

ESG Supplementary Information Document 2025



KONČAR
D&ST

GROUP KONČAR – Distribution and Special Transformers Inc. for manufacturing

Introductory Note

The KONČAR-D&ST Group (hereinafter: D&ST) consists of KONČAR - D&ST Inc., Ferokotao Ltd, Novi Feromont d.o.o., and Power Engineering Transformatory Sp. z o.o. (PET). D&ST is one of the leading European manufacturers of distribution, medium power and special transformers. As a member of the KONČAR Group, D&ST develops, manufactures and delivers technologically advanced transformer solutions for customers in the energy, industrial, infrastructure and renewable energy sectors across domestic and international markets.

As a listed on the Zagreb Stock Exchange, with ordinary shares (KODT-R-A) and shares without voting right (KODT P-A), D&ST conducts its business in accordance with applicable Croatian and European legislation, while continuously strengthening its corporate governance framework, transparency and accountability towards shareholders, investors, employees, customers, suppliers and other stakeholders.

Sustainability principles have been integrated into D&ST's business operations for many years, with environmental protection, responsible resource management, employee wellbeing, occupational health and safety, business ethics, innovation and product quality representing key elements of the D&ST's long-term development strategy. D&ST continuously develops its approach to identifying, managing and monitoring environmental, social and governance (ESG) impacts, risks and opportunities throughout its operations and value chain.

In accordance with the Corporate Sustainability Reporting Directive (CSRD), the Croatian Accounting Act and the European Sustainability Reporting Standards (ESRS), sustainability-related disclosures for the reporting year 2025 are incorporated into the D&ST Sustainability Report 2025. The Sustainability Report provides information on the D&ST's material impacts, risks and opportunities identified through the double materiality assessment process, as well as the corresponding policies, actions, targets and performance indicators. The Sustainability Report for 2025, subject to limited assurance, represents the primary source of publicly disclosed ESG-related information for the reporting period from 1 January 2025 to 31 December 2025.

As part of its ongoing efforts to obtain and maintain an ESG Score assigned in accordance with the London Stock Exchange Group (LSEG) ESG assessment methodology, D&ST has prepared this ESG Supporting Information Document to provide additional information on ESG-related practices, policies, management approaches, governance mechanisms, procedures and initiatives that may not be fully covered within the Sustainability Report 2025.

The document also includes supplementary information relating to sustainability topics that were assessed as not material under the double materiality assessment process and are therefore not subject to detailed disclosure requirements under ESRS. Furthermore, it provides additional qualitative information and supporting evidence requested as part of the LSEG ESG Score assessment process where relevant information is not publicly disclosed through the Sustainability Report or other corporate publications.

Its purpose is to provide greater transparency regarding ESG management practices within D&ST and to support external ESG assessment processes through additional evidence, explanations and contextual information.

This document should therefore be read in conjunction with the [Consolidated Annual Report 2025](#), and other publicly available corporate disclosures, together providing a

comprehensive overview of D&ST's approach to environmental, social and governance matter.

Environment

1. Environmental Governance & Management

Electronic Waste (E-Waste) Management Initiatives and E-waste reduction

To support commitment to Electronic Waste (E-Waste) Management Initiatives, D&ST promotes the proper handling, collection, reuse, recycling, and disposal of end-of-life electronic and electrical equipment. Obsolete or non-functional IT and electronic equipment is disposed of in accordance with applicable legal requirements and is handed over exclusively to authorized waste management and recycling operators, ensuring environmentally treatment and recovery of materials. D&ST offers its employees the option of buying back excess working electronic equipment (computers, laptops, etc.) when exchanging it for a newer model.

Where technically and economically feasible, the D&ST maximizes the lifespan of device by seeking to extend the useful life of electronic equipment through maintenance, repair, refurbishment, and internal reuse.

In addition, the D&ST encourages the responsible collection and recycling of consumables and electronic components, including toner cartridges, batteries, transformers, and other electronic materials. Employees and relevant stakeholders are provided with information and guidance on the proper disposal and recycling of such items to ensure compliance with environmental regulations and best practices.

Through these initiatives, the D&ST aims to minimize the amount of electronic waste sent to landfill, promote the recovery of valuable materials, reduce environmental pollution, and contribute to the sustainable use of natural resources.

Environment Management Team

D&ST has established a comprehensive management system that integrates environmental protection, energy management, and occupational health and safety into all areas of its operations.

Environmental protection, efficient energy use, and workplace safety are shared responsibilities of all employees. Staff are required to perform their duties in a manner that minimizes environmental impacts, promotes responsible energy use, and supports safe working conditions, while promptly reporting any risks, incidents, or non-compliance.

Environmental and energy considerations are embedded throughout the value chain. Sales, engineering, procurement, production, quality control, and product development functions are responsible for ensuring that products, services, materials, and processes meet defined environmental and energy-performance requirements. Procurement activities include the selection of suppliers capable of meeting environmental, energy, and health and safety standards and promoting the use of environmentally preferable materials.

To support continuous improvement, D&ST operates an integrated HSE Committee that oversees environmental, energy, and occupational health and safety performance, reviews improvement initiatives, evaluates risks and environmental aspects, and monitors compliance with legal and internal requirements. In addition, a dedicated Energy

Management Team monitors energy performance and contributes to the continual improvement of energy efficiency.

Environmental Partnerships and Restoration Initiatives

As part of its commitment to environmental partnership and restoration initiatives, D&ST cooperates with specialised environmental organisations, protected-area bodies and public forestry institutions on afforestation, reforestation and nature conservation. In 2025, D&ST participated in initiatives delivered in cooperation with Project O₂, the Medvednica Nature Park, Compensating by Planting and Croatian Forests (Hrvatske šume), within the programme organised by KONČAR Group, which in 2025 entered its fourth consecutive year and extended across Croatia.

D&ST cooperates with Project O₂, an organisation specialising in reforestation using advanced drone-based planting technology, which accelerates the planting process by three to five times compared with traditional methods. Through this cooperation, a drone-assisted reforestation action was carried out in the Zaprešić area in 2025, in which 3,000 seed bombs of native species and 100 seedlings were planted over an area of one hectare, with the participation of D&ST's employees and children from the Vrtuljak Kindergarten. The partnership contributes to the preservation of natural resources, the restoration of native ecosystems and the mitigation of climate change, while reinforcing community engagement and environmental awareness.

D&ST also cooperates with the Medvednica Nature Park, together with the KONČAR Volunteer Club, on clean-up and waste-collection initiatives within this protected area, including a dedicated action held in the lead-up to Earth Day. Organised into volunteer groups, employees removed waste from hiking trails and green areas across the Park. Through this ongoing partnership, D&ST contributes to the protection and restoration of a protected natural area and its forest habitats, and to the conservation of Zagreb's forest ecosystems.

In addition, D&ST cooperates with Compensating by Planting and with Croatian Forests (Hrvatske šume), the national public forestry institution, on reforestation projects and environmental conservation efforts across Croatia. Through tree-planting campaigns, forest restoration activities and other nature-based initiatives carried out with these partners, D&ST supports biodiversity protection, carbon sequestration and the long-term preservation of natural ecosystems.

Environmental Supply Chain Monitoring

D&ST systematically monitors and evaluates the environmental and sustainability performance of its suppliers through supplier questionnaires, audits, site visits, performance assessments, and ongoing supplier monitoring processes.

As part of its supplier evaluation and monitoring procedure, key suppliers undergo a comprehensive assessment process that may include supplier self-assessments, on-site audits, review of third-party reports, and supplier visits. During these assessments, D&ST evaluates suppliers' environmental management practices, compliance with environmental regulations, corporate responsibility, occupational health and safety performance, and overall sustainability commitments.

Supplier audits specifically assess environmental protection practices, the environmental impacts of suppliers' operations, sustainability-related management systems, and

compliance with documented procedures. Audit teams may include representatives from procurement, quality, engineering, management systems, and sustainability functions.

In addition, D&ST conducts an annual sustainability survey of key suppliers to collect information on ESG related activities and sustainable business practices. The survey evaluates topics such as waste reduction, use of recycled materials, renewable energy use, environmental initiatives, and broader sustainability performance. Survey results are scored, analysed, and incorporated into the supplier performance evaluation process.

Supplier performance is monitored on an ongoing basis through defined key performance indicators, including a sustainability criterion that considers suppliers' commitment to sustainable development, resource efficiency, waste reduction, and environmental improvements. Suppliers may be re-evaluated periodically, and supplier audits are typically repeated every three years or more frequently when necessary.

Through these surveys, audits, site visits, and performance reviews, D&ST promotes continuous environmental improvement across its supply chain and integrates sustainability considerations into supplier selection and management processes.

Environmental and Human Rights Breaches Supply Chain Partnership Termination

All partners within the D&ST supply chain are expected to comply with the standards set out in the KONČAR Group Supplier Code of Conduct. The Code establishes requirements relating to legal compliance, human and labour rights, occupational health and safety, environmental responsibility, anti-corruption practices, and data confidentiality. Emphasis is placed on the prohibition of discrimination, child labour, and forced labour, as well as on ensuring safe and fair working conditions.

Compliance with these requirements is supported through the D&ST's supplier qualification, evaluation, and procurement procedures. Key suppliers are generally expected to demonstrate their commitment to the principles of the D&ST Supplier Code of Conduct, either by signing the Code or by confirming that they have their own equivalent compliance framework or Code of Conduct in place.

Where supplier assessments identify non-compliance with environmental requirements or other sustainability criteria, D&ST is prepared to implement corrective actions and improvement measures in cooperation with the supplier. Suppliers are expected to address identified deficiencies within agreed timeframes and demonstrate continuous improvement in their environmental performance.

Should a supplier fail to meet the defined environmental and social requirements, refuse to implement corrective actions, or repeatedly demonstrate non-compliance with the D&ST's sustainability standards, D&ST reserves the right to reassess the business relationship and, where necessary, terminate contractual cooperation. Through this approach, the D&ST promotes responsible supply chain management and ensures that environmental and sustainability expectations are consistently upheld throughout its value chain.

2. Climate Change & Energy

Environmental Expenditure And Investments

D&ST recognizes that climate change presents both commercial opportunities and business risks. As the global energy sector transitions towards greater energy efficiency and lower carbon emissions, the D&ST continuously adapts its products and technologies to meet evolving market, regulatory, and customer requirements.

A key opportunity for D&ST lies in the development of transformers with lower energy losses. Energy efficiency is integrated throughout all stages of transformer design and production, making it an important driver of competitiveness in international markets. The D&ST's products comply with the EU Eco-design Directive and related regulations aimed at improving transformer efficiency, reducing energy losses, and lowering the environmental footprint of electricity systems.

To address demand for sustainable energy infrastructure, D&ST continuously develops advanced design solutions, innovative materials, and optimized production processes that enhance transformer performance and energy efficiency throughout their lifecycle. By reducing losses and emissions associated with electricity transmission and distribution, the D&ST's products support the global transition to a low-carbon economy while creating new business opportunities in growing clean-energy and grid-modernization markets.

At the same time, the D&ST recognizes climate-related risks arising from stricter environmental regulations, changing customer expectations, and the need for continued technological innovation. Through ongoing investments in energy-efficient products and sustainable technologies, D&ST strengthens its resilience and competitiveness in a rapidly evolving energy market.

During 2025, D&ST made a number of proactive investments directed at reducing environmental and climate-related risks and at capturing sustainability-related opportunities.

Renewable energy

In 2025, works began on the expansion of the photovoltaic power plant at the KONČAR – D&ST site, which will increase installed capacity and cover a larger share of the D&ST's electricity requirements. Existing installed solar capacity is 1.1 MW at the KONČAR – D&ST location and 1.7 MW at Ferokotao. Total electricity generation from the D&ST's solar plants in 2025 was 2,887.02 MWh. In 2025, 86.7% of total electricity consumption at KONČAR – D&ST and Ferokotao was sourced from renewable sources, of which 25.7% was generated from own solar production. This investment reduces greenhouse gas emissions associated with electricity consumption and lowers exposure to energy price volatility.

Energy efficiency.

In 2025, heat pumps were installed in KONČAR - D&ST to modernise the heating and cooling systems in selected production halls, enabling more energy-efficient heating in winter and cooling in summer. Energy savings for heating of approximately 5–8% were achieved in 2025 through the use of this system.

Pollution prevention and environmental management.

D&ST invested in specialised chemical storage cabinets, improving the safe handling and storage of hazardous substances and reducing the risk of accidental environmental contamination. Investment continued in the maintenance and improvement of the ISO

14001 certified environmental management system, and in mid-2025 a project was started to introduce an energy management system in line with ISO 50001.

Reported amount: In 2025, expenditure on ISO certification and product carbon footprint studies amounted to EUR 58,333. Investments in the photovoltaic power plant totalled EUR 204,000, while expenditure on heat pumps amounted to EUR 596,410. Investments in the electrification of the fleet amounted to EUR 80.000, whereby hybrid vehicles were purchased.

Renewable/Clean Energy Products

D&ST develops and manufactures advanced distribution and medium power transformers that enable the integration, transmission, and efficient distribution of electricity generated from renewable energy sources, including wind, solar and hydropower.

Activities include the development, manufacture, installation, maintenance, and servicing of high-, medium-, and low-voltage electrical equipment and systems that contribute substantially to climate change mitigation. These technologies support the electrification of energy systems, improve energy efficiency, facilitate the integration of renewable energy into electricity grids, and enhance grid flexibility, reliability, and automation.

D&ST's transformers are critical components of modern transmission and distribution networks, allowing renewable energy generation facilities to connect to the grid and deliver clean electricity to end users. By supporting the expansion and modernization of power networks, the D&ST contributes directly to the wider deployment of renewable energy technologies.

A recent example of clean energy project is the delivery of a 10 MVA medium power transformer for the first predominantly wooden substation in Sweden, an innovative project designed to significantly reduce climate impact. The project incorporates several sustainable solutions, including low-carbon materials, the reuse of steel and electrical equipment, climate-improved concrete, and regenerated transformer oil capable of reducing greenhouse gas emissions by more than 70% compared to conventional transformer oils. The project demonstrates how D&ST's technologies support the development of sustainable electricity infrastructure and the transition towards a low-carbon energy system.

Furthermore, the D&ST continuously integrates energy-efficient designs, advanced materials, and digital monitoring systems into its transformer portfolio, helping utilities and grid operators improve network performance while enabling the increasing penetration of renewable energy sources.

Targets Energy Efficiency

D&ST has established both short-term and long-term targets to improve energy efficiency in its operations as part of its Sustainability Strategy 2024-2026.

Under strategic environmental goal "An Emission-Free Future", the D&ST has committed to:

- Increasing energy efficiency in production by 30% by 2026, measured as energy consumption (MWh) per million EUR of revenue.

- Producing 40% of total electricity consumption from the D&ST's own solar power plants by 2026.
- Reducing Scope 1 and Scope 2 greenhouse gas emissions by 35% by 2030 compared to the 2021 baseline, supporting a long-term transition toward net-zero emissions.

In addition, D&ST continuously improves its products and production processes, focusing on reducing electricity losses, optimizing resource use, and supporting more sustainable operations throughout the product lifecycle.

This demonstrates that the D&ST has defined measurable short-term (2026) and long-term (2030) objectives related to energy efficiency and sustainable energy use within its business operations.

All companies within the D&ST will be considered when developing the new sustainability strategy.

Staff Transportation Impact Reduction

D&ST continuously implements and develops activities aimed at reducing the environmental impact associated with employee transportation and promoting sustainable mobility practices in its day-to-day operations.

Additionally, employees are encouraged to use alternative modes of transportation with a lower carbon footprint, including walking, cycling, public transportation, and carpooling whenever feasible. These measures contribute to reducing the number of individual journeys made by private vehicles, lowering fuel consumption, and consequently decreasing greenhouse gas emissions and other air pollutants. In addition, the D&ST promotes the use of digital collaboration and communication tools, including video conferencing and online meetings, as an alternative to in-person meetings and business travel whenever business needs allow. This approach helps reduce the need for employee travel, optimize resource utilization, and achieve a positive impact on reducing emissions associated with business activities.

Through ongoing communication and awareness-raising efforts, the D&ST seeks to encourage the adoption of sustainable mobility habits among employees and actively contribute to reducing its overall environmental footprint. These initiatives form part of the D&ST's broader commitment to responsible business practices and support for sustainable development goals.

As part of its climate transition plan, the D&ST implements Strategy A - Alternative fuels and vehicle electrification, which provides for the progressive replacement of fossil-fuelled vehicles with hybrid and electric vehicles. In the short term, a temporary increase in emissions is possible due to the growth of the vehicle fleet, while over the medium and long term a significant reduction in Scope 1 emissions is expected. This measure directly reduces the environmental impact of vehicles used by employees for business and work-related travel and supports the D&ST's broader decarbonization objectives.

Renewable Energy Use Ratio

A key measure in the decarbonisation of operations is to increase the share of electricity obtained from renewable sources. Energy management in the Group is focused on a combination of purchasing renewable source electricity and increasing own electricity production from solar plants. The companies KONČAR - D&ST and Ferokotao use the

package ZelEn from the grid operator HEP Opskrba, which certifies that the purchased electricity was generated exclusively from renewable sources. This reduces the associated GHG emissions from electricity consumption. In 2025, 86.7% of the total electricity consumption in these companies came from renewable sources. The majority was sourced through the purchase of green electricity, while 25.7% was generated from own solar production of plants with the following installed power:

- 1.1 MW at the location KONČAR – D&ST
- 1.7 MW at the location Ferokotao.

In 2025, total electricity generation from D&ST's solar plant was 2,887.02 MWh. Of the generated electricity, KONČAR – D&ST contributed 16.9 %, while Ferokotao contributed 71%, and the remainder was delivered to the grid. In 2025, the D&ST PET obtained electricity from a local operator, in which the usual mix structure of electricity generation is applied. In 2025, works began to expand the photovoltaic power plant at the KONČAR – D&ST site, which will increase capacity and cover a larger share of the D&ST's electricity needs.

3. Pollution Prevention & Environmental Performance

VOC or Particulate Matter Emissions Reduction

Companies within the D&ST Group that utilize coating processes have implemented environmentally responsible alternatives to conventional solvent-based materials. These include the use of water-based coatings and powder coatings, which significantly reduce emissions of volatile organic compounds.

By adopting these advanced coating technologies, the Group contributes to improved air quality, reduced environmental impact, and safer working conditions. Water-based and powder coating systems not only minimize harmful emissions but also support more resource-efficient and sustainable production processes.

Toxic Chemicals Reduction

D&ST applies systematic chemicals management within its certified ISO 14001 environmental management system, with the emphasis placed on preventing pollution at source rather than on treating it once generated. Pollution prevention measures in production include the optimisation of production processes, the application of technical solutions to reduce environmental impacts, and the substitution or elimination of hazardous chemicals with safer alternatives wherever this is technically feasible.

In accordance with the REACH Regulation, the D&ST applies strict control over, and actively minimises, the use of chemicals containing substances of concern. Clearly defined procedures govern the handling of all substances with a potentially harmful effect on the environment and human health, and the identification and evaluation of environmental aspects and associated controls is carried out annually, with additional reviews whenever processes or the regulatory framework change.

Soil contamination risk associated with the use of transformer oil, both at D&ST Group locations and at locations where the products are used, is managed through technical and organisational measures. An operational plan of intervention measures defines the procedures applicable in the event of sudden contamination, including risk assessment, remediation measures and allocated responsibilities, while system preparedness is

maintained through annual plans and regular employee drills. Through these measures the risk has been reduced to acceptable levels.

Eco-design principles are integrated into product development through material selection, substance declaration and the application of safety data sheets, supporting the progressive reduction of hazardous substance content across the product portfolio.

Water Use

D&ST uses water primarily for sanitary and operational purposes. Water is sourced exclusively from the public water supply system, and therefore all water withdrawn is considered fresh water.

The D&ST continuously monitors water consumption through its environmental and energy management system and complies with all applicable water management permits and regulatory requirements. Wastewater quality is regularly monitored by authorized institutions, and all measurements remained within the prescribed limits during the reporting period.

Total water withdrawal (m³): 31.809

As D&ST sources water exclusively from the municipal water supply network, the total water withdrawal and total freshwater withdrawal is equal. Recycled, saline, brackish, or other non-freshwater sources are not used in the D&ST's operations.

Self-Reported Environmental Fines

D&ST did not incur any environmental fines, penalties, or sanctions during the reporting period. As a result, the ratio of environmental fines to net sales or revenue is zero.

The D&ST operates in compliance with applicable environmental legislation and regulatory requirements and maintains environmental management processes designed to prevent environmental incidents and non-compliance. Throughout the reporting period, no environmental fines were imposed by regulatory authorities, and no material environmental violations were recorded.

Reported environmental fines: EUR 0

Environmental fines divided by net sales/revenue: 0

SOx Emissions

D&ST did not generate any reportable sulfur oxide (SO_x) emissions during the reporting period. As a result, the total amount of SO_x emissions was 0 tonnes, and the corresponding ratio of SO_x emissions to net sales or revenue was also 0.

The D&ST's operations do not involve fuel combustion processes that generate reportable quantities of sulfur oxides (SO_x), such as sulfur dioxide (SO₂) or other sulfur oxide emissions typically associated with the combustion of sulfur-containing fossil fuels.

4. Circular Economy & Resource Efficiency

Product Impact Minimization

D&ST applies a lifecycle approach to minimizing the environmental impact of its transformers. Through eco-design principles aligned with EU Regulation 548/2014, the D&ST improves transformer energy efficiency, reduces losses, and supports lower CO₂ emissions during operation.

The D&ST also promotes circular economy principles by ensuring responsible end-of-life management of transformers. Our customers are provided with detailed instructions for handling the product at the end of its life with a list of proposed EU waste codes and recovery operations. Materials such as steel, copper, aluminium, insulating oils, cables, and plastics are recovered and recycled whenever possible, while hazardous waste is managed in accordance with applicable Croatian and EU regulations. Through these practices, D&ST supports resource efficiency, pollution prevention, and the sustainable development of electrical infrastructure.

Policy Sustainable Packaging

D&ST has established an internal packaging management procedure aimed at reducing the environmental impact of packaging and promoting the use of more sustainable packaging solutions.

As part of its responsible procurement and environmental management practices, the D&ST encourages suppliers to use biodegradable packaging materials wherever technically and economically feasible. In addition, D&ST continuously seeks opportunities to reduce packaging consumption, increase the use of reusable and returnable packaging materials, and improve resource efficiency throughout the supply chain.

A key element of the D&ST's approach is the circular use of packaging materials whenever possible. Reusable packaging such as wooden pallets, cable and conductor drums, wooden crates, and other transport packaging is returned, reused, and kept in circulation to extend its useful life and reduce waste generation. This approach helps minimize the consumption of raw materials while supporting the principles of the circular economy.

Waste Recycled To Total Waste

In 2025, the D&ST generated a total of 4,652.19 tonnes of waste, of which 4,136.61 tonnes were diverted from disposal through recycling, preparation for reuse, and other recovery operations, including energy recovery. This total includes both hazardous and non-hazardous waste streams managed according to circular economy principles.

The amount of recycled and reused waste comprised:

- 2,322.03 tonnes recycled (hazardous and non-hazardous waste),
- 7.12 tonnes prepared for reuse,
- 1,800.71 tonnes recovered through other recovery operations, including waste-to-energy recovery where applicable.

Based on these data, the waste recycling and recovery ratio was approximately 88.9% in 2025, demonstrating the D&ST's commitment to maximizing resource recovery and minimizing waste disposal.

Waste management is an integral part of D&ST's circular economy strategy. Waste is systematically sorted, monitored, recycled, reused, or recovered through authorized waste management partners. The D&ST continuously implements measures to optimize material use, reduce waste generation, increase packaging reuse, and keep valuable materials within the production cycle whenever possible.

2025 key figures:

- Total waste generated: 4,652.19 tonnes
- Total recycled and reused/recovered waste: 4,136.61 tonnes
- Waste recycling and recovery ratio: 88.9%
- Non-recycled waste: 515.58 tonnes (11.1%)

5. Biodiversity & Environmental Restoration

Biodiversity Impact Reduction

At D&ST, environmental protection is an integral part of our business strategy and corporate responsibility. Aware of the importance of effective environmental management, energy efficiency, and occupational health and safety, we are committed to continuously managing and improving the environmental impacts of our operations.

D&ST acknowledges that its industrial activities have the potential to affect biodiversity and ecosystems and assesses these impacts systematically within its environmental management system. Biodiversity and ecosystems were evaluated in the double materiality assessment carried out in accordance with ESRS. On the basis of that assessment the topic was not identified as material for the D&ST, as its production locations are situated in established urban and industrial zones and none of the Group's sites is located in or adjacent to protected areas, biodiversity-sensitive areas or areas of high biodiversity value. The D&ST has no operations that directly threaten biodiversity or the habitats of protected species.

Notwithstanding this assessment, D&ST applies the same environmental rules to all projects and interventions, irrespective of location. Potential impacts on soil, water and air are identified, monitored and controlled through defined operational procedures and technical measures within the certified ISO 14001 environmental management system, which also governs the prevention of accidental releases.

Beyond its own operational boundaries, D&ST contributes to the protection and restoration of natural habitats through reforestation and nature conservation initiatives carried out in cooperation with specialised environmental organisations, protected-area management bodies and public forestry institutions.

6. Environmental Innovation

Env R&D Expenditures

During 2025, EUR 2,056,109 was invested in research and development, supporting innovation and technological advancement.

NOx Emissions to Revenues USD in million

The D&ST does not operate combustion processes that generate reportable quantities of nitrogen oxides (NO_x), such as emissions arising from the burning of oil, kerosene, coal, propane, gasoline, natural gas, or butane. Consequently, emissions of Nitrogen Monoxide (NO) and Nitrogen Dioxide (NO₂) from these sources are reported as negligible compared to Revenues USD in million and can be considered below the significance threshold.

While air emission measurements are performed for certain operational activities in accordance with environmental regulations, no direct NO_x emissions from fuel combustion sources are generated at a level requiring reporting under this indicator.

Social

Corporate Responsibility Awards

During 2025, D&ST received several external recognitions that demonstrate its commitment to responsible business practices, employee development, inclusion, and the creation of a high-quality working environment.

In 2025, D&ST awarded the Employer Partner Certificate, granted by the SELECTIO Group to organizations that meet the highest standards in human resource management. The certification recognizes the application of best HR practices in the areas of employee development, performance management, reward systems, talent management, and organizational culture. This recognition confirms the D&ST's ongoing commitment to fostering a supportive workplace that promotes employee growth, engagement, and well-being.

Also in 2025, D&ST received three awards as part of the Inc.Q BEST Inclusive Employer Awards 2025: Best Large D&ST for Benefits, Best Large D&ST for Well-being, and Best Technology D&ST for Professionals. These awards acknowledge the D&ST's efforts to build an inclusive, supportive, and adaptable work environment, to develop employee-focused well-being initiatives, and to provide attractive benefits that contribute to employee satisfaction and retention. The awards further reinforce D&ST's commitment to diversity, equal opportunities, and an inclusive workplace culture.

In addition, D&ST achieved the MAMFORCE GROW Standard Certification in 2024 for period till 2026, awarded by Spona Code through the MAMFORCE Diversity, Equity and Inclusion (DEI) assessment methodology. The D&ST achieved an overall score of 77%, demonstrating its commitment to gender equality, employee well-being, work-life balance, inclusive workplace practices, and responsible people management. The certification highlighted the D&ST's progress in creating a family-friendly and inclusive work environment while ensuring equal opportunities for professional development.

Policy Community Involvement

Investing in the development of future talent is a cornerstone of D&ST's social responsibility approach. Through scholarships, internships, practical training placements, and collaboration with universities and vocational schools, the D&ST supports the acquisition of technical expertise and professional competencies among young people. These initiatives contribute to the development of a highly qualified workforce and strengthen the long-term sustainability of both the D&ST and the wider community.

The D&ST maintains strong cooperation with higher education institutions and regularly participates in career fairs and student events at leading Croatian universities, including the Faculty of Electrical Engineering and Computing (FER), the Faculty of Mechanical Engineering and Naval Architecture (FSB), the Faculty of Electrical Engineering, Computer Science and Information Technology Osijek (FERIT), the Zagreb University of Applied Sciences (TVZ), and the Faculty of Organization and Informatics (FOI).

D&ST also collaborates with FER on the postgraduate specialist study programme *Transformers*, contributing to the development of highly qualified experts in the field. In addition, the D&ST actively supports students through scholarship programmes (*Postani STIPEND&ST*), internship opportunities, and by providing opportunities to complete

graduate and master's thesis projects in cooperation with the D&ST. As part of its commitment to education and workforce development, D&ST offers practical training placements for both university students and vocational school pupils.

In 2025, the D&ST provided internship to 36 young participants, including 24 university students and 12 vocational school pupils, supporting the acquisition of practical skills and facilitating their transition into the labour market. Also, in 2025, the D&ST provided scholarships to 14 students, and 3 of its newly hired employees were former scholarship recipients, demonstrating the programme's effectiveness in attracting and retaining qualified talent.

As described in Chapter 1, *Environment*, of this document, D&ST actively promotes corporate volunteering and encourages employees to participate in community-oriented and environmental initiatives. Employees regularly take part in tree-planting and reforestation activities, environmental protection projects, and programmes supporting vulnerable social groups.

The D&ST's approach to community engagement is further supported through donations and sponsorships. D&ST operates in accordance with the KONČAR Group Donations and Sponsorship Policy, which establishes clear principles, criteria, and governance mechanisms for the allocation of donations and sponsorships, ensuring transparency, accountability, and alignment with the Group's sustainability objectives.

Policy Freedom of Association

D&ST respects and supports employees' rights to freedom of association and collective bargaining in accordance with the Croatian Labour Act and the D&ST's Work Regulations. Article 105 of the Work Regulations expressly states that employees have the right to participate in decision-making and co-determination in all ways prescribed by the Croatian Labour Act. The D&ST directly applies all relevant provisions of the Labour Act, which guarantees employees the right to establish and join trade unions, participate in collective bargaining processes, establish workers' councils, and take part in workers' council activities.

In accordance with Croatian labour legislation, elections for workers' councils are conducted through direct and secret ballots, ensuring that employees can vote freely, independently, and without intimidation. The D&ST fully supports these principles and respects employees' rights to elect their representatives through democratic procedures.

D&ST maintains a policy and working environment that enables and encourages employees to exercise their rights to freedom of association and employee representation. While the D&ST provides employees with the opportunity to establish and join trade unions and other representative bodies in accordance with applicable legislation, currently no employee association or trade union has been established within the D&ST. Nevertheless, employees actively participate in representation mechanisms through elected employee representatives.

The Employee Representative participates in the work of the Board and serves on the Occupational Health and Safety Committee and the HSEE Committee. In this role, the representative contributes to occupational health and safety matters, including participation in inspections, incident investigations, and monitoring the implementation of corrective actions.

Acting as a link between employees and management, the Employee Representative communicates employees' initiatives, concerns, and observations, while contributing to the resolution of identified issues and supporting constructive social dialogue within the D&ST.

Quality Management Systems

The Quality Management System (QMS) applies to the entire D&ST organization and covers all key business processes, functions, and operational activities. The system is designed to ensure consistent product quality, customer satisfaction, process efficiency, regulatory compliance, and continual improvement across the D&ST.

In addition to ISO 9001, D&ST maintains several internationally recognized management systems that are integrated into its overall business management framework:

- ISO 14001 Environmental Management System, supporting the identification and management of environmental impacts, pollution prevention, resource efficiency, and continual improvement of environmental performance.
- ISO 45001 Occupational Health and Safety Management System, ensuring a systematic approach to workplace health and safety, risk assessment, incident prevention, and employee well-being.
- ISO 50001 Energy Management System: In mid-2025, a project was launched to implement an energy management system in accordance with the ISO 50001 standard, which was successfully implemented in May 2026.

Day Care Services

D&ST supports employees and their families through various family-friendly initiatives and programmes. These include the organization of STEM summer schools for school-age children, providing educational and development opportunities during summer school holidays and by offering the MultiSport Kids card, which encourages physical activity and healthy lifestyles among employees' children.

In addition, D&ST provides Christmas gift vouchers for employees' children and regularly invites them to participate in environmental, educational, cultural and community-oriented activities organized or supported by the D&ST. Through these initiatives, D&ST promotes child development, encourages interest in science and technology, strengthens family well-being, and supports employees in balancing their professional and family responsibilities.

Employees are entitled to a paid day off on their child's first day of kindergarten and first day of primary school, helping families during important milestones in their children's lives.

Employee Health & Safety Training Hours

All employees undergo 12 hours of basic occupational safety and fire safety training in accordance with legal requirements. This training is provided upon employment, and whenever the complexity of the work and the position they perform, production workers additionally undergo various legally prescribed educations and certifications. On average, this is an additional 5 hours per year. In internal training related to health and safety, employees spend an average of 2 additional hours per year. Therefore, the average number of health and safety training hours per employee is 19 hours annually.

Announced Layoffs

During the 2025 reporting period, D&ST did not announce or implement any layoffs, workforce reduction programmes, or collective redundancy measures. The D&ST did not carry out any planned reductions in headcount, and no employees were affected by downsizing initiatives during the reporting year.

Employees Health & Safety Team

The occupational safety service is composed according to legally prescribed parameters and consists of occupational safety experts. The role of the HS Service is to, through advisory obligations and rights, with the help of all participants, manage health and safety measures at work in society and through its expertise bring measures that regulate the management of risks and safety measures at work.

There are HS experts working in the team, each with responsibilities in their own field of work. The work consists of daily process supervision, reporting, monitoring and resolution of all non-conformities, preventive and reactive measures, harmonization of risk assessment, monitoring of all necessary legally prescribed elements that affect the performance of health and safety at work, ordering, issuing and borrowing personal protective equipment for employees, supervision of external contractors, training of newly hired workers in the field of safety, monitoring of records and expiration dates of training or testing obligations for employees and work equipment, etc. The team maintains regular coordination with all stakeholders within the D&ST and, through periodic meetings, reports to D&ST management on all actions taken and planned. The direction and method of operations are aligned through these regular meetings.

Employees With Disabilities

As of 31 December 2025, D&ST employed 11 employees with disabilities and additionally fulfilled its mandatory disability employment quota through cooperation with URIHO, equivalent to 50 employees with disabilities. In total, 61 employees with disabilities were included in the calculation. Accordingly, the percentage of employees with disabilities was 7.0%.

D&ST is committed to promoting equal employment opportunities and workplace inclusion for persons with disabilities. Due to the specific occupational safety requirements and the nature of manufacturing operations, employment opportunities for persons with disabilities within certain production positions are limited. Therefore, D&ST has established long-term cooperation with URIHO, a protected workshop and professional rehabilitation institution employing persons with disabilities. Under this cooperation, URIHO performs selected production activities and manufactures components for D&ST in a safe and appropriately adapted working environment. Based on the agreed scope of work, URIHO regularly invoices D&ST for delivered products and services throughout the year.

In accordance with Croatian legislation, these contractual arrangements are reported through the official Croatian Pension Insurance Institute (HZMO) system, which calculates the corresponding equivalent number of employees with disabilities attributable to the D&ST. The equivalent number of employees with disabilities generated through cooperation with URIHO, together with persons with disabilities directly employed by D&ST, is recorded

in the official Register of Employed Persons with Disabilities and used to determine compliance with the mandatory disability employment quota under Croatian legislation.

Through this model, D&ST not only meets statutory requirements but also actively contributes to the employment, professional rehabilitation, and social inclusion of persons with disabilities. In previous years, D&ST was recognized with the Ivančica Charter, an award acknowledging employers' contributions to the employment and inclusion of persons with disabilities.

The D&ST therefore considers its cooperation with URIHO an important element of its broader commitment to responsible business practices, equal opportunities, and social inclusion.

Internal Promotion

D&ST is committed to supporting employee career growth through a structured framework for career development, performance management, and internal advancement opportunities. Employees can pursue both horizontal and vertical career progression in accordance with the D&ST's Promotion Policy. Horizontal progression enables employees to advance within their existing pay grade based on demonstrated job mastery, performance, skills development, contribution to the team, and continuous improvement. Vertical progression allows employees to move to positions with greater responsibilities, higher levels of expertise, and broader business impact, based on transparent criteria and annual performance assessments.

Career development is supported through a formal performance management process that includes goal setting, regular performance reviews, feedback discussions, competency and values assessments, and employee development planning. The process is designed to help employees strengthen their skills, expand their responsibilities, and prepare for future career opportunities within the D&ST.

In addition, D&ST's recruitment practices prioritize internal talent whenever possible. Open positions may be filled through internal recruitment processes, enabling existing employees to apply for vacancies across the organisation, including specialist, management, and leadership roles. This approach promotes employee retention, recognises internal talent, and provides employees with opportunities for both horizontal mobility and upward career advancement.

The D&ST also supports continuous learning and professional development through education, training, and skills enhancement programmes, ensuring employees have the knowledge and capabilities required to advance their careers and contribute to the long-term success of the organisation.

Salary Gap

The ratio of total annual compensation of the highest paid individual to the median annual total remuneration for all employees was 1:7 in comparison to 1:5 in 2024. The calculation of average annual remuneration for employees is based on total yearly earnings (including salary, bonuses, in-kind benefits, and non-taxable allowances), excluding the earnings of the highest-paid individual to ensure a representative average for the remaining workforce. The data includes all active employees as of 31 December 2025. Employees who left the organisation during the year were not included. The calculation is based on actual data from the D&ST's human resource management and payroll systems.

Supplier ESG training

D&ST engages with its key suppliers through a structured supplier evaluation, audit and sustainability assessment process designed to strengthen environmental, social and governance (ESG) performance throughout the supply chain.

The primary objective of these supplier engagement activities is to assess suppliers' ability to meet D&ST quality, environmental, occupational health and safety, and sustainability requirements; increase supplier awareness of ESG expectations; identify sustainability-related risks within the supply chain; encourage continuous improvement of suppliers' environmental and social performance; support the resilience and long-term sustainability of the supply chain.

The programme is primarily aimed at key suppliers, particularly suppliers of strategic materials, raw materials, equipment and services that have a significant impact on the quality and performance of D&ST's final products. These suppliers are included on the Approved Supplier List and are subject to regular ESG related monitoring and evaluation.

Examples include suppliers of transformer steel; transformer oil; transformer tanks and equipment; cooling systems; insulation materials; electrical equipment; copper and aluminium products; transport and field service providers.

ESG sustainability surveys are distributed to key suppliers annually, generally during the fourth quarter before the annual supplier performance review. Supplier performance assessments are conducted once per year. Periodic supplier visits are generally conducted every three years, with additional visits arranged where specific circumstances require. Supplier audits are typically performed before establishing cooperation and may also be conducted in the case of introducing new products or processes, an increase in quality complaints or specific customer requirements.

ESG criteria are already incorporated into the annual supplier performance scorecard. Further development of the scorecard is planned, including consideration of an ESG maturity approach to support a more structured assessment of suppliers' sustainability practices and continuous improvement.

Beyond the annual assessment process, D&ST supports supplier capacity building through regular sustainable procurement workshops and direct supplier engagement activities, currently focusing primarily on domestic suppliers. The objective and purpose of last year's workshop were to: raise awareness of the importance of sustainable procurement and ESG principles; develop knowledge and competencies in the fields of procurement and supply chain management; enhance understanding of the impact each stakeholder has on the sustainability of the value chain; foster collaboration and the continuous improvement of sustainable business practices. A total of 224 suppliers were invited, of whom 143 attended. In addition to suppliers, 85 employees who were identified as potentially benefiting from the workshop in their day-to-day work were also invited.

Customer Satisfaction

Customer satisfaction surveys are conducted annually using predefined questionnaires tailored to each product portfolio: one survey covers distribution and special transformers, while another covers medium power transformers.

Based on the results of all customer satisfaction surveys conducted in 2025, it can be concluded that the level of customer satisfaction remains very high and stable. Customers rated KONČAR - D&ST very good to excellent across all evaluated categories, with particular recognition given to product quality, employee expertise, professional communication, and the speed and quality of responses to technical inquiries.

The analysis of the collected responses indicates that customers especially value product reliability, timely communication, and the D&ST's willingness to cooperate throughout the entire project lifecycle. Positive feedback also relates to the quality of after-sales services, the professionalism of the sales and project teams, and the effective handling of customer requests and any complaints. At the same time, customers identified delivery lead times as the main area for improvement, although most respondents acknowledged and took into account the disruptions in global material supply chains. Other improvement areas include price competitiveness, as well as the need for further enhancement of documentation and communication regarding production capacities and ongoing investments.

The survey results confirm that KONČAR - D&ST maintains a high level of product and service quality while successfully building long-term relationships with customers across European and international markets. To maintain the achieved level of customer satisfaction and further strengthen competitiveness, it is necessary to continue improving processes, optimizing delivery lead times, and further developing strong partnership-based relationships with customers. Such an approach represents an important prerequisite for preserving customer trust and ensuring sustainable business growth in the future.

Employee Satisfaction

Employee satisfaction and employee loyalty are monitored through an annual employee satisfaction survey conducted at the KONČAR Group level. The survey assesses employees' perceptions of their workplace, working conditions and overall employment experience through the Employee Satisfaction Index (ESI) and Employee Net Promoter Score (eNPS).

In the reporting period, the survey results for KONČAR - D&ST indicated an Employee Satisfaction Index (ESI) of 70.41 on a scale from 0 to 100, reflecting a generally high level of employee satisfaction. The result demonstrates that employees are largely satisfied with their jobs and that their workplace meets their expectations.

Employee loyalty is measured through the Employee Net Promoter Score (eNPS), which evaluates employees' willingness to recommend the D&ST as a place to work. In the reporting period, the D&ST achieved an eNPS score of 37, indicating a positive level of employee advocacy and loyalty. A positive eNPS score signifies that the proportion of employees who would actively recommend the D&ST exceeds the proportion of those who would not, representing a favourable employer reputation among employees.

The survey results are regularly reviewed and used to identify improvement opportunities and develop initiatives aimed at strengthening employee engagement, well-being and retention. Through continuous monitoring of employee feedback, the D&ST seeks to maintain a supportive, inclusive and motivating work environment that contributes to long-term employee satisfaction and organisational success.

Lost Days To Total Days

D&ST systematically monitors employee absence arising from work-related incapacity as part of its occupational health and safety management system. In 2025, the total number of lost calendar days recorded amounted to 1046 days, against 2,738,924 hours worked, giving a severity rate (Rs) of 0.36 lost calendar days per 1,000 hours worked.

The figures cover work-related injuries and occupational illnesses; no occupational disease has been recorded by the occupational health services, and no fatalities occurred during the reporting year. The reported lost days relate to employees; contractor lost working days are not reported separately, and total lost working days are therefore equal to employee lost working days.

Occupational Diseases

To date, not a single occupational disease has been recorded by occupational health services.

Trade Union Representation

While employees at D&ST are not represented by trade unions, resulting in a 0% trade union representation rate, employee participation and representation are ensured through alternative governance mechanisms. Employees elect their representative to the Board, where employee interests, rights, and concerns are formally represented. This governance structure supports social dialogue, employee engagement, and constructive cooperation between employees and management.

Governance

Global Compact Signatory

D&ST is a member of the United Nations Global Compact through the membership of the KONČAR Group in this global initiative for sustainable and responsible business. As part of the KONČAR Group, D&ST supports and implements the principles of the UN Global Compact through its corporate policies, management systems, employee development activities, and sustainability-related initiatives.

For D&ST, participation in the UN Global Compact means integrating sustainability considerations into business decision-making, strengthening ESG governance practices, promoting ethical conduct and compliance, and continuously improving environmental and social performance. It also supports the D&ST's efforts to align its operations with internationally recognized sustainability principles and stakeholder expectations.

In addition, D&ST utilizes the UN Global Compact Academy as a platform for employee education and capacity building in sustainability-related topics. Through various training programs and learning resources, employees enhance their ESG knowledge, stay informed about emerging sustainability trends and regulatory developments, and contribute to embedding sustainability principles into daily operations, risk management processes, and long-term business planning.

GRI Report Guidelines

D&ST's Sustainability Report 2025 is prepared in accordance with the European Sustainability Reporting Standards (ESRS) and includes disclosures related to the EU Taxonomy. While the report is not primarily structured as a standalone GRI report, ESRS reporting requirements have been mapped against the Global Reporting Initiative (GRI) Standards, ensuring a high degree of alignment and interoperability between the two frameworks.

As a result, the report covers sustainability topics, metrics and disclosures that are consistent with internationally recognized GRI reporting principles and requirements. The Sustainability Report provides comprehensive information on the D&ST's environmental, social and governance (ESG) performance, management approach, policies, targets and sustainability initiatives.

Governance Structure and Oversight of Sustainability Matters

The companies within the KONČAR – D&ST Group are legally independent, while the parent company, i.e., KONČAR – D&ST oversees, strategically directs, and manages them through the company bodies, particularly the general assemblies and boards, pursuant to the Companies Act, and through the Corporate Governance Code and the articles of associations of the companies. Members of the KONČAR – D&ST's executives are appointed into boards of the companies of the D&ST, thereby ensuring an integral system of management, systematic alignment, and uniform oversight over the management of material impacts, risks and opportunities at the level of the D&ST. The parent company, KONČAR – D&ST, is responsible for the management and oversight of sustainability matters at the Group level. The key bodies within KONČAR – D&ST include the Board and the Executives, whose authorities and responsibilities are clearly defined according to national

legislation, Company statute, and all relevant internal regulations. The Rules of Procedure for the Executives and the Supervisory Board are publicly available documents.

Board Tenure

Board member tenures are as follows:

- Gordan Kolak: 5 years
- Ivan Paić: 2, 5 years
- Mario Radaković: 1 year
- Petar Bobek: 1 year
- Ana-Marija Markoč: 6 years

Board Attendance

In 2025, the Board held 35 sessions, including 3 regular sessions and 32 correspondence sessions. All members attended all 35 sessions, resulting in a 100% attendance rate for each Board member and for the Board as a whole.

Attendance by member:

- Gordan Kolak: 35/35 sessions (100%)
- Ivan Paić: 35/35 sessions (100%)
- Ana-Marija Markoč: 35/35 sessions (100%)
- Mario Radaković: 35/35 sessions (100%)
- Petar Bobek: 35/35 sessions (100%)

Individual attendance was also 100% for each Board member, demonstrating a high level of engagement and oversight in the D&ST's governance processes.

Committees within Board

There are three committees operating within the Board: Audit Committee, Remuneration Committee, and Nomination Committee. Each committee has three members.

Audit Committee

- the members of the Audit Committee were Mario Radaković (chairperson), Gordan Kolak (member), Ivan Paić (member)
- the Audit Committee held a session on 15 April 2025, attended by all its members.

Remuneration Committee

- the members of the Remuneration Committee were Ivan Paić (chairperson), Petar Bobek (member), Mario Radaković (member).
- in 2025, the Remuneration Committee held a session on 24 April 2025, attended by all its members.

Nomination Committee

- the members of the Nomination Committee were Gordan Kolak (chairperson), Ivan Paić (member), Petar Bobek (member)
- during 2025 the Nomination Committee did not hold any sessions.

Board Background and Skills

- Gordan Kolak, President of the Board
 - Board member since 14 June 2019
 - President of the Board since 6 March 2024

Gordan Kolak holds a degree from the Faculty of Engineering at the University of Rijeka and a master's degree from the Faculty of Mechanical Engineering and Naval Architecture at the University of Zagreb. Throughout his professional journey, he has attained significant expertise in strategic management and national and homeland security, leveraging his university education and advanced training at leading American and European civil and military institutions.

A specialist in business, financial, and organizational restructuring of complex business systems, Gordan boasts exceptional managerial and consulting experience. His successful leadership of his own consulting firm, specializing in business advisory across ICT solutions, strategic planning, implementation, monitoring, business strategy management, corporate governance, and auditing, underscores his expertise.

Gordan Kolak has capitalized on his professional expertise in leadership roles at various companies. At DOK-ING, he focused on the production of robotic machines for special purposes. He then took on a role at King ICT, specializing in system integration for ICT. His tenure at Megatrend and Megatrend Business Solutions involved overseeing ICT distribution and solutions, and at Dalekovod Production, he was responsible for production and engineering.

In 2019, he was appointed Deputy President, and in 2020, President of the Management Board of KONČAR Inc. As the head of the D&ST, he led a comprehensive transformation focused on strengthening the renewable energy segment, digital platforms, and advanced technological solutions. Under his leadership, KONČAR achieved record levels in revenue, profit, profit margins, and backlog. He places strong emphasis on internationalization, modernization of manufacturing capacities, digital transformation, investment in research and development, and the enhancement of corporate culture and organizational resilience. Under his leadership, KONČAR has grown into Croatia's largest net exporter and emerged as a regional leader in technological innovation, with a clear focus on sustainability and digital transition.

As a member of the Armed Forces of the Republic of Croatia, he actively participated in the Homeland War and the development of the national defense system. He also served in the UN peacekeeping mission in Sierra Leone and remains actively involved in the development of Croatia's national security and defense framework.

Gordan has held prominent positions, such as President of the Croatian Association of Management Consultants, and has also shared his expertise as a lecturer at the Zagreb School of Economics and Management. From 2015 to 2020, he was Secretary of the Homeland Security Council of the President of the Republic of Croatia. He is also an active member of numerous business associations.

He has received distinguished honors, including the Homeland War Memorial Medal, recognition from the Society of American Military Engineers, and the United Nations Medal for his participation in the peacekeeping mission in Sierra Leone.

Key areas of expertise: strategic management and corporate leadership, industrial operations and manufacturing, energy and technological development, financial and business restructuring, corporate governance, digital transformation and innovation, business development and internationalization, research and development (R&D), risk management and organizational resilience, investments and sustainable growth (ESG).

- Ivan Paić, Deputy President of the Board
 - Board member since 6 March 2024
 - Deputy President of the Board since 21 January 2025

He graduated in 2003 from the Faculty of Electrical Engineering and Computing at the University of Zagreb. In addition to his professional roles, he serves as an Associate Professor of Digital Transformation at the Swiss School of Business and Management Geneva in Zagreb. Ivan began his career in 2003 at KONČAR – Instrument Transformers, starting as a scholarship recipient in the project department and later progressing to lead R&D projects.

In 2008, he transitioned to Schneider Electric as a Product Manager for medium and low voltage equipment. By 2011, his career had advanced as he took on the role of Operational Marketing Director for customer software in Grenoble, France. After more than three successful years, he returned to Zagreb to become the Country General Manager for Croatia, Slovenia, and Bosnia and Herzegovina. Since 2020, Ivan has been based in Dubai, United Arab Emirates, where he continues to drive international success.

In early 2024, Ivan Paić joined the Management Board of KONČAR, leveraging his extensive experience as Vice President at Schneider Electric, where he successfully led strategic sales initiatives globally.

Key areas of expertise: digital transformation, technology and innovation management, international business development, strategic sales and marketing, energy and automation industries, software and digital solutions, product management, corporate leadership, business strategy and growth, change management and organizational transformation.

- Mario Radaković, member of the Board
 - Board member from 21 January 2025 to 19 June 2026

He began his career at Accenture in Frankfurt as an analyst in IT consulting. Following the 2002 pension reforms, he joined PBZ Croatia Osiguranje, progressing from analyst and fund manager to a seat on the Management Board by 2007.

Appointed by parliamentary decision in 2012, he served a six-year term as a Member of the Board of the Croatian Financial Services Supervisory Agency (HANFA). In this capacity, he represented HANFA in the European Systemic Risk Board (ESRB) and the Financial Stability Council, while also acting as Senior Project Officer (SPO) for EU-funded programs. During the past four years, he has occupied key leadership roles - including President, Management Board Member, and Advisor - across three pension fund-owned companies, leveraging his expertise in finance, controlling, corporate governance, project management, and strategic planning.

Radaković earned his degree in Mathematical Statistics and Computing from the Faculty of Science, University of Zagreb, in 2000. His professional credentials include certifications in finance and risk management, such as a licensed Pension Fund Manager, the CFA (Chartered Financial Analyst) designation, and the SCR (Sustainability and Climate Risk) certification from GARP. In addition, he holds qualifications in IT and project management, including ITIL Expert and PRINCE2 Practitioner certifications.

Key areas of expertise: finance and investment management, corporate governance, financial regulation and supervision, risk management and financial stability, strategic planning, pension funds and asset management, controlling and performance management, sustainability and climate risk, project management, information technology governance, capital markets and financial analysis, leadership and organizational management.

- Petar Bobek, member of the Board
 - Board member since 21 January 2025

He graduated in 2008 from the Faculty of Mechanical Engineering and Naval Architecture at the University of Zagreb. Further enhancing his leadership skills, he completed the Senior Leadership Program (SLP) at the IEDC - Bled School of Management, which focuses on effective leadership practices and transformative progress in business organizations.

Since 2020, he has served as an external lecturer for the course Materials and Processes in Transformer Production, a key component of the specialized study program in Transformers at the Faculty of Electrical Engineering and Computing, University of Zagreb.

Petar began his professional journey in 2008 at KONČAR - Distribution and Special Transformers (D&ST), where he was instrumental in budgeting and drafting technical documentation for mechanical structures within the Technical Office department. In 2013, he transitioned to the Sales department as an Area Sales Manager. By 2015, he advanced to the role of Director of Distribution Transformer Production. In early 2018, he was appointed a Board Member of D&ST, leading efforts in business development, product innovation, production optimization, marketing, investments, and maintenance. In April 2021, he took on the vital role of Board Member overseeing the Medium Power Transformer Profit Centre. In January 2024, Petar was appointed as a Board Member of KONČAR Inc., marking another significant milestone in his distinguished career.

Key areas of expertise: industrial manufacturing and operations, engineering and technical management, transformer industry and energy infrastructure, production management and optimization, business development and sales management, strategic leadership, product development and innovation, investment planning and capital projects, maintenance and asset management, organizational development, operational excellence, talent development and technical education.

- Ana-Marija Markoč, member – employee representative
 - Board member since 16 December 2019

Ana-Marija Markoč was born in Zagreb in 1983. She graduated from the Secondary School of Economics in Zagreb and, in 2014, obtained the professional qualification of Professional Bachelor of Economics from the Faculty of Economics and Business, University of Zagreb.

Since 2003, she has been employed by KONČAR – Distribution and Special Transformers Inc. Throughout her professional career, she has held positions in the fields of accounting, finance, and payment transactions. Since 2017, she has been working as an Associate for Accounting and Human Resources Affairs. She has extensive experience in accounting and finance, human resources management, business reporting, and organizational processes.

Since November 2019, she has been a member of the Supervisory Board of KONČAR – Distribution and Special Transformers Inc. as the employees' representative. Since the same year, she has also served as the Workers' Occupational Safety Representative, a position to which she has been elected by employees for a second term. In her work, she is particularly focused on corporate governance, business sustainability (ESG), human resources management, occupational health and safety, and the promotion of social dialogue and employee well-being. She actively participates in activities related to ESG reporting and the development of the D&ST's sustainable business practices.

Key areas of expertise: accounting and financial management, financial reporting and business administration, human resources management, corporate governance, ESG and sustainability, occupational health and safety, employee relations and social dialogue, organizational processes, workforce engagement and well-being, compliance and business ethics, stakeholder engagement, sustainable business practices.

No member of the Board holds a shareholding exceeding 5% in the D&ST.

Board Individual Re-election

The Board comprises five members. Four members are elected and removed by the General Assembly, while one member is appointed by employees in accordance with the provisions of the Croatian Labour Act, ensuring employee representation at the supervisory level.

Board members are elected individually by the General Assembly for a term of up to four years and may be re-elected upon the expiry of their mandate, in accordance with the D&ST's Articles of Association.

The Board is responsible for the appointment and dismissal of the Executives. It also approves and enters into service agreements with individual Executives, establishing the terms and conditions of their engagement, including rights, obligations, and remuneration.

The governance framework, including the composition, responsibilities, and appointment procedures of the Board, is defined in the D&ST's Articles of Association.

The Nomination Committee, a standing committee of the Board, oversees the nomination and appointment processes for both Board and positions within the Executives to ensure they are conducted in a fair, transparent, and objective manner. The Committee develops role profiles and candidate specifications for vacancies, assesses candidate suitability against predefined competence and experience requirements, and submits recommendations to the Board. Where appropriate, consultations are undertaken with the President of the Board and/or the President of the Executives.

In addition, the Nomination Committee is responsible for succession planning for Board and Executives, supporting the continuity of effective governance and leadership. The Committee also monitors progress towards diversity objectives, including the targeted representation of women on both the Board and the Executives.

Board Meeting Attendance Average

In 2025, the Board held 35 meetings, comprising 3 regular meetings and 32 correspondence meetings. All Board members attended all 35 meetings, resulting in an average attendance rate of 100%. This exceptional attendance record demonstrates a strong commitment by Board members to fulfilling their governance responsibilities, providing effective oversight, and actively supporting the D&ST's long-term strategic objectives. The consistent participation of all members reflects a high level of engagement in decision-making processes, risk oversight, and the monitoring of the D&ST's operational and sustainability performance.

Board Member Affiliations

The Board members bring significant governance and leadership experience gained through their involvement in various corporate entities. Their external board and corporate appointments contribute to a broad range of industry perspectives, business expertise, and strategic insights, which support effective oversight and informed decision-making. At the same time, the D&ST monitors Board composition and members' commitments to ensure they can dedicate sufficient time and attention to fulfilling their responsibilities to D&ST.

The members of the Board hold, on average, 7.4 other corporate affiliations.

Breakdown by member:

- Gordan Kolak: 9 corporate affiliations
- Ivan Paić: 9 corporate affiliations
- Ana-Marija Markoč: 0 corporate affiliations
- Mario Radaković: 9 corporate affiliations
- Petar Bobek: 10 corporate affiliations

Board Specific Skills, Percent

All members (100%) of the Board possess either significant industry-specific experience, strong financial expertise, or a combination of both. This ensures that the Board benefits from a comprehensive mix of technical, operational, strategic, and financial competencies relevant to the D&ST's activities and long-term development.

The diverse professional backgrounds of the Board support effective oversight of business performance, risk management, investment decisions, and sustainability-related matters, while enabling informed decision-making and robust corporate governance. The fact that 100% of the Board has relevant industry or financial expertise reflects the D&ST's commitment to maintaining a highly qualified Board capable of providing effective strategic guidance and oversight.

Board Structure Policy and Nomination Committee Independence

The D&ST has established governance policies and procedures that support a balanced composition of the Board regarding size, employee representation, experience, competencies, and diversity.

The Board consists of five members. Four members are elected and may be removed by the General Assembly, while one member is appointed by employees. This structure ensures shareholder representation while also providing employees with direct representation at the supervisory level.

The Board is not considered independent under the Croatian Corporate Governance Code. Four Board members simultaneously serve as Executives of the KONČAR Group while the fifth member is an employee representative elected by the D&ST's workforce. The D&ST has established a target of 20% female representation on the Board.

The composition of the Board reflects a broad range of relevant expertise required for effective oversight. In the reported period, one member was responsible for finance and audit matters, while other members contributed extensive experience in corporate management and the electrical engineering sector. The employee representative ensured that employees' perspectives were represented and participated equally in the supervision of the D&ST's operations and strategic development.

The Nomination Committee oversees the nomination processes for both the Board and the Executives to ensure they are fair, transparent, and non-discriminatory; that they promote diversity, inclusion, and equal opportunities; and that they contribute to achieving balanced gender representation. The Nomination Committee has developed role descriptions and candidate profiles for each vacant position in line with the competencies and requirements of the Board or Executives and has identified and recommended suitable candidates to the Board.

CEO Compensation Link to TSR

The CEO's compensation, means compensation of the President of the Executives, is not directly linked to Total Shareholder Return (TSR).

The D&ST's Remuneration Policy is designed to align management compensation with the long-term interests of the D&ST, its shareholders and other stakeholders through a

balanced combination of fixed remuneration, variable remuneration and a long-term share-based incentive component.

Total remuneration for the Executives consists of: Fixed remuneration reflecting professional experience, competencies, responsibilities and market value (President of the Executives 40% | members of the Executives 42.5%); Variable remuneration linked to annual performance (President of the Executives 40% | members of the Executives 42.5%); and a long-term share-based incentive plan (President of the Executives 20% | members of the Executives 15%).

Variable remuneration is primarily linked to the achievement of predefined financial and non-financial performance targets approved by the Board. These targets include Group and D&ST-level indicators such as revenue, normalized EBITDA, contracted business volume and sustainability-related objectives. The performance criteria are measured against annual business plan targets, and the variable remuneration awarded reflects the degree to which these targets have been achieved.

Compensation Committee Independence

The D&ST currently does not have any independent members on the Board and, consequently, no independent members serve on the Compensation Committee. Despite the absence of independent members, the Committee operates in accordance with the D&ST's governance framework and established procedures, supporting the Board in matters related to remuneration policy, remuneration oversight, and alignment of Executive's compensation with the D&ST's long-term business objectives.

Compensation Improvement Tools

As part of the KONČAR Group, the D&ST utilizes remuneration benchmarking analyses, external consultants, and specialized compensation reports to assess market practices and remuneration levels within the relevant industry and labour market. These analyses provide the Board and the Remuneration Committee with objective information and market comparisons that support informed decision-making regarding Executives compensation.

In addition, the D&ST regularly reviews and adjusts remuneration levels in response to labour market conditions, industry trends, and inflationary developments. This approach helps ensure that compensation remains competitive, aligns with business objectives, and supports the attraction, motivation, and retention of qualified Executives and key talent.

The remuneration framework is designed to balance performance, market competitiveness, and long-term value creation, while reflecting the D&ST's governance principles and strategic objectives. Using benchmarking, external expertise, and market-based analyses, the D&ST seeks to maintain remuneration practices that are fair, transparent, and aligned with evolving market conditions.

Executive Compensation, Long-Term Objectives and Individual Compensation

D&ST discloses the individual remuneration of the Executive and the Board through its annual Remuneration Report, prepared in accordance with applicable legal and corporate governance requirements.

The Remuneration Report provides transparent information on the remuneration received by individual Board members and Executives during the reporting period, including fixed remuneration, variable remuneration, benefits and other components of compensation, where applicable. The report also explains the remuneration framework and its alignment with the D&ST's remuneration policies and governance principles. Through this disclosure, the D&ST promotes transparency, accountability, and effective corporate governance by enabling shareholders and other stakeholders to assess the structure and level of remuneration awarded to members of its governing bodies.

For the relevant reporting period, individual remuneration information for the Executives and the Board is available in the 2025 Remuneration Report, which serves as the primary source for verifying Executives and board compensation disclosures.

The determination of remuneration for Executives is designed to support the sustainable growth, long-term competitiveness, and value creation objectives of the D&ST. For 2025, the remuneration of each member of the Executives consisted of fixed salary, variable remuneration, and other fixed benefits. The President of the Executives, Vanja Burul, received total gross remuneration of EUR 247,044, comprising EUR 102,282 in fixed salary, EUR 131,634 in variable remuneration, and EUR 13,128 in other fixed benefits. Among the members of the Executives, Kristina Dimitrov received total gross remuneration of EUR 179,420, consisting of EUR 86,590 in fixed salary, EUR 81,360 in variable remuneration, and EUR 11,470 in other fixed benefits. Mario Ljubić received EUR 205,125, including EUR 85,783 in fixed salary, EUR 110,156 in variable remuneration, and EUR 9,186 in other fixed benefits. Martina Mikić received EUR 214,842, comprising EUR 88,975 in fixed salary, EUR 115,240 in variable remuneration, and EUR 10,627 in other fixed benefits. Dominik Trstoglavec received EUR 209,939, consisting of EUR 86,647 in fixed salary, EUR 112,698 in variable remuneration, and EUR 10,594 in other fixed benefits.

To ensure that remuneration remains competitive, appropriate, and aligned with market practices, the D&ST benefits from remuneration benchmarking, external market insights, industry compensation studies, and other analytical tools utilized at the KONČAR Group level. These inputs support the periodic assessment and refinement of remuneration policies for Executives and key leadership positions.

Remuneration levels and incentive structures are reviewed on a regular basis, taking into consideration business performance, strategic priorities, labour market developments, and macroeconomic factors, including inflation. This approach helps ensure the continued attraction, motivation, and retention of highly qualified Executives while reinforcing accountability for the successful execution of the D&ST's long-term strategy.

Executive Compensation Policy

The D&ST has established remuneration policies for both members of the Executives and the Board that are designed to attract, motivate, and retain qualified leaders while aligning remuneration with the D&ST's business strategy, performance, and long-term objectives.

The remuneration framework for members of Executives combines fixed remuneration, performance-based variable remuneration, and long-term incentive components. Variable remuneration is linked to the achievement of predefined financial, operational, and non-

financial objectives, including sustainability-related targets, thereby reinforcing accountability for business performance and the successful execution of the D&ST's strategic priorities.

The remuneration structure is designed to balance market competitiveness with performance orientation and long-term value creation. In determining Executives' remuneration, the D&ST utilizes benchmarking analyses, external market data, industry compensation studies, and other tools available at the KONČAR Group level to ensure remuneration remains competitive and aligned with market practices. Remuneration levels are periodically reviewed in light of business performance, labour market developments, and broader economic conditions, including inflation.

The remuneration of Board members is governed by a separate remuneration policy and reflects the responsibilities, expertise, and time commitment associated with their oversight role. In accordance with corporate governance principles, Board remuneration does not include performance-based components linked to business results.

Highest Remuneration Package

During the 2025 reporting period, the highest individual remuneration package amounted to EUR 247,044 (gross) and was paid to the President of the Executives. The remuneration package consisted of fixed remuneration, performance-based variable remuneration, and other fixed benefits in accordance with the D&ST's Remuneration Policy.

The D&ST's remuneration framework is designed to align Executives' compensation with business performance, long-term value creation, and the achievement of strategic objectives. Variable remuneration is linked to predefined financial and non-financial performance criteria, while the overall remuneration structure seeks to attract, motivate, and retain qualified executive leadership.

Shareholders' Approval Stock Compensation Plan

The D&ST requires shareholder approval for share-based compensation arrangements. The Remuneration Policy for the Executives, which includes share-based remuneration components, is proposed by the Board and approved by the General Assembly.

The D&ST's remuneration framework includes stock-based incentive mechanisms, including a share-based variable remuneration component and a long-term share incentive plan for the Executives. These programmes are governed by the Remuneration Policy approved by the General Assembly and are designed to align management interests with the long-term performance and value creation objectives of the D&ST and the KONČAR Group.

Succession Plan

D&ST has established succession plans for key management positions, including B-1 management level positions, as part of its talent management and business continuity framework.

The succession planning process is designed to ensure leadership continuity and organizational stability by identifying critical positions, assessing potential successors, and

supporting their professional development through targeted development activities, knowledge transfer, performance reviews, and leadership development initiatives.

Potential successors are identified based on their competencies, experience, performance, leadership potential, and readiness to assume greater responsibilities. Succession plans are periodically reviewed and updated to reflect changes in the organizational structure, business strategy, and workforce requirements.

The primary objective of the succession planning process is to mitigate risks associated with unexpected departures, retirements, or other changes in key leadership positions, while ensuring the continuity of business operations, effective decision-making, and the successful execution of the D&ST's strategic objectives.

Through its succession planning framework, D&ST seeks to maintain a sustainable leadership pipeline, strengthen organizational resilience, and support the long-term development of internal talent for future management roles.

Sustainability Compensation Incentives

ESG objectives are integrated into the D&ST's performance management system to support the implementation of sustainability principles and to strengthen accountability for environmental, social, and governance performance across the organization.

All employees in management positions are assigned at least one ESG-related objective as part of their annual performance targets. These targets include social (S) criteria, such as employee satisfaction, employee engagement, and other people-related performance indicators that contribute to the development of a positive, safe, and inclusive working environment.

The achievement of ESG objectives forms part of the annual performance assessment process and is considered when evaluating individual managerial performance. As a result, ESG performance is linked to the remuneration and incentive framework through the performance management system, ensuring that variable compensation is partially connected to the achievement of sustainability-related objectives.

Shareholders Vote on Executive Pay

Shareholders have the right to vote on Executives remuneration matters through the General Assembly.

The D&ST's remuneration framework provides shareholders with an active role in the approval and oversight of remuneration practices. The Remuneration Policy for the Executives is proposed by the Board and is subject to approval by the General Assembly. Similarly, the Remuneration Policy for Board members and any subsequent amendments are submitted to the General Assembly for approval.

In addition, shareholders are provided with the annual Remuneration Report, which discloses the remuneration paid to individual members of the Executives and Board and is presented to the General Assembly. This enables shareholders to review and assess the implementation of the approved remuneration framework and the remuneration awarded during the reporting period.

The D&ST's remuneration framework also includes share-based remuneration components for the Executives, including a share-based variable remuneration element and a long-term

share incentive plan. These arrangements are governed by the Remuneration Policy approved by the General Assembly, ensuring shareholder involvement in the approval of compensation structures that include equity-based incentives.

Through the approval of remuneration policies and the review of remuneration reporting at the General Assembly, shareholders participate in the governance and oversight of Executives and Board remuneration, supporting transparency, accountability, and alignment with the D&ST's long-term strategic objectives.

Equal Shareholder Rights

The D&ST is committed to ensuring equal treatment of all shareholders and the protection of their rights in accordance with applicable legislation, the Articles of Association, and the Corporate Governance Code. The D&ST has both ordinary shares (KODT-R-A) and preference shares (KODT-P-A). Preference shares do not carry voting rights at the General Assembly Meeting, while all other shareholder rights are equivalent to those attached to ordinary shares. For governance-related matters and voting rights assessments, only ordinary shares are taken into consideration. Accordingly, the D&ST ensures that all shareholders within the same class of shares are granted equal rights, equal access to information, and equal treatment in corporate decision-making processes. The D&ST does not have shares with voting cap.

Improvement Tools Business Ethics

The D&ST has established formal reporting channels for ethical concerns, misconduct, and irregularities. In accordance with the internal Rules of Procedure for Internal Reporting of Irregularities and Code of Business Conduct, employees and other stakeholders may report irregularities through the dedicated reporting channel, while reports are handled in line with the internal Rules of Procedure for Internal Reporting of Irregularities and the applicable whistleblower protection framework. Furthermore, the Code of Business Conduct contains detailed provisions on reporting irregularities, discrimination, violations of dignity, conflicts of interest, corruption, and other compliance-related concerns.

Board Functions Policy

To strengthen oversight of the Executives and support decision-making processes, committees with clearly defined responsibilities have been established. Each committee operates in accordance with its own rules of procedure, which define its composition, scope of responsibilities, authority, decision-making powers, and working methods. Detailed descriptions of the roles and responsibilities of each committee are provided below.

Effective management of key business, operational, and ESG-related matters is supported through a number of business committees operating within D&ST. These include the HSE Committee (Health, Safety and Environment), ESG Committee, Workplace Safety Committee, and Quality Committees, including the Quality Committee PC MPT and the Quality Committee of PC DT. In addition, several technical and commercial committees have been established, including the Committee for insulating oils, drying and filling processes, Copper and Aluminium Committee, Electrical Steel Committee, Solid Insulation and Sealing Materials Committee, Transformer Tanks, Coolers and Corrosion Protection Committee, Marketing Committee, and Agent Contracts Committee.

These committees serve as advisory and coordinating bodies within their respective areas of competence. Through their activities, they contribute to the monitoring of risks, quality, compliance, and operational efficiency, while providing regular updates and recommendations to the Executives as required.