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**MANAGEMENT BOARD PU-DST- P44**

**REGULATION**

 Rev. A 2022-06-14



**REGULATION ON THE PROCEDURE**

**OF INTERNAL REPORTING OF IRREGULARITIES AND APPOINTMENT OF CONFIDENTIAL PERSON**

for KONČAR – Distribution and Special Transformers, Inc.



 Zagreb – Croatia

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| Prepared by:D. Lukenda | Approved by:On behalf of Management BoardV. Burul | REGULATION ON THE PROCEDURE OF INTERNAL REPORTING OF IRREGULARITIES AND APPOINTMENT OF CONFIDENTIAL PERSON |

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Management Board of KONČAR-D&ST, at the meeting held on 4 March 2025, adopted the following

REGULATION ON THE PROCEDURE OF INTERNAL REPORTING OF IRREGULARITIES

AND APPOINTMENT OF CONFIDENTIAL PERSON

I. GENERAL PROVISIONS

Article 1

*Scope*

* 1. This Regulation shall govern:
* procedure of internal reporting of irregularities with the Employer;
* procedure and method of appointment of Confidential Person and Deputy Confidential Person;
* protection of persons who report irregularities and protection of data received in the report of irregularities from unauthorised disclosure, and
* other issues of importance for reporting of irregularities and protection of reporting persons.

Article 2

*Definitions*

* 1. The following terms used in this Regulation shall have the following meanings:

“Information on irregularities” means information, including any reasonable suspicion, about actual or possible irregularities which have occurred or are likely to occur in the organisation at which the reporting person works or has been working or is or was to commence working immediately, or another organisation which the reporting person is or was in contact with in work-related context, and any any attempted irregularities of that kind.

“Public disclosure of irregularities” means disclosure of irregularities to the public.

“Authority for external reporting of irregularities” means the ombudsman.

“Irregularity” means any acts or omissions which are either illegal or contrary to the objective and purpose of the EU regulations governing the following areas:

* public procurement;
* financial services, products and markets, as well as prevention of money laundering and terrorist financing;
* product safety and conformity;
* traffic safety;
* environment protection;
* protection from radiation and nuclear safety;
* food and animal feed safety, animal health and welfare;
* public health;
* consumer protection;
* privacy and personal data protection and safety of network and IT systems;
* acts and omissions affecting the EU financial interests;
* acts and omissions related to the EU internal market;
* acts and omissions related to other domestic law provisions where their breach jeopardizes public interest.

“Retaliation” means any direct or indirect act or omission in work-related context triggered by internal or external reporting or public disclosure, causing or potentially causing unreasonable damages to the reporting person.

“Employer” means KONČAR – DISTRIBUTION AND SPECIAL TRANSFORMERS, Inc.

„Affiliated persons“ means facilitators of the reporting persons, their relatives, colleagues, and all other persons related to the reporting person who may incur retaliation in work-related context, as well as legal entities owned by the reporting person, which the reporting persons work for or whom the reporting persons are otherwise connected with in work-related context.

„Confidential Person“ means an employee with the Employer designated to receive reports of irregularities and manage the follow-up on the report.

“Reporting person” means a natural person who reports or publicly discloses irregularities which he/she becomes aware of in work-related context.

“Work-related context” means professional activities in the public or private sector through which, irrespective of the nature of those activities, persons acquire information on irregularities and within which those persons could suffer retaliation if they reported such information, including where the activity has in the meantime ended or should immediately commence or should have commenced.

“Internal reporting of irregularities” means disclosure of irregularities to the Employer.

“External reporting of irregularities” means disclosure of irregularities to a competent authority.

Article 3

*Protection of persons reporting irregularities*

* 1. Persons reporting irregularities qualify for the protection provided that they had reasonable grounds to believe that the information on irregularities reported or publicly disclosed was true at the time of reporting or disclosure.
	2. Where persons report or publicly disclose information on irregularities in accordance with this Regulation and the law, they shall not be deemed to have breached any restriction regarding disclosure of information and shall not incur any liability with regard to such reporting or public disclosure provided that they had reasonable grounds to believe that the reporting or public disclosure was necessary to reveal an irregularity pursuant to this Regulation and Act on protection of persons reporting irregularities.
	3. Reporting persons shall enjoy immunity from liability regarding the acquiring or obtaining access to the information on irregularities reported or publicly disclosed, unless where such acquisition or access in itself accounts for a criminal offence.
	4. Identity of the reporting persons and of the persons concerned, or any data which may identify them, as well as any other data reported in a report on irregularity shall be accessible only to persons responsible for receipt of such reports and their further processing and must remain protected, unless the reporting person agrees with disclosure of such data.
	5. Person whom a irregularity is reported to by a reporting person, facilitator, or any other person participating in the follow-up upon the report of irregularity shall protect data obtained in the report and shall not use or disclose such data for purposes going beyond what is necessary for proper follow-up.
	6. Persons from Article 3.5 above shall sign a Confidentiality Statement.
	7. The Employer shall not retaliate, attempt to retaliate, or threaten to retaliate against the reporting person, affiliated persons, Confidential Person or Deputy Confidential Person on the account of reporting or public disclosure of irregularities.

II. APPOINTMENT AND REVOCATION OF CONFIDENTIAL PERSON AND HIS/HER DEPUTY

Article 4

*Appointment of Confidential Person and his/her Deputy*

* 1. The Employer shall invite the employees, by sending an invitation to their official e-mail addresses and by posting it on the Employer’s notice boards, to propose Confidential Person for internal reporting of irregularities.
	2. The employees shall state their proposals for the appointment by signing the lists of candidates for the position of Confidential Person and his/her Deputy.
	3. The employees are allowed to sign only one list.
	4. After expiration of a 15-day period of the Employer’s invitation to the employees to propose Confidential Person, the Employer shall appoint the Confidential Person and his/her Deputy proposed by at least 20% of the Employer’s employees.
	5. In the case of several proposals, priority will be given to the proposal with a higher support from the employees. Where two proposals have identical support from the employees, priority will be given to the proposal that was first received.
	6. Where the list which obtained the highest support from employees does not include a proposal for Deputy Confidential Person, the Employer shall appoint the candidate from the list with the second largest number of collected signatures following the wining list. In the case where no other list exists, the Employer shall designate the Deputy.
	7. By way of exception, the Employer shall appoint Confidential Person and his/her Deputy without proposal from at least 20% employees of the Employer where no such proposal has been given.
	8. Confidential Person and his/her Deputy shall provide a written consent for the appointment.
	9. In form of a special decision, the Employer shall define the amount, method, and conditions for the payment of a fee to the Confidential Person and his/her Deputy for the performance of tasks related to the reporting of irregularities.
	10. The Employer shall not place Confidential Person and/or his/her Deputy into a less favourable position, or exert, or attempt to exert influence on them while performing the activities within their scope of competence required for the protection of the reporting persons.
	11. Confidential Person and his/her Deputy shall perform their duties in a lawful and conscientious manner and shall not abuse their authorities at the expense of reporting persons.

Article 5

*Revocation of Confidential Person and his/her Deputy*

* 1. The appointed Confidential Person and his/her Deputy shall be revoked by the Employer without delay based on a proposal from at least 20% of employees of the Employer.
	2. Confidential Person and his/her Deputy may request revocation from the Employer in written form, in which case the Employer shall revoke the Confidential Person and his/her Deputy and notify the employees thereof.
	3. The Employer shall initiate the procedure for the appointment of Confidential Person and his/her Deputy at latest within 30 days from the revocation of the former Confidential Person and his/her Deputy. Until the decision on appointment of the new Confidential Person is made, activities of the Confidential Person shall be performed by Deputy, unless circumstances point to the need to appoint a third person for temporary performance of the Confidential Person’s duties. The third person shall be designated on temporary basis by the Employer’s decision.
	4. Termination of employment with the Employer shall end the Confidential Person and Deputy Confidential Person’s capacity.

III. PROCEDURE OF REPORTING IRREGULARITIES TO EMPLOYER AND FOLLOW-UP

Article 6

*Reporting of irregularities*

* 1. Report of a irregularity includes:
		+ data on the reporting person unless the report in anonymous;
		+ data on the authority or person concerned; and
		+ information on irregularities.
	2. Report of irregularities may be submitted in written or oral form.
	3. Written form of report includes any form of communication providing for a written record. Where a report is submitted in electronic form, the report shall be submitted by e-mail to: prijava.nepravilnosti@koncar-dst.hr. The report may also be submitted via the company’s Intranet in the form of an electronic form.
	4. Oral reporting is possible by phone or other voice messaging systems and, at the reporting person’s request, in form of a physical meeting within a reasonable period of time.
	5. Where a telephone device used for the reporting has an option of audio record or where another voice messaging system is used with audio record option, Confidential Person is entitled to record the oral report with the reporting person’s consent, in one of the following ways:
		+ audio record in permanent and accessible form, or
		+ full and accurate transcript of the meeting.
	6. Where a telephone device used for the reporting does not provide an option of audio record or where another voice messaging system is used without audio record option, Confidential Person is entitled to record the oral report in form of an accurate written record of the conversation.
	7. Where a person requests a meeting with Confidential Person, the later shall make possible, with the reporting person’s consent, keeping of a full and accurate record of the meeting in permanent and accessible form.
	8. Confidential Person is entitled to record the meeting in one of the following manners:
		+ audio record of the conversation in a permanent and accessible form, or
		+ accurate minutes of the meeting.
	9. Confidential Person shall offer to the reporting person an option to check and correct the transcript of conversation from 6.5 above, record of conversation from 6.6 above, or minutes of the meeting from 6.7 above, as well as an option to verify the accuracy with a signature.

Article 7

*Procedure of internal reporting of irregularities*

* 1. Irregularities are reported to Confidential Person.
	2. Confidential Person shall:
	+ receive a report on irregularity and confirm the receipt of the report within seven days as of the receipt date;
	+ without delay, undertake activities within its scope of competence that are required for the protection of the reporting person;
	+ undertake activities required for the examination of the irregularities and provide the reporting person with feedback on the report, as a rule, within a 30-day term, but not exceeding 90 days from the date of the report receipt confirmation or, where the confirmation has not been sent to the reporting person, after expiration of seven days of the report submission date;
	+ without delay, forward the report on irregularity to the authorities authorized to follow up on the report based on its contents, unless the irregularity has been resolved with the Employer;
	+ without delay, notify the reporting person in written form about the outcome of the report examination;
	+ notify the competent authority for external reporting of irregularities in written form about the reports received and the outcome of their follow-up within 30 days of the decision date on the report;
	+ protect the identity of the reporting person and information received in the report from any unauthorized disclosure to third parties, unless that is contrary to a special law;
	+ provide clear and easily accessible information on the procedures for the reporting to the competent authority for external reporting and, where required, to institutions, bodies, offices or agencies of the European Union competent to follow up based on the contents of the report.
	1. Where a report does not include all data from 6.1 above and/or includes such deficiencies that Confidential Person is unable to follow up, Confidential Person shall call the reporting person to submit a report without deficiencies within a period of 7 workdays.
	2. Where the reporting person fails to act in accordance with 7.3 above or where the report on irregularities still includes such deficiencies that Confidential Person is unable to follow up, Confidential Person shall dismiss such report without examining the irregularities reported.
	3. Where a person who received the report in the Employer’s organisation is not competent to follow up, that person shall forward the report without delay and without changes to Confidential Person, protecting the reporting person’s identity and confidentiality of data in the report.
	4. Where a report on irregularity includes all data from 6.1 above, Confidential Person shall form a file including all deeds, minutes, or other documents related to the report of irregularities.

Article 8

*Follow-up on a report of irregularity*

* 1. Confidential Person may directly examine and decide on the grounds of a report of irregularity provided the reporting person has specified all facts or provided the required proofs based on which the actual state of facts can be ascertained or, where it can be ascertained based on generally known facts or official data available to Confidential Person.
	2. Confidential Person shall conduct an examination where required to ascertain the facts and circumstances of significance for deciding on the grounds of the report, by examining all the allegations from the report, taking care the procedure of examination does not infringe the reporting person’s rights and does not damage the Employer’s operations.
	3. The ascertained facts and any activities conducted shall be recorded by Confidential Person in form of a written record.
	4. In the course of the examination process, Confidential Person shall request taking of evidence where deemed necessary for explanation, and shall supplement the facts and take evidence on any facts which were not previously presented or have not been ascertained yet and which are required to ascertain the actual state of facts.
	5. All persons participating in the examination of a reported irregularity shall cooperate with Confidential Person in a manner ensuring the information is updated and accurate.
	6. Where persons from this Article tacitly or expressly deny cooperation in the process of examination of a report, which leads to inability to examine the reported irregularity, Confidential Person shall notify the Employer without delay in written form.
	7. After the follow-up, Confidential Person shall decide on the grounds for the report, whether the irregularity can be resolved within the Employer’s organisation or should be forwarded to external authorities competent for follow-up based on the contents of the report.
	8. By way of exception from 8.7 above, where a report on irregularity is on valid grounds, but the irregularity has already been resolved, it will be stated in a special decision by Confidential Person.
	9. Where an irregularity can be resolved within the Employer’s organisation, an authorized person shall in agreement with the Employer undertake all activities required to resolve the irregularity and shall act preventively to avoid repeating the irregularity.

Article 9

*Reporting person’s duties*

* 1. Reporting person shall duly and fairly report any irregularity which he/she is aware of and which the reporting person finds true at the time of reporting.
	2. Any abuse of the report of irregularities is prohibited.
	3. A report of irregularities is abused by a person who:
	+ provides information knowing it to be false;
	+ with a request for follow-up on a report of irregularity seeks an unlawful benefit;
	+ undertakes other activities intended solely to harm the Employer.
	1. Abuse of the reporting from this Article shall constitute a violation of work duty.
	2. In the cases from 9.3 above, the Employer as injured party may institute proceedings before competent authorities against the person who abused the right to report a irregularity.

IV. RECORDS, REPORTS, DOCUMENT RETENTION

Article 10

*Record of reports*

* 1. Confidential Person shall keep a Record of Submitted Reports, including all the received reports.
	2. The Record from 10.1 shall include:
	+ number of report;
	+ date of receipt;
	+ list of documents accompanying the report;
	+ date and method of resolving the report;
	+ remark whether the report has been forwarded to competent authorities; and
	+ notification to the Ombudsman.

Article 11

*Statement of ascertained irregularities*

* 1. Confidential Person shall notify Management Board on any irregularities ascertained during the follow-up of a report and shall participate in the preparation and updating of internal bylaws related to the report on irregularity.
	2. Confidential Person’s work statements can be regular or extraordinary.
	3. Regular statements are submitted by Confidential Person to Management Board on annual basis to report about his/her activities, number and type of reports, and results of their follow-up.

Article 12

*Document Retention*

* 1. All documents collected in the reporting and follow-up shall be archived by Confidential Person in accordance with the applicable laws and the Employer’s bylaws.
	2. By way of exception from 12.1, in the case of any dispute, documents shall be retained until the final decision or expiration of the term specified for the enforced implementation of the final decision.

V. FINAL PROVISIONS

Article 13

*Publication and taking effect*

* 1. This Regulation shall be published on the intranet and the Employer’s notice boards.
	2. The Regulation shall come into effect upon expiry of 8 days following its publication.

For the Employer:

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Vanja Burul,

President of Management Board

Regulation on the Procedure of Internal Reporting of Breaches and Appointment of Confidential Person was published on the notice board on 5 March 2025.

Regulation on the Procedure of Internal Reporting of Breaches and Appointment of Confidential Person comes into effect on 13 March 2025.

*Management Board Regulation is NOT an APPLICABLE document! The applicable version in electronic form should be checked in DMS.*

**Form 1 – Proposal for appointment of Confidential Person**

Hereby we, the undersigned employees of KONČAR – DISTRIBUTION AND SPECIAL TRANSFORMERS, Inc. propose \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (full name), employee of KONČAR- DISTRIBUTION AND SPECIAL TRANSFORMERS, Inc. to be appointed Confidential Person for the internal reporting of irregularities.

We propose \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (full name), employee of KONČAR- DISTRIBUTION AND SPECIAL TRANSFORMERS, Inc. to be appointed Deputy Confidential Person.

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| --- | --- | --- |
| No. | Full name (in printed letters) | Signature |
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Zagreb, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Form 2**

In accordance with Regulation on the Procedure of Internal Reporting of Breaches and Appointment of Confidential Person, Management Board of KONČAR – DISTRIBUTION AND SPECIAL TRANSFORMERS, Inc. on this \_\_\_\_ adopts the following

**DECISION**

**ON APPOINTMENT OF CONFIDENTIAL PERSON AND DEPUTY CONFIDENTIAL PERSON**

**Article 1**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, employed at the position of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is hereby appointed Confidential Person for internal reporting of irregularities in the Company.

**Article 2**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is appointed at the proposal of at least 20% employees of the Company (or another option in accordance with the Regulation).

**Article 3**

At the proposal from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, employed at the position of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is appointed Deputy Confidential Person.

**Article 4**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is appointed at the proposal from at least 20% of employees of the Company (or another option in accordance with the Regulation).

**Article 5**

The Confidential Person and Deputy Confidential Person have been appointed with their prior consent.

**Article 6**

The Confidential Person and Deputy Confidential Person shall perform all tasks as laid down in the Act on the Protection of Persons Reporting Breaches and the Regulation on the Procedure of Internal Reporting of Breaches and Appointment of Confidential Person.

**Article 7**

This Decision shall apply until revoked or amended.

 For the Employer

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 [--]

**Form 3 – Statement of acceptance of the appointment to the position of Confidential Person and Deputy Confidential Person**

STATEMENT OF ACCEPTANCE OF THE APPOINTMENT

|  |  |
| --- | --- |
| Hereby I: | Name  |
|  | Address  |
|  | PIN |
|  |  |
| in accordance with the Act on the protection of persons reporting irregularities and the Regulation on the procedure of internal reporting of irregularities and appointment of Confidential Person,declare that I accept to be appointed Confidential Person/Deputy Confidential Person of the Employer, Končar – Distribution and Special Transformers, Inc.I hereby undertake that I shall keep confidential the identity of reporting persons and persons concerned, any and all data that may reveal their identity, as well as any other data specified in the report of irregularity and shall not use them or disclose them for any other purpose except for those required for appropriate follow-up on the report of irregularity. |

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 [name, signature]

**Form 4 - Record of reported irregularities in KONČAR – DISTRIBUTION AND SPECIAL TRANSFORMERS, Inc.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number  | Number of report | Date of receipt  | List of documents with the report | Date of resolution | Resolution method:Resolved internally / Forwarded to external competent authority  | Notification sent to Ombudsman YES/NO and date |
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Confidential Person