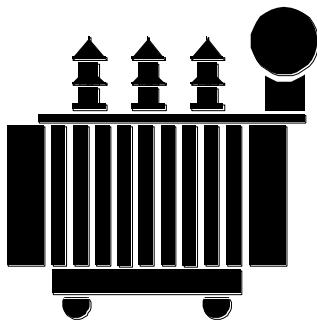


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CORPORATE GOVERNANCE CODE

for KONČAR - Distribution and Special Transformers Inc. for production

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In accordance with the provisions of the Companies Act (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23, 136/24) and the Code of Corporate Governance of the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange Inc., which entered into force on 1 January 2025, based on the prior consent of the Supervisory Board of the Company given at the session held on 6 February 2026, the Management Board of KONČAR – Distribution and Special Transformers Inc. for production (hereinafter: the "**Company**") at its session held on 10 February 2026 adopted the Corporate Governance Code, as presented below.

CORPORATE GOVERNANCE CODE

PREAMBLE

The aim of this Corporate Governance Code (hereinafter: the Code) is to clearly define corporate governance procedures based on the highest international standards and quality and responsible management through the identification and management of risks, supervision of business and management functions of the Company, all for the purpose of:

- implementing the best corporate governance practice,
- realising the Company's business strategy and objectives and ensuring transparency of its operations,
- ensuring accountability and upholding ethical principles in business operations, as well as
- ensuring the Company's sustainability and resilience; and
- increasing its value and competitiveness.

Through its corporate governance mechanisms, the Company demonstrates its commitment to improving the quality of its relationships with relevant stakeholders and strengthens their confidence in its operations.

1. GENERAL PROVISIONS

Article 1

- 1.1. The Company's shares are listed on the regular market as a segment of the regulated market of the Zagreb Stock Exchange Inc. (hereinafter: ZSE), which implies the obligation to publish information on the decisions of the Management Board and the Supervisory Board related to:
 - a) financial statements (unaudited and/or audited, unconsolidated and/or consolidated),

- b) payment of dividends or advance dividends,
- c) increase and decrease in the share capital,
- d) adopting a Treasury Share Buyback Programme,
- e) granting approval for the acquisition and release of own shares,
- f) repurchasing debt securities and
- g) changing the requirements for share issuance.

1.2. The Company's activity is, among other things, the management of companies in which it has predominant membership rights and the supervision of companies in which it has minority rights.

Article 2

2.1. The Company and companies in which it holds the majority of membership rights are open to business partners, especially buyers, and have a permanent duty to develop, improve and enhance products and production processes whilst taking account of the status of technical advancement, and to deliver their products in accordance with the contracted price, time limits and quality requirements.

2.2. Main priorities of the Company are:

- a) development and growth of the Company and the companies in KONČAR – D&ST Group,
- b) improvement of products and production processes,
- c) ensuring employee quality of life and quality of work environment, and
- d) partnership with all the stakeholders with the aim of creating a positive investment climate and generating profits.

2. BASIC PRINCIPLES

Article 3

3.1. The basic principles are:

- a) Transparency and ethical business conduct,
- b) clearly defined procedures for the activities of the Supervisory Board, Management Board and other bodies of the Company, enabling their effective cooperation in the best interests of the Company,
- c) avoidance of conflict of interest,
- d) efficient internal and external audit function,
- e) efficient responsibility system,

- f) equal treatment of shareholders and
- g) safeguarding of employees' rights and interests.

3.2. Any interpretation of the provisions of this Code should primarily be guided by the achievement of the stated objectives and adherence to the aforementioned principles in the best long-term interest of the Company.

3. PUBLIC DISCLOSURE AND TRANSPARENCY

Business transparency

Article 4

- 4.1. The Company, through its website, provides shareholders, potential investors and other stakeholders, in accordance with legal regulations, with easy and non-discriminatory access to accurate, complete and timely information that is disclosed regarding the Company's ownership structure, corporate governance mechanisms, and financial and operating results, as well as information on facts and circumstances that may affect the share price, all in accordance with the Company's Rules on Treatment of Prescribed and Privileged Information.
- 4.2. The Company shall publish the following within the prescribed deadlines:
 - a) the Company's annual report,
 - b) semi-annual and quarterly reports and other financial information required to be disclosed,
 - c) the sustainability report,
 - d) information on the Supervisory Board,
 - e) the Company's policies on social impact and environmental impact, human rights, an inclusive working environment, bribery and corruption, and discrimination,
 - f) the code of conduct and the method of reporting irregularities,
 - g) the report on corporate income tax information,
 - h) details of changes in the holdings of shares by members of the Supervisory Board and the Management Board, other persons discharging managerial responsibilities, and persons closely associated with them, which must be reported under relevant laws and other regulations, as well as transactions with related persons,
 - i) the remuneration policy and the annual remuneration report,
 - j) the risk management policy,

- k) a calendar of corporate events over the next twelve months,
- l) materials related to General Assembly meetings, and
- m) the name and contact details of the contact person responsible for investor relations.

4.3. The Company publishes the information on its website in Croatian language.

4.4. The Supervisory Board and the Management Board are jointly responsible for the accuracy and completeness of the financial and other information published by the Company.

Financial Statements

Article 5

- 5.1. The Company prepares its financial statements (annual, semi-annual and quarterly reports) in accordance with the International Financial Reporting Standards and, upon adoption by the competent bodies of the Company, publishes them within the prescribed deadlines in the Central Register of Prescribed Information (SRPI), the ZSE website, the Company's website and the Croatian News Agency (HINA).
- 5.2. Annual, semi-annual and quarterly reports are the most important and complete source of information about the Company.

4. EQUAL TREATMENT OF SHAREHOLDERS

Article 6

- 6.1. The Company treats all shareholders equally, in accordance with the positive regulations, the Company's Articles of Association, the Company's general acts governing the rights of shareholders and the Company's bodies, and in accordance with this Code.
- 6.2. The Company treats all shareholders in the same manner and under equal conditions, regardless of the number or type of shares they hold, so that all shareholders have equal access to information about the Company and are able to fully participate in the General Assembly and exercise their rights.

Article 7

- 7.1. The company appoints a person in charge of investor relations who monitors the rights to the shares and the subscription status thereof in accordance with the applicable regulations, and whose duties must include prompt response to requests for information.

Article 8

- 8.1. Shares are issued as dematerialised securities and recorded on the shareholders' equity accounts in the information system of the Central Depository and Clearing Company (hereinafter: CDCC), in the form of electronic records.
- 8.2. A shareholder is considered to be the one on whose account the Company's shares are registered in the CCDC.

5. COMPANY BODIES

General Assembly

Article 9

- 9.1. The Management Board of the Company is obliged to convene the General Assembly once a year.

Article 10

- 10.1. Shareholders exercise their rights in the Company at the General Assembly.
- 10.2. Shareholders participate in the General Assembly in person or through proxy.
- 10.3. Shareholders may participate in the General Assembly and exercise the right to vote in accordance with the Company's Articles of Association.

Article 11

- 11.1. The President and Deputy President of the Supervisory Board, chairpersons of the Supervisory Board committees, and all Management Board members shall attend General Assembly meetings and be available to answer questions from shareholders. The external auditor shall attend the General Assembly meeting at which financial reports are presented.
- 11.2. The Management Board shall submit to the General Assembly a report on the state of affairs in the Company, which must be prepared in a clear and comprehensible manner, include all aspects of business activities throughout the whole year compared to the preceding years, as well as an accurate, complete and fair presentation of assets and expenditures, financial position of the Company and the future business plan.
- 11.3. The Supervisory Board shall submit an annual report to the General Assembly, in which, apart from providing information prescribed by law, it shall evaluate the

overall business performance of the Company and activities of the Management Board and comment on its cooperation with the Management Board.

- 11.4. The Supervisory Board shall inform the General Assembly of the conflict of interest, if any, involving its members and members of the Management Board, as well as of the measures taken with regard thereto.

Supervisory Board

Article 12

- 12.1. The main responsibilities of the Supervisory Board are the appointment and dismissal of Management Board members and succession planning, supervision over the Management Board's activities relating to managing the Company's affairs, monitoring the Management Board's performance with regard to achieving objectives and the manner in which it performs its duties, supervising how the Management Board cooperates with shareholders and other stakeholders, and submission of reports on the conducted evaluation of the Supervisory Board and its committees.
- 12.2. The Supervisory Board shall ensure the existence of formal and transparent procedures for appointment of Management Board members as well as for the selection of senior management, enabling the selection of candidates based on objective criteria and, under equal conditions, giving preference to a candidate of the underrepresented gender.
- 12.3. The Supervisory Board shall define the profile of the Management Board, determining the minimum number of members and the combination of skills, knowledge and education, as well as professional and practical experience required for the Management Board. The Supervisory Board shall ensure the prescribed representation of the underrepresented gender on the Supervisory Board, or jointly on the Supervisory Board and the Management Board.
- 12.4. Supervisory Board members' term of office shall not be binding, which means that every Supervisory Board member performs their duty independently and at their own responsibility, irrespective of who nominated or appointed them.
- 12.5. Supervisory Board members shall perform their duties with due care and diligence, keep any business secrets of the Company confidential, and dedicate enough time to their duties in order to perform them effectively.
- 12.6. The President of the Supervisory Board shall ensure that a plan of activities is prepared and that the timing and agenda of future meetings enable members of the Supervisory Board to perform their duties effectively and in a timely manner.
- 12.7. The Supervisory Board Committees shall meet as often as necessary for the effective performance of their duties and shall report regularly to the Supervisory Board on their activities.

12.8. The Supervisory Board shall adopt its internal rules of procedure, which shall not restrict the freedom of any member to act independently. No Supervisory Board document shall prevent or restrict individual Supervisory Board members from acting in compliance with legal regulations. Furthermore, each member shall avoid abusing their powers and shall always strive to coordinate their activities with the activities of other members of the Supervisory Board.

Article 13

13.1. The number of Supervisory Board members, their election and appointment are stipulated by the Company's Articles of Association. The Supervisory Board is responsible for recommending candidates for the Supervisory Board to the General Assembly.

13.2. Supervisory Board members should meet appropriate standards in terms of their education and professional experience, and should comprise a combination of genders, ages, profiles and experience in order to ensure diversity of perspectives in decision-making, while ensuring balanced representation of both genders; at least one member of the Supervisory Board shall possess financial expertise. All the members shall have high moral standards and be able to dedicate enough time to perform their duties in the Supervisory Board effectively.

13.3. Immediately after the election or appointment, each member of the Supervisory Board shall familiarize himself/herself with the Company's operations, the role of the Supervisory Board in the functioning of the Company and his/her personal rights and obligations. The President of the Supervisory Board shall ensure that, upon appointment, all members of the Supervisory Board receive induction training with regard their role, as well as ongoing training and education to refresh and enhance their skills and knowledge, in particular with regard to business sustainability, responsible business conduct and achieving balanced representation of both genders in the Supervisory Board, the Management Board and senior management.

13.4. The President shall ensure that the Supervisory Board receives regular updates and briefings from the Management Board and experts on matters that are important for the Company and for the duties of Supervisory Board members.

Article 14

14.1. Each member of the Supervisory Board shall notify the Company and the Croatian Financial Services Supervisory Agency (hereinafter: Hanfa) of subsequent transactions conducted for their own account relating to the shares of the Company once the total amount of such transactions has reached the threshold set out in Article 19 of the Regulation (EU) No 596/2014 on market abuse. Such notifications shall be made promptly and no later than 3 (say: three) days after the date of the transaction.

- 14.2. A member of the Supervisory Board shall not conduct any transactions for their own account or for the account of a third party, directly or indirectly, relating to the Company's shares during a closed period of 30 (say: thirty) calendar days before the announcement of an interim financial report or a year-end report in accordance with the corporate events calendar published on the Company's website.
- 14.3. Each member of the Supervisory Board shall notify, in writing, any person closely related to them of their obligations under the Company's Rules on Treatment of Prescribed and Privileged Information.

Article 15

- 15.1. Each Supervisory Board member shall notify, in writing, the Company Secretary of all their holdings in companies that engage in activities that compete with the Company's business, and details of such holdings shall be made freely available on the Company's website.
- 15.2. Each Supervisory Board member shall notify, in writing, the Company Secretary of their membership in supervisory and/or management boards of other companies.
- 15.3. A Supervisory Board member shall not be a member of the supervisory board in a company that may be considered as competing with the Company's business.

Article 16

- 16.1. The Supervisory Board shall establish the following committees:
 - Nomination Committee,
 - Remuneration Committee,
 - Audit Committee.consisting of at least three members each, and members of the Management Board may not be members of the Board of the Supervisory Board.
- 16.2. The Supervisory Board shall ensure that the members of each of its committees have the necessary skills, knowledge and education, as well as the professional and practical experience, to effectively discharge the committee's responsibilities.
- 16.3. The committees of the Supervisory Board shall meet as often as necessary for the effective performance of their duties and shall regularly report to the Supervisory Board on their activities. Persons who are not members of a particular Supervisory Board committee may attend committee meetings only at the invitation of the committee.
- 16.4. The Chair of each committee may communicate directly with stakeholders when they consider this necessary for the performance of the duties within the committee's remit. The President of the Management Board shall be informed in advance of such communication between the committee Chair and stakeholders. Subsequently, at

the first following regular committee meeting, all committee members shall be notified of such communication.

16.5. The Supervisory Board is entitled to organize meetings with external stakeholders to better understand matters important to the Company, including understanding external stakeholders' views on the Company's performance and reputation. The President of the Management Board shall be informed in advance of the organization of meetings between the Supervisory Board and external stakeholders.

Nomination Committee

Article 17

17.1. The Nomination Committee proposes candidates who can fill vacancies in the Management Board and the Supervisory Board.

17.2. The duties of the Nomination Committee are:

- a) supervising the process of appointing members of the Supervisory Board and the Management Board to ensure that it is fair, transparent and non-discriminatory, that it promotes diversity, inclusion and equal opportunities, and that it achieves balanced representation of both genders,
- b) developing role descriptions and candidate profiles for each vacancy in line with the profile of the Management Board and/or the Supervisory Board (where necessary, in consultation with the President of the Management Board or the President of the Supervisory Board), as well as identifying and recommending suitable candidates to the Supervisory Board,
- c) determining the independence of candidates for the Supervisory Board,
- d) agreeing the terms of appointment with potential new members of the Management Board or the Supervisory Board, including their expected time commitment,
- e) preparing a succession plan for the reappointment or replacement of members of the Supervisory Board and the Management Board, in consultation with the President of the Supervisory Board or the President of the Management Board, as applicable,
- f) monitoring progress in achieving the target percentage of female members of the Management Board and the Supervisory Board, as well as of senior management,
- g) supervising the Management Board's policy in the selection and appointment of senior management members,
- h) monitoring internal evaluations and
- i) employee surveys on gender equality and equal opportunities within the Company.

17.3. The Nomination Committee shall analyze proposals of the Management Board and consult with the President of the Management Board, who may submit proposals to the Nomination Committee, especially with regard to matters relating to members of the Management Board.

17.4. The Remuneration Committee shall be governed by the Company's Remuneration Policies established by the Company's Supervisory Board and approved by the Company's General Assembly.

Audit Committee

Article 18

18.1. The tasks of the Audit Committee are:

- a) supervising the accuracy and completeness of the Company's financial statements and accounting policies, as well as other official announcements relating to the Company's financial performance,
- b) supervising the accuracy and completeness of the sustainability report, reporting policies and other official sustainability-related announcements,
- c) adopting decisions on prior consent to transactions with related persons,
- d) assessing the effectiveness of procedures for the approval and disclosure of transactions with related persons at least once a year,
- e) supervising the implementation of tax planning, including the allocation of corporate income tax arising from cross-border activities,
- f) supervising the effectiveness of the Company's internal financial controls,
- g) ensuring the adequacy, independence and effectiveness of the external audit function,
- h) ensuring the independence and adequacy of the internal audit function,
- i) recommending to the Supervisory Board the appointment or dismissal of the head of the internal audit function,
- j) supervising the implementation of measures determined as a result of external and internal audits and the Committee's own supervision.

18.2. If the Supervisory Board or a special committee of the Supervisory Board fails to do so, the Audit Committee must:

- a) supervise the effectiveness of the Company's overall internal control systems and risk management systems, and
- b) supervise the application of procedures for reporting breaches of law or the Company's code of conduct.

18.3. The Audit Committee must:

- a) assess the effectiveness of the risk management system and internal control as a whole at least once a year and, if necessary, make recommendations to the Supervisory Board and the Management Board of the Company,
- b) evaluate the effectiveness of the whistleblowing procedure and its application at least once a year;
- c) agree with the internal auditor on the annual internal audit work plan, receive the internal auditor's reports and supervise the implementation of his recommendations,
- d) supervise the selection and appointment of the external auditor in accordance with legal requirements and make recommendations to the Supervisory Board for the selection of the external auditor and the conditions for his/her appointment,
- e) agree on an annual work plan with the external auditor, including the scope and content of the activities to be audited;
- f) meet with an external auditor as necessary to discuss the issues identified during the audit and to monitor the quality of the services provided;
- g) monitor the independence and objectivity of the external auditor and approve the policy on the permitted non-audit services provided by the external auditor and monitor the implementation of that policy.

Article 19

19.1. The Supervisory Board shall have the right to seek the opinion or advice of persons outside the Company at the expense of the Company, in the event that it is necessary for the successful performance of its duties.

19.2. In the case referred to in the previous paragraph of this Article, the President of the Supervisory Board shall inform the Management Board of the Company of the need to seek an opinion or advice from a person outside the Company and submit a request to the Management Board for the Company to collect bids in this regard on its own behalf and on its own account.

19.3. At the request of the President of the Supervisory Board to seek an opinion or advice from a person outside the Company, the Management Board of the Company will collect at least three offers on the basis of which the Management Board and the Supervisory Board will jointly make a decision on accepting the offer.

Management Board

Article 20

- 20.1. The Management Board of the Company manages the Company's affairs independently and on its own responsibility and makes all decisions exclusively according to its own discretion.
- 20.2. The role of the Management Board in the management of the Company is determined by positive regulations, the Statute, general acts of the Company and this Code.
- 20.3. The Management Board is obliged to always act exclusively for the benefit of the Company, taking into account the interests of employees and the wider community, with the aim of increasing the value of the Company.

Article 21

- 21.1. The number of members of the Management Board, appointment and the period for which they are appointed are prescribed by the Company's Articles of Association.
- 21.2. When forming the Management Board, the Supervisory Board must ensure that the members of the Management Board have diverse experience, education, including:
 - a) experience in business management, developed organizational skills,
 - b) experience in identifying and monitoring risks and resolving crisis situations,
 - c) knowledge of accounting and finance,
 - d) knowledge of the basics of corporate governance theory as well as the practice of corporate governance and knowledge of capital markets,
 - e) knowledge of the Company's field of activity,
 - f) knowledge of the national and international market,
 - g) connecting all interests within the company.
- 21.3. Each member of the Management Board must contribute to the achievement of the overall goals of the Company with his/her personal qualities, be familiar with good corporate governance practices and have a strategic vision, in order to optimally fulfill the role of the Management Board.
- 21.4. In addition to meeting the above conditions, the President of the Management Board must have a reputation as a recognized and good businessman in the wider economic environment and be a person with comprehensive responsibility for the day-to-day operations of the Company and must:
 - a) lead the development and implementation of the company's strategy, business plan and budget,

- b) assign responsibilities to other members of the management board and supervise their performance,
- c) ensure that the Management Board operate effectively and
- d) maintain contact with the Supervisory Board, shareholders and key stakeholders.

Article 22

22.1. The duties of the Management Board must include:

- a) developing and implementing the Company's strategy and business plans,
- b) managing the Company's operations and resources,
- c) promoting the Company's values and ethics,
- d) setting, as a target for the next five years, the percentage representation of the underrepresented gender in senior management, to be disclosed in the annual report,
- e) selecting and appointing members of senior management, taking into account balanced representation of both genders,
- f) implementing effective risk management and internal control systems, and
- g) maintaining constructive relationships with all shareholders and key stakeholders.

22.2. The Management Board must adopt its own rules of procedure that define the distribution of responsibilities and the manner of cooperation among the members of the Management Board, including the procedures for holding meetings and decision-making. The Rules of Procedure of the Management Board must be approved by the Supervisory Board.

22.3. Each member of the Management Board is obliged to notify the Company and HANFA of subsequent transactions executed on their own account relating to the Company's shares when these transactions reach the amount prescribed by Article 19 of the Act. EU Regulation No. 596/2014 on market abuse, immediately or no later than within 3 (in writing: three) days from the date of the transaction.

22.4. A member of the Management Board may not directly or indirectly perform any transactions with the Company's shares, either on his own account or on behalf of a third party, during the trading ban period of 30 (in writing: thirty) calendar days prior to the publication of the financial report for the periods during the year or the final annual report in accordance with the calendar of corporate events publicly published on the Company's website.

22.5. Each member of the Management Board is obliged to inform the person closely related to him in writing about his obligations in accordance with the Company's Rules on Treatment of Prescribed and Privileged Information.

Article 23

- 23.1. The Management Board shall report to the Supervisory Board at regular intervals on all the facts and circumstances that may affect the Company's performance. For significant decisions affecting the Company's strategy, expenditures, risk exposure, resilience, the outcomes of interactions with shareholders and other stakeholders, and the Company's reputation, the Management Board shall seek the prior consent of the Supervisory Board in accordance with the Company's Articles of Association.
- 23.2. The Management Board must, with the prior approval of the Supervisory Board and taking into account sustainability considerations, adopt a policy that determines the nature and extent of the risks that the Company must and is willing to assume in order to achieve all long-term strategic objectives ('risk appetite') and risk management.
- 23.3. The Management Board must annually assess its own effectiveness, as well as the effectiveness of individual members, and report its conclusions to the Supervisory Board.
- 23.4. The Management Board is responsible for supervising the completion of the annual questionnaires, which in the case of compliance questionnaires includes explanations for all cases of non-compliance with the applicable Corporate Governance Code.
- 23.5. Before it is published and submitted to HANFA, the completed compliance questionnaire must be approved by the company's Supervisory Board.

Article 24

- 24.1. The Management Board of the Company, as the leading company of KONČAR – D&ST Group, is responsible for the strategic management and long-term success of entire KONČAR – D&ST Group and, through membership in the supervisory boards of daughter companies, supervises their operations and investments in daughter companies.
- 24.2. The Management Board of the leading company ensures appropriate cooperation within KONČAR – D&ST Group, taking into account the timely and quality exchange of information between the companies of KONČAR – D&ST Group.

Company Secretary

Article 25

- 25.1. The Management Board appoints the Company Secretary.
- 25.2. Responsibility of the Company Secretary:

- h) Ensuring that the Supervisory Board acts in accordance with the Supervisory Board's procedures,
- i) advising the Supervisory Board on governance matters,
- j) supporting the President of the Supervisory Board,
- k) helping the Supervisory Board and its committees to function efficiently,
- l) receiving notifications from the members of the Management Board on the companies outside KONČAR – D&ST Group and/or KONČAR Group in which such members and/or their spouse and/or their children have holdings/membership rights,
- m) receiving notifications from the members of the Management and Supervisory Boards on their holdings in companies that engage in activities competing with the Company's business, or companies that are considered to be the Company's competitors, forwarding such notifications to be published on the Company's website,
- n) receiving notifications from the members of the Management and Supervisory Boards on their membership in supervisory or management boards of companies outside KONČAR – D&ST Group.

6. RELATIONS AND COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Article 26

26.1. The Supervisory Board and the Management Board of the Company are obliged to cooperate directly in the best, long-term sustainable interest of the Company and to jointly discuss and reach an agreement on the strategic determinants of the Company's operations.

26.2. The Supervisory Board and the Management Board must agree and adopt policies regarding:

- a) Assessing the impact of the Company's activities on the environment and the community and managing the related risks throughout the entire value chain,
- b) safeguarding human rights, children's rights and workers' rights, in particular the rights of persons with disabilities, throughout the entire value chain,
- c) fostering an inclusive working environment, in particular for persons with disabilities,
- d) achieving a balance between employees' professional and private lives,
- e) ensuring equal pay for different genders for equal work and/or work of equal value,

- f) preventing and sanctioning any form of discrimination, in particular on the grounds of gender and disability, and protecting persons reporting discrimination,
- g) preventing and sanctioning bribery and corruption and protecting reporting persons,
- h) tax planning, including the allocation of corporate income tax generated from cross-border activities in a manner ensuring that the majority of such tax is paid in the jurisdictions in which such activities are carried out and income is generated,
- i) establishing communication between the Company and its key stakeholders,
- j) applying due diligence procedures and measures to be observed throughout the Company, its daughter companies and, where appropriate, its direct and indirect business partners.

26.3. The Management Board shall provide the Supervisory Board and its committees with timely access to the Company's facilities, premises, senior management and employees when necessary for the performance of their duties, and to all documents needed for these purposes. The President of the Supervisory Board or the chairman of a particular committee will notify the President of the Management Board of such necessity, and agree with him/her on the manner and terms of communication, as well as on the access to the requested documents.

26.4. All members of the Company's Management Board shall attend the meetings of the Supervisory Board except when matters under discussion directly concern the Management Board or some of its members, especially when matters being discussed pertain to dismissal, responsibility or remuneration of the Management Board members. The Supervisory Board is entitled to meet without the participation of the Management Board when it considers this appropriate.

26.5. The Management Board shall submit timely and comprehensive reports to the Supervisory Board on all the facts and circumstances which may influence the performance, financial position and assets of the Company and its daughter companies, and shall allow members of the Supervisory Board access to all facilities and premises of the Company as well as to all records and files necessary for the performance of their duties.

7. CONFLICT OF INTEREST

Article 27

27.1. A conflict of interest occurs where relations of the Management or Supervisory Board member with other companies, persons or business activities lead to the assumption that he/she might have interests not necessarily being equal to the interests of the

Company, which may result in his/her making a decision based on the interests or preferences not necessarily corresponding with the interests of the Company.

- 27.2. Members of the Management or Supervisory Boards shall act in the best long-term interest of the Company, and not in their own interests or the interests of individual shareholders or other parties. In assessing the interests of the Company, members of the Management Board and the Supervisory Board shall take into account the interests of employees, shareholders (including minority shareholders) and other stakeholders.
- 27.3. Management and Supervisory Board members shall immediately notify the President of the Supervisory Board, and the President of the Supervisory Board shall immediately notify other Supervisory Board members of any personal interests in the Company's affairs.
- 27.4. Management and Supervisory Board members may not disclose or use any information obtained in the performance of their function for personal interests or interests of any third parties.

Article 28

- 28.1. The Member of the Management Board is obliged to inform the Company about companies outside the KONČAR – D&ST Group and/or the KONČAR Group in which the Member of the Management Board and/or his/her spouse and/or children have shares/membership rights. Notification of shares/membership rights shall be submitted to the Company Secretary.
- 28.2. For membership in the Management Board and Supervisory Boards of other companies outside the KONČAR – D&ST Group and/or the KONČAR Group, a member of the Management Board of the Company must obtain the prior consent of the Company's Supervisory Board. Notification of membership in the supervisory boards of other companies outside the KONČAR Group shall be submitted to the Company Secretary.
- 28.3. If the Supervisory Board of the Company determines that there is a suspicion of a potential conflict of interest based on the existence of shares/membership rights and/or membership in the Management Board and Supervisory Boards of companies that are not part of the KONČAR – D&ST Group and/or the KONČAR Group, the members of the Management Board and/or his/her spouse and/or children will be obliged to transfer the shares/membership rights to a third party or withdraw from membership in the Supervisory Board.

Article 29

- 29.1. Members of the Management Board and members of the Supervisory Board may not perform activities that compete with the Company's business, either for their own account or for someone else's account, nor be members of the Management Board or Supervisory Board of companies that perform such activities.

Article 30

30.1. Members of the Management Board may not have a significant share/membership rights in companies that can be considered competitive with the Company, and members of the Supervisory Board are obliged to publicly disclose the size and any changes in shares/membership rights in companies that can be considered competitive with the Company. Notification of shares/membership rights in companies that can be considered competitive with the Company shall be submitted to the Company Secretary.

8. AUDIT AND INTERNAL CONTROL MECHANISMS

Article 31

31.1. The Company is aware of the importance and role of audit for the success of corporate governance and legality and transparency in the conduct of all business processes in the Company.

31.2. The Company is required to have independent external auditors as an important instrument of corporate governance, in order to ensure that the financial statements adequately reflect the actual state of the Company as a whole.

31.3. An independent external auditor shall be considered an auditor who is not interest-related to the Company and does not provide, alone or through related parties, any other services to the Company.

31.4. Independent external auditors shall, unambiguously and as clearly as possible, give their opinion on whether the financial statements prepared by the Management Board adequately present the balance of capital and financial situation of the Company, as well the results relating to a certain period of time.

Article 32

32.1. The task of the Internal Audit Department and chief internal auditor shall be supervision of the internal control system, as well as verifying compliance with regulations, guidelines and instructions. Internal auditors shall submit reports on the results directly to the Audit Committee, i.e., the Supervisory Board of the Company. The Supervisory Board shall approve the internal auditors' work plan, analyse their results and monitor the implementation of their recommendations.

32.2. The Supervisory Board shall actively participate in planning of activities of internal auditors.

32.3. Roles and responsibilities within the Internal Audit Department are defined by the Company's Internal Audit Charter.

9. INVESTOR RELATIONS

Article 33

- 33.1. The Management Board of the Company is obliged to make available to investors balanced data relating to both the positive and negative sides of the Company's business, in order to enable investors to properly understand and judge the condition of the Company and to make a decision about their investments based on the data collected in this way.
- 33.2. Investors will always have the opportunity to request and receive relevant information in writing from the Management Board of the Company or from the person in charge of investor relations in the company.

10. STAKEHOLDERS

Article 34

- 34.1. Stakeholders are considered to be persons who assume certain direct or indirect risks in relation to the Company and in connection with the Company.
- 34.2. The Supervisory Board and the Management Board identified as key stakeholders for the Company: shareholders, employees, customers and users of the Company's services, suppliers, creditors, local community and state authorities.
- 34.3. The Management Board is responsible for transparent and quality relations between the Company and stakeholders, which is obliged to ensure that the Company respects all the rights of stakeholders based on positive regulations and good business practices.
- 34.4. No one may suffer negative consequences if they point out to the competent bodies or bodies of the Company or outside them deficiencies in the application of regulations or ethical standards within the Company.

11. PUBLISHING OF INFORMATION ON THE PROVISIONS OF THE CODE

Article 35

- 35.1. In its annual report as well as on its website, the Company shall state on the prescribed forms whether it has complied with all the recommendations set out in the Code of Corporate Governance of HANFA and ZSE and this Code.
- 35.2. The Code of Corporate Governance of HANFA and ZSE and this Code and its recommendations are based on the principle of "act or explain", i.e. if the Company

deviates or does not apply any of the recommendations, it must explain in the annual questionnaires why the non-application or deviation occurred.

12. FINAL PROVISIONS

Article 36

- 36.1. All members of the Company's bodies and employees of the Company are obliged to comply with this Code.
- 36.2. The Management Board and/or the Supervisory Board shall ensure periodic monitoring of the implementation and effectiveness of this Corporate Governance Code and shall notify the General Assembly in the event of any deviation from this Corporate Governance Code.
- 36.3. This Code has been adopted by the Management Board based on the prior consent of the Supervisory Board and may be amended in the same way.

President of the Management Board:

Vanja Burul



President of the Supervisory Board:

Gordan Kolak

