

KONČAR

2023

The number '2023' is rendered in a large, bold, sans-serif font. Each digit is filled with a different image related to renewable energy: the first '2' shows a high-voltage electricity pylon, the '0' shows a wind turbine, the second '2' shows a solar panel array, and the '3' shows another wind turbine. The background of the entire page is a light green and blue gradient with abstract, rounded shapes.

Sustainability Report

Sustainability Report for 2023

GRI 2-22

Statement on the sustainable development strategy

Dear readers,

The 2023 business year for the KONČAR Group was another year of multiple achievements. Revenues, profit and the profit margin reached the highest level ever, while newly contracted deals exceeded EUR 1.3 billion. Changes and activities initiated in the last four years, with an emphasis on adapting to market trends, contributed to these outstanding results. The green transition in Europe has been gaining momentum for the past several years, which we recognized and took advantage of in time. Rapid adaptations of development, production and business processes to the new electric power era resulted in a record amount of new orders, especially in the demanding markets of Germany, Sweden, Austria, Norway and the Netherlands.

The growth of key business indicators was achieved by all business segments, while the power transmission and distribution segment stands out in particular. The continuation of the exceptional demand for transformers, which are one of the strongest levers of the KONČAR production portfolio, influenced the excellent results and confirmed KONČAR's role as a regional leader in the development and production of high-tech solutions for implementing the green energy transition at the level of the entire European Union. Significant strides were made in other business areas as well. In the segment of renewable energy sources, in the last three years we have contracted the construction of six solar power plants for several partners, including the largest one in the portfolio of Hrvatska elektroprivreda, the national energy company.



“ Rapid adaptations of development, production and business processes to the new electric power era resulted in a record amount of new orders ”

Our contribution to green mobility in Europe is also reflected in new contracts for the production of 30 new low-floor electric trams for the only two national cities that have tram transport, 20 of them for Zagreb and 10 for Osijek. These projects, won at international tenders, are of special value and incentive for the entire domestic industry. In addition to already proven electric trains, we are also intensively working on the development and production of battery and hybrid trains. We are also extremely pleased with a new achievement in the segment of digital solutions - a certificate of compliance with the latest international standards for cyber security in critical infrastructure management systems, which was awarded to us by the reputable certification company TÜV NORD Adriatic. With this, the KONČAR PROZA Station is once again the first in the world, and the cyber security of our digital solutions complies with the EU directive NIS 2 and the provisions of the new Cyber Security Act.

“ While it is true that the green transition benefits our business, it is also a fact that our aspirations towards sustainable development and orientation towards climate neutrality go back to a time long before the green transition as a European orientation ”

While it is true that the green transition benefits our business, it is also a fact that our aspirations towards sustainable development and orientation towards climate neutrality go back to a time long before the green transition as a European orientation. This is visible through numerous hydropower plant construction and revitalization projects worldwide. Back in 2012, we made a technological breakthrough with the development of wind turbines and the construction of our own wind power plant, with a total installed capacity of 20 MW. In the solar energy segment,

KONČAR has also secured valuable references in the past four years. In Croatia, we have built four solar power plants with a total installed capacity of 30 MW, and two more are currently under construction - Črnikovci SPP with an installed capacity of 8.5 MW and Dugopolje SPP, the largest solar power plant in the portfolio of Hrvatska Elektroprivreda (HEP), with an installed capacity of 13.5 MW. These projects have further strengthened our role as a leading regional company in the field of construction and revitalization of plants for the production of electricity from renewable sources. In addition to our partners, we also built integrated solar power plants on the roofs of our own factories. The four power plants at the Jankomir and Fallerovo šetalište sites, with a total power of 3 MW, in addition to covering part of the electrical power consumption of our factories, also contribute to the reduction of CO₂ emissions. The plan is to build six more photovoltaic power plants on the roofs of our factories, which will continue to increase our own renewable energy sources.

By introducing a taxonomy system and classifying green and sustainable activities as part of the prescribed environmental goals, a basic framework was created that should help distinguish activities with positive environmental impacts from manipulative green marketing, making information more transparent. This will enable investors, financial institutions and other financial market actors to identify activities, entrepreneurs and sectors with a significant positive contribution to environmental goals and thus help finance the transition to a more sustainable and low-carbon economy. In addition to reporting in accordance with the Taxonomy, the Corporate Sustainability Reporting Directive (CSRD) entered into force on 1 January 2024. Non-financial reporting, i.e. ESG reporting, is primarily important for investors and financial institutions that demand ever-increasing transparency of their investment portfolio, and transparent and verifiable information should end the practice of greenwashing and lay the foundations for sustainability reporting standards on a global level.

“ We must continuously strive for a level of innovation and operativeness that allows us to be the ones who set the trends, rather than follow them ”



As members of the Global Compact, we were among the first in Croatia to undertake to promote the application of fundamental principles of ethical business in the areas of human and labour rights, environmental protection and the fight against corruption, so that the first Sustainability Report, previously Report on Corporate Social Responsibility, was published in 2007.

Our great role in the green transition is indisputable, primarily because we enable an easier and more efficient transition to green business with our products and solutions. In addition, our customers, especially those from developed western markets where we have a strong presence as the largest Croatian net exporter, have been demanding the fulfilment of additional criteria in the area of social responsibility and transparent business for many years. In order to incorporate these activities, which were already an integral part of our DNA, into one strategic framework, we started last year, and at the beginning of this year we finished the creation of our first Sustainable Development Strategy for the period 2024 – 2026. We paid special attention to the health and well-being of our employees, quality education through cooperation with the academic community, strengthening gender equality, ensuring clean energy from renewable sources, ensuring dignified work for

employees, the possibility of advancement and developing skills, and an appropriate and timely response to climate changes in reducing their influence. Also, just like all these years, transparent and ethical business is crucial for us.

KONČAR in its operations follows green practices, the revenues we have generated in the last four years have more than doubled, and we view business in accordance with ESG standards as a process that will pay off in the long term, not only for us, but for all our stakeholders and society as a whole. It is important to emphasize that we operate in an industry where overall competitiveness depends on rapid adaptation and the ability to effectively research and develop innovations. Therefore, we must continuously strive for a level of innovation and operativeness that allows us to be the ones who set the trends, rather than follow them. We have set high expectations for ourselves to be even more successful in this segment and to maintain our market position as a regional leader in the field of green power engineering, rail transport and digital solutions and platforms.

Key performance indicators

Compared to 2022

Backlog as at 31 December 2022

Export

+35%

Sales income

+27%

Order intake

+54%

Order intake in export

+81%

Book-to-bill ratio

1.5

Backlog

+41%

Key performance indicators - normalized

Compared to 2022

EBITDA

+77.2%

EBITDA margin

+3.4 p.p.

EBIT

+102%

EBIT margin

+3.7 p.p.

Net profit

+102.5%

Net margin

+3.6 p.p.

Organisational profile

Organisation information

This Sustainability Report pertains to the KONČAR Group, which consists of KONČAR – Electrical Industry Inc. for manufacturing and services (parent company) and 16 subsidiaries, including the Dalekovod Group.

This report does **not include** the affiliated company KONČAR – Power Transformers, a joint venture with Siemens Energy.



Organisation information

PARENT COMPANY KONČAR – ELECTRICAL INDUSTRY

BUSINESS SEGMENTS

POWER
GENERATION

POWER
TRANSMISSION AND
DISTRIBUTION

RAIL SOLUTIONS
AND
INFRASTRUCTURE

DIGITAL SOLUTIONS
& PLATFORMS

COMPANIES

KONČAR – SWITCHGEAR
DALEKOVOD
KONČAR – DIGITAL
KONČAR – DISTRIBUTION AND SPECIAL TRANSFORMERS
KONČAR – ELECTRIC VEHICLES
KONČAR – ELECTRONICS AND INFORMATICS
KONČAR – INFRASTRUCTURE AND SERVICES
KONČAR – GENERATORS AND MOTORS
KONČAR – ELECTRICAL ENGINEERING INSTITUTE
KONČAR – ENGINEERING CO.
KONČAR – MOTORS AND ELECTRICAL SYSTEMS
KONČAR – METAL STRUCTURES
KONČAR – INSTRUMENT TRANSFORMERS
KONČAR – RENEWABLE SOURCES
KONČAR – TRANSFORMER TANKS

AFFILIATED COMPANY

KONČAR – POWER
TRANSFORMERS

Business segments

KONČAR's areas of activity are solutions, products and services in the segments of production, transmission and distribution of electricity, rail vehicles and infrastructure, digital solutions and platforms with an emphasis on proprietary development and innovation, as well as laboratory testing and certification.

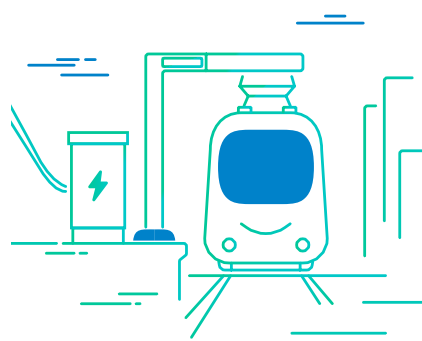
Power generation

- Hydro power plants
- Solar (photovoltaic) power plants
- Wind farms
- Thermal power plants
- Equipment manufacturing
- Turnkey projects, plant maintenance, overhauls, reconstruction and revitalization



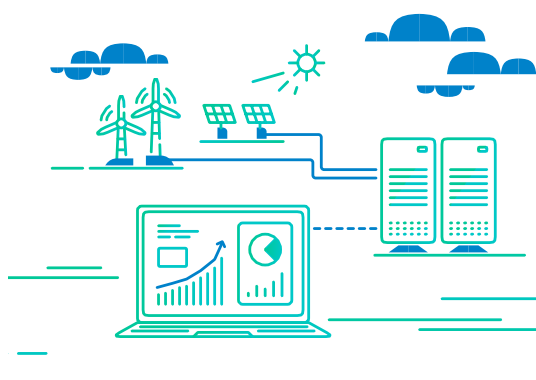
Power transmission and distribution

- Transformer stations
- Equipment manufacturing
- Customer – specific solutions
- Construction, reconstruction, overhaul and revitalization of transmission and distribution plants
- Turnkey projects, design, maintenance, consulting services and 24/7 field support



Rail solutions and infrastructure

- Low-floor electric and diesel-electric
- Low-floor trams
- Components and systems for railway vehicles
- Railway infrastructure



Digital solutions and platforms

- Dispatch centres
- Remote monitoring and management of critical and urban infrastructure
- SCADA systems
- Communication devices and computer networks
- Uninterrupted power supply (UPS) devices and systems
- Smart city solutions

Location of headquarters

Headquarters address:
Fallerovo šetalište 22
10000 Zagreb
Republic of Croatia

Representative offices

KONČAR has two branch offices: The Mostar Branch Office (Bosnia and Herzegovina) and the Belgrade Branch Office (Republic of Serbia).

Ownership and legal form

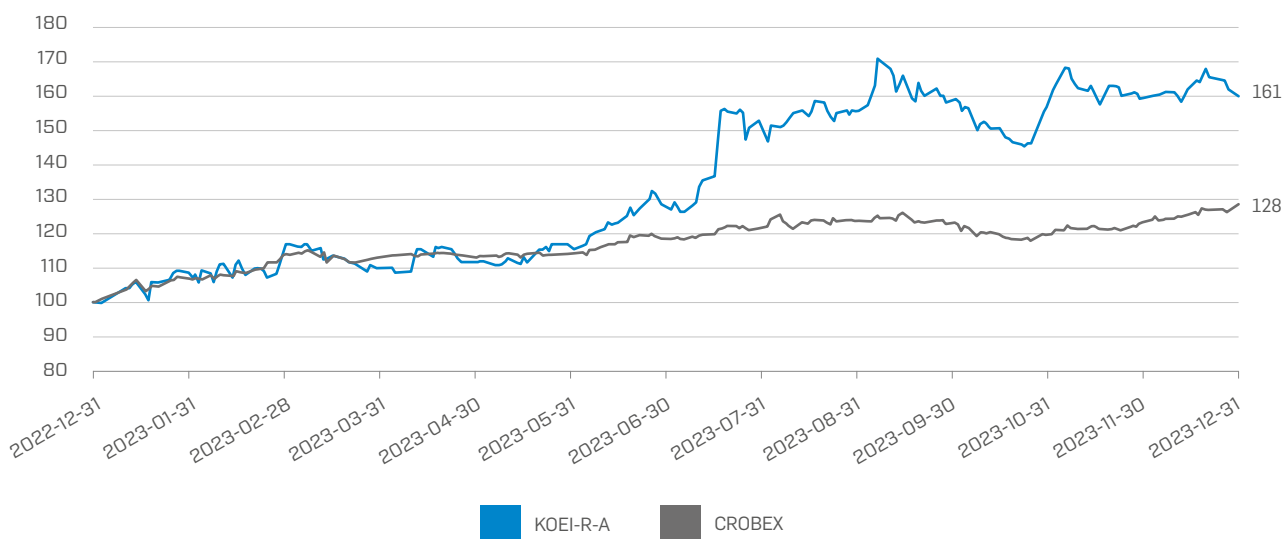
Shares of KONČAR – Electrical Industry Inc. for manufacturing and services are listed on the Official Market of the Zagreb Stock Exchange. The shares are identified by the symbol KOEI-R-A. In keeping with the positive regulations, the Company ensures regular access to information on operations and activities and information on any facts and circumstances that may influence the share price (price sensitive information).

The price of the KONČAR shares has grown strongly this year, reaching a record price of EUR 200.00 per share in September. During the year, the price ranged from EUR 115.00 per share at the beginning of the year to EUR 187.00 at the end of the reporting period.

The market capitalization on 31 December 2023 amounted to EUR 476.1 million and was EUR 183.9 million or 62.9% higher than on the same day last year. The profit of the parent company owner per share for 2023 is EUR 18.19, which is 30% greater than the profit realized in 2022. The General Assembly of KONČAR – Electrical Industry Inc. was held on 13 June 2023.

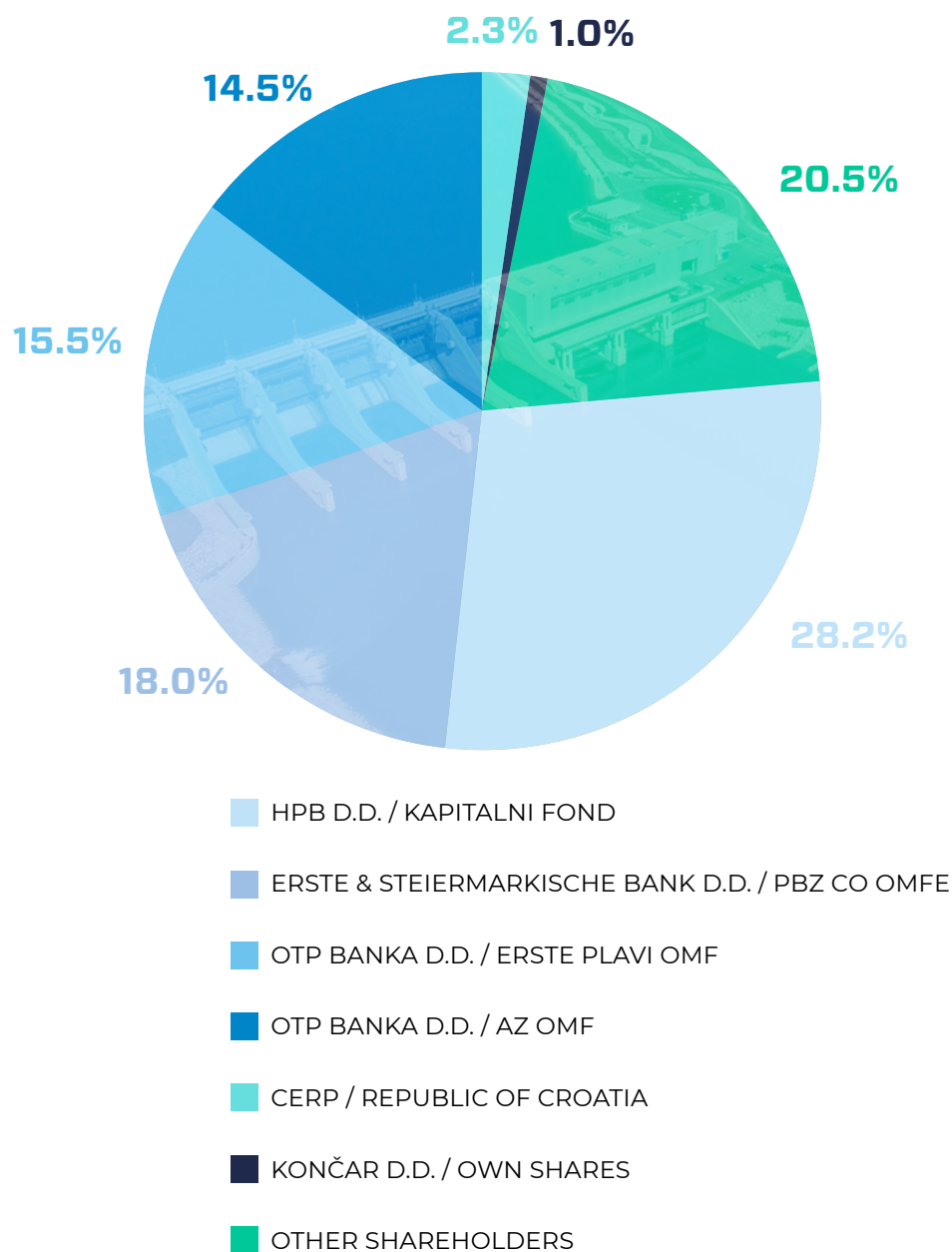
The General Assembly passed the decision to distribute dividends to the shareholders in the amount of HRK 13.00 per share. The decision to pay the dividend was made with 100% of the votes. In accordance with the Law on the introduction of the Euro as the official currency in the Republic of Croatia and the entry in the court register of the Commercial Court, on 4 October 2023 the Central Depository and Clearing Company submitted a notice that the Company's share capital was reduced from the amount

Indices of KOEI price and CROBEX value changes



of EUR 160,448,062.91 by the amount of EUR 976,684.91 to the amount of EUR 159,471,378.00 by reducing the individual nominal amount of ordinary shares of the designation KOEI-R-A from the amount of EUR 62.38 by the amount of EUR 0.38 to the amount of EUR 62.00.

After implementation, the Company's share capital registered in the CDCC information system amounts to EUR 159,471,378.00, and consists of 2,572,119 ordinary shares with the designation KOEI-R-A, in the nominal value of EUR 62.00.



KONČAR has a stable and diversified ownership structure in which the Capital Fund and mandatory and voluntary pension funds have the most significant share.

The consolidated and audited financial report of the KONČAR Group is available at the following link:
<https://www.koncar.hr/hr/financijski-rezultati>.

Reporting practices

KONČAR Group with parent company share in subsidiaries

Entities included in the organization's Sustainability Report

GRI 2-2

100%

KONČAR – Switchgear Ltd.

67.90%

KONČAR – Distribution and Special Transformers Inc.

77.74%

KONČAR – Electric Vehicles Inc.

100%

KONČAR – Electronics and Informatics Ltd.

100%

KONČAR – Infrastructure and Services Ltd.

100%

KONČAR – Transformer Tanks Ltd.

100%

KONČAR – Generators and Motors Ltd.

100%

KONČAR – Electrical Engineering Institute Ltd.

100%

KONČAR – Investments Ltd.

100%

KONČAR – Motors and Electrical Systems Ltd.

100%

KONČAR – Metal Structures Ltd.

99.77%

KONČAR – Instrument Transformers Inc.

100%

KONČAR – Renewable Energy Sources Ltd.

100%

KONČAR – Digital Ltd

51%

Advanced Energy Solutions Ltd.

100%

KONČAR – Engineering Ltd.

List of material topics

ECONOMIC STANDARDS:

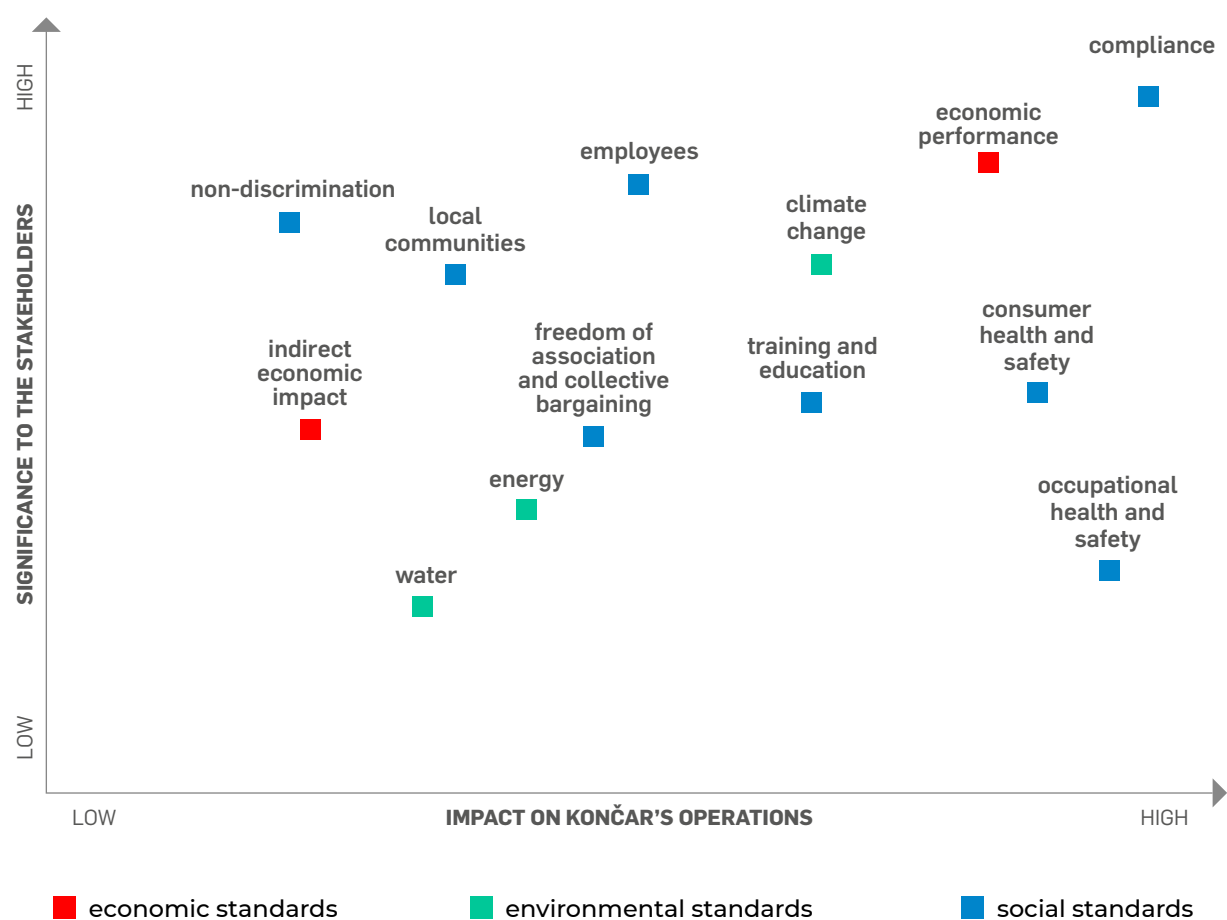
- Economic performance, GRI 201
- Indirect economic impacts, GRI 203

ENVIRONMENTAL STANDARDS:

- Energy, GRI 302
- Water and effluents, GRI 303
- Climate change, GRI 305
- Waste, GRI 306

SOCIAL STANDARDS:

- Employees, GRI 2-7
- Occupational health and safety, GRI 403
- Training and education, GRI 404
- Non-discrimination, GRI 406
- Freedom of association and collective bargaining, GRI 407
- Local communities, GRI 413
- Assessment of the health and safety impacts of product and service categories, GRI 416
- Compliance with regulations, GRI 417



Restatements of information

Restructuring initiatives continued over the course of 2023. More information on significant changes in the organization is available under GRI Standard 2-4.

Reporting period, frequency and contact point

The CSR reporting cycle is annual, and this report covers the period from 1 January to 31 December 2023. The preceding Report was published in June 2023.

This CSR Report encompasses all KONČAR Group members. The Report was drafted by KONČAR Inc. The contact person for any queries pertaining to the Report and its content is the Director of the Marketing and Corporate Communications Department.

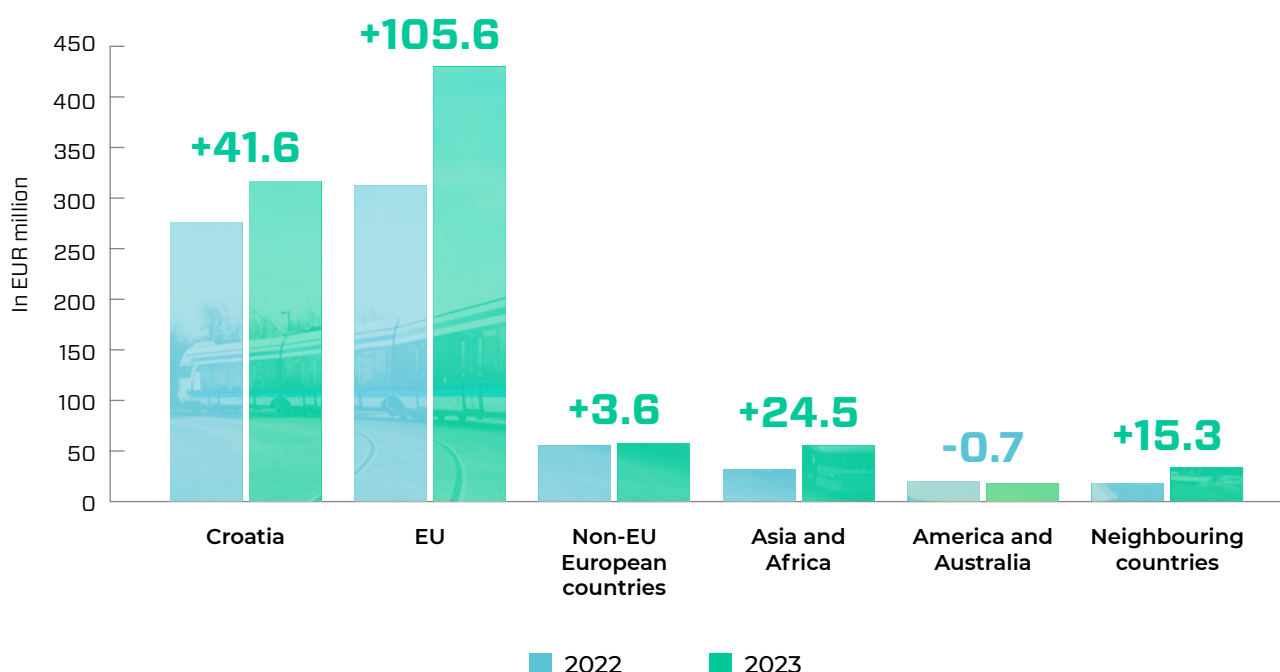
Activities, value chain and other business relationships

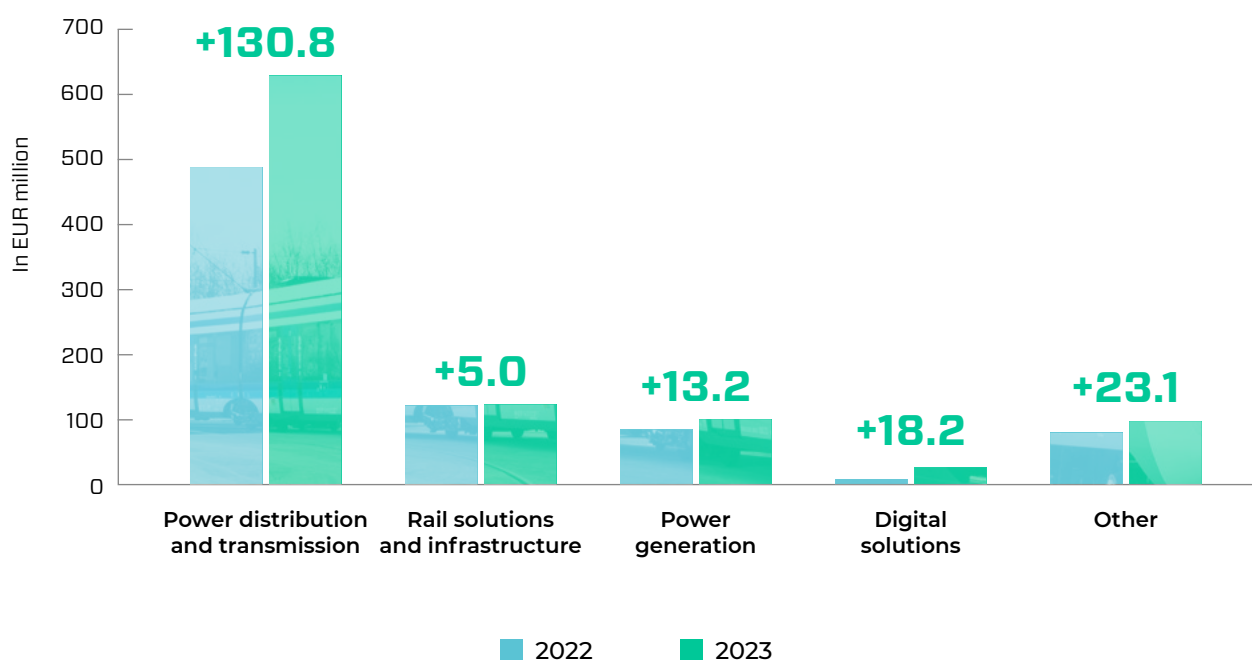
Consolidated revenues from the sale of products and services were realized in the amount of almost EUR 900 million, which is EUR 190 million or 27% more compared to 2022.

Revenues in the amount of almost EUR 315 million were generated on the domestic market, which is EUR 41.6 million or 15.2% more than in 2022. In total revenues from the sale of products and services, there is still a downward trend in the share of the domestic market, and for the observed period it is 35%.

Revenues from the sale of products and services on the foreign market were realized in a significantly higher amount than those for 2022. Exports amounted to EUR 580 million, which is EUR 149 million or 34.5% more than last year. In the total revenues from the sale of products and services, compared to the previous year, the share of exports increased by 3.6 percentage points, and for 2023 it amounts to 65%.

Markets





Individually by country, exports continue to grow strongly on the German market, where goods and services were sold in the amount of EUR 109 million or 18.6% of total exports. Goods and services in the amount of EUR 87 million or 14.8% of total exports were exported to Sweden, EUR 36 million or 6.1% of total exports were exported to Austria. Compared to the same period last year, revenues from the sale of products and services in export increased in all markets. The most significant increase in revenue was recorded on the European Union market, where the amount of exports increased by EUR 106 million. Exports to European Union countries amounted to EUR 419 million or 72.3% of total exports.

2023 saw the continuation of the strong trend of contract growth in foreign markets, which created the conditions for further export growth in the coming period.

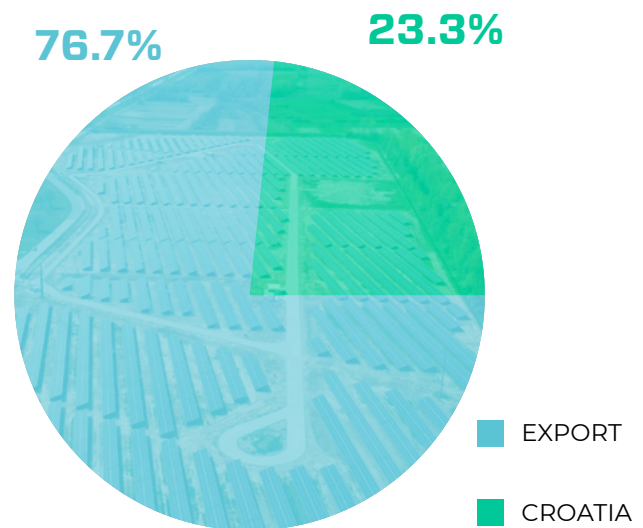
At the end of 2023, the newly contracted deals exceeded the amount of EUR 1.3 billion.

Changes and activities initiated in the last four years, with an emphasis on adapting to market trends, contributed to these outstanding results. The green transition in Europe has been gaining momentum for the past several years, which we recognized and took advantage of in time. Rapid adaptations of development, production and business processes to the new electric power era resulted in a record number of new orders.

Compared to last year, EUR 461.5 million more were contracted (in 2022, the amount contracted was EUR 848.5 million). The book-to-bill ratio for 2023 is 1.5. There was a significant increase in contracts in the companies from the Power Transmission and Distribution sector, especially in KONČAR - Distribution and Special Transformers and KONČAR - Instrument Transformers. In most of the other companies as well, the newly contracted jobs are significantly larger, with Dalekovod, KONČAR - Electric Vehicles, KONČAR - Metal Structures, KONČAR - Digital and KONČAR - Switchgear recording particularly good results.

The number of contracted jobs in 2023 for export markets exceeds EUR 1 billion (EUR 1,004.0 million) and accounts for 76.7% of the total contracted jobs.

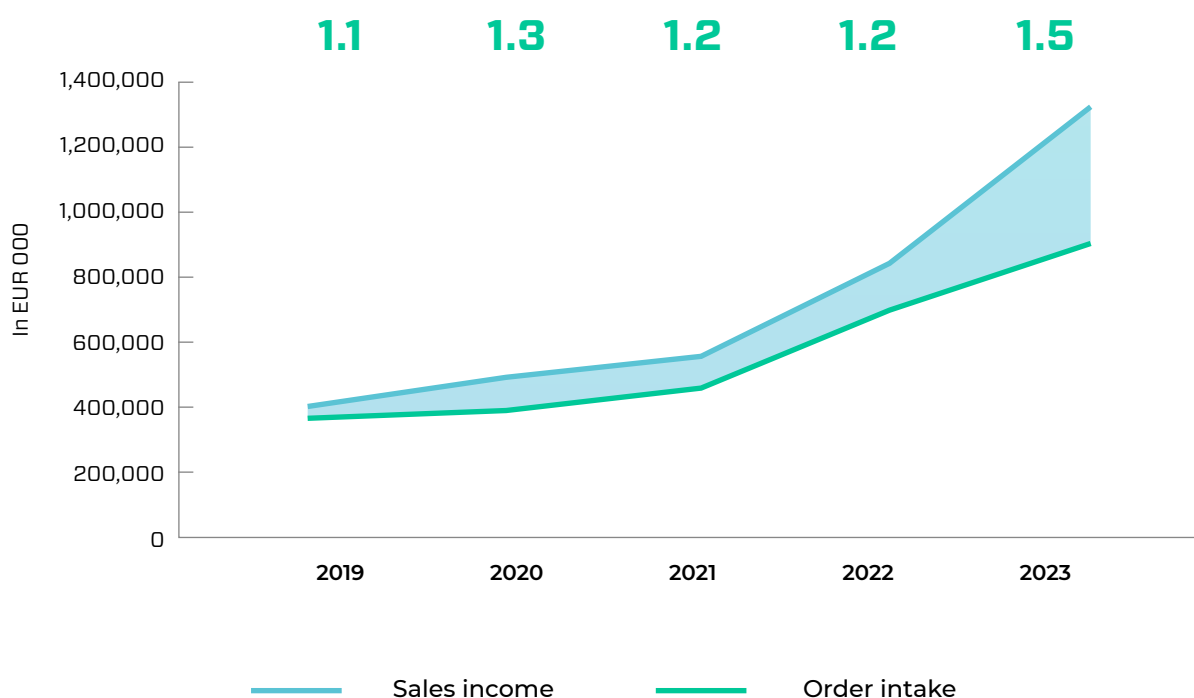
Out of the total contracted jobs in foreign markets, the largest part of the contracted jobs refers to the countries of the European Union to the amount of EUR 765.5 million, which is EUR 380.2 million more than contracted in 2022. European Union countries participate in total contracted jobs on export markets with 76.2%.



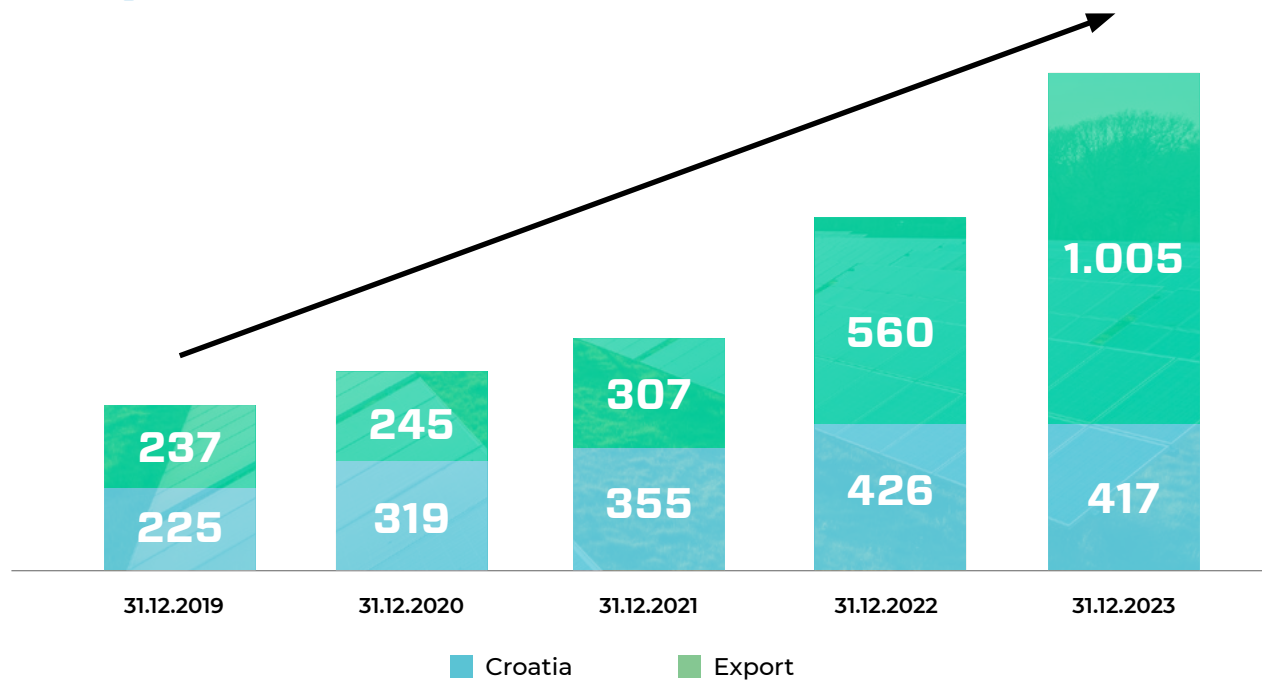
There was also an increase in contracts in all other markets compared to the same period last year, especially in the markets of America and Australia, where new business was contracted in the amount of EUR 44.4 million (EUR 21.0 million more than in 2022). The most significant step forward is on the US market, where EUR 30.9 million of new business was contracted.

Individually by country, the most significant amounts are still related to Germany, where new jobs were contracted in the amount of EUR 235.5 million. The book-to bill ratio on the German market is still extremely high and amounts to 2.2. Contracting on the Swedish market is also significant, for which new business was contracted in the amount of EUR 158.2 million, on the Austrian market new business was contracted in the amount of EUR 77.9 million, and in the Netherlands EUR 40.4 million.

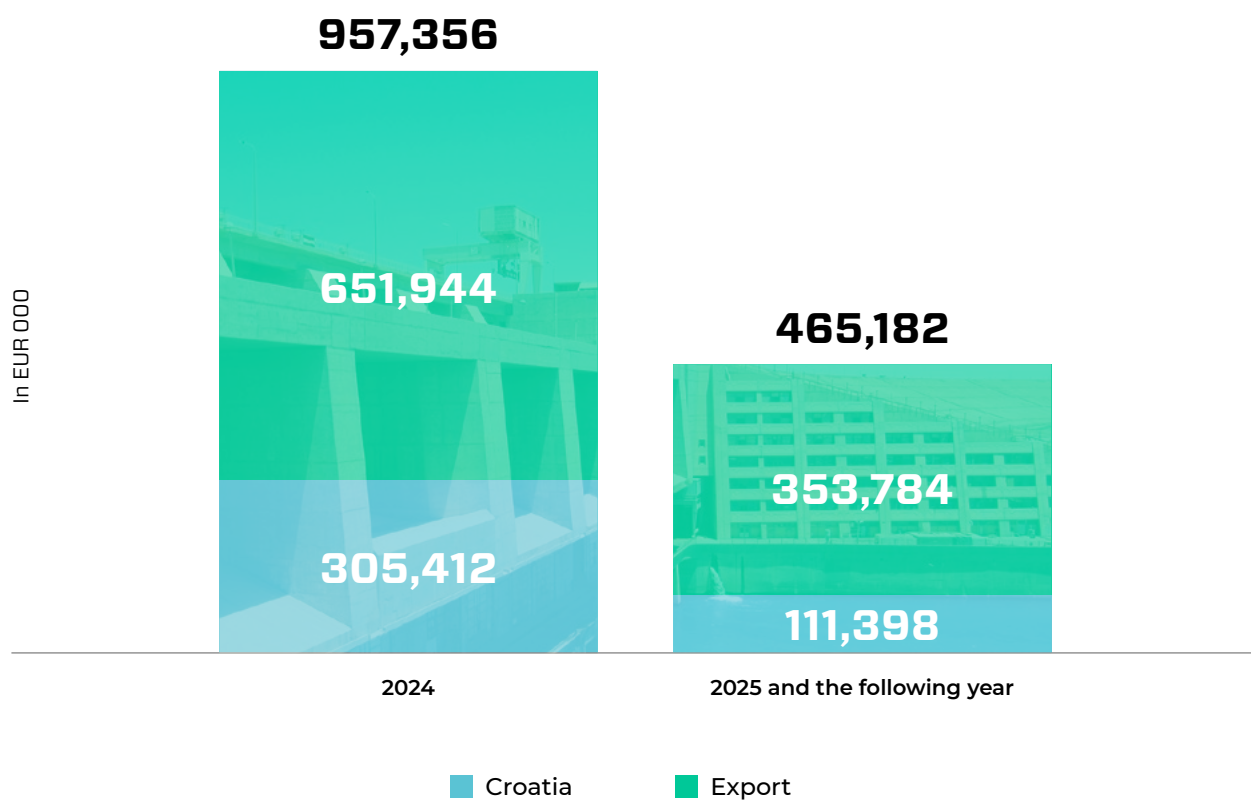
Book-to-bill ratio



Backlog EUR 1.42 billion



Expected revenues generated from backlog



Customers and suppliers

In addition to certified management systems, a number of other norms and standards are observed for individual products in accordance with customer and user requirements. The equipment and products of the KONČAR Group for power production, transmission and distribution require a high degree of responsibility from two aspects - above all, operational safety and reliability (so as not to cause additional problems in

power supply) and preservation of the natural environment where this equipment is installed. Equipment for transporting passengers must also be safe, which is imperative in the construction of trains and trams produced in KONČAR, also with a significant environmental component during exploitation.



The KONČAR Group has a great responsibility for the products it offers on the market and therefore tries to manage the entire production chain by monitoring the quality of each individual production process of the KONČAR Group companies. We strive to select those suppliers whose materials and components are harmless to people and the environment and can be recycled at the end of the product's life cycle for which they are intended, or can be disposed of harmlessly. When selecting suppliers for individual groups of materials and services, they must meet the defined requirements for quality, delivery terms, payment terms, as well as take care of occupational health and safety, as well as environmental protection. Evidence (certificates) of meeting the requirements is required from the supplier. Companies maintain a database of existing and potential suppliers. In addition to basic data about suppliers (name, address, phone, e-mail, contact person), the database also contains other data that can influence the choice of suppliers, such as their references, data on complaints, quality system, occupational health and safety, as well as environmental protection.

Key suppliers are expected to support, accept and apply ESG standards, comply with all environmental, health and safety regulations, promote safe and ecological development, production, transport, use and disposal. In the social segment, we expect suppliers to support the protection of internationally recognized human rights, including minimum wages and working hours, and not to use forced or child labour.

Furthermore, investors who make decisions on the construction of facilities for which KONČAR supplies equipment, are obliged to comply with environmental protection regulations and standards. Aware of environmental risks, KONČAR applies the precautionary principle. This is especially important if we take into account that products and facilities (transformer stations, hydroelectric and other energy facilities or rail vehicles) are often delivered to areas of high biological diversity (rivers, lakes and rural environments). The equipment and products supplied by KONČAR meet the highest safety standards, with minimal impact on the environment - which is confirmed by the fact that so far there have been no complaints or incidents in that area.

The KONČAR Inc. Management Board, with the approval of the Supervisory Board, is continuously restructuring the business, for the purpose of securing its market position, profitability and further development.

In addition to operational tasks and achieving financial goals in 2023, additional efforts were focused on searching for partnerships and acquisitions that would ensure the expansion of production capacities and increased competences, in the event that time and operational resources are limiting for further growth and development of the Group.

At the beginning of 2023, the company KONČAR - Switchgear Ltd. acquired control over 100% of the ownership share in the company KONČAR - Electrical Equipment Split. The company KONČAR – Electrical Equipment was historically part of the KONČAR Group until 2011, when the company was taken over by the Namma International for Marine Services Company from Saudi Arabia as the sole owner. Despite the change in the ownership structure, the Company continued to be an important business partner of the KONČAR Group companies, including the company KONČAR – Switchgear Ltd.

The primary motivation for the takeover was the expansion of production capacity and the vertical integration of the production process as a prerequisite for greater control of the production process and achieving synergy.

In general, for KONČAR - Switchgear Ltd., this acquisition represents one of the strategic projects for further development and foray into new markets.

In accordance with KONČAR's strategic orientation for accelerated business growth based on the development and application of digital technologies, at the end of 2022, an agreement was signed on the purchase and sale of 75% of the ownership shares in the companies Kodeks Sistemske Integracije d.o.o. and EXA Globe d.o.o. At the beginning of 2023, the conditions for control over the said companies were met. The acquisition of KONČAR – Digital Ltd. strengthens its own competencies and expands its portfolio of products, services and digital solutions in the fields of power engineering, electromobility, critical and urban infrastructure.

Kodeks sistemske integracije d.o.o. is a Croatian company operating in the IT segment. In its portfolio, the company provides ICT solutions to its clients through direct cooperation with a dozen of the world's leading technological leaders in the field of computer and telecommunications technology, such as Dell, Cisco, vmware, Microsoft, etc. EXA GLOBE d.o.o. is a systems integrator and supplier of end-to-end telecommunications solutions and products for public operators, service providers, telecoms, rail operators and companies looking for real-time solutions.

Also at the beginning of 2023, the company KONČAR - Engineering Co. Ltd. took over 100% of the shares in the company Telenerg - Inženjering d.o.o. Telenerg - Inženjering d.o.o. is a company specialized in the engineering of power plants in the power industry and industry in general.

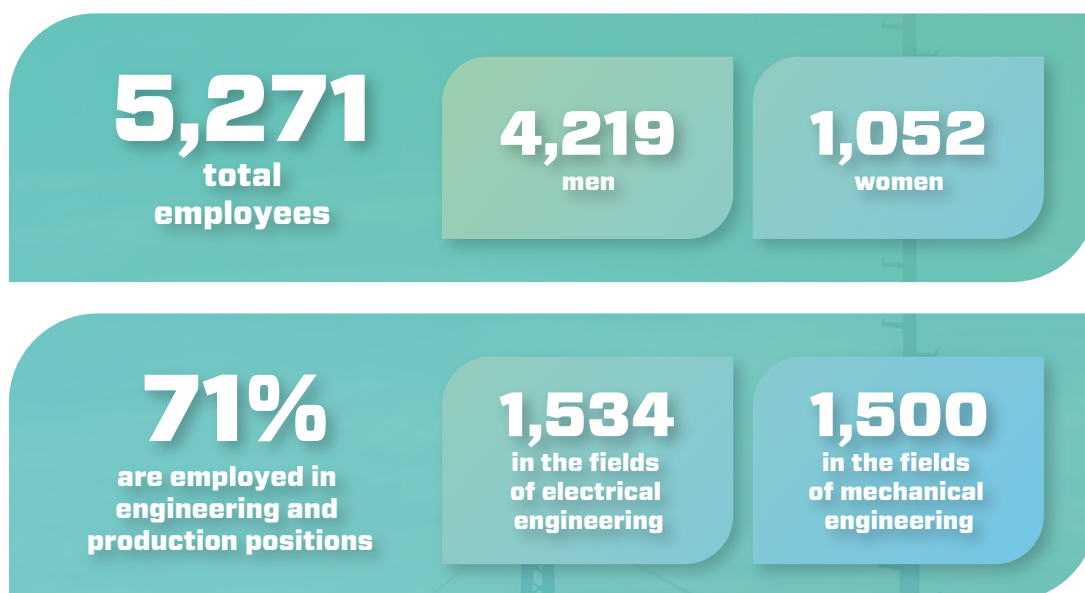
KONČAR - Engineering Co. Ltd. is positioned in the KONČAR Group as the leader in offering, contracting and realizing the most complex engineering jobs in which Group companies participate. This acquisition expands the portfolio of services in the field of design, supervision, testing and commissioning of complete low, medium and high voltage power plants and complete power solutions at power production, transmission and distribution plants, thereby further strengthening the position of KONČAR on the domestic and foreign markets.

During September 2023, the company KONČAR – Engineering Co. Ltd. acquired control over 100% of the ownership share in the company INK Projekt d.o.o.

At the end of 2023, the company KONČAR - Distribution and special transformers Inc. for production (D&ST) signed a contract on the acquisition of a 35% ownership share in the company Ferokotao d.o.o. Until the aforementioned acquisition, D&ST had a 16% share in Ferokotao d.o.o., and with this acquisition, it became the owner of a 51% share in the company's share capital.

Ferokotao d.o.o. is one of the largest manufacturers of boilers for distribution, energy and special transformers in the region, with headquarters in Donji Kraljevac, and a long-term important supplier of D&ST. The green transition, which is in full swing in the countries of the European Union, has resulted in an ever greater demand for transformers, and one of the key components for the production of transformers are transformer boilers. The acquisition of a majority share in the company Ferokotao d.o.o. Ensured a reliable supply of transformer boilers, which further strengthened the competitive advantage of D&ST on the market. In 2023, the Parent Company founded the company KONČAR – Transformer Tanks Ltd. for manufacturing. The company was founded for the purpose of increasing the production capacity of transformer tanks.

Employees



Additionally, as information, more than 550 employees are employed in the affiliated company KONČAR – Power Transformers, a joint company with Siemens Energy, of which 35% hold higher educational degrees and 5 hold a PhD.

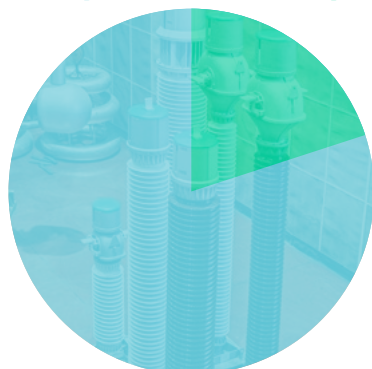
In 2023, the following were employed in the KONČAR Group (without the affiliated company): 46 doctors of science, 87 masters of science and university specialists and 1403 masters of profession, professional specialists and professional specialist graduates. The share of highly educated workers in the total number of employees is 38%.

In 2023, the most numerous age group was 30- to 50-year-olds, which accounts for 57% of the employees. There were 27% of employees in the over-50 age group, while people under 30 make up 16% of the total number of workers.

The structure of employees is dominated by men (80%), and according to the type of employment, the majority are people employed for an indefinite period, with full-time work of 40 hours per week.

Employees by gender

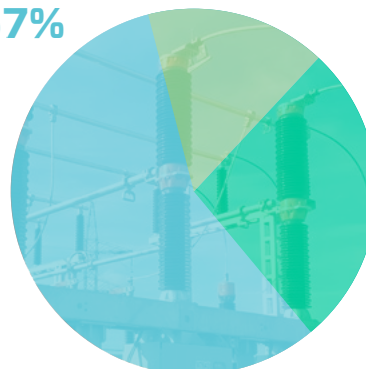
80% 20%



■ WOMEN
■ MEN

Employees by age groups

16% 27% 57%



■ YOUNGER THAN 30
■ 30 - 50
■ OLDER THAN 50

In the next 5 years, 8% of the employees will meet the conditions for termination of employment by reaching 65 years of age and 15 years of pensionable service. The data are determined in relation to the situation as of 31 December 2023.

| Employees by professional qualifications | 31 December 2023 | |
|---|------------------|------|
| ≤ Vocational qualification | 628 | 12 % |
| Secondary school qualifications / diploma | 2623 | 50 % |
| Higher vocational qualifications, polytechnic degree, university and professional bachelor's degree | 484 | 9 % |
| University degree, master's degree, specialist graduates | 1403 | 27 % |
| Master's degree, university specialists | 87 | 1 % |
| PhD degree | 46 | 1 % |

| Employees by job type | 31 December 2023 | |
|--|------------------|-------------|
| Administrative jobs | 1519 | 29 % |
| Engineering / manufacturing jobs | 3752 | 71 % |
| Management (≥Vocational education) | 361 | |
| Economics, law and administration | 404 | |
| Trade, hospitality and tourism | 101 | |
| Other occupations | 642 | |
| Culture and public information | 12 | |
| Electrical engineering | 1554 | |
| Mechanical engineering and metal processing | 1500 | |
| Traffic | 166 | |
| Management (≤Higher vocational qualifications) | 152 | |
| Utilities and painting services | 158 | |
| Construction industry | 97 | |
| Chemistry, non-metals and graphic artists | 125 | |

Governance

Governance structure and composition

The members operating within the Group are legally autonomous entities, while the Parent Company exercises a supervising role, provides strategic direction and supports them via supervisory boards and general assemblies pursuant to the Companies Act, KONČAR Inc. Articles of Association and the Articles of Association of individual companies. Furthermore, the Parent Company manages a portion of assets which is not invested into companies but is directly and indirectly in function of the financial support of sales, products and the equipment of affiliates as a credit / guarantee potential.

KONČAR Inc. and the KONČAR Group have a two-tier board structure, composed of the Supervisory Board and the Management Board. Together with the General Assembly, pursuant to the Articles of Association and the Companies Act, they constitute the three governance bodies of the Company. The composition and work of the Management Board, Supervisory Board and General Assembly, as well as information about the Company's shareholders, are part of the Corporate Governance Code, which was adopted by the Management Board of KONČAR Inc. on 15 December 2020 and with the consent of the Supervisory Board

Rules regulating the appointment and discharge of the members of the Management Board and members of Supervisory Board are set forth in the Articles of Association and comply with the Companies Act. The rules do not contain any discriminatory restrictions on the basis of gender, age, education and professional qualifications or other similar restrictions. The authority and competence of the Management Board Members comply with the Companies Act and are laid down in the Articles of Association and Management Board Rules of Procedure.

General Assembly

The General Assembly is a body that enables the Shareholders to exercise their rights in Company matters. The work of the General Assembly, its authority and competence, Shareholders' rights and the manner in which they are exercised are set out in the Company's Articles of Association. The General Assembly is competent for the election and granting of discharge to Supervisory Board Members, decides on the distribution of profit, grants discharges to Management and Supervisory Board Members, appoints auditors and decides on amendments to the Articles of Association, increases and reductions of the share capital and other matters falling under its competence by law. All decisions adopted at General Assembly sessions have been published in accordance with legal regulations and are available on the websites of the Company (www.koncar.hr), Zagreb Stock Exchange and HANFA.

Supervisory Board

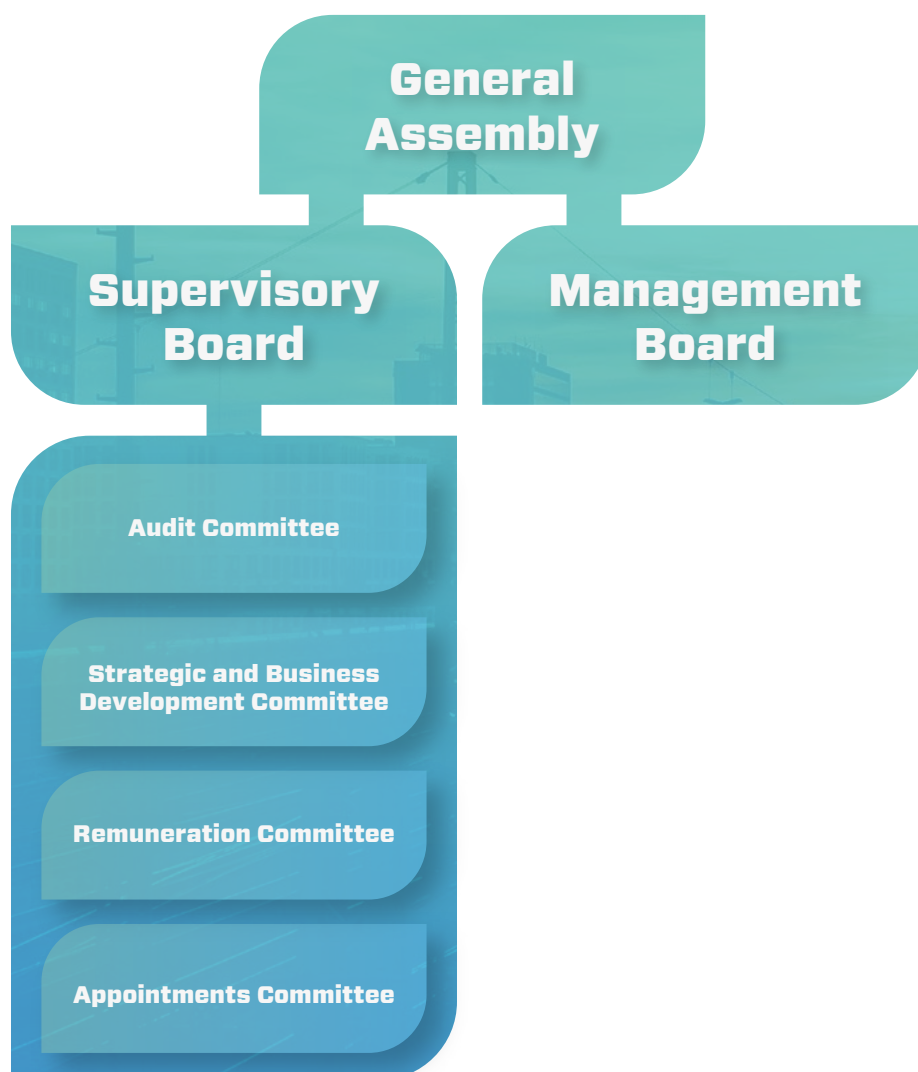
The Supervisory Board is responsible for supervising business management, representing the Company in dealings with the Management Board and adopting decisions on matters not within the General Assembly's competence. The Supervisory Board directs the Management Board when adopting strategic decisions and establishing a governance framework. The Articles of Association of KONČAR Inc. for

manufacturing and services provide for particular types of tasks which can be performed only with the previous consent of the Supervisory Board.

Pursuant to the Corporate Governance Code adopted by the Zagreb Stock Exchange and HANFA, applicable as of 1 January 2020, the Supervisory Board consists predominantly of independent members who have no business, family or other relations to the Company, a majority Shareholder or a group of majority Shareholders, or a member of the Management or Supervisory Board or a majority Shareholder.

The Supervisory Board has nine members. Five members are appointed and discharged by the General Assembly, one member is appointed by employees pursuant to the provisions of the Labour Act and three members are appointed in line with the Companies Act by the Shareholder Capital Fund Inc. as long as it holds Company shares representing 25 % plus one share in the Company's share capital. In the event of decrease of the number of shares held by Capital Fund Inc., the number of Supervisory Board Members it appoints shall be reduced accordingly. The percentage of women in the Supervisory Board is 22 %.

The President of the Supervisory Board is elected by the Members, who are elected by the General Assembly. The Deputy President is elected by the appointed Members from Capital Fund Inc., from among their own ranks. Supervisory Board Members are appointed for a four-year term and may be reappointed. Members appointed by Capital Fund Inc. may be appointed for two consecutive terms at most.



Pursuant to the Decision of the General Assembly of KONČAR Inc. of 12 July 2016, monthly remuneration for Supervisory Board Members was determined in the gross amount of 1.5 average (gross) salary paid in the KONČAR Group (without Dalekovod) in the month preceding the month of remuneration calculation. Every member of the Supervisory Board is entitled to a fixed monthly remuneration starting from the date of appointment to that duty until the date of their discharge. In order to maintain their independence and objectivity, remuneration of Supervisory Board members does not depend on the Company's performance and does not include variable remuneration.

The Appointments Committee is competent for holding discussions and submitting proposals to the Supervisory Board with respect to the decisions on the appointment and election of Management Board Members Members of the Supervisory Board in 2023:

| | |
|-----------------|------------------|
| Joško Miliša | President |
| Darko Horvatin | Deputy president |
| Branko Lampl | Member |
| Ivan Milčić | Member |
| Maja Martinović | Member |
| Ruža Siluković | Member |
| Mario Radaković | Member |
| Zvonimir Savić | Member |
| Danko Škare | Member |

Management Board

The Management Board is the governing body solely responsible for overall business operations. It is appointed and discharged by the Supervisory Board. Duties of Management Board Members are defined in accordance with business segments, activities, processes and markets. The Management Board is responsible for prudent business risk management. At its regular meetings, it reviews the Company's economic, environmental and social impacts. The efficiency of the Management Board and the Management Boards of the companies is considered, evaluated and assessed by the Supervisory Board based on key performance indicators and efforts to maintain and build a positive reputation of the Company. Through their membership in the Supervisory Boards and Assemblies and based on other rules adopted, Management Board members coordinate, direct, supervise and monitor performance in the companies. Members of the Management Board of KONČAR Inc. do not receive remuneration for their work in the Supervisory Boards of dependent companies.

Pursuant to the Articles of Association, the Management Board may consist of three to seven members. At present, the Management Board operates with six members. Management Board members are appointed for a five-year term and may be reappointed without any limitations with regard to the number of terms. Every Management Board member manages the operations in their respective business segment individually, at their own responsibility, with due care and diligence of a prudent businessman, and makes all their decisions only in the best interest of the Company. When deciding on key business policy matters or matters related to business segments of other Management Board members, a Management Board member shall present such matters to the Management Board, to be decided on by the Management Board jointly as a body. The rights and obligations of Management Board members are defined by virtue of a Management Board Member Contract.

The Management Board of KONČAR Inc. in 2023 operated with the following membership:

| | |
|-------------------|---|
| Gordan Kolak | President of the Management Board in charge of the power segment and sustainable development |
| Ivan Bahun | Deputy President and Member of the Management Board in charge of research, development and mobility |
| Josip Ljulj | Member of the Management Board in charge of the industry segment |
| Miki Huljić | Member of the Management Board in charge of real estate management |
| Josip Lasić | Member of the Management Board in charge of economics and finance |
| Božidar Poldrugač | Member of the Management Board in charge of digital solutions, ICT and urban infrastructure |

Role of the highest governance body in overseeing the management of impacts

The *KONČAR Group 2020+ Integral Strategy and operating model* were defined in 2021. The aim of the Integral Strategy is to set out the main development directions and enhance KONČAR's business operations in terms of the business and manufacturing portfolio, target markets and customer segments, human resource development and key issues of modernisation and development of the technological basis of business operations.

The purpose of the Integral Strategy was to strengthen the electric power portfolio, the role of KONČAR in the field of development and delivery of renewable energy solutions and focus on digitalization, complex products and advanced professional services. This will increase the Company's competitiveness and long-term presence in the existing markets, enabling the Company to penetrate new markets. The core convergent solutions from the product and sales portfolio include testing, maintenance and management services for power generation from renewable sources, transmission and distribution systems, rail vehicles and infrastructure, and the digitalization of critical infrastructure.

The four main strategic objectives of the Integral Strategy are to strengthen competitiveness by investing in development and technology, exports to new markets, increase revenue and competencies by recruiting new experts. In 2023, the continued hard work and engagement of our employees made it possible not only to reach, but to exceed almost all of the targets set out in *KONČAR Group 2020+ Integral Strategy*.

KONČAR Group Sustainability Strategy

The European Union's Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023, and is important because it replaces the previous English Non-Financial Reporting Directive - NFRD and sets more extensive and stricter rules related to the preparation of corporate sustainability reports, i.e. company reports on social, environmental and governance impacts.

The KONČAR Group recognized in a timely manner that the growing regulatory requirements for those obliged to report pose new adaptation challenges in several segments: planning and strategy and the integration of ESG (environmental, social and governance) criteria into business strategies and processes. KONČAR, as one of the leading regional companies in the field of energy and rail vehicles, is aware of its economic importance and responsibility for the environment and the community. Thus, in August

2023, the process of creating the first Sustainable Development Strategy began in order to guarantee the integration of all aspects of sustainability into our business processes, thus ensuring better management of the increasingly more dynamic demands of the market, regulators and communities. In parallel, strategies were developed for two Group companies listed on the Zagreb Stock Exchange: KONČAR - Distribution and Special Transformers Inc. and Dalekovod Inc. For the purpose of process creation, teams were formed that were involved in all steps of creating the strategy. The strategy creation process included analysis of the as-is state within the Group and individual companies, analysis of trends, competition, verification of the material topics and setting goals and an activity plan for the first year of implementation, recommendations for further development within each priority area and analysis of the strategy's contribution to the Sustainable Development Goals.

The goals of the strategy were presented to the Management Board in December 2023, while the entire KONČAR Group 2024-2026 Sustainable Development Strategy was adopted in March 2024.

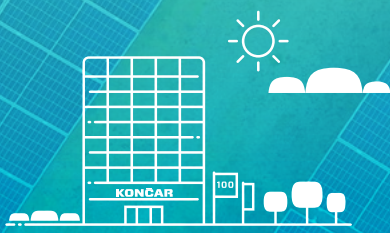
Calculation of greenhouse gases

One of the fundamental, perhaps the most important activities in monitoring and achieving climate neutrality goals is the determination of greenhouse gas emissions at the Group level. For 2023, for the first time, the activities of calculating the greenhouse gas emissions of all Group companies were carried out and included: direct emissions (Scope 1) that occur at the location of an individual company as a result of fuel combustion, production processes, the use of vehicles and machines, and fugitive sources, indirect emissions (Scope 2) that occur outside the location of an individual company, and are related to the procurement and consumption of electricity, heat and cooling energy, as well as basic indirect emissions (Scope 3) that are related to the value chain, i.e. input and output flows of materials necessary for the Group's business activities. These activities represent the basis for monitoring the progress of meeting the KONČAR Group's climate goals.

Mission & Vision

Mission

Inspired by challenges, we develop modern power industry solutions, contribute to local production and energy sustainability of society.



Vision

An innovative partner for advanced solutions on the path of green energy transition and mobility.



Sustainable Development Goals

In all its business activities, KONČAR pays special attention to the integration of seven of the seventeen Sustainable Development Goals, part of the 2030 Global Development Agenda.

As part of the 2023 report on sustainable business, the Group identified its contribution to the following goals: SDG 4, 5, 7, 8, 9, 11, 12 and 13.



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities.

Goal 5: Achieve gender equality and empower all women and girls.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12: Ensure sustainable consumption and production patterns.

An additional step forward was made with the development of the sustainability strategy, and contributions to the goals of **SDG 3, 10, 16 and 17** were identified, planned for the 2024 Sustainability Report.



Strategic and Business Development Committee

The Strategic and Business Development Committee operates within the Supervisory Board. It consists of five members and its task is to provide support to the Supervisory Board in the area of strategic planning. The Committee is in charge of monitoring and assessing development and changes in the environment, as well as of evaluating the Company's short-term and long-term objectives, assisting with strategic decisions pertaining to acquisitions, joint ventures, restructuring and development of strategic human resources. The Strategic Development Committee is chaired by Ivan Milčić, and its members are Branko Lampl, Zvonimir Savić, Joško Miliša and Maja Martinović.

Audit Committee

The Audit Committee analyses financial statements in detail, supports the Company's accounting department and sets up appropriate and efficient internal controls. The Committee ensures the integrity of financial information, specifically the validity and consistency of accounting methods used in the Company and the KONČAR Group, including the criteria for consolidated financial reporting of Group companies. Moreover, the Committee is tasked with monitoring the internal controls and risk management system with the aim of allowing the Company to identify, publicly disclose and appropriately manage the major risks to which it is exposed.

Darko Horvatin chairs the Audit Committee, and Mario Radaković and Joško Miliša are its members. In 2023, the Audit Committee held four meetings. All the members of the Audit Committee participated in decision-making at all the meetings. At the meetings, the Committee members discussed, made decisions and gave recommendations to the Supervisory Board on the following matters: reports on the implementation of the annual internal audit plan, implementation of the policy on the provision of non-audit services for 2023, supervision of the statutory audit and consolidated and unconsolidated annual financial statements for 2023, making recommendations for the adoption of those reports, and appointing auditors for 2023. The Audit Committee is independent in its work and most of its members possess the appropriate expertise in the field of accounting and auditing.

Chief internal auditor of KONČAR - member of the Supervisory Board of IIA Croatia

As part of the 12th conference of the Institute of Internal Auditors Croatia (IIA Croatia), the 17th regular Assembly was held at which Morana Mesarić Repić, the KONČAR chief internal auditor, was elected as a new member of the IIA Croatia Supervisory Board. This is a valuable professional recognition for the Internal Audit Department, as well as for KONČAR as a company that recognizes the importance of quality corporate management and the application of good practices in the supervision of its overall business.

In 2023, KONČAR got a new doctor of science:

Vedran Đurina earns a PhD

On April 5, Vedran Đurina from KONČAR - Electrical Engineering Institute, at the Faculty of Chemical Engineering and Technology of the University of Zagreb, submitted and successfully defended his doctoral dissertation entitled Assessment of physico-chemical properties of insulating oils by molecular spectroscopy techniques with use of chemometric methods and artificial neural networks.



Remuneration policies

The Remuneration Committee operates as part of the Supervisory Board. Its task is to outline the content of Management Board Member contracts and determine the structure of their remuneration. The Committee is also in charge of drawing up the Remuneration Policy for members of the Management and Supervisory Boards.

The Committee is chaired by Branko Lampl, and Maja Martinović and Ruža Siluković are its members. In 2023, the Committee held three meetings, which were attended by all the Committee members.

Remuneration process

Remuneration of the company Management Board members is based on clearly defined performance related criteria (financial) and contribution to the implementation of the KONČAR Group 2020+ Integral Strategy. The basic criteria for determining remuneration include: sales revenue, normalized EBITDA, order intake and realization of strategic initiatives.

KONČAR has set out to be an employer that encourages employee engagement, growth and development. Employee performance is recognised and rewarded. KONČAR is dedicated to balancing monetary and non - monetary rewards and base and variable compensation. Monetary and non-monetary rewards are correlated with the company's core values and strategies. Remuneration is determined as base salary and variable pay. Base salary reflects an employee's relevant professional experience, competencies and the level of organizational responsibility. Variable pay is based primarily on the realization of the company plans and objectives set in advance. Variable pay schemes provide an incentive for cautious long-term risk-taking and prudent risk management

KONČAR Group members provide their employees with statutory benefits and allowances in line with internal acts, depending on the provisions of the specific Končar company: collective agreement, internal regulations and/or decisions (for example additional payments towards a holiday, Christmas and Easter bonus, food allowance, Christmas gift for children, jubilee and length of service awards, travel/commute allowance, additional and supplementary health insurance policy, work-related health insurance policy, (un)paid leave for various occasions such as training and education and other milestones (first day of school for children), financial aid, severance pay etc.). KONČAR Group provides employees with fringe benefits such as The Multisport scheme - addressing and promoting all employee well-being and work-life balance.

Remuneration of the KONČAR – Electrical Industry Inc. Management Board has been laid out in contracts concluded with the president and between the president and members of the Management Board and the Supervisory Board. The remuneration is considered appropriate and aligned with the position of the Company and its results.

Information on the overall remuneration and benefits of the members of the Management Boards is fully disclosed in annual financial statements.

The Remuneration Policy and the Report on remuneration paid to the members of the Management Board and the Supervisory Board are publicly disclosed on the Company website and constitute an integral part of the Notification of convocation of the General Assembly.

External initiatives

KONČAR accepts and applies international and local principles, charters and standards which contribute to better quality of products, work processes and production as well as to the preservation and improvement of the natural and social environment.

Pursuant to the Companies Act and the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, the KONČAR – Electrical Industry Inc. Management Board applies the Corporate Governance Code. In line with the Code, the Company develops and operates in compliance with corporate governance best practices, leveraging its corporate and business strategies, business policies, internal acts and business practices to contribute to transparent and efficient operations and good relationships with the business environment in which it operates. The Corporate Governance Code was adopted for the purpose of:

- Prudent management
 - Defining procedures of corporate governance based on recognisable adopted international standards, as well as
 - Supervision over business operations,
- for the purpose of establishing high corporate governance standards and transparency of operations as the basis for protection of shareholders, investors and other stakeholders, employee well-being, sustainable development and environmental protection.

The Corporate Governance Code is based on legal regulations of the Republic of Croatia and adopted international standards, as well as their incorporation into the Company's business practices. The Corporate Governance Code is available to all stakeholders at <https://www.koncar.hr/hr/kodeksi>.

A systematic approach has generated policy and objectives of quality management, environmental protection, occupational health and safety, acknowledged by certificates obtained from accredited independent bodies. In line with the Sustainable Development Policy, we implement ISO 9001 Quality Management System, ISO 14001 Environment Management System, OHSAS 18001/ISO 45001 Occupational Health and Safety Management System, ISO/IEC 27001 Information Security Management System and ISO/IEC 50001 Energy Management System. A number of other norms and standards are observed for individual products in accordance with customer and user requirements. More information on the Group companies' certificates on the standards can be found under GRI Standard 416-2.



KONČAR celebrated its 102nd birthday by commissioning a new Laboratory

The KONČAR Group celebrated its 102nd year of business on 24 January by commissioning the new Laboratory for Large Electrical Machines and Drives (LAVESP) Laboratory for Power Systems and Drives. The construction of this unique laboratory began in July 2021, with a EUR 7 million investment value, fully financed with own funds.

This is a high-tech complex of which there are only a few in the world and it is an extremely important part of the KONČAR - Institute of Electrical Engineering Laboratory Centre (LC), consisting of nine internationally accredited laboratories trained to carry out almost 700 testing and calibration methods.

HANFA award presented to KONČAR

Organized by the Croatian Financial Services Supervisory Agency, the conference *Corporate governance and sustainable business - the path to climate transition* was held in Zagreb on 24 October. During the conference, on the occasion of the publication of the Annual Report on Corporate Governance, Hanfa presented awards to listed companies that reached the highest level of compliance with the Code of Corporate Governance in 2022. KONČAR was awarded in the category of companies from the official market.

The award is confirmation that acting in accordance with ethical principles and integrity and respecting high principles are part of KONČAR's corporate culture. In accordance with the highest standards and best practices, the corporate management system is continuously improved and developed.

Ivan Klapan and KONČAR awarded

On 25 October 2023, the President of the Republic of Croatia, Zoran Milanović, solemnly presented 21 medals and nine charters to deserving individuals, associations and institutions for their actions and contribution to the development and reputation of Croatia. Among the laureates was KONČAR - Elektroindustrija, which was awarded the Charter of the Republic of Croatia on the occasion of its 100th anniversary for its exceptional and long-term contribution to the Croatian economy and its promotion in the country and abroad. The KONČAR Group, a regional leader in the electric power industry and rail vehicles and the domestic carrier of the green energy transition since the beginning of its operations, has made an immense contribution not only to the development of the domestic industry, but also to the entire national economy, establishing itself as the largest domestic net exporter. The long-standing first man of KONČAR - Distribution and Special Transformers Ivan Klapan was honoured with the Order of Danica Hrvatska with the figure of Blaž Lorković, for his exceptional contribution to the Croatian economy and the promotion of the Croatian economy in Croatia and abroad.



Zoran Milanović and Gordan Kolak

Recognition to our employees - jubilee blood donors

On the occasion of the National Voluntary Blood Donation Day, celebrated on 25 October 2023, the City Red Cross Society of Zagreb organized a ceremony in the Old City Hall in honour of blood donors who donated blood 35, 50, 75, 100 and 125 times. Our employees were once again among the jubilee donors.

As an expression of recognition and respect for their dedication and humanity in helping the sick and injured, with which they indebted the entire community, Dražen Vorih from KONČAR - Elektric Vehicles received a thank you note and a gold token for donating blood 100 times, and a thank you note and a large silver coin for donating blood 75 times were awarded to Nenad Pajić, also from KONČAR - Electric Vehicles and Kruno Horvat from KONČAR - Engineering. Certificates of appreciation and small silver coins for 50 blood donations were awarded to Dubravko Hadaš from KONČAR - Distribution and Special Transformers, Robert Sučija from KONČAR - Instrument Transformers and Marko Zdrilić from KONČAR - Engineering.



KONČAR's PROZA Station - Number one digital solution in the world in terms of cyber security

The PROZA Station, a modern SCADA solution from KONČAR - Digital, is the first in the world with a cyber security certificate according to the international cyber security standard. On 27 November, the German certification company TÜV NORD awarded KONČAR - Digital for the PROZA Station digital solution a certificate of compliance with the requirements of the latest international standards for cyber security in critical infrastructure remote control systems.

The new certificate has an extremely important role for the cyber security of critical infrastructure and the protection of remote control systems. It is interesting that the earlier generation SCADA platform PROZA NET was the first in the world to be certified according to the very strict standard for cyber security ISA/IEC 62443, and other solutions also went through the same process.



Integrated D&ST photovoltaic power plant connected to the distribution network

Green and digital investments and investment in a sustainable energy transition towards transformation into a low-carbon company is the path that KONČAR - Distribution and Special Transformers (D&ST) follows in its daily business. At the beginning of the year, an integrated photovoltaic power plant with a connected power of 1.1 MW, built with our own funds, was commissioned.

It is estimated that the power plant will produce 1,456.16 MWh per year and cover up to 35% of D&ST's power consumption, while any surplus will be fed into the distribution network. In addition to the fact that the power plant will contribute to significant financial savings in overhead costs, it will also reduce CO₂ emissions by about 35%, or 480,532.80 kg of CO₂ annually.

During the year, KONČAR - Generators and Motors and KONČAR - Motors and Electrical Systems completed construction and put their photovoltaic power plants into operation in October. KONČAR currently has four of its own integrated solar power plants in operation on the roofs of its factories, while the construction of six more is planned.



Hybrid energy microgrid construction project

Considering the increasing share of renewable energy sources, it is evident that today's power systems are increasingly decentralized and decarbonized. Microgrids have emerged as a solution that provides flexibility in the positioning different energy sources, energy storage systems and consumers and can meet a wide range of needs from large metropolises to rural areas.

Following global trends in the field of power engineering, the realization of the hybrid energy microgrid (HEM) construction project is underway at the Fallerovo šetalište KONČAR site, with the aim of developing, testing and presenting the PROZA Station – Microgrid Edition SCADA system for monitoring and managing microgrids to future customers. The project is led by KONČAR - Engineering, with the participation of KONČAR - Switchgear (substation TS BCN) and KONČAR - Electronics and Informatics (charging stations, battery tank, distribution of AC and DC power supply). In the second phase of the project KONČAR - Digital will implement the Proza Station solution.

As part of the HEM project, a substation (TS) BCN 5(20)/0.4, an integrated photovoltaic power plant and a battery tank will be built, and vehicle charging stations and smart lighting will be installed.

ZelEn certificate

Social responsibility and care for the environment permeate KONČAR's numerous activities and investments. One of the examples of how we strive to reduce our own carbon footprint is by using power solely from renewable sources. In 2019 KONČAR – Infrastructure and Services contracted with HEP Opskrba the product ZelEn providing the companies of the KONČAR Group with power with a guaranteed origin, obtained exclusively from renewable sources.

KONČAR – Infrastructure and Services was recently presented with the ZelEn certificate for 2023, which confirms that 29,106 MWh of electricity from 100% renewable sources was delivered to KONČAR during the year. By using ZelEn products, KONČAR ensured a contribution to reduced CO₂ emissions totalling 4,615 tonnes.

That the power used by ZelEn customers is obtained solely from renewable sources is proven by the cancellation of a sufficient number of power guarantees of the origin in the Register of Guarantees maintained by the Croatian Energy Market Operator (HROTE). Most of the power covered by the guarantees of origin comes from HEP's hydropower plants, and each guarantee of origin represents 1 MWh of power produced from plants that use a renewable energy source or from a high-efficiency cogeneration plant.



Continuing the path towards climate neutrality

At the beginning of 2020, the company KONČAR - Infrastructure and Services was the first organization in Croatia with domestic ownership to introduce EMAS (Eco-Management and Audit Scheme), a system of ecological management and independent assessment based on environmental excellence, i.e. achieving the highest standard of environmental protection in business.

During the past period, the greatest attention was focused on the continuous implementation of control activities and reducing the environmental impact, with special emphasis on the strategic determinant of reducing the carbon footprint.

This is all a clear continuation of the path towards the achievement of climate neutrality goals as defined by the Sustainable Development Strategy of the KONČAR Group.

KONČAR is a partner of the association Empowering women in energy transition

At the end of February, the Empowering Women in Energy Transition - Xenergy NGO was established with the intention of providing support to women from the private and public sector in the field of energy transition and strengthening their influence and visibility in the economy and society, accelerating the energy transition through greater involvement of women at all levels of sustainable business and encouraging a sustainable and socially just energy transition.

The NGO is a member of the international network GWNET (Global Women's Network for the Energy Transition) from Vienna with more than 3,000 individual members and associations from 140 countries world-wide.

Apart from the founder Prof. Nela Vlahinić Lenz Ph.D. from the Faculty of Economics of the University of Rijeka, Nina Dusper Sušić from Hitachi Energy Balkans Cluster and Martina Biondić from HEP ODS,

the Management Board includes Gordan Kolak M.Sc., President of the Management Board of KONČAR and Goran Majstrović Ph.D. from the Energy Institute Hrvoje Požar. Members of the NGO's advisory board are numerous relevant experts in the field of energy, related industries and green finance, including Vlatka Kamenić Jagodić, Director of the Marketing and Corporate Communications Department at KONČAR.



Electrical Engineering Institute, winner of the Croatian sustainability index award

At the 15th conference on sustainable development organized by the Croatian Business Council for Sustainable Development (HR PSOR), KONČAR - Electrical Engineering Institute was presented with a valuable recognition as a confirmation of the successful integration of business with environmental and social challenges. Awards to the best companies in Croatia are awarded on the basis of a complex methodology that evaluates the impact of companies in all key areas of sustainability. Accordingly, HRIO is not only an award, but also a self-assessment methodology that helps companies prepare to meet regulatory requirements.

At the Institute, the pursuit of excellence relies equally on a long tradition, as well as on contemporary, ambitious requirements and sustainable development goals. Solving complex technical problems, developing professional competences and motivating employees must go together with an understanding of sustainable development. The Institute's contribution to responsible management is measured in terms of correct and ethical business practices, personal development and education of employees, application of diversity in the working environment, impact on the environment, development of sustainable products and services, and overall economic impact and creation of added value to the community.



KONČAR's Iva Tomas among the ten best Croatian female engineers

Holding the contest for the best female engineer in Croatia, an initiative also supported by KONČAR, aims to make female engineers as visible as possible in society so that their personality and their work will encourage, inspire and motivate girls to choose engineering studies and an engineering career.

The German-Croatian Chamber of Industry and Commerce (AHK) and co-organizer Mediade selected ten candidates for the Female Engineer of the Year from among 71 applications received from all over Croatia who, in their opinion, can inspire with their example, career path and personality younger generations of girls to study STEM and choose occupations in the STEM field. Diversity was the basic criterion for selecting the finalists, and the goal was to include various branches of the economy and different groups of female engineers, both by education and age, and by different career paths.

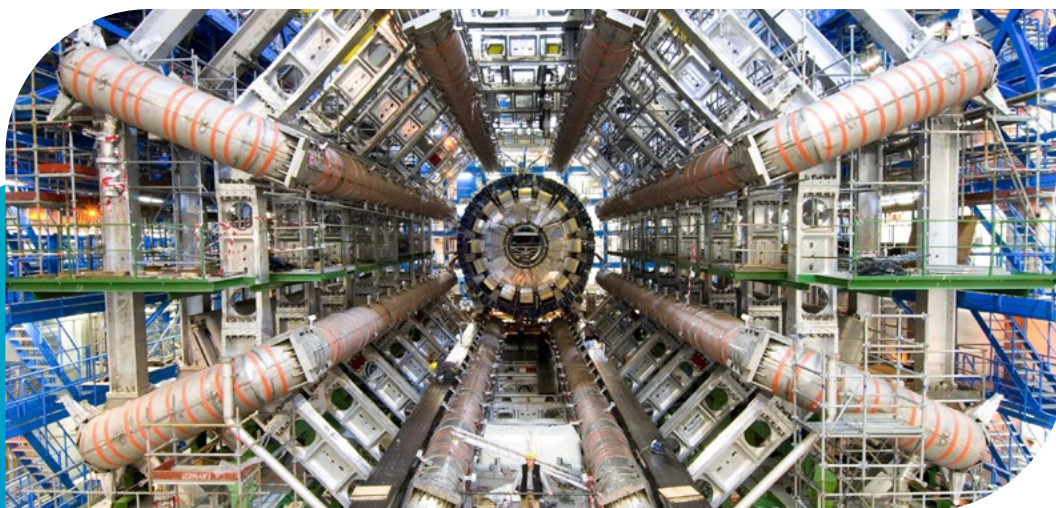


Iva Tomas, employed as a development and design engineer in the department of vehicle dynamics and bogies at KONČAR - Electric Vehicles, emphasized that by her example she wants to encourage young girls to take an important role in creating the future of the society we live in, which is the guiding thought in her action.

Institute representatives appointed as contact persons with industry for cooperation with CERN

Since October 2019, the Republic of Croatia has the status of an associate member of CERN (Conseil Européen pour la Recherche Nucléaire). Membership in CERN enables Croatian scientists to be employed at CERN and their active participation in scientific projects, and Croatian companies the opportunity to compete as suppliers of products and services in specific public procurements and to achieve greater visibility and recognition on the European and global market.

In order to increase the interest and knowledge of Croatian companies about the possibilities that exist as part of the membership of the Republic of Croatia in CERN, the Ministry of Science and Education appointed representatives from KONČAR - Institute of Electrical Engineering as national contact persons with industry for cooperation with CERN.



18th Convention of Croatian Exporters - Exporters stronger than the crisis

KONČAR - Energy Transformers is the best exporter to the United Kingdom, and KONČAR - Instrument Transformers to Israel

Business and export facing new challenges was the main theme of the 18th Convention of Croatian Exporters held in Zagreb in July, organized by Croatian exporters and partners, under the auspices of the Government of the Republic of Croatia.

As part of the convention, the Golden Key awards were given for the 16th time in recognition of excellence to the most successful Croatian exporters in 2022. The golden key for the best exporter to the United Kingdom was awarded to the company KONČAR - Energy Transformers, which was also nominated in the category of the best exporter to the United States of America. For the markets of Asia and the Pacific, the company KONČAR - Instrument Transformers won the award as the best exporter to Israel, while KONČAR - Distribution and Special Transformers were nominated in the categories of best large exporter and best exporter to Hungary.

KONČAR wins bronze in the 16th Grand Prix

KONČAR's communication strategy in 2022 was full of innovative communication tools. Thanks to continuous and high-quality communication, record results were achieved, including 1,514 media releases, a 37% higher AVE (Advertising Value Equivalency), a 35% higher PR value and a 12% increase in total impressions. These steps were the incentive to submit the year-long communication for an award in the category of Large Commercial Companies. Even entering the finals is confirmation of excellence, which in the case of KONČAR manifested itself through a combination of strategic approach and challenges, creativity and innovation, well-set goals and even better results, as well as social value and relevance. Thanks to integrated communication and achieved record results, the jury rated the project *Positioning of KONČAR as a high-tech European company* worthy of bronze.

Award for a new digital platform

KONČAR - Digital presented a new digital platform as part of the Big Bang Camp 2023 programme. The programme was organized by the Science and Technology Park of the University of Rijeka (STEP-RI) and the US Embassy in Croatia.

The jury, which consisted of experts from investment funds and the US embassy, awarded Digital's presentation a high 3rd place in the competition of twenty participants. They especially praised KONČAR as a company focused on cutting-edge technologies and new business models.

Key impacts, risks and opportunities

The KONČAR Group recognizes the importance and need for continuous strengthening of its integrated Enterprise Risk Management (ERM) system, through which the risks to which the Group is exposed are taken into account and the totality of these risks is managed. Business risk management is an integral part of the Group's Management System with the task of more efficient corporate management, thus achieving the goals and expectations of interested parties.

The Risk Management Regulations and the Risk Management Policy, in accordance with ISO 31000:2018 (Risk management - Guidelines) and ERM principles, are continuously revised considering the impact of each individual risk on business. Pursuant to the policy, Group risk management is:

- Integrated into all Group business and decision-making processes. Structured and comprehensive, taking into account the external and internal Group context, and based on best available information.
- Inclusive, encompassing a wide range of people, from the Management Board and the Supervisory Board, down to division and department directors, heads of units and shop floor, across all employees and external stakeholders.
- Dynamic, as new risks may emerge, change or disappear, reflecting the external and the internal context.

Based on continuous improvements in management, learning and experience acquisition. With respect to the business strategy and corporate goals, the Group has determined a moderate (average) risk appetite.



The lowest risk appetite pertains to the areas of safety and compliance, including occupational health and safety of employees. A slightly higher risk appetite pertains to strategic and operational goals, meaning that mitigating the risks arising from our systems, equipment, products, and work environment to reasonably achievable levels and compliance with our legal obligations takes priority over other business goals.



In line with the defined risk management methodology, the Risk Catalogue is continuously updated. The main operational, and financial risks were identified, analysed, and evaluated, and measures for risk mitigation were established, as well as the responsible persons for risk management (risk owners). The risks were identified across all Group organizational units.

In order to ensure effective risk management, all members of KONČAR Group operate in accordance with the following principles:

- Risk management is an integral part of the governance process.
- Risk management is an integral part of the decision-making process in the organisation
- Risk management pertains to all activities that involve any uncertainty
- Risk management is structured and timely
- The risk management system is based on precise available information and data
- Risk management is situation-specific
- Risk management takes into account human and cultural factors
- Risk management is transparent and inclusive
- Risk management is dynamic and sensitive to change
- Risk management supports measures and procedures conducted with the aim of improvement and development

All Group companies regularly monitor and manage their balance sheets, liquidity and capital adequacy, set measures focused on illiquidity cause, prevention or elimination, take measures focusing on companies' sufficient long-term sources of funding in view of the scope and type of their business activity, and regularly monitor capital adequacy level.

At Group level, long-term sources of funding (capital, long-term provisions and long-term liabilities) exceed non-current assets and average inventory balance, which indicates a sound funding maturity structure. The structure of the consolidated balance sheet indicates overall financial soundness of the Group.

The companies within the Group manage risks that might affect the Group's operations by monitoring business processes and internal risk reports to identify and analyse exposure by risk degree and magnitude.

Ethics and Integrity

Policy commitments

In its operations, KONČAR is guided by the Precautionary Principle, in accordance with the Environmental Protection Act. This is an approach that avoids any possible risk from the application of a new technology, until there is complete knowledge of its impact on the environment and human health. More detailed information on the Precautionary Principle can be found in this Report under the GRI 304 standard.

Management of material topics

KONČAR is focused on the promotion of human rights and applies high ethical standards in relation to its workers, business partners, as well as the wider community. Sensitive groups, such as people with disabilities, parents, migrant workers, etc. are treated with special attention. Protection against discrimination and protection of dignity are the foundations of KONČAR's actions.

By taking part in initiatives, discussions and projects on the national level, KONČAR has opted for a proactive approach in all aspects of corporate social responsibility. On 12 September 2005, KONČAR Inc. signed the Declaration on the Adoption of the Code of Ethics in Business Operations, ratified by the Assembly of the Croatian Chamber of Economy. The Code has been made available to all KONČAR employees and business partners.

KONČAR fully implements the adopted acts and positive regulations, which are publicly available to all stakeholders and can be found on <https://www.koncar.hr/hr/korporativno-upravljanje>.

Pursuant to the Articles of Association, the main priorities of the Company's business operations are:

- Profit generation
- Development and growth of the Company and KONČAR Group members
- Ensuring high quality of life and work environment

This includes the application of the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange, and the Code of Conduct approved by the Supervisory Board.

The purpose of the Code of Conduct is:

- To establish clear rules and framework for professional conduct of the Company employees
- To promote core corporate values
- To raise the awareness of the importance of prevention and avoidance of situations where employees take part in unethical acts or socially unacceptable conduct.

In organizing its business, the Company observes the following principles of business ethics:

- Principle of lawfulness in business
- Principle of professionalism, expertise and impartiality
- Principle of integrity
- Principles of equality, fairness, respect for human rights and dignity
- Principle of social responsibility
- Principle of business transparency.
- The complete Corporate Governance Code is available to all stakeholders at <https://www.koncar.hr/hr/kodeksi>.

Mechanisms for seeking advice and raising concerns

KONČAR has set up internal mechanisms for providing advice on ethical and legal conduct and issues related to organisational integrity. Depending on the size and organization of each company within KONČAR, advice can be obtained from the organizational units responsible for legal affairs, people in charge of human resources, individuals authorized to receive and resolve grievances pertaining to the protection of workers' dignity, the Works' Council, and/or trade union representatives.

Mechanisms have been put in place for making requests not related to the organization, including regional trade union commissioners, State Inspectorate Office and labour inspectorate and other relevant state institutions.

In accordance with the Whistleblowing Act, KONČAR has established internal reporting systems and appointed confidential persons and their deputies for the purpose of receiving reports of irregularities, communicating with the whistle-blower and conducting protection procedures related whistleblowing.

Socioeconomic compliance

During the reporting period, no non-compliance with laws and regulations was established, nor were there any cases of violations of international declarations, conventions and agreements, or initiated proceedings against KONČAR through international or national dispute resolution mechanisms.

Environmental compliance

Throughout 2023, there were no fines or non-monetary penalties for non-compliance with environmental laws and regulations. In the reporting period, no inspections were conducted by the competent authorities.

There were no environmental impact disputes settled via the formal grievance mechanisms during this reporting period.

Membership in associations

- **International Council on Large Electric Systems (CIGRÉ)** 
- International Council for Distribution Systems (CIRED)
- **Institute of Electrical and Electronics Engineers (IEEE)** 
- International Electrotechnical Commission (IEC)
- International Institute of Welding (IIW)
- International Chamber of Commerce (ICC)
- American Chamber of Commerce (ACC)
- International Buyer Association
- **German Croatian Chamber of Industry and Commerce (AHK)** 
- **Nordic Chamber of Commerce in Croatia** 
- **Austrian Chamber of Commerce in Croatia** 
- **International Institute for Climate Action** 
- Croatian Employers' Association (HUP)
- European Committee for Electrotechnical Standards (CENELEC)
- **Croatian Business Council for Sustainable Development (HRPSOR)** 
- Croatian Branch of the International Council on Large Electric Systems (HRO CIGRÉ)
- Croatian Exporters (HIZ)
- Lider's Club of Exporters
- **Croatian Chamber of Economy (HGK)** 
- Croatian Academy of Engineering (HATZ)
- Croatian Association for Information and Communication Technology, Electronics and Microelectronics (MIPRO)
- Croatian Standards Institute (HZN)
- Croatian Innovators' Association (UIH)
- Croatian Chamber of Electrical Engineers (HKIE)
- Croatian Chamber of Mechanical Engineers (HKIS)
- Croatian Chamber of Architects
- Electrical Engineering Society of Zagreb (EDZ)
- Croatian Engineering Association (HIS)
- Society of Engineers and Technicians of Croatian Railways (HDŽI)
- Croatian Association of Professionals in Nature and Environmental Protection (HUSZPO)
- Croatian Association of Infrared Thermography (HUICT)
- Croatian Society for Quality (HDK)
- **American Chamber of Commerce in Croatia (AmCham)** 
- ECLA – European Company Lawyers Association
- Association of Corporate Lawyers
- Association of Lawyers in Business
- Croatian Mediation Association
- **Croatian Chamber of Auditors** 
- Croatian Association of Accountants and Financial Professionals (RIF)
- Croatian Journalists' Association (HND)
- Croatian Public Relations Association (CPRA)
- **Global Compact - International Agreement within the United Nations** 
- Process Manufacturing and Technology Association (UPIDuT)

Within the numerous mentioned associations, chambers and societies, experts from KONČAR play a prominent role, leading and participating in the work of their branch associations and groups.

Stakeholder Engagement

Approach to stakeholder engagement

KONČAR recognizes the significance of providing regular information and engaging in communication with all stakeholders, as important factors of its operations. We have identified and segmented all stakeholders - individuals, communities and organizations which contribute to or are impacted by KONČAR's operations. In line with market developments, we create new channels of communication through which stakeholders can be involved and obtain all relevant information. Stakeholders have been involved in preparation of this Report segment.

| Stakeholders | Stakeholder needs and expectations | Type and frequency of communication |
|------------------|--|---|
| Customers | <ul style="list-style-type: none"> • Quality of products and services • Respecting deadlines and contractual obligations • Customer relationship management and complaint procedures • Prudent resource management • Compliance with ethical principles • Privacy policy • Continuous product development and improvement | <ul style="list-style-type: none"> • Regular meetings, workshops, conferences • Professional training, when necessary • Resolution and analysis of complaints, requests and suggestions, when necessary • Annual Customer Satisfaction Survey • Fairs, conferences, meetings, regularly • Official company website, regularly • E-mail, regularly • Regular customer visits • Annual CSR report • Business reports • Leaflets and brochures • LinkedIn, regularly • Končarevac, monthly • Newsletter, monthly |
| Employees | <ul style="list-style-type: none"> • Remuneration and compensation • Pleasant working environment • Personal development, recognition and rewards • Stable operations • Occupational health and safety • Training and development • Non-discrimination • Balance of private and business life | <ul style="list-style-type: none"> • Education and further training, regularly • Intranet and internal services, regularly • E-mail, regularly • Annual CSR report • Meetings, when needed • Business reports • LinkedIn, regularly • Official company website, regularly • Končarevac, monthly • Newsletter, monthly |

| Stakeholders | Stakeholder needs and expectations | Type and frequency of communication |
|---|---|--|
| Owners/ Shareholders | <ul style="list-style-type: none"> • Corporate business strategy • Profitability • Value added • Business growth and sustainability | <ul style="list-style-type: none"> • General Assembly • Letters, emails, when necessary • Annual CSR report • Business reports • LinkedIn, regularly • Official company website, regularly • E-mail, regularly • ZSE, HANFA, regularly • HINA • Končarevac, monthly • Newsletter, monthly |
| Suppliers | <ul style="list-style-type: none"> • Mutual benefit and long-term relationships • Management systems • Ethical conduct • Business volume | <ul style="list-style-type: none"> • Participation in fairs and conferences • Audits, visits, meetings, when necessary • Official company website, regularly • Annual CSR report • E-mail, regularly • Business reports • LinkedIn, regularly • Newsletter, monthly |
| Business partners and sales agents | <ul style="list-style-type: none"> • Mutual benefit and partnerships • Compliance with contractual obligations • Market competitiveness • Ethical conduct | <ul style="list-style-type: none"> • Meetings, regularly • Participation in fairs • Official company website, regularly • E-mail, regularly • LinkedIn, regularly • Končarevac, monthly • Newsletter, monthly |
| Works council / trade unions | <ul style="list-style-type: none"> • Employee involvement • Compliance with legal regulations • Freedom of association and collective bargaining | <ul style="list-style-type: none"> • Meetings, when needed • Bulletin boards, regularly • Annual CSR report • Business reports • Official company website, regularly • Končarevac, regularly |
| Business and professional associations | <ul style="list-style-type: none"> • Financial support • Competence building | <ul style="list-style-type: none"> • Membership, regularly • Working groups, working bodies, regularly • Participation in conferences • Professional publications • Topic-based meetings, when necessary • Annual CSR report • Business reports |

| Stakeholders | Stakeholder needs and expectations | Type and frequency of communication |
|---|--|--|
| Scientific and scholarly community | <ul style="list-style-type: none"> • Applied research and development • Knowledge transfer • Joint projects | <ul style="list-style-type: none"> • Scientific and professional papers, regularly • Seminars and workshops, when necessary • Participation in conferences and congresses • Memberships • Joint activities • Topic-based meetings • Annual CSR report • Annual financial statements • Končarevac, monthly |
| State authorities | <ul style="list-style-type: none"> • Payments towards taxes, contributions and fees • Compliance with legislation • Reporting | <ul style="list-style-type: none"> • Working groups, regularly • Email, memos, regularly • Official company website, regularly • Annual CSR report • Meetings, regularly • Participation in conferences and topic-based meetings, when necessary • Končarevac, monthly • Memberships, regularly |
| Local community | <ul style="list-style-type: none"> • Investment in local initiatives through donations and sponsorships • Protection and prudent use of resources (economic, environmental and social) | <ul style="list-style-type: none"> • Visits, meetings and joint activities • Volunteering, several times a year • Sponsorships and donations, weekly • Official company website, regularly • Annual CSR report • Business reports, quarterly, annually • LinkedIn, regularly • Končarevac, regularly • E-mail, memos, regularly |
| Financial public | <ul style="list-style-type: none"> • Financial and business reporting | <ul style="list-style-type: none"> • ZSE, regularly • HANFA, regularly • HINA, regularly • Official company website, regularly • Končarevac, monthly • Business reports, quarterly • Sustainability reports, annually • Regular meetings with interested and potential investors |
| Media | <ul style="list-style-type: none"> • Providing information about KONČAR's operations and financial performance | <ul style="list-style-type: none"> • Interviews, stories, releases, when necessary • Regular and extraordinary press conferences • Končarevac, regularly • Press releases, when necessary • Official company website, regularly • LinkedIn, regularly |

Communication with stakeholders

KONČAREVAC, corporate magazine

All news related to KONČAR Group's operations, as well as topics pertaining to its numerous stakeholders, such as customers and employees, or support to local and other communities, are published in KONČAREVAC. KONČAREVAC is published ten times a year with a circulation of 3,200. It is distributed to employees and delivered to about one thousand addresses in Croatia and abroad. In December 2023 KONČAREVAC issue no. 1492 was published.

Končarevac, Vjesnik and Svjetlost: Good communication - part of our business culture for 75 years

The corporate magazine Končarevac and its predecessors Vjesnik and Svjetlost were and remain the most complete chronicles of times, promoting a sense of unity among the KONČAR Group employees. The magazines have been running for over 75 years, keeping employees and the general public informed, and in that period thousands of articles and photos have been published. Today they are one of the oldest legacies of the KONČAR Group. The magazines changed their format and design, but remained true to their purpose - to provide high-quality and comprehensive coverage of events inside and outside the company. They chronicled KONČAR's rich history - the ups and downs, restructuring and adaptations to new and more complex business conditions, successful development and business performance, and the consistent efforts to win domestic and international customers. The first issue of Svjetlost, printed in medium newspaper format, came out on 7 November 1947, and since January 1956, the bi-monthly Vjesnik, printed in magazine format, has been keeping employees and the general public informed of events and company performance. The first issue of Končarevac was published on 9 November 1964, as a weekly issue, and this continued until 18 October 1990. In December 1990, Končarevac was re-launched, as a monthly magazine. Aside from employees, Končarevac is delivered to about 600 addresses in Croatia and internationally. Although there are fewer corporate magazines in Croatia than before, KONČAR has kept this form of internal and external communications, which has been again gaining ground in the modern corporate world.

Fairs and conferences

Fairs and conferences remain invaluable in integrated marketing communications and are a pivotal marketing asset in communication with the market, and therefore an integral part of KONČAR's strategic marketing concept. In order to achieve as successful a realization as possible, the Marketing and Corporate Communications Department coordinates all stages with the companies of the KONČAR Group that participate in a particular fair or conference in all stages of corporate performances. The Management Board of the Parent Company (KONČAR Inc.) financially supports the initiative of organized participation in foreign conferences, while the writing of expert papers is especially encouraged.

During 2023, KONČAR organized a corporate appearance, under the KONČAR umbrella brand, at a total of 19 events. These were 7 trade fairs and 12 conferences. In addition to the above, there were also individual independent performances at numerous events by individual companies of the KONČAR Group. At the same time, KONČAR supported numerous other meetings and conferences of importance for the wider community due to their topics, such as power engineering and sustainable business.

Below we present an overview of all corporate performances and some of the other performance activities of members of the KONČAR Group:

1. ELEKTROTECHNIK FAIR, Germany, Dortmund, 8 - 10 February

Representatives of KONČAR - Distribution and Special Transformers (D&ST) visited the 43rd edition of the specialized Elektrotechnik fair in Dortmund. The fair is focused on the future of industry in Germany and creates an attractive market for manufacturers, trade, crafts and users.

Digitization and networking permeated the four main topics that this year's fair focused on: construction technology, power technology, industrial technology and lighting technology. Germany represents the market to which KONČAR exports the most and one of the largest and most important markets for D&ST. A large number of companies from the branch and renowned brands from the industry additionally confirmed the importance of this fair.

2. MIDDLE EAST ENERGY, United Arab Emirates, Dubai, 7 - 9 March

At the 48th edition of the fair, the first Strategic Conference was organized, the only high-level forum focused on the complex opportunities and challenges facing energy leaders from the MENA region (Middle East and North Africa), and the first CEO forum was also organized. How to speed up the energy transition, which examples inspire and what are the expectations for the future power grid are just some of the topics that were discussed.

KONČAR has been a part of this major world fair for about twenty years, where it was once again present at its exhibition space. Experts from seven companies (Switchgear, Dalekovod - Proizvodnja, Digital, Distribution and Special Transformers, Generators and Motors, Institute of Electrical Engineering and Instrument Transformers) presented solutions, products and services from the segment of production, transmission and distribution of electricity, digital solutions and platforms, as well as in the field of transmission line construction and production of suspension and connecting equipment. KONČAR's exhibition space was a place of great interest and numerous meetings during all three days of the fair.



3. AMPER, Czech Republic, Brno, 21 - 23 March

Distribution and Special Transformers (D&ST) and Instrument Transformers appeared at the electrical engineering, energy, automation, communication, lighting and safety technology fair - Amper in Brno, the second largest Czech city.

The fair has been held since 2011 in this important industrial and commercial centre of Moravia, in the very south-east of the country (previously in Prague). More than 400 exhibitors from 24 countries presented their products in two exhibition pavilions that were visited by more than 25,000 visitors.

Even though the exhibition area of the fair has been reduced and its duration shortened by one day, the visitor interest is still extremely high. As in previous years, the largest number of exhibitors were from the Czech Republic and Slovakia, which proves the regional importance of this event, but there was also a prominent number of exhibitors from Germany, Austria and other countries from the surrounding area. Unfortunately, KONČAR was once again the only exhibitor from Croatia.

4. ENERGY FUTURE SUMMIT, SET Trebinje, 22-24 March

SET is the leading regional business event on the topic of energy future and sustainability of electricity production, which was held under the slogan *We are building the energy future of the Western Balkans together*.

KONČAR was one of the main sponsors of the conference, which took place through eight panel discussions where the most current topics in the field of energy were discussed, such as energy sector transition, state and potential of energy facilities, opening of the electricity market, potential of renewable energy sources, energy efficiency, smart grid and energy project financing.

5. HANNOVER MESSE, Germany, Hannover, 17 - 21 April

The Hannover Messe presented solutions in the field of industrial production and automation, digitization, energy solutions, innovative materials and components, etc. At the fair, more than 4,000 exhibitors from 156 countries focused on industrial trends, artificial intelligence, hydrogen, energy management,

connected and advanced production, and the new data ecosystem as part of the Manufacturing-X initiative for digitizing supply chains in industry. More than 143,000 visitors used the fair to learn about new technologies in order to adapt their companies' operations to the future.



At its exhibition area, KONČAR presented its products, equipment and solutions from the sectors of power production, transmission and distribution, as well as digital solutions and platforms, as well as solutions, products and services from the field of transmission line construction and production of suspension and connection equipment.

6. INTERNATIONAL BUSINESS FAIR, BH, Mostar, 2 - 6 May

KONČAR has been exhibiting at the International Fair in Mostar for many years. This year it presented products, equipment and solutions in the field of power production, transmission and distribution, as well as digital solutions and platforms in the field of critical infrastructure.

At the fair, the Mostar Economic Forum was held with a series of interesting panels, organized by the Chamber of Commerce and Industry of the Federation of Bosnia and Herzegovina and the University of Mostar. Ivo Čović, director of KONČAR - Renewable Energy Sources, also president of the Association of Renewable Energy Source at the Croatian Chamber of Economy, participated as an invited guest and panellist in one of the panels entitled *Challenges of a (just) energy transition - democratization of energy*. Čović presented Croatian experiences related to the implementation of the green energy transition, as well as the experiences of KONČAR, which operates in markets world-wide. At the same time, he emphasized that energy independence is not only a technological and financial change, but also a major sociological change in society.

7. ELFACK, Sweden, Göteborg, 9-12 May

Elfack is the largest fair for solutions and products in the field of energy, electrification, digitalization and sustainable development in Northern Europe.

KONČAR – Distribution and Special Transformers (D&ST) exhibited in the showroom of the company Helmerverken, its long-standing representative on the Swedish market. D&ST representatives held numerous meetings with customers and business partners from Sweden, Finland and Denmark. The main topics of conversation were the possibilities of deepening cooperation, transformer supply plans for the period until 2027, as well as the possibility of including new forms of cooperation.

8. TRANSPORT INFRASTRUCTURE AND TRANSPORT, BH, Sarajevo, 11 - 12 May

The 12th Congress on Transport and Transport Infrastructure dedicated to railways took place in Sarajevo, organized by the Association of Consulting Engineers of Bosnia and Herzegovina. The conference brought together experts and scientists from various regions of the EU, representatives of government institutions, as well as NGOs. The KONČAR Representative Office in Mostar participated in it and was also the Gold sponsor of the conference.

9. MIPRO, Croatia, Opatija, 22-26 May

ICT for a smart and green present and future was the slogan of the hybrid 46th scientific professional conference on information-communication technology, electronics and microelectronics - MIPRO 2023. The conference held from 22 to 26 May in Opatija brought together around 1,000 participants, experts in ICT and related high technologies in economy, education, science and state administration.

Organized by MIPRO, KONČAR, EU Blockchain Observatory Forum and Metaverse Council, the Blockchain Forum was held as an integral part of the plenary part of the conference, which included a series of interesting presentations on the topic of blockchain strategy and infrastructure with application in various fields. Nikola Banović from KONČAR – Digital prepared a presentation on *Blockchain Technology in Smart Energy Ecosystems*, and presented a business case for using blockchain in the field of energy.

As part of the seminar *Information and Communication Technology in the Electric Power Sector*, Hrvoje Keko from KONČAR - Digital spoke about data as the digital backbone of network operators in the energy transition. He illustrated previous examples of the use of solutions for semantically consistent integration of data from several partial sources of truth in the context of the pilot project and



research project ATTEST from the Horizon 2020 programme.

333 scientific and professional papers by authors from 42 countries were accepted for the Conference, and 16 consultations, two seminars, two forums, two round tables, five invited lectures and one workshop were held over the course of five days. KONČAR, one of the founders of MIPRO, has participated in the conference since the very beginning and is traditionally the Golden sponsor and co-organizer of the conference.

10. CWIEME, Germany, Berlin 23-25 May

Once again KONČAR presented itself at the international specialized fair of components, machines and materials for the production of transformers, generators and motors - CWIEME in Berlin. This is a narrowly specialized fair intended for engineers, representatives of manufacturers and company owners, offering innovative products and solutions in accordance with the latest industrial trends.

Generators and Motors, Metal Constructions and Motors and Electrical Systems (MES) were presented at KONČAR's exhibition space. A new MES product, a fan for cooling transformers with an EC motor, which was presented for the first time at the fair, aroused special interest.



11. SOUTH EAST EUROPE MOBILITY, Belgrade, 30-31 May

SEE Mobility is the leading regional event aimed at improving the transport and railway industry of South East Europe. The increased development of the transport and railway industry in the last few years, the revitalization and construction of many transport corridors and the increasing need for modern transport technologies and solutions were the main topics of the 2023 SEE Mobility conference. KONČAR was the Gold sponsor of the event with an exhibition area where it presented its production programme in the field of transport, transport technology and railway infrastructure. As part of the conference, a panel discussion entitled *Recommendations for the development of railway infrastructure and passenger traffic in the SEE region* was held, in which Janko Breški from KONČAR - Electric Vehicles participated as a panellist.

12. HO CIRED, Slovenia, Bled, 30 May - 1 June

The 16th Conference of Slovenian Electric Power Engineers was held in Bled, organized by the Slovenian Committee of Electrical Energy Experts CIGRE-CIRED. The largest professional conference in the Slovenian electric power industry included a series of lectures and panel discussions, mostly on the topic of current issues of the Slovenian electric power system, as well as the region's electric power systems. The conference, sponsored by KONČAR, brought together more than 500 experts in the field of electric power engineering and justified the necessity of such conferences.

13. HO CIRED, Croatia, Trogir, 4-6 June

The 8th Conference of the Croatian Branch of the International Electricity Distribution Conference was held in Trogir, bringing together almost 400 participants.

KONČAR, as the traditional Gold sponsor of the event, played a prominent role during the official opening of the Conference, and Nikica Mikulandra from KONČAR – Electronics and Informatics gave a notable presentation. The end of the grand opening ceremony was marked by the KONČAR presentation entitled *Digital and Secure Distribution Systems – Basis of Advanced Networks*, which was held by Stjepan Sučić Ph.D. from KONČAR – Digital.

At the conference, KONČAR presented a large number of accepted works by authors from Group companies, while the exhibition area presented products, equipment and solutions in the field of power transmission and distribution, as well as digital solutions in distribution systems.

14. AFRICA HYDRO, Uganda, Entebbe, 10-12 July

KONČAR participated in the Africa Hydro 2023 conference, which, after several years of postponement due to the pandemic (the last event was held in Namibia in 2019), was held in the city of Entebbe in Uganda. The main goal of the conference was to gather key stakeholders from the hydropower sector, hydropower plant owners, equipment manufacturers, consultants from all over the world in order to discuss in one place the necessary new hydropower plant revitalization and construction projects on that continent.

Africa has one of the largest water potentials in the world (340 GW). So far, only 11% of this potential has been used, and existing plants are often in very poor condition as a result of irregular maintenance, and they need considerable revitalization.



At the KONČAR exhibition area, products and solutions from the power production, transmission and distribution business areas were presented, with an emphasis on hydropower, as well as prominent projects and references on the African market.

15. HYDROVISION, USA, Charlotta, 10-13 July

The HydroVision International 2023 conference was held in the largest city of the US state of North Carolina, where KONČAR - Generators and Motors (GIM) presented itself for the third time.

The event brought together several thousand delegates from more than 40 countries and 45 states of the USA, mostly representatives of transmission and distribution system operators, manufacturers of equipment and components, development institutes and various experts involved in the process of development, planning and implementation of hydropower projects.



As part of the Innovation Exchange program, Ivan Vazdar from GIM held a presentation under the title *Manufacturing hydrogenerators using sustainable approaches*. The aim of the conference is to emphasize the perspective of the role of hydropower, to explore the challenges affecting hydro resources and to help participants develop a vision of how to meet the challenges and ensure the sustainable development of hydropower. KONČAR was also the sponsor of the *Women with Hydrovision Luncheon*, an event where, along with presentations on the importance of greater inclusion of women in the energy sector, awards were given to female managers for 2023.

16. MAKO CIGRE CONFERENCE, North Macedonia, Ohrid, 17-19 September

After a four-year break due to the pandemic, the 12th MAKO CIGRE conference was held in Ohrid, North Macedonia, bringing together numerous experts from the region from the energy sector and the scientific community.



During the conference, the participants share their experiences and knowledge through scientific and professional papers, round tables and study committees. This year's conference aroused great interest and gathered as many as 350 experts, presenting 80 professional and scientific papers.

KONČAR participated as a Gold sponsor in the Conference with a professional presentation called *KONČAR*

– *We do globally*. The presentation gave an overview of the activities and progress made in the past period in some of the world's most demanding markets through complex engineering projects and the experiences gained in their implementation. In addition, activities as part of the green digital transition and focus on the sustainability of production, investments in the development and production of environmentally friendly products, as green transformers, were presented.

The general interest of the professional audience was captured by numerous local references in North Macedonia, where KONČAR has left a deep mark throughout history in the construction of its main energy infrastructure.

During the consultation, numerous meetings were held with representatives of customers and partners on the topic of future projects on the market of North Macedonia, which is strategically important for the KONČAR Group, as is evidenced by the large number of successfully carried out projects and delivers and the deep impact of KONČAR in the constructing of the country's power system.

17. CYBER SECURITY CONFERENCE, Osijek, 10-11 October

The main topic of the 7th international conference was related to cyber security challenges. The conference aimed at providing a platform for all experts from different fields and covered a wide range of topics such as network security, industrial security, cybercrime, legal factors, etc. KONČAR was the Platinum sponsor of the event, where in the technical part of the conference Ivan Cindrić from KONČAR - Digital gave a presentation called *Standards for the protection of critical infrastructure*.

18. HYDRO, Scotland, Edinburgh, 16-18 October

Under the slogan *New ideas for proven energy sources*, the Hydro 2023 international conference and exhibition was held in the capital of Scotland, Edinburgh. During the event, which was attended by more than 1,200 delegates from 70 countries, numerous professional presentations and lectures were held in various areas of hydropower, a total of 30 sessions. A wide range of topics covered issues from hydro potential planning, environmental impact, rehabilitation and upgrading to hybrid solutions for the implementation of renewable energy sources.

Colleagues Ivan Vazdar from KONČAR – Generators and Motors and Ivica Nujić from KONČAR – Engineering presented solutions from the field of designing synchronous generators and control systems implemented in hydroelectric power plants. It should be emphasized that most of the lectures were focused on the improvement and more profitable use of hydropower, taking into account safety and environmental issues. Emphasis was also placed on maximizing the value of existing hydro assets through timely renovation, upgrading and improvement of operational efficiency, where KONČAR as the original equipment manufacturer sees its major role.

KONČAR, one of the industrial sponsors of the conference, presented its products from the business area of power production at the exhibition area, with an emphasis on the use of hydropower.



19. CIGRA BH CONFERENCE, Neum, 22-25 October

The Committee for Bosnia and Herzegovina International Council on Large Electric Systems held its 16th Conference in Neum. The conference was held with the participation of more than 400 participants from the country and abroad. KONČAR has traditionally been one of the event's main sponsors. During it, Stjepan Sučić from KONČAR - Digital held a professional presentation titled *KONČAR - Modern solutions for challenges in the power industry*. Products, services and solutions for complex engineering projects in the energy sector were presented at the exhibition area.

20. 16th HRO CIGRE CONFERENCE, Croatia, Šibenik, 5-8 November

The 16th Conference of the Croatian Branch of the International Council for Large Power Systems (HRO CIGRE) was held in Šibenik. It is held every odd year and is one of the most important business and professional power industry events in Croatia and the region.

The event brought together almost 1,100 accredited experts from Croatia, as well as Austria, Bosnia and Herzegovina, France, Ireland, Germany, Poland, North Macedonia, Slovenia, Spain, Serbia and Switzerland, and it was indispensable for the experts from KONČAR, the event's Golden sponsor. The presentation *Inspired by the Challenges of the New Electric Power Era* presents prominent projects around the world that we are currently working on.



Authors and co-authors of 60 papers included representatives from KONČAR companies Dalekovod, Digital, D&ST, EIU, KOI, GIM, Institute, INEM, KAP, KET, KMT and KPT, reaffirming their knowledge, expertise, competence and experience for the challenges of developing solutions for tomorrow's power engineering.

As part of the conference, awards and recognitions were presented to deserving members. The winners of the award for successful work are Eduard Plavec from KONČAR - Institute of Electrical Engineering and Stipe Pandža from Dalekovod. The lifetime achievement award went to Davor Đurđević, also from Dalekovod. A special and commemorative award was presented to the event's youngest participant, Stipe Teklić, possibly a future member of the KONČAR team.

21. INMR WORLD CONGRESS, Thailand, Bangkok, 12-15 November

Representatives of the KONČAR - Institute of Electrical Engineering (Institute) Laboratory Centre participated in the INMR World Congress conference and exhibition in Bangkok. INMR is a reputable organization bringing together experts in the field of power transmission and distribution, with an emphasis on design, operation and maintenance, as well as key component testing and certification. In addition to the meeting of relevant stakeholders from all over the world, the goal of the event is to exchange information, build competences and improve business relations.

The Institute's performance was met with positive reactions among the participants. The interest in the testing services exceeded expectations and a high number of visitors to the exhibition area was recorded. In addition to existing clients and partners, our showroom was visited by many potential users interested in cooperation from Europe, the USA, Canada and Asia.

Thus, our Institute's Laboratory Centre is included in the INMR Laboratory Guide, a portal listing the world's leading laboratories in the field of high voltage and high power.

22. SPS, Germany, Nürnberg, 14-16 November

The international fair SPS - Smart Production Solutions was held in Nuremberg, where KONČAR traditionally participates.

Generators and Motor, Motors and Electrical Systems (MES) and Digital presented modern solutions for industry automation at our exhibition area. Propulsion technology products, low-voltage and high-voltage motors for various purposes and new digital solutions for increased resilience of key assets and critical infrastructure were presented.

A new digital solution for motor performance management, developed by the joint work of Digital and MES experts, in cooperation with the company Automatika i procesi, was presented for the first time.



23. NK CIGRE, Kosovo, Priština, 22-24 November

At the 2nd Conference of NK CIGRE Kosovo, KONČAR's activities on the green and digital transition path were presented. The topic of the plenary session was the identification of the problem of integration of a large number of renewable sources both in the region and in Kosovo. Representatives of the administrative bodies of regional power transmission, distribution and market operators exchanged their experiences and thoughts.

The conclusion is that only by increasing investments in the power system can sustainable growth, which is stimulated by the digital and green transition, be ensured. KONČAR, noting the necessity and seriousness of such professional events, supports regional conferences, so as the Gold sponsor of NK CIGRE of Kosovo, it held a professional presentation called *Challenges in electric power engineering of the new era* held by Boris Brestovec from KONČAR - Engineering.

The presentation, looking at global trends in reducing the environmental impact in the energy sector, focused on investments in green energy and increasing efficiency and sustainability, and provided an overview of the Group's current activities in terms of green and digital transformation.

24. INTERNATIONAL COLLOQUIUM ON TRANSFORMERS, Split, 29 November - 2 December

The Sixth International Colloquium on transformers was held together with the Paris CIGRE SC A2 Study Committee, which is a great recognition by the Paris CIGRE, which recognized the importance and significance of the already well-known international colloquium on transformers in international energy circles. The colloquium was attended by many scientists and energy professionals, as well as business people from the business field of power transmission and distribution, environmental protection, designers and others.

KONČAR was the Gold sponsor of the event, during which a sponsor presentation called *Transformers & beyond* was held, while the latest trends and achievements, as well as products and services in the field of transformer technology, were presented at the exhibition area. KONČAR's experts presented a large number of papers as part of the Colloquium.

In addition to the aforementioned events and fairs, KONČAR also participated in several conferences and exhibitions.



SMART CITIES, Croatia, Zagreb, 28 March

The main theme of the 9th Smart Cities Conference, held in Zagreb, was sustainable cities, during which KONČAR - Digital presented KONČAR's advanced solutions for sustainable cities. They connect the segments of smart containers, air quality, noise and water meter readings and readings and management of substations, smart parking and a smart museum. Everything is monitored through the city's central Končar MARS system, which, thanks to digital technologies, ensures a better, higher quality service, as well as significant savings and greater efficiency in the provision of public city services.



The Končar MARS is a modern software platform for the Industrial Internet of Things (IIoT) for advanced management of smart cities and critical infrastructure. The platform enables remote measurement, monitoring and management as well as real-time analysis, maintenance and reporting. The open and modular architecture of this software platform enables quick and easy development of new digital solutions and better economy of digitization and green transition projects.

GREEN PLAN REGIONAL SUMMIT, Croatia, Zagreb, 5 April

The Poslovni Dnevnik conference brought together the most important power market stakeholders in one place and opened a constructive discussion on the topic of energy transition and the problems faced by all stakeholders. Croatia, like the neighbouring countries, is facing ever more challenging energy times. While the European Union, as a leader in the green transition, wants to achieve neutrality and self-sufficiency as soon as possible, the neighbouring countries are exposed to greater pressures. Through panel discussions and professional presentations, the goal of the conference was to identify positive practices and offer answers to the energy challenges that lie ahead.

As part of the panel discussion *Modernization of electric power infrastructure in the region*, large investments in the renovation of the electric power network and improvement of its efficiency, the need for smart networks, electricity trade and the connection of RES to the electric power system were discussed. A representative of KONČAR also participated in the panel.

NET ZERO INDUSTRY, Croatia, Zagreb, 16 May

The race to win the title of champion of decarbonization is underway. The USA, India, China and Japan started mass investments in green technologies and innovations, and the EU responded with a new Industrial Plan under the European Green Plan. The key document *Net Zero Industry Act* was presented by the European Commission in March, and its goal is to increase the production of clean technologies and achieve a zero rate of greenhouse gas emissions in the EU.

How strategic projects will be determined and financed, how necessary it is to reduce bureaucratic obstacles and what skills we lack in the labour market to achieve this ambitious goal were some of the topics of the conference, which was organized in Zagreb by the Croatian Chamber of Economy.

A representative of KONČAR - Digital also took part in the *Digital Technologies in Industry* panel. KONČAR has already developed and built numerous solutions and plants that follow the direction of the Net Zero Industry Act, of which our Pometeno brdo wind farm with 20 MW of installed power and several solar power plants that we built for partners stand out. We use our own software platforms based on the open Proza HAT code to manage and monitor such and similar plants.

KONČAR also supports the latest green and digital transition trends, such as the application of virtual reality, artificial intelligence and the construction of digital twins. The Act itself will help KONČAR in further guidance in the field of electric power by creating new opportunities for building a sustainable future.



GREENCAJT, Croatia, Zagreb, 24 and 25 May

In May, the Greencajt Festival was held in Zagreb, offering an interesting and diverse programme with a total of 30 panels and lectures and more than 80 speakers and panelists from as many as 10 countries. On the first day of the festival, the *Green tech talk - how much does the ICT industry make the planet cooler* panel was held, in which Gordan Kolak, president of the KONČAR Board, participated. The third edition of Greencajt was marked by lectures by Mark Shayler, a leading British expert on the environment and

innovation, Alessio Terzio, an economist at the European Commission, Marc Silva, a BBC News journalist specializing in climate disinformation, and academic Prof. Igor Rudan Ph.D., scientist and writer.



In the evening hours of the second and last day of the festival, Green Prix awards were given out in as many as eight categories. In the category with the most applications - Impact on the community, KONČAR entered the top 10% of projects with the topic of building its own photovoltaic power plants.

The greenest festival in the region gathered more than 2,000 visitors, and the filled halls during the two-day Greencajt confirmed the exceptional interest of visitors from Croatia and the entire region who came to hear first-hand how they themselves can be part of a big and necessary change.

POWER OF WATER CANADA, Ontario, 29-31 May

The Ontario Waterpower Association, a non-profit organization that promotes the sustainable development of water resources in Ontario, hosted the annual Power of Water Canada (POWC) technical conference and fair at the end of May, where KONČAR - Generators and Motors (GIM) presented itself for the first time. This is the largest hydro power industry event in Canada, attended by more than 450 delegates and 65 exhibitors. POWC opened up numerous networking opportunities and educational sessions focused on technical, operational and policy topics.



This performance represents the continuation of GIM's activities in the USA, where there is a significant number of partners interested in cooperation, as well as an opportunity to look at different approaches to projects and determine guidelines for further product development. On the USA and Canada markets in recent years, GIM contracted and delivered four compact generators with partners and participated in offers whose outcome is awaited in addition to the delivery of more than 70 TOP Drive motors intended for the operation of oil wells.

SUSTAINABLE BUSINESS IN THE TRANSFORMER INDUSTRY, Croatia, Dubrovnik, 6-8 June

The conference on sustainable business in the transformer industry called *Sustainability and Digitalization 2023* is a continuation of last year's conference *Sustainability – outlook for the transformer industry*. KONČAR - Distribution and Special Transformers (D&ST), KONČAR - Institute of Electrical Engineering (Institute) and KONČAR - Instrument Transformers (KMT) participated under the championship sponsorship of KONČAR.

Vlatka Šerkinić from D&ST presented the topic *Eco-Friendly Transformers*. She presented the first transformer in the region with a rated power of 40 MVA filled with biodegradable mineral oil produced from bio-waste. She stated that in the future, an increased use of materials and components with a low carbon footprint, the use of components and materials with an increased share of recycled content, and an even stronger presence of the circular economy are expected.

Vedran Jerbić from the Institute gave a presentation on *Condition Monitoring of Power Transformer Insulation: HV Bushings, Partial Discharges and Transient Overvoltages*, with which he introduced the participants to the monitoring of the insulation condition of power transformers and the importance of detecting new faults, maintaining the adjusted condition of transformers and ensuring optimal transformer management, with the aim of improving the safety of personnel and the environment and analysing the causes of faults.

Luka Kovačić from KMT held a presentation on the topic of research results on the use of biodegradable liquids in measuring transformers in a wide range, entitled *Sustainability without compromises – pioneering instrument transformers with biodegradable liquids*.

CONFERENCE ON INTERNATIONALIZATION, Croatia, Zagreb, 15 June

A conference on internationalization was held in the organization of the Croatian Chamber of Economy. Davor Baković, director of KONČAR - Instrument Transformers and president of the Association of Croatian Exporters, participated in its programme.

The event brought together leading experts from various sectors and Croatian exporters who exchanged experiences and best practices in international business and discussed the potential and challenges of Croatian exports and entering new markets. Despite numerous challenges, inflation, rising interest rates and difficult financing, entry into Schengen and the Eurozone can be a windfall for domestic exporters.



Among other things, Baković referred to KONČAR's operations in the area of power transmission and distribution, the increased demand for transformers due to the accelerated green transition on the EU market, and how the rise in energy prices and disruptions in supply chains affected profitability. There was also talk about agreements that should simplify export procedures for EU members, such as the free trade agreement with Australia.

ENERGY FUTURE OF CROATIA, Zagreb, 16 June

The twelfth Lider's conference, Energy Future of Croatia, was held on 16 June in Zagreb, aimed at encouraging dialogue on the topic of decarbonization and securing the necessary energy at an optimal price. The conference began with the opening speech by Lider's editor-in-chief, Miodrag Šajatović, who pointed out that the current situation, completed by legislative rules adopted by the European Commission, opens up exceptional opportunities for business. The first panel discussion was devoted to opportunities for a sustainable energy system, and Ivo Čović, director of KONČAR - Renewable Sources, also participated in it.

INTERNATIONAL ENERGY FORUM, Croatia, Split, 22 September

Organized by the Institute for European and Globalization Studies, the 7th international forum *INTERENEf - Solar energy in energy policies of the EU and Southeast Europe* was held in Split, supported also by KONČAR. In recent years, the event has given special importance to the topics of energy security and energy transition, and after the Russian aggression against the Ukraine, to a new strategic rethinking of energy policies at the level of the entire European Union.

The seventh edition of the Forum placed special emphasis on the use of solar energy, a current topic at the level of the entire EU, as well as in Croatia, which is abundant in this renewable energy source. A representative of KONČAR, who participated in one of the panels, referred to the construction of renewable energy sources, the challenges and circumstances that KONČAR faces in the green transition, the development of innovative solutions such as submerged aggregates, and examples of KONČAR's good practice in reducing its own carbon footprint.

LEADERS OF THE FUTURE, Croatia, Opatija, 5 October

The congress of managers organized by the Croatian Managers' & Entrepreneurs' Association - CROMA in Opatija on 5 October brought together leading entrepreneurs from Croatia and the region to discuss the question of who will manage companies in the future - managers or artificial intelligence. As part of the congress, a panel discussion on *AI - an opportunity or a threat* was held, in which Gordan Kolak, president of the KONČAR Management Board, participated.

CLEAN CURRENTS, USA, Cincinnati, 10-13 October

At the event organized by the National Hydropower Association, which gathered 235 exhibitors and more than 1,400 delegates from all states of the USA, as well as from 20 countries around the world, the company KONČAR – Generators and Motors (GIM) presented itself for the first time.

The emphasis of the meeting was on increasing the safety of dams, restoring rivers and preserving the environment, upgrading engine rooms, improving the resilience of the power grid and increasing energy efficiency, long-term storage of electricity and small hydropower plants (below 30 MW). The conference is very important for manufacturers of electromechanical equipment for hydropower plants and investors in the US market, during which GIM representatives had the opportunity to talk with existing and potential investors and partners.



CHALLENGE OF CHANGE, Croatia, Rovinj, 18-20 October

In October, the Association of Pension Fund Management Companies and Pension Insurance Companies and the Zagreb Stock Exchange organized the traditional financial conference held in Rovinj, *Challenge of Change: New horizons*.

The main topics of the conference were the development of the domestic capital market and the evolution of pension fund operations. A representative of KONČAR also took part in one of the panels entitled *Pension funds as shareholders - What ownership of institutional investors brings*. In the last four years, KONČAR's revenues grew at an average annual rate of 25%. Growth was primarily achieved on export markets, mostly on the demanding market of the European Union. This growth would not have been possible had KONČAR not adapted to the demands of customers who pay special attention to business in accordance with ESG criteria.

STARTOVER, Croatia, Zagreb, 8 November

As part of the first Startover conference, through four panels 14 speakers presented the topics of dream jobs, quality leaders for the future, artificial intelligence and sustainable business.

The Startover project, which was also supported by KONČAR, was conceived as a platform that will promote employers who invest in company culture and work on creating the workplace of the future, and connect them with ever more demanding and selective future employees. An extension of the platform is a conference that brought together human resources experts, employers and potential employees and provided them with the opportunity for networking and a talent hunt.

Vlatka Kamenić Jagodić, director of KONČAR's Marketing and Corporate Communications Department, also participated in the panel discussing sustainable business practices in Croatia, where she presented KONČAR's contribution to the green global transition, how sustainability is woven into all business segments, and which environmental, social and governance factors are important in the company's daily operations.



THE FUTURE IS NOW CONFERENCE, Croatia, Zagreb, 5 December

Artificial intelligence has penetrated deeply into various areas of life, and with the arrival of Chat GPT, it has become closer to a wider public. At the same time, the green transition affects technological progress. These topics were at the centre of the *FUTURE IS NOW – AI & green disruption* conference, which gathered experts and representatives of leading Croatian companies on 5 December, and was supported by KONČAR. The goal of the conference was to answer the growingly more frequent questions about how the application of artificial intelligence and green transitions are increasingly affecting us.

The importance of holding the conference was also recognized by the representative office of the European Commission in Croatia. In addition to changing the labour market, artificial intelligence is bringing significant changes in business. Therefore, the first panel discussed how important artificial intelligence is for use in the banking sector, both for operations and for clients, as well as in other segments of Croatian society.

The second panel discussion, *AI and green transformation*, raised another important topic. Božidar Polđugač, KONČAR Management Board member, shared concrete examples of digital solutions for optimizing energy solutions and highlighted the advantages, as well as the technical challenges we face.

KONČAR official company website

In 2023, KONČAR launched a new website <https://www.koncar.hr/hr> where you can find the most important information about its products and services, efforts to enter new markets and strengthen the presence in the existing markets, and about corporate social responsibility. The website also contains investor news, business reports and financial statements, every issue of the corporate magazine KONČAREVAC and news on KONČAR's participation in fairs and conferences world-wide. The website is available in Croatian and English. Most of the KONČAR Group companies have their own websites, providing detailed information about their business operations and their most important references.



Social networks

KONČAR is present on LinkedIn through eleven profiles that are under the individual management of the companies and one profile that is managed by KONČAR - Electrical Industry, which represents the entire KONČAR Group. On the corporate profile of the KONČAR Group, we achieve outstanding results. From January to December 2023, our profile grew by 2,199 new followers. At the beginning of January (January 9 to be exact) we passed the number of 10,000 followers, while on December 31 we reached a total of 12,158 followers. On a weekly basis, we shared news on concluding contracts, donations, sponsorships, fairs, job vacancies, recognitions and awards given to KONČAR, financial results, interesting

and significant projects from the history of KONČAR, exports, etc. In accordance with trends, we used various formats in order to increase audience engagement and achieve greater visibility of the Group, through a total of 69 posts in 2023. The primary objective of the KONČAR Group LinkedIn profile is to create awareness about KONČAR, to engage with current and future employees, customers and business partners. KONČAR employees regularly share KONČAR news on their personal profiles.

KONČAR Group's YouTube channel has been active since 2011 and contains 25 videos.

KONČAR news

KONČAR launched the newsletter KONČAR News on 9 May 2022 to a base of approximately 1,000 subscribers. Since then, the newsletter, published in English, comes out about once a month. In 2023, a total of 10 newsletters were sent, which covered significant news from the KONČAR Group, especially those related to advances in production and market segments, improvement of ESG policies, and development and investment activities of the Group. We try to highlight the flagship projects and achievements, in order to keep the subscribers up-to-date with all our activities.

Media

Given that the overall communication objective of KONČAR Group for 2023 was to further position itself as a modern high-tech company, intensive communication on numerous CSR activities was one of the most prominent topics throughout the year. Accordingly, regular cooperation with an integrated marketing communication agency continued, and the scope of activities and direction of communication messages is based on the successful results achieved in 2022.

Agency representatives continued their ongoing advisory engagement in defining communication topics and concepts, as well as planning their implementation through the most appropriate communication tools and channels based on the topic and format. At the same time, the agency team also provided the necessary operational support in drafting materials for communication with target audiences through the national media and its own channels, while KONČAR maintained regular two-way communication with media representatives, with the aim of strengthening relations and better understanding of the key topics relevant for the KONČAR Group - particularly in the context of CSR.

The successful execution of strategic communication and marketing activities allowed the Company to outperform the 2022 marketing and communication targets. In 2023, 2,018 media publications were published about KONČAR (every mention in a corporate context) in Croatia alone (vs. 1,514 last year: an increase of 33%), AVE value EUR 1,856,974 (vs. EUR 2,145,876 last year: a decrease of 13 %); total positive achieved PR value is EUR 4,537,776 (vs. EUR 4,345,672 last year: an increase of 4%); and total impressions are 234,968,468 (vs 193,064,806 last year: an increase of 22%).

The Croatian Public Relations Association (HUOJ) awarded KONČAR for this remarkable achievement with the Grand Prix in the category of Public Relations for Large Commercial Companies. This is the most prestigious domestic professional recognition in PR.

Collective bargaining agreement

As of 31 December 2023, 50% of employees at KONČAR were subject to the KONČAR Collective Agreement (a total of 8 KONČAR companies and 2,389 employees).

Employees who were not subject to the KONČAR Collective Agreement were guaranteed, by way of internal acts and decisions, at least the minimum standard of rights and entitlements afforded to employees covered by the KONČAR Collective Agreement.

Social dialogue at KONČAR has been consistently advanced and facilitated through collaboration with the Works' Council and trade unions.

This is achieved through regular meetings and discussions with social partners, including bargaining on the material rights of employees.

In September 2023, a new round of collective bargaining commenced with the aim of revising the material rights of workers in collaboration with the representative trade union, including 5 meetings as a result of which on 20 December 2023, Amendments to the KONČAR Collective Agreement were signed, increasing the workers' minimum guaranteed material rights. Negotiations with the representative trade union resulted in reaching a mutual agreement regarding the increase in workers' income, taking into account, among other things, the inflationary impact. These financial measures are aimed at strengthening the workers' sense of security while at the same time ensuring KONČAR's competitiveness on the labour market.

In accordance with the KONČAR Collective Agreement, the trade union participates in the process of appointing the Commission for the Protection of Workers' Dignity.

The procedure for the peaceful resolution of individual labour disputes and grievances is defined by the KONČAR Collective Agreement and the special Regulations on mediation in labour disputes.

Workers are entitled to independently decide on their trade union membership and affiliation.

The first Collective Agreement at Dalekovod was concluded on 14 June 1996 with the then current trade union and it applied to all employees. The Collective Agreement has been revised several times. The last amendments were adopted in September 2023. Notification of significant changes in business operations are issued in compliance with the provisions of the Labour Act and are not specified in the Collective Agreement. Notification of significant changes in business operation are delivered to the Works' Council, or, in the event when the Council has not been formed in a particular company, to the main trade union commissioner.

Topic – Specific Standards: Economic

Operating revenues

In 2023, the KONČAR Group achieved operating revenues in the amount of EUR 908 million, which is EUR 182.8 million or 25.2% more than in 2022. In operating revenues:

- Consolidated revenues from the sale of products and services were realized in the amount of EUR 894.1 million, which is EUR 190.2 million or 27% more compared to 2022.
- Other operating revenues were realized in the amount of EUR 13.2 million and are EUR 3.8 million less than in 2022. In other revenue in 2022, the most significant amount refers to one-off items related to the sale of assets that are not in the function of the core business, claims collection, reserve balance and income from bargain purchases. In 2023, other revenue is the result of the realized profit from the sale of assets that are not in the function of the core business, compensation for damages, income from bargain purchases, and income related to the cancellation of stock value adjustments, sales of materials, rent, inventory surpluses, etc.
- Financial revenue amounts to EUR 3.3 million and is EUR 1.2 million higher than in 2022.

Operating expenditures

Operating expenditures were realized in the amount of EUR 835.7 million and are 23.8 % higher than the realization for 2022. In operating expenditures:

- material costs (raw material and material costs, costs of sold goods and other external costs) amount to EUR 621.3 million and are up by EUR 122.2 million or 24.8% compared to 2022. The share of total material costs in sales revenue, adjusted for the change in inventory value, amounts to 67.4% and compared to the previous year, 2.1 percentage points lower. In relation to 2022, there is a noticeable downward trend in the prices of raw materials and materials, so that the share of raw materials and materials in sales revenue is 50.9% and is 3.6 percentage points less than in the same period last year. The share of the cost of goods sold in the adjusted revenue from sales is 4.7% and compared to 2022, it has increased by 1.4 percentage points.
- Staff costs amount to EUR 161.9 million and are higher by EUR 27.2 million or 20.2% compared to last year. The share of staff costs in sales revenue is 17.5%, which is 1.2 percentage points less than in 2022. Other operating expenditures amount to EUR 50.6 million and are EUR 17.5 million higher than in 2022. Other business expenditures refer to per diems for business trips, effect of provisions, intellectual services, insurance premiums, banking services, representation, non-production services and the like.

Share in profits from companies affiliated by participating interest

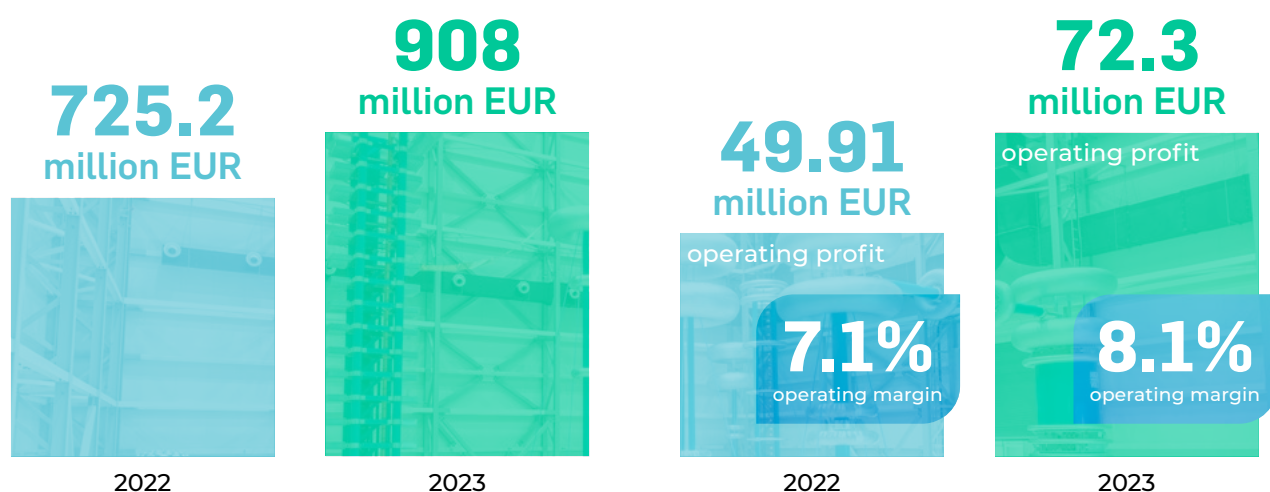
The affiliated company achieved a significantly better result compared to the previous year, the after-tax profit amounted to EUR 20.9 million (for 2022, the realized profit was EUR 2.3 million). By applying the equity method, the total balance of the share in the profit/loss of the affiliated company and joint ventures amounts to EUR 13.3 million, which is EUR 10.0 million more than in 2022.

Operating profit, EBITDA, net profit

Excellent sales results enabled further growth in profitability.

- The operating profit (EBIT) for 2023 amounted to EUR 72.3 million, which is 44.8% more compared to 2022. The operating margin is up by 1 p.p. and is 8.1%.
- The reported net profit amounted to EUR 70.9 million, which is 44.3% more than the realization in 2022, despite the fact that last year's result was influenced by a high amount of one-time items. The normalized net profit is EUR 86.8 million and is twice as high as in 2022.
- EBITDA amounts to EUR 91.4 million and is EUR 24.6 million higher than the realized EBITDA in 2022. The EBITDA margin is 10.2% (last year it was 9.5%). The normalized EBITDA amounts to EUR 107.3 million and is higher by EUR 46.8 million or 77.2% than the normalized EBITDA realized for 2022. The normalized EBITDA margin is 12.0% (in the same period last year it was 8.6%).

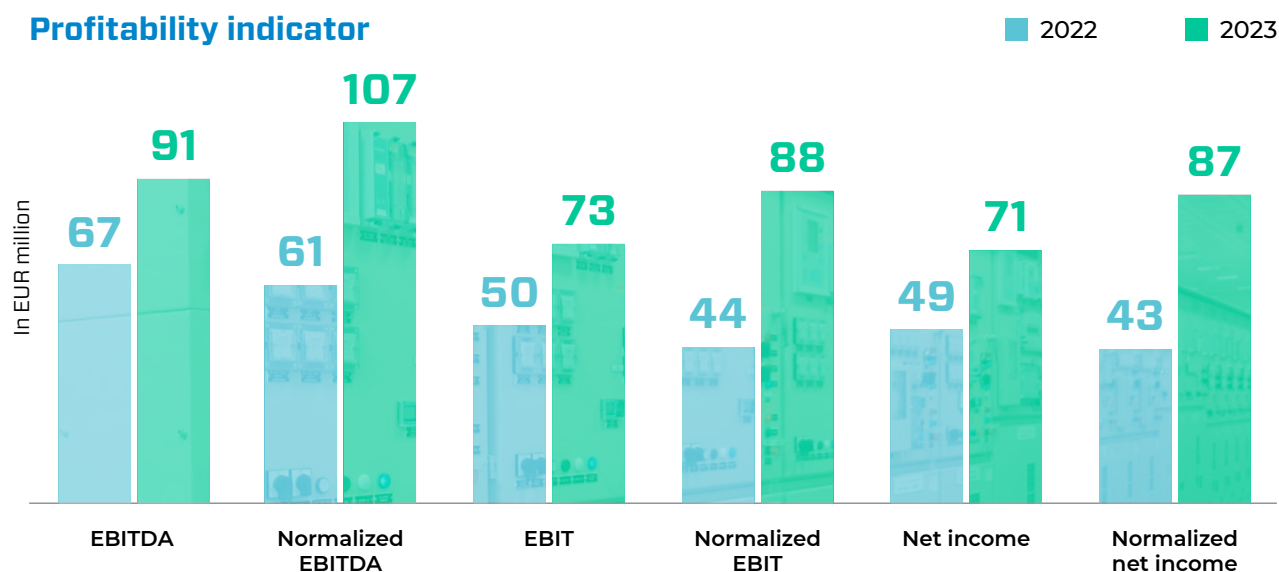
Total operating income in 2022



The normalized indicators are calculated in such a way that the reporting indicators are reduced by the net effect of provisions, profit from asset sale, income from compensation for damages, income from transactions related to the purchase of companies and increased by the value adjustment of long-term and short-term assets.

More detailed information is available on <https://www.koncar.hr/hr/godisnji-izvjestaji>.

Profitability indicator



Direct economic value generated and distributed

| Direct economic value generated and distributed - in 000 EUR | 2023 | 2022 |
|--|---------|---------|
| Direct economic value generated | 908,029 | 725,260 |
| Salaries and benefits | 161,867 | 134,709 |
| Budget payments (tax) | 14,252 | 4,429 |
| Operating expenditures | 835,741 | 675,345 |
| Net financial expenditures | -247 | 292 |
| Investments in the community (donations and sponsorships) | 369 | 336 |
| Retained economic value (net profit) | 72,034 | 49,121 |

Defined benefit plan obligations and other retirement plans

KONČAR Group companies make regular payments towards contributions in the generation solidarity system for all employees at 20% under the first pension pillar. The first pillar contribution rate for all those insured under both mandatory pillars is 15%, while a 5% contribution is paid towards the second pension pillar into personal accounts opened with mandatory pension funds.

Provisions for length-of-service awards and severance pay amount amounting almost EUR 7 million are related to an estimated amount of regular employee salaries (regular severance pay and length-of-service awards) and severance pay for the Management Board in line with the Collective Agreement to which Group employees are entitled. The current value of the provision is calculated on the basis of the number of employees, pension amount, length of service as of the balance sheet date and discount rate of 3.67% (2022: 3.26%).

Indirect economic impacts

Significant indirect economic impact

Impacts of infrastructure investments can extend outside of the scope of the company's business operations and during a longer period of time. KONČAR's investments into business operations and the realization of certain projects have had an indirect impact on the wider community, stakeholders and the economy. Similar projects continued over the course of 2023. Some of the most significant ones are outlined below.

Contracts for new trams – 20 for Zagreb and 10 for Osijek

In the Zagreb Electric Tram (ZET) area, on 16 June the City of Zagreb and KONČAR – Electric Vehicles signed a contract for the delivery of 20 new low-floor trams for ZET. According to the contract, KONČAR will deliver four new trams to ZET every month from June 2025, and all of them will be on the streets of Zagreb by 15 December of that year at the latest.

On 6 September, KONČAR – Electric Vehicles signed a contract with the city of Osijek on the delivery of the first 10 low-floor trams. The contract was signed as part of the project Application of green technologies in rail passenger transport from the 2021-2026 National Recovery and Resilience Plan. The deadline for the realization of the contract and the delivery of all 10 low-floor trams is 24 months from the signing of the contract.



HRO CIGRE: Meeting of the study committee for power System operation and control

In June, KONČAR – Engineering (KET) hosted the 59th working meeting of the C2 study committee (Power System Operation and Control) of the Croatian branch of the International Council for Large Power Systems (HRO CIGRE). Representatives from HOPS, HEP Proizvodnja, CROPEX, KONČAR, EIHP, FSB, FER, FERIT, University North and others participated in the meeting.

In addition to the usual topics related to SC C2, three professional lectures prepared by KET representatives were also held. Krešimir Vrdoljak Ph.D. spoke about the economic and energy contributions of production centres in the planning and operational decision-making processes, Domagoj Peharda Ph.D. about the news in the application of CIM standards, and Tomislav Stupić about the project to upgrade the central SCADA/EMS management system of HOPS.

Sustainable energy - Revitalization of the Momina Klisura HPP in Bulgaria

After the issuance of the Operating Permit, a ceremony was held on 6 July for the official completion of the revitalization of the Momina Klisura Hydroelectric Power Plant (HPP) in Bulgaria.

KONČAR - Engineering (KET), as the leader of the consortium, concluded a contract with the Bulgarian electricity company NEK EAD in May 2018 for the revitalization of three hydroelectric power plants: Belmeken RHPP, Sestrimo HPP and Momina Klisura HPP. Those three hydropower plants have a total production capacity of 739 MW in generator mode and 102 MW in pumping mode, making them a very important part of the Bulgarian power system.

The Momina Klisura HPP has two aggregates with Francis turbines, and the scope of the revitalization included the replacement of the control system, excitation, turbine regulation and turbine revitalization works. The first aggregate was successfully put into operation in October 2020, and the second in September 2022.

Modernized locomotive delivered to HŽ Cargo

After a successful test run, on 23 August 2023, the national railway carrier in freight transport, HŽ Cargo, took over and deployed a modernized locomotive in regular traffic. It is the first of two locomotives produced in KONČAR in the 1970s from the 1141 series, whose major repair and modernization (thyristorization), worth more than EUR 1.9 million, KONČAR – Electric Vehicles (KEV) contracted in May 2022 with HŽ Cargo.

In addition to the modernization of locomotives, the costs of exploitation and maintenance will be reduced, their reliability and availability in traffic will increase, and their use will be enabled for at least another 14 years. In addition to technical improvement, special attention was paid to the safety and driving comfort of the machine staff. KONČAR's companies Institute for Electrical Engineering, Electronics and Informatics, and Motors and Electrical Systems are also participating in the implementation of the contract by delivering new or revising old equipment. The second modernized locomotive was delivered to the customer in October.

HEP entrusted the construction of the Dugopolje SPP to KONČAR

HEP - Proizvodnja and KONČAR - Engineering signed a contract in November for the design and construction of Dugopolje Solar Power Plant (SPP). The installed capacity of the power plant will be 13.54 MW, and the connected capacity will be 10 MW. The expected annual production of 17.2 million kWh will be sufficient to supply around 6,000 households. The Dugopolje SPP is the twelfth and thus far the largest solar power plant in the portfolio of Hrvatska elektroprivreda (HEP) and represents the continuity of cooperation between HEP and KONČAR in the construction of solar power plants.

From the first solar power plant, then the largest, on the island of Vis, deployed in 2020 until today, KONČAR has built four solar power plants with a total installed capacity of 30 MW for various partners, and a fifth power plant, Črnikovci SPP, in Slavonia is about to be deployed.



Donja Dubrava solar power plant

The Donja Dubrava solar power plant (SPP), located in the municipality of Sveta Marija next to the Drava derivation canal on an area of 17.6 hectares, was deployed. It is the largest photovoltaic power plant built in Croatia with an installed power of 12.36 MWp, and it is managed via KONČAR's PROZA NET SCADA system. In January 2022, Hrvatska elektroprivreda (HEP) entrusted the project to KONČAR - Engineering.

It is estimated that during the power plant's thirty years of operation, according to the methodology of the Fund for Environmental Protection and Energy Efficiency, about 167 tonnes of carbon dioxide will be released into the environment, less than the energy produced in conventional power plants. This way, HEP will increase revenues from the sale of green electricity and reduce the cost of purchasing emission quotas for CO₂.



New electric trains for HŽ Passenger Transport

As part of the purchase and sale contract for 21 electric trains from November 2020, KONČAR – Electric Vehicles (KEV) delivered 17 trains to HŽ Passenger Transport by the end of the year. The new trains were 85% co-financed from the Operational Programme Competitiveness and Cohesion 2014-2020 and are part of the HŽ Passenger Transport rolling stock renovation project, which is being implemented in accordance with the 2017-2030 Transport Development Strategy of the Republic of Croatia. Of the aforementioned seventeen trains, HŽPT has 51 EMVs and 5 diesel-electric motor trains (DMVs) in its rolling stock, which were delivered by KONČAR through several contracts.



GREEN LINE - transformers with a reduced environmental impact

Nowadays, there is an increasing pressure on product and business sustainability. At the same time, the energy system is changing faster than ever. The green transition has stimulated the increasing penetration of renewable energy sources and a sharp increase in the number of electric vehicles. These are the dominant factors that direct the future development of energy. In addition to influencing the future development of the energy industry, these factors have a significant impact on the world of instrument transformers, so that even in this part of the industry there is a very tangible tendency to reduce the environmental impact of products, reduce the carbon footprint while simultaneously increasing the safety of transformer operations.

With the aim of responding to the aforementioned challenges, KONČAR - Instrument Transformers (KMT) developed their GREEN LINE product line. The main idea was a complete transition to biodegradable liquids, for which KMT needs the support of its customers. Considering the scope and quality of the results collected by this strategic project and its leading experience in the world of instrument transformers, KMT is not worried that it will fall short.



The first 100 MVA medium power transformer for Germany

During almost twenty years of presence on the German market, KONČAR – Distribution and Special Transformers (D&ST) has built the status of a reliable, recognized and quality supplier of transformers. The main power and city power companies, as well as industry and engineering companies are its customers.

The delivery of the first medium energy transformer with a rated power of 100 MVA, the largest for that market at that time, stands out among its numerous projects. This is a transformer that D&ST installed in a new transformer station as part of the project to build green power plants in the area of Bad Bramstedt.



First, two wind farms with a total capacity of 52.8 MW will be connected to the new substation, and later another wind farm with a total capacity of 11.6 MW and a solar plant with a total capacity of 20 MW. In the medium power transformer segment, Germany is among the three largest markets of D&ST, to which it delivered 49 transformers during the year.

Transformers for a solar power plant in Portugal

The company KONČAR - Distribution and Special Transformers (D&ST) produced two medium energy transformers with a nominal power of 100 MVA for a long-standing Spanish partner on various renewable energy projects in Europe. The transformers are intended for operation in the solar power plant Cerca-Paul de Ota near Lisbon in Portugal.

The power plant with an installed capacity of 200 MW was connected to the grid during the summer. It produces more than 388,000 MWh of electricity for the needs of 80,000 households, while reducing CO₂ emissions by more than 120,000 tonnes annually.



Instrument transformers filled with biodegradable liquid for the Philippines

KONČAR – Instrument Transformers (KMT) is strengthening its position every year on the Philippine market, both in terms of contracts and types of transformers ordered by local customers. Among them, the 500 kV combined instrument transformers type VAU-525 and high voltage power transformers VPT 145 and 245 kV stand out, which the national transmission system operator of the Philippines - NGCP decided to introduce as a new product in its power grid.

KMT made another step forward in that market by delivering seven high voltage power transformers of the type VPT-123 75 kVA and VPT-72.5 75 kVA filled with synthetic ester, a biodegradable insulating liquid that leaves a minimal impact on the environment in the event of an accident. VPT's customer is MERALCO, a private and largest electric distribution company in the Philippines, covering the area of Manila and its surroundings.

Transformer for a cogeneration plant delivered in the UK

In the United Kingdom (UK), Slough Multifuel, a new waste-to-energy plant of up to 60 MW, is being built. As part of the project, KONČAR - Distribution and Special Transformers (D&ST) contracted and delivered a medium power transformer with a nominal power of 70 MVA and nominal voltage of 33/15 kV for connection to the local distribution network. The new facility will produce electricity and thermal energy by burning fuels obtained from various wastes, such as municipal solid waste, commercial and industrial waste, and wood waste.

The project is part of the decarbonisation strategy of all sectors of the UK economy to achieve the Net Zero goal by 2050. The advantage of cogeneration, compared to conventional power plants or plants that produce only electricity or only thermal energy, is the efficiency of the plant itself, which refers to the reduction of primary fuel consumption and greenhouse gas emissions.



Continuance of transformer station deliveries for electric vehicle charging stations

KONČAR – Switchgear continues with deliveries of factory-made standard transformer stations for electric vehicle charging stations, which are contracted with the client Ionity, i.e. its branches in Croatia and Slovenia. These are transformer stations of the MTS 20/0.4 kV type in a concrete case, equipped with distribution transformers with a nominal power of 1000 or 1250 kVA. So far, two transformer stations have been successfully put into operation at the locations Zadar and Kanfanar and at the location of the Roses Fashion Outlet shopping centre, Ionity Vrankovec - Sv. Križ Začretje.

With these deliveries, KONČAR - Switchgear contributes to the development of infrastructure for increasing e-mobility and reducing harmful gas emissions and a neutral carbon footprint. Additionally, at the charging stations, vehicles are charged with electricity from renewable energy sources because the partner throughout Europe works exclusively with energy producers who supply energy 100% produced from wind, water, sun and biomass.

Contracted construction of advanced lighting for Omiš

KONČAR - Digital contracted the modernization of public lighting in the area of the city of Omiš. The project includes the replacement of 4,393 existing lighting fixtures based on high-pressure sodium and mercury with the use of significantly more efficient LED lighting fixtures. An important part of the project is the implementation of a digital solution for advanced central management of public lighting, based on KONČAR's MARS software platform. This project will achieve higher quality and efficiency of public lighting in Omiš, with significantly lower electricity costs and full compliance with regulations for environmental protection against light pollution.

Digital develops flood defense systems

The Karlovac County chose KONČAR – Digital (Digital) for the maintenance of the telemetry system of measuring telemetry devices. This work is part of the STREAM international project, for the strategic development of the flood defence system.

The goal of the project is to reduce the risks and harmful effects of floods in the threatened area and inform the population on time about the impending danger. As part of the project, Digital provides a flood defence monitoring system, based on KONČAR's MARS digital platform. Based on the IoT platform MARS, the automated collection of measurement data, their review and analysis, and an advanced reporting system will be implemented.

Advanced microgrids in electronics and transportation

In KONČAR – Institute of Electrical Engineering (Institute), the implementation of the strategic research project *Advanced Microgrids in Power Engineering and Transport* is underway. The project started in January 2022 and is part of the Integral Strategy initiative of the KONČAR 2020+ Group, and includes renewable energy sources (sun, wind, hydrogen), electrolysis, fuel cells, battery tanks, electronic energy converters and advanced control and communication systems.

The use of hydrogen and hydrogen technologies in the green transition with the aim of achieving climate neutrality particularly stands out. The emphasis is on the use of green hydrogen (obtained from renewable sources) as a substitute for fossil fuels and an energy source for increasing the stability of the power system based on renewable sources.

KONČAREV's project *Advanced microgrids in power engineering and transport* includes the realization of a laboratory microgrid model and the acquisition of knowledge and competences for further research in the field of renewable energy sources, battery tanks and technologies related to electrolysis and fuel cells.

Possibilities of advanced management and optimization of power production and consumption in the microgrid will be explored and proposed, as well as how to optimally store energy with the help of hydrogen as an alternative to battery tanks. In addition, research will be conducted and the use of an electrolyzer for the production of hydrogen as well as a fuel cell in the process of converting hydrogen into electricity will be realized.

Submersible machines for low-head - concern for the environment encourages new development

In May 2015, the European Commission announced the Energy Platform as a basis for financing the development of sustainable energy, based on the application of low-carbon technologies. The aim of the platform is to stimulate economic growth, thus ensuring a sustainable, competitive and secure power supply. All EU regions with their clusters and industrial partners are invited to join the initiative, taking advantage of the platform for their own development.



As a result, KONČAR - Generators and Motors started in 2020 and successfully completed in August 2023 the project of Development of submersible machines for low-head small hydropower plants, which was co-financed from the Competitiveness and Cohesion 2014–2020 operational programme, under Strengthening the economy through the application of research and innovation.

The first commercial contract under which submersible machines for low-head will be delivered and installed is the small hydropower plant (SHPP) Otočac, which is being built by KONČAR in the Lika-Senj County, in the area of the town of Otočac.

New data centre for KONČAR

KONČAR - Digital, in cooperation with partners, is building two new data centres for the KONČAR Group. The construction of new data centres marks the beginning of the process of consolidating KONČAR's ICT infrastructure, thus creating the conditions for accelerated digitization and the use of new technologies such as machine learning and artificial intelligence. The digital solution for monitoring and maintaining the infrastructure of the data centre is based on the advanced, cybernetically secure SCADA solution, the PROZA Station.

Further successful cooperation on the US market

Not so long ago, Duke Energy from Charlotte, North Carolina, announced as a new power transformer customer of KONČAR - Energy Transformers (KPT), a joint venture between Siemens Energy and KONČAR, has today become an important and reliable business partner. Since the first contract in December 2017, the customer has already ordered 24 transformers.

Of these, nine single-phase transformers with a power of 560 MVA and a voltage level of 550 kV were delivered. During 2020, a framework agreement was signed with the regional company Siemens Energy USA for manufacturing and delivery of three-phase network autotransformers 448 MVA, 245 kV, which is still in force. Considering the very successful cooperation with Duke Energy in previous projects, KPT believes that the number of 24 ordered transformers is not final.

Small hydroelectric power plant construction Project in Otočac

As part of the Otočac SHPP construction project, the first submersible machines for low-head will be delivered and installed as a result of KONČAR's own development. The contract for the construction of the Otočac SHPP was signed in October 2022 between the company Male hidre, whose founders are Hrvatska elektroprivreda (HEP) and KONČAR – Renewable Sources, and the company KONČAR – Engineering. The Otočac SHPP is being built in the Lika-Senj County in the area of the town of Otočac. The Senj hydropower system (Senj HPS), to which the Otočac SHPP will also belong after construction, utilizes the hydropower potential of the Lika and Gacka rivers on the energy ladder from the Lika plateau to the Adriatic Sea.

Handover of the facility to the customer is planned for April 2025 after completion, commissioning and performance of warranty measurements. It is expected that the Otočac SHPP will produce more than 7 GWh of electricity annually. The Otočac SHPP is a continuation of KONČAR's active participation in the green energy transition and provides additional energy from renewable sources.



Praetorian project

The first demonstration of the PRAETORIAN project, coordinated by Tamara Hadjina from KONČAR - Digital, was successfully held at the Franjo Tuđman Airport in Zagreb. The demonstration showcased some of the technologies and tools developed as part of the PRAETORIAN project to protect critical infrastructure from combined physical and cyber threats. PRAETORIAN is an international project that is part of the EU Horizon 2020 innovation programme. The strategic goal of the project is to increase the security and resilience of Europe's critical infrastructure, facilitating coordinated protection against combined physical and cyber threats.

Procurement practices

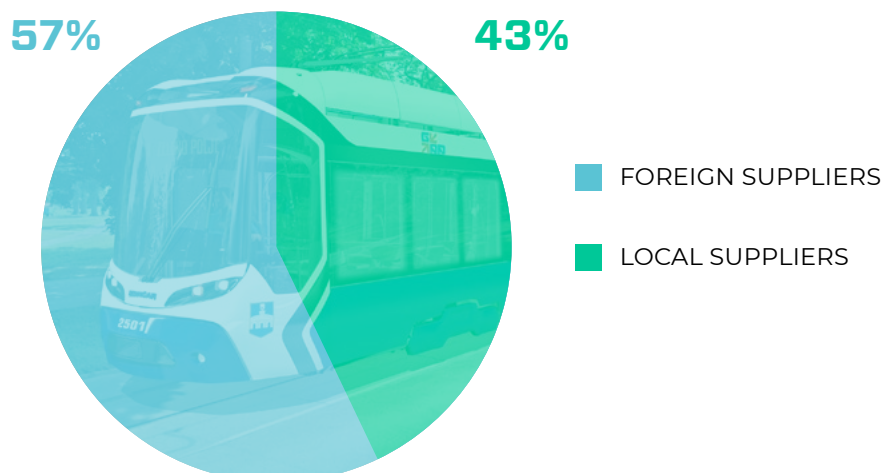
The main challenges were related to difficulties in supply chains, which is reflected in the longer procurement times of individual components.

The prices of the main raw materials and materials from which most of the main products are produced (copper, aluminium, transformer sheets, transformer oil, insulation, steel, etc.) are volatile. The Group protects itself from the sudden prices change risk of strategic raw materials in several ways. The last few years, the introduction of sliding formulas for materials in sales contracts with customers has been used. In the case of copper, given that it is a raw material that is listed on the commodity exchange (London Metal Exchange), for those contracts where there is no sliding formula with suppliers, quantities and prices for future periods are contracted with forward contracts, according to the status and estimates of the contract. In the case of sheet metal and some other important procurement parts, half-yearly contracts with suppliers are used to reduce the risk and ensure the necessary quantities. Changes in material prices are included in the calculations when making offers for products.

Proportion of spending on local suppliers

| Supplier destination Amounts in EUR 000 | Realisation Jan.-Dec.2022 | | | Realisation Jan.-Dec.2023 | | |
|--|---------------------------|-----------------------|----------------|---------------------------|-----------------------|----------------|
| | Investment procurement | Raw mat. and material | Total | Investment procurement | Raw mat. and material | Total |
| Croatia | 11,647 | 118,995 | 130,642 | 23,323 | 137,695 | 161,018 |
| International | 3,951 | 232,097 | 236,048 | 5,294 | 203,883 | 209,177 |
| Total | 15,597 | 351,091 | 366,688 | 28,617 | 341,578 | 370,195 |

In the period January - December 2023, total consolidated procurement amounted to EUR 370.2 million. Croatian suppliers account for 40% of the total procurement. The amount of EUR 35.2 million relates to procurement within the Group companies.



Anti-corruption

KONČAR develops and operates in accordance with corporate governance best practices. The Company leverages its corporate and business strategies, policies, internal acts and practices to contribute to transparent and efficient operations and good relationships with the business environment it operates in.

Our core principles are:

- Business transparency
- Clearly defined procedures for the activities of the Supervisory Board, Management Board and other bodies
- Avoidance of conflict of interest
- Efficient internal controls
- Efficient accountability system
- Equal treatment of shareholders and
- Safeguarding employees' rights and interests.

Anti-corruption policies and procedures

The Management Board of KONČAR Inc. adopted the Code of Conduct, which, among other things, identifies prevention of bribery and corruption as one of the standards of business conduct. The Code of Conduct defines corruption as any form of abuse of power and office for the purpose of obtaining personal gain or the gain of a group to which an employee or some other individual belongs. KONČAR Inc. adheres to the policy of zero tolerance to corruption and continuously invests efforts to prevent, expose and sanction any corruption. All employees have been informed and made aware of the Company's attitude and zero tolerance towards corruption.

Corruption does not necessarily involve personal financial benefit, but may involve other forms of conduct, such as allocation of positions based on nepotism, political party affiliation or friendship, as well as any other selective application of regulations discriminating in favour of certain persons or organizations.

Members of management boards, employees and business partners have been informed of anti-corruption policies and procedures and adhere to the principles of the Code of Ethics in the course of their business operations and daily activities. KONČAR enjoys the reputation of a loyal and fair business partner in the international market, and no cases of corruption have been reported at the Group level.

KONČAR Inc. has not made any financial or in-kind contribution to any political goals, directly or indirectly, to the state or a user.

Anti-competitive behaviour

KONČAR has promoted and executed fair and transparent competition principles across its operation in dealing with all entities at all locations. No anti-competitive, antitrust or monopoly practices have been recorded.

Topic – Specific Standards: Environmental

The environment is of vital significance for KONČAR, as a major part of our equipment is installed directly in the environment (substations, hydropower plants, other power facilities, traction vehicles, etc.). KONČAR has adopted and published the Integrated Environmental Management Policy, which has been made available at <https://www.koncar.hr/hr/kvaliteta-i-primijenjeni-sustavi-upravljanja> and all employees have been informed thereof.



Energy

Efficient use of energy, reflected in the reduction of energy consumption per unit of income, and in the increase of renewable energy sources, are essential business priorities crucial for combating climate change and reducing the carbon footprint.

Energy consumption within the organization

KONČAR and Dalekovod

| Electricity / kWh | KONČAR | Dalekovod Group | Total |
|-------------------|---------------|-----------------|---------------|
| 2023 | 19,824,917.14 | 3,646,230.00 | 23,471,147.14 |
| 2022 | 20,785,874.11 | 3,888,820.00 | 24,674,694.11 |
| 2021 | 20,946,838.33 | 3,889,720.00 | 24,836,558.33 |

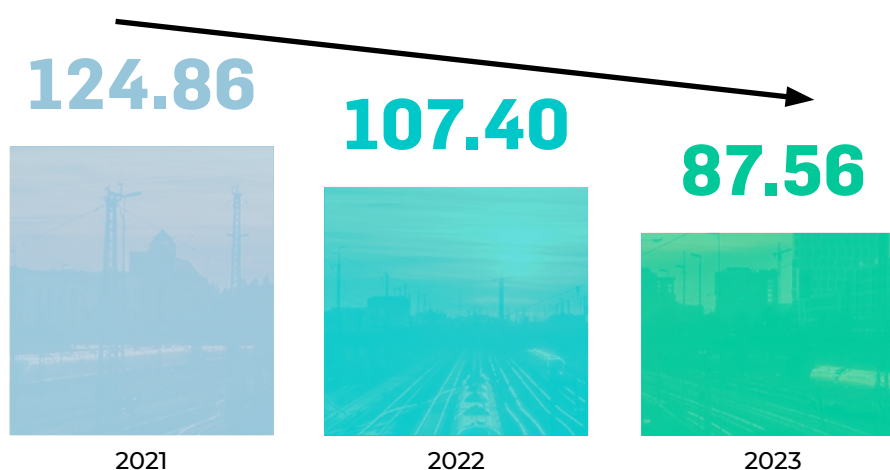
| Heat energy /kWh | KONČAR | Dalekovod Group | Total |
|------------------|---------------|-----------------|---------------|
| 2023 | 37,742,395.49 | 4,181,920.00 | 41,924,315.49 |
| 2022 | 36,562,213.26 | 3,452,800.00 | 40,015,013.26 |
| 2021 | 38,442,505.47 | 4,062,240.00 | 42,504,745.47 |

Energy intensity

KONČAR and Dalekovod

| | 2021 | 2022 | 2023 |
|---|-----------|-----------|-----------|
| Total energy consumption / MWh | 86,420.13 | 81,173.72 | 85,227.22 |
| Income / (EUR million) | 692.155 | 755.786 | 973.365 |
| Energy consumption per unit of income / (MWh / EUR million) | 124.86 | 107.40 | 87.56 |

Energy consumption per unit of income (MWh / milion EUR)



Total energy consumption pertains to direct consumption of electricity and heat, fuel consumption in vehicles, as well as indirect consumption of electricity and heat energy. KONČAR undertakes regular activities and channels investments towards improving energy efficiency. In 2023, the Company made investments in infrastructure taking into account environmental criteria in its procurement process and investment decisions, so as to ensure the optimal environmental effect of the selected measures. Thus, the construction of a hybrid energy microgrid (HEM) was started at the location of Fallerovo Šetalište, which includes a charging station for electric vehicles, a TS BC substation, a photovoltaic power plant on the roof of the building and outdoor lighting. At the Fallerovo Šetalište site, energy renovation of buildings continued.

Thus, on one of the production buildings (Hall A), the roof and exterior carpentry were redone, while on the other two buildings with office spaces, the replacement of the building envelope was started (the main office skyscraper B and building C).

The activities included the renovation of the building envelope (replacement of carpentry and façades), which improves the energy characteristics of these buildings, i.e. achieves significant energy savings in the coming period.

Another example of activities in 2023 in implementing continuous energy efficiency measures at the Fallerovo Šetalište location is the continuation of the systematic replacement of lighting by installing new LED lighting fixtures, improving the existing lighting system, reducing energy consumption and CO₂ emissions, and reducing the actual maintenance costs. Thus, the number of installed LED lighting fixtures has almost doubled in the last 5 years.

In 2023, 14.48 MWh of electricity was produced at the Fallerovo Šetalište location from the integrated photovoltaic power plant of the company KONČAR - Infrastructure and Services, which was consumed for

its own needs. This reduced CO₂ emissions by 2.3 tonnes per year. Also at the Fallerovo Šetalište location, the companies KONČAR - Motors and Electrical Systems and KONČAR - Generators and Motors built photovoltaic power plants that were put into operation in September and October. The KONČAR – Motors and Electrical Systems photovoltaic power plant with a power of 350 kW in 2023 produced 33.48 MWh of electricity. This reduced CO₂ emissions by 5.31 tonnes per year. The KONČAR – Generators and Motors photovoltaic power plant with a power of 450 kW in 2023 produced 42.40 MWh of electricity. This reduced CO₂ emissions by 6.72 tonnes per year. In total, CO₂ emissions were reduced by 14.33 tonnes per year at the Fallerovo Šetalište location. In 2023, 1,422.98 MWh of electricity was produced at the Jankomir location from the integrated photovoltaic power plant of the company KONČAR – Distribution and Special Transformers, which was consumed for its own needs. This reduced CO₂ emissions by 226.64 tonnes per year. The integrated photovoltaic power plant started operating on 14 November 2022.

Energy from renewable sources

KONČAR Group companies use ZelEn products, using solely energy produced exclusively from renewable sources in their operations. KONČAR - Infrastructure and Services was awarded a certificate for 2023, confirming that 29,106 MWh of electricity from renewable sources was delivered for the supply of KONČAR. This contributed to a 4,622 tonne total annual decrease in C₂ emissions.

The share of energy from renewable sources in the total energy consumption for 2023 amounts to almost 24%. The decline in the share of energy consumption from renewable sources in the total consumption occurred due to the takeover and consolidation of Dalekovod in the KONČAR Group. At the end of 2023, Dalekovod signed an agreement with HEP - Opskrba on the ZelEn product, undertaking to purchase electricity exclusively from renewable sources. For this reason, it is likely that the share from renewable sources will increase again in the following years.

Reduction of energy consumption

Energy efficiency can be defined as a reduction in the amount of power and energy necessary to perform a particular job or function, saving money, improving environmental protection, air quality and power supply security, resulting in reduced emissions of greenhouse gases and other pollutants. In order to determine the level of energy efficiency, energy audits have been carried out (to determine current energy consumption and energy performance) of buildings used for non-manufacturing operations of the KONČAR Group companies. All buildings have been assigned an appropriate energy efficiency class and energy efficiency improvement measures determined.

In addition to energy audits of buildings, energy audits of large enterprises have also been carried out in order to determine and improve energy efficiency (analysis of technical and energy performance of buildings, analysis of all technical and process systems, i.e., of all generation, transformation and distribution systems and consumption of energy sources). Although the Energy Management System according to the ISO 50001 standard has already been implemented at some KONČAR Group companies, other KONČAR Group members, as large enterprises, are encouraged to introduce and certify an energy management system according to the same standard.

All these measures resulted in progress in achieving energy efficiency, which is visible in a significant reduction of energy consumption in relation to the income of the KONČAR Group. Energy consumption per unit of income is therefore almost 30% lower in 2023 than in 2021.

Water

Activities are continuously carried out for the purpose of better monitoring and management of water consumption by installing additional water meters.

Water consumption m³

| Year | KONČAR | | | | Dalekovod Group | Total |
|------|------------------------------|----------------------------------|------------------------------|-------------------|-----------------|------------|
| | Fallerovo šetalište facility | Jankomir (transformers) facility | Sesvetski Kraljevec facility | Borongaj facility | | |
| 2023 | 47,064.00 | 39,970.00 | 2,836.00 | 14,688.00 | 15,524.98 | 120,082.98 |
| 2022 | 43,497.00 | 31,362.00 | 2,050.00 | 11,387.00 | 9,632.00 | 97,928.00 |
| 2021 | 57,651.00 | 29,331.00 | 2,160.00 | 16,299.00 | 11,013.08 | 116,454.08 |

Biological Diversity

KONČAR operates from manufacturing facilities and commercial premises based at five sites in Zagreb and at two registered representative offices abroad (Mostar, Belgrade). Certain business and manufacturing facilities are located near water protection areas, and the obtained water permits for waste water discharge at these locations are a guarantee that the Group complies with high business standards in the segment of water protection.

Aside from valid waste water discharge permits at the Borongaj, Samobor and Fallerovo šetalište facilities, in 2023 technical documentation was drafted to extend the waste water discharge permits for the Jankomir site.

Impacts of activities, products, and services on biodiversity

The equipment and products supplied by KONČAR meet the highest safety standards, with minimal impact on the environment - which is proven by the fact that so far there have been no complaints or incidents in that area. Investors who make decisions on the construction of facilities for which KONČAR supplies equipment, are obliged to comply with environmental protection regulations and standards. Aware of environmental risks, KONČAR applies the precautionary principle. This is of particular significance given that KONČAR products and facilities are frequently delivered to areas of high biodiversity (rivers, lakes) and rural areas. There have been no incidents of the loss of biodiversity so far. In accordance with the Precautionary Principle, when intervening in the environment, components of the environment should be used sparingly and managed in such a way so as to take into consideration possible reuse of natural and material resources, preventing any environmental pollution, waste generation and possible adverse impact on the environment to the greatest extent possible.

In addition, any intervention in the environment is to be planned and carried out with the minimal possible environmental impact, taking into consideration prudent use of natural resources and energy. In order to prevent any risks and harm to the environment, when planning and implementing any project, all defined environmental protection measures are to be adhered to, such as: application of best practices, use of products, equipment and devices, production processes and systems of maintaining the designed parameters of the facility, which have the least adverse impact on the environment. For prevention purposes, when intervening in the environment, it is necessary to apply the best techniques available and use globally renowned facility maintenance systems.

Climate change

Breakdown of greenhouse gas emissions in 2021, 2022 and 2023

KONČAR and Dalekovod

| CO ₂ emissions / year | 2021 | 2022 | 2023* |
|---|-----------|-----------|-----------|
| Total CO ₂ emissions / tonne | 16,971.04 | 15,333.89 | 16,219.49 |
| Direct CO ₂ emissions / tonne | 11,853.64 | 11,039.89 | 12,297.68 |
| Indirect CO ₂ emissions / tonne | 5,117.40 | 4,294.00 | 3,921.81 |
| Total CO ₂ emissions / EUR million | 24.52 | 20.29 | 16.66 |
| Share of energy consumption from renewable sources in the total consumption / % | 22.50 | 26.61 | 23.71 |
| Greenhouse gas emissions CO₂-eq. / year | | | |
| Total CO ₂ emissions / tonne | - | - | 26,245.80 |
| Direct CO ₂ emissions / tonne | - | - | 22,386.87 |
| Indirect CO ₂ emissions / tonne | - | - | 3,858.93 |

*Note: for 2023, calculations of greenhouse gas emissions were conducted at the Group level for the first time. Previous data referred only to CO₂ emissions.

Waste

| KONČAR and Dalekovod - waste | 2021 | 2022 | 2023 |
|---|----------|----------|----------|
| Hazardous waste, tonne | 437.59 | 640.47 | 578.95 |
| Non-hazardous waste, tonne | 5,056.81 | 5,799.13 | 6,714.85 |
| Total waste, tonne | 5,494.40 | 6,439.60 | 7,228.84 |
| Reuse/recycling | | | |
| Redemption of raw materials, tonne | 3,621.27 | 4,145.16 | 4,661.24 |
| Waste paper (15 01 01) | 260.47 | 299.60 | 298.67 |
| Bio waste (20 02 01) | 29.04 | 21.06 | 36.63 |
| Total waste reuse/recycling | 3,910.78 | 4,465.82 | 4,996.54 |
| Share of waste reuse/recycling in Total waste, percentage | 71.18% | 69.35% | 69.12% |

Certain amounts of hazardous and non-hazardous waste are generated in the course of business operations. All waste is separated at the point of origin, temporarily stored and, with appropriate legal documentation, disposed of through authorized legal entities.

It is significant to point out that of the total amount of waste generated, about 70% is reused and recycled (waste metals and paper), while bio waste is composted. This practice significantly facilitates the reduction of the amount of municipal waste that is disposed of at landfills.

Afforestation action

Volunteers from nine KONČAR Group companies took part in a one-day volunteer event in the city park Adica in Vukovar. After a demonstration of planting with drones and education about the importance of preserving and planting new forests, they also tried their hand at planting oak trees with children from the association of parents of children with developmental difficulties Vukovarski leptirići.

The main goal of this action is the compensation of KONČAR's carbon footprint, which will be calculated later in cooperation with its partner, Project O2. As a relevant European actor in the green energy transition, focused on renewable energy sources, KONČAR is well aware that dedication to environmental protection and reducing the carbon footprint is more important today than ever before. Such actions are a reflection of KONČAR's corporate identity, mission and vision, supporting the creation of a healthier and safer future for generations to come.



Topic – Specific Standards: Social

Cooperation with the academic community

Since its inception, KONČAR has been dedicated to education and has consistently included its leading experts in teaching or encouraged them to pursue academic and scientific careers. For decades, KONČAR has nurtured a tradition of academic excellence and vested exceptional efforts in the training and development of domestic experts, working closely with Croatian higher education institutions, primarily technical faculties. We have fostered a mindset that the economy and science must go hand-in-hand for long-lasting success. This was also reflected in various activities and projects undertaken in partnership with educational institutions in 2023. In addition, compared to the previous years, the budget for sponsorships and donations was increased, and KONČAR's investments in this segment mainly related to humanitarian and social projects.

The project “Croatian Brains for Croatia”.

Croatian Brains for Croatia is a socially responsible project of Poslovni dnevnik founded in 2014 with the aim of rewarding the excellence of Croatian students, as well as encouraging their easier inclusion in the national economy system, as well as raising public awareness of the need to retain educated young people in Croatia and providing opportunities for implementing their creative ideas. In addition, this project aims to raise public awareness of the need to keep educated young people in their homeland and to provide an opportunity for them to implement their ideas and thus enrich Croatian society. KONČAR also supported this important project in 2023, which started in February and lasted until the final event held on 11 December.

Once again, the focus of the project was the award competition, providing young people with an opportunity to present their ideas, knowledge and abilities by applying for development projects through the categories Innovative Croatia, Originally Croatian, Financier and Young Visionary. At the final event, the nominated works were evaluated and the winners announced, and the students gave 7-minute presentations in front of the jury, followed by questions and suggestions from the jury. Damir Sertić, Human Resources Director, represented KONČAR in the judging panel for the Original Croatian category.



Our employees in the newly established FER Alumni Board

On March 3, the initial meeting of the newly established Alumni Board was held at the Faculty of Electronics and Computer Science (FER), whose members are many of our employees. The goals of the Board are connecting the alumni community, which is strong, reputable and extremely successful in Croatia and abroad, for strengthening FER, with an emphasis on infrastructural and personnel development and international recognition.



KONČAR hosts students of specialist studies from Vienna

The Academy for Lifelong Education, a central place at the University for postgraduate training, operates as part of the Technical University of Vienna (TU Wien), Austria's largest research and educational institution in the field of technology and natural sciences.

The participants of the international specialist study *Renewable energy systems* chose Croatia for this year's five-day study trip, during which they also visited KONČAR. The group of thirty students was welcomed on 13 April by Josip Lasić, KONČAR Management Board member. After an introductory film about the Group, he introduced the guests to basic information about KONČAR's history, operations and mission, from its beginnings to the present day, as well as its place in the Croatian economy and abroad. He emphasized the role of KONČAR as a leading regional company in the field of construction and revitalization of power production plants from renewable sources, which, with its solutions, experience and expertise, has an important place in the energy transition.

The guests from Vienna also looked with interest at the laboratories of the KONČAR - Institute of Electrical Engineering Laboratory Centre and were pleasantly surprised by the test possibilities that the Institute offers to domestic and foreign users. They were particularly impressed by the new, superbly equipped Laboratory for Power Systems and Drives.

KONČAR at the first Zagreb University of Applied Sciences Career Day

On 25 May, the first Zagreb University of Applied Sciences Career Day was held at the Zagreb Mozaik Event Centre on the initiative of the Student Union and in cooperation with the alumni community.

Career Day is extremely interesting and useful for both the students and potential employers, so it is not surprising that the event generated a lot of interest. 58 companies divided into six groups - informatics, computing, mechanical engineering, mechatronics, electrical engineering and construction presented themselves to students from the Zagreb University of Applied Sciences and other related faculties. KONČAR also participated as an event partner and potential employer.

PhD Day of the Faculty of Electrical Engineering and Computing

On June 1, the Faculty of Electrical Engineering and Computing (FER) of the University of Zagreb organized its eighth PhD Day, which aims to complement the research seminar at the doctoral studies by presenting their own results and exchanging experiences among doctoral students.

In the central part of the programme, a panel discussion was held with five PhDs who shared with current doctoral students their experiences about doctoral research and their careers after completing their doctoral studies. These are the authors of especially distinguished and faculty award-winning dissertations defended in the academic year 2021/2022 at FER. Among those selected was Filip Jukić Ph.D., winner of the KONČAR Annual Award for a doctoral dissertation that contains prominent scientific achievements with application in the industry.

Alumnijada 2023 – KONČAR golden sponsor

The Alumni Association of the Zagreb University of Applied Sciences (TVZ) organized the third Alumnijada on 27 September, which brought together almost 700 experts from the fields of informatics, computing, electrical engineering, construction, mechatronics and mechanical engineering. KONČAR also supported the holding of the Alumnijada with gold sponsorship.

This networking event was an opportunity in an informal environment to exchange professional knowledge and experience with colleagues, to learn more about the offers of different companies in the industry, and a place for former students to meet again, renew friendships and create new ones.

The 104th anniversary of the FSB celebrated, with KONČAR's participation

The Faculty of Mechanical Engineering and Naval Architecture (FSB) of the University of Zagreb celebrated its 104th birthday 10-17 November. KONČAR, which traditionally cooperates with FSB in various forms, was the platinum sponsor of the event this year. In addition to various events, the Career Days and Career Speed Dating, where KONČAR's companies were presented to students, stood out.

As part of the event, KONČAR held an interesting lecture about its products of high technical and technological complexity, as well as the current challenges on the market. Technological innovations and approach to work, along with numerous advanced methods of simulation and testing, showed how interesting it can be to create products in the various branches that KONČAR deals with.

FER Day – KONČAR Award awarded for the twentieth time

On 24 November, for the 20th consecutive year, the Faculty Council of the Faculty of Electrical Engineering and Computing of the University of Zagreb awarded the “KONČAR” Annual Award for doctoral dissertations with outstanding scientific achievements in the field of technical sciences with application in industry. For the academic year 2022/2023, the winners of the award are Stjepan Frlić Ph.D. for his doctoral dissertation entitled Calculation of eddy current losses in a laminated open-type transformer core using the finite element method (mentor Prof. Bojan Trkulja Ph.D.) and Igor Sirotić Ph.D. for his doctoral dissertation entitled Experimental characterization of laminated ferromagnetic materials for calculation of pulse width modulation induced iron losses in electrical machines (mentor Prof. Stjepan Stipetić Ph.D.).



Continuation of cooperation with the academic community

In 2023, Digital continued its successful cooperation with the Faculty of Electrical Engineering and Computing (FER) of the University of Zagreb. During the winter semester, Digital actively participated with FER in the organization of lectures and exercises for the subject and skill Development of software solutions for industrial IoT systems.

This skill carries 3 ECTS points, and gives students the opportunity to learn everything they need to know about IoT solutions, industrial communication protocols for exchanging process data in real-time applications for visualization and management of industrial processes from experienced experts who deal with it every day, as well as the concept of a digital twin.

The instructors of this course were lecturers from FER, while the team of Digital experts during lectures and exercises will acquaint students with all relevant theoretical and practical knowledge in the field. Our experts Tamara Hadjina Ph.D. and Siniša Sekulić gave an introductory lecture as part of this course at FER.

FER students visited GIM and MES

Students visits to KONČAR's companies are part of the usual cooperation between KONČAR and the University of Zagreb. This time, in March, about forty students in 4th year of their studies at the Faculty of Electrical Engineering and Computer Science (FER), in the course Synchronous and asynchronous motors and Generators and transformers, learned about the production, work organization and the possibility of student internships and employment in the companies KONČAR - Generators and Motors (GIM) and KONČAR – Motors and Electrical Systems (MES).



KONČAR hosts the 12th generation of students

As part of the cooperation with the Faculty of Economics of the University of Rijeka, KONČAR is hosting another new, more precisely, 12th generation of the Energy Economics MBA studies.

The Energy Economics MBA programme provides participants with a unique multidisciplinary approach to the issue of energy economics, combining the most important elements of economic and technical knowledge required for management functions in that area. The lecturers are business leaders from the field of energy and related industries, representatives of energy market regulators, and scientific experts from global and Croatian energy companies. In addition to the acquired specific professional knowledge, an additional advantage of the study is that participants develop relevant social contacts and acquaintances, which can create important value for KONČAR.



Job fair 2023 - Meeting of employers and students in technological faculties

At the Zagreb Faculty of Electrical Engineering and Computing, as many as 152 companies from fourteen different industries presented themselves to the students at the Job Fair. KONČAR's presence was among the notable ones.

The presentation focused on digital solutions and advanced technologies that make KONČAR famous all over the world. Students, for example, had the opportunity to get to know the KONČAR - Digital software platform for real-time management of energy and critical infrastructure, as well as hardware and software solutions of the KONČAR - Institute of Electrical Engineering for use in rail vehicles and various industrial systems. Those present were able to learn more about the multifunctional numerical protection relay of the KONPRO 2 generation, a device that was created in cooperation between KONČAR - Electronics and Informatics and FER.

Digital actively participated in Nuqleus workshops

KONČAR - Digital participated as an industrial partner of the Nuqleus programme in extremely interesting three-day workshops at the Faculty of Electrical Engineering and Computing in Zagreb. The programme is dedicated to the creation of start-ups based on innovative technologies and the cooperation of industrial partners and the academic community.

The main goal of new digital solutions in the mentioned areas is to reduce various downtimes and outages and to increase efficiency and safety for power systems, critical infrastructure and industry.



Employee turnover

In 2023, a total of 767 new workers were employed. During the reporting period, a total of 667 employees left KONČAR and the employee turnover rate was 13%.

Employee benefits

All employees are entitled to equal benefits proportionally to their length of service, irrespective of contract type, race, gender and age. According to the KONČAR Collective Agreement signed by 8 KONČAR companies, they pay jubilee awards for loyalty/service awards, three annual bonuses, a special gift for children up to 15 years of age and various other benefits defined by the KONČAR Collective Agreement.

Employees are also entitled to compensation for transportation costs to and from work, and upon retirement to the payment of tax-free severance pay for this purpose.

The KONČAR companies that are not signatories to the Collective Agreement ensure material benefits for workers through internal regulations and/or decisions, and employees of such companies are guaranteed at least the same standard of rights guaranteed to workers covered by the KONČAR Collective Agreement through the previously mentioned acts.

Flexible forms of work are one of the benefits for the well-being of our employees. Where the nature of the work allows, flexible working hours (work schedule with variable start and end times) and the possibility of remote work have been introduced. According to employee feedback, this ensures a better balance between work and private life, greater employee satisfaction, motivation and engagement, along with an increased level of productivity and innovation. In addition, in the aforementioned manner, KONČAR's ability to attract, hire and retain talent has been increased, and KONČAR's positive image has been ensured both internally and externally.

Parental leave

Pursuant to a decision of the Croatian Health Insurance Fund (HZZO), all female employees are entitled to maternity and parental leave and all male employees are entitled to parental leave. All female employees have resumed work upon completing their maternity leaves, while male employees have resumed work following their parental leaves.

In accordance with the KONČAR Collective Agreement and the internal acts of the KONČAR companies, employees have the right to paid leave in the event of the birth of a child.

The first KONČAR corporate quiz held

KONČAR organized the first corporate quiz for its employees, designed and led by Silvije Pleština from Kvizni Režim, who also prepares questions for the well-known TV show Potjera. Most of the questions were related to the KONČAR Group general culture and operations. The response was excellent - as many as 70 teams from 11 KONČAR companies registered. The winner of the first quiz was the *Šanksonijeri* team from the Institute of Electrical Engineering; the second place was won by the *Ležeći policajci* team from Engineering, and the third place went to the *Mentalna Opstrukcija* team from Metal Constructions.

Creating a supportive, adaptable and sustainable work environment

KONČAR – Distribution and Special Transformers was awarded the Basic Mamforce Company© Standard certificate on 31 March as a company (employer) that, through its business strategy, strives to improve policies and working conditions in the domain of family responsibility and gender equality.

Institute's Open Doors Day was filled with children's laughter and joy

KONČAR – Institute of Electrical Engineering opened its doors for the third time in September to the families of its employees and friends. About seventy children of all ages were especially looking forward to this day. They filled the Institute with laughter and joy when they got to know the company where their parents work.

With great interest, they discovered what is being tested in the vibration and climate chamber, why the large noise testing chamber is called a 'deaf chamber', how the magnetic field moves the coil, what is the connection between the sun, electromagnetic waves and the devices that surround us, and what is being tested in the new laboratory for power systems and drives. There was special excitement in the chemical laboratory, where even the youngest, like real chemists in white coats and gloves, executed their first scientific experiments.

After touring the laboratory, socializing continued outside. Children played in the playroom prepared for them, while adults spent time with their friends and colleagues. The satisfaction of both the young and the old with the organization of this meeting confirmed the need for such gatherings, which will remain in everyone's memory for a lifetime.



Winners of the 20th futsal tournament on a prize trip

Last year, 26 teams from 12 KONČAR clubs competed in the 20th jubilee futsal tournament for the champion of KONČAR. Te KONČAR ZAGORCI team, made up of employees of D&ST, INEM and the Institute, won in the senior category, and KONČAR REAL DIST in the veteran category. As in all tournaments so far, in addition to medals and cups, the winning teams also receive a prize - a multi-day trip.

In June of this year, the winning teams spent the trip they won, as they have for several years now, in Duće near Omiš. The trip also included football. Friendly matches were played with the Omiš football team team, 2x15 minutes on their big football field. With more dexterity and skill, the Omiš team won this time. The trip was rounded off by rafting down an 11-kilometre rapid descent through the beautiful nature of the Cetina river canyon.

KONČAR Pensioners' Club (KUK)

23 years ago, the KONČAR Pensioners' Club (KUK) was founded, where our pensioners meet and socialize. In October 2023, Jasminka Lenartić was elected as president, and Ivan Lončarević as vice president, while Marijana Gavran remained the secretary of the Club. During the year, the number of active members also increased to 170.

Social gatherings on Tuesdays and Thursdays in the club premises on Fallerovo šetalište are enriched with new content, such as the Fun Afternoon, which is organized once a month and to which guests (musicians, poets, painters...) are invited. In addition, the goal is to introduce creative members of KUK to the programme. One of them, recognized Croatian caricaturist Milan Lekić, drew almost all members of the Club for permanent display, while the guests received their caricature as a gift. Towards the end of the year, his wife Ljubica opened her first solo painting exhibition at KUK.

In addition to holding various lectures and presentations on current topics for pensioners, celebrating birthdays and births of grandchildren and great-grandchildren, special receptions and the like, the members of the Club regularly took care of their sick and infirm members. The custom of organizing small check-ups in the Club on the first Tuesday of every month, where a doctor from the Croatian Red Cross measures blood pressure, sugar and cholesterol, has also continued.

The year was full of trips to the theatre and spas. Our retired employees especially enjoyed one-day and several-day trips, which were mostly in the continental part of Croatia.

On the twenty-third anniversary of the founding of the KONČAR Pensioners' Club, on 17 October, the KUK Electoral Assembly was held. The Assembly was attended by 76 out of a total of 157 Club members, and Jasminka Lenartić was unanimously elected as the new president of KUK.

Remembrance Day for victims of the Homeland War

During the Homeland War, hundreds of KONČAR employees replaced their workplaces with military uniforms and went to the defence of Croatia without hesitation. A minute's silence was held to pay tribute to all fallen veterans and civilians, with a special memory of our fellow soldiers who died in the Homeland War. After the blessing of the monument and an appropriate prayer by Stipe Šarić, deacon of the Zagreb parish of St. Leopold Mandić, wreaths were laid and candles lit.



Children's camp - sports gathering before the start of the new school year

For the sixth time at Zagreb's Jarun, KONČAR organized a children's summer camp for the children of its employees. The participants of the camp were of elementary school age, and the content and activities were designed by the Popeye Sports Association. The five-day gathering from 2 August to 1 September 1 brought together 35 parents of girls and boys from eight KONČAR companies.

The host of the camp this time was the Končar Canoe Club, from which the children joined numerous activities every day. The children successfully mastered numerous board games and quizzes and explored the surroundings of Zagreb's lake by bicycle. They happily played football, basketball, table tennis, badminton, Frisbee, volleyball, and tried their hand at archery, flying kites, and skating.

Swimming at the Mladost swimming pools and a trip to the cinema at the Z Centar where they watched an animated film were also included, and on the last day of socializing, an optional all-day trip by bus to a water park in Istria was organized. It was another week full of joy and laughter, unforgettable experiences and memories, gaining new experiences and knowledge, as well as new, sincere, perhaps lifelong friendships.



Children in KETland

Before the new school year, new and old kindergarten friends, sports activities and all the good things that the end of summer brings, another KONČAR - Engineering KETland was held on 1 September. After a detailed inspection of mom's and dad's office, getting to know their colleagues and trying to understand what mom and dad really do while they are at work, our sunny park at the Fallerovo šetalište facility gave its best. We tried soft versions of baseball, basketball and darts, and we let loose our competitive spirit on the training ground and in relay games and tug-of-war. The indispensable inflatables satisfied even the pickiest little critics. In the park, thanks to skilled face painters, favourite characters



came to life – princesses, cyborgs, Batman and Spiderman, unicorns and butterflies. The event ended with the story of a cloud that travels and shows children the world through its journey - deserts and rainforests, meadows and mountains, seas and rivers. Through play and visual sensations, the Mala Scena Theatre brought children a great and important story about the life that surrounds us.

Minimum notice periods regarding operational changes

Pursuant to the Labour Act, information is disclosed to the Works' Council and/or trade unions by organizing workers' meetings and through the workers' representative in the Supervisory Board.

Pursuant to the Labour Act, workers' meetings are to be held twice a year, with the aim of disclosing and discussing operational activities.

In KONČAR companies with a Works' Council, the employer also informs at least every 3 months on the operations, business results and organisation of work, and other issues relevant for employees' economic and social status, pursuant to the provisions of the Labour Act. Before rendering any decisions pertinent to workers' status in such companies, the employer is required to consult the Works' Council about any such decisions. The Works' Council is required to inform trade unions of any such decisions. In cases defined by the Labour Act, the employer can make certain decisions only with the prior consent of the Works' Council.

In KONČAR companies without a Works' Council, the rights and obligations of the Works' Council are conferred on a trade union commissioner (if one exists).

The KONČAR Group Collective Agreement regulates the mutual relationship between the employer, the trade unions and the Works' Council, with respect to regular disclosures of issues relevant for workers. Moreover, the KONČAR Collective Agreement sets forth the collective bargaining procedure.

Occupational health and safety

The KONČAR Group companies regulate occupational health and safety systems using a variety of approaches; some employ occupational health and safety experts, while others have special agreements with persons authorized to provide occupational health and safety services.

All companies regularly monitor occupational health and safety, assess health and safety risks and apply measures to mitigate or eliminate risks. All companies conduct occupational health and safety training for new hires, and regular training for all workers is carried out in order to comply with occupational health and safety measures.

Operations in the context of the *COVID - 19* pandemic

The COVID-19 pandemic did not cause a particular set of challenges to business operations in the course of 2023. In May 2023, the Government of the Republic of Croatia adopted the Decision on declaring the end of the epidemic in accordance with the Decision of the World Health Organization (WHO).

In order to protect the health and safety of workers, business partners, and other individuals present at KONČAR premises, in 2023 as well, face masks and disinfectants were provided on demand.

Furthermore, employees engaged in administrative roles were still, as needed, granted the option to work from home.

Formal committees

Pursuant to the provisions of the Labour Act and the Occupational Health and Safety Act, all KONČAR Group companies (employing 50 or more workers) have set up Work Safety Committees.

In compliance with the provisions of the Occupational Health and Safety Act, the Work Safety Committee consists of the employer or the employer's authorized occupational health and safety representative, an occupational health and safety expert, occupational medical physician, worker's occupational health and safety representative or their coordinator. The Work Safety Committee plans and monitors the implementation of occupational health and safety rules at the employer's organization. It also organizes the execution of occupational health and safety tasks, provides information and training related to occupational health and safety, and ensures the prevention of work-related risks and their effects on the health and safety of workers. The KONČAR companies Work Safety Committee meets at least once every six months, in accordance with legal obligations.

Occupational illnesses

At KONČAR, there are no occupations characterized by a high incidence or a high risk of severe illnesses. When assigning employees to jobs involving specific work conditions, procedures are implemented in line with relevant requirements and, before being assigned to a specific job, workers undergo a medical assessment of fitness for work. In accordance with the established rules, a fit to work assessment is carried out regularly.

Health and safety topics covered in formal agreements with trade unions

Formal agreements with trade unions promote dual responsibility of both parties and the development of a positive occupational health and safety culture.

The signatories of the KONČAR Collective Agreement are eight KONČAR companies whose workers are therefore covered by the application of the Collective Agreement. The employees of those KONČAR companies that are not signatories to the Collective Agreement are guaranteed by means of internal regulations and/or the Employer's Decision at least the same rights that apply to the employees of the signatory companies based on the Collective Agreement.

Health issues covered by the Collective Agreement are the right to paid leave due to a serious illness of a close family member, the right to unpaid leave due to illness, the right to extraordinary assistance once a year in case of temporary inability to work for more than 90 days, additional hours of annual leave for workers with established disabilities, the right to extraordinary assistance in the event of severe disability of the worker, while safety issues include bonuses for special working conditions.

Promotion of worker health

Prevention and promotion of worker health

In 2023 activities were carried out in order to promote worker health and prevent disease. These activities include supplementary and additional health insurance coverage and the organization of annual check-ups for workers.

In order to encourage employees to lead a healthy and active life, some KONČAR Group members provide employees with the benefit of access to numerous sports facilities throughout Croatia (such as Multisport) and worker participation in the humanitarian race Milky Way was organised and financed.

Work-related injuries

The total number of work-related injuries in 2023 was 87. The percentage of lost working hours caused by work - related injuries in 2023 is 0.24%, which is significantly lower than in 2022.

0.24%

**lost working hours caused by
work - related injuries in 2023**

Training and education

In order to develop the potential of all employees, KONČAR continuously conducts education and professional training programmes in various ways: encouraging participation in the regular education system, specialized internal and external on-the-job training and foreign language courses. Moreover, particular attention is dedicated to developing presentation, communication and IT skills as well as gaining and upskilling other professional skills.

The cost of education

The share of employees who participated in training and education in 2023 is 47%. Training and education costs amounted to EUR 1.2 million in 2023 (in 2022, it amounted to EUR 984 thousand). Motivated employees received funding for undergraduate, postgraduate and doctoral studies, as well as numerous seminars, courses and specializations.

47%

**The share of employees
who participated in training
and education**

1.2

million €

**Education
costs in 2023**

984

thousand €

**Education
costs in 2022**

Programmes for upgrading employee skills

Standardized management training scheme

In 2023, based on the training needs of 15 KONČAR companies, eight groups were organized for MS Excel course participants (beginner and advanced course lasting 20 hours), five seminars, nine courses and seven project modules, some of which took place for several groups.

661 participants attended the KONČAR Academy, which is 415 participants more than the previous year. A novelty compared to previous years is the Project Management specialist education, which was developed in cooperation with Bureau Veritas Croatia according to the PMO methodology used in KONČAR. Project management was included in the specialist education within the KONČAR Specialist Training Academy (KASE), and it took place through seven modules for 288 participants.

In addition, 3 KONČAR Group employees received scholarships for the Energy Sector MBA study at the University of Rijeka. Furthermore, scholarships are continuously awarded to employees at various faculties, primarily technical.



Digital Factory Lab

The KONČAR Digital Factory Lab (DFL) continues to follow, adopt and apply technological trends in order to build and strengthen strategic competencies and organizational capabilities in the application of the Industry 4.0 paradigm using advanced digital tools and technologies with the purpose of developing and improving its own production and ensuring the technological prerequisites for delivering complex digital solutions to the market. The coordinator and organizer of the project in which eleven companies of the KONČAR Group are involved is KONČAR – Institute of Electrical Engineering (Institute). During the year, nine trainings were held for about two hundred participants.

Metalworking and power industry towards decarbonization and sustainable business

In May, the ESG Academy educational workshop was held at the Croatian Chamber of Economy headquarters, the focus of which was the application of environmental, social and governance (ESG) principles in the metalworking and electrical industries. One of the aims of the workshop was to acquaint the participants with the novelties brought by the new Sustainability Reporting, which covers more than 50,000 companies in the EU.

As part of the workshop, a presentation entitled KONČAR - regional green transition leader was held.

Diversity and equal opportunity

Diversity is one of the fundamental values in contemporary societies. KONČAR Group attaches great importance and emphasizes the value of its employees. By regulating labour relations and internal organization, in compliance with applicable regulations, collective and individual agreements, KONČAR protects human and civil rights, dignity and reputation of every employee. Continuous education and professional training have always been one of the most strategic objectives in the creation of a learning organisation. KONČAR, exporter to over 130 global markets, embraces and encourages diversity and continuously promotes a respectful working environment for all employees, customers and other partners.

Diversity of employees

Men account for 80% and women 20% of the total number of KONČAR employees (average as of 31 December 2023).

In relation to the total number of employees, the largest number of employed women are in the following companies of the KONČAR Group:

70%

KONČAR Inc.

45%

**KONČAR - Instrument
Transformers Inc.**

33%

**KONČAR - Renewable
Sources Ltd.**

30%

**KONČAR - Infrastructure
and Services Ltd.**

In the KONČAR companies, women hold 106, out of a total of 504, management positions. Data are given as of 31 December 2023.

Ratio of basic salary and remuneration of women to men

KONČAR does not discriminate on the basis of gender, and men and women are paid equally for equal work or work of equal value, regardless of whether KONČAR companies apply a wage system in which the occupational complexity coefficient is multiplied by the base or a system of absolute amount contracted gross wages.

Incidents of discrimination and corrective actions taken

The company organizes its operations so that in its work it respects and applies the provisions of the Constitution, laws and other regulations, by-laws, internal acts of the Company and Code of Conduct. It continuously familiarizes all workers with all relevant provisions and rules concerning their rights and obligations at work, fights against all forms of irregularities and tries to prevent all forms of irregularities.

The company promotes the equality of all workers, regardless of gender, age, nationality, ethnic origin, race, religion, language, social and economic status, sexual orientation, affiliation to political and other organizations.

No case of racial, ethnic, gender, religious, political, national or social discrimination was recorded during the reporting period. KONČAR companies, in accordance with the KONČAR Collective Agreement, internal acts, the Labour Act and other applicable regulations, protect the dignity of workers during the performance of their work and provide them with working conditions in which they will not be exposed to harassment or sexual harassment by their employers, superiors, associates or other persons with whom they come into contact regularly during work.

In accordance with the Labour Act, KONČAR companies have appointed person(s) who, in addition to the employer, are authorized to receive and resolve complaints for the protection of the dignity of workers, and the workers have been informed thereof.

Freedom of association and collective bargaining

All employees have the right to freedom of association and collective bargaining. No cases of restriction of freedom of association and collective bargaining have been recorded. At the level of the KONČAR Group, the Croatian Metalworkers Union – Industrial Trade Union operates.

Within all companies of the Dalekovod Group and in all business activities, there is freedom of association and collective bargaining, so Dalekovod, if necessary, concludes collective agreements abroad when executing projects. The following operate at the level of the Dalekovod Group, the Croatian metalworkers union - industrial trade union, Croatian Metalworkers Union – Industrial Trade Union Branch Proizvodnja MK and Croatian Metalworkers Union – Industrial Trade Union Branch Proizvodnja OSO. No cases of restriction of freedom of association and collective bargaining have been recorded, both within the Dalekovod Group and abroad during the execution of projects.

Process improvement for modern human resources

In order to strengthen and modernize the function of human resources, at the end of August, a workshop was held in the premises of Wespa Spaces for representatives of all companies of the KONČAR Group.

By exchanging the rich knowledge and experience of experts from different companies, new steps were taken to develop KONČAR's human resources, for the purpose of creating common, uniform and harmonized procedures and practices, as the main Company axis in achieving its strategic goals. The next step on this path is the harmonization of three key processes of human resources - employment, education and performance management.

The harmonization of the aforementioned key processes opens the door to their successful implementation through the new human resources management system HRnet, which is expected to be fully implemented in all companies at the beginning of 2024.

Support to sports clubs

KONČAR pays great attention to supporting sports clubs, especially the less popular ones. A special place belongs to those who have been carrying the name KONČAR for years, and these clubs are among the best and most trophy-winning clubs in Croatia.

Collaboration on the Rendezvous project with Paralympians

At the beginning of the year, KONČAR agreed on a year-long sponsorship cooperation with the Croatian Paralympic Committee on the project Rendezvous with Paralympians. In view of the upcoming Paralympic Games in Paris in 2024, the Committee is implementing this commendable project in secondary schools throughout Croatia. Activities in schools take place live, with guest appearances by Paralympians. This is how active efforts are being made to change the public's perception, reduce stigmatization and create opportunities for practising parasports throughout Croatia. The goal is to create a more inclusive society where people with disabilities can have a better quality of life.

Therefore, throughout the year, Končarevac published the life and sports stories of Croatian Paralympians - Ivan Katanušić, top Paralympian in discus throwing, Ivan Mikulić, multiple European and world champion and winner of the silver medal at the Paralympic Games in Tokyo 2021 in parataekwondo, Davor Komar, successful para-athlete and the first Croatian para-bocce player, Anđela Muzinić Vincetić, winner of numerous medals at world competitions in para-table tennis, Antonio Franko, the best Croatian para-triathlete, bronze winner at the European Championships in Valencia and third place at the World Cup in Besançon, France. In addition to the aforementioned, we also presented Paula Novina, the youngest member of the Croatian Paralympic team in Tokyo 2021, where she achieved a new Croatian record in swimming, Matija Sloup, one of the most successful Croatian para-athletes, a participant in the Paralympic Games in Rio de Janeiro 2016 and Tokyo 2021, and member of the Paralympic team in Paris in 2024.



Performance of the women's rafting team at the national championship

In March, the Rast Raft 2023 national rafting championship was held in Slunj, organized by the Rastočki mlinari Kayak and Canoe Club. In the beautiful surroundings of the Korana river canyon in the heart of Rastoke, teams competed in three R4 disciplines - slalom, RX and downhill according to the rules of the World Rafting Federation (WRF).

The Končar Canoe Club (KK) was represented by three teams. Team KK Končar 2 won gold in the downhill, bronze in the slalom and RX, finally winning the silver medal. Unfortunately, the KK Končar 1 team was disqualified, while the KK Končar women's team won gold medals in all disciplines. There are currently four active rafting clubs in Croatia - RK Matis (Varaždin), KKK Rastočki Mlinari (Slunj), RK Cetina (Slime) and KK Končar, the only one with a female rafting team consisting of Alba Zoe Gržin, Ana Marija Bunić, Lea Sabolić, Dorotea Kosovec, Andrea Šalinović and Vlatka Rado.



KONČAR Chess Club won the double crown

In mid-November, after eleven matches played, the Končar Chess Club recorded eight wins, one loss and two draws, thus winning 1st place in the 4th Croatian chess league centre-A and achieving the primary competitive goal of the club for the 2023 season – entry into the 3rd Croatian chess league. In the final ranking, the Končar Chess Club collected 18 match-points, 1 match-point ahead of the second-placed Travno Chess Club.

After the end of the league competitions, the Croatian 2023 Rapid Chess Championship was held in Zagreb. Among 31 competing clubs, Končar achieved an excellent overall ranking, coming in 8th, which was enough to win the title of champion in the competition of the fourth division.



SD KONČAR Zagreb 1786 – domestic and international competitions

At the end of January, the air rifle ISSF Grand Prix was held in Osijek, in which teams from as many as 34 countries participated. Members of the Končar Zagreb 1786 shooting club also participated in the Croatian national team.

Andrija Mikuljan won the gold medal as a team with Miran Maričić and Josip Sikavic, while Lana Skel-edžija with Ana Ćukušić and Mateo Omazić won third place as a team.

KONČAR endorsed the traditional sitting volleyball tournament

The 51st international sitting volleyball tournament Prijateljstvo 2023 was organized by the *Hrabri* Sports Association for the Disabled in October at the Vinko Bek Education Centre in Zagreb. Six competing clubs with about a hundred players from Croatia and Bosnia and Herzegovina took part. The tournament has been supported for many years by KONČAR Inc. and KONČAR – Distribution and Special Transformers.

The *Hrabri* Association was established in 1969, bringing together persons with all types of disabilities, with an aim of finding available psychological and physical rehabilitation options through sports and recreation, and empowering members to navigate the challenges of their daily lives. The Society continues this task even today with more than a hundred members for whom sports and recreational activities mean much more than just a hobby. This is also confirmed by the fact that many of its members have won multiple Olympic, world and European awards, including Zoran Stojanović, secretary of the Association and a KONČAR - D&ST employee.



Employee sports activities

2023 EU Nordic skiing championships Poland

At the beginning of September, the 1st European Nordic Walking Championship was held in Poland, where Croatia was represented by the Croatian Nordic Walking Association (CNWA), supported by KONČAR. Our national team included KONČAR employee Jadranko Ahel, member of the Trčaona Nordic Walking Club in Zagreb. After four qualifying races of the Croatian Championship, he won the title of 10 km champion in the 60+ age category.

At the first Nordic Walking European Championships, after just two years of organizing the Croatian championships, Croatia won eight medals - as many as two gold, four silver and two bronze medals. Nordic walking is a sports discipline in which, on not very short distances (5, 10 and 21 km), in female and male age categories and in the 4 x 5 km relay, success is achieved, apart from physical fitness and endurance, by walking as perfectly as possible using the INWA technique.

Climbing the Dinara: KONČAR employees at the top of Croatia

After last year's third ascent on Dachstein via the Super Ferrata, Martin Vlašić, Tomislav Kranjec, Gordan Krapinec and Krešimir Šalamon from KONČAR – Electric Vehicles, decided to climb the Dinara via the newly installed via ferrata Dinarida-Ošljak.

Without any special preparation, apart from regular badminton training that somewhat maintains their cardio-readiness, they set off on their journey to Dinara in July, successfully conquering the currently most difficult via ferrata in Croatia, ascending the grandiose south-western face of Dinara almost vertically.

This unforgettable experience was, as they say, possible thanks to the PU Dinarida, which put a lot of effort into the Ošljak project with partners HGSS, the Municipality of Kijevo and the Association of Veterans of the 7th Guards Brigade Puma from Varaždin and PD Promin from Drniš.



Team skills and sportsmanship

On the 21st futsal championship for the 2023 KONČAR championship, as many as 28 teams from 16 companies of the KONČAR Group fought for the best possible place and the gold, silver and bronze medals and trophies. The biggest annual social and sports event brought together once again more than 300 KONČAR employees, lovers of football, the ball and the magic of the game, showing team skills and sportsmanship in the best light.

This time the competition took place in two categories - senior and veteran. In the senior category, 18 teams from 13 clubs competed, while veterans were represented by 12 teams from nine clubs.

The seniors KONČAR ZAGORCI confirmed the gold from the 2022 tournament, veterans BOYSI KET INEM are the new champions, while in both categories the second place was won by KMK teams, and third by D&ST teams. It's a particular pleasure that for the first time in the 21 years of the tournament, the versatile Lucija Babić Majcen joined her colleagues in the game as an excellent soccer player as a member of the KOD team.



2023 Wings for Life World Run

The 2023 Wings for Life World Run humanitarian-racing event united the world for the tenth time. On 7 May at the same time in 12 different time zones on six continents, as many as 206,728 participants ran for those who cannot. One hundred percent of the entry fees and donations in the amount of EUR 5.8 million are intended for clinical research into spinal cord injuries, with the aim of finding a cure. One of the locations of the race this year was once again in Zadar, and about six and a half thousand competitors from thirty countries took part in it. Marathoners, recreational runners and competitors in wheelchairs started from the Liburnian coast, including, traditionally, our employees.



Hendrix Half

The photo from the Zagreb Hendrix Half Marathon held on 1 April was sent to us by the race participants Vedran Dvorščak from KPT and Hrvoje Teklić from D&ST. They were strongly supported by their work colleagues who did not run this time.

The Hendrix Half Marathon (21.1 km) is organized by the Sljeme Athletic Club on a course along the green banks of the Sava River, upstream by Lake Jarun to the western border of the city, coming back to the city centre. As they vividly describe it, it's a race that starts and ends under the Hendrix bridge, sounds like Hendrix and looks like Hendrix.



Business Basketball League - KONČAR employees successful in the new season as well

The fourth season of the Business Basketball League ended, in which, with the support of KONČAR – Electrical Industry, the KONČAR team participated for the third time. The league gathered thirteen teams made up of basketball lovers and amateurs, and it started in mid-November 2022.

KONČAR finished the regular part of the competition (13 rounds) in fourth place and qualified for the quarter-finals as one of eight teams. With a convincing victory in the match against Pevex (68:42), the KONČAR team entered the semi-finals, but later lost to Azikus. In the grand finale on 6 May, KONČAR and Visage Technologies defended their companies' colours for third place. In a tense and uncertain match until the very end, KONČAR lost 59:57. In the first-place match, the EY team defended last year's championship title, while the second place went to the Azikus team.

The business basketball league confirmed once again the strong competitive spirit and professionalism in amateur sports, a valuable experience for all participants, a place for forging new friendships, as well as building the team spirit. Colleagues from the Electrical Engineering Institute, Engineering Co., Electronics and Informatics, and Generators and Motors also play in KONČAR's team.

KONČAR D&ST team eleventh in the business race

At the Jarun sports and recreation centre, several thousand participants gathered for a five-kilometre business race in mid-September. KONČAR was represented by a team of about forty Distribution and Special Transformers (D&ST) employees.

In the overall ranking of 312 companies, the D&ST team took an excellent 11th place (20th last year), and in its category of large companies (over 250 employees) competing among 91 teams, it took 8th place.



Croatian Metalworkers Union - KONČAR Industry Trade Union (SMH-IS) Games

The 13th Croatian Metalworkers Union - KONČAR Industry Trade Union (SMH-IS) Games were held in Poreč at the beginning of October, attended by more than three hundred metalworkers from twenty-seven union branches. This sporting and social metal workers event was attended by about seventy KONČAR employees from Switchgear, Electric Vehicles, Electronics and Informatics, Power Transformers, Generators and Motors, Metal Structures, Motors and Electrical Systems, Dalekovod Proizvodnja MK and Proizvodnja Oso and Coordination of Metalworkers Union - KONČAR Industry Trade Union (SMH-IS). KONČAR employees won three gold, four silver and three bronze medals, and once again, apart from the competition, they stood out in the cultural and social part of the event.



30th Mario Babić Memorial Futsal Tournament

In June, the Jubilee, 30th Memorial Futsal Tournament for seniors and the 4th veterans tournament Mario Babić was held on the sports field of the Mechanical Engineering school in Zagreb's Trešnjevka. This year again the veteran KONČAR Homeland War Veterans Association team responded to the invitation of the War Veteran 91 - Sport and Recreation Association, the organizer of this sports meeting. A total of 24 teams participated, and the event was supported by KONČAR – Elektrica Industry. The KONČAR Homeland War Veterans Association team convincingly outplayed the Sava team in the first match, in the semi-final they lost to Hrvatski Dragovoljac by two goals, and in the match for third place, the Njuška team did better by a goal.

Child labour

As a socially responsible company which respects human rights, KONČAR does not use child labour, compulsory or forced labour in any of its business operations or forms nor does it in any way support and/or promote these.

Security personnel

KONČAR – Infrastructure and Services, employs a total of 64 security officers and guards, who are deployed at all KONČAR facilities. They have all received formal training in the organization's human rights policies and procedures, environmental and other issues in regards to KONČAR's business operations.

Operations with local community engagement

The KONČAR Group has been encouraging and supporting projects in the fields of science, sports, culture and art, education of children and youth, environmental protection and humanitarian projects through donations and sponsorships for many years. Such activities contribute to the development of society as a whole and are an integral part of our business policy. When choosing the projects we support, we are guided by the criteria of quality and originality, usefulness for the local or wider social community, complementarity with the areas in which we operate, compliance with the marketing strategy and positive contribution to the KONČAR identity and image.

Beneficiaries of donations and sponsorships can be physical persons and educational, cultural, sports institutions and clubs, associations and organizations that have a regulated legal status. The programme areas we support are defined by the Ordinance on Donations and Sponsorships, and refer to Encouraging Excellence, Humanitarian and Social Activities, Sports (mainly amateur and female athletes), Culture and the Arts, Environmental Protection, and Professional Events and Media Promotion.

KONČAR does not donate to or sponsor:

- Political parties and citizens' associations that are organized in order to achieve political goals
- State bodies and institutions
- Organizations and individuals for projects that support racial, religious or any other discrimination through their actions or implementation
- Organizations and individuals for projects whose financing would lead to a conflict of interest
- Organizations and individuals who have harmed the company's work and reputation with their previous work.

In 2023, KONČAR allocated EUR 369 thousand for donations and sponsorships, which represents an increase of 10% compared to the previous year. Donations were primarily aimed at humanitarian and social activities, while sponsorships were mostly aimed at supporting student associations, employer branding activities in cooperation with technical faculties, professional conferences and media promotion.

Tradition of care and commitment to the community

KONČAR nurtures a long-standing tradition of actively supporting the local community in the form of socially responsible activities. The strong ties with the academic community, which we have nurtured for more than seven decades, are particularly noteworthy.

In 2023, we supported numerous initiatives, projects and associations through which we encouraged excellence in education and innovation, humanitarian and social activities, sports, culture and the arts, and environmental protection. We are also proud of the cooperation with faculties and schools that promote professions in the field of STEM and of the new cooperation with the Croatian Paralympic Committee with the aim of promoting inclusion and encouraging the motivation of children with developmental disabilities to participate in parasports.

KONČAR also renewed cooperation on the Internet Alphabet project, which the Fun Da Mental Association conducted in 2022 through virtual performances in elementary schools across Croatia. As a sponsor of the project, KONČAR has so far provided 36 performances for schoolchildren, and the educational performance was watched by more than 5,000 students and a large number of teachers, expert advisors and school principals. In 2023, performances were held live, and KONČAR supported them in 25 elementary schools.

The long-standing cooperation with the Humanitarian Foundation for the Children of Croatia and the Dora Humanitarian Organization continues. By participating in their sponsorship and scholarship programmes, KONČAR helps children from socially disadvantaged families throughout the year, providing them with a happier and more peaceful childhood. By strengthening cooperation, the number of children it actively supports has also increased.

Worth mentioning is the traditional support for sports clubs that bring together amateur athletes of all ages in less commercial sports. The activities and successes of the Končar Zagreb 1786 Shooting Club, Končar Canoe Club, Končar Chess Club and Končar Ski Club are regularly reported in Končarevac. For the purpose of promoting an active life and playing sports, KONČAR continued its sponsorship cooperation with the Lokomotiva Handball Club.

In addition to sports clubs bearing the name KONČAR (shooting club, canoe club, chess club, etc.), we have been providing financial support to the KONČAR Homeland War Veterans Association and the KONČAR Pensioners' Club, as well as to numerous humanitarian organizations. In addition to continued cooperation with the Croatian Paralympic Committee, we also support the LADO Ensemble, the only professional folklore ensemble in Croatia, contributing to the promotion of Croatian culture and heritage around the world. Looking at the breadth of assistance to those in greatest need, especially associations and initiatives to help children and youth, we are proud because we believe that we contribute to a better future for new generations.



646 doses collected in the blood drives

For 71 years, KONČAR has supported the idea of solidarity and generosity, which generations of blood donors cherish and realize. The company employees participate in drives at several of its locations several times a year. In 2023, thirteen voluntary donation campaigns were carried out at three KONČAR locations. They were attended by a total of 720 donors, and after medical examinations, a total of 646 doses were collected. The fact that as many as 37 of our colleagues donated blood for the first time confirms that the number of people joining the selfless act of donating blood is not on the downfall.



Certificate of appreciation from UNICEF for participating in the “Milky Way” humanitarian race

At the beginning of October, KONČAR was visited by Regina Castillo, Representative of the UNICEF Office in Croatia, with her colleague Laura Bonifačić, a member of the management team in charge of fund raising. The meeting with the President of the KONČAR Management Board, Gordan Kolak, took place on the occasion of a personal certificate of appreciation from Representative Castillo for the exceptional engagement of the KONČAR Group at the 2023 Milky Way and the presentation of another valuable certificate of appreciation to KONČAR.

This was the seventh consecutive humanitarian Milky Way race, held under the high patronage of the President of the Republic of Croatia Zoran Milanović, the Government of the Republic of Croatia and the Ministry of Science and Education.



From 2017 to 2023, the race has become an important platform for raising awareness and gathering resources for key investments in the welfare of children through UNICEF's programmes in Croatia. With the support of more than 32,000 participants, in seven years this race has collected EUR 900,000 to support children and young people in Croatia. In addition to winning first place, the people from KONČAR surpassed their own previous record in the number of kilometres collected, achieving a total of 15,595 km, an outstanding 3,140 more than in 2022.

Day of Persons with Disabilities celebrated

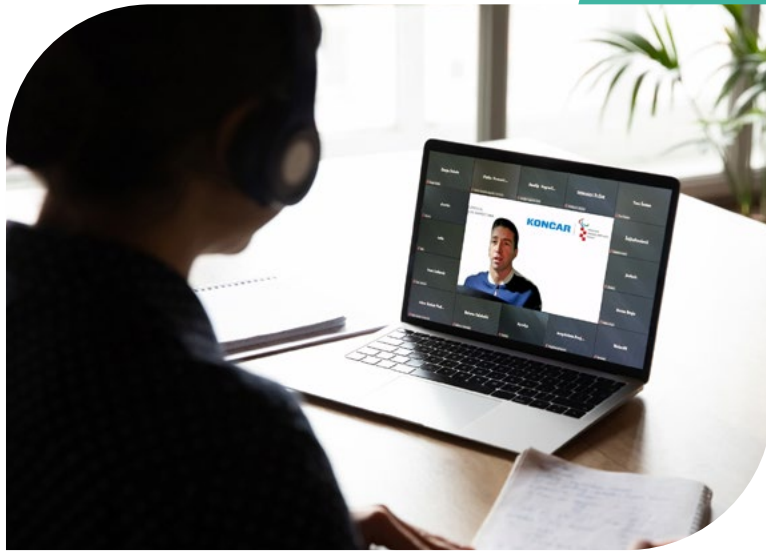
After the United Nations declared 3 December as the International Day of Persons with Disabilities, the Commission on Human Rights, in a resolution dated 5 March 1993, called on member countries to emphasize the observance of that date in order to achieve equality in the exercise of human rights and participation of persons with disabilities in society.

Our Paralympians are proof that despite obstacles and disabilities

they can live life to the fullest and achieve great results in the most prestigious sports competitions. They are our best and most passionate ambassadors for an inclusive society, but for society to perceive them as strong as they perceive themselves, joint perseverance in promoting the values of the Paralympic movement is needed - determination, courage and persistence.

As we have shown our desire and will to promote and strengthen inclusion in our previous activities and support for Croatian Paralympians, we decided to celebrate the International Day of Persons with Disabilities together with the Croatian Paralympic Committee.

By organizing an online meeting held on 4 December, KONČAR Group employees had the opportunity to learn about the sports and life inspiring story of wheelchair tennis player Sven Maretić. Once a promising young football player, a native of Split, at the age of 16 he found himself in the wrong place at the wrong time. He broke his spine in a car accident, after which he was forced to get used to life in a wheelchair. Despite everything that was lost then, his love for sports remained a part of him. We also published his story in our Končarevac magazine, and at the online gathering we were further convinced of his strength, cheerfulness and optimism, which are truly incredible.



Scholarships for humanitarian organization DORA beneficiaries

Throughout the year, KONČAR helps numerous associations and other organizations aimed at the welfare of children and young people in various ways, and maintains traditional cooperation with some of them.

Among others, the long-standing cooperation with the Dora Humanitarian Organization is worth mentioning. By participating in its scholarship programme, KONČAR provides support and friendship to children from socially disadvantaged families, facilitating their path to successful completion of high school education.

This year, scholarship holders Valentina, Jelena and Karla graduated from high school, and as a sign of thanks to KONČAR, they hand-made cheerful thank-you notes, boasting about their ambitious plans for the future.

Pride of Croatia - KONČAR as project partner

The 18th Pride of Croatia award, organized by the 24 *sata* newspaper and HRT, was held on 4 February in Zagreb. KONČAR has traditionally been one of the sponsors and partners of the project. Individuals who distinguished themselves with selfless acts, kindness and courage were awarded. They did not ask for a reward for their deeds. They simply stood out in their environment and beyond with their big hearts. Mothers who turned the world upside down for their children, great people who decided to rebuild an unknown family's house after the earthquake, heroes who help the sick and injured, work with our children, clean the Croatian underwater and many others. Such commendable engagements are reminders of what we should be like in the community in which we live. Responsible operations are part of KONČAR's business strategy, which will continue to contribute to and support positive social changes with various activities in the future.



Donation by UZOR and KONČAR

The 3rd grade students of the Đuro Ester Elementary School received a gift of manuals for sustainable development provided for them by the Association for Sustainable Development of Croatia (UZOR), while several manuals were also donated to the school library. The printing of the brochure entitled Identification and classification of waste was co-financed by KONČAR.

The children's handbook for sustainable development is based on UZOR's Together for Children and Planet Earth programme. Through educational games and fun tasks, students will learn to recognize specific waste types and collect them separately for recycling in order to protect the environment for the benefit of all the inhabitants of our planet Earth.

KONČAR volunteers beautified the area of the Service Provision Centre in the Zagreb-Dugave community

Employees from various companies of the KONČAR Group have been joining volunteer actions and projects for years, dedicating their time, knowledge and experience to help those in need. This is also confirmed by the action held in March organized by KONČAR and the Zagreb Volunteer Centre, in which KONČAR employees beautified the area of the Service Provision Centre in the Zagreb - Dugave community with various volunteer works.

This is an institution for the provision of social care services outside the family to meet the social protection needs of children and youth aged seven to 21 who exhibit behavioural problems. The centre allows them full-day and half-day stay in an institution or school, as well as short-term reception, stay or housing. In addition, it carries out preventive work in the form of half-day stays in 20 elementary schools in the Zagreb area.



Volunteering for the benefit of the community in which we live and work is part of KONČARA's corporate social responsibility activities and culture.

Special Christmas donation

In the festive atmosphere, KONČAR once again secured a special Christmas donation and donated EUR 20,000 to the UNICEF Office in Croatia in support of the Support Schools and Communication for Every Child programmes.

The goal of the first programme is to provide better support for the mental health of children and young

people in the school environment.

Adolescence is a time of significant psychological, physical and social changes, which can also increase the risk of mental health disorders and psychosocial problems. The second aims to improve the communication of health personnel with the most vulnerable groups of children, including children with developmental disabilities. Namely, during treatment or hospitalization, it is important to reduce anxiety and fear, and effective communication empowers children, increasing their self-confidence and facilitating treatment.



Public policies

KONČAR has not made any financial or in-kind contribution to any political goals, directly or indirectly, to the state or a user.

Assessment of the health and safety impacts of product and service categories

The equipment and products for power production, transmission and distribution require a high degree of responsibility from two aspects - above all, operational safety and reliability (so as not to cause additional problems in power supply) and preservation of the natural environment where this equipment is installed. Moreover, passenger transport must also be safe, which is imperative in the construction of trains and trams produced in KONČAR, also with a significant environmental component. KONČAR has a great responsibility for the products it offers on the market and therefore tries to manage the entire chain by monitoring the quality of each individual production process. Materials with a reduced impact on the environment or those produced with a lower carbon footprint are used. Biodegradable oils were introduced in transformers production, and today most of the transformers that leave our factories have the characteristics of green transformers.

Incidents of non-compliance concerning the health and safety impacts of products and services

No irregularities related to regulations and voluntary codes on the impact of products and services on the health and safety of customers/users during their life cycle were recorded in the KONČAR companies.

A conceptual industrial framework is applied in which the health and safety impacts of products and services are assessed at each stage of the life cycle, with the continuous development of new advanced solutions and innovative products and services, ensuring deliveries that meet the expected requirements of users and do not pose a risk to health and safety.

Companies have introduced and integrated recognized process management systems in accordance with the requirements of international standards ISO 9001:2015 for quality management, ISO 14001:2015 for environmental management, ISO 45001:2018 for occupational health and safety management, ISO/IEC 27001:2022 for information security management, and ISO 50001:2018 for energy management; as support for managing its own impact on the quality and development of products and services, impact on the environment and health and safety, ensuring and protecting information from misuse or loss and reducing the consumption of energy and natural resources.

Certified management systems in use:

| | ISO 9001 | ISO 14001 | ISO 45001 | ISO/IEC 27001 | ISO 50001 |
|---|----------|-----------|-----------|---------------|-----------|
| KONČAR – Switchgear Ltd. | ■ | ■ | ■ | | |
| Dalekovod Inc. | ■ | ■ | ■ | | ■ |
| KONČAR – Digital Ltd. | ■ | ■ | ■ | ■ | |
| KONČAR - Distribution and Special Transformers Inc. | ■ | ■ | ■ | | |
| KONČAR – Electrical Industry Inc. | ■ | ■ | ■ | | |
| KONČAR – Electric Vehicles Inc. | ■ | ■ | | | |
| KONČAR – Electronics and Informatics Ltd. | ■ | ■ | ■ | ■ | |
| KONČAR – Infrastructure and Services Ltd. | ■ | ■ | ■ | | ■ |
| KONČAR – Generators and Motors Ltd. | ■ | ■ | ■ | | |
| KONČAR – Electrical Engineering Institute Ltd. | ■ | ■ | ■ | | |
| KONČAR – Engineering Co. Ltd. | ■ | ■ | ■ | ■ | ■ |
| KONČAR – Metal Structures Ltd. | ■ | ■ | ■ | | |
| KONČAR – Instrument Transformers Inc. | ■ | ■ | ■ | | |
| KONČAR – Motors and Electrical Systems Ltd. | ■ | ■ | ■ | | |

Requirements for product and service information and labelling

Companies apply defined procedures for labelling products and services, and access to customer and end-user information, including adequate information on possible post- delivery activities and the environmental and social impact of products and services during their life cycle.

Compliance

During the reporting period, there was no non-compliance with regulations and voluntary codes regarding data and labelling of products and services and marketing communications (including advertising, promotion and sponsorships). In relation to customers and end-users, the KONČAR companies applies fair, transparent contracting processes during which accurate and unambiguous information about products and services is made available, enabling the possibility of choice.

Customer privacy

KONČAR undertakes all technical, organizational, personnel and other security measures to protect customer privacy and comply with the relevant regulations. KONČAR is transparent about data collection, usage and storage with respect to employees, customers and partners.

With the aim of more comprehensive protection of personal data, certain KONČAR companies have adopted internal acts that govern this matter (for example, KONČAR Inc. has adopted the Ordinance on Personal Data Protection), and certain KONČAR companies have also appointed Data Protection Officers.

KONČAR does not disclose or use personal customer information for any purposes other than those agreed upon, and it duly informs the customers of any changes in data protection policies or measures. The GDPR is applied to all activities and procedures related to data collection.

Reporting in line with GRI standards

Overview of compliance requirements:

- Requirement 1: Apply the reporting principles
- Requirement 2: Report the disclosures in GRI 2: General Disclosures
- Requirement 3: Determine material topics
- Requirement 4: Report the disclosures in GRI 3: Material Topics
- Requirement 5: Report disclosures from the GRI Topic Standards for each material topic
- Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with
- Requirement 7: Publish a GRI content index
- Requirement 8: Provide a statement of use
- Requirement 9: Notify GRI

GRI content index

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| Area | UN Global Compact principle | GRI Standard | COR | Page |
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| Human rights | 1 st PRINCIPLE: Companies should respect and support the protection of internationally recognized human rights. | 408, 409, 412-1, 413-1 | 8, 11 | 23, 65, 66, 97, 106, 112 |
| | 2 nd PRINCIPLE: Companies should ensure that they do not themselves participate in the violation of human rights. | 406-1, 408, 409, 410-1, 412-1, 418 | 5, 8 | 65, 66, 97, 98, 106, 114 |
| Labour rights | 3 rd PRINCIPLE: Companies should support freedom of association and really recognize collective bargaining rights. | 402, 402-1, 403-1, 403-4, 407, 415-1 | | 93, 94, 98, 112 |
| | 4 th PRINCIPLE: Companies should eradicate all forms of forced labour. | 409 | | 106 |
| | 5 th PRINCIPLE: Companies should abolish child labour. | 408 | | 106 |
| | 6 th PRINCIPLE: Companies should abolish discrimination in employment and career choice. | 401-1, 401-2, 401-3, 402, 403, 404, 405, 405-1, 405-2, 406-1 | 4, 5, 8 | 65, 66, 83, 88, 89, 93, 95, 96, 97, 98 |
| Environment | 7 th PRINCIPLE: Companies should support a precautionary approach to environmental challenges. | 302, 302-1, 302-3, 303, 304, 304-2, 305-1, 305-4 | 7, 12, 13 | 38, 75, 77, 78, 80, 81, 112 |
| | 8 th PRINCIPLE: Companies should launch initiatives to promote greater environmental responsibility. | 302-4, 303, 2-27 | 7, 12, 13 | 38, 39, 75, 77, 78, 79, 80, 112 |
| | 9 th PRINCIPLE: Companies should encourage the development and spread of environmentally friendly technologies. | | 9 | 23, 112 |
| Anti-corruption | 10 th PRINCIPLE: Companies should fight all forms of corruption, including extortion and bribery. | 205-1, 205-2, 205-3 | | 76 |

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Regulated Market Segment: Official Market of the Zagreb Stock Exchange

Zagreb, 30 June 2024

Subject: Report of the KONČAR Group according to the 2023 EU Taxonomy

In the third reporting year, fiscal year 2023, the scope of activities and corresponding disclosures further broadened. The adoption of Commission Delegated Regulation (EU) 2023/2486 introduced an additional obligation for 2023 to report on the Taxonomy eligibility of economic activities contributing to other environmental objectives, including the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. In the first two years of reporting, disclosures were limited to the first two climate goals: climate change mitigation and climate change adaptation. The assessment of acceptability was carried out in all companies, and at the Group level, the denominator representing sales revenue is consolidated and does not include mutual relations between companies.

The KONČAR Group reports indicators for economic activities included in the 2023 EU Taxonomy separately for the 2023 financial year and the indicators are also integrated into the Sustainability Report for 2023 of the KONČAR Group.

KONČAR Inc.

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European Union Taxonomy Regulation and KONČAR Group Key Performance Indicators Report for 2023

1. Introduction

One of the paramount challenges of our era is conducting business in an environmentally sustainable manner.

In 2023, KONČAR Group achieved outstanding results, with key performance indicators significantly surpassing those of 2022. This success was driven by the green transition, necessitating substantial investments in electrical equipment, a core focus of KONČAR's operations.

Sustainable business practices have become imperative and pose one of the most significant challenges for manufacturing companies today. The European Union has prioritized climate transition, setting ambitious targets to reduce CO₂ emissions by 55% by 2030 compared to 1990 levels and to achieve climate neutrality by 2050.

The realization of such ambitious plans requires significant investments in all segments of economic activities, and the wider community. Given that there was no uniform framework that would facilitate identification of activities and investments that contribute to sustainable development, the European Parliament and the Council of the European Union adopted the Taxonomy Regulation in 2020 and additional delegated acts that together form the EU's taxonomy system of climate-sustainable activities. By defining environmentally eligible and aligned activities, the taxonomy system enables increased transparency of sustainability information, helps identify activities that substantially contribute to environmental objectives, and establishes a framework that facilitates financing and redirects cash flows to sustainable technologies and undertakings. This allows access to new sources of financing in the global capital market and reduces unfair competition from undertakings that use sustainable development for the purpose greenwashing.

Pursuant to the Taxonomy Regulation, for the purposes of establishing the degree to which an investment is environmentally sustainable, an economic activity shall qualify as environmentally sustainable where it meets four basic criteria:

- the activity contributes substantially to one or more of the environmental objectives set out in Article 9 of the Taxonomy Regulation,
- causes no significant harm to any of the other environmental objectives
- is carried out in compliance with the minimum safeguards laid down,
- complies with technical screening criteria that have been established, i.e., with science-based criteria of technical screening.

The Regulation defines the environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

In the initial year of the reporting obligation, fiscal year 2021, disclosures were confined to the shares of Taxonomy-eligible and non-eligible revenue, capital expenditures (Capex), and operational expenditures (Opex), along with qualitative information on climate change mitigation and adaptation goals.

In the second reporting year, fiscal year 2022, the disclosure requirements expanded. Beyond the previous year's disclosures, companies were also required to disclose shares of Taxonomy-aligned revenue, Capex, and Opex, along with qualitative information, still limited to the two climate goals.

In the third reporting year, fiscal year 2023, the scope of activities and corresponding disclosures further broadened. The adoption of Commission Delegated Regulation (EU) 2023/2486 introduced an additional obligation for 2023 to report on the Taxonomy eligibility of economic activities contributing to other environmental objectives, including the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

2. The assessment of Taxonomy-eligible and Taxonomy-aligned activities of KONČAR Group

In 2023, for the first time, the Taxonomy Regulation mandates that the Taxonomy Report encompasses all environmental objectives. Beyond climate change mitigation and adaptation, definitions have now been established for the four additional environmental goals: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

KONČAR Group's report on the requirements set out by the Taxonomy Regulation and delegated acts is based primarily on activities classified in line with the NACE¹ classification.

The main business segments of KONČAR Group are manufacture of equipment for energy generation, manufacture of renewable energy technologies, energy transmission and distribution, rail solutions and infrastructure, and digital solutions and platforms.

In line with the NACE classification and for the purposes of the report prescribed by the Taxonomy Regulation ("Report"), products and services screened in order to identify Taxonomy-eligible activities are classified into 6 basic sectors:

- Sector 3 Manufacturing
- Sector 4 Energy
- Sector 5 Water supply; sewerage, waste management and remediation activities
- Sector 6 Transport
- Sector 7 Construction and real estate
- Sector 8 Information and communication
- Sector 9 Professional, scientific and technical activities

¹ NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities. NACE groups organizations according to their business activities and is used to ensure comparability of statistical data collected across the Union.

For the purpose of the disclosures in the Report, with the support of expert consultants, a comprehensive Group-wide screening of the business segments and manufacturing portfolio was conducted. The screening included professional functions such as manufacturing, research and development, and finance.

The Management Board of KONČAR - Electrical Industry Inc. has reviewed and adopted the Report and, in cooperation with the professional functions in charge of strategy implementation and activities in the field of sustainable development, agreed on a roadmap of activities in this area.

In order to transform to a low-carbon economy and within all business operations, KONČAR has consistently undertaken to invest in technologies that reduce the carbon footprint of both the Company and of our customers, as the end-users of our products.

In all manufacturing activities, the objective is to work towards manufacturing processes that will create quality and long-lasting products with revitalization and reuse capabilities. The methodology of manufacturing processes should be such that the optimal amount of environmentally eligible resources is used to their maximum capacity. Rational use of basic resources (water, gas, electricity) further contributes to sustainable manufacturing.

The development of new products that reduce environmental pollution and support energy savings remains a top priority, as outlined in the adopted business strategy.

2.1 Income generated from Taxonomy-eligible economic activities

The objective of the eligibility assessment is to ascertain whether KONČAR's business activities align with the economic activities specified by the EU Taxonomy. Activities that meet these criteria are classified as "eligible," while those that do not are considered "non-eligible" and fall outside the scope of EU Taxonomy reporting. Eligibility assessments were conducted across all subsidiaries, and at the Group level, the revenue denominator is consolidated and excludes intercompany transactions.

In the subsequent step of the report preparation, the Taxonomy-eligible business activities were evaluated against the technical screening criteria for substantial contribution (SC) and do no significant harm (DNSH) as outlined in the Delegated Acts.

The revenue KPI indicates the proportion of revenue from Taxonomy-eligible and/or aligned economic activities relative to the total revenue reported in the consolidated profit and loss statements for 2023.

Consolidated income that meets the requirements of the *eligible economic activities* for 2023 amounts to EUR 410,6 million, or 46% of the total revenue generated from the sales of products and services in 2023.

For the first time in 2023, the group of activities involving the Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution was designated as significantly contributing to climate change mitigation or enabling such contributions.

The most significant portion of revenue from Taxonomy-eligible economic activities pertains to the group of activities related to the manufacture of low-carbon technologies for transport (rail vehicles),

activities related to the transmission and distribution of electricity and electricity generation using solar photovoltaic technology.

The list of activities from which income was generated in 2023 is given in the table below:

| | | Turnover |
|---------------------------|--|----------|
| 1.2 (CE) | Production of electrical and electronic equipment | 18,679 |
| 2.3 (CE) | Collection and transportation of non-hazardous and hazardous waste | 23 |
| 3.1.A | Manufacture of renewable energy technologies | 277 |
| 3.19 (CCM) | Production of component parts of railway vehicles | 63 |
| 3.20 (CCM) | Production, installation and servicing of high-voltage, medium-voltage and low-voltage electrical equipment for the transmission and distribution of electricity, which contribute significantly to climate mitigation | 182,707 |
| 3.3 (CCM) | Manufacture of low carbon technologies for transport | 75,891 |
| 4.1 | Electricity generation using solar photovoltaic technology | 8,534 |
| 4.10 | Storage of electricity | 8,534 |
| 4.15 | Distribution of centralized heating/cooling | 0 |
| 4.3 | Electricity generation from wind power | 2,589 |
| 4.31 (CCM) | Production of energy for heating/cooling from gaseous fossil fuels in an efficient centralized heating and cooling system | 0 |
| 4.5 | Electricity generation from hydropower | 22,954 |
| 4.8 | Production of electricity from bioenergy | 295 |
| 4.9 | Transmission and distribution of electricity | 56,289 |
| 5.1 (CE) | Repair, restoration and remanufacturing | 309 |
| 5.2 (CCM) | Renovation of the water collection, purification and supply system | 0 |
| 5.2 (CE) | Sale of spare parts | 1,768 |
| 5.4 (CE) | Sale of used goods | 42 |
| 5.5 | Collection and transport of non-hazardous waste in source segregated fractions | 1,555 |
| 6.14 | Infrastructure for rail transport | 2,534 |
| 6.15 | Infrastructure enabling low-carbon road transport and public transport | 5,986 |
| 6.15.A | Infrastructure enabling low-carbon road transport and public transport | 18,524 |
| 6.5 | Transport by motorbikes, passenger cars and light commercial vehicles | 478 |
| 6.6 | Freight transport services by road | 0 |
| 7.1 | Construction of new buildings | 3 |
| 7.2 | Renovation of existing buildings | 0 |
| 7.3 (CCM) | Installation, maintenance and repair of equipment for energy efficiency | 0 |
| 7.4 | Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots connected to buildings) | 0 |
| 7.5 (CCM) | Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings | 0 |
| 7.6 (CCA) | Installation, maintenance and repair of technologies for energy from renewable sources | 0 |
| 7.6 (CCM) | Installation, maintenance and repair of technologies for energy production from renewable sources | 0 |
| 7.6 (CCM) | Installation, maintenance and repair of technologies for energy from renewable sources | 34 |
| 7.7 | Acquisition and ownership of buildings | 3,795 |
| 8.1 | Data processing, server services and related activities | 0 |
| 8.2 (CCA) | Data-driven solutions for GHG emissions reductions | 7,238 |
| 9.1 (CCM) | Acquisition and ownership of buildings | 49 |
| Total taxonomic numerator | | 419,150 |
| Total | | 894,079 |
| Taxonomy-eligible | | 46.88% |

2.2 Capital expenditure (CAPEX)

Total CAPEX at the level of KONČAR Group pertains to expenses for assets acquired and includes all capitalized acquisitions related to current and non-current assets, property with the right of use, and investments in real estate.

Taxonomy-eligible capitalized investment costs for 2023 amount to EUR 30,1 million, representing 46% of the total CAPEX. The most significant portion pertains to the acquisition and ownership of buildings, as well as the installation, maintenance, and repair of equipment for energy efficiency.

The list of activities from which CAPEX was realized in 2023 is given in the table below:

| | | Capex |
|------------|--|--------|
| 1.2 (CE) | Production of electrical and electronic equipment | 752 |
| 2.3 (CE) | Collection and transportation of non-hazardous and hazardous waste | 0 |
| 3.1.A | Manufacture of renewable energy technologies | 13 |
| 3.19 (CCM) | Production of component parts of railway vehicles | 52 |
| 3.20 (CCM) | Production, installation and servicing of high-voltage, medium-voltage and low-voltage electrical equipment for the transmission and distribution of electricity, which contribute significantly to climate mitigation | 10,121 |
| 3.3 (CCM) | Manufacture of low carbon technologies for transport | 1,017 |
| 4.1 | Electricity generation using solar photovoltaic technology | 29 |
| 4.10 | Storage of electricity | 29 |
| 4.15 | Distribution of centralized heating/cooling | 26 |
| 4.3 | Electricity generation from wind power | 5 |
| 4.31 (CCM) | Production of energy for heating/cooling from gaseous fossil fuels in an efficient centralized heating and cooling system | 98 |
| 4.5 | Electricity generation from hydropower | 0 |
| 4.8 | Production of electricity from bioenergy | 0 |
| 4.9 | Transmission and distribution of electricity | 12 |
| 5.1 (CE) | Repair, restoration and remanufacturing | 0 |
| 5.2 (CCM) | Renovation of the water collection, purification and supply system | 0 |
| 5.2 (CE) | Sale of spare parts | 0 |
| 5.4 (CE) | Sale of used goods | 0 |
| 5.5 | Collection and transport of non-hazardous waste in source segregated fractions | 0 |
| 6.14 | Infrastructure for rail transport | 0 |
| 6.15 | Infrastructure enabling low-carbon road transport and public transport | 0 |
| 6.15.A | Infrastructure enabling low-carbon road transport and public transport | 898 |
| 6.5 | Transport by motorbikes, passenger cars and light commercial vehicles | 1,973 |
| 6.6 | Freight transport services by road | 1,166 |
| 7.1 | Construction of new buildings | 16 |
| 7.2 | Renovation of existing buildings | 1,493 |
| 7.3 (CCM) | Installation, maintenance and repair of equipment for energy efficiency | 655 |
| 7.4 | Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots connected to buildings) | 105 |
| 7.5 (CCM) | Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings | 0 |
| 7.6 (CCA) | Installation, maintenance and repair of technologies for energy from renewable sources | 8 |
| 7.6 (CCM) | Installation, maintenance and repair of technologies for energy production from renewable sources | 584 |
| 7.6 (CCM) | Installation, maintenance and repair of technologies for energy from renewable sources | 570 |
| 7.7 | Acquisition and ownership of buildings | 7,227 |
| 8.1 | Data processing, server services and related activities | 2,932 |
| 8.2 (CCA) | Data-driven solutions for GHG emissions reductions | 0 |
| 9.1 (CCM) | Acquisition and ownership of buildings | 326 |
| | | |
| | Total taxonomic numerator | 30,106 |
| | | |
| | Total | 65,239 |
| | Taxonomy-eligible | 46.15% |

2.3 Operating expenses (OPEX)

In line with the EU Taxonomy Regulation, indicator for operational expenditures (OPEX) includes direct non-capitalized expenses related to research and development, building refurbishment measures, short-term leases related to right-of-use assets according to IFRS 16, maintenance and repair, and all other direct expenses for day-to-day servicing of property, plant and equipment carried out by the undertaking or a third party entrusted with these tasks, necessary for the continued operating of the asset. The numerator in the operating expenses is related to the above-defined expenses, and only includes only those expenses that were incurred by Taxonomy-eligible activities.

For the year ended 31 December 2023, 43% or EUR 7 million is Taxonomy-eligible operating expenses in relation to the climate change mitigation target.

The most significant portion of Taxonomy-eligible operating expenses pertains to transport costs, i.e., primarily to the costs of short-term rental and maintenance of personal vehicles, followed by the costs of acquisition and maintenance of buildings and maintenance of installed equipment at the wind farm Pometeno brdo (electricity generated from renewable energy sources).

The list of activities from which OPEX was realized in 2023 is given in the table below:

| | | OpeX |
|------------|--|----------|
| 1.2 (CE) | Production of electrical and electronic equipment | 204 |
| 2.3 (CE) | Collection and transportation of non-hazardous and hazardous waste | 0 |
| 3.1.A | Manufacture of renewable energy technologies | 3 |
| 3.19 (CCM) | Production of component parts of railway vehicles | 1 |
| 3.20 (CCM) | Production, installation and servicing of high-voltage, medium-voltage and low-voltage electrical equipment for the transmission and distribution of electricity, which contribute significantly to climate mitigation | 543 |
| 3.3 (CCM) | Manufacture of low carbon technologies for transport | 123 |
| 4.1 | Electricity generation using solar photovoltaic technology | 0 |
| 4.10 | Storage of electricity | 0 |
| 4.15 | Distribution of centralized heating/cooling | 0 |
| 4.3 | Electricity generation from wind power | 176 |
| 4.31 (CCM) | Production of energy for heating/cooling from gaseous fossil fuels in an efficient centralized heating and cooling system | 40 |
| 4.5 | Electricity generation from hydropower | 4 |
| 4.8 | Production of electricity from bioenergy | 0 |
| 4.9 | Transmission and distribution of electricity | 29 |
| 5.1 (CE) | Repair, restoration and remanufacturing | 0 |
| 5.2 (CCM) | Renovation of the water collection, purification and supply system | 22 |
| 5.2 (CE) | Sale of spare parts | 0 |
| 5.4 (CE) | Sale of used goods | 0 |
| 5.5 | Collection and transport of non-hazardous waste in source segregated fractions | 0 |
| 6.14 | Infrastructure for rail transport | 0 |
| 6.15 | Infrastructure enabling low-carbon road transport and public transport | 0 |
| 6.15.A | Infrastructure enabling low-carbon road transport and public transport | 206 |
| 6.5 | Transport by motorbikes, passenger cars and light commercial vehicles | 857 |
| 6.6 | Freight transport services by road | 743 |
| 7.1 | Construction of new buildings | 0 |
| 7.2 | Renovation of existing buildings | 0 |
| 7.3 (CCM) | Installation, maintenance and repair of equipment for energy efficiency | 360 |
| 7.4 | Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots connected to buildings) | 11 |
| 7.5 (CCM) | Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings | 7 |
| 7.6 (CCA) | Installation, maintenance and repair of technologies for energy from renewable sources | 10 |
| 7.6 (CCM) | Installation, maintenance and repair of technologies for energy production from renewable sources | 0 |
| 7.6 (CCM) | Installation, maintenance and repair of technologies for energy from renewable sources | 13 |
| 7.7 | Acquisition and ownership of buildings | 2,168 |
| 8.1 | Data processing, server services and related activities | 0 |
| 8.2 (CCA) | Data-driven solutions for GHG emissions reductions | 0 |
| 9.1 (CCM) | Acquisition and ownership of buildings | 1,502 |
| | | |
| | Total taxonomic numerator | 7,022 |
| | | |
| | Total | 16,607 |
| | Taxonomy-eligible | 42.28% |

3. Conclusion

The 2023 Taxonomy Report featured the inclusion of new activities that significantly contribute to climate change mitigation and adaptation, along with the official adoption of the Delegated Regulation on environmental protection, which addresses the remaining four environmental objectives.

For the EU Taxonomy to maximize its effectiveness in the future, it should encompass all economic activities that play a pivotal role in the green transition and the path to net-zero CO₂ emissions. We are pleased that the EU Taxonomy now more extensively includes numerous critical technologies, such as electrical equipment, which are vital for enabling renewable energy systems. This is especially pertinent for KONČAR, as these technologies constitute the majority of our business activities.

By introducing the EU Taxonomy and classifying green and sustainable activities within the defined environmental objectives, a basic framework has been created to enhance the differentiation of activities with positive environmental impacts from greenwashing and make this information more transparent. This will enable investors, financial institutions and other financial market participants to identify activities, undertakings and sectors that make a substantial positive environmental impact and thus contribute to financing the transition to a more sustainable and low-carbon economy.

Climate change is a global challenge that requires a global solution and a global perspective. The ultimate objective should be a common global classification system of sustainable activities that is comprehensive, credible, and relevant worldwide. In the upcoming period, further criteria development and the inclusion of new taxonomy-eligible activities are expected.

Breakdown of Taxonomy-eligible and Taxonomy-aligned activities of KONČAR Group

Key Performance Indicator - Income

| Financial year 2023 | | | | | | | | | | | | | | | | | |
|---|--------------|---------------------------------|-----------------------------------|-------------------------------|-----------|---------------|----------------------|-------------------------------|--------------------------------|------------|----------------|-----------------------|-------------------|-------------------------|--|-----------------------------------|---------------------------------------|
| Economic activities(1) | | | | | | | | | | | | | | | | | |
| Code (a) (2) | Turnover (3) | Proportion of turnover, 2023(4) | Substantial contribution criteria | | | | | DNSH (do no significant harm) | | | | | | | | | |
| | | | Climate change mitigation (5) | Climate change adaptation (6) | Water (7) | Pollution (8) | Circular economy (9) | Biodiversity (10) | Climate change mitigation (11) | Water (13) | Pollution (14) | Circular economy (15) | Biodiversity (16) | Minimum safeguards (17) | Proportion of turnover from taxonomy-aligned (A.1) or eligible (A.2) activities, 2022 (18) | Category (enabling activity) (19) | Category (transitional activity) (20) |
| Text | | | | | | | | | | | | | | | | | |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (Taxonomy - aligned) | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy - aligned) (A.1) | | | | | | | | | | | | | | | | | |
| A.2. Taxonomy - eligible but not environmentally sustainable activities (not Taxonomy - aligned activities) (g) | | | | | | | | | | | | | | | | | |
| | | 0 | 0% | | | | | | | | | | | | | | |
| | | | | EL: N/EL | N/EL | EL: N/EL | N/EL | EL: N/EL | N/EL | EL: N/EL | N/EL | EL: N/EL | N/EL | | | | |
| Production of electrical and electronic equipment | 1.2 (CE) | 18.679 | 2.09% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Collection and transportation of non-hazardous and hazardous waste | 2.3 (CE) | 23 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Manufacture of renewable energy technologies | 3.1 (A) | 277 | 0.03% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Production of component parts of railway vehicles | 3.19 (CCM) | 63 | 0.01% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Production, installation and servicing of high-voltage, medium-voltage and low-voltage electrical equipment for the transmission and distribution of electricity, which contributes significantly to climate mitigation | 3.20 (CCM) | 182.707 | 20.44% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Manufacture of low carbon technologies for transport | 3.3 (CCM) | 75.891 | 8.49% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Electricity generation using solar photovoltaic technology | 4.1 | 8.470 | 0.95% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Storage of electricity | 4.10 | 64 | 0.01% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Distribution of centralised heating/cooling | 4.15 | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Electricity generation from wind power | 4.3 | 2.589 | 0.29% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Prediction of energy for heating/cooling from gaseous fossil fuels in an efficient centralised heating and cooling system | 4.31 (CCM) | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Electricity generation from hydropower | 4.5 | 22.954 | 2.57% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Production of electricity from bioenergy | 4.8 | 295 | 0.03% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Transmission and distribution of electricity | 4.9 | 56.289 | 6.30% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Repair, restoration and remanufacturing | 5.1 (CE) | 309 | 0.03% | N/EL | N/EL | N/EL | N/EL | N | N/EL | N/EL | N | N/EL | N/EL | | | | |
| Renovation of the water collection, purification and supply system | 5.2 (CCM) | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Sale of spare parts | 5.2 (CE) | 1.768 | 0.00% | N/EL | N/EL | N/EL | N/EL | N | N/EL | N/EL | N | N/EL | N/EL | | | | |
| Sale of used goods | 5.4 (CE) | 42 | 0.00% | N/EL | N/EL | N/EL | N/EL | N | N/EL | N/EL | N | N/EL | N/EL | | | | |
| Collection and transport of non-hazardous waste in source segregated fractions | 5.5 | 1.555 | 0.07% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Infrastructure for rail transport | 6.14 | 2.534 | 0.28% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Infrastructure enabling low-carbon road transport and public transport | 6.15 | 5.986 | 0.67% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Infrastructure enabling low-carbon road transport and public transport | 6.15.A | 18.524 | 2.07% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | 6.5 | 478 | 0.05% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | 6.6 | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Construction of new buildings | 7.1 | 3 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Renovation of existing buildings | 7.2 | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Installation, maintenance and repair of equipment for energy efficiency | 7.3 (CCM) | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots connected to buildings) | 7.4 | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings | 7.5 (CCM) | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Installation, maintenance and repair of technologies for energy from renewable sources | 7.6 (CCM) | 0 | 0.00% | N/EL | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Installation, maintenance and repair of technologies for energy production from renewable sources | 7.6 (CCM) | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Installation, maintenance and repair of technologies for energy production from renewable sources | 7.6 (CCM) | 34 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Acquisition and ownership of buildings | 7.7 | 3.795 | 0.42% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Data processing, server services and related activities | 8.1 | 0 | 0.00% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Computer programming, consulting and related activities | 8.2 (CCA) | 7.238 | 0.81% | N/EL | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Research, development and innovation with market potential (to contribute to mitigating climate change) | 9.1 (CCM) | 49 | 0.01% | N | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | |
| Turnover of Taxonomy - eligible but not environmentally sustainable activities (not Taxonomy - aligned) (A.2) | | 410.616 | 45.93% | 43% | 0.81% | 0% | 0% | 2% | 0% | 0% | 0% | 2% | 0% | | | | |
| A. Turnover from Taxonomy - eligible activities (A.1 + A.2) | | 410.616 | 45.93% | 43% | 0.81% | 0% | 0% | 2% | 0% | 0% | 0% | 2% | 0% | | | | |
| B. TAXONOMY - NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | |
| Turnover from Taxonomy - non-eligible activities | | | | | | | | | | | | | | | | | |
| Total (A+B) | | | | | | | | | | | | | | | | | |
| | | 483.463 | 54.07% | | | | | | | | | | | | | | |
| | | 894.079 | 100% | | | | | | | | | | | | | | |

Key Performance Indicator - Capital expenditure

| Financial year 2023 | | | | | | | | | |
|--|------------|--------|-------|--------|--------------|--------------|--------------|--------------|------|
| Economic activities (1) | | | | | | | | | |
| Text | | | | | | | | | |
| 2023 | | | | | | | | | |
| Substantial contribution criteria | | | | | | | | | |
| DISH (do no significant harm) | | | | | | | | | |
| Minimum safeguards (17) | | | | | | | | | |
| Proportion of CapEx from taxonomy-aligned (A.1) or eligible (A.2) activities, 2023 (18) | | | | | | | | | |
| Category (enabling activity) (19) | | | | | | | | | |
| Category (transitional activity) (20) | | | | | | | | | |
| Code (a)(2) | | | | | | | | | |
| CapEx (3) | | | | | | | | | |
| in 1000 EUR | | | | | | | | | |
| % | | | | | | | | | |
| 0% | | | | | | | | | |
| 0 | | | | | | | | | |
| Text | | | | | | | | | |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | |
| A.1. Environmentally sustainable activities (taxonomy - aligned) | | | | | | | | | |
| CapEx of environmentally sustainable activities (taxonomy - aligned) (A.1.) | | | | | | | | | |
| A.2. Taxonomy - eligible but not environmentally sustainable activities (not taxonomy - aligned activities) (a) | | | | | | | | | |
| Production of electrical and electronic equipment | CE1.2 | 752 | 1.2% | N/EL | EL: N/EL (f) | EL: N/EL (f) | EL: N/EL (f) | EL: N/EL (f) | N/EL |
| Collection and transportation of non-hazardous and hazardous waste | CE2.3 | 0 | 0.0% | N/EL | N/EL | N/EL | N/EL | N/EL | N |
| Manufacture of renewable energy technologies | CE3.3 | 0 | 0.0% | N/EL | N/EL | N/EL | N/EL | N/EL | N |
| Manufacture of component parts for railway vehicles | CE4.3.1.9 | 53 | 0.0% | N | N | N | N | N | N/EL |
| Production of component parts for road vehicles | CE4.3.1.10 | 10 | 0.0% | N | N | N | N | N | N/EL |
| Production of medium-voltage and low-voltage electrical equipment for the transmission and distribution of electricity, which contribute significantly to climate mitigation | CCM3.3.20 | 10 121 | 15.5% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Manufacture of low carbon technologies for transport | CCM3.3.3 | 1 037 | 1.6% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Electricity generation using solar photovoltaic technology | CEM3.3.3 | 29 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Storage of electricity | CE1.0 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Distribution of centralized heating/cooling | CE1.5 | 26 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Electricity generation from wind power | CE3 | 5 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Production of energy for heating/cooling from gaseous fossil fuels in an efficient centralized heating and cooling system | CCM4.3.31 | 98 | 0.2% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Electricity generation from hydropower | CE4.5 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Production of electricity from biomass | CE4.8 | 12 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Transmission and distribution of electricity | CE5.1 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N |
| Repair, restoration and remanufacturing | CE5.2 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Renovation of the water collection, purification and supply system | CE5.2 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N |
| Site of gas parts | CE5.2 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N |
| Site of use of goods | CE5.2 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N |
| Infrastructure for rail transport | CE5.5 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Infrastructure for low-carbon road transport and public transport | CE6.15 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Infrastructure enabling low-carbon road transport and public transport | A6.15 | 898 | 1.4% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Transport by motorbikes, passenger cars and light commercial vehicles | CE6 | 1 973 | 3.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Freight transport services by road | 6.6 | 1 166 | 1.8% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Construction of new buildings | 7.1 | 16 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Renovation of existing buildings | 7.2 | 1 493 | 2.3% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of equipment for energy efficiency | CCM7.3 | 655 | 1.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking, disconnected to buildings) | 7.4 | 105 | 0.2% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings | CCM7.5 | 0 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of technologies for energy from renewable sources | CCM7.6 | 8 | 0.0% | N/EL | N | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of technologies for energy production from renewable sources | CCM7.6 | 8 | 0.0% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of technologies for energy production from renewable sources | CCM7.6 | 570 | 0.9% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Installation, maintenance and repair of technologies for energy from renewable sources | 7.7 | 2 237 | 3.5% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Data processing, storage and related activities | 8.1 | 2 932 | 4.5% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| Computer programming, consulting and related activities | CCM8.2 | 0 | 0.0% | N/EL | N | N/EL | N/EL | N/EL | N/EL |
| Research, development and innovation with market potential (to contribute to mitigating climate change) | CCM9.1 | 326 | 0.5% | N | N/EL | N/EL | N/EL | N/EL | N/EL |
| CapEx of taxonomy - eligible but not environmentally sustainable activities (not taxonomy - aligned) (A.2.) | | 30 077 | 46.1% | 44.94% | 0.01% | 0% | 0% | 1.2% | 0% |
| A. CapEx from Taxonomy-eligible activities (A.1 + A.2) | | 30 077 | 46.1% | 44.94% | 0.01% | 0% | 0% | 1.2% | 0% |
| B. TAXONOMY - NON-ELIGIBLE ACTIVITIES | | | | | | | | | |
| CapEx of taxonomy - non-eligible activities | | | | | | | | | |
| Total (A+B) | | 35 161 | 53.9% | | | | | | |
| | | 65 239 | 100% | | | | | | |

Key Performance Indicator - Operating expenditure

| Financial year 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 1 | Category (enabling activity) (19) | 3 | % | Minimum safeguards (17) | Biodiversity (16) | Circular economy (15) | Pollution (14) | Water (13) | Climate change adaptation (12) | Climate change mitigation (11) | Substantial contribution criteria | | | | | | 2023 | | Proportion of OpEx, 2023(4) | OpEx (3) | in 000 EUR | % | Test | Category (enabling activity) (19) | 3 | % | Minimum safeguards (17) | Biodiversity (16) | Circular economy (15) | Pollution (14) | Water (13) | Climate change adaptation (12) | Climate change mitigation (11) | Substantial contribution criteria | | | | | | 2023 | | Proportion of OpEx, 2023(4) | OpEx (3) | in 000 EUR | % | Test | Category (enabling activity) (19) | 3 | % | Minimum safeguards (17) | Biodiversity (16) | Circular economy (15) | Pollution (14) | Water (13) | Climate change adaptation (12) | Climate change mitigation (11) | Substantial contribution criteria | | | | | | 2023 | | Proportion of OpEx, 2023(4) | OpEx (3) | in 000 EUR | % | Test | 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