

ATLANTIC GRUPA

CIRCULAR

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

Pursuant to the provisions of Article 277, paragraph 2 of the *Companies Act*, the Management Board of the Company ATLANTIC GRUPA d.d. for domestic and international trade, with the registered seat in Zagreb, Miramarska 23 (hereinafter: Atlantic Grupa d.d. or "Company"), on May 5th, 2020 passed the decision on the convocation of the General Assembly of the Company and hereby invites the shareholders of the Company to the

GENERAL ASSEMBLY of Atlantic Grupa d.d.

to be held on June 18th, 2020 at 12:00 hours at the Headquarters of the Company, Miramarska 23, Zagreb

With the following agenda:

1. Opening of the General Assembly, establishing the present and represented shareholders
2. Annual financial statements and consolidated financial statements of Atlantic Grupa for 2019, Annual Report on the Status and of Business Operations Management of the Company for BY 2019 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in BY 2019.....
3. Decision on the approval of the Report on remuneration for 2019.....
4. Decision on remuneration for the members of the Supervisory Board
5. Decision on the approval of the Remuneration Policy for the members of the Management Board.....
6. Decision on use of retained earnings of the Company realized in the previous business years and use of earnings for the BY 2019
7. Decision on issuing the note of release to the members of the Supervisory Board of the Company for BY 2019
8. Decision on issuing the note of release to the members of the Management Board of the Company for BY 2019.....
9. Decision on the amendments to the Articles of Association of Atlantic Grupa d.d.....
10. Decision on the appointment of Auditors of the Company for the year 2020

Proposals of decisions of the General Assembly:

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

"

1. The Report on remuneration for 2019 with the accompanying Auditor's Report, which are published as the Attachment 3 to the Invitation to this General Assembly, and which make an integral part of this Decision, are approved.

2. This Decision enters into force as of the date of its adoption.“

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

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1. The Decision on remuneration for the members of the Supervisory Board is approved, in the text of the proposal that was published as the Attachment 4 to the Invitation to this General Assembly, and which makes an integral part of this Decision.

2. This Decision enters into force as of the date of its adoption.“

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

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1. The Remuneration Policy for the members of the Management Board is approved, in the text of the proposal that was published as the Attachment 5 to the Invitation to this General Assembly, and which makes an integral part of this Decision.

2. This Decision enters into force as of the date of its adoption.“

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

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1. In the business year ending on December 31, 2019 the Atlantic Grupa has realized a consolidated net income after minority interests in the amount of HRK 388,880,497.00 (three hundred eighty eight million eight hundred eighty thousand four hundred ninety seven kuna and zero lipa), while Atlantic Grupa d.d. (hereinafter: the “Company”) has realized the net income of HRK 187,594,000.74 (one hundred eighty seven million five hundred ninety four thousand kuna and seventy four lipa).
2. The amount of HRK 83,135,350.00 (eighty three million one hundred thirty five thousand three hundred and fifty kuna and zero lipa) shall be distributed as dividends, i.e. HRK 25.00 (twenty five kuna and zero lipa) per share, to the shareholders of the Company in proportion to the number of shares held by each shareholder. The dividend shall be paid from the part of the retained earnings of the Company realized in business year 2018 and from the part of the Company's profit realized in the business year 2019.
3. The dividends shall be paid to all shareholders of the Company registered as such in the depository of Central Depository and Clearing Company d.d. on June 25th, 2020 (record date). Date on which security of Company will be traded without dividend payment right is June 24th, 2020 (ex date). The claim for dividend payment is due on July 15th, 2020 (payment date).
4. The remaining of the net profit realized in the business year 2019, in the amount of HRK 110,323,536.19 (one hundred ten million three hundred twenty three thousand five hundred and thirty six kuna and nineteen lipa) remains in retained (undistributed) profit of the Company.”

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

”

1. The note of release has been given to Zdenko Adrović, the member and the President of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.
2. The note of release has been given to Lada Tedeschi Fiorio, the member and the Vice President of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.

3. The note of release has been given to Siniša Petrović, the member and the Vice President of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.
4. The note of release has been given to Aleksandar Pekeč, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.
5. The note of release has been given to Franz Josef Flosbach, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.
6. The note of release has been given to Lars Peter Elam Håkansson, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.
7. The note of release has been given to Anja Svetina Nabergoj, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.
8. The note of release has been given to Monika Elisabeth Schulze, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019.”

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

”

1. The note of release has been given to Emil Tedeschi, the member and the President of the Management Board of Atlantic Grupa d.d. for business year 2019.
2. The note of release has been given to Neven Vranković, the member of the Management Board of Atlantic Grupa d.d. for business year 2019.
3. The note of release has been given to Zoran Stanković, the member of the Management Board of Atlantic Grupa d.d. for business year 2019.
4. The note of release has been given to Lada Tedeschi Fiorio, the member of the Management Board of Atlantic Grupa d.d. for business year 2019.
5. The note of release has been given to Srećko Nakić, the member of the Management Board of Atlantic Grupa d.d. for business year 2019.
6. The note of release has been given to Enzo Smrekar, the member of the Management Board of Atlantic Grupa d.d. for business year 2019.”

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

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1. In Article 10, Paragraph 2 of the Articles of Association of Atlantic Grupa d.d., the word „month“ is deleted and number “30” is added instead.
2. In Article 11, paragraphs are added following the existing three paragraphs, and they read:

„The Management Board of the Company is authorized to deliver a decision that the work of the General Assembly is allowed to be audio and video transmitted.

The Management Board of the Company is authorized to deliver a decision by which it would enable the shareholders to exercise all or only some of the rights, in entirety or partly, via

electronic communication, even when they are not participating in the same in person or via proxy, at the place where it is being held.

The Management Board of the Company is authorized to deliver a decision by which it would enable the shareholders to be allowed to submit their votes in writing or via electronic communication, when they are not participating in the General Assembly."

3. In Article 18, Paragraph 2 of the Articles of Association of Atlantic Grupa d.d., number "20" is deleted and number "19" is added instead.
4. In Article 20, Paragraph 5, a part of the sentence that reads „*Within 7 (seven) days*“ is deleted and the text „*Within a deadline prescribed under positive legal regulations*“ is added instead.
5. In Article 32, a paragraph is added following the existing two paragraphs, and it reads:

„The Company may submit information to the shareholder using electronic means.“
6. All other provisions of the Articles of Association remain unchanged.
7. This Decision on the amendments to the Articles of Association shall enter into force and be applicable as of the date of entry into the Court Register.
8. The Supervisory Board is hereby authorized to determine a full text of the Articles of Association in accordance with this Decision on the amendments to the Articles of Association."

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

„For the purposes of performing audit of the financial reports of the parent company Atlantic Grupa d.d. and its affiliated companies, and for the audit of consolidated financial reports of Atlantic Grupa d.d. for the business year 2020, by performing the joint audit, the following certified auditors' companies are appointed:

1. Ernst & Young d.o.o., Radnička cesta 50, Zagreb, Croatia
and
2. Kulić i Sperk Revizija d.o.o., Radnička cesta 52, Zagreb, Croatia."

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

Invitation, time and venue of the General Assembly:

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

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

Accordingly, in order to minimize the number of people that are to participate in the work of the General Assembly, thus also minimizing the risk of spreading the disease, it is recommended that the shareholders exercise their rights and participation at the General Assembly through one of the following proxies provided by the Company:

Boris Šavorić, Attorney-at-Law, Ilica 1A, 10000 Zagreb
(contact information: tel: +385 1 4855 900, e-mail: boris.savoric@savoric.com)

or

Josip Madirazza, Attorney-at-Law, Masarykova 21, 10000 Zagreb
(contact information: tel: +385 1 4877 280, e-mail: jmadirazza@madirazza.hr).

The cost of representing the shareholders or shareholder's proxy through the proposed proxies nominated in this Invitation shall be borne by the Company.

3. The participants are invited to come to the General Assembly on June 18th, 2020 at least one hour prior to its scheduled beginning for the purpose of timely registration of participants and in order for the Committee for Participant Registration to make a list of participants in the General Assembly. When registering, the shareholders or their proxies or representatives have to submit to the Committee a valid identification document provided under law, while the proxies who are legal persons have to submit an excerpt from the court register or other appropriate register in which the legal person concerned is entered, or other appropriate public document, if such a document was not submitted with the application for participation in the General Assembly. After registration, the participants may leave the General Assembly only after informing the Committee for Participant Registration, until the conclusion of the General Assembly.

Participation and voting at the General Assembly:

Registration:

4. With a recommendation for appointing one of the proposed proxies, each shareholder of the Company who has submitted to the Company, either personally or through their proxy or representative, an application for participation in written form at the latest six days prior to the General Assembly meeting in which period is not included the day the application is received at the Company, or by June 11th, 2020 has the right to participate in the General Assembly. A legal or natural person, who is on the last day for application for participation in the General Assembly i.e. on June 11th, 2020 registered as a shareholder of the Company with the Central Depository and Clearing Company, Zagreb, is considered a shareholder of the Company.

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

I. Application for shareholder – natural person

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

II. Application for shareholder – legal person

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

III. Application submitted by shareholder's proxy

a) Proxy of natural person:

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

b) Proxy of legal person:

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

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

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

8. The applications for participation in the General Assembly shall be considered timely submitted if they are, in accordance with these Instructions, submitted or sent by mail to the Company by 24:00 hours on June 11th, 2020 at the latest. The shareholders who have failed to apply for participation in the General Assembly correctly and in accordance with these Instructions or who have failed to attach to the application the documents provided under these Instructions shall not be entitled to participate in the General Assembly.

Power of Authority:

9. For the reasons set out in Item 2 of this Invitation, the shareholders are referred to selecting one of the proxies cited therein provided by the Company for their representation at the General Assembly. If the shareholder does not wish to be represented at the General Assembly by the proposed proxy provided by

the Company, he or she can be represented by another proxy based on a valid written power of authority given by the shareholder, i.e. given by a person who is a legal representative of a shareholder – legal person.

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

11. It is recommended to use forms for the application for participation in the General Assembly and for the power of authority, which can be obtained on the website of the Company: www.atlanticgrupa.com.

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

13. The Company shall bear the costs of holding the General Assembly. Shareholders shall bear their own costs of arrival and participation in the activities of the Company's General Assembly, except for the cost of representation of shareholders or shareholder's proxy through the proposed proxies nominated in this Invitation as stated under Item 2.

Questions, proposals, counterproposals, materials and notifications:

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

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

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

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

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

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

Zagreb, May 7th, 2020

Atlantic Grupa d.d.

Contact:

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Annex 1 - Application Form for Participation

GENERAL ASSEMBLY OF ATLANTIC GRUPA d.d.

Application for Participation

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

I herewith apply for participation in the General Assembly of Atlantic Grupa d.d. Zagreb, Miramarska 23, convoked for June 18th, 2020, starting at 12:00 hours at Company's registered seat, in Zagreb, Miramarska 23.

* In accordance with the Invitation and Instructions to the shareholders concerning their participation in the General Assembly, it is recommended to choose and register the data of one of the following proxies:

Boris Šavorić, Attorney-at-Law, Ilica 1A, 10000 Zagreb

or

Josip Madirazza, Attorney-at-Law, Masarykova 21, 10000 Zagreb

** please mark if the total number of shares of the shareholder or shares on custody account is different than the number of shares with which it is voted according to the application, or for which the power of authority is held. If the number of shares is expected to change, please enter the following notice: "according to the number of shares registered on June 11th, 2020 ".

Signature of the shareholder/proxy: _____ Date: _____

Annex 2 – Power of Authority Form:

GENERAL ASSEMBLY - ATLANTIC GRUPA d.d.

Power of Authority

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

I herewith give authority to the below stated proxy: /circle the number in front of one of the proxies proposed by the Company or enter the data of another proxy/

1. Boris Šavorić, Attorney-at-Law, Ilica 1A, 10000 Zagreb
2. Josip Madirazza, Attorney-at-Law, Masarykova 21, 10000 Zagreb

_____, OIB _____
/name and family name, or company name/ /address or seat/

to file, solely and independently, on my behalf and for my account, an application for participation in the General Assembly of the joint-stock company Atlantic Grupa d.d., Zagreb, Miramarska 23 to be held on June 18th, 2020 in Zagreb, to represent me at this General Assembly, to participate, on my behalf and for my account, in the work of the General Assembly and to vote on all decisions to be passed in the General Assembly, in a manner:

/next to each said proposal for the decision leave a mark that indicates the vote that is being given for such proposal of the decision:/

Number and name of the proposal for the decision from the General Assembly's agenda:	IN FAVOUR	AGAINST	ABSTENTION
3. Decision on the approval of the Report on remuneration for 2019			
4. Decision on remuneration for the members of the Supervisory Board			
5. Decision on the approval of the Remuneration Policy for the members of the Management Board			
6. Decision on use of retained earnings of the Company realized in the previous business years and use of earnings for the BY 2019			

In case of joint voting: 7. Decision on issuing the note of release to the members of the Supervisory Board of the Company for BY 2019			
In case of separate voting: 7.1 The note of release has been given to Zdenko Adrović, the member and the President of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.2 The note of release has been given to Lada Tedeschi Fiorio, the member and the Vice President of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.3 The note of release has been given to Siniša Petrović, the member and the Vice President of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.4 The note of release has been given to Aleksandar Pekeć, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.5 The note of release has been given To Franz Josef Flosbach, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.6 The note of release has been given to Lars Peter Elam Håkansson, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.7 The note of release has been given to Anja Svetina Nabergoj, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
7.8 The note of release has been given to Monika Elisabeth Schulze, the member of the Supervisory Board of Atlantic Grupa d.d. for business year 2019			
In case of joint voting: 8. Decision on issuing the note of release to the members of the Management Board of the Company for BY 2019			
8.1 The note of release has been given To Emil Tedeschi, the member and the President of the Management Board of Atlantic Grupa d.d. for business year 2019			
8.2 The note of release has been given to Neven Vranković, the member of the Management Board of Atlantic Grupa d.d. for business year 2019			
8.3 The note of release has been given to Zoran Stanković, the member of the Management Board of Atlantic Grupa d.d. for business year 2019			
8.4 The note of release has been given to Lada Tedeschi Fiorio, the member of the Management Board of Atlantic Grupa d.d. for business year 2019			

8.5 The note of release has been given to Srećko Nakić, the member of the Management Board of Atlantic Grupa d.d. for business year 2019			
8.6 The note of release has been given to Enzo Smrekar, the member of the Management Board of Atlantic Grupa d.d. for business year 2019			
9. Decision on the amendments to the Articles of Association of Atlantic Grupa d.d			
10. Decision on the appointment of Auditors of the Company for the year 2020			
Note: *			

* mark a question, proposal regarding certain items on the agenda that the shareholder wants to ask through the proxy at the General Assembly or an instruction on how the proxy is authorized to vote in case of a counterproposal

Shareholder's signature: _____ Date: _____



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

REPORT

ON THE REMUNERATION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD IN THE YEAR 2019

Remuneration of the Supervisory Board

The Supervisory Board of Atlantic Grupa d.d. is consisted of seven members. On 31 December 2019, the Supervisory Board operated in the following composition: Zdenko Adrović, President of the Supervisory Board, Siniša Petrović, Vice President of the Supervisory Board, Anja Svetina Nabergoj, appointed for a member at the General Assembly as of 27 June 2019, Monika Elisabeth Schulze appointed for a member at the General Assembly as of 17 October 2019, Franz Josef Flosbach, member, Aleksandar Pekeč, member and Lars Peter Elam Håkansson, member. Lada Tedeschi Fiorio carried out the function of the Vice President of the Supervisory Board until 30 September 2019 i.e. when she resigned from Supervisory Board taking over a duty of a member of the Management Board.

Each member of the Supervisory Board is entitled to the fixed monthly remuneration, from the day of his/her appointment on duty until the day of its termination.

In order to maintain their independence and full impartiality, remuneration of members of the Supervisory Board is not dependent on the Company's results and it is not composed of variable part of compensation.

Members of the Supervisory Board have been remunerated for their work and have a right to remuneration appropriate to the period of their engagement and the tasks performed, as well as the Company's situation and business performance. The Supervisory Board, with the support of the Nomination and Remuneration Committee, monitors whether such remuneration is in line with the principals set in the Article of Association of the Company.

In line with the above, in 2019, members of the Supervisory Board received remuneration in the following gross I amounts:

Supervisory Board remuneration in 2019	HRK
Zdenko Adrović	364,932.12
Siniša Petrović	175,667.36
Anja Svetina Nabergoj	77,631.58
Monika Schulze	30,000.00
Franz Jozef Flosbach	117,074.75
Aleksandar Pekeć	148,008.47
Lars Peter Håkansson	221,881.05
TOTAL	1,135,195.33

In determination of remuneration different external and internal factors have been taken account, such as economic conditions, prevailing wage levels, compensation data and best practices of regional and relevant industries as well as compensation levels and policies of Company.

Members of the Supervisory Board are not entitled to payments made by Company or its affiliated entities in Company's shares.

Report on remuneration of members of Supervisory Board for 2019 has been provided in accordance to the respective provisions of Law, the *Code of the Corporate Governance* of the Zagreb Stock Exchange and HANFA, and *Articles of Association* of Atlantic Grupa d.d. The Remuneration policy in accordance with the Article 247a of the Companies Act will be provided to the General Assembly scheduled on June 18, 2020.

Apart of the stated heretofore, no other payments were made by the Company or its related entities.

The Company and its related entities did not provide loans, advances or does not issue guarantees to the benefit of members of the Supervisory Board.

The Company and its related entities did not provide members of the Supervisory Board with gifts or benefits of significant value.

Remuneration of the Management Board

The Management Board of Atlantic Grupa is composed of six members. Until 30 September 2019 the Management Board consisted of: Emil Tedeschi, President of the Management Board, Neven Vranković, Group Vice President for Corporate Activities and Zoran Stanković, Group Vice President for Finance, Procurement and Investment, when it was extended to six current board members by inclusion of Lada Tedeschi Fiorio, Group Vice President for Corporate Strategy and Development, Srećko Nakić, Group Vice President for Distribution and Enzo Smrekar, Group Vice President for Savoury Spreads, Donat Mg and International Expansion.

The Management Board of Atlantic Grupa d.d. in 2019 received remuneration in the following gross I amount:

Amounts in HRK	Fixed part	%	Variable part	%	Receipts in kind	%	Total	%
Emil Tedeschi	2,749,490.00	61%	1,482,948.00	33%	249,428.27	6%	4,481,866.27	100%
Neven Vranković	1,788,290.00	57%	1,261,014.65	40%	76,831.64	3%	3,126,136.29	100%
Zoran Stanković	1,734,290.01	57%	1,227,990.01	41%	57,159.74	2%	3,019,439.76	100%
Lada Tedeschi Fiorio	420,000.00	98%	0.00	0%	7,241.01	2%	427,241.01	100%
Srećko Nakić	422,541.63	98%	0.00	0%	7,978.59	2%	430,520.22	100%
Enzo Smrekar	332,880.10	94%	0.00	0%	22,706.14	6%	355,586.25	100%

**variable part is related to calculated bonuses for financial years 2017 and 2018*

The fixed part of remuneration of the Management Board members Lada Tedeschi Fiorio, Srećko Nakić and Enzo Smrekar represents remuneration received from the date of starting their term of office as members of the Management Board, i.e. from 1 October 2019.

For the results of financial year 2019, following Management Board members are entitled to variable compensation that will be paid in Atlantic Grupa' shares as follows:

Management Board member	Gross I variable part for 2019	Shares no. payout in FY 2020	Shares no. payout in FY 2023
Neven Vranković	1,338,750	616	391
Zoran Stanković	1,298,250	597	379
Srećko Nakić	1,260,000	524	333
Enzo Smrekar	972,000	153	181

From gross I amount above, 75% of net amount is paid in shares in 2020. based on the average share price (volume-weighted) of the Zagreb Stock Exchange of the day that precedes the grant date (relevant price- 1,163.93 HRK). The grant date for Employee Stock Option program is upon expiration of 30 days from the date of the adoption of the annual financial results for the financial year by the Supervisory Board of the Company.

For the results achieved in the financial year 2019, following members of the Management Board have achieved right to variable part of the compensation in cash (gross I, in HRK), which will be paid to them as follows:

Management Board Member	The variable part for 2019 total	Payout by the end of 2020	Deferred part of the bonus for 2019
Emil Tedeschi	2,059,650.00	1,544,737.50	514,912.50
Lada Tedeschi Fiorio	1,260,000.00	945,000.00	315,000.00

In accordance with the Employee Stock Option Program (ESOP) and Atlantic Grupa' Remuneration Policy, in 2019 Management Board members Neven Vranković and Zoran Stanković were awarded shares for the results of the 2017 and 2018 financial years:

2017:

Management Board member	Number of shares	Variable salary, HRK
Neven Vranković	164	297,433.04
Zoran Stanković	162	293,805.80

2018:

Management Board member	Number of shares	Variable salary, HRK
Neven Vranković	590	963,581.61
Zoran Stanković	572	934,184.21

Shares awarded, based on 2017 financial year, are defined based on former Option program, when vesting period lasted 18 months. Shares awarded, based on 2018 financial year, represents 75% of achieved variable part from the same year, based on current option program.

The Approval Date under the applicable Employee Stock Option Program (ESOP) and Atlantic Grupa's Remuneration Policy is the expiration of the 3 years retention period.

The amount of remuneration paid out to members of the Management Board is determined with an aim to attract, motivate and retain qualified professionals, to promote sound and effective risk management as well as to discourage risk-taking that exceeds the level of tolerated risk of the Company. The policy of remuneration (currently defined within Article of Association) of members of the Management Board is set in a manner to strongly supports the pay for performance culture and the long-term strategy of the Company. It takes into account all regional, local and relevant industry practices of remuneration for managers holding corresponding positions, including employees of the related entities of Company. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment, intellectually stimulating environment are all important components. As such, the Company's policy in overall contributes to achieving the Companies' strategic goals.

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

The amount of variable part in overall remuneration of Management Board will not be less than 40% of total remuneration under assumption of realization of set KPIs and including deferred part of bonus.

The amount of annual bonus is set as per current employee's contracts, and is correlated to the realization of key financial/sales metrics (hereinafter jointly: Key performance indicator/s or KPI/s):

- realization of the financial objective consisted of the assessment of the realization of the EBITDA profit objective- 80% ponder share in calculation
- realization of the direct sales goals to external buyers (third party) objective- 20% ponder share in calculation;

Member of the Management Board is entitled to the annual bonus provided that the following minimum preconditions are fulfilled:

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

The realization of such financial preconditions and financial KPI metrics are based on the Company's consolidated financial results for the respective financial year.

The overview provided below shows the average income of employee in Atlantic Grupa d.d. for 2019 in Gross I value, which includes all fixed and the variable part of the salary, other receipts in kind and all other payments made in relation to the employee status including awarding remuneration divided by average full-time equivalent (FTE) number of employees. The guidance is based on average income of Atlantic Grupa d.d. employees since majority are on managerial and key professional positions which are relevant for compensation comparison.

Average remuneration per employee - HRK	2019	2018	2017	2016	2015
Annual base (Gross I)	456,945	493,811	456,071	455,143	471,517

Atlantic Grupa; HRK '000	2019	2018	2017	2016	2015
Revenues	5,506,404	5,330,624	5,303,426	5,174,539	5,450,955
Net profit/(loss)	388,880	243,970	275,529	162,800	242,291

The Company did not reclaim any variable part of the salary.

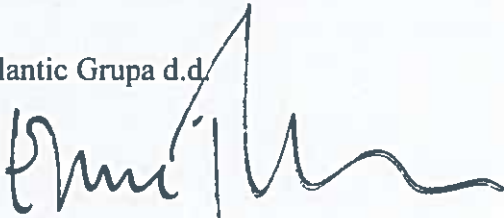
There are no payments or obligations to be paid by a third party to the members of the Management Board in connection with the activities performed as members of the Management Board of the Company or as any other function within Atlantic Grupa.

The report on remuneration of members of Management Board for 2019 has been provided in accordance to the respective provisions of Law, the *Code of the Corporate Governance* of the Zagreb Stock Exchange and the HANFA, and *Articles of Association* of Atlantic Grupa d.d. The Remuneration policy in accordance with the Article 247a of the Companies Act will be provided to the General Assembly scheduled on 18 June 2020.

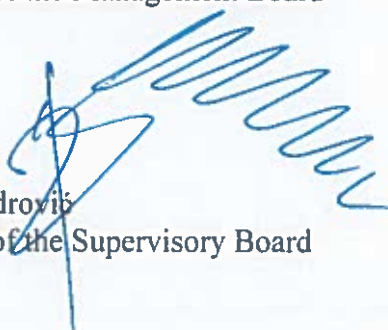
The contract on performing function of a member of the Management Board can be terminated in accordance with provisions of Law. The obligation of severance payment occurs in a case of contract termination by Atlantic Grupa in the period of its duration, unless the contract is terminated due to reasons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

In Zagreb, 6 May 2020

Atlantic Grupa d.d.



Emil Tedeschi
President of the Management Board



Zdenko Adrović
President of the Supervisory Board



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SWIFT: ESBCHR22

Independent practitioner's assurance report on Remuneration Report - limited assurance on underlying subject matter and the applicable criteria

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

This report is intended solely for the Management board and Supervisory board of Atlantic Grupa d.d. (hereinafter "the Company") for the purpose of reporting on Management Board and Supervisory Board Remuneration Report ("the Remuneration Report") prepared by the Company for the year ended 31 December 2019 in accordance with Article 272r of the Companies Act.

Underlying Subject Matter and Applicable Criteria

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

- Remuneration Report prepared by the Company for the year ended 31 December 2019 contains data in accordance with Paragraphs 1 and 2 of the Article 272r.

Specific Purpose

This report is intended solely for the purposes specified in the first paragraph above and for your information and must not be used for other needs. The report refers exclusively to the Remuneration Report and must not be associated with any Company's financial statements as a whole.

Management board and Supervisory board Responsibilities

The Company's Management board and Supervisory board is responsible for the preparation of the Remuneration Report in accordance with the Article 272r of the Companies Act. In particular, the Company's Management board and Supervisory board is responsible for internal controls being designed and implemented to prevent the Remuneration Report from being materially misstated.

In addition, the Company's Management board and Supervisory board is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. The Company's Management board and Supervisory board is also responsible for maintaining the internal control system that reasonably ensures that the documentation described above is free from material misstatements, whether due to fraud or error.

Practitioner's Responsibilities

We conducted our assurance engagement in accordance with the requirements of Article 272r paragraph 3 of the Companies Act, and in accordance with International Assurance Standards, particularly ISAE 3000 (revised). These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Remuneration Report.

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

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

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel responsible for financial reporting and risk management and additional procedures aimed at obtaining evidence about the Remuneration Report. The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

In respect of the subject matter mentioned above we have performed mainly the following procedures:

- Understanding of the Company's internal controls, processes and systems set up for the preparation of the Remuneration Report
- Reconciliation, on the sample basis, of input data disclosed in the Remuneration Report with the supporting documentation provided by the Company
- Inquiry of the Management board and Supervisory board on the accuracy of the information presented in the Remuneration Report
- Reading the Remuneration Report and confirm presentation is in accordance with the Article 272r of the Companies Act

Practitioner's conclusion

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



Berislav Horvat,

President of Management Board and certified auditor

Ernst & Young d.o.o.

Radnička cesta 50,

Zagreb, Croatia

6 May 2020

Attachment

- 1. Management board and Supervisory board Remuneration Report for 2019**



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

REPORT

ON THE REMUNERATION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD IN THE YEAR 2019

Remuneration of the Supervisory Board

The Supervisory Board of Atlantic Grupa d.d. is consisted of seven members. On 31 December 2019, the Supervisory Board operated in the following composition: Zdenko Adrović, President of the Supervisory Board, Siniša Petrović, Vice President of the Supervisory Board, Anja Svetina Nabergoj, appointed for a member at the General Assembly as of 27 June 2019, Monika Elisabeth Schulze appointed for a member at the General Assembly as of 17 October 2019, Franz Josef Flosbach, member, Aleksandar Pekeč, member and Lars Peter Elam Håkansson, member. Lada Tedeschi Fiorio carried out the function of the Vice President of the Supervisory Board until 30 September 2019 i.e. when she resigned from Supervisory Board taking over a duty of a member of the Management Board.

Each member of the Supervisory Board is entitled to the fixed monthly remuneration, from the day of his/her appointment on duty until the day of its termination.

In order to maintain their independence and full impartiality, remuneration of members of the Supervisory Board is not dependent on the Company's results and it is not composed of variable part of compensation.

Members of the Supervisory Board have been remunerated for their work and have a right to remuneration appropriate to the period of their engagement and the tasks performed, as well as the Company's situation and business performance. The Supervisory Board, with the support of the Nomination and Remuneration Committee, monitors whether such remuneration is in line with the principals set in the Article of Association of the Company.

In line with the above, in 2019, members of the Supervisory Board received remuneration in the following gross I amounts:

Supervisory Board remuneration in 2019	HRK
Zdenko Adrović	364,932.12
Siniša Petrović	175,667.36
Anja Svetina Nabergoj	77,631.58
Monika Schulze	30,000.00
Franz Jozef Flosbach	117,074.75
Aleksandar Pekeč	148,008.47
Lars Peter Håkansson	221,881.05
TOTAL	1,135,195.33

In determination of remuneration different external and internal factors have been taken account, such as economic conditions, prevailing wage levels, compensation data and best practices of regional and relevant industries as well as compensation levels and policies of Company.

Members of the Supervisory Board are not entitled to payments made by Company or its affiliated entities in Company's shares.

Report on remuneration of members of Supervisory Board for 2019 has been provided in accordance to the respective provisions of Law, the *Code of the Corporate Governance* of the Zagreb Stock Exchange and HANFA, and *Articles of Association* of Atlantic Grupa d.d. The Remuneration policy in accordance with the Article 247a of the Companies Act will be provided to the General Assembly scheduled on June 18, 2020.

Apart of the stated heretofore, no other payments were made by the Company or its related entities.

The Company and its related entities did not provide loans, advances or does not issue guarantees to the benefit of members of the Supervisory Board.

The Company and its related entities did not provide members of the Supervisory Board with gifts or benefits of significant value.

Remuneration of the Management Board

The Management Board of Atlantic Grupa is composed of six members. Until 30 September 2019 the Management Board consisted of: Emil Tedeschi, President of the Management Board, Neven Vranković, Group Vice President for Corporate Activities and Zoran Stanković, Group Vice President for Finance, Procurement and Investment, when it was extended to six current board members by inclusion of Lada Tedeschi Fiorio, Group Vice President for Corporate Strategy and Development, Srećko Nakić, Group Vice President for Distribution and Enzo Smrekar, Group Vice President for Savoury Spreads, Donat Mg and International Expansion.

The Management Board of Atlantic Grupa d.d. in 2019 received remuneration in the following gross I amount:

Amounts in HRK	Fixed part	%	Variable part	%	Receipts in kind	%	Total	%
Emil Tedeschi	2,749,490.00	61%	1,482,948.00	33%	249,428.27	6%	4,481,866.27	100%
Neven Vranković	1,788,290.00	57%	1,261,014.65	40%	76,831.64	3%	3,126,136.29	100%
Zoran Stanković	1,734,290.01	57%	1,227,990.01	41%	57,159.74	2%	3,019,439.76	100%
Lada Tedeschi Fiorio	420,000.00	98%	0.00	0%	7,241.01	2%	427,241.01	100%
Srećko Nakić	422,541.63	98%	0.00	0%	7,978.59	2%	430,520.22	100%
Enzo Smrekar	332,880.10	94%	0.00	0%	22,706.14	6%	355,586.25	100%

*variable part is related to calculated bonuses for financial years 2017 and 2018

The fixed part of remuneration of the Management Board members Lada Tedeschi Fiorio, Srećko Nakić and Enzo Smrekar represents remuneration received from the date of starting their term of office as members of the Management Board, i.e. from 1 October 2019.

For the results of financial year 2019, following Management Board members are entitled to variable compensation that will be paid in Atlantic Grupa' shares as follows:

Management Board member	Gross I variable part for 2019	Shares no. payout in FY 2020	Shares no. payout in FY 2023
Neven Vranković	1,338,750	616	391
Zoran Stanković	1,298,250	597	379
Srećko Nakić	1,260,000	524	333
Enzo Smrekar	972,000	153	181

From gross I amount above, 75% of net amount is paid in shares in 2020. based on the average share price (volume-weighted) of the Zagreb Stock Exchange of the day that precedes the grant date (relevant price- 1,163.93 HRK). The grant date for Employee Stock Option program is upon expiration of 30 days from the date of the adoption of the annual financial results for the financial year by the Supervisory Board of the Company.

For the results achieved in the financial year 2019, following members of the Management Board have achieved right to variable part of the compensation in cash (gross I, in HRK), which will be paid to them as follows:

Management Board Member	The variable part for 2019 total	Payout by the end of 2020	Deferred part of the bonus for 2019
Emil Tedeschi	2.059.650.00	1.544.737.50	514.912.50
Lada Tedeschi Fiorio	1.260.000.00	945.000.00	315.000.00

In accordance with the Employee Stock Option Program (ESOP) and Atlantic Grupa' Remuneration Policy, in 2019 Management Board members Neven Vranković and Zoran Stanković were awarded shares for the results of the 2017 and 2018 financial years:

2017:

Management Board member	Number of shares	Variable salary, HRK
Neven Vranković	164	297.433.04
Zoran Stanković	162	293.805.80

2018:

Management Board member	Number of shares	Variable salary, HRK
Neven Vranković	590	963.581.61
Zoran Stanković	572	934.184.21

Shares awarded, based on 2017 financial year, are defined based on former Option program, when vesting period lasted 18 months. Shares awarded, based on 2018 financial year, represents 75% of achieved variable part from the same year, based on current option program.

The Approval Date under the applicable Employee Stock Option Program (ESOP) and Atlantic Grupa's Remuneration Policy is the expiration of the 3 years retention period.

The amount of remuneration paid out to members of the Management Board is determined with an aim to attract, motivate and retain qualified professionals, to promote sound and effective risk management as well as to discourage risk-taking that exceeds the level of tolerated risk of the Company. The policy of remuneration (currently defined within Article of Association) of members of the Management Board is set in a manner to strongly supports the pay for performance culture and the long-term strategy of the Company. It takes into account all regional, local and relevant industry practices of remuneration for managers holding corresponding positions, including employees of the related entities of Company. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment, intellectually stimulating environment are all important components. As such, the Company's policy in overall contributes to achieving the Companies' strategic goals.

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

The amount of variable part in overall remuneration of Management Board will not be less than 40% of total remuneration under assumption of realization of set KPIs and including deferred part of bonus.

The amount of annual bonus is set as per current employee's contracts, and is correlated to the realization of key financial/sales metrics (hereinafter jointly: Key performance indicator/s or KPI/s):

- realization of the financial objective consisted of the assessment of the realization of the EBITDA profit objective- 80% ponder share in calculation
- realization of the direct sales goals to external buyers (third party) objective- 20% ponder share in calculation;

Member of the Management Board is entitled to the annual bonus provided that the following minimum preconditions are fulfilled:

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

The realization of such financial preconditions and financial KPI metrics are based on the Company's consolidated financial results for the respective financial year.

The overview provided below shows the average income of employee in Atlantic Grupa d.d. for 2019 in Gross I value, which includes all fixed and the variable part of the salary, other receipts in kind and all other payments made in relation to the employee status including awarding remuneration divided by average full-time equivalent (FTE) number of employees. The guidance is based on average income of Atlantic Grupa d.d. employees since majority are on managerial and key professional positions which are relevant for compensation comparison.

Average remuneration per employee - HRK	2019	2018	2017	2016	2015
Annual base (Gross I)	456,945	493,811	456,071	455,143	471,517

Atlantic Grupa; HRK '000	2019	2018	2017	2016	2015
Revenues	5,506,404	5,330,624	5,303,426	5,174,539	5,450,955
Net profit/(loss)	388,880	243,970	275,529	162,800	242,291

The Company did not reclaim any variable part of the salary.

There are no payments or obligations to be paid by a third party to the members of the Management Board in connection with the activities performed as members of the Management Board of the Company or as any other function within Atlantic Grupa.

The report on remuneration of members of Management Board for 2019 has been provided in accordance to the respective provisions of Law, the *Code of the Corporate Governance* of the Zagreb Stock Exchange and the HANFA, and *Articles of Association* of Atlantic Grupa d.d. The Remuneration policy in accordance with the Article 247a of the Companies Act will be provided to the General Assembly scheduled on 18 June 2020.

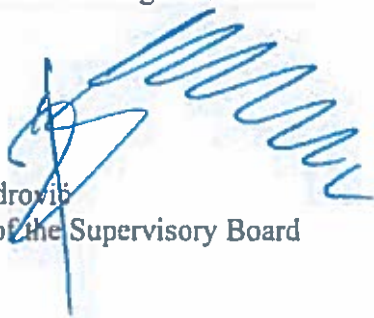
The contract on performing function of a member of the Management Board can be terminated in accordance with provisions of Law. The obligation of severance payment occurs in a case of contract termination by Atlantic Grupa in the period of its duration, unless the contract is terminated due to reasons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

In Zagreb, 6 May 2020

Atlantic Grupa d.d.



Emil Tedeschi
President of the Management Board



Zdenko Adrovic
President of the Supervisory Board

-Decision on remuneration for the members of the Supervisory Board



Pursuant to Article 269, paragraph 3 of the *Companies Act*, the Supervisory Board of Atlantic Grupa d.d. (hereinafter also referred to as: the Company) submit to the General Assembly for its session to be held on 18 June 2020 to adopt the following

DECISION ON THE REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

1. This decision on the remuneration of members of the Supervisory Board and the members of Committees of the Supervisory Board (hereinafter respectively: the Committee) is based on the principle to engage, motivate and retain qualified supervisory officers, having regard to the Company's mission, values and the industry in which it operates. The decision on the remuneration is aimed at providing a balanced, sustainable and transparent remuneration of supervisory officers and supporting the long-term strategy of the Company for the benefit of all its stakeholders. When determining the remuneration, different external and internal factors have been taken into account, such as economic conditions, prevailing wage levels, compensation data and best practices of regional and relevant industries, as well as compensation levels and policies of the Company.
2. In order to maintain their independence and full impartiality, the remuneration of members of the Supervisory Board and Committees is not dependent on the Company's results and does not contain a variable part of compensation.
3. Each member of the Supervisory Board, with an exception of the President and the Vice President, is entitled to a fixed monthly remuneration in the gross amount of 15,000.00 HRK. The President of the Supervisory Board is entitled to a fixed monthly remuneration in the gross amount of 30,000.00 HRK. The Vice President of the Supervisory Board is entitled to a fixed monthly remuneration in the gross amount of 20,000.00 HRK.
4. Each member of the Committee, irrespective of his/her presidency or deputy position within the respective Committee, is entitled to a fixed attendance remuneration (remuneration for the session of the Committee in which they participated) in the gross amount of 6,000.00 HRK.
5. Members of the Supervisory Board and Committees are entitled to remuneration from the day of their appointment to such duty until the day of its termination. Members who have served on the Supervisory Board or a

Committee for a part of the Company's business year are entitled to receive remuneration in proportion to the time served.

6. If a member of the Supervisory Board simultaneously holds a membership within the Committee, he/she is entitled only to remuneration for the membership in the Supervisory Board.
7. Participating in a meeting also includes participation in a meeting by telephone or video conference.
8. Members of the Supervisory Board and Committees are entitled to reimbursement of appropriate expenses (including tax) incurred during the performance of their duties.
9. Members of the Supervisory Board and Committees are not entitled to severance payments, deferred payment arrangements or payments of remuneration or reimbursements defined hereto in Company shares.
10. The Supervisory Board shall, with the support of the Nomination and Remuneration Committee, monitor whether the remuneration stated heretofore is in line with the principles established in paragraph 1 of this Decision, on an annual basis. If the Supervisory Board is considering a revision of this Decision, it shall submit a proposal and explanation to the General Assembly in line with the applicable provisions of the law. If the General Assembly does not approve the proposed revision, the Company shall continue to pay remuneration to members of the Supervisory Board and its Committees in accordance with this Decision.
11. This Decision becomes effective upon its adoption by the General Assembly.

Zdenko Adrović
President of the Supervisory Board





Pursuant to Article 247 of the *Companies Act*, the Supervisory Board of Atlantic Grupa d.d. (hereinafter also referred to as: the Company) submits to the General Assembly for its session to be held on 18 June 2020 to adopt the following

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD

1. This Policy on the remuneration of members of the Management Board (hereinafter: the Policy) is based on the principle to attract, motivate and retain qualified professionals with the objective to promote sound and effective risk management as well as to discourage risk-taking that exceeds the level of tolerated risk of the Company. The Policy is aimed on providing a balanced, sustainable and transparent remuneration of members of the Management Board strongly supporting the pay for performance culture and the long-term strategy of the Company. When determining the remuneration, this Policy has taken into account all regional, local and relevant industry practices of remuneration for managers holding corresponding positions, including employees of the associated companies of the Company. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment and intellectually stimulating environment are all important components. As such, the Policy contributes to achieving the Company's strategic goals.
2. The contract with a member of the Management Board (hereinafter: the Contract) is concluded for a period of three (3) years and it lays down rights, including provisions on remuneration and obligations based on his/her authority within the Management Board. All members of the Management Board have general employment right for an indefinite period in Atlantic Grupa d.d. or its associated companies.
3. The Contract can be terminated in accordance with provisions of the law. The obligation of severance payment occurs in the case of Contract termination by the employer in the period of its duration, unless the Contract is terminated due to reasons caused by the wrongful conduct of the respective member of the Management Board. The severance payment is limited to the amount of twelve (12) average monthly gross salaries paid to the respective Management Board member in the period of three months prior to Contract termination.
4. The remuneration structure for members of the Management Board ensures a proper balance between the variable and fixed remuneration, whereby the fixed part – in terms of the principal salary – is set by the Contract in the gross amount, and the variable part of remuneration is always performance-related. The amount of the variable part in the overall remuneration of a member of the

Management Board will not be less than 40% of the total remuneration under the assumption of realization of the set KPIs and including a deferred part of the bonus.

5. The level of the principal salary is determined in accordance with Article 1 on the basis of the labour market peer group companies comparable in terms of size and/or complexity within the region in which the Company operates, taking into consideration the terms of employment of the Company's employees and employees of its associated companies.
6. The amount of the annual bonus is set per year of Contract duration and is correlated to the realization of key financial/sales metrics as well as qualitative (non-financial) performance criteria (hereinafter jointly: Key Performance Indicator/s or KPI/s):
 - realization of the financial objective consisting of the assessment of realization of the EBITDA profit objective,
 - realization of the direct sales to external buyers (third party) objective,
 - realization of the qualitative (non-financial) objective consisting of the assessment of the employee engagement or key employee retention ratio objective or other People KPIs relevant for a specific year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- c) the cash payment: 75% of the realized annual bonus for the respective member of the Management Board, payable upon expiration of 30 days from the date of adoption of annual financial results for the Business Year by the Supervisory Board of the Company;
 - d) deferred cash payment: 25% of the realized annual bonus for the respective member of the Management Board multiplied by 1.2 with the vesting period until the end of April of the fourth year counted as of the end of the Business Year, provided that he/she is still employed by the Company or the associated company on April 1st of the respective year.
9. In addition to remuneration of the Management Board members, in line with local practices a number of additional arrangements apply. These include expense allowances, life insurance policy, accident insurance, voluntary health insurance policy, use of company cars and technical equipment, education allowances and, if applicable, expatriate allowances.
10. With the aim to avoid any conflict of interest, all Contracts provide for the following clauses:
- a) obligation of confidentiality: members of the Management Board are obliged to keep confidential the Company's business secrets during and after their employment, regardless of the reasons for employment termination, whereas the obligation of confidentiality extends to business secrets of the Company's associated companies as well;
 - b) no-competition clause: members of the Management Board are obliged not to compete with the Company for a period of one year from the date of receiving severance pay; in case of its breach, any Management Board member shall be liable to pay the contract penalty in the amount of twelve average net monthly salaries paid to that the Management Board member in the period of three months before Contract termination;
 - e) prohibition of participation of a member of the Management Board in the ownership and/or management structure, whether directly or indirectly, in any company which is in market competition with the Company and its associated companies, or in a company with which the Company and its associated companies have business cooperation, as well as to act as an advisor or consultant in such companies, regardless of being paid or not for such activities;

- f) activities, except those performed for the Company or its associated companies, regardless of being paid or not, including the membership in supervisory boards, advisory bodies, etc. may be performed by a member of the Management Board only on the basis of prior approval of the Management Board of Atlantic Grupa d.d.
11. The Supervisory Board with the support of the Nomination and Remuneration Committee shall monitor whether the remuneration elaborated in this Policy is in line with the principles established in paragraph 1 of this Policy on an annual basis. The remuneration shall be checked against regional, local and relevant industry practices consisting of companies comparable in terms of size, business activity, geographic distribution of operations and/or complexity. The Supervisory Board reserves the right to amend the Policy in case of change of market circumstances. In such case, the Supervisory Board shall submit the proposal and explanation to the General Assembly in line with the applicable provisions of the law.
12. This Policy enters into force upon its adoption by the General Assembly.

Zdenko Adžević
President of the Supervisory Board

