

***ALUFLEXPACK NOVI d.o.o. (hereinafter referred to as: AFP)  
BUSINESS ETHICS CONDUCT CODE***

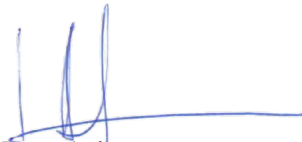
Almost each of us thinks our work and choices should be determined by what we value.

At one level, the **AFP Business Ethics Conduct Code** is a document of conduct we establish for ourselves to help us comply with laws and good ethical practices. But this is not just about compliance with the law and general standards of ethics. By establishing these guidelines and giving them the weight of a governing document, we are acknowledging that our choices and actions help define AFP for others.

This is particularly relevant to what we agree explicitly to do and not do as individuals when conducting AFP's business. Each of us makes decisions that could affect our company and its reputation whether with one person or with millions of people.

A shared belief, at all levels, in the principles and rules of the **Business Ethics Conduct Code of Aluflexpack Novi d.o.o.**, which is based on principles of International Bill of Human Rights and EU Convention on Human Rights as well as the ETI (Ethical Trading Initiative) Base Code, will not only serve to reinforce the ties that bind the Group together, but it will also have a beneficial effect on the way that the Company is perceived and judged by the communities where it operates.

We can accomplish our goals and achieve very good business results only on condition that we should accept and adopt values and principles of the **Code**. This is why; it is exceptionally important that every AFP employee is familiarized with the above conduct-related principles, has adopted them and applied them in every situation accordingly.



Igor Arbanas  
President of the Management Board



Johannes Steurer  
Chief Financial Officer

Zadar, December 2020

## **INTRODUCTION**

As simple statements, our values may not provide obvious answers in all instances, but they give or should give very clear reasons why we make the choices we do.

You will have many opportunities to make such choices in situations that are not covered by this **Business Ethics Conduct Code**. But you will not come across a major decision at Aluflexpack Novi d.o.o. (hereinafter referred to as: AFP) where our values would not be applicable.

In AFP, the Management Board and managers at all levels are responsible for setting standards of business ethics and overseeing compliance with these standards.

It is the individual responsibility of each AFP employee to comply with these standards.

In all instances, the Management Board and managers, and also every employee must obey the national law, as well as the principles of International Bill of Human Rights and EU Convention on Human Rights as well as a of “The ETI base code”, which are integral part of APF Code and is highlighted in chapter VI as well as act ethically.

Complying with this **Code** by every employee is extremely important for conducting good business operation, AFP reliability and reputation which are some very important factors in achieving business success.

## **I. VALUES AND GENERAL PRINCIPLES**

The rules of the **Code** are applicable to each and every AFP employee without exception and to all those who work for the achievement of AFP’s objectives.

Members of the Board of Directors must bear in mind the principles contained in the **Code** when determining corporate objectives.

The Company managers must be the first to give concrete form to the values and principles contained in the **Code**, by assuming responsibility for them both inside and outside AFP, and by instilling trust, cohesion and a sense of teamwork.

AFP employees shall not only follow the existing applicable laws but they are also expected to adjust their actions and conduct so as to conform to the principles, objectives and commitments contemplated in the **Code**.

All in-house work shall be performed with the utmost care and professional skill.

Each employee must bring adequate skills and expertise to the task assigned and always acts in the way to protect AFP's reputation.

Relationships between employees, at all levels, must be characterized by fairness, cooperation, loyalty and mutual respect.

In order to fully comply with the **Code**, each employee may refer to his or her superior.

## **II. ATTITUDE TOWARDS WORK AND ASSOCIATES AT WORK**

### *Responsibilities in relationships between employees and employer*

AFP's reputation in terms of integrity and business ethics should never be taken for granted. To maintain that reputation, you must follow all of **AFP's Business Ethics Conduct Code** and exercise good judgment in your decisions and actions. It's no exaggeration to say that AFP's integrity and reputation are in your hands.

The company shall specify the scope of responsibilities and authorizations for every employee and inform him/her thereabout. The employees are committed to comply with the entrusted authorizations and responsibilities, the hierarchy and organizational structure of the company and maintain and contribute to its reputation through their conduct.

The managers are held responsible for overseeing and application of assigned operating procedures and rules. They should be regarded as models, a good conduct model complying with ethical and business standards and stimulating teamwork and exchange of information. The managers bear responsibilities to continuously monitor the work done by the employees, recognize and coordinate their potential and skills and proactively prevent any problematic situations and conflicts.

While doing their jobs, the employees are obligated to work hard, do their work in accordance with best working practices and committed trying to overcome and resolve any difficulties they may come across while doing their jobs. If due to some personal problems, temporarily decreased abilities or any other personal reason, an employee may not be fully committed to work, he/she is obligated to inform the company thereabout that will attempt to adjust such extraordinary needs and situations of the employee with the requirements at work any time that it may be possible.

If the AFP management finds that your conduct on or off the job adversely affects your performance, that of other employees, or AFP's legitimate business interests, you will be subject to disciplinary measures, including dismissal.

## Proactive attitude to work tasks

While performing his/her obligations at work, an employee is obligated to track the operating process carefully, collect important information, perceive problems relating to his/her work and inform his/her associates and managers thereabout. The employees are expected to have a proactive approach to work and self-initiative in performing work tasks. We shall appreciate the above values and professional traits of employees and actively monitor, stimulate and support any contribution to AFP common goals and development. Employees will be allowed to give remarks and suggestions in order to improve the work efficiency as well as to voice out their complaints about existing problems, especially those relating to violations of employer's work obligations by other employees, subordinates and superiors, such complaints will remain completely anonymous.

## Communication

Good communication is required for performing every work task, especially in relations with colleagues, business partners and users of our products. The communication must be clear efficient, and the data disclosed precise, accurate and true. These rules are to be complied with while using any communication media, including electronic communication channels.

The employees are required to maintain a polite and professional attitude in all situations relating to human relationships and communication.

## Business conduct code standards

The conduct of all of us is considered extremely important for the AFP reputation. The employees are expected to interact with their colleagues, business partners, customers with dignity evaluating and considering their attitudes, opinions and feelings.

In daily situations they are expected to behave themselves in accordance with generally accepted rules of decent conduct at their workplaces:

- Saying hello when coming to work and goodbye when leaving the company
- Respecting elderly people
- Being punctual when coming to workplace and business meetings, taking over shifts and information flow between workers as well as meeting the agreed deadlines
- compliance with established breaks for day breaks in accordance with the AFP Management Board decree
- Apology and error removal
- Decent way of addressing each other

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- Compliance with dress code, personal hygiene and neatness high standards
- Keeping the working environment tidy and clean
- Polite communication
- Decent humor
- Avoidance and active prevention of arguments, conflicts and confrontations
- Discretion – avoidance of participating in rumors, gossiping and other types of communication causing adverse and harmful consequences.

## III. AFP BUSINESS OPERATION

### Conducting AFP business operation

You must be ethical and lawful in all of your business dealings whether you are selling, buying or representing AFP in any other capacity.

Every employee must record and report all information accurately and honestly and submit it to the company.

Today, AFP is engaged in a variety of business relationships with other companies and organizations, including authorized business partners, alliance companies and raw material manufacturers. No matter what type of organization you are dealing with or what its relationship is to AFP, you should always observe the following general standards and values.

### Mergers and acquisitions

Mergers & Acquisitions are organized on a Group level. During the due diligence processes, environmental, social and governance issues are an element on the standardized DD request list.

### Closure, Decommissioning and Divestment

Closure, Decommissioning and Divestment are organized on a Group level and during the processes the company will review environmental, social and governance issues in the planning process for closure, decommissioning and divestment.

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## Relations with customers

AFP knows that the esteem of those requesting its products or services is of primary importance for success in business. Therefore, AFP employees shall:

- follow internal procedures on relations with customers;
- provide, with courtesy and efficiency and within the limits set in the contracts, high quality products that can meet or exceed the customers' reasonable expectations and needs;
- provide sufficient and accurate information about its products and services so that customers can take reasoned decisions;
- Be truthful in all advertising and communications.

## Relations with suppliers

In deciding among competing suppliers, we weigh the facts impartially to determine the best supplier. You should do so whether you are in a purchasing job, a local office or any other part of the business and whether you are buying millions of parts or just a few, or contracting for a small repair job or any other service.

Whether or not you are in a position to influence decisions involving the evaluation or selection of suppliers, you must not exert or attempt to exert influence to obtain "special treatment" for a particular supplier. Even to appear to do so can undermine the integrity of our established procedures. AFP uses a competitive evaluation process to select the best suppliers. Prices and other information submitted by suppliers and AFP's evaluation of that information are regarded as confidential.

Employees and former employees may not use any of this information outside of AFP without a written permission by the Management. It is essential that suppliers competing for AFP's business have confidence in the integrity of our selection process.

The AFP within its supply chain management system develops and promotes a social accountability standard of all its partners by encouraging them to accept the BSCI Code of Conduct.

## Relationship with other organizations

Frequently, other organizations have multiple relationships with AFP. A distributor may be both an end user and a competitor. Another organization may be an AFP supplier and client at the same time. Some organizations may even be suppliers, competitors, distributors and end users of AFP products. AFP also has relationships with many other types of organizations that continue to emerge in our industry, such as leasing companies, banks and other financial institutions, raw material manufacturers, consultants and third-party programmers and others who compete with, buy from, or

sell to, AFP. In any dealings, it is important that you understand each one of the relationships involved, and act accordingly.

#### Transparency of accounting records

Accounting transparency is based on the use of true, accurate and complete information for construing entries in the books of accounts. Each employee shall cooperate in order to have events properly and timely registered in the books of accounts.

For each transaction the proper supporting evidence has to be maintained in order to:

- facilitate registration of the accounting;
- identify the different degrees of responsibilities;
- Provide an accurate representation of the transaction and data so as to avoid any errors in interpretation of the facts.

Each record shall reflect exactly what is shown by the supporting evidence.

All employees shall make sure, through accurate filing according to logical criteria, that the documentation can be easily traced.

AFP employees who become aware of any omissions, misrepresentations, negligence in the accounting or in the documents on which accounting is based, shall bring the facts to the attention of his or her superior.

#### Internal controls

It is AFP's policy to disseminate, at every level of its organization, a culture characterized by an awareness of the existence of controls and a control oriented mentality. A positive attitude towards control is to be achieved in order to increase its efficiency.

Internal controls are all those necessary or useful tools for addressing, managing and checking activities to be performed in the company. They are aimed at ensuring compliance with corporate laws and procedures, protecting corporate assets, efficiently managing the operations and providing precise and complete accounting information.

Aluflexpack Group level has a clear framework of management and control policies in place to ensure compliance with principles of best practice corporate governance. This is considered to be essential in creating long term value. Aluflexpack's policies are set out in its Articles of Association and the Rules of Organization of Aluflexpack. The Board of Directors of Aluflexpack has the ultimate responsibility for the conduct of business of the Company and for creating shareholder and stakeholder value. It ensures that the necessary financial and human resources are in place to meet the Company's objectives and supervises and controls the management board. The Board of Directors is assisted by two Committees on a Group level, the Nomination and Compensation Committee and the Audit and Compliance Committee.

o The Audit and Compliance Committee assists the Board of Directors in fulfilling its responsibilities with respect to the accounting and financial reporting practices of the Company and its subsidiaries, the internal and external audit processes, and the Company's financing, financial risk management, treasury, insurance and risk management processes.

o The duties and responsibilities of the Nomination and Compensation Committee include among other things making recommendations on appropriate management positions and to regularly to check the Company's compensation system for compliance with the compensation principles pursuant to the law, to review matters related to the general compensation rules for employees as well as the Company's human resource practices.

The Board and the two Committees are assisted by internal audit in their supervising function. Internal audit verifies compliance with any entities' responsibilities, risk management and the efficiency of the structures and processes in place. The findings are recorded in written reports, which are submitted to the Audit and Compliance committee at least annually for review together with the Management Board. The latter reports the findings to the Board of Directors.

The internal system controls for Aluflexpack novi are carried out through ISO, HACCP/BRC, SMETA /Sedex, Ecovadis and ASI in accordance with annual audit schedules. The purpose of the control is the assessment of the quality management. The plan provides one announced control on an annual basis and unannounced ones, as required, in departments where the deviations from the norm requirements are observed.

All departments in Umag and Zadar plants will be included.

Internal auditors from Umag and Zadar conduct audits at AFP locations, auditors from Umag can conduct audits in Zadar/Drnis and Drnis auditors can conduct audits in Umag /Zadar and vice versa for the purpose of getting a more impartial insight into the both plants,. In any case, internal auditors at the location do not conduct audit of their own department in order of getting a more impartial audit result.

Members of HACCP/BRC team will conduct an internal control audits complying with the requirements of standard HACCP/BRC norms each year.

The outcome of the audits make for some correctional actions aimed at the improvement of the quality management system.

The responsibility for creating an efficient internal control system rests on all levels of the organization. Therefore, all AFP employees, in their respective functions, are responsible for the definition and proper functioning of internal controls.

Internal auditors and appointed external auditors shall have full access to all data, documents and information necessary to perform their audit activities.



## Human Resources

Human resources are basic component in the company's life. The dedication and professionalism of employees represent fundamental values and conditions for reaching the company objectives.

AFP is committed to developing the abilities and skills of each employee so that his or her energy and creativity can have full expression for the fulfillment of their potential. AFP offers equal opportunities to all its employees, making sure that each of them receives fair treatment based on merit, without discrimination of any kind. All departments therefore shall:

- adopt criteria of merit, ability and professionalism in all decisions concerning employees;
- select, hire, train, compensate and manage employees without discrimination of any kind;
- Create a working environment where personal characteristics do not give rise to discrimination.

AFP considers the protection of working conditions and the protection of the mental and physical health of workers to be part of its entrepreneurial activity, while always respecting their moral personality and avoiding any undue pressures. To this end, any personal conduct considered to be offensive and liable to produce difficulties in relationships within the working environment will be given due consideration.

AFP expects all of its employees, at every level, to cooperate in maintaining a climate of mutual respect for a person's dignity, honor and reputation.

## Performance and professional development of employees

The development of science, industry and technology, modern trends in today's business world and frequent changes in social and economic environment request our employees to pursue continuous process of development, acquire new skills and competence and improve the existing ones.

Acquiring new competence is an obligation of every employee and creative approach to work, openness to acquiring new expertise and skills, suggestions and experience as well as the ability of producing some new ideas are especially appreciated and rewarded.

The exchange of expertise among the employees is extremely important for the purpose of improvement of total organizational expertise, AFP values and prevention of loss and drain of expertise from AFP. The knowledge and experience transfer is stimulated through the work in interdisciplinary teams through internal mobility and employee rotations and training programs.

All employees, especially managers, are obligated to provide professional and human aid and support to young and new employees in learning processes.

### Confidentiality of information

AFP data bases may contain, among other things, personal data protected according to Law on the protection of personal data, some of which cannot be made known outside AFP under contractual obligations and some of which cannot be improperly or untimely disclosed on risk of harmful prejudice to AFP's interest.

The employees shall guarantee the confidentiality of all information acquired in the performance of their work.

AFP is committed to protecting information concerning its employees and any third parties, whether generated or obtained inside AFP or in the conduct of AFP's business and to avoiding improper use of any such information.

Information, know-how and data that are acquired and processed by employees during their work at AFP or because of their responsibilities, all belong to AFP and cannot be used, communicated to others or disclosed without specific authorization of one's superior.

Without prejudice to the prohibition to disclose information concerning the organization and methods of production or to use such information in a way that could be harmful to AFP, each AFP employees shall:

- obtain and handle only data that are necessary and adequate to the aims of their work and strictly related to the tasks being performed;
- obtain and handle such data only within specified procedures;
- store the above data in the way to avoid access to non-authorized persons;
- disclose such data only pursuant to specific procedures and/or subject to specific authorization by one's superior and, in any case, only after having checked that such data is available for disclosure;
- make sure that no relative or absolute constraint exists on the disclosure of information concerning third parties connected to AFP by any kind of relationship and, whenever necessary, ensure that their consent for disclosure is obtained prior to publication;
- File the above information in such a way that any person authorized to access to information may do so with as much precision, clarity and truthfulness as possible.

## **IV. RELATION TOWARDS ENVIRONMENT**

### *Work environment – health, security and environment*

AFP strives to maintain a healthy, safe and productive work environment that is free from discrimination or harassment based on race, color, religion, gender, gender identity or expression, sexual orientation, national origin or any other form as stipulated by the Law on the prevention of Discrimination. AFP is also aware of the influence it exerts on the community and a wider environment in which it operates. AFP is committed to contributing to the development and welfare of the communities where it operates by duly complying with laws, local customs and tradition of the region in which we perform our business activities. Every employee shall within the scope of his/her work tasks contribute to the development of the environment and act as a socially responsible member.

AFP's industrial activities shall be performed in full accordance with all applicable laws on pollution prevention and environmental protection. Operations shall be carried out according to the most advanced environmental protection and energy efficiency criteria, with the aim of creating better working conditions and protecting the health and safety of employees.

AFP employees, within the scope of their responsibilities, participate in the process of risk prevention and environmental and health protection and safety, that is in their own interest and in the interest of any third parties as well.

### *Protecting AFP's Assets*

AFP has a large variety of assets. The most of them is of great value to AFP's competitiveness and success as a business. They include our physical assets and our extremely valuable proprietary information with respect to technology and AFP confidential information.

You are personally responsible for protecting AFP property entrusted to you, you are required to refrain from depreciating or preventing the appreciation of the value of AFP's assets, and you are generally responsible for helping to protect the company's assets in general. You should be alert to any situations or incidents that could lead to the loss, misuse or theft of the company property. You should report all such situations to your manager as soon as they come to your attention.

In such situations, AFP shall not limit its response to disciplinary action against offending employees, but also take legal action as to protect its property.

In cases of failure to do so as mentioned above, AFP shall not limit its response to disciplinary actions against offending employees, but will also take legal action to protect its property seeking indemnity, in accordance with the Regulation on the liability of employees for breach of employment obligations.

#### Leaving AFP

If you leave the company for any reason, including retirement, you must return all AFP property, including documents and media that contain AFP proprietary information, operating vestment and operating tools, and you may not disclose or use AFP proprietary information, including AFP confidential information.

## **V. UNACCEPTABLE CONDUCT IN WORK ENVIRONMENT**

#### Avoiding Misrepresentation

Never make misrepresentations or dishonest statements to anyone. If you believe that the other person may have misunderstood you, promptly correct any misunderstanding. Honesty based on clear communication is an integral part of ethical behavior. The resulting trustworthiness is essential to forming and maintaining sound, long lasting relationships.

#### Using AFP's Time and Assets

You may not perform non-AFP work or solicit such business in AFP premises or while working on AFP time, including time you are given with pay to handle personal matters. Also, you are not permitted to use AFP assets, including equipment, telephones, materials, resources or proprietary information for any outside work.

#### Personal Financial Interests

You should not have a financial interest in any organization that AFP does business with or competes with if that interest would give you or would appear to give you a conflict of interest with AFP. Such organizations include suppliers, competitors, clients, distributors and alliance companies. Financial interests in competitors usually will present a conflict of interest.

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## Anti-bribery, Fraud, Theft or any other forms of Corruption

AFP has a zero tolerance policy towards bribery, fraud, theft or any other forms of Corruption as outlined in AFP Code of Conduct article 5. issued on 1 March 2020.

An employee receives a pay for his/her work in the company. Any other receipt or giving funds, unsuitable gifts or services, except for occasional gifts and presents **up to the total annual value of HRK 500.00 from one donor**, is not in compliance with company deeds and is strictly prohibited.

## Aggressive reacting and any other adverse conduct

Any physical and emotional abuse is strictly prohibited in our company because they may threaten the security, integrity and dignity of a person where the consequences often have a long-lasting negative effect on the individual and his family, as well as the directly involved working environment. Threats, dirty language, outrage outbreak, insults and humiliation, batteries and assaults, sexual harassment and any other violent behavior make the working environment inadequate for conducting successful business operation and seriously threaten interpersonal relationships. Any violent conduct is considered to be a severe violation of work duties.

## Concealment and tolerance of unacceptable conduct

Conduct that is in compliance with the Code is a personal and professional responsibility of every employee. Besides being obligated to conform to the above conduct rules, the employees shall monitor whether they are followed in their working environment. Should an employee take notice of any relationships, events or situations that he/she may assess as unacceptable or contrary to the Code, he/she shall report to his/her superior there about.

## Speaking Out

When you speak out on public issues, make sure that you do so as an individual. Don't give the appearance that you are speaking or acting on AFP's behalf.

## Alcohol, drugs, smoking

**Bringing alcoholic beverages to work premises, alcohol consumption and alcohol intoxication at workplace as well as coming to work under the influence of alcohols strictly prohibited** and governed by the Regulation on testing for alcohol, narcotics,

drugs and other addictive substances at workplace as well as Decree on a ban on bringing and consumption of alcohol and other addictive substances. It is also forbidden to enter, distribute and use all types of drugs and addictive substances in the workplace. This behavior has a very negative effect on the working capacity and performance.

**Smoking is strictly prohibited within the factory area at Zadar and Umag locations,** that is, general prohibition of smoking is in force. Smoking is exceptionally allowed outside the factory area, in places that are properly labeled and designated for smoking.

## **VI. PRINCIPLES OF INTERNATIONAL BILL OF HUMAN RIGHTS, EU CONVENTION ON HUMAN RIGHTS AND ETI BASE CODE (ETHICAL TRADING INITIATIVE)**

AFP's business operation is in compliance with guiding principles of International Bill of Human Rights and EU Convention on Human Rights as well as of "The ETI base code".

### *Environment*

National laws as well as the principles of the ETI base code with regard to environment issues will be obeyed.

### *Gifts/ Gratuities and unfair business practices*

We, AFP, do not countenance any kind of benefits, bribery or corruption nor are we granting any undue advantage. Any behave to achieve business by unfair means as well as the falsification or misrepresentation of data's and facts do infringe against our code of conduct. It is irrelevant whether the decision has been taken in the advantage of the honest person, a third party or our company. Our staff will not grant or accept any gifts, advantages or payments that could be considered as corruption. Any attempt to manipulate decisions or to establish business relations dishonestly has to be considered as corruption and will be rejected immediately. The supervisor has to be informed accordingly, as defined in Article V of this Code.

### *Work environment and social conditions*

International human rights will be respected and supported. Our staff will be treated fair, emancipated and with respect.

*Freedom of assembly*

Freedom of assembly of our staff will be respected by us.

*Working hours*

The working hours are in correspondence with the agreements, as well as national law.

*Wages*

Wages, salaries, benefits and overtime compensation are in correspondence with national laws and agreements. Any deduction from wages /salaries for disciplinary purposes is strictly forbidden.

*Compulsory labour*

Any kind of compulsory/forced labor or work linked with any kind of punishment is forbidden. No staff can be forced to surrender articles of value or personal documents to the employer apart from the legislation requirement's regarding personal documentation.

*Child labour*

We do not accept any kind of child labor. Every child has to be protected against commercial exploitation as well as any kind of work that is hazardous or may affect education, healthiness or personal custody of the child. The definition "child labor" refers to works, performed by a child younger than 18 years of age.

*Discrimination and Repression*

We do not accept any discrimination, threat, disruption or repression.

*Work environment and safety at work*

The requirements of the local rules and regulations with regard to the work environment will be fulfilled, as defined in Article IV of this Code. Accidents and injuries at work have to be prevented bearing in mind the prevailing knowledge of the industry and of any specific hazards.

Women Rights

The company shall respect international standards, including UN Convention on elimination of all Forms of Discrimination Against Women (CEDAW).

Local communities

The company shall respect the legal and customary rights and interests of local communities in their land and livelihoods and their use of natural resources.

Conflict – Affected and High Risk Areas

The company shall not contribute to armed conflict or Human Rights abuses in Conflict-Affected and High Risk Areas.

Security practice

The company shall in its involvement with public or private security providers, respect Human Rights in line with recognized standards and good practices.

## **VII. CONCLUSION**

The employees' conformity with values and standards specified by the **Conduct Code** relating to work, associates and business partners, avoidance of the above unacceptable form of conduct and suitable working conditions and professional development opportunities for employees ensured by the company are some important prerequisites of the AFP prosperity and each employee as well.

All employees are expected to be familiar with the regulations stipulated by the **Conduct Code** and relevant rules applicable for specific jobs to be carried out within specified duties and functions and to comply with the provisions and principles of this Conduct Code.