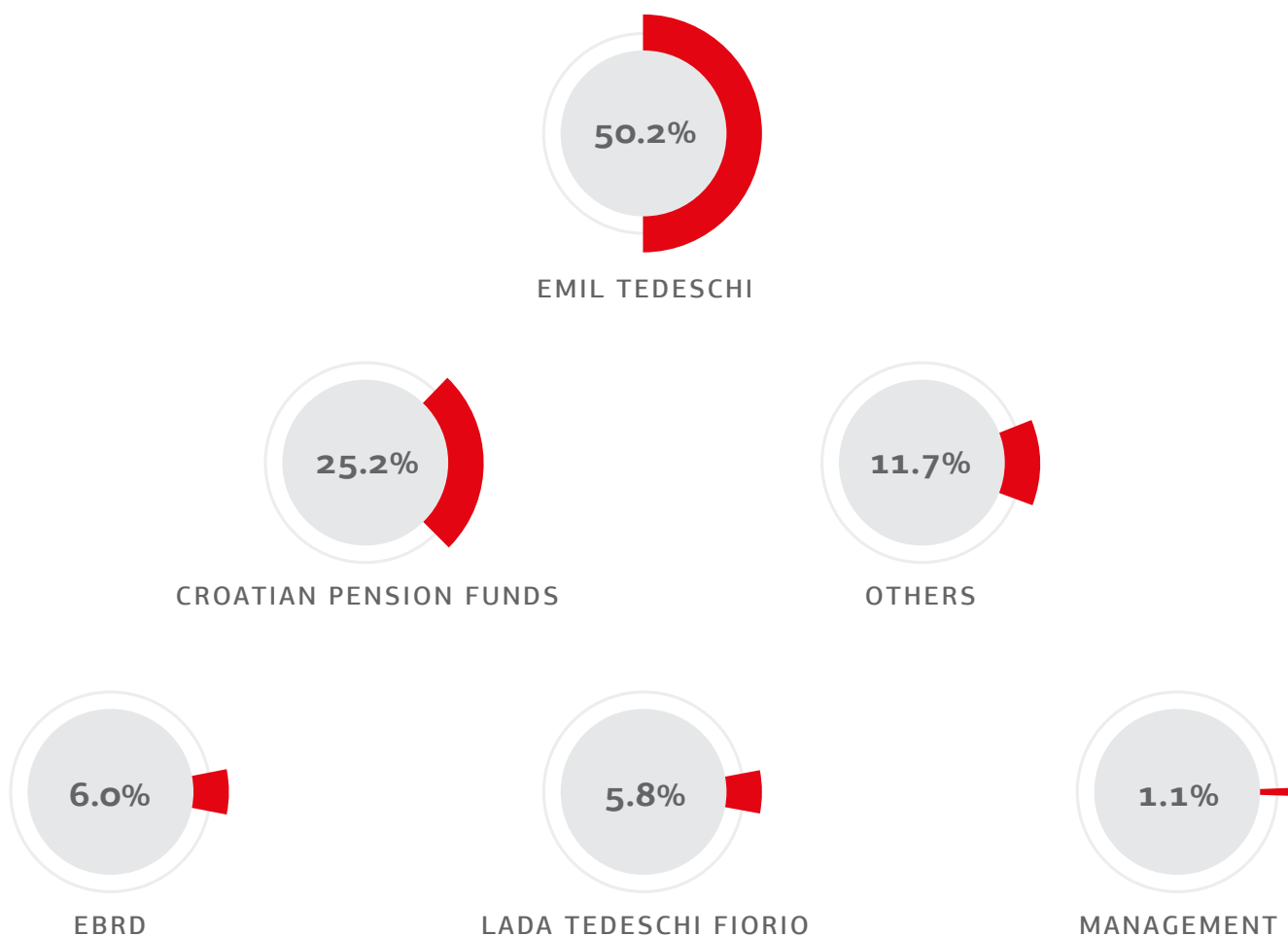
The organisational structure includes the newly established Department for **Business Development, Strategy and Information Technology** responsible for providing support to the Company's Management Board in the segment of identifying strategic initiatives, implementing the long-term development strategy and business development activities with a focus on M&A and strategic partnerships, and for managing Information Communication Technology functions required for maintaining and improving Atlantic Grupa's operations, level of service and competitiveness.

In addition to the above, the organisational structure also includes the support function of Internal Audit, which operates as an independent function that reports to the Supervisory Board of Atlantic Grupa.

OWNERSHIP STRUCTURE ON 31/12/2015

Atlantic Grupa has a stable ownership structure: 50.2% of the company is owned by Emil Tedeschi, 6.0% by the European Bank for Reconstruction and Development, 5.8% by Lada Tedeschi Fiorio, and 25.2% of Atlantic Grupa is owned by pension funds. In November 2015, the German development finance institution – DEG

sold its remaining ownership share of Atlantic Grupa by transaction on the Zagreb Stock Exchange. This transaction significantly expanded the free float to 38.0%, which places the Atlantic Grupa's share in the seventh place in terms of the free float market capitalisation among the components of the CROBEX10 stock index.



OVERVIEW OF TOP 10 SHAREHOLDERS OF ATLANTIC GRUPA D.D. ON DEC 31ST 2015

SHAREHOLDER	NO. OF SHARES	% OWNERSHIP
EMIL TEDESCHI	1,673,819	50.2 %
RAIFFEISEN OBLIGATORY PENSION FUND, CATEGORY B	322,494	9.7 %
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT – EBRD	199,301	6.0 %
ERSTE PLAVI OBLIGATORY PENSION FUND, CATEGORY B	196,462	5.9 %
LADA TEDESCHI FIORIO	193,156	5.8 %
AZ OBLIGATORY PENSION FUND, CATEGORY B	130,439	3.9 %
PBZ CO OBLIGATORY PENSION FUND, CATEGORY B	98,146	2.9 %
RAIFFEISEN VOLUNTARY PENSION FUND	48,298	1.5 %
PBZ D.D. / JOINT CUSTODIAL ACCOUNT	42,364	1.3 %
ZAGREBAČKA BANKA D.D. / JOINT CUSTODIAL ACCOUNT FOR UNICREDIT BA	34,825	1.0 %

According to the decision of the Company's General Assembly held on 18 June 2015, the dividend distribution was approved in the

amount of HRK 12.00 per share, i.e. a total of HRK 40 million. The dividend was distributed in July 2015.

PERFORMANCE ON CAPITAL MARKET

The average price of an Atlantic Grupa's share in 2015 amounted to HRK 880.1, while the average regular daily turnover amounted to HRK 380.1 thousand, which is a 26.9% increase compared to the previous year. With the average market capitalisation of HRK 2,934.6 million, Atlantic Grupa takes the significant fourth place among the components of the CROBEX10 stock index. Moreover, according to the total turnover in 2015, the Atlantic Grupa's share holds the sixth place compared to all the shares quoted on the Zagreb Stock Exchange.

INVESTOR RELATIONS IN 2015

In 2015, Atlantic Grupa won the third prize for best relations with investors, an award given by Poslovni dnevnik as the investment community's recognition of companies who have fair and transparent relations with investors. The award has been given for six years in a row now, out of which Atlantic Grupa has five times been the winner of one of the top three awards. Moreover, in 2015 Atlantic Grupa participated in various investor conferences across Europe, and held numerous meetings with domestic and foreign investors.

WORKFORCE IN 2015

In 2015, Atlantic Grupa continued its intensive and dynamic business growth and development, which was reflected in the number and structure of our employees. **The company has 4766 employees* out of which 51,8% are women. The majority of our employees work**

in Croatia (37,1%), Serbia (36,9) and Slovenia (13,5%). In 2015, 9,54% were part-time and 90,46% were full-time employees. In the same period, 5,93% of employees had short-term contracts, while 94,07% had long-term contracts.

Region (market)	No. of employees	%	M	F	M%	F%	Age group			Age group%		
							< 30	30 – 50	> 50	< 30	30 – 50	> 50
AT	4	0,1%	3	1	75,0%	25,0%	1	2	1	25,0%	50,0%	25,0%
BA	149	3,1%	108	41	72,5%	27,5%	13	107	29	8,7%	71,8%	19,5%
DE	196	4,1%	108	88	55,1%	44,9%	27	117	52	13,8%	59,7%	26,5%
ES	7	0,1%	4	3	57,1%	42,9%		7		0,0%	100,0%	0,0%
HR	1,768	37,1%	741	1,027	41,9%	58,1%	377	1,108	283	21,3%	62,7%	16,0%
IT	8	0,2%	3	5	37,5%	62,5%		7	1	0,0%	87,5%	12,5%
ME	2	0,0%	1	1	50,0%	50,0%		2		0,0%	100,0%	0,0%
MK	159	3,3%	102	57	64,2%	35,8%	28	112	19	17,6%	70,4%	11,9%
RS	1,759	36,9%	858	901	48,8%	51,2%	169	1,250	340	9,6%	71,1%	19,3%
RU	60	1,3%	27	33	45,0%	55,0%	15	34	11	25,0%	56,7%	18,3%
SI	642	13,5%	335	307	52,2%	47,8%	97	364	181	15,1%	56,7%	28,2%
UK	12	0,3%	6	6	50,0%	50,0%	2	5	5	16,7%	41,7%	41,7%
Total*	4,766	100%	2,296	2,470	48,2%	51,8%	729	3,115	922	15,3%	65,4%	19,3%

* Without freelancers

Atlantic Grupa strongly supports the right of its employees to participate in decisions concerning their economic and social rights, and interests in accordance with the Labour Law. As a responsible employer, we have a tradition of joining workers that are promoting the interests of the worker to the employer, either through a union or work council. Union alliance of Atlantic Grupa is in accordance with international conventions, laws of the Republic

of Croatia and union's statute. The union may work according to company union regulations. In 2015, 58,9% of our employees were covered with collective agreements, comparing to 90,0% in 2014 (in 2015 not signed a collective agreement for trading). Out of this number, 78,15% of employees have their own company's collective agreements and 21,85% are covered with industrial or federal collective agreements.

ATLANTIC GRUPA'S SUPPLY CHAIN

Atlantic Grupa offers many opportunities and possibilities for cooperation to its suppliers. From our suppliers we procure all the raw materials for our products, packaging, machines for producing and finishing the products, other equipment and technical devices, as well as other services that are necessary support to our processes. Our supply chain consists of both large multinational business corporations and local suppliers. From some of the suppliers we procure products and services in significant amounts, while with others we cooperate on an occasional basis. In 2015, Atlantic Grupa cooperated with more than 2500 suppliers.

The strategy of the purchasing organization of Atlantic Grupa is based on a careful selection of adequate suppliers capable to supply the company with goods and services of requested quality. Atlantic Grupa constantly encourages suppliers to improve their own efficiency and to develop innovative products and technologies.

Basic principles for procurement and relations with suppliers are defined in the Purchasing Guidelines, the fundamental document of the purchasing organization of Atlantic Grupa, which is followed by the procedures, manuals and instructions describing in detail the specific areas of purchasing activities in Atlantic Grupa's operating companies. The Guidelines foresee that Atlantic Grupa's purchasing organization takes only such actions and practices that ensure sustainable sourcing and procuring by helping reducing waste, improving environmental impact and protecting human and labour rights. Besides the criteria regarding quality and commercial terms and conditions, we require from all our suppliers to act with integrity, to comply with all applicable laws of their countries,

including laws related to discrimination, employment, health, safety and environment. Therefore, we actively seek such suppliers who share our values and business principles, and promote the application of high standards within their business environment. These standards include:

- compliance with the laws, including the prohibition of giving or receiving bribe or personal payment
- respecting human rights and employees' rights
- health protection and work safety laws and standards compliance
- prohibition of child work as well as bonded labour
- prohibition of workers abuse, discrimination or harassment
- obeying applicable environmental laws, rules and regulations and demonstrated commitment to preserving the environment

The purchasing organization of Atlantic Grupa is committed to select only such suppliers that comply with these standards for conducting the business with our company. Monitoring standards and performance of our suppliers is challenging but crucial to protect our business and our company's reputation, and most importantly our consumers who use our products. The common model for monitoring the Atlantic Grupa's suppliers was defined and established in 2014. The system includes unique criteria for approval, evaluation and auditing of suppliers, while intensive work was performed on the data collection and processing system as well as on the evaluation and monitoring model based on the risk management model.

Evaluation of suppliers is conducted once a year, and is generally based on two main criteria: quality and commercial terms and conditions. Evaluation based on quality of delivered materials and suppliers' quality systems is performed in Quality assurance department.

Supplier proves his quality system with certificates

HACCP or GMP certificate	ISO 9001 certificate	ISO 14001 certificate	FSSC 22000/ IFS/ BRC or adequate certificate	Other certificate: ISO 26000 Social responsibility; ISO 50001 Energy management; OHSAS 18001; Information security ISO 27001...
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Each evaluated supplier is assigned with one of the evaluation ratings: A – excellent, B – good, or C – conditionally acceptable/not acceptable. Aimed at improving two-way communication, Atlantic Grupa encourages the existing and potential suppliers to use the online supplier portal available at the company's website. The portal contains information on goods

and services which Atlantic Grupa is procuring, selection and awarding contracts procedures etc. In addition, the portal provides the suppliers the opportunity to share their suggestions for improving the relationship with Atlantic Grupa, quality and functionality of products and services, and other aspects of cooperation.

MANAGING SUSTAINABILITY RISKS

The corporate culture that Atlantic Grupa nurtures is reflected in our Quality Policy, confirming our commitment to the principles of sustainable development, economic efficiency, environmental responsibility and social responsibility. This means that, beyond complying with national laws and international standards, we are developing internal procedures and policies concerning the most material issues for our company as well as for our stakeholders, as we take into account local and global sustainability trends. Having high quality standards as our fundamental commitment,

we are operating in ways that generate shared value for the community and help protect the environment for future generations.

In addition to macroeconomic conditions that largely dictate the trends in the consumption goods industry, in particular personal consumption as a component of the GDP, our company must consider major global risks such as the ongoing financial crisis causing the recession in Europe as well as in the region. While climate change and resource scarcity increasingly affect our business and social environment, we made a big step toward sustainability by expanding our concern for the environment from a local approach to the corporate level within a consistent Environmental Manage-

ment System (EMS) based on three main pillars: environment and energy efficiency, people and society, and governance. With the consumers' expectations constantly growing, the development of the consumer goods industry is also largely influenced by the ability of companies to adapt to consumer needs and market trends, which in turn requires investments in research and development, innovation and technology. Finally, as a company, we are best positioned to create shared value by promoting healthy lifestyles to our consumers and the community in which we operate. In response to the main challenges, our sustainability commitments are deeply implemented in our core business:

- Risk control is implemented in the process of designing and developing or improving product when it comes to the use of raw materials, components or substances that may jeopardize or jeopardize human health. In Atlantic Grupa, procedures with the purpose to assure safety and conformity of any new or improved product are in place. There are many internal demands that must be followed in terms of legal and sustainable aspects in order to assure the production of safe foods. Furthermore, we are committed to developing new product recipes in order to improve our products and support healthy eating habits of our consumers.
- When conceptualising, planning and designing new products, in addition to the aforementioned, the environmental aspect and the sustainable development aspect also have to be taken into account. Through the careful selection of raw materials and packaging materials, we can reduce environmental impacts throughout the entire life cycle of the product – from raw materials to final disposal of the waste packaging after the use of the product.
- The extension of the principle of sustainable development is reflected in the relationship with our suppliers. By including environmental criteria in the process of selecting suppliers, we have expanded environmental care along our supply chain.

COMMITEMENTS TO EXTERNAL INITIATIVES

In 2007, Atlantic Grupa joined the United Nations Global Compact by committing to support the ten universally accepted principles with respect to human rights, labour, environment and anti-corruption. The UN Global Compact and Global Reporting Initiative (GRI) signed an agreement in May 2010 to align their work in advancing corporate responsibility and transparency. According to this agreement, GRI is developing its reporting guidelines to integrate UNGC issue areas, while the UNGC adopts GRI Guidelines as the recommended reporting framework for the businesses that have joined

this world's largest corporate responsibility platform.

Atlantic Grupa in Serbia is one of the founding members of the Responsible Business Forum – the first and only network of companies in Serbia dedicated to social responsibility – whose activities contribute to further development of socially responsible projects and exchange of experience on the current practice. In the period 2013–2015, a representative of Atlantic Grupa held a position in the Governing Board of this network. In Croatia, Atlantic Grupa is a member of The Croatian Business Council for Sustainable Development (HR BCSD) since 2005. This business association gathers companies in a joint mission of seeking solutions for growth, by balancing business success, social well-being and environmental protection.

HOW WE SUPPORT UN GLOBAL COMPACT PRINCIPLES

HUMAN RIGHTS

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights and

Principle 2 - Businesses should make sure that they are not complicit in human rights abuses.

The **company's policies and procedures** concerning human rights, equal opportunities, safe and healthy working conditions.

Ethical code of the purchasing organization applying, among others, the criteria of sustainable purchasing: when making sourcing and purchasing decisions, Atlantic Grupa's purchasing organization is committed to consider both environmental and social factors aiming at minimizing the environmental and social impact that the items we purchase have. Purchasing business must be conducted in such a way to respect social, ethnic, cultural, sexual and racial diversity, and business decisions must not be directed in a way that favours any of the categories of ethnic, sexual or racial criteria.

A number of **humanitarian actions supporting vulnerable social groups**: blind and visually impaired persons, children without parental care, children with special needs etc.

LABOR

Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5 – Businesses should uphold the effective abolition of child labor.

Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Atlantic Grupa strongly supports the **right of association of its employees** and the work of its Union alliance. In 2015, 58,9% of our employees were covered with collective agreements.

The company's policies and procedures concerning human rights, equal opportunities, safe and healthy working conditions are available on the company's intranet and on all of our bulletin boards.

Atlantic Grupa works in a way that **respects all positive regulations** which forbid child labour, forced or obligatory work that protects the employees' dignity in a way that the employee is protected from mobbing or sexual harassment from their employers, superiors, associates and others with whom they may work. Our corporate culture respects any type of individual diversity and fosters cooperation.

Each tender stresses gender equality when hiring. 51.8% of our employees are women. All of our employees, regardless of the contract they have, are guaranteed equal rights and opportunities to develop and grow. Employee engagement ratio in 2015 increased to 3,47:1 compared to 2014 when it was 3.18:1 (engaged vs. not engaged employees).

ENVIRONMENT

Principle 7 – Businesses should support a precautionary approach to environmental challenges.

Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.

Purchasing Guidelines require from all suppliers to protect their employees' rights (prohibition of child work as well as bonded labour, prohibition of workers abuse, discrimination or harassment) and ensure health protection and safety at work.

Fully Integrated Environmental Management System (EMS) based on well-considered and economical use of natural sources, using environmental friendly technologies in our production, reduction of waste and lower consumption of energy and water

The environmental aspect and the sustainable development aspect also have to be taken into account when **designing new products**. Through the careful selection of raw materials and packaging materials we can reduce environmental impacts throughout the entire life cycle of the product – from raw materials to final disposal of the waste packaging after the use of the product. The principle of maintaining biodiversity also has to be considered in this process.

Purchasing Guidelines requiring from all suppliers to obey applicable environmental laws, rules and regulations and demonstrate commitment to preserving the environment.

ANTI-CORRUPTION

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

Since its foundation and listing on the Zagreb Stock Exchange (ZSE), Atlantic Grupa bases its business activities on its own **Code of Corporate Governance of Atlantic Grupa** whereby the standards of business transparency are aligned with Croatian and EU legislation. The Code defines the procedures for the functioning of the Supervisory Board, Management Board and other bodies and structures responsible for decision-making, ensuring the avoidance of conflicts of interest, efficient internal control and an effective responsibility system.

Moreover, considering the fact that Atlantic Grupa is company publicly listed on the Zagreb Stock Exchange, the Company also applies the **Code of Corporate Governance issued by the Croatian Financial Services Supervisory Agency (HANFA) and the ZSE**. Based on the principles set therein, the Company announces the Statement of its application for each business year, confirming its actions and development in accordance with the good corporate governance practice in all business segments. The Statement can be found on the Company's website (www.atlanticgrupa.com) as well as on the official website of the ZSE (www.zse.hr).

In addition to the above, Atlantic Grupa acceded to the **Code of Ethics in Business** issued by the Croatian Chamber of Economy. The Code lays down guidelines for ethical behaviour of business subjects in the Croatian economy, contributing to more transparent and efficient business operations and high quality relations between economic operators in Croatia and the business environment in which they operate. By adjoining the Code, parties are

ANTI-CORRUPTION

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

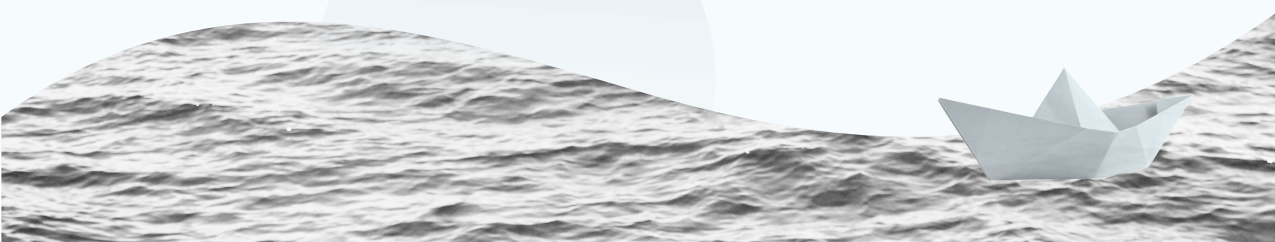
obliged to responsible and ethical behavior towards the other companies on the market as well as the development of high quality relations and loyal competition.

Supporting the application of the principles of the good corporate governance practice, Atlantic Grupa adopted its own **Whistleblowing Procedure Rules**, prescribing the reporting procedure, rights as well as duties of each and all employees of Atlantic Grupa who in his/her work observes or becomes aware of either an actual or a potentially illegal action or potential violation of the accepted rules of business conduct in the Company carried out by another employee(s).

By application of the **Ethical code of the purchasing organization** the Company supports conduct of a fair market competition among potential suppliers, prohibiting any conflict of interest (personal interest in the process of selection, receiving gifts and money from the potential suppliers etc.).

Also, implementing the provisions of the **Purchasing Guidelines** the Company requires from all suppliers to act with integrity, to comply with all applicable laws of their countries including the prohibition of giving or receiving bribe or personal payment.

2. ABOUT THIS REPORT



REPORT PARAMETERS

As a company committed to transparency and responsible business operations, in 2013 we decided to improve our reporting practices and to start annual reporting about our economic, social and environmental performance following for the first time GRI Sustainability Reporting Guidelines. This report is a logical continuation in sustainability reporting standards, started two years ago, providing a transparent overview of the Group's performance and progress in social responsibility for 2015. Our intention is to share our successes and challenges even more transparently with all stakeholders.

Our responsibility with regard to all stakeholders has been an integral part of the company's development strategy, while business growth and expansion have at the same time extended the range of responsibility towards our internal and external surroundings and raised the awareness about the possibilities and the need to have own influence on improving the general conditions around us.

In these areas in recent years, we significantly enhanced our contribution to sustainable development, and our previous reports were based on ten principles of the United Nation's Global Compact with respect to human rights, labour, environment and anti-corruption. We have supported the UN Global Compact since 2007 and have reported on our progress regularly, except for the year 2010:

- Report on progress 2008-2009
<http://unglobalcompact.undp.hr/show.jsp?page=111580>
- Report on progress 2011-2012
<http://www.atlantic.hr/en/social-responsibility/towards-environment/>
- Sustainability reports 2013 and 2014
<http://www.atlantic.hr/en/media/publications/gri-report>

Sustainability report 2015 is prepared, as both previous reports, in accordance with the G4 Sustainability Reporting Guidelines, the

fourth generation of guidelines from GRI, at a "core" application level. Atlantic Grupa reports against nine performance indicators for which we believe can help us significantly improve the ability to participate in competitive markets. Unless otherwise stated, all information mentioned in the report is for the year 2015.

With the intention of providing a comprehensive and balanced account of the important non-financial aspects of our operations, this report covers the entire Atlantic Grupa and its strategic business units, referring to all companies falling within the scope of Consolidated audited financial results for FY 2015. Full information about financial results and risk management practices can be found in our Annual report 2015 and Financial report 2015: <http://www.atlantic.hr/en/media/publications/annual-reports>

Atlantic Grupa management is responsible for all aspects of this report.

If you have any feedback or questions on this Sustainability report, please contact:



Ivan Mišetić
Secretary General

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Atlantic Grupa
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10000 Zagreb, Hrvatska

MATERIALITY

To determine the content of the report, we have followed a systematic and rigorous materiality assessment process, guided by the criteria defined by the Global Reporting Initiative (GRI-G4).

The sustainability issues have been analyzed on the basis of an initial broad list of topics that may affect our business or be of concern to our stakeholders. Sources for this list include relevant issues addressed by media, industry and sector benchmarks, matters raised by stakeholders in public debate, internal documents and business strategy. Considering the significance of our economic, environmental and social impacts helped us focus on aspects that deliver the greatest value to our business and stakeholders, within four major areas: economic performance, product responsibility, workplace responsibility and environment responsibility.

The company's senior decision-makers are actively involved in this process, as the results of the analysis were reviewed and approved by the Social Responsibility Committee.

LIST OF PRIMARY TOPICS :

ECONOMIC IMPACTS

ASPECT: ECONOMIC PERFORMANCE

ENVIRONMENT RESPONSIBILITY

ASPECT: ENERGY

ASPECT: BIODIVERSITY

ASPECT: WASTE

WORKPLACE RESPONSIBILITY

ASPECT: EMPLOYMENT

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

ASPECT: TRAINING AND EDUCATION

PRODUCT RESPONSIBILITY

ASPECT: CUSTOMER HEALTH AND SAFETY

ASPECT: PRODUCT AND SERVICE LABELING

In this Report, only material topics identified by internal and external stakeholders as significantly important will be reported on. In terms of the extent of the impact, all aspects that the analysis showed to be material have impacts within the organization as a whole. Furthermore, the aspects analyzed have impacts outside the company in geographical areas where Atlantic Grupa conducts its operations and for all the stakeholder categories identified.

STAKEHOLDER ENGAGEMENT

Our ability to generate value through business choices also depends on listening and recognizing the needs and expectations of those stakeholders who, directly or indirectly, affect the activities of Atlantic Grupa or are influenced by them. As a multinational company, we have an impact on the decisions of a large number of stakeholder categories, both internal and external, as our results and activities depend in a certain degree on the fulfillment of stakeholder needs.

According to the Atlantic Grupa Code of Corporate Governance, stakeholders are considered to be the persons who take over certain direct or indirect risks in relation to our company. Aside from shareholders, the stakeholders, among others, are: employees, customers and users of the company services, suppliers, creditors, local community and public authority bodies.

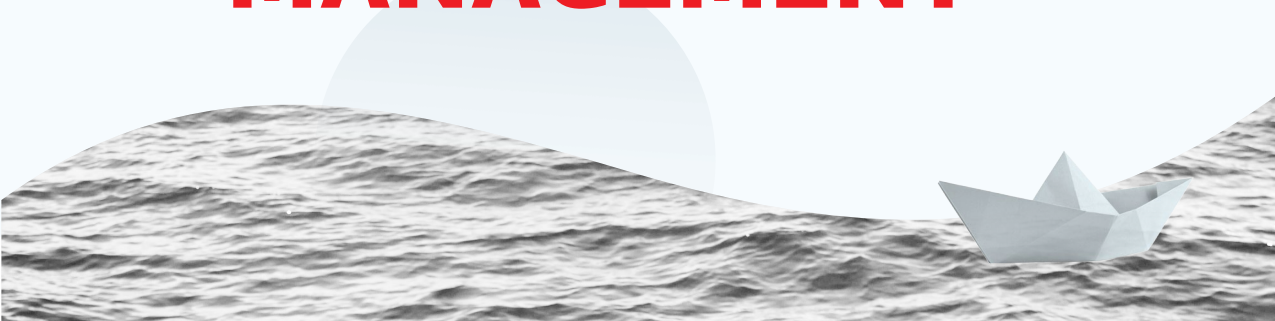
We know that we create value through our relationships. Building and maintaining our stakeholder relationships is therefore fully embedded in the way we do business. Everywhere we operate, we actively participate in forums, industry platforms and collaborative programmes. We create value for our stakeholders which, in turn, build value for our business over time.

The Management Board is responsible for the transparent and quality relationships of Atlantic Grupa and its stakeholders, being bound to take care that the company respects all rights of stakeholders based on the law and good business customs. Furthermore, going beyond legal requirements, acting responsibly for us means engaging in an ongoing dialogue, both locally and internationally, with the main stakeholders, in order to understand their different motives and concerns, as well as global trends that are important to them. Stakeholder consultations are carried out regularly through many channels. Topics of interest for our stakeholders are addressed in various sections of this report.

Key stakeholders	Communication channels	Areas of interest	Mutual benefits
Employees	Regular employee engagement survey Corporate interactive intranet	Occupational health and safety Equal opportunities Talent development Community engagement	Skilled and motivated workforce, ensured through providing equal opportunities, training, development and rewarding schemes
Customers and users of company services	Regional contact center Brands' Facebook pages	Products' health and safety Accessible nutritional information Packaging waste management	Meeting consumer needs by offering them choice and quality
Suppliers	Supplier portal	Economic impacts Sustainable procurement Business ethics	Achieving highest responsible and sustainable procurement standards, with support in developing innovative and efficient products and services

Key stakeholders	Communication channels	Areas of interest	Mutual benefits
Shareholders	General Assembly Corporate web page	Economic impacts Transparent governance Sustainable procurement Development strategies	Delivering strong sustainable earnings and dividends, thus establishing supportive shareholder base
Creditors	Corporate web page	Economic impacts Transparent governance Sustainable procurement Development strategies Environmental impacts Business ethics	Ensuring fruitful long term partnership, by excelling in all areas of business
Communities and environment	Regional contact center Donations and sponsorships procedure Direct cooperation with local community representatives meetings and consultations open calls for donations Brands' Facebook pages	Community engagement Environmental impacts	Establishing trust and long term relationship by improving quality of lives and preserving the environment
Public authority bodies	Meetings and consultations	Economic impacts Transparent governance Accessible nutritional information Environmental impacts Development strategies	Collaboration on contributing to public good

3. CORPORATE MANAGEMENT



Atlantic Grupa's corporate management structure is based on a dual system consisting of the Company's Supervisory Board and Management Board. Together with the General Assembly, they represent the three principal bodies of the Company under the Articles of Associations and the Companies Act.

Since its foundation and listing on the Zagreb Stock Exchange, Atlantic Grupa based its business activities on the Code of Corporate Governance of Atlantic Grupa with which the standards of business transparency are aligned with Croatian and EU legislation. With the given Code, Atlantic Grupa defined the procedures for the functioning of the Supervisory Board, Management Board and other bodies and structures responsible for decision-making, thus ensuring the avoidance of conflicts of interest, efficient internal control and an effective responsibility system. The Code also prescribes the obligation of publishing data belonging to categories of price-sensitive information, all in an effort to ensure equal treatment of shareholders and information transparency for present and future investors.

In line with consistent implementation of the Code's principles, Atlantic Grupa develops and operates in accordance with the good corporate governance practice and strives to contribute with its business strategy, business policy, key internal acts and business practice to transparent and efficient business operations and quality relations with the business environment in which it operates.

Considering that the shares of Atlantic Grupa d.d. are quoted on the Zagreb Stock Exchange, Atlantic Grupa applies the valid Code of Corporate Governance of the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange. In accordance with relevant regulations, Atlantic Grupa in 2015 issued a Statement of Application of the Code of Corporate Governance, thereby confirming its actions and development in accordance with the good corporate governance practice in all business segments. The Statement of Application of the Code of Corporate Governance has been published on the Company's website (www.atlanticgrupa.com) as well as on the official website of the Zagreb Stock Exchange (www.zse.hr).

In addition to the above, Atlantic Grupa is a signatory of the Code of Ethics in Business initiated by the Croatian Chamber of Economy. The listed Code lays down guidelines for ethical behaviour of business subjects in the Croatian economy. Such definition of ethical criteria contributes to more transparent and efficient business operations and high quality relations between economic operators in Croatia and the business environment in which they operate. By signing the Code of Ethics, its parties are obliged to responsible and ethical behaviour towards the other companies on the market as well as the development of high quality relations and loyal competition.

GOVERNANCE STRUCTURE OF THE ORGANIZATION

GENERAL ASSEMBLY

The General Assembly is a body in which shareholders accomplish their rights in Company matters. In order to decide on issues prescribed by law and the Company's Articles of Association, the regular General Assembly of Atlantic Grupa d.d. was held on 18 June 2015. The following decisions were made at that Assembly: issuing the note of release to the members of the Management Board and the Supervisory Board, paying a dividend to the Company shareholders in the amount of HRK 12.00 per share, in proportion to the number of shares held by each shareholder, amendments of Atlantic Grupa's Articles of Association and appointment of an independent Auditor of the Company for the year 2015. All decisions from the held General Assembly were made in line with legal regulations and are available on web pages of Atlantic Grupa (www.atlanticgrupa.com) and the Zagreb Stock Exchange (www.zse.hr).

SUPERVISORY BOARD OF ATLANTIC GRUPA

The joint stock company Atlantic Grupa has a Supervisory Board consisting of seven members. In 2015, the Supervisory Board held four sessions in accordance with the previously announced Schedule posted on web pages of the Company (www.atlanticgrupa.com) and the Zagreb Stock Exchange (www.zse.hr).

The members of the Supervisory Board are:

Zdenko Adrović/President
Lada Tedeschi Fiorio/Vice President
Siniša Petrović/Member

Franz-Josef Flosbach/Member
Aleksandar Pekeč/Member
Vedrana Jelušić-Kašić/Member
Lars Peter Elam Håkansson/Member

The members of the Supervisory Board have been remunerated for their work and have the right to remuneration which is appropriate for the tasks performed as well as the Company's situation and business performance. In 2015, members of the Supervisory Board of Atlantic Grupa d.d. on the said grounds received compensation in the total gross amount of HRK 1,292,262.18.

SUPERVISORY BOARD COMMITTEES

Three Committees function within the Supervisory Board with the purpose of assisting the operation and functioning of the Supervisory Board: Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee. Each of these Committees consists of three members, of which two are appointed from the ranks of the Supervisory Board members, while one member is appointed from the ranks of top experts in the subject area.

The Corporate Governance Committee defines a system of mechanisms for ensuring a balance between the rights of shareholders and the needs of management to direct and manage the company's operations. It provides a framework to establish the company's objectives and define the funds required to achieve those objectives as well as to monitor the implementation and efficacy of those objectives. The Committee is chaired by Siniša Petrović, Vedrana Jelušić-Kašić was appointed as a member from the ranks of the Supervisory Board and Nina Tepeš as a member from the ranks of external experts.

The Nomination and Remuneration Committee proposes candidates for the Management Board, Supervisory Board and senior management personnel as well as contents of contracts with the members of Management Board, structure of their compensation and compensation of the Supervisory Board's members. The Committee is chaired by Aleksandar Pekeč, Lars Peter Elam Håkansson was appointed as a member from the ranks of the Supervisory Board and Zoran Sušanj as a member from the ranks of external experts.

The Audit Committee analyses in detail the financial reports, provides support to the company's accounting and establishes good and quality internal control within the Company. It monitors the integrity of financial information of the company, particularly the accuracy and consistency of accounting methods used by the Company and the group to which it belongs, including the criteria for consolidation of financial reports of the companies that belong to the Group. Also, the Committee assess the quality of the internal control and risk management system, with the aim of properly identifying, publicizing and managing the major risks to which the company is exposed to. The Committee is chaired by Lada Tedeschi Fiorio, Franz-Josef Flosbach was appointed as a member from the ranks of the Supervisory Board and Marko Lesić as a member from the ranks of external experts.

The members of the said Committees who are not members of the Supervisory Board have received remuneration for their work and contribution to the functioning of the Supervisory Board of Atlantic Grupa in 2015 in the total gross amount of HRK 56,113.49.

MANAGEMENT BOARD OF ATLANTIC GRUPA

The Management Board of Atlantic Grupa consists of the President and Group Vice Presi-

dents. Eighteen sessions of the Management Board were held in 2015.

The Management Board of Atlantic Grupa operates in the following composition:

Emil Tedeschi

/ President of the Management Board

Mladen Veber

/ Senior Group Vice President for Business Operations

Neven Vranković

/ Group Vice President for Corporate Activities

Zoran Stanković

/ Vice President for Finance

STRATEGIC MANAGEMENT COUNCIL

Since its establishment in early 2012, the Strategic Management Council operates as a multifunctional body that discusses vital strategic and operational corporate issues, business analysis, priority definition, supervision of strategic plans, coordination between organizational units and key decision making. The Council includes the following members: President of the Management Board, Senior Group Vice President for Business Operations, Group Vice President for Finance, Group Vice President for Corporate Activities, directors of Zone West, Zone East, Strategic Business Units, Strategic Distribution Units and the Business Unit Gourmet, Senior Executive Director of Corporate Legal Affairs, Investments and Asset Management, Senior Executive Director of Business Development, Strategy and Information Technology, Senior Executive Director of Corporate Key Accounts Management, Secretary General, Executive Directors of Central Purchasing, Corporate Human Resources, Corporate Controlling, Corporate Information and Communication Technologies and the Head of the Investment Committee.

BUSINESS COMMITTEES

The Investment Committee assists the Management Board by providing expert analyses and opinions on strategic decisions regarding the acquisition of companies, brands, businesses, or the sale of existing organisational business parts and on all individual investment projects exceeding EUR 2 million. The Investment Committee is headed by the Management Board Advisor, and its members are the Director of Internal Audit and the Director of Corporate Treasury.

The Social Responsibility Committee contributes to the implementation of principles of sustainable development in the company's everyday operations, monitors its status and starts initiatives for the improvement of socially responsible business conduct. The Social Responsibility Committee is headed by the Company's Secretary General, while its members are the Executive Director of Corporate Human Resources, the Director of Corporate Communications and the Director of Corporate Quality Assurance.

REMUNERATION POLICY FOR MANAGEMENT BOARD MEMBERS

The contract on performing activities of a member of the Management Board i.e. the employment contract for board members who are employed at Atlantic Grupa lays down the rights and obligations of board members based on their function as the Management Board members, as follows:

- Monthly salary for board members, set in the gross amount.
- Annual bonus (bonus remuneration) per year of contract duration, set in the defined percentage of the realised principal annual gross salary and remuneration on the grounds of membership in supervisory boards of associated companies. The payment of the annual bonus is conditioned upon the realisation of planned business results in the ratio of at least 95% of the EBIT plan for the consolidated Atlantic Grupa's business year. Provided that all contractual criteria were satisfied, board members are paid the amount of realised bonus remuneration through the Stock Option Programme by acquiring own shares of Atlantic Grupa. For the President of the Management Board, the whole bonus remuneration amount is paid in cash.
- Life insurance policy for the members of the Management Board contracted by Atlantic Grupa at the reputable insurance companies in Croatia, with the annual premium of HRK 8,250.00.
- Personal accident insurance policy with the annual premium of HRK 8,300.00.
- Voluntary health insurance policy that includes the Management Board members, with which Atlantic Grupa, as the insurance contractor, with an annual premium of HRK 7,500 per person, provides a quality health treatment through an annual comprehensive health examination, any required specialist medical tests with the application of most contemporary and efficient medical devices and equipment in specialised polyclinics with the best health experts.

- Right to use an official vehicle, right to compensation of all costs incurred by the Management Board member while performing his/her functions.

All Management Board members have manager contracts which include a whole set of binding provisions as well as incentive ones, as follows:

- Confidentiality clause – board members are obliged to keep confidential the Company's business secrets during and after their employment, regardless of the reasons for employment termination. The obligation of confidentiality extends to business secrets of AG's associated companies as well.
- No-competition clause – binds a board member to a period of one year from the date of receiving severance pay, if he/she is entitled to it.
- Contract penalty – in case of breaking the no-competition clause, any board member shall be liable to pay the contract penalty in the amount of twelve average net monthly salaries paid to that board member in the period of three months before contract termination.
- Prohibition of participation of any board member in the ownership and/or management structure, whether directly or indirectly, in any company which is in market competition with Atlantic Grupa and associated companies, or in a company with which Atlantic Grupa and 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.
- Performance of other activities as a board member, except those performed for Atlantic Grupa's associated companies, regardless of being paid or not for such activities, including the membership in supervisory boards, advisory bodies, etc. shall only be

allowed pursuant to the prior approval of the Management Board of Atlantic Grupa.

- Employment, contract duration and termination periods – board members are employed for an indefinite period in Atlantic Grupa or its associated companies, and the contract on performing the function of a board member is concluded for the period of 3 years, with the possibility of termination in accordance with the periods prescribed by law.
- Severance pay – severance pay is contracted in the amount of six average monthly gross salaries of the board member and gross remunerations based on the membership in supervisory boards of associated companies paid to that board member in the period of three months prior to contract termination. The obligation of severance payment occurs in a case of contract termination by Atlantic Grupa in the period of its duration, unless the contract is terminated due to reasons caused by the fault of the board member.

In 2015, members of the Management Board of Atlantic Grupa d.d., on the grounds of salary and remuneration for supervisory board membership in operating companies and annual bonus received a gross amount of HRK 17,905,535.23. From that amount, on the basis of salary, remuneration for supervisory board membership in operating companies and annual bonus, President of the Management Board Emil Tedeschi in 2015 received a gross amount of HRK 4,133,088.07.

ETHICS AND INTEGRITY

Atlantic Grupa consistently incorporates the highest standards of corporate governance into its business activities and resolved to regulate its actions, both in regard of the other entities it enters into business relations with and in regard of its own employees. Basic principles of the Corporate Governance Code of Atlantic Grupa are:

- transparency of business activity
- clearly elaborated procedures for the operation of the Supervisory Board, Management Board and other bodies and structures making important decisions
- avoiding conflicts of interest
- efficient internal control
- efficient responsibility system.

In addition, as described above, due to the fact that Atlantic Grupa is company publicly listed on the Zagreb Stock Exchange, the Company also applies the Code of Corporate Governance issued by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange. Furthermore, as also described, Atlantic Grupa acceded to the Code of Ethics in Business issued by the Croatian Chamber of Economy.

WHISTLEBLOWING PROCEDURE

Given that the Company wishes to provide its employees the right to an honest, responsible, transparent and ethical work i.e. working environment in which the main principles of business conduct are respected, Atlantic Grupa adopted the Whistleblowing Procedure Rules which prescribes the reporting procedure, rights as well as duties of each and all employees of Atlantic Grupa who in his/her

work observes or becomes aware of either an actual or a potential illegal action or potential violation of the accepted rules of business conduct in the Company carried out by another employee(s). By such Rules, illegal action or violation of the accepted business conduct (Misconduct) are defined as any conduct including (but not limited to):

- committing a criminal act pursuant to positive legal regulations
- violation of the Company's internal acts
- conduct that represents a serious risk to human health and property

An employee who in his/her work observes or becomes aware of Misconduct has the right as well as the duty to report it immediately in writing to the Head of Corporate Security of Atlantic Grupa and the member of the Management Board of Atlantic Grupa competent for Corporate Affairs. Immediately after receiving the report, they issue a certificate indicating the date of receipt of the report to the employee and, without delay, notify the following, as applicable:

- Head of Department in which the employee who committed the potential Misconduct is working, except in a case where the potential Misconduct relates to the Head of Department, or
- The President of the Management Board – in a case where the potential Misconduct relates to actions of a member of the Management Board, or
- The President of the Supervisory Board of Atlantic Grupa - in a case where the potential Misconduct relates to actions of the President of the Management Board.

In a case where the potential Misconduct relates to joint actions of the Head of Corporate Security of Atlantic Grupa and the member of the Management Board competent for Corpo-

rate Affairs, an employee who in his/her work observes or becomes aware of Misconduct of the persons listed has the right as well as the duty to immediately report it in writing to the President of the Management Board of Atlantic Grupa. In such a case, the President of the Management Board is obliged to issue a certificate indicating the date of receipt of the report to the employee and carry out further procedure in accordance with the provisions of the Rules.

Within the period of 4 weeks after receiving a report on the potential Misconduct, the Head of Corporate Security of Atlantic Grupa is obliged to inform the employee who submitted the report on the outcome of the process. By way of derogation, if the process requires a period of time longer than the one prescribed, the Head of Corporate Security of Atlantic Grupa is obliged, within the given period, to inform him/her of the actions taken in the process and, immediately after the conclusion of the process, on its outcome.

In case that it has been identified that the employee has undoubtedly committed the Misconduct, with respect to all the circumstances of the case, the Company is obliged to take all reasonable measures against that employee pursuant to the provisions of the Labour Act, the Company's internal acts, as well as submit necessary notifications to the competent state authorities.

The employee who submitted a report on the potential Misconduct in accordance with the Rules is guaranteed with full confidentiality of any information regarding his/her identity and the content of the report with which he/she reported the potential Misconduct.

Besides, any employee who in his/her work observes or becomes aware of Misconduct shall have the right, at his/her own discretion, to

submit an anonymous report on the potential Misconduct, without providing information on his/her identity.

An action of an employee who knowingly reports a potential Misconduct of another employee without any grounds and with a motive to cause any harm to him/her or to gain any benefit for oneself or for other person is considered a violation of the Company's internal acts. In this respect, in 2014, there were no recorded complaints from our employees.

ETICAL CODE OF PURCHASING ORGANIZATION

Ethical code of the purchasing organization is a set of values, standards, principles and rules, which all the staff of the Atlantic Grupa's purchasing organization, responsible for procurement in the company, has to respect in performing their business activities. The Ethical Code covers the following areas:

- **Legal compliance** - The purchasers are obliged to inform themselves on any law and regulation change pertaining to purchasing and apply them in their business. In addition to various national and international laws and regulations of a general character, the purchasers have to follow and apply all other laws and regulations that are related to trade, industry, protection of patents and copyrights, environmental protection, work safety, labour law etc.
- **Applying the criteria of sustainable purchasing** - When making sourcing and purchasing decisions, Atlantic Grupa's purchasing organization is committed to consider both environmental and social factors aiming at minimizing the environmental and social impact that the items we purchase

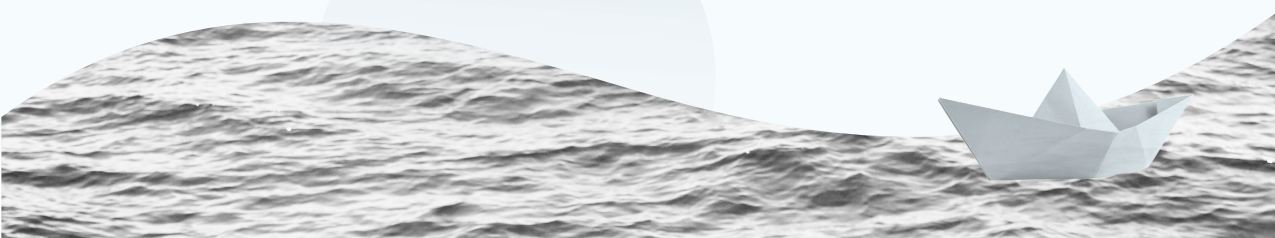
have. Purchasing business must be conducted in such a way to respect social, ethnic, cultural, sexual and racial diversity, and business decisions must not be directed in a way that favours any of the categories of ethnic, sexual or racial criteria.

- **Fair treatment of suppliers** - The purchasing organization and the purchasing staff have to enable and support fair market competition among potential suppliers who are interested in entering into a business relationship with Atlantic Grupa. This means that the supplier selection process has to be always defined and conducted in such a way to prioritize the suppliers that are capable to provide quality products or services at competitive prices, or that have visible and proven advantages to the business of Atlantic Grupa, compared to other suppliers. While selecting the suppliers or later when the cooperation with the suppliers is already established, any influence which is not of a business nature, or which is affected by a personal interest of the purchasing staff is not allowed. In this regards, the purchasers have no right to ask or to receive money, favours or gifts from suppliers or potential suppliers. Exceptionally, only business gifts that are of symbolic value could be accepted as an expression of common business practice or business partner's courtesy, but their giving or accepting in no way should influence the decision making process, supplier's selection, negotiations or agreements with suppliers. The manners of dealing with suppliers, regardless of their negotiating position and power of the purchasing department, must be civilized and fair, and the purchasing staff is bound to respect all agreed terms with suppliers, providing that the other side respects its obligations too. The purchasing staff also commits to keeping secrets and professional data, and

their selective use, which also applies to all confidential information that is obtained from suppliers during the competition for goods and services supply, as well as offers or business reports. This information may not, without the consent of the party that placed this information at the disposal, be made available to third parties.

- **Respect to the purchasing profession** - The purchasing staff has to develop and maintain their professional competences, which means that they are obliged to continuously develop and improve their professional value both in terms of specific skills and knowledge in the purchasing area (technical knowledge, knowledge of commerce, trade, laws and regulations), and in terms of communication and other „soft” skills. For achieving this, the purchasers should be open to communicate with other purchasing professionals outside the company and with purchasing associations and institutions, in order to exchange and share experiences and opinions. As the representatives of the purchasing profession, the purchasers of Atlantic Grupa have to act in such a way to maintain dignity of the purchasing profession, and at the same time to ensure that the others who are in contact with the purchasers also recognize the dignity of the purchasing profession.
- **Loyalty towards the employer** - The purchasing staff has to show loyalty towards the employer, in whose interest they work. This loyalty is expressed through acting in accordance with the general policy and the strategy of Atlantic Grupa, with the directives and instructions received from the company's management, and in accordance with the authorization of the purchasing department and the purchasers, given by the company's management.

4. ECONOMIC IMPACTS



Every year Atlantic Grupa's successful business performance confirms its status of the leading regional distributor and one of the leading producers of consumer goods in Southeast Europe. Business operations in 2015 were marked by significant revenues and profitability growth, signing of new distribution agreements and re-organization of distribution operations.

Atlantic Grupa ended the year 2015 with strong revenues and net profitability growth, thus achieving the announced expectations for eight years in a row. Despite challenging macroeconomic conditions, reflected in a slower economic activity, lower personal consumption, depreciation of the Russian rouble and Serbian dinar, and negative movements in some of the main categories for Atlantic Grupa's products, we recorded growth in categories of both own and principal brands. This confirms our focus on continuous deleveraging, which is reflected in a 16% decrease in interest expense and a lower net debt to EBITDA ratio of 3.0 at the end of 2015. It is worth noting a strong cash flow from operating activities, which is 5.6% higher than in the previous year.

We expect that currency pressures will continue in 2016 and plan to mitigate them by continuous monitoring of operating costs, management of financial and operating risks, liquidity management and, where applicable, active hedging.

In 2015, Atlantic Grupa recorded sales of HRK 5.4 billion, which is a 5.6% growth compared to the previous year. The growth was mainly result of the growth in sales in the Strategic Distribution Units Croatia and Serbia, Strategic Business Unit Coffee, Strategic Business Unit Savoury Spreads (due to organic growth, but also to consolidated results of the acquired company Foodland d.o.o.) and the Distribution Unit Slovenia.

Atlantic Grupa Consolidated '000 HRK	2013	2014	2015	Change 2015/ 2014
DIRECT ECONOMIC VALUE GENERATED	5.022.170	5.133.874	5.423.295	5,6%
REVENUES	5.022.170	5.133.874	5.423.295	5,6%
ECONOMIC VALUE DISTRIBUTED¹	4.746.641	4.937.969	5.165.029	4,6%
Operating costs -incl. Education & Freelancers	3.732.190	3.826.707	4.089.317	6,9%
Employee wages and benefits -excl. Education, freelancers ²	619.772	651.778	713.075	9,4%
Payments to providers of capital ³	189.273	160.871	145.673	-9,4%
Payments to Government ⁴	57.838	61.390	65.165	6,1%
Community investments	50.635	47.323	36.266	-23,4%
CAPEX	96.933	189.900	115.534	-39,2%
ECONOMIC VALUE RETAINED	275.529	195.905	258.266	31,8%

1 Excluding provisions (bad debts, inventories, employee future commitments as per IAS 19)

2 Including taxes and contributions on salaries

3 Interest expense (P&L item) and dividend paid

4 Refer to P&L items (corporate income tax, other taxes and contributions not related to result)

In 2015 increase of Economic value retained primarily came on the back of significantly lower capex (due to finished construction on energy bars production facility in Nova Gradiška – Atlantic Grupa's largest capital investment in the history) and lower interest expense and community investments.

Revenues – In 2015, Atlantic Grupa recorded higher sales, mainly as a result of the growth in sales in the Strategic Distribution Units Croatia and Serbia, Strategic Business Unit Coffee, Strategic Business Unit Savoury Spreads (due to organic growth, but also to consolidated results of the acquired company Foodland d.o.o.) and the Distribution Unit Slovenia. Analysing by markets, the largest growth has been achieved in the markets of Croatia and Serbia.

Operating costs -incl. Education & Freelancers – Looking closely at 2015, costs of goods sold increased as a result of the change in the sales mix (increase of principal's brand share). Production material expenses in 2015 increased due to higher prices of raw coffee, but also due to higher sales. Atlantic Grupa used available hedging instruments to reduce the effects of higher prices of raw coffee on its purchase price and in that way largely avoided the negative effect of higher prices of raw coffee in the global commodity markets on its results. Costs of services grew as a consequence of higher IT investments (licence lease, maintenance), the SAP system implementation and the SALMEX project development. Marketing expenses increased insignificantly.

Employee wages and benefits -excl. Education, freelancers - Employee wages and benefits grew in 2015 primarily due to a higher number of employees as a result of increased business volume, acquisition of company Foodland and deployment of new factory in Nova Gradiška.

Payments to providers of capital – As a consequence of continuous repayment of long-term borrowings, payments to providers of capital, i.e. interest payments, were lower in 2015. This was to some extent offset by dividend payment of HRK 35 million (HRK 10.50 per share) in 2014 and HRK 40 million (HRK 12.00 per share) in 2015.

Payments to Government – Increase in payments to government reflected higher corporate income tax as well as higher other taxes and contributions not related to result.

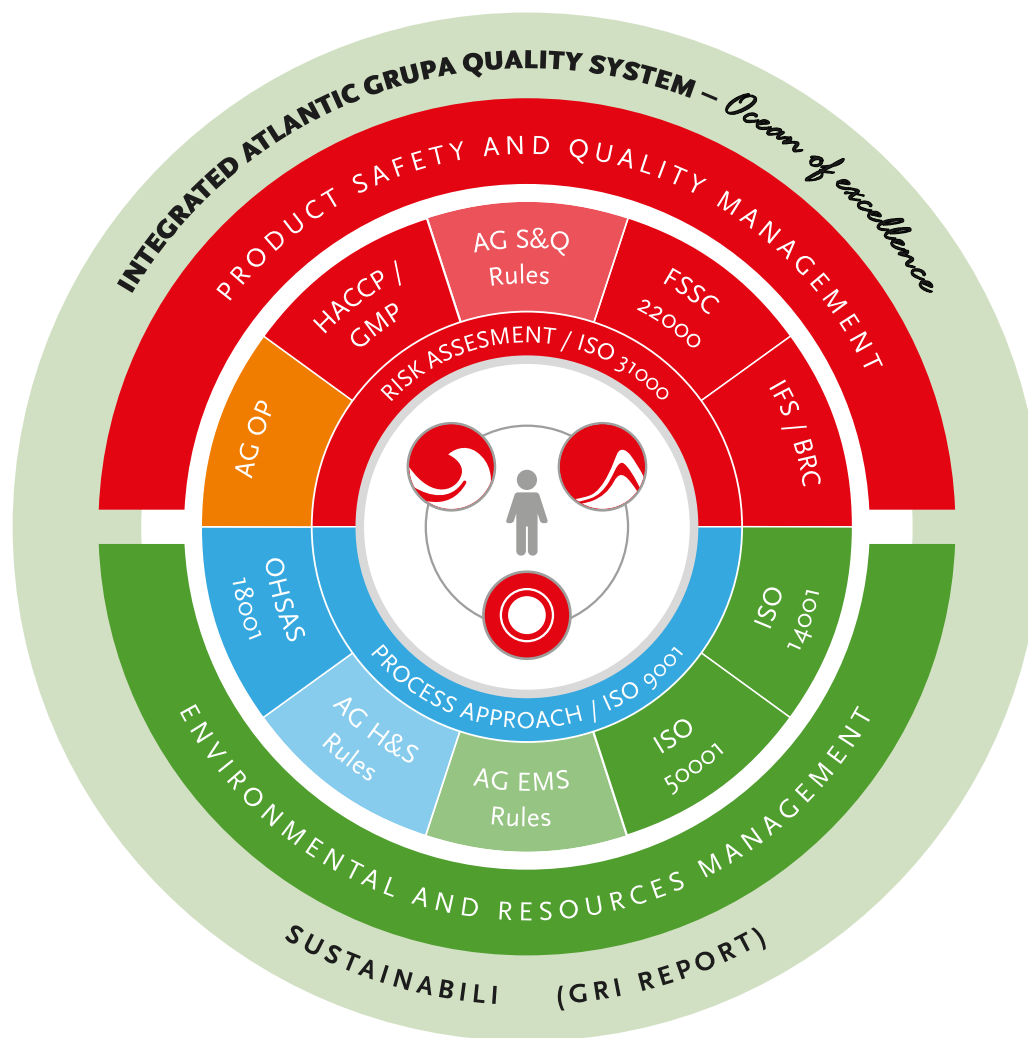
Community investments – Atlantic Grupa is a major sponsor focused primarily on the promotion of sports where most funds and involvement are dedicated to supporting projects such as the basketball club Cedevita. Atlantic Grupa is also an active participant and organiser of a number of humanitarian actions and it systematically supports a whole series of organisations and associations involved in protecting and helping vulnerable social groups. In 2015, Multipower, among others, sponsored sports such as cycling, triathlon, running, as well as adrenaline sports. A strong presence was achieved by sponsoring the race Giro d'Italia, while last year Multipower was also a proud sponsor of Spanish triathletes Eneko Llanosa and Saleta Castro. In the culture and knowledge segment, Atlantic Grupa has again in 2015 supported the 21st Sarajevo Film Festival as a central cultural manifestation in the region.

Capex – In 2015 the amount of the company's capital expenditure reduced significantly compared to the previous year due to the finalized construction of the production plant for the production of energy bars in Nova Gradiška. Additionally, the company's capital expenditures were also aimed at SBU Beverages, SBU Coffee, SBU Snacks as well as corporate projects including upgrade of SAP and finishing of the SALMEX project.

5. PRODUCT RESPONSIBILITY



In our business environment, we nurture a corporate culture that represents a framework for our Quality policy. We are dedicated to following new scientific achievements and creatively integrating them into our products and services, as well as to raising the quality of life and business of our loyal consumers in an inspiring and innovative way. The satisfaction of customers and consumers is the daily mission we share. For that reason, we manage our safety policy in accordance with consumer and market demands, as well as respecting local and European legal regulations. We ensure product safety through a series of control activities aimed at hazard management in all links of the chain, from the supplier to the consumer. We are also strongly dedicated to informing our consumers clearly about the products helping them make informed and healthy dietary choices throughout the day.



The year 2012 was the first year of operation of the integrated process management system of quality, environmental and food safety management that was introduced at the corporate level of Atlantic Grupa i.e. in all operating companies within the Group.

In 2015, Atlantic Grupa's activities in this segment were directed at integrating new companies into the process management system and reviewing the system's efficiency after three years of implementing the integrated approach. Improvements were focused on the following areas:

- integration of new companies into the quality management system
- implementation of the process approach in new processes and companies
- integration of the "risk approach" philosophy into the process approach, both on the corporate (Enterprise Risk Management) and individual process level
- improvement of the process performance control, new form of reporting on the key process level, monitoring frequency, redefining key performance indicators (KPI)
- service supplier management (requirements, contracting, supervision, reporting)
- improvement of non-conformity management processes
- improvement of competences and skills
- analysis of the three-year cycle of integrated certification and improvement goals in the following cycle.

The following improvement goals were identified as most significant:

1. Implementation of the process approach in new processes (Logistics)

The food safety management system was implemented in the new factory for energy bars Atlantic Multipower in Nova Gradiška in 2014, while in February 2015, when the company was successfully certified according to the standard IFS Food, its integration into the process approach at the Group level was continued and preparations for certification according to standards ISO 9001 and 14001, which will be implemented in 2016, were started.

In the last acquired company, Foodland d.o.o. in Serbia, along with redefining processes and supporting documentation, the focus of relevant activities in 2015 was on implementing standards related to product safety FSSC 22000, while the integration into the process approach will continue at the Group level in 2016.

In addition to the above, even before new versions of standards ISO 9001:2015 and ISO 14001:2015 based on ISO/FDIS were published, we started a gap analysis of compliance with new requirements.

2. Monitoring of key process performance parameters

In 2015, key performance indicators were redefined, including the frequency of their monitoring and reporting method, resulting in a new form of reporting which allows for historical performance monitoring of each particular process as well as trends.

3. Integrated AG supplier monitoring system

The common model for monitoring Atlantic Grupa's suppliers was defined and established in 2014 – the system includes common criteria for approval, evaluation and control of suppli-

ers. The system was further improved in 2015 by clearly defining input data for service specification, method of contracting, supervision, audit and criteria for evaluating service suppliers.

4. Improvement of non-conformity management processes

The non-conformity management project was defined at the level of Atlantic Grupa and its implementation initiated in the last quarter of 2015, while full implementation is planned in January 2016. The project's aim is to create a common management tool for the entire Group in order to ensure:

- process standardisation
- risk reduction
- efficiency enhancement
- transparent analytics and reporting.

5. Improvement of competences and skills

Atlantic Grupa in 2015 held several conferences aimed at improving different segments of its operations:

- Atlantic Grupa 's Process Management
- Quality Conference
- Environmental Management
- Distribution Quality
- Conference of Atlantic Grupa's Internal Auditors.

ANALYSIS OF THE THREE-YEAR CYCLE OF INTEGRATED CERTIFICATION

The project of implementing the integrated quality and environmental management system was initiated at the end of 2012, aimed at integrated certification of all members of Atlantic Grupa. The project involved a new inno-

vative approach to certification and implementation of the so called “multi-site” certification model for Atlantic Grupa, which was in March 2015, after three years of intensive work, successfully implemented.

The Atlantic Grupa certificate family comprises:

Legal entity (location)	Market	Quality Management Standard	Food Safety System Certification	Food Safety Standard	Environmental Management Standard	Good Manufacturing Practice
Atlantic Grupa	CRO	ISO 9001			ISO 14001	
Cedevita (Planinska)	CRO	ISO 9001	FSSC 22000	HACCP	ISO 14001	
Cedevita (Apatovec)	CRO	ISO 9001	FSSC 22000	HACCP	ISO 14001	
AMHR	CRO		IFS			
APHC				HACCP		
Neva	CRO	ISO 9001			ISO 14001	ISO 22716
Montana	CRO	ISO 9001		HACCP	ISO 14001	
Fidifarm	CRO	ISO 9001		HACCP	ISO 14001	GMP
Atlantic Trade	CRO	ISO 9001		HACCP	ISO 14001	
Bionatura	CRO			HACCP		
Droga Kolinska (Ljubljana)	SLO	ISO 9001			ISO 14001	
Droga Kolinska (Izola)	SLO	ISO 9001	FSSC 22000		ISO 14001	
Droga Kolinska (Mirna)	SLO	ISO 9001			ISO 14001	
Droga Kolinska (Rogaška)	SLO	ISO 9001	FSSC 22000		ISO 14001	
Argeta	BIH	ISO 9001	FSSC 22000		ISO 14001	
Kofikom Product	BIH	ISO 9001			ISO 14001	
Soko Štark	SER	ISO 9001	FSSC 22000	HACCP	ISO 14001	
Soko Štark Ljubovija	SER	ISO 9001		HACCP	ISO 14001	
Palanački kiseljak	SER	ISO 9001		HACCP	ISO 14001	
Grand Prom	SER	ISO 9001		HACCP	ISO 14001	
Atlantic Brands	SER	ISO 9001		HACCP	ISO 14001	
Atlantic Multipower	GER	ISO 9001	IFS		ISO 14001	
Droga Kolinska (Skoplje)	MAC	ISO 9001		HACCP	ISO 14001	
Atlantic Trade (Skoplje)	MAC	ISO 9001		HACCP	ISO 14001	

*New standards implemented in the last three years are highlighted in red

PRODUCT HEALTH AND SAFETY

From the beginning of developing a new product and during the improvement of an existing one, we endeavour to achieve a standard high quality of Atlantic Grupa's products which is recognisable to customers.

For five consecutive years Atlantic Grupa has been working on the organisation of quality control in order to balance the goals and results of business units and maximise the satisfaction of consumers of our products. The processes of quality control in Atlantic Grupa are organised through independent quality assurance departments within the company's operating structure, and directed according to balanced goals from the corporate level.

Such organisational structure enables the following:

- coordinated monitoring of legislation
- implementation of best practices
- optimal improvement and use of expert knowledge in the field of microbiological, chemical and other hazards
- centralised supplier management in view of the quality of input materials
- good and coordinated cooperation with other business processes
- specialisation of the quality assurance system according to specific issues of individual Strategic Business Units in the product segments of beverages, savoury spreads, sweet and salty snacks, children's and sports food, cosmetics and medicines
- traceability and maintenance of a high quality level in transport, storage and distribution to customers.

The achievement of complex goals in the field of quality control requires a proactive and co-

ordinated involvement of experts from the processes of new product development, procurement, legal affairs and quality assurance. The following factors have an important role in the production of health-safe products: selection of source materials (non-toxic, allergen-free, GMO-free, aligned with the REACH regulation, etc.), quality control of all input materials and ingredients, monitoring of all production and distribution phases, quality assurance of finished products and monitoring customer satisfaction.

In 2015, our experts shared their experiences in an internal professional conference that covered the following topics:

- new risks related to falsification of food raw materials (food fraud)
- new microbiological risks (viruses) and their control
- new knowledge in the field of micotoxins
- argument-based risk assessment and control measures
- service quality management, which directly affects the product quality (transport, hygiene services).

In addition, several trainings were organised within the internal programme for improving functional knowledge in the field of quality and product safety management systems, with a primary focus on service quality management.

The efficiency of the quality assurance process is assessed on the basis of achieving target values for key indicators: the number of consumer complaints and the number of product recalls.



PR2

TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES DURING THEIR LIFE CYCLE, BY TYPE OF OUTCOMES

	2013	2014	2015
WITDRAWALS (preventive actions due to potential health and safety impacts)	3	2	4
RECALLS (health and safety impact)	0	0	0

*Direct financial consequences in all cases of withdrawals were minor - no fine or penalty paid, small series (small quantities of products destroyed after withdrawal and selection). Indirect financial consequences were not observed. The total number of withdrawals in 2015 was higher than in 2014 and 2013, but one should be aware that two new production plants (Atlantic Multipower Nova Gradiška and

Foodland) were integrated into AG quality system. In both "new" plants we implemented the same level of rigorous response to any quality deviation observed on the market. Data in the table are for AG own brands. In year 2015 there were no withdrawals for distribution. We have no direct influence on number of withdrawal/recall for the distribution.

The results of key performance indicators for 2015 at the level of entire Atlantic Grupa show:

- decrease in the total number of complaints in relation to 2014 by more than 6%
- decrease in the number of justified complaints in relation to 2014 by more than 15%
- stable results as regards the aspect of product conformity, expressed in the number of preventive product recalls or non-conformities identified in inspections.

In 2015, our primary focus was on improving quality control processes within new companies Atlantic Multipower Croatia and Foodland. We continued to upgrade the competence of local teams by regular focused trainings, using knowledge and experience of corporate experts, colleagues from the business segment of savoury spreads and from the plant in Bleckede, Germany.

The results demonstrate the successful performance of these activities in 2015:

- only three justified complaints for products manufactured in the plant of Atlantic Multipower Croatia
- decrease in the total number of complaints concerning the brand Multipower from 5.4 ppm* (2014) to 4.3 ppm* (2015) (*ppm = complaints per 1,000,000 units sold)
- efficient management of occasional non-conformities of products under brands Granny's Secret and Amfissa with controlled and quick market response that ensured complete health safety of all products on all target markets.

Pleased with the results, we will continue improvements in 2016 with a primary focus on Foodland's factory with the goal of further investments into control equipment and expert knowledge. Significant support for these excellent results was provided by the prevention programme for control of food hazards, which is managed at the Group level in order to summarize all experiences of the expert team. Monitoring is focused on input materials and

adjusted to the supplier's risk assessment – it implies the control of pesticide residues, heavy metals, allergens, microtoxins, alkaloids, PAHs and dioxins, nitrates, pharmacologically active substances and contamination by migration of substances from primary packaging. As a novelty, in 2015 we tested fatty acid ester content in high-fat products. Laboratory testing of input materials, semi-finished products and finished products are carried out in three central laboratories specialised for chemical, sensory and microbiological tests with state-of-the-art measurement equipment. The accuracy of measurement results is regularly verified by the method of international interlaboratory testing. Depending on the type of contaminants, such tests are outsourced to accredited and specialised laboratories.

The activities in the field of quality assur-

ance are supported by advanced IT solutions: the SAP QM module was implemented in the Slovenian market and in some legal entities in Croatia, while other locations use internal IT solutions on similar platforms according to the same model. Further progress in 2015 was made in the fields of safety management and product quality in food-related distribution operations, where at the end of the year we started to implement the good practices already present in our established markets within the Zone East (such as the defined quality of storage services, transparent and strictly defined procedures for managing complaints and crisis situations, etc.) into business processes in new markets and distribution centres within the Zone West.

PRODUCT AND SERVICE LABELLING

Responsibility for the production of safe foods is Atlantic Groupa's fundamental commitment, and is systematically implemented on a daily basis in the scope of the quality system. Furthermore, our company is constantly aware that the consumer expects ever more in this regard, that healthy eating habits are of increasing importance in a world of rapid technological innovations and global trade, and so the company undoubtedly assumes its share of responsibility in this respect.

Firstly, we follow internal guidelines for product improvements regarding new recipes including the use of additives, non-genetically modified organisms, gluten, and development of products rich in positive nutrients, such as magnesium,

calcium, nutritional fibres, antioxidants, products without trans-fatty acids or wellness products etc.

Secondly, we recognize our responsibility to present transparent and truthful information about our product to our consumers. In accordance with internal procedures that stand in line with local and EU legislation, we provide information about the sourcing of components, content, safe use and disposal of the product. Motivated by our consumers' suggestions, and as part of our broader efforts to contribute to health and wellness of our consumers, we also make nutritional information accessible, promoting active and balanced lifestyle and building trust within the community where we operate.



COFFEE	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	Organic product	0%	1%	1%	1%	1%	1%	1%	Only 1 BIO product in the assortment
	GDA information on the label	30%	34%	36%	38%	38%	38%	40%	
Content of the product (recipe)	Decaffeinated product	2%	3%	3%	3%	3%	3%	3%	Only decaffeinated products - all carrying the information
	Added caffeine	1%	1%	1%	1%	0%	0%	0%	
Safe use of the product	Added caffeine - Not adequate to diabetics, pregnant women, children and people sensitive to caffeine	1%	1%	1%	1%	0%	0%	0%	
	Store in a cool and dry place	100%	100%	100%	100%	100%	100%	100%	
	Add cold water	2%	4%	5%	5%	5%	5%	6%	For freeze cappuccino
	Add hot but not boiling water	28%	30%	31%	32%	32%	32%	35%	For instant coffee
Disposal of the product	Signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	100%	100%	



SNACKS	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)									
Content of the product (recipe)	GDA information on the label	100%	24%	100%	0%	0%	100%	100%	Nutritional information (GDA is not required -11/69 EU legislation)
	natural vanilla	0%	5%	5%	5%	5%	5%	5%	For chocolate for kids
	rich in Calcium	0%	5%	5%	5%	5%	5%	5%	For chocolate for kids
	chocolate with high cocoa content							6%	Chocolate (NZ, Menaz), Countlines (Bananica, Citro)
	high in fiber	0%	5%	3%	5%	5%	5%	6%	Integrino wholegrain biscuits and breakfast cereals
	rich in vitamins and minerals	0%	1%	1%	0%	0%	0%	0%	Biscuits for kids
	no artificial flavors	0%	0%	0%	1%	1%	1%	9%	Breakfast cereals, Smoki, Prima
	no artificial colourings	0%	0%	0%	3%	3%	3%	3%	Bananica, dragees
	mix of 8 grains	2%	2%	3%	0%	0%	0%	0%	snack for kids
	no added sugar							1%	Biscuits (Betis)
	without additives							5%	Flips
	without gluten							5%	Flips
	Safe use of the product	Store in cool and dry place	100%	100%	100%	100%	100%	100%	100%
laxative effects of excessive consumption								1%	Biscuits (Betis)
extended shelf life with packaging in control atmosphere								15%	Chips
Easy open	Cold seal flexible packaging	0%	0%	0%	5%	5%	13%	14%	chocolates in flexible foil
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	100%	100%	



MEAT AND FISH PATE — MONTANA SANWICHES	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	MSC Tuna Pate	0%	0%	0%	<1%	1%	1%	1%	In plan for 2014
	chicken fat in recipies	80%	80%	90%	95%	95%	95%	95%	all fat, generated when cooking meat, is used in recipies
	bouillon in recipies	50%	50%	50%	60%	60%	60%	60%	buillon, generated when cooking meat, is used in recipies
Content of the product (recipe)	nutritional information on the label	70%	70%	70%	99%	100%	100%	100%	
	source of omega -3 claim							1%	on 1 product "Sardina Adriatica"
	gluten free claim						50%	50%	on 95g pate; no space for communication on single portion pates; Montana and argeta snack - contain gluten.
	no additives	10%	31%	31%	40%	45%	45%	60%	junior and Delight sub-brands; in 2016 plan in DACH region
Safe use of the product	Refrigerate after opening info	52%	55%	55%	55%	70%	70%	70%	no need for single portion products
	Do not use if the product is inflated (ARGETA)	0%	100%	100%	100%	100%	100%	100%	
	Do not use if the product is inflated (MONTANA)	0%	0%	0%	50%	70%	50%	50%	
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	100%	100%	



BABY DRY CEREALS	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)		na	na	na	na	na	na	na	the products are made of the ingredients of Baby Food quality
Content of the product (recipe)	enriched with vitamins and minerals	100%	100%	100%	100%	100%	100%	100%	
	without additives and preservatives	100%	100%	100%	100%	100%	100%	100%	
	without gluten	41%	38%	35%	na	30%	36%	36%	% are falling due to wider assortment
	with no added sugar	13%	8%	8%	na	10%	9%	9%	impossible due to technological process
Safe use of the product	after opening the product should be stored in a dry and cool place (not in fridge) not more than 3 weeks	100%	100%	100%	100%	100%	100%	100%	
Disposal of the product	all signs for appropriate recycling product packaging	-	-	-	-	-	-	100%	



CARBONATED SOFT DRINKS	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	na								
Content of the product (recipe)	GDA information on the label	9%	90%	95%	100%	-	100%	na	end of 2014 new legislation - GDA is not declared more
	DR (daily reference) information on the label	-	-	-	-	90%		na	
	caffeine and orthophosphoric acids free	71%	76%	70%	64%	60%	62%	na	
	with sweeteners, sugar-free	9%	10%	6%	6%	6%	5%	na	
	with fruit juice	17%	10%	17%	35%	35%	33%	na	
Safe use of the product	serve cool	100%	100%	100%	100%	100%	100%	na	
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	100%	na	Cockta classic - use recycled PET
	sign of dispose carefully	100%	100%	100%	100%	100%	100%	na	



NATURAL MINERAL WATERS BOTTLED IN RV	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	natural sources of water	100%	100%	100%	100%	100%	100%	na	
Content of the product (recipe)	rich in minerals, contains hydrogen carbonate, sulphate, sodium, magnesium, calcium	100%	100%	100%	100%	100%	100%	na	
Safe use of the product	It is not recommended to consume water by patients with acute renal failure and hyper volumetric state, with disturbances in acid-base equilibrium.	100%	100%	100%	100%	100%	100%	na	
	Drinking in huge quantities could cause diarrhoea, which ends, if you stop drinking or respect recommended intake.	100%	100%	100%	100%	100%	100%	na	
	after opening, store in refrigerator	100%	100%	100%	100%	100%	100%	na	
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	100%	na	
	sign of dispose carefully	100%	100%	100%	100%	100%	100%	na	



VIN	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	Granules for Vitamin Beverages preparation	100%	100%	100%	100%	100%	na	na	
	natural flavour	98%	97%	100%	100%	100%	na	na	
Content of the product (recipe)	GDA information on the label	53%	100%	100%	8%	8%	na	na	
	9 vitamins	100%	100%	100%	100%	100%	na	na	
	EFSA Health claims					100%	na	na	
	with sweeteners, sugar-free	3%	3%	3%	3%	3%	na	na	
	with calcium	4%	8%	9%	9%	9%	na	na	
Safe use of the product	always use a dry spoon	100%	100%	100%	100%	100%	na	na	
	after use, close the packaging tightly	100%	100%	100%	100%	100%	na	na	
	store in dry place out of reach small children	100%	100%	100%	100%	100%	na	na	
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	na	na	



CANDIES	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	Multivitamin candies	65%	62%	76%	76%	68%	na	na	
	Pressed candies with sweetener	17%	15%	6%	6%	0%	na	na	
	Pressed candies with vitamin C	17%	23%	18%	18%	32%	na	na	
Content of the product (recipe)	9 vitamins	100%	100%	100%	100%	68%	na	na	
	with vitamin C	100%	100%	100%	100%	32%	na	na	
	with calcium	7%	13%	15%	15%	7%	na	na	Only for products with added calcium
	with sweeteners, sugar-free	100%	100%	100%	100%	0%	na	na	
	for fresh breath	100%	100%	100%	100%	0%	na	na	
Safe use of the product	store in cold and dry place	100%	100%	100%	100%	0%	na	na	
	excessive consumption may have a laxative effect	100%	100%	100%	100%	0%	na	na	
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	na	na	



CEDEVITA GO	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	Multivitamin Beverage	100%	100%	100%	100%	100%	na	na	
	natural flavour	100%	100%	100%	100%	100%	na	na	
	natural spring water	0%	100%	100%	100%	100%	na	na	
Content of the product (recipe)	9 vitamins	100%	100%	100%	100%	100%	na	na	
	EFSA Health claims					100%	na	na	
	With sweeteners, sugar free					6%	na	na	
Safe use of the product	with calcium	0%	0%	6%	6%	5%	na	na	
	Screw the cup of. Cedevida granules will fall into the water. Screw the cup on and shake the bottle.	100%	100%	100%	100%	100%	na	na	
Disposal of the product	store in dry place below the 25°C out of reach for small children	100%	100%	100%	100%	100%	na	na	
	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	na	na	



TEAS	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	na							na	na
Content of the product (recipe)	obligated text of herbs by legislation	0%	0%	73%	73%	100%	na	na	
	with sweeteners	38%	25%	18%	18%	10%	na	na	
Safe use of the product	store in dry place	0%	100%	100%	100%	100%	na	na	
	store in dark and dry place and below 25°C	100%	0%	0%	0%	0%	na	na	
	picture of tea preparation	100%	100%	100%	100%	100%	na	na	
	refreshing non-carbonated soft drink from plant extracts enriched with vitamin C	33%	0%	0%	0%	0%	na	na	% fall due changes in the assortment
	refreshing non-carbonated soft drink from plant extracts	67%	0%	0%	0%	0%	na	na	% fall due changes in the assortment
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	na	na	
Other	story about tea which begins: "Dear lovers of cedevita teas...."	100%	100%	0%	0%	0%	na	na	



NATURAL MINERAL WATERS BOTTLED IN PK	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	natural sources of water	100%	100%	100%	100%	100%	na	na	
	natural spring water	67%	59%	67%	67%	54%	na	na	
	carbonated natural mineral water	33%	41%	33%	33%	46%	na	na	
Content of the product (recipe)	contains hydrogen carbonate, sodium, magnesium	100%	100%	100%	100%	100%	na	na	
	store in dark place and below the 25°C	100%	100%	0%	0%	0%	na	na	
Safe use of the product	Keep away from heat sources and protected from direct sunlight. It is recommended to store in a cold place.	0%	0%	100%	100%	100%	na	na	
	after opening, store in refrigerator	100%	100%	100%	100%	0%	na	na	
Disposal of the product	all signs for appropriate recycling product packaging	100%	100%	100%	100%	100%	na	na	
	sign of dispose carefully	100%	100%	100%	100%	100%	na	na	
Other	story about spring water from Kalnik	67%	59%	67%	67%	0%	na	na	
	story about mineral water from Kalnik	33%	41%	33%	33%	0%	na	na	



SPORTS AND FUNCTIONAL FOOD	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	Designation of packaging material for tubs	na	na	na	na	100%	100%	100%	
Content of the product (recipe)	Natural flavors	na	na	na	na	na	5%	10%	
	Doping Free according to WADA list	100%	100%	100%	100%	100%	100%	100%	
	Certified Ingredients such as palm oil from sustainable sources	na	na	na	na	1%	1%	1%	we use certified palm fat
	EFSA approved claims								
Safe use of the product	Safe use of the product – claims for supplements	na	na	na	na	100%	100%	100%	
Disposal of the product	Deposit	na	na	na	na	100%	100%	100%	all RTDs



GOURMET	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	usage of fruit which is not treated with pesticide (wild fruit)							7%	
Content of the product (recipe)	without preservatives and coloring							100%	for the whole assortment
	no sugar added							18%	for juices only
	low calories - light							5%	for light jams only
	fructose instead of sugar							5%	for light jams only
Safe use of the product	store in dark place and below the 25°C							100%	for the whole assortment
	keep refrigerated after opening							100%	for the whole assortment
Disposal of the product	all signs for appropriate recycling product packaging							100%	for the whole assortment



PERSONAL CARE category: LIP CARE	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next						NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	
The sourcing of components (raw materials, packaging)	Natural		59%	93%	93%	93%	na	na
Content of the product (recipe)	List of ingredients using the International Nomenclature of Cosmetics Ingredients (INCI)		100%	100%	100%	100%	na	na
	Paraben free		0%	14%	27%	27%	na	na
	Mineral oil free		0%	14%	27%	27%	na	na
	UVA and UVB protection		100%	100%	100%	100%	na	na
Safe use of the product	Dermatologically tested		100%	100%	100%	100%	na	na
Disposal of the product	Designation of packaging materials		100%	100%	100%	100%	na	na



PERSONAL CARE category: SKIN CARE	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next						NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	
The sourcing of components (raw materials, packaging)	Natural		6%	6%	8%	8%	na	na
Content of the product (recipe)	List of ingredients using the International Nomenclature of Cosmetics Ingredients (INCI)		100%	100%	100%	100%	na	na
	Paraben free		0%	0%	23%	23%	na	na
	UVA and UVB protection		26%	26%	31%	31%	na	na
Safe use of the product	Dermatologically tested		100%	100%	100%	100%	na	na
Disposal of the product	Designation of packaging materials		100%	100%	100%	100%	na	na



PERSONAL CARE category: ORAL CARE	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE	
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016		
The sourcing of components (raw materials, packaging)	na							na	na	
Content of the product (recipe)	List of ingredients using the International Nomenclature of Cosmetics Ingredients (INCI)		100%	100%	100%	100%		na	na	
	Contains Sodium Fluoride		88%	86%	86%	86%		na	na	all toothpastes containing sodium fluoride must be labelled with this wording
	Contains Sodium Monofluorophosphate		12%	14%	14%	14%		na	na	all toothpastes containing sodium monofluorophosphate must be labelled with this wording
Safe use of the product	'Children of 6 years and younger: Use a pea sized amount for supervised brushing to minimize swallowing. In case of intake of fluoride from other sources consult a dentist or doctor'		94%	93%	93%	93%		na	na	For any toothpaste containing 0,1 to 0,15 % fluoride unless it is already labelled as contra-indicated for children (e.g. 'for adult use only') this information is obligatory
Disposal of the product	Designation of packaging materials		100%	100%	100%	100%		na	na	



PERSONAL CARE category: HAIR CARE	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE	
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016		
The sourcing of components (raw materials, packaging)	na							na	na	
Content of the product (recipe)	List of ingredients using the International Nomenclature of Cosmetics Ingredients (INCI)		100%	100%	100%	100%		na	na	
Safe use of the product	Dermatologically tested		100%	100%	100%	100%		na	na	
Disposal of the product	Designation of packaging materials		100%	100%	100%	100%		na	na	



PERSONAL CARE category: MAN CARE	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE	
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016		
The sourcing of components (raw materials, packaging)	na							na	na	
Content of the product (recipe)	List of ingredients using the International Nomenclature of Cosmetics Ingredients (INCI)		100%	100%	100%	100%		na	na	
Safe use of the product	Dermatologically tested		100%	100%	100%	100%		na	na	
Disposal of the product	Designation of packaging materials		100%	100%	100%	100%		na	na	



PERSONAL CARE category: INSECTICIDES & REPELLENTS	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next							NOTE	
		% in 2011	% in 2012	% in 2013	% in 2014	KPI 2015	% in 2015	KPI 2016		
The sourcing of components (raw materials, packaging)	na							na	na	
Content of the product (recipe)	List of ingredients using the International Nomenclature of Cosmetics Ingredients (INCI)		31%	31%	31%	31%		na	na	applies only on products with skin application
	Dermatologically tested		31%	31%	31%	31%		na	na	applies only on products with skin application
	Risk statements		88%	88%	88%	88%		na	na	in line with EU directive relating labelling of dangerous substances
Safe use of the product	Safety statements		94%	94%	94%	94%		na	na	in line with EU directive relating labelling of dangerous substances
	Chemical hazard symbols		77%	77%	77%	77%		na	na	in line with EU directive relating labelling of dangerous substances
Disposal of the product	Designation of packaging materials		100%	100%	100%	100%		na	na	



FOOD SUPPLEMENTS	INFORMATION	% of products in brand portfolio of significant product category in compliance with the requirement described next						NOTE
		% in 2011	% in 2012	% in 2013	% in 2014	% in 2015	KPI 2016	
The sourcing of components (raw materials, packaging)	na					na	na	
Content of the product (recipe)	Nutritional information on the label		100%	100%	100%	100%	100%	
	Natural colours		60%	65%	70%	74%	75%	
	Natural aroma		63%	68%	72%	76%	78%	
Safe use of the product	Risk statements		100%	100%	100%	100%	100%	in line with EU regulation
	Safety statements		100%	100%	100%	100%	100%	
	Dosage		100%	100%	100%	100%	100%	
Disposal of the product	Packaging without leaflets		5%	80%	95%	95%	95%	

6. WORKPLACE RESPONSIBILITY



In Atlantic Grupa special attention is paid to building a unique corporate culture that respects any type of individual diversity and fosters cooperation and synergies between the different segments of production, innovations, marketing and sales. Employee protection is our priority guaranteed by our work regulation, collective agreement and Labour Law. By creating a healthy and encouraging working environment, we try to provide our employees with more than just a job – many programmes developed within the system are aimed at developing human resources and careers within the company as well as at performance management and appropriate rewarding of excellent results.

All processes connected with management in human resources are annually certified by an independent certificate (www.PoslodavacPartner.org). This certificate is awarded to organizations that fulfil the highest standards in managing people in the following fields: strategy, recruiting and selection; work, motivation and rewards; specialization and development; relationship with employees. Near the end of 2014 we started the recertification process and in 2015 confirmed the status of Employer Partner with high scores in all evaluation segments.

In 2015 we have continued the processes initiated and implemented in 2014. We ended the year with 5,387 employees in 12 markets.

Our most important initiatives in 2015 were:

- Successful continuation of the project Corporate Culture at the Group level. The programme “Value a Colleague” was started within this project, in which all employees may nominate a colleague and/or team for whom they think that he/she best represents the company’s corporate values. The programme proved to be very successful and will continue to be implemented on an annual basis.
- Continued project “Share a Smile” (former “Naturally Caring”) at the Group level, whose aim was to raise awareness about the attachment that connects us with our work colleagues.
- Near the end of 2014 we launched a new project called “Body and Mind – Opportunity to be fit”, with the principal aim to allow our employees to apply a healthy lifestyle throughout the day. This may relate to what they eat during lunch-break, how they get to work, adjustments of work places, organised activities with colleagues interested in the same sports, forming of sports clubs, annual sports games and a series of actions aimed to promote activity, sports and health in our immediate work surroundings. The official

kick-off of 14 Atlantic teams was held in 2015, and the second Atlantic’s sports weekend was organised in November with over 600 participants from 7 markets.

- The fourth in a row Atlantic Grupa’s Value Day, that has once again exceeded all expectations and showed that hardworking Atlantic employees can, with their teamwork, limitless positive energy, humanitarian efforts and great will, leave a positive trace and live their corporate values. More than 1,500 Atlantic employees participated in over 60 different activities in 7 countries.
- The programme INNOWAVE, merging the words “innovation” and “wave” in its title, symbolizes one of our core corporate values – creativity. The large letter A symbolises Atlantic, something that holds us all together. At the time of economic crisis when best companies are recognized by their ability to find new approaches to production, distribution and end consumers, Atlantic Grupa has promoted the programme aimed at promoting the idea that each individual employed in our company can with his/her unique insight contribute to the growth and development of the company. During 2015 we continued to improve the processes by awarding good ideas and establishing a system for their evaluation, and the employees’ response to participating in this programme is very good.
- The performance management process (U3) continues for a fifth consecutive year and in 2015 the HRnet performance management modules were redesigned and new functionalities were added in order to facilitate the use of the system for end-users. In the field of headcount planning and employee costs, great steps forward were made by creating a new HrNet-based tool designed to standardise processes, regulate the data collection system, communicate with other departments involved in the process and in costs monitoring and reporting.

HRIS – HRNET

The HRnet system essentially includes all personnel administration, annual leave and business travel management as well as all advanced processes like performance management, employee development management, recruitment and selection management, talent and career management, etc. The launching of this software solution integrated in one place all important human resource processes available through a simple application to more than 5,000 users. During 2015, the existing functionalities were improved and redesigned (reporting, employment module, performance management module, development module) in order to increase the efficiency and usability of our processes. Between the many benefits included in this new HRnet system are reduced administration and increased engagement of employees in key HRM processes.

EMPLOYMENT

In the field of managing human resources, we pay special attention to respecting the principles of emancipation and equal criteria. Our company's politics and procedures concerning human rights forbid discrimination, while at the same time protecting the employees' dignity and assuring transparency in the process of hiring or recruiting. Each tender stresses gender equality when hiring. One person from each member company of Atlantic Grupa is responsible for receiving complaints connected with any violation of an employee's rights, dignity and/or life and health. We can proudly say that in this respect up until now we haven't received a single complaint from our employees.

We work hard to create opportunities for employees to develop and grow, as we promote the career concept that unites individual and organizational interests and needs. We reward our employees fairly and attractively, in line with the prevailing conditions on the local market. Rewarding is not influenced by gender, race or any other personal characteristic.

In mid-2014, a comprehensive project "Employer Branding" under the working title "Image Atlantic" was initiated. A series of external and internal research of our company's perception and months of dedicated work resulted in a slogan that was adopted by consensus – "Atlantic Grupa, Ocean of Opportunities". This slogan is the basis for a wider concept of "Employer Branding" and a series of activities and projects to be implemented.

"Employer Branding" is a project dedicated to the targeted and structured building of Atlantic Grupa's image as an employer. It extends be-

yond as well, as a business entity in countries we are active in since, by its nature, it extends to other similar corporate areas. Until now, the second demanding phase of collecting information on how we perceive ourselves and how we are perceived by others was carried out, and the results were used as a starting point for defining Atlantic Grupa's employer brand. As a result of research and focus groups, it emerged that the company profile is that of a creator and entrepreneur.

According to the results of research and our aspirations, Atlantic Grupa is defined as an inspirational company which attracts people who operate and love to work in an inspirational environment. Open, inquisitive and motivated, Atlantic offers present and new colleagues, partners and investors an endless ocean of growth and development opportunities. Together we wish to create a vision and provide long term well-being, always keeping our fundamental corporate values in mind: CREATIVITY, symbolized by a wave, PASSION, symbolized by the sun, and GROWTH, symbolised by a mountain. Over time these values were developed because, after all, they also have to grow with us.

The market research in the initial project phase included Croatia, Serbia, Slovenia and Germany – where we have the most extensive business activities and the largest number of employees, while the entire project is related to all markets of Atlantic Grupa.

The aim of the entire project is primarily to be seen and recognised as a desirable employer on all markets. This applies to internal community – our employees, through continuous

development and maintaining a high level of engagement, as well as to external community – potential employees, partners, investors. The “Ocean of Opportunities” is a framework from which all human resources activities will be developed, including different projects in this field. Moreover, the project has an obvious effect on Atlantic Grupa’s overall image, hence the ocean tide will pull with it other related areas of corporate identity and promotional activities. A kind of launching into the “Ocean of Opportunities”, which as a project will actively sail from the beginning of 2015, are schedule

books and calendars that will be used in 2016. The seas will surely not be calm, but we at Atlantic always knew how to seize the opportunities carried by waves. At the end of 2015 we initiated the action “Atlantic’s Reflections” by organising a contest for all our employees to submit and share their stories with us and use this opportunity to become a reflection of Atlantic Grupa in new employment ads which will be used to search for new colleagues, considering that Atlantic employees represent the true image of Atlantic Grupa and their stories and actions are what makes this company.

G4 LA1

TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER UND REGION



Workforce in 2015												
Region (market)	No. of employees	%	Gender				Age group			Age group %		
			M	F	M%	F%	< 30	30 – 50	> 50	< 30	30 – 50	> 50
AT	4	0,1%	3	1	75,0%	25,0%	1	2	1	25,0%	50,0%	25,0%
BA	149	3,1%	108	41	72,5%	27,5%	13	107	29	8,7%	71,8%	19,5%
DE	196	4,1%	108	88	55,1%	44,9%	27	117	52	13,8%	59,7%	26,5%
ES	7	0,1%	4	3	57,1%	42,9%		7		0,0%	100,0%	0,0%
HR	1,768	37,1%	741	1,027	41,9%	58,1%	377	1,108	283	21,3%	62,7%	16,0%
IT	8	0,2%	3	5	37,5%	62,5%		7	1	0,0%	87,5%	12,5%
ME	2	0,0%	1	1	50,0%	50,0%		2		0,0%	100,0%	0,0%
MK	159	3,3%	102	57	64,2%	35,8%	28	112	19	17,6%	70,4%	11,9%
RS	1,759	36,9%	858	901	48,8%	51,2%	169	1,250	340	9,6%	71,1%	19,3%
RU	60	1,3%	27	33	45,0%	55,0%	15	34	11	25,0%	56,7%	18,3%
SI	642	13,5%	335	307	52,2%	47,8%	97	364	181	15,1%	56,7%	28,2%
UK	12	0,3%	6	6	50,0%	50,0%	2	5	5	16,7%	41,7%	41,7%
Total	4,766	100%	2,296	2,470	48,2%	51,8%	729	3,115	922	15,3%	65,4%	19,3%

The majority of our employees work in Croatia (37,1%), Serbia (36,9%) and Slovenia (13,5%).

New employees in 2015												
Region (market)	No. of new employees	%	Age group in NUMBER			Age group in %			Gender in Number		Gender in %	
			<30	30-50	>50	<30	30-50	>50	25,0%	F	M	F
BiH	4	0,60%	1	2	1	25,0%	50,0%	25,0%	3	1	75,0%	25,0%
Croatia	3	0,45%	2	1		66,7%	33,3%	0,0%	1	2	33,3%	66,7%
Germany	26	3,92%	10	16		38,5%	61,5%	0,0%	15	11	57,7%	42,3%
Italy	1	0,15%		1		0,0%	100,0%	0,0%		1	0,0%	100,0%
Macedonia	342	51,58%	168	147	27	49,1%	43,0%	7,9%	172	170	50,3%	49,7%
Montenegro	2	0,30%		2		0,0%	100,0%	0,0%		2	0,0%	100,0%
Russia	11	1,66%	3	8		27,3%	72,7%	0,0%	5	6	45,5%	54,5%
Serbia	204	30,77%	99	104	1	48,5%	51,0%	0,5%	127	77	62,3%	37,7%
Slovenia	21	3,17%	6	14	1	28,6%	66,7%	4,8%	15	6	71,4%	28,6%
Spain	48	7,24%	18	28	2	37,5%	58,3%	4,2%	25	23	52,1%	47,9%
UK	1	0,15%	1			100,0%	0,0%	0,0%	1		100,0%	0,0%
Total	663	100,00%	308	323	32	46,5%	48,7%	4,8%	364	299	54,9%	45,1%

In 2015 we employed a total of 663 people, representing an increase in total headcount number of 1,86 % comparing 2014.

	2013	2014	2015
Number of new employee	331	537	663
% of new employee out of total headcount	7,82	12,05	13,91

Employee turnover											
Region (market)	No. of new employees	Turnover %			Age in %			Gender in %		Fluctuation %	
		Total	Voluntary	Involuntary	< 30	30 – 50	> 50	M	F	Regretted	Unregretted
BiH	6	0,12%	0,08%	0,04%	17%	66%	17%	66,67%	33,33%	3,30%	0,66%
Croatia	169	3,50%	1,66%	1,89%	31%	55%	14%	61,69%	38,31%	1,60%	7,95%
Germany	18	0,38%	0,17%	0,21	38%	41%	21%	54,17%	45,83%	0,51%	8,64%
Italy	2	0%	0,04%	0%	0%	0%	0%	0,00%	0,00%	35,15%	0,00%
Macedonia	10	0,21%	0,13%	0,08%	33%	67%	0%	83,33%	16,67%	0,63%	5,70%
Montenegro	0	0%	0%	0%	0%	0%	0%	0,00%	0,00%	0,00%	0,00%
Russia	31	0,65%	0,65%	0,00%	47%	53%	0%	65%	35%	0,00%	47,65%
Serbia	98	2,06%	1,30%	0,76%	7%	54%	39%	57,75%	42,25%	0,81%	4,89%
Slovenia	31	0,65%	0,55%	0,10%	19%	50%	31%	52,78%	47,22%	0,83%	4,34%
Spain	1	0,00%	0,02%	0%	0%	100%	0%	50,00%	50,00%	14,81%	0,00%
UK	1	0,00%	0,02%	0%	0%	0%	100%	100,00%	0,00%	0,00%	9,77%
Total	367	7,71%	4,62%	3,08%	25%	53%	21%	59,94%	40,06%	1,22%	6,61%

	2011	2012	2013	2014	2015
Voluntary turnover/ all employees in %	No record	No record	6,66%	6,35%	4,62 %
Involuntary turnover/ all employees in %	No record	No record	0,67%	0,69%	3,08 %
Total %	14,44%	4,67%	7,33%	7,04%	7,7 %

We started to keep track of voluntary/involuntary turnover from 2013.

Over the past couple of years we have placed a strong focus on increasing our investment in our people and improving employee engagement. It has been positive to see this reflected in a significant reduction in employee turnover, which has reduced by 50% since 2011. Turnover for the 2015 financial year was 7,7 % including involuntary turnover which is 3,08 %.

OCCUPATIONAL HEALTH AND SAFETY

Atlantic Grupa systematically takes care of its employees' safety and health respecting legal ordinances: internal acts, collective agreements on occupational safety, occupational safety regulations, by being a responsible employer. Managing our employees' safety and protection is under the jurisdiction of the Corporate safety division. This division is responsible for coordinating all activities connected to occupational safety, protection, training in a safe and secure way, and occupational medicine. The system is based upon the principle of respect and coordination between social partners: employer, occupational safety experts and workers.

Respecting European Union guidelines, positive legal regulations of the Republic of Croatia (Occupational safety law), and Atlantic Grupa's internal acts, all workers are ensured the right to be protected and the right to health, which is a result of work itself:

- External independent institutions evaluate the level of risk for all work processes
- All conditions for offering emergency aid and other types of medical protection are secured: the services of an occupational physician, periodical medical check-ups for the workers working under special conditions, periodical check-ups concerning sanitary hygiene, employers decision for each employee to have a medical check-up regardless of their status, actively programmed medical vacation in specialized medical centres
- Employees are trained in a safe and secure way
- Expert training for specific work processes is provided
- Jobs with specific working conditions are defined
- A warm meal for all employees is provided.

By educating our employees, and developing and adapting our technological processes, we are trying to prevent any accidents by creating safe working conditions. Nevertheless, it is impossible to eliminate all risks and exclude all dangers.

G4 LA6

TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK RELATED FATALITIES, BY REGION AND BY GENDER



Injuries Illnesses*	Injury Rate (IR)**			Lost Day Rate (LDR)***			Absentee Rate (AS)****		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
B&H	0,00	0,00	0,63	0,00	0,00	17,07	0,00	0,00	4996,56
Croatia	0,92	1,34	0,63	31,84	77,20	13,78	6266,43	13258,05	12550,23
Germany	5,49	5,28	2,15	79,55	44,05	67,31	14697,94	23372,42	25258,49
Macedonia	0,59	0,58	0,63	6,54	14,00	28,80	794,46	16791,97	5270,37
Russia	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Serbia	1,92	1,50	2,28	59,65	64,98	56,93	10897,06	12259,87	10675,47
Slovenia	1,13	0,31	0,77	17,30	14,92	8,35	9743,23	13179,38	17046,83

* we had no fatal injuries in the last three years (2015, 2014, 2013)

** we had no occupational diseases in the last three years (2015, 2014, 2013)

When it comes to programmes related to assisting workforce members and their families regarding serious diseases, our practices include financial support as well as education and training, counseling, prevention and risk control measures. Depending on the country of

operations, various programmes are in place – such as workshops on most common health issues, in-site first aid station, regular physical examinations, additional health insurance, paid leave and financial aid.

TRAINING AND EDUCATION

Acquisition of new knowledge and skills through the professional and personal development of employees is a prerequisite and a guarantee of employee satisfaction and motivation, and consequently of business success. Our interest is ensuring and enabling our employees the opportunity to receive, refresh and expand their knowledge and skills in compliance with the company’s needs and development. Thus, we pay special attention to

the permanent education and improvement of our employees, as we develop and implement specialized programs and training on all employment levels.

The educational content and programs we prepare and offer include seminars and courses realized by our experts for our employees, as well as outside institutions through programs “tailored” to meet our needs.

G4 LA9

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER AND BY EMPLOYEE CATEGORY



Average hours of training per year per employee by gender:			
Average training hours / person	2013	2014	2015
M**	11	11	10
F	10	11	10
Total*	21	22	20

* average training hours per employee=total number of training hours provided to employees/total number of employees

** total number of training hours provided to male employee/total number of male employee

Average training hours per employee category and function			
Level*	2013	2014	2015
Senior Management	216	200	189
Middle Management	88	95	102
Other	10	11	9

* level such as senior management, middle management

Function*	2013	2014	2015
Product Execution	45	45	46
Product Placement	45	47	44
Internal Perspective	162	160	165

* function such as technical, administrative, production



LEARN DEVELOPMENT@AG

Development in Atlantic Grupa is defined and realised in four development LABS: LEADER LAB, FUNCTION LAB, TALENT LAB, MY LAB.

The task of **LEADER LAB** is primarily to develop LEARN leadership competencies for all Atlantic Grupa leaders. By concept, it consists of two parts: Basic Leadership Skills and Leadership in Action. The Basic Leadership Skills programme is designed for newly hired or newly promoted leaders and it is realised through a set of development activities intended to develop basic leadership skills, while the Leadership in Action is a concept that supports active involvement of leaders in rethinking and maintaining the desired leadership culture. In 2015, under the programme Leadership in Action, 30 teams composed of over 200 managers proposed 30 projects – proposals for improvement related to business processes, awarding and communications, whose implementation will be actively continued in 2016.

FUNCTION LAB is focused on the development of functional competencies for the following areas: Quality, Safety, Pharma, Market-

ing and Key Account Management (KAM). The areas of Quality, Safety and Pharma are under the organisation and control of the business units that manage them, while Marketing and KAM are realised as the joint project of Central Marketing, that is, KAM/Sales Department and the Corporate Talent&Development Team. **TALENT LAB** covers programmes defined on the corporate level, corresponding to the development needs resulting from the talent management process, while MY LAB covers all forms of individual development. TALENT LAB has launched some of its projects in 2015, of which the most significant is the young talent identification programme.

In addition to the above, each Atlantic Grupa employee through his/her individual development plan available via the information system, during the entire 2015 had access to the catalogue of development activities according to defined competencies as well as the option of applying for activities which are not part of the standard catalogue of trainings.

TALENT MANAGEMENT

Talent management in Atlantic Grupa represents a form of human capital management – a longterm, comprehensive and integrated approach for support and strengthening of the company’s core competencies. The general aim of this project is to introduce a structured process of identification, selection, development and retention of talents/successors for present and future needs of Atlantic Grupa. After the model was established at the level of the entire employee population, it is expected to ensure a highly flexible and agile organisation through the creation of a sustainable succession of management personnel at all levels.

Key benefits:

- ensuring business continuity through succession management;
- recognition, motivation and retention of the best people;
- platform for strategic decision-making in human resource management.

In this process each participant (sponsor, supervising manager, employee and HRM) has its role and responsibility and active engagement is expected from all participants in order to ensure successful implementation. The central event of the project “Organisation & People” is a panel designed to assess employees in view of the quality of performance and the level of potential for assuming positions with more complex responsibilities. The Talent Management process in 2015 included close to 200 employees. This process is repeated every two years with the same group of employees.

EMPLOYEE ENGAGEMENT

At the end of 2015, the employee engagement survey was carried out for a fourth consecutive year. It included all employees of Atlantic Grupa in all markets, while the analysis of results and reports was prepared by an external consulting firm. The implemented actions plans based on the 2014 results effectively led to positive changes recorded in 2015. . Employee engagement ratio in 2015 increased to 3,47:1 compared to 2014 when it was 3,18:1 (engaged vs. not engaged employees). The Engagement Index serves as an integral part of the annual performance evaluation for managers and as such serve as indicators of successful people management. We plan to carry out such research once a year in order to be able to monitor the results of our targeted actions and to ensure that all employees give their opinion about working in the company.

7. ENVIRONMENTAL RESPONSIBILITY



In respect to environmental protection, we can say that, within a consistent Environmental Management System (EMS), it has expanded from a local approach to the corporate level with the key focus on sustainability and protecting the future. The sustainable environmental management system is based on a well-considered and economical use of natural sources, using environmental friendly technologies in our production, reduction of waste and lower consumption of energy and water. The international ISO 14001 environmental management system certificate shows that our Environmental Management System complies with the best practice standards, while the reports issued in 2013 and 2014 in accordance with the GRI 4.0 guidelines show that we are a steadily progressive regional company in respect of the criterion of transparency.

Environmental management has a long tradition in individual facilities of Atlantic Grupa. Some production facilities have been awarded the ISO 14001 environmental management system certificate more than 10 years ago. In terms of scope, the major milestone of the environmental management system development was in 2014, when the system was implemented to the distribution and to entire Atlantic Grupa.

Our sustainable environmental management system is based on well-considered and economical use of natural sources, using environmental friendly technologies in our production, reduction of waste and lower consumption of energy and water. Concern for the environment is an integral part of all Atlantic Grupa's operations. The extension of principles related to the environment is implemented in three areas – among employees, in business processes and with external stakeholders, including consumers.

RESOURCES EFFICIENCY

The activities focused on improving the company's energy efficiency and integrating the related good practices have become more intensive in Atlantic Grupa. In 2015, the project of switching the existing lighting to LED bulbs in all company office locations was performed as well as a series of activities aimed at reducing energy and water consumption.

Cedevita's plant in Zagreb is saving significant amounts of water and vapour due to installing a water meter and due to remote control of vapour consumption, which are the result of own knowledge and efforts. At the Droga Kolin-ska's plant in Izola, we used our own knowledge

and efforts to allow for the use of waste vapour formed in the production process to heat sanitary water at the site.

In addition to the above, internal trainings were organised at the Group level on the subject of potential savings of electricity in the manufacturing process for the purpose of improving the ecological efficiency of facilities in the future, while in Serbia both Belgrade-based facilities implemented solutions that significantly reduced their energy consumption. On account of its activities in this segment, our operating company in Skopje received the certificate "Socially Responsible Company".

Energy consumption within the organization			
	2013	2014	2015
SLOVENIA	30.469	29.092	28.319
CROATIA	18.348	16.562	21.194
SERBIA	55.814	53.140	58.020
BiH	9.666	10.882	11.705
MACEDONIA	2.212	2.079	1.893
GERMANY	1.768	1.549	1.697
TOTAL MWh	118.278	113.305	122.611

Energy consumption MWh							
	SLOVENIA	CROATIA	SERBIA	B&H	MACEDONIA	GERMANY	TOTAL MWh
2013							
Electricity Kwh	9.144	8.643	21.835	2.738	641	813	43.814
LPG	9.476	-	-	-	1.461	319	11.256
Natural gas	3.580	1.703	17.253	5.603	-	-	28.139
CNG	-	-	13.052	-	-	-	13.052
PROPAN	355	-	-	30	-	-	385
Fuel oil	-	1.878	3.674	1.295	111	636	7.594
Mazut	5.830	-	-	-	-	-	5.830
Steam	2.084	6.124	-	-	-	-	8.208
Total MWh	30.469	18.348	55.814	9.666	2.212	1.768	118.278

Energy consumption MWh							
	SLOVENIA	CROATIA	SERBIA	B&H	MACEDONIA	GERMANY	TOTAL MWH
2014							
Electricity	9,266	8,158	21,096	3,109	631	801	43,061
LPG	9,134	-	-	-	1,354	285	10,772
Natural gas	3,019	1,119	17,119	6,532	-	-	27,789
CNG	-	-	11,268	-	-	-	11,268
PROPAN	190	-	8	30	-	7	235
Fuel oil	-	1,601	3,649	1,211	94	457	7,012
Mazut	5,841	-	-	-	-	-	5,841
Steam	1,642	5,685	-	-	-	-	7,327
Total MWh	29,092	16,562	53,140	10,882	2,079	1,549	113,305

In 2015 AG expanded for two companies: Atlantic Multipower in Croatia and Foodland in Serbia. Both of them have consumed 8.159 MWh of energy. In case we would not include the new companies in the Report, the annual consumption of energy sources would be 114.669 MWh what represents an increase in consumption for 1.364 MWh mostly due to increase production.

Energy consumption MWh							
	SLOVENIA	CROATIA	SERBIA	B&H	MACEDONIA	GERMANY	TOTAL MWH
2015							
Electricity	8.816	10.631	23.191	3.208	605	819	47.270
LPG	11.226	-	-	-	1.125	343	12.694
Natural gas	2.979	1.590	17.231	7.046	-	-	28.846
CNG	-	1.106	9.329	-	-	-	10.435
PROPAN	186	-	4.688	31	-	18	4.923
Fuel oil	-	1.528	3.581	1.420	163	517	7.209
Mazut	3.064	-	-	-	-	-	3.064
Steam	2.048	6.122	-	-	-	-	8.170
Total MWh	28.319	20.977	58.020	11.705	1.893	1.697	122.611

BIODIVERSITY

Within the process of risk control in designing and developing a new or existing product, biodiversity is defined as an environmental aspect with respect to the selection of raw materials that may have or have bad effects on human health.

During the phase of selecting the raw materials for a new product, the principle of maintaining biodiversity has to be taken into account. The development technologist selects

possible raw materials that meet the requirements of ecological and sustainable aspects. Particular attention has to be paid to threatened plant and animal species (ref. document: IUCN Red List). Number of IUCN Red list species and national conservation list species with habitats in areas affected by operations by level of extinction list is also one of the informative KPI's of the Central Purchasing monitored on a monthly, quarterly or annual basis.

G4 EN14

TOTAL NUMBER OF IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS, BY LEVEL OF EXTINCTION RISK



Number of raw materials used from the category			
	2013	2014	2015
Critically endangered	0	0	0
Endangered	0	0	0
Vulnerable	1	1	1
Near threatened	1	1	1
Least concern	0	1	1

Among our eight business units producing food, food supplements and personal care products: Beverages, Coffee, Snacks, Savoury spreads, Sport and functional food, Pharma, Baby Food and Gourmet, only Savoury spreads operations are using raw materials from IUSN Red List.

For the production of Argeta Tuna pate, we use only in a small part Bigeye tuna - Thunnus Obesus (approx. 20 %) which is classified as a vulnerable. For the rest of the necessary quantity we use not endangered species, and these are Yellowfin tuna -Thunnus albacares (NT) and Skipjack tuna - Katsuwonus pelamis (LC).

In 2017, we expect to no longer use Bigeye tuna in our production. End of use was postponed from 2015 to 2017.

Justification:

Bigeye tuna - Thunnus Obesus is important in commercial fisheries around the world. It is being effectively managed throughout the majority of its range, with the exception of the Western and Central Pacific stock. With the exception of the Western Pacific population, all other stocks are being fished below current maximum sustainable yield (MSY).

WASTE

In addition to reducing waste quantities, our main goal is to increase the separately collected waste on all production locations. Within the improvement of business processes, we would like to point out as a good example the process of developing new products, where special attention is given to the possibility of using more environmentally acceptable packaging, reducing the weight or amount of packaging and the selection of partially recycled packaging materials.

The philosophy of sustainable development in Atlantic Grupa is one of the cornerstones in the design of products and business processes, and it is also interwoven with brand development. For example, Cockta products are filled into bottles made of 50% recycled plastics,

which reduces the annual consumption of the primary source of packaging material (virgin PET) by 365 tonnes. Argeta products are packaged in aluminium packaging in Slovenia since 2009, and in 2015 we transferred this good practice to Argeta's plant in BiH. Unlike classic packaging, aluminium packaging and the new easy peel mechanism have a lower carbon footprint, while it also has an additional advantage of being lighter, on the basis of which Argeta reduced its annual quantities of waste packaging by 1,600 tonnes. In addition to the listed "environmentally oriented" brands, the packaging of Barcaffé BIO coffee was developed in a new, "environmentally aware" design which allows recycling of waste packaging.

G4 EN23

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD



Non- hazardous waste (t/year) ¹							
2015	RECYCLING	BURNING	REUSE	RECOVER	COMPOST	LANDFILL	TOTAL
SLOVENIA	741,68	24,29	529,56	258,03	41,08	57,15	1651,79
CROATIA	819,69	6,92	2,41	195	56,66	109,65	1190,33
CROATIA*	732,23	6,92	2,41	195	56,66	109,65	1102,87
SERBIA	1011,503	0	499,18	0	0	2429,858	3940,541
SERBIA**	967,202	0	499,18	0	0	1280,478	2746,86
BiH	136,48	40,35	0	0	0	1481,12	1657,95
MACEDONIA	32,38	0	0	0	0	75,79	108,17
GERMANY	212,11	0	0	0	32,1	126,45	370,66
Total	2953,84	71,56	1031,15	453,03	129,84	4280,02	8919,44
Total ***	2822,08	71,56	1031,15	453,03	129,84	3130,64	7638,30

*companies in Croatia without Multipower; **companies in SERBIA without Foodland; *** same scope as in 2014

¹ In Bosnia and Herzegovina, Serbia and Macedonia the method for collecting municipal waste (landfill) is based on two month measurements. The billing system for the municipal waste removal is defined per square meter of the site and does not provide the weight of the removed waste.

Hazardous waste (t/year)							
2015	RECYCLING	BURNING	REUSE	RECOVER	COMPOST	LANDFILL	TOTAL
SLOVENIA	0,05	30,94	0	0.00	0.00	0.00	30,99
CROATIA	18,83	5,09	0,01	0.00	0.00	0.00	23,93
SERBIA	5,30	0	0	0.00	0.00	0.00	5,30
BiH	0,07	0,15	0	0.00	0.00	0.00	0,22
MACEDONIA	0,20	0	0	0.00	0.00	0.00	0,20
GERMANY	0,53	0	0	0.00	0.00	0.00	0,53
TOTAL	24,98	36,18	0,01	0.00	0.00	0.00	61,17

Non-hazardous waste (t/year)				
	2013	2014	2015*	2015
other LANDFILL waste	2061,07	2241,17	2799,86	3955,52
municipal waste	1252,29	1266,26	1119,82	2275,47
RECYCLING	2359,00	2548,73	2631,56	2763,32
BURNING	90,66	96,22	71,56	71,56
REUSE	1173,41	1059,85	1031,15	1031,15
RECOVERY	624,16	686,61	453,03	453,03
COMPOSTING	65,70	101,85	129,84	129,84
Total	4312,93	6734,42	7648,67	8936,08

2015* (Same scope as in 2014)

The waste that ended on the landfill is divided to municipal waste and waste that was separately collected but the infrastructure on the market does not provide any alternative. In 2015 Atlantic Grupa expanded for two companies (Multipower Nova Gradiška in Croatia and Foodland in Serbia). Considering the same scope of the company (excluding Multipower and Foodland) and taking in account the municipal waste the data are showing that the

quantities of municipal waste have decreased for 13% in the last year. The separation of waste has improved for 4,3% in the last year.

The total amount of non – hazardous waste has increased for 13% in the last year. Main reason was a large quantity of products with expired dates in Atlantic Brands and Atlantic Trade and moving a warehouse to a new location (Atlantic Trade).

Hazardous waste (t/year)			
	2013	2014	2015
RECYCLING	7,87	7,04	25,06
BURNING	4,24	4,60	36,18
REUSE	0,16	0,05	0,01
RECOVERY	0,00	0,00	0,00
COMPOSTING	0,00	0,00	0,00
LANDFILL	0,00	0,00	0,00
Total	12,27	11,69	61,25

The quantities of hazardous waste have increased due to:

- improved separation (Serbia)
- fuel change (from fuel oil to LNG in Mirna)
- replacement of obsolete electrical and electronic equipment (Cedevita Zagreb)
- emergency situations caused by the spillage (Cedevita Apatovec).

RAISING THE ENVIRONMENTAL AWARENESS OF EMPLOYEES

In 2015 we continued our way towards integration of environmental values into existing projects under the title Atlantic Green – Opportunity to grow in harmony with nature.

The following activities were carried out under the project Atlantic Green:

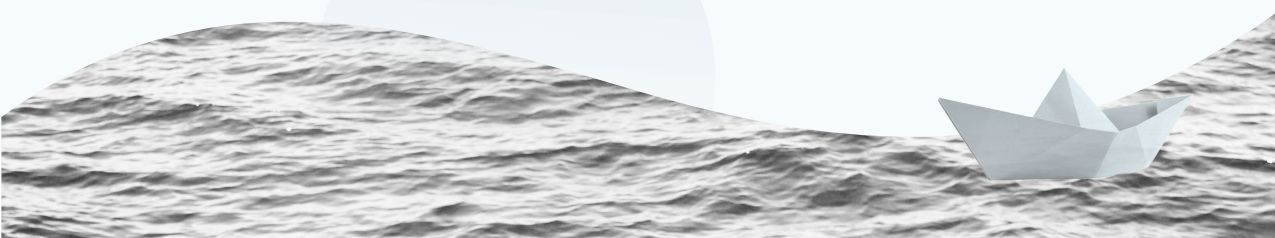
1. Ecological islands - Starting with Izola in Slovenia, the so called ecological islands for separate collection of waste by employees have been installed at over 30 locations in seven countries. This creates yet another opportunity to protect the environment from municipal waste that burdens it and to reuse recycled materials, this giving them a new life. Hit the right basket, a challenge provided by the programme Atlantic Green which will be implemented in all Atlantic's locations. Around 4,500 tonnes of separated waste are collected annually, which is almost 70% of total waste in the yards of our companies. Over 94% of waste is collected separately in seven out of the total of seventeen locations.
2. Marking the environmental protection day by releasing the video clip Atlantic Green.
 - Publishing a series of articles related to environmental protection on the intranet and in internal magazine Atlantic News.
 - Planting trees at production facilities in Nova Gradiška, Rogaški Vrelci, Mirna and Izola.
 - Ecological car in the vehicle fleet - In 2015, Atlantic started to upgrade its vehicle fleet with environmentally friendly vehicles. Renault Zoe is one of the first such vehicles to be purchased and it is marked accordingly. Benefits of the eco car are: noise reduction, no CO2 emissions, no harmful nitrogen

oxides, no hard particles in the air, does not produce waste oil, contaminated filters, or discarded electrical plugs, lower total cost per kilometre.

- On Value Day, more than 1,500 Atlantic employees in 7 countries participated in various activities.
- Greeninowave -upgrading the internal programme for promoting creativity and innovative ideas Innowave, in order to separately collect ideas on environmental protection, green innovations and economic use of natural resources.
- The project Naturally Fit was launched, focusing on promoting the campaign Cycle to Work, which reduces greenhouse gas emissions and consumption of energy associated with coming to work.

Soko Štark and Grand Prom, companies operating within Atlantic Grupa, in 2015 received a CO2 certificate by SEKOPAK for the company's achievements in reducing CO2 emissions in the atmosphere, based on the placement and quantity of the recycled packaging waste in 2014.

8. COMMUNITY ENGAGEMENT



As a part of a broader community in which it functions, Atlantic Grupa is aware of the importance and need for making its own impact on improving general social conditions, promoting correct values and, ultimately, the need to invest a part of its own profits back into the community. In addition to its wide range of charitable projects, Atlantic Grupa is also a major sponsor focused primarily on the promotion of sports where most funds and involvement are dedicated to supporting projects such as the basketball club Cedevita. In addition to a wide range of donor projects, our sponsorship activities are also notable, especially when it comes to the promotion of sports and healthy lifestyle for youth and adults.

The largest sustained, structured and comprehensive arrangement in this sense we invested in supporting projects such as the Basketball Club Cedevita where, other than being the main sponsor, through the club's basketball academy attended by over one thousand children and youth, we are trying to promote correct values among the new generations.

Atlantic Grupa is also an active participant and organiser of a number of humanitarian actions and it systematically supports a whole series of organisations and associations involved in protecting and helping vulnerable social groups.

SPORTS

The basketball club Cedevita continues to be the flagship of all Atlantic's sponsorships. Atlantic Grupa is actively involved in the promotion of basketball as a sport of national importance by attracting increasingly better players and trainers as well as in the promotion of the brand Cedevita, to which the club was renamed. What is particularly important and upon which the success of this project lies is Atlantic Grupa's dedicated support in financing, organising, and managing the club's Basketball Academy with over 1,000 children. The Club and the Academy actively work in 24 basketball schools organised in Zagreb's elementary schools, thus ensuring both the future of this sport and the option of a healthy and useful free time activity. Owing to Atlantic Grupa's sponsorship, as well as the efforts put in getting additional sponsors for the BC Cedevita, the club is now one of the most promising teams in Croatia and regional leagues which is also successful in Euroleague, primarily by entering the TOP 16.

Support to other sports include cycling, triathlon, running, and adrenaline sports, through various competitions and teams: Planica Ski

Jump, Giro d'Italia, Basket Tour (street basket), Croatian Olympic Committee, Slovenian Ski Federation, Beo Basket.

CULTURE AND KNOWLEDGE

Atlantic Grupa has again in 2015 supported the 21st Sarajevo Film Festival (SFF) as a central cultural manifestation in the region, once more not only as a Festival sponsor, but also as the main partner of the special festival project Sarajevo grad filma ("Sarajevo Film City"). It is a project that gives an opportunity to young film professionals from the widely interpreted region to work in professional conditions. On one hand, the project is concerned with the future of young professionals, on the other, the future of the regional film industry and, finally, the future of the festival. In the last year Atlantic also signed a golden partnership agreement with Croatian Innovation Institute for 2015. In addition to supporting the Institute's work, the cooperation also includes a series of trainings for Atlantic employees. With the brand Plidenta, Atlantic also supported the work of the Croatian Chamber of Dental Medicine.

Other supported initiatives include: Nišville Jazz Festival, High Five – Teen Days, Film – You Carry Me, and Špancirfest.

SOCIALLY VULNERABLE GROUPS

Atlantic Grupa has in 2015 made a donation to the Children's Home Zagreb in Nazorova Street, which was used to purchase furniture for its little beneficiaries. At the Centre for the Protection of Toddlers, Children and Youth in Belgrade, Atlantic Grupa's actions were also directed towards improving the living conditions of children deprived of parental care. The humanitarian organisation Reto – ima nade (there is hope) accepted a donation of products aimed at improving the living condi-

tions of their beneficiaries – drug and alcohol addicts. The Croatian Association of Leukaemia and Lymphoma Patients continues to implement the project “Plastic Bottle Caps for Expensive Medicines” aimed at collecting and recycling plastic bottle caps, whereas the funds raised in this way will be used to co-finance expensive medicines for the treatment of the Association’s members. The Atlantic’s Follow Me Team supported this project in Atlantic’s locations in Zagreb and other cities and invited all colleagues to participate in this humanitarian and environmental initiative.

In view of the biggest migrant crisis in recent history, Atlantic Grupa recognised the tragedy that leaves people helpless and tried to help them in their need. The first activities were started in the territory of the Republic of Serbia, by donating aid packages which, in addition to products from Atlantic Grupa’s portfolio, also included products from its distribution portfolio. Other than sweets and coffee, this humanitarian package contained natural water and diapers in order to meet the most basic needs of mothers with small children. In Croatia, the company was in direct contact with the Crisis Headquarters and the Croatian Red Cross in an effort to, in line with its capacities, provide the best possible help in improving the conditions in refugee reception centres.



ATLANTIC VALUE DAY

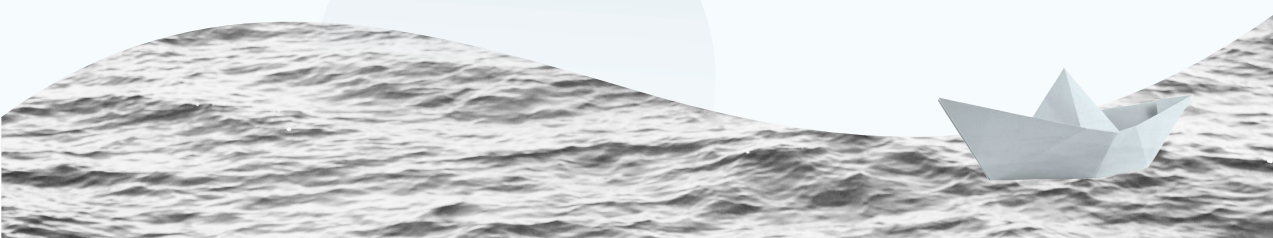
Opportunity to make a better world

VALUE DAY

The fourth in a row Atlantic Grupa’s Value Day has once again exceeded all expectations and showed that hardworking Atlantic employees can, with their teamwork, limitless positive energy, humanitarian efforts and great will, leave a positive trace and live their corporate values. More than 1,500 Atlantic employees participated in over 60 different activities in 7 countries where they passionately, creatively

and responsibly assisted their local communities and each other through different forms of help: cleaning their work spaces and the environment, gardening, painting, cleaning and by donating blood. This year’s Value Day was marked by as much as 28 “green” activities under the project Atlantic Green – Opportunity to grow in harmony with nature, where more than 600 Atlantic employees chose to participate in one of the activities aimed at environmental protection.

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G4-42	Roles of the highest governance body and senior executives in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	30, 33
G4-51	Remuneration policies for the highest governance body and senior executives and how performance criteria in the remuneration policy relate to their economic, environmental and social objectives	36-37
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G4-2, G4-35 through G4-55, G4-57, G4-58 are not mandatory in accordance with "Core". Nevertheless, some information is reported "comprehensively": G4-2, G4-35 through G4-42, G4-51, G4-52, G4-58.

No external assurance included.

No omissions regarding the reported information.