

Sustainability Report

2022



Cover photo: Special transport of a 130 MVA Končar D&ST transformer delivered in 2022 to the Bruška Transformer Station 20/110 kV for the Zadar 2 wind farm (ZD2)

Sustainability Report

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I. Statement from the Management Board

In addition to the already present circumstances surrounding the global COVID-19 pandemic, supply chain disturbances and continuous price growth of the main raw materials and materials, the war in Ukraine and its impacts on the European and global economies generated further instability in 2022.

The sudden and significant rise in energy prices (natural gas, petroleum, electricity) and the overall impacts of inflation marked 2022. Despite this, the company continued its series of successful business years.



Vanja Burul
Chairman of the Management
Board of Končar D&ST Inc.

A significant increase in demand for energy efficient transformers, as a consequence of green transition, decarbonisation and greater awareness of sustainability, paired with our strong market position on demanding foreign markets and our ability to recognise sales opportunities, resulted in record contracting.

Investments into renewable energies (wind, solar), expanding the network for electro-mobility in the European Union, and projects aimed to reduce dependency on Russian energy were further drivers of growth.

During 2022, a total of HRK 55.6 million was invested. The largest portion of this investment (HRK 37.6 million) was made to purchase the second half of the hall next to the cutting centre. This space was purchased as part of the investment project entitled "Sustainable SETup for the development of socially and environmentally responsible production (Sustainable SETup), and will primarily be used to standardise the current level of production and increase warehouse space, allowing for an optimisation of certain business processes and more adequate flows of materials, raw materials, equipment and finished products.

At the end of the year, a 1.1 MW photovoltaic plant installed on the roof of the production hall was put into operation. This plant is expected to cover about 35% of the electricity demand of KONČAR – D&ST at its Zagreb location. In that way, in the years to come will also actively contribute to and participate in the energy transition and reducing our environmental impact.

By placing the priority on sales and development activities, employment and the systematic inclusion of young experts into the business, as well as motivating employees, investing in IT technologies, developing products and modernising production, the company has prepared for the demands of the complex market conditions in place now and expected in the future.

II. Key performance indicators

	HRK ('000)				EUR ('000)		Index
	2022	2021	2020	2019	2022	2021	22/21
Sales of goods and services							
Croatia	194,776	180,009	153,149	128,210	25,861	23,924	108.2
Exports	1,626,068	1,197,068	937,612	902,665	215,899	159,096	135.8
Total	1,820,844	1,377,077	1,090,761	1,030,875	241,761	183,020	132.2
Orders at year's end							
Croatia	84,499	73,435	23,604	32,279	11,219	9,760	115.1
Exports	1,983,515	1,233,068	825,146	658,464	263,359	163,880	160.9
Total	2,068,014	1,306,503	848,750	690,743	274,578	173,640	158.3
Net profits	167,991	88,437	92,091	59,695	22,305	11,754	189.8

Note:

Average exchange rate: 2019 1 EUR = 7.4136 HRK; 2020 1 EUR = 7.5331 HRK; 2021 1 EUR = 7.5242 HRK; 2022 1 EUR = 7.5316 HRK

	2022	2021	2020	2019	Index
Number of employees					
Average	727	663	639	612	109.7
On 31 Dec	744	678	651	623	109.7

Environmental indicators	2022	2021	2020
Units produced by year	9,494	9,066	8,691
Weight of produced units by year (t)	34,136	30,253	25,970
Waste generated (t)	2,245	2,165	1,965
Electricity consumption (MWh)	4,823.35	4,717.10	4,445.46
Heat energy consumption (MWh)	10,214.92	6,713.58	7,802.58
Water consumption (m ³)	13,559.97	10,206.67	8,887.93



Deliveries to over

40 countries

Exports

89%



Sales revenues

1.821
mil. HRK

Sales increase

32%

over 2021



Gross profits in 2022

179,6
mil. HRK

Increase in gross profit

65%

over 2021



At the end of 2022

744
employees



An increase of

10%

over 2021



III. About Končar - D&ST



1. Organisational profile

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KONČAR - DISTRIBUTION AND SPECIAL TRANSFORMERS inc. is a joint stock company seated at the address Josipa Mokrovića 8, 10090 Zagreb.

Following reorganisation, the company was registered on 6 February 1991 in accordance with market principles and operates as an independent joint stock company within the **KONČAR Group**.

KONČAR - ELEKTROINDUSTRIJA d.d. (KONČAR Electrical Industry Inc.) holds a majority share of **KONČAR D&ST** of 52.73%. The companies within the KONČAR Group are independent companies, and **KONČAR – ELEKTROINDUSTRIJA d.d.**, as the parent company, supervises them through the company's bodies - the Supervisory Board and the General Assembly, in accordance with the Companies Act and the Articles of Association of KONČAR - D&ST. The Company's share capital is divided into 511,232 shares, of which 388,376 ordinary registered shares with a nominal value of HRK 300.00 each and the code KODT-R-A, and 122,856 preferred non-voting registered shares, with a nominal value of HRK 300.00 each and code KODT-P-A in the depository of book-entry securities kept by the Central Depository Agency. Ordinary and preferred shares are listed on the regular market of the Zagreb Stock Exchange, www.zse.hr.

In 2022, the Company operated at a single location in the Republic of Croatia at the address: Josipa Mokrovića 8, 10090, Zagreb.

PET Sp. z o.o., the company in which **Končar D&ST Inc.** acquired the majority share on 8 May 2017 and increased its share to 100% in May 2020, operates in Czerwonak, Gdinska 83, Poland.



2. Activities, markets, products and services

Oil immersed distribution transformers, with rated power up to 8000 kVA and voltage up to 36 kV:

- standard transformers with regulation with off load tap changer
- transformers with an on-load tap changer
- transformers with low electromagnetic radiation
- amorphous core transformers

Dry type distribution transformers, with rated power up to 5000 kVA and voltage up to 24 kV

Special transformers:

- earthing transformers
- rectifier transformers
- transformers for locomotives and EMUs
- transformers for metallurgical furnaces
- vibration-proof transformers
- reduced-width transformers for wind turbine towers
- transformers for off-shore applications
- autotransformers for various purposes
- transformers for railways
- furnace transformers
- transformers for mobile substations

Compensation reactors, for metallurgical plants, rectifying devices, and short-circuit and ground fault current limitations

Medium power transformers with rated power up to 160 MVA and a voltage up to 170 kV

- with on-load tap changer
- with off-load tap changer
- without regulation tappings

Transformer service and repairs



3. Operating results

The stabilisation of operations at the end of 2021, after a year of turbulence caused by the COVID-19 pandemic, was very short-lived. Already in the second half of February 2022, the Russian aggression against the Ukraine caused gradual disturbances in all business segments, starting with logistics challenges followed by a dramatic spike in the price of materials and raw materials, which resulted in inflation that was unprecedented for many years before this. Such an altered situation indicated the inadequacy of the tender and contracted models, particularly in the commercial sense. Accordingly, it was necessary to renegotiate contract models with customers to track the prices of materials and raw materials and inflation.

Parallely, considering the goal of European countries to meet green transition targets and achieve energy independence as soon as possible, the demand for transformers increased significantly. This high demand further drove up the price of equipment, materials and raw materials needed for operations in the transformer industry, resulting in a lengthening of delivery periods for transformers. In this sense, it proved exceptionally important to develop strong partnerships with strategic buyers throughout Europe, as the main factors in these processes.

The Company invested extraordinary efforts throughout the year on virtually all markets, with a fair business and partnership approach towards buyers, and reliability and quality of supply to strengthen its market position. This resulted in exceptional business results in 2022.

In 2022, sales recorded growth of 32% over 2021, and totalled HRK 1,821 million (EUR 242 million).

Changes by product group in 2022 in comparison to 2021:

- distribution transformers: **increase of 36%**
- medium power transformers: **increase of 27%**
- dry and special transformers: **decrease of 15%**
- other goods and services: **increase of 74%**.

The markets we operate on

Sales by main markets was as follows:

Croatia: in 2022, deliveries were valued at HRK 195 mil. (EUR 26 mil.), which is an annual **growth of 8%** over 2021 (HRK 180 mil.; EUR 24 mil.).

Neighbouring European countries: BiH, Slovenia, North Macedonia, Montenegro, Austria, Italy, Czech Republic, Slovakia, Hungary, Serbia, Romania - In 2022, deliveries were valued at HRK 319 million (EUR 42 million), or **22% growth** compared to 2021 (HRK 262 million, EUR 35 million).

Other European countries: Sweden, Switzerland, Germany, Finland, Iceland, France, Great Britain, Ireland, Poland, Estonia, Latvia, Lithuania, Cyprus, Spain, Denmark, Norway, Malta, Netherlands, Belgium, Greece - In 2022, deliveries were valued at HRK 1,205 million (EUR 157 million), which is a **40% rise** compared to 2021 (HRK 859 million, EUR 114 million).

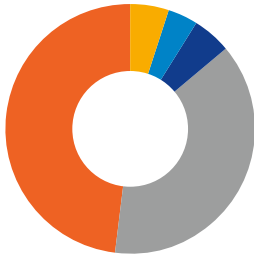
Asia, Africa, and the Americas: In 2022, deliveries were valued at HRK 102 million (EUR 14 million), which is **31% growth** compared to 2021 (HRK 77 million; EUR 10 million).

In 2022, total contract value was HRK 2,545 million (EUR 338 million), which is 39% more than in 2021.

The state of transactions contracted at the end of the year was worth HRK 2,068 million, up 58% over the end of 2021.

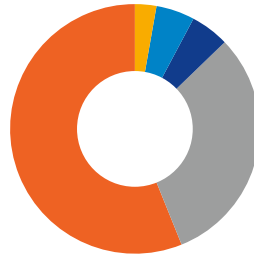


Realization by assortment in 2022

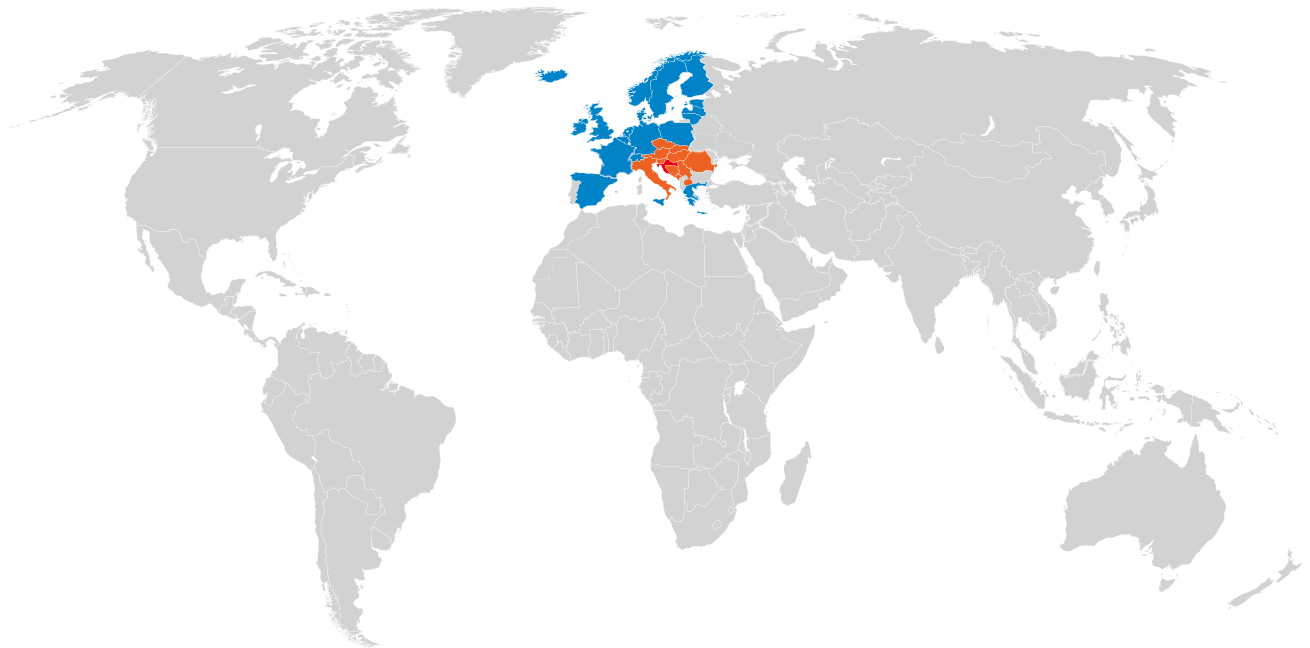


Power transformers	48%
Distribution transformers	38%
Services	5%
Dry and special transformers	4%
Materials and semi-finished products	5%

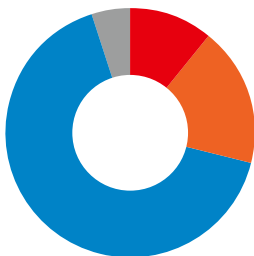
Contracting by assortment in 2022



Power transformers	56%
Distribution transformers	31%
Services	5%
Dry and special transformers	5%
Materials and semi-finished products	3%

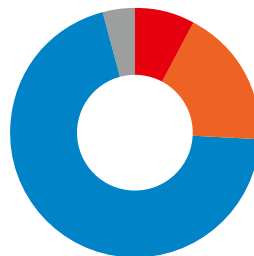


Sales by markets in 2022



Other European countries	66%
Neighbouring European countries	18%
Croatia	11%
Asia, Africa and Americas	5%

Contracting by markets in 2022



Other European countries	70%
Neighbouring European countries	18%
Croatia	8%
Asia, Africa and Americas	4%



IV. Climate change mitigation and adaptation

In 2015, the UN General Assembly adopted the Sustainable Development Programme to 2030, which presented the Action Plan with 17 global targets and the ultimate aim of mitigating ever-present social, economic and environmental issues. Later that year, at the 21st session of the Conference of Parties to the UN Framework Convention on Climate Change, the Paris Agreement on climate change was signed. The main goal of the agreement is to limit global warming to well below 2°C compared to pre-industrial levels. The parties also agreed to pursue efforts to limit the temperature increase to 1.5°C, so as to avoid the catastrophic consequences of climate change.

In 2020, the EU adopted the Green Deal, aimed at reducing CO₂ emissions by 55% to 2030 in comparison to 1990 levels, and achieving a climate neutral European Union by 2050.

All these actions led to the adoption of the European Union Regulation on EU Taxonomy (Regulation 2020/852 on the establishment of a framework to facilitate sustainable investments) with an emphasis on six environmental goals:



Climate
change
mitigating



Climate
change
adaptation



Sustainable use and
protection of water
and marine resources



Transition to a
circular economy



Pollution
prevention and
control



Protection and
restoration of
biodiversity and
ecosystems

Further, in 2021, the EU Commission presented the packaged called "Fit for 55", with a series of proposals to revise and update the EU legislation in the areas of climate, energy and transport.

By conducting a comprehensive analysis of the KONČAR – D&ST products and business activities, and an overview of the activities in relation to economic activities defined under the legal framework of the EU Taxonomy Regulation, it was concluded that KONČAR – D&ST primarily does not perform economic activities that enter into the scope of the Taxonomy.

However, KONČAR - D&ST is required to issue a non-financial report (in accordance with the Corporate Sustainability Reporting Directive (CSRD)), and in this report, the company publishes an assessment of its taxonomic alignment and acceptability, and reporting on the share of key KPIs for the first two environmental goals for 2022, which encompass:

- **Revenues from taxonomy-acceptable and taxonomy-aligned activities**
- **Capital expenditures (CapEx) from taxonomy-acceptable and taxonomy-aligned activities**
- **Operating expenditures (OpEx) from taxonomy-acceptable and taxonomy-aligned activities**
- **Accompanying qualitative information**

1. Key performance indicators according to the EU Taxonomy

During 2022, KONČAR - D&ST achieved revenues from several taxonomy acceptable activities, though these revenues were not materially significant in relation to the total revenues achieved from the production and sale of transformers. Below is an overview of the taxonomy acceptable activities from which KONČAR - D&ST achieved revenues in 2022:

Branch	Section	Activity	Achieved revenues in HRK '000s
5. Water supply, removal of wastewater, waste management, reclamation	5.5.	Collection and transport of non-hazardous waste in fractions separated at the source	7,846
7. Construction activities and trade in real estate	7.7.	Purchase and ownership of buildings	2,086
TOTAL NUMERATOR			9,932
TOTAL DENOMINATOR			1,917,068
% Taxonomy-acceptable revenue			1%
% Taxonomy-unacceptable revenue			99%

The majority of the revenue of KONČAR - D&ST is generated from the production of transformers, an activity that is taxonomy-unacceptable, meaning that this activity cannot significantly contribute to the reduction of CO₂ emissions, and in that way largely contribute to accomplishing the first two environment goals: climate change mitigation and climate change adaptation. The majority of the taxonomy-acceptable revenues of the company are generated from the sale of non-hazardous waste and from property rentals. None of the recognised economic activities fulfils the criteria of a significant contribution, and therefore cannot be aligned with the EU Taxonomy. For any future alignments, it would be necessary to determine which activities can meet the prescribed criteria.

1. Key performance indicator capital expenditures (KPI CAPEX)

CAPEX includes all capitalised procurement of tangible and intangible assets, assets with the right to use, investments in property, etc

Branch	Section	Activity	Achieved revenues in HRK '000s
6. Transport	6.5.	Transport by motorcycle, personal vehicles and light commercial vehicles	1,114
	6.13.	Infrastructure for personal mobility, bicycle logistics	85
7. Construction activities and trade in real estate	7.6.	Installation, maintenance and repairs of technology for renewable energy	5,444
	7.7.	Building purchase and ownership	37,629
TOTAL NUMERATOR			44,272
TOTAL DENOMINATOR			58,872
% Taxonomy-acceptable OPEX			75.2%
% Taxonomy-unacceptable OPEX			24.8%

The largest part of the taxonomy-acceptable capitalised expenditures at KONČAR – D&ST was generated through building purchase and ownership. In comparison with the year before, there was an increase in the taxonomy-acceptable CAPEX due to a purchase of property in 2022 to increase the production capacities of KONČAR - D&ST.

2. Key performance indicator operating expenditures (KPI OPEX)

The OPEX includes: costs of maintaining fixed assets, uncapitalised costs of research and development, and uncapitalised leasing costs.

Branch	Section	Activity	Achieved revenues in HRK '000s
6. Transport	6.5.	Transport by motorcycle, personal vehicles and light commercial vehicles	858
	6.6.	Cargo transport by road	104
7. Construction activities and trade in real estate	7.3.	Installation, maintenance and repair of equipment for energy efficiency	796
	7.7.	Purchase and ownership of buildings	4,869
9. Professional, scientific and technical activities	9.1.	Research, development and innovations with market potential (to contribute to mitigating climate change)	5,839
TOTAL NUMERATOR			12,466
TOTAL DENOMINATOR			33,539
% Taxonomy-acceptable OPEX			37%
% Taxonomy-unacceptable OPEX			63%

The most significant of the Taxonomy-acceptable OPEX pertains to the purchase and ownership of buildings, and research, development and innovation with market potential. The remainder pertains to transport and other construction activities. Category 9.1 Research, development and innovations with market potential was recognised as a Taxonomy-acceptable activity in 2022, and its significant contribution was recorded in the sense of increasing the Taxonomy-acceptable OPEX.



2. Ecological products - transformers

Insulating fluids

In the area of insulating fluids, activities were continued to apply ecologically acceptable solutions. In the first quarter of 2022, we successfully tested and delivered two transformers with power 21 MVA and voltage 72.5 kV, filled with biodegradable mineral oil, to a client in Sweden.

We are continuously monitoring the market of biodegradable and recycled insulation fluids.

Qualification testing is actively performed for new natural esters obtained from a range of agricultural crops (sunflower, rapeseed oil).

We are continuously investing in production and a new device has been procured for processing biodegradable ester insulation fluids at the end of 2022, and is currently in the test phase in regular production

Losses

In the past decade, transformer losses have been continually declining, and have been formalised at the EU level on two occasions: in 2015 with the application of the Tier 1 Ecological Directive and in 2021 with the application of the Tier 2 Ecological Directive. Today, this means that transformers are required to include the best available technology for conductors and transformer sheet metal. For this reason, in medium power transformers, transposing conductors have largely replaced the less expensive profile conductors on multiple parallels, and laser cut sheet metal has replaced all other sheet metals. In order to further reduce losses, numerical tools based on finite element methods are often used.

Transformer sheet metal with a reduced environmental impact

KONČAR - D&ST works actively with its suppliers to seek out new materials and equipment with a reduced carbon footprint. Due to the increasing pressures of the European Directives and national laws aimed at reducing environmental impacts, mitigating and adapting to climate change, there is an increasing trend of new products – from transformer sheet metal and insulating fluids, to equipment and small parts.

In addition to the insulating fluids with a reduced environmental impact that are already in use, KONČAR - D&ST is opening new opportunities for cooperation concerning other "greener" materials. Transformer sheet metal with a reduced environmental impact has been available for a certain time and trial quantities have been procured. The greatest challenge in this area will be to raise awareness among clients and to encourage them to select this type of transformer sheet metal, given the price.

ECO VADIS SILVER MEDAL

We are delighted to announce that KONČAR - D&ST was the recipient of the Silver EcoVadis medal for 2022, putting us among the top 25% of companies for sustainability. The EcoVadis methodology is built on international standards of sustainability, including the Global Reporting Initiative, UN Global Compact, and ISO 26000. The EcoVadis award is a recognised and reliable global assessment of business sustainability that encompasses more than 75,000 companies from multiple industries.



Noise

In addition to losses, noise is one of the greatest challenges in the development of contemporary transformers. Client demands concerning transformer noise are becoming greater, and research is continuously ongoing to reduce noise.

Magnetic field in the transformer environment

Since the electricity systems of distribution transformers are positioned nearest the customers, they need to be designed in such a way that they meet the recommendations of the International Commission on Non-Ionising Radiation Protection (ICNIRP) and the Croatian legislation (Act on Protection from Non-Ionising Radiation, Ordinance on protection from electromagnetic fields) that is five times more stringent than the said international recommendations. For the Swiss market, the standard requirements are 200 times more stringent than the international recommendations. For this market, a tool was developed to enable a complete 3D model of the distribution transformer with a calculation of magnetic field using the finite element method (FEM).



3. Sustainable electricity system (photovoltaic plant)

At the end of 2022, the KONČAR - D&ST 1.1 MW photovoltaic plant was successfully installed and put into operation.

The use of renewable energy and investments in energy efficiency are the foundation for the European Green Plan aimed at achieving climate neutrality. KONČAR – D&ST is aiming to give a sound contribution through its investments in the green economy and in sustainable energy transition on the path towards transforming to a low-carbon economy.

Electricity generation is performed in 4266 modules installed on the factory rooves, and it is estimated that the system will generate 1,456.16 MWh per year. The panels cover over 7000 m² of roof area, and this electricity will cover about 35% of the total annual electricity demand.

In addition to rationalising utility costs for the company, this project also reduces CO₂ emissions by about 35%, or 480,532.80 kg CO₂ per year.



Photovoltaic plant at the location KONČAR – D&ST



V. Responsibility towards the environment



1. Achieving global goals

KONČAR – D&ST has recognised the need to raise awareness and to act more strongly in accordance with the UN Sustainable Development Goals (UN SDG). The following sustainable development goals have been identified as priorities for KONČAR – D&ST, and the need to act towards the following goal is highlighted:

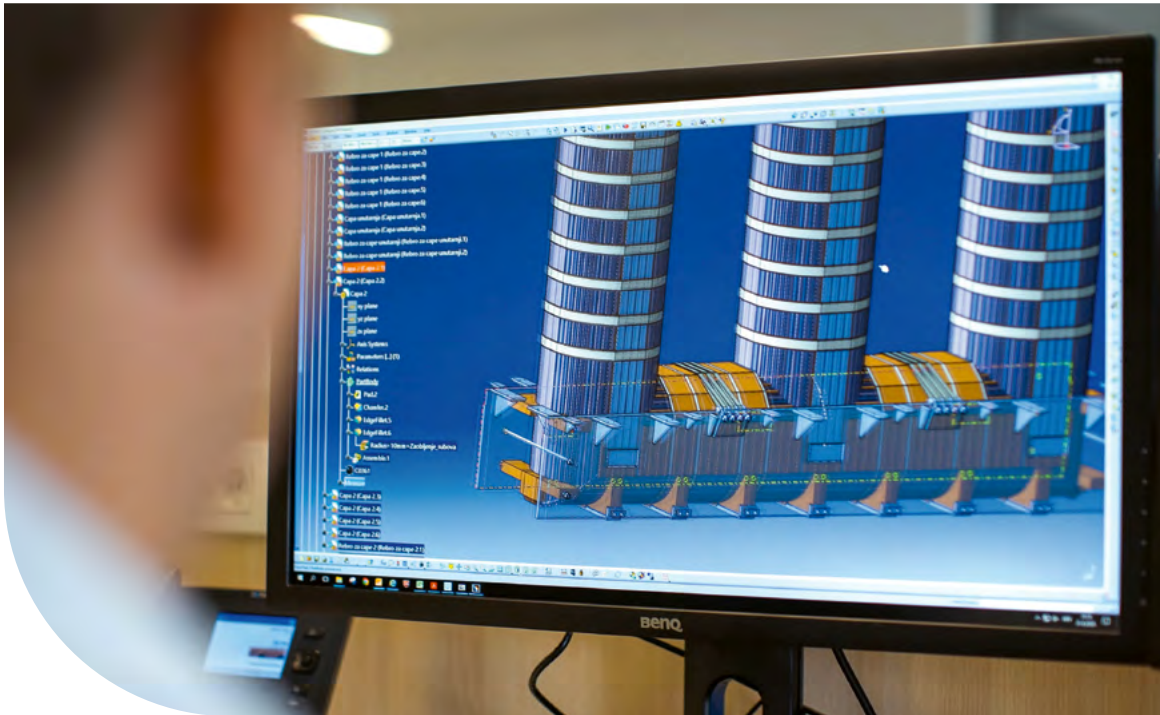
- QUALITY EDUCATION (SDG 4)
- GENDER EQUALITY (SDG 5)
- AFFORDABLE AND CLEAN ENERGY (SDG 7)
- DECENT WORK AND ECONOMIC GROWTH (SDG 8)
- INDUSTRY, INNOVATION AND INFRASTRUCTURE (SDG 9)
- SUSTAINABLE CITIES AND COMMUNITIES (SDG 11)
- RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG 12).

SDG 4

KONČAR – D&ST places a strong emphasis on ongoing education for its employees, through various internal and external professional training sessions tailored for the job requirements, such as training for management systems, training in occupational health and safety, management training, IT training, foreign language training, training on cyber security, and more.

SDG 5

KONČAR - D&ST promotes equality among all its employees, regardless of sex, age, nationality, ethnic origin, race, creed, language, social or economic status, sexual orientation, political or other affiliations, in the area of work and working conditions, including selection criteria and recruitment opportunities, advancements, and opportunities for training and professional development.



With its policies and actions, KONČAR - D&ST actively participates in combatting all forms of violations to human dignity, particularly in the prevention of slavery, child labour and abuse, forced labour, human trafficking, and all forms of modern slavery in its own business environment, and among its suppliers.

SDG 7

In all its business processes, KONČAR – D&ST applies the provisions of the valid legislation which, among other things, include the provisions of the Environmental Protection Act, Energy Efficiency Act, and Ordinance on energy inspections for large companies. This contributes to the global and Croatian goals to achieve energy independence and to increase the efficient use of energy.

SDG 8

Our Work regulations define the fundamental provisions by which we contribute to sustainable economic growth, employment, and decent work for all. Some of those principles are: work organisation, entering into labour relations, working hours, vacations and leave, rights and responsibility in labour relations or concerning labour relations, employee responsibility, cessation of the Labour Contract, protection of worker rights, procedures and measures to protect employee dignity, procedures and measures to protect workers from discrimination, employee inclusion in decision-making, elements and basis for salary calculations, and more.

SDG 9

Through continuous investments in resilient infrastructure, KONČAR – D&ST promotes inclusive and sustainable industrialisation, and stimulates innovativeness. One of the newest projects to this aim is the Sustainable SETup project, with aims to normalise the existing level of production by increasing warehouse, production and administrative space, improve the flow of materials and finished products, and more efficiently organise production processes.

SDG 11

KONČAR - D&ST is committed to corporate social responsibility, and its activities serve not only its own economic and technical interests, but also protect and improve the overall conditions in the community.

SDG 12

The environmental protection strategy includes the rational use of resources (materials, energy, water, overall energy efficiency), using environmentally-friendly technologies, reducing the use of dangerous chemicals and replacing them with more environmentally-friendly chemicals, and product design, with a focus on the circular economy.

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2. Sustainable use of materials



103-1 IMPACT ON THE ENVIRONMENT

At a time when KONČAR - D&ST is facing increasingly complex challenges and market demands, technological development is one of the key requirements for success in the context of finding an adequate response to those demands.

Transformer production is not an activity that has a direct threat for the environment, and therefore does not pose a great threat to the surrounding population or nature. However, thinking about the lifecycle of products at KONČAR - D&ST includes finding ways to reduce the use of natural resources and reduce environmental emissions, ensure good procurement practices, and ways to recycle the products at the end of their life cycle.

In this way, we can achieve cleaner products and processes, a competitive market edge and improved platform to meet the demands of a changing business climate.

103-2 PRODUCT ECO-DESIGN

Since transformers are a key structure in creating electricity grids of varying power levels, making them an important link in the global aims to reduce environmental impacts, we work together with our clients and partners to develop and apply new technologies. Through continuous reductions in transformer losses, and with the use of new materials to lower the environmental impact and improve the circular flow of materials, we are supporting the energy transition towards a carbon neutral future.





SUSTAINABLE SUPPLY CHAIN

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The quality of procured products and/or services is of great importance, not only for the proper execution of procurement activities, but also for retaining continuity in the production process and ensuring customer satisfaction. The fundamental condition for executing planned and controlled procurement procedures is cooperation with secure and trusted suppliers. We build relationships that enable us to procure products without variations in quality or delivery deadlines, with the optimal input supervision and subsequent corrections.

A sustainable supply chain has numerous advantages – from environmental to social to economic. The path towards establishing such a supply chain includes a number of steps, from initial analysis and data measurements in the supply chain that will later form the basis of the plan and setting goals for supply chain sustainability.

PACKAGING MATERIALS

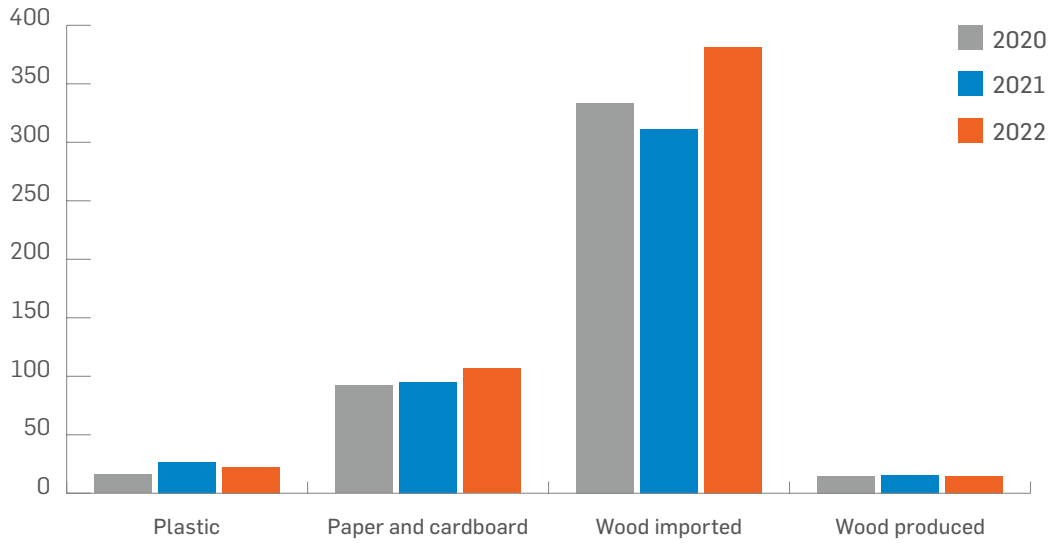
301-3

KONČAR - D&ST is continuously working towards finding the best model of a circular economy, by ensuring that materials can be recollected after use for reuse or recycling. We work with suppliers to find new types of packaging that are a key link in resolving the challenges of sustainable packaging. Packaging materials are being developed to ensure their easier recycling after use, with aims to increase the use of recycled materials in packaging. This reduces the quantity of waste generated and the impacts of packaging on the environment.

In 2022, an increase was seen in the amount of wooden, paper and cardboard packaging with a slight decrease in plastic packaging, among the non-returnable packaging.



Types of packaging used (t)

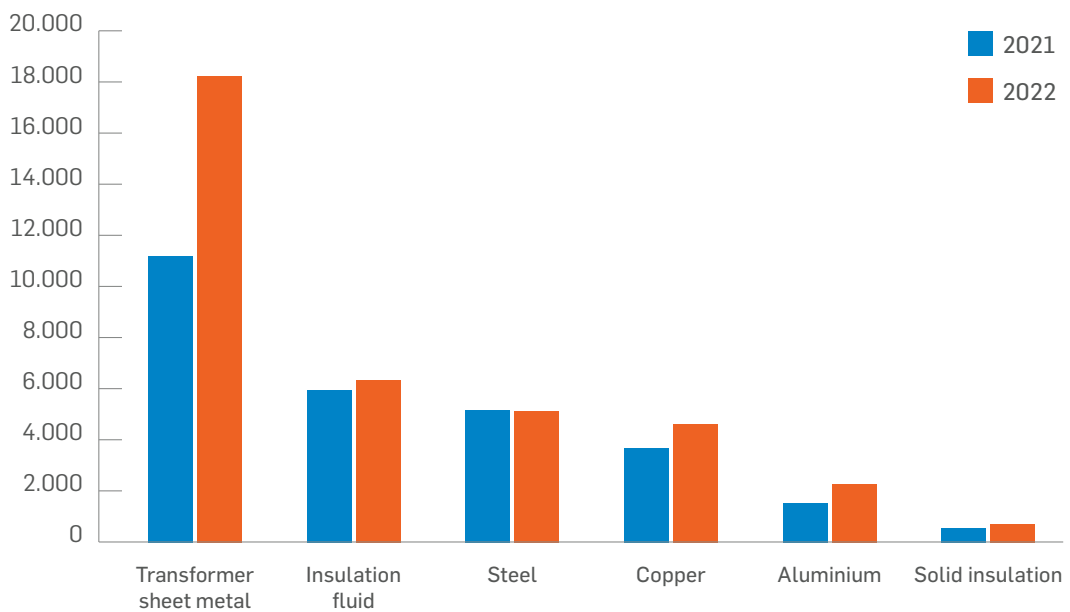


301-1 STRATEGIC MATERIALS

In 2022, a total of 38,592 t of strategic materials were procured, including transformer sheet metal, insulation fluid, steel (transformer tanks, lids, conservers, coolants and other auxiliary equipment), copper, aluminium and solid insulation material. With the materials listed in the chart, other non-strategic materials were also procured, such as different equipment, cabinets, etc.



Strategic materials in 2021 and 2022 (t)





3. Energy efficiency

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Energy is a significant and essential resource for the operations of KONČAR – D&ST and represents a significant cost in performance of activities. In addition to the commercial costs of energy for the organisation, excessive energy consumption can be detrimental to the environment, with large losses for the general community due to the exhaustion of natural sources and contributions to the issues of global warming and climate change. In line with this, we are dedicated to the rational use of natural resources, and committed to improving the energy, ecological and economic performance of our product through efficient energy use. KONČAR - D&ST conscientiously and continuously manages energy and takes the initiative to ensure efficient and rational consumption. Monitoring and managing energy consumption in daily activities is performed in compliance with the environmental protection management standard ISO 14001:2015. KONČAR – D&ST sets its environment goals at the beginning of every year, placing special emphasis on energy efficiency for the optimisation of costs and positive effects on the environment.

KONČAR – D&ST uses four main energy sources in its operations: electricity, heat energy (technological steam), water, and compressed air. Monitoring and managing energy consumption is of great importance for ensuring efficient energy use, and the company KONČAR – Infrastructure and services Inc., a company in the KONČAR Group, is responsible for energy supply (electricity, heat energy, natural gas) to the location of KONČAR – D&ST.

103-1, 2, 3

The production site is divided into four main production halls. Part of the production processes uses the north meter station, and the other half uses the south meter station. Since October 2019, KONČAR – D&ST proudly holds the ZelEn mark of HEP Electricity supply, which confirms that the electricity supplied to the north meter station is generated from renewable energy sources, thereby further reducing CO₂ emissions.

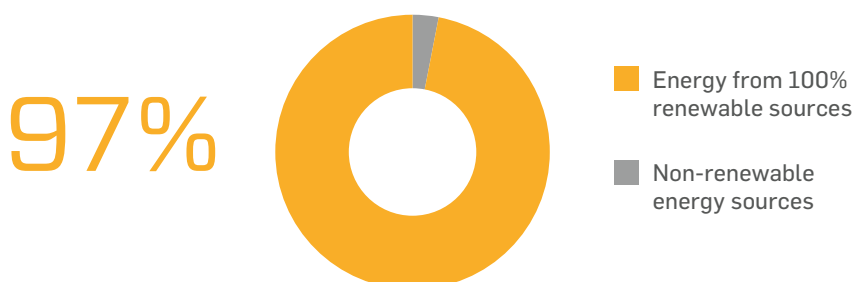


Up to the end of March 2022, electrical energy for the south meter station was from mixed sources (mix HEP). After 1 April 2022, both the north and south meter stations use 100% electricity from renewables.

In order to reduce the use of classical energy sources and to mitigate the detrimental impacts of energy use on the environment, at the end of 2022, KONČAR - D&ST put into operation the new 1.1 MW photovoltaic plan installed on the roofs of several of the production buildings on site.

The graph below shows the total ratio of electrical energy sources used at KONČAR - D&ST in 2022.

Ratio of energy used by sources in 2022



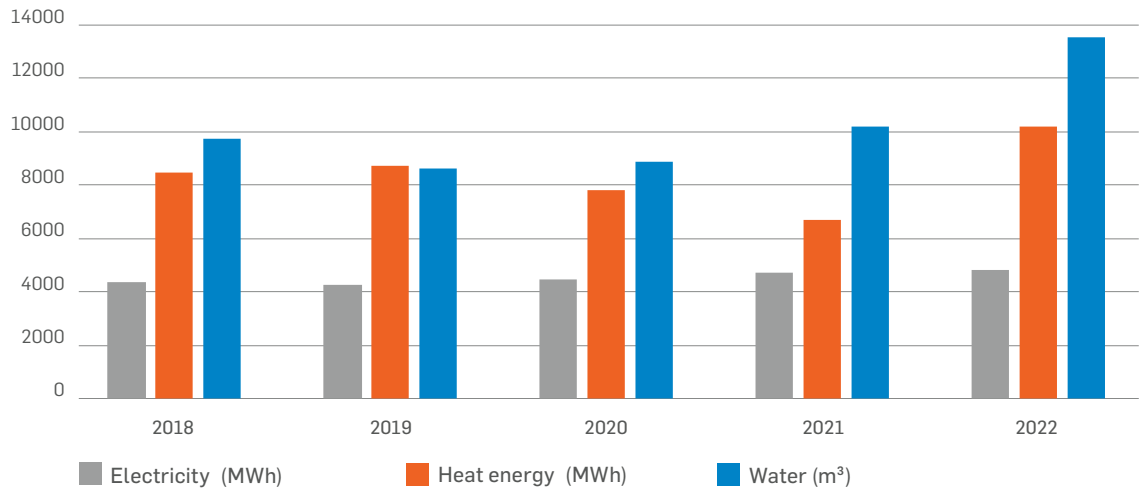
It is expected that the installation of these solar panels will result in a 35% reduction in the need for KONČAR – D&ST to use electrical energy from the grid.

302-1 The most important data collected on site at KONČAR – D&ST are: consumption of electrical and heat energy in MWh and water in m³ by month. In 2022, a total of 4,663.63 MWh of electricity from renewable sources was used, and just 159.72 MWh from non-renewable sources. According to these data, in 2022, 96.69 % of the electricity used by KONČAR – D&ST was from renewable sources, thereby largely reducing CO₂ emissions.

Overview of energy consumption at KONČAR - D&ST by year

	2018	2019	2020	2021	2022
Electrical energy (MWh)	4,363.00	4,237.54	4,445.46	4,717.10	4,823.35
Heat energy (MWh)	8,481.43	8,715.67	7,802.58	6,713.58	10,214.92
Water (m³)	9,752.67	8,634.66	8,887.93	10,206.67	13,559.97

Overview of energy consumption at KONČAR - D&ST by year



For operation of the furnace owned by KONČAR – Infrastructure and services, natural gas is used as the energy source for the general of heat energy. Following an increase in gas prices in the last quarter of 2022, costs increased several times over.

302-4 A review of energy consumption in 2022 shows that there was a significant increase in the consumption of heat energy and water. This is explained by the increases in total production (in both number and tonnage of transformers).

KONČAR – D&ST has delivered a transformer of power 80 MVA for a new client in Spain.

302-5 This project is special in that it is the first time that the Carbon Footprint of Products (CFP) certificate has been issued for a medium power transformer. During February, the transformer successfully passed the audit of the carbon footprint performed by the SGS certification company. In 2021, SGS in cooperation with KONČAR - D&ST conducted a CFP study in accordance with the guidelines of the standard ISO 14067:2018, which outlines the principles, requirements and guidelines for quantifying and reporting on the carbon footprint of products. For distribution transformers, a series of successful CFP calculations and verifications has continued, and the first Environmental Product Declaration (EPD) certificate has been issued and published on the EPD environment portal in Italy.

4. Waste management and transitioning to a circular economy

306, 103



Responsible waste management is a key topic in every company. The primary mission of KONČAR - D&ST is to optimise all production processes, with the aim of reducing quantities of waste generation in the earliest stages, and all waste generated is handled in the manner prescribed by the law and in accordance with corporate social responsibility. Information about how waste is handled after generation is becoming increasingly important to interested parties, and is often included in various calculations of the environmental impacts that the organisation has globally.

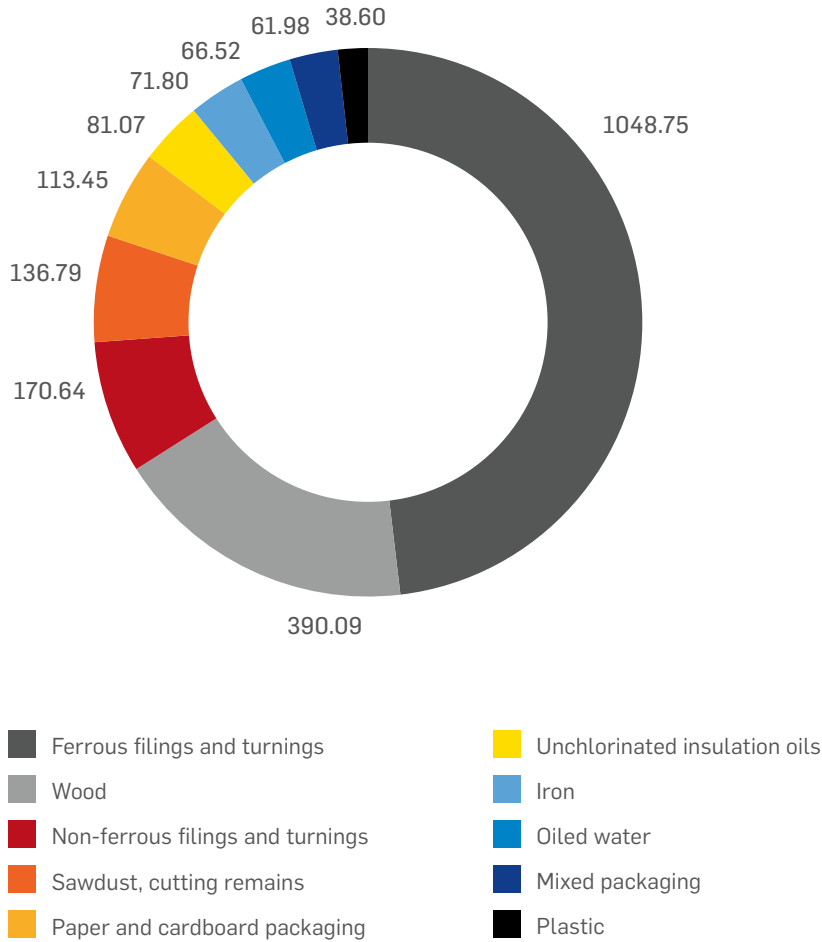
103-1,
103-2,
103-3

KONČAR - D&ST applies a computer guided system to track waste data, making it possible to generate reports using different data. These data are processed based on their intended use, and presented in various places. At least once per year, at the thematic Environment, Health and Safety Board meetings, through points of the ISO 14001 standard, the management is informed of the total quantities of waste generated in the previous year, total costs for and manner of its disposal, and all novelties in this area. The persons responsible for the environment and waste regularly report the quantities of waste generated to the competent authorities, the Ministry and the Fund.

KONČAR - D&ST introduced the Environmental Management System under standard ISO 14001:2015 back in 2002, and since then has not received any reports or complaints by any government or non-government body (green societies). In addition to the effective overall waste management strategy, environmental topics have become materially more important in recent years, and are expanding beyond the actual standard requirements, increasing our aim to operate upon sustainable development principles at multiple levels, thereby standing out from our competition. The company is registered on several environmental portals (e.g., EcoVadis, CDP, etc.), publicly displaying points we have achieved in the field of the environment. This in turn increases our tender qualifications, increasing our success in pre-qualification and qualification audits, and consequently increases the number of contracts won and production.



Most significant types of waste in 2022



306-1 Waste generation and significant impacts on its generation

Production waste and municipal waste are the two main groups of waste generated at KONČAR - D&ST. Of this, production waste can be non-hazardous or hazardous waste, while municipal waste is generated after the adequate sorting of all previously generated types of waste. In 2022, a total of 2245 tonnes of production waste was generated, of which 2064 t was non-hazardous and 181 t hazardous waste. The graph of types of waste generated shows that the type of waste most generated was ferrous filings and turnings, followed by wood waste, non-ferrous filings and turnings (primarily aluminium and copper), sawdust and cutting remains, and paper and cardboard. The graph shows that most of the waste is generated during production, and a portion from packaging and dispatch.

306-2 Managing significant impacts on waste

Effective waste management is the responsibility of every individual, and specifically departments overseeing and controlling the flows of materials and waste. On the one hand, process engineers are responsible for managing production parameters that can influence reduced waste generation and for researching the market to find more sustainable raw materials and materials. Further, the Procurement Department participates in the successful application of a circular economy, through the selection of suppliers, to always give precedence both to high quality raw materials and to suppliers that also apply the principles of sustainable development in their industries, The Management System Development Department and the Maintenance Department handle the waste generated, and ensures pickup using key numbers, handling contracts with authorised waste handling companies, and seeking alternatives in handling byproducts generated in product that can be considered semi-finished products or raw materials, and not waste.



Waste generation

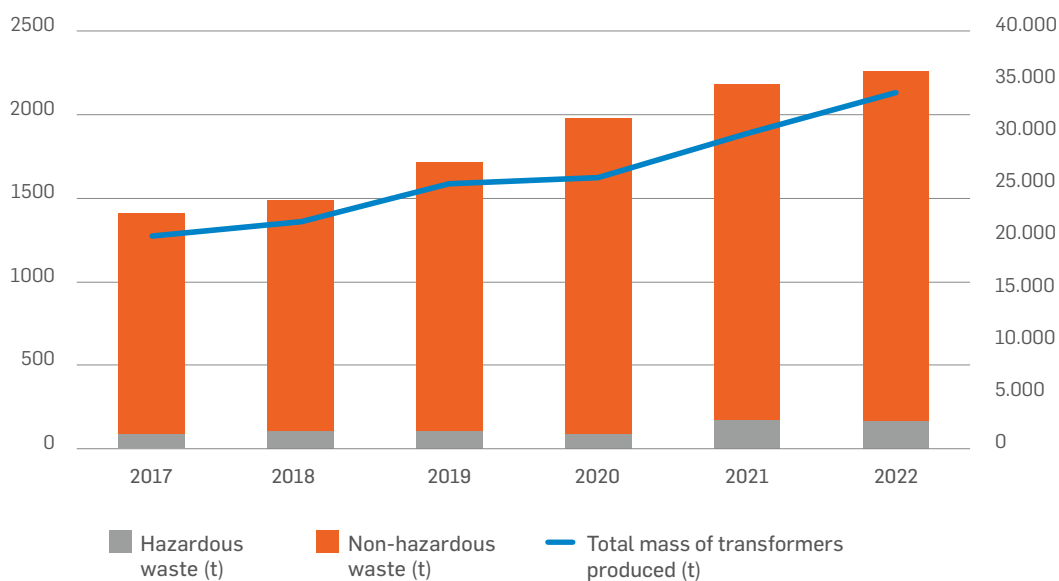
306-3

The table below shows the total waste generated in tons for the period from 2017 to 2022.

Types of waste generated by year (t)	2017	2018	2019	2020	2021	2022
Hazardous waste generated	102	123	131	111	188	181
Non-hazardous waste generated	1293	1347	1570	1854	1977	2064
TOTAL WASTE GENERATED	1395	1470	1701	1965	2165	2245

Given the increase in production, it can be expected that the quantities of waste generated will also continue to increase. The figure below shows the increase in production by year through the total mass of produced transformers (distribution, special and medium power transformers), and the mass expressed in tonnes is compared with the mass of total waste produced. It also shows the mass of waste that is characterised as either hazardous or non-hazardous waste, so as to have a better overview of the negative environmental impacts through the share of hazardous waste, which is negligible at KONČAR - D&ST.

Increase of production by year in comparison with total mass of waste generated



Waste handled using all methods except disposal

306-4

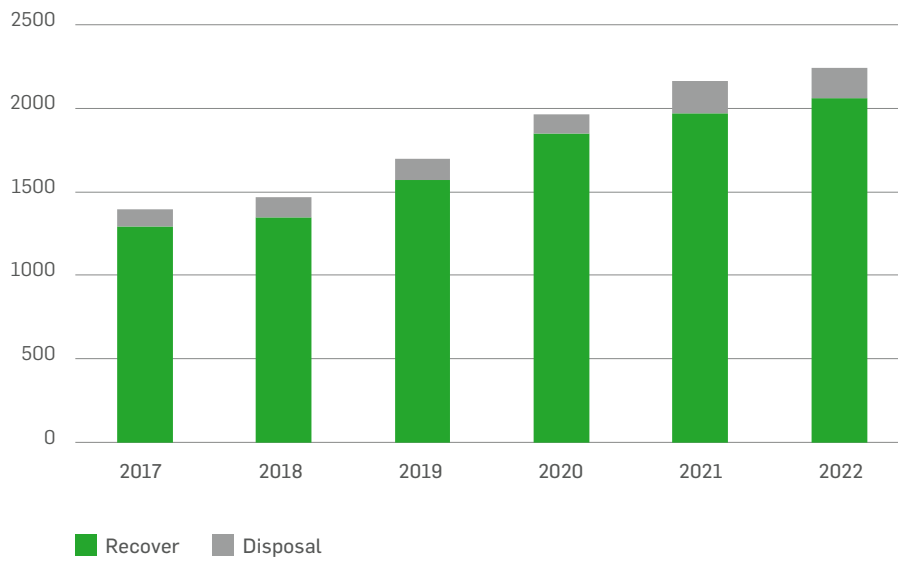
The waste handling procedures for waste generated at KONČAR - D&ST includes two types: use and disposal. In 2022, of the total 25 types of waste, 11 types (primarily hazardous waste) were handled through disposal, while the remaining 14 types of waste were sent for some form of re-use, or recycling. The ways the company handles its waste indicated the importance of the overall process of waste management.



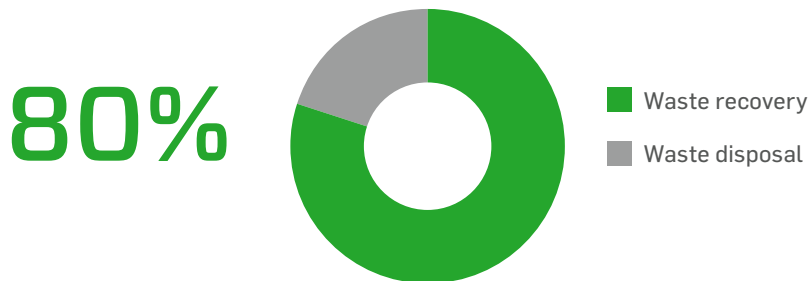
306-5 **Disposed waste**

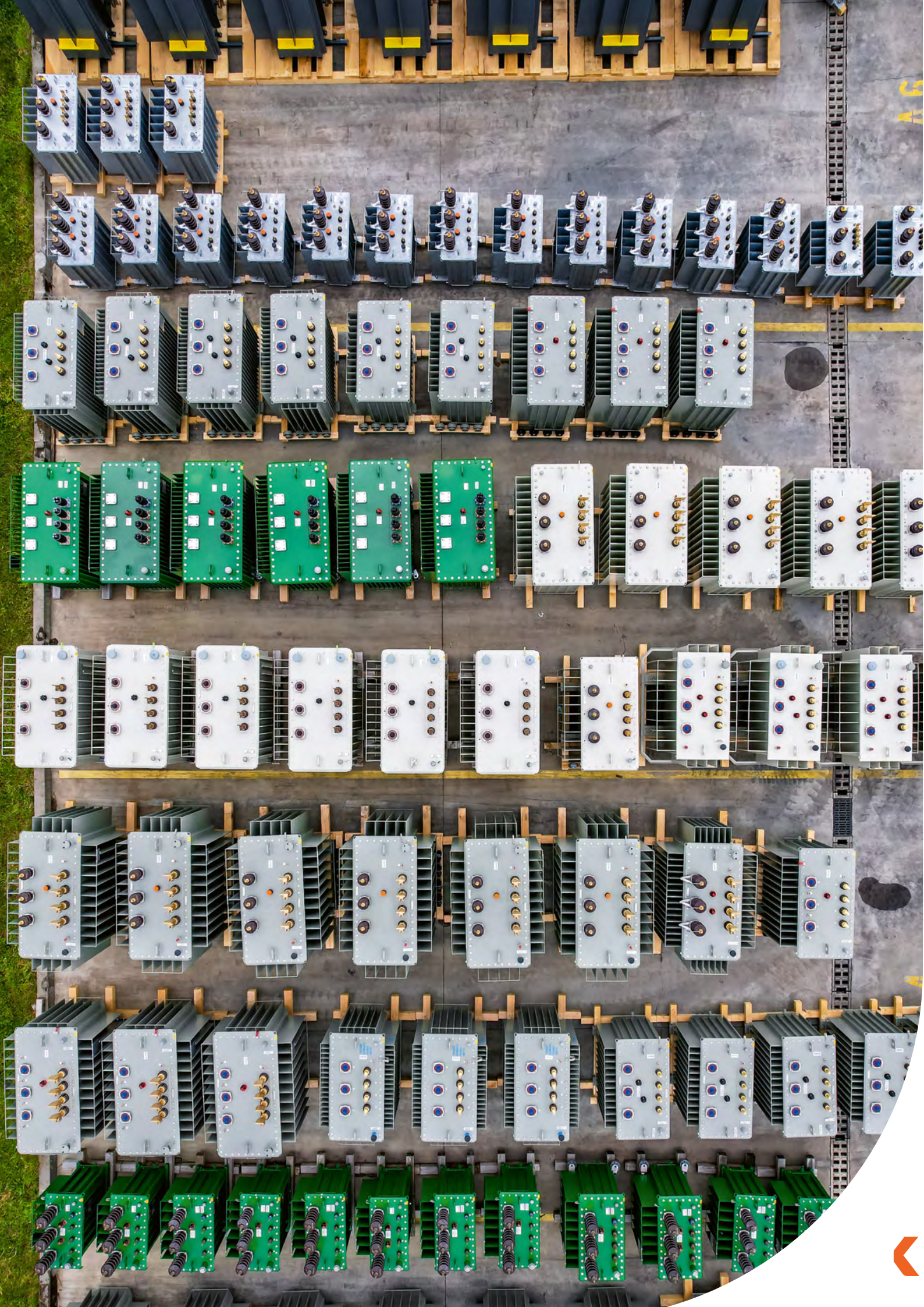
In the six-year period shown in the figure of waste generated at KONČAR - D&ST, it is evident that from year to year, about 80% of the generated waste is recovered, while the remainder is handled through disposal. Hazardous waste generated at KONČAR - D&ST is most often handled by disposal (e.g., separator sludge, unchlorinated oil, etc.), while non-hazardous waste such as plastic or iron are primarily recycled. The company works with authorised disposal companies, giving recommendations for handling waste; however, the disposal companies are required to handle waste in accordance with Croatian laws and the waste producers do not have 100% reliable information about what happened to the waste or where it went. Since the trend of sustainable production is rising in all segments of the economy, it can be expected that waste having the potential for recycling and/or reuse is ultimately used in that way.

Methods of handling generated waste



Average use of generated waste from 2017 to 2022





VI. Corporate governance

1. Management structure and delegation of responsibilities

Management Board

During 2022, the company KONČAR - D&ST was run by the Management Board in the following composition:

Vanja Burul, *Chairman of the Board*

Petar Bobek, *Board member, director of the MPT profit centre*

Martina Mikulić, *Board member, director of the DT profit centre*

Dominik Trstoglavac, *Board member, director of Technical and Business Development*

Petar Vlaić, *Board member, director of Finance, Procurement, HR and Legal Matters*

In 2022, business processes were organised through the Distribution Transformer Profit Centre, Medium Power Transformer Profit Centre, and Joint Services. The profit centres were run by board members as the profit centre directors, and the director of sales, technical matters and production.

In 2022, the company operated at one location in the Republic of Croatia, at Josipa Mokrovića 8, 10090 Zagreb. The company PET Sp. z o.o. (under 100% ownership by KONČAR - D&ST) operated at the location Czerwonak, Gdinska 83, Poland.

Supervisory Board

The company is overseen by a Supervisory Board comprised of five members, of whom four are elected by shareholders at the General Assembly, and one member is the workers' representative on the Supervisory Board.

The company secretary is Mrs. Dalija Bat.

During 2022, the members of the Supervisory Board were:

Gordan Kolak, *chairperson*

Ivan Bahun, *member*

Josip Ljulj, *member*

Miki Huljić, *member*

Ana-Marija Markoč, *member – worker's representative*

In 2022, the Supervisory Board held 42 sessions, of which four were regular sessions, 34 correspondence and four telephone sessions, with all members of the Supervisory Board in attendance.

The Supervisory Board conducted a self-evaluation of its performance and of the profile and competences of individual members of the Supervisory Board in 2022. The evaluation was conducted by the President of the Supervisory Board. External assessors did not participate in the evaluation.

The Supervisory Board found that its work is efficient, its composition balanced, and that its members have the knowledge, abilities, experience, and the expertise required to oversee the affairs of the Company.

The Supervisory Board set a goal of at least 20% female members of the Supervisory Board and of the Management Board, which can be considered adequate representation as this corresponds to the share of women in the total number of employees in the Company. In 2022, the percentage of female members of the Management Board and of the Supervisory Board was 20%. The Supervisory Board appraised the efficiency of co-operation arrangements between the Supervisory Board and the Management Board and the adequacy of support and information received from the Management Board.

The Supervisory Board found that this co-operation was successful and that the Management Board delivered timely and full information and provided adequate support to the work of the Supervisory Board

General Assembly

On 24 May 2022, the General Assembly of KONČAR - D&ST was held. The Assembly was convened by the company Management Board with an invitation published in the Court Register of the Commercial Court at Zagreb. Of the total 388,376 regular shares, a total of 308,236 regular shares or 79.37% was represented at the Assembly.

The Company applies the majority of provisions of the Corporate Governance Code drafted by the Zagreb Stock Exchange and HANFA, as published on the official website of the Zagreb Stock Exchange (www.zse.hr).

Organisational chart

GENERAL ASEMBLY

SUPERVISORY BOARD

- Gordan Kolak, chairperson
- Ivan Bahun, member
- Josip Ljulj, member
- Miki Huljić, member
- Ana-Marija Markoč, member

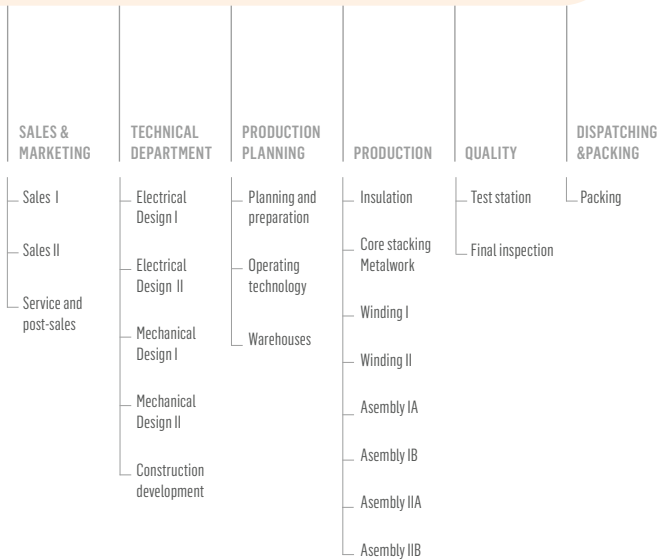
MANAGEMENT BOARD

Chairperson Vanja Burul

Office of the Management Board

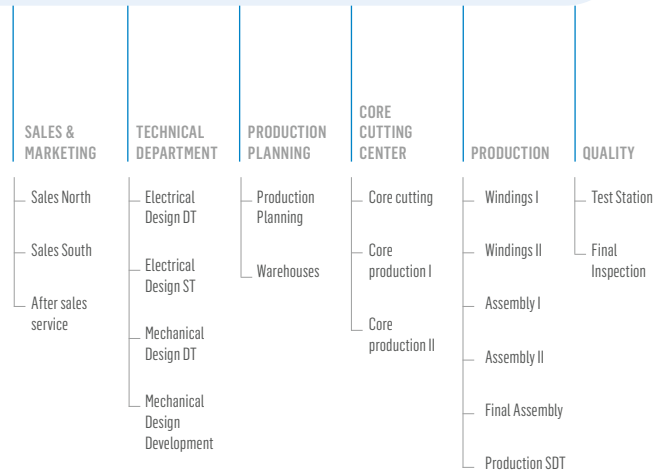
Profit centre MEDIUM POWER TRANSFORMERS director Petar Bobek

Business Secretary

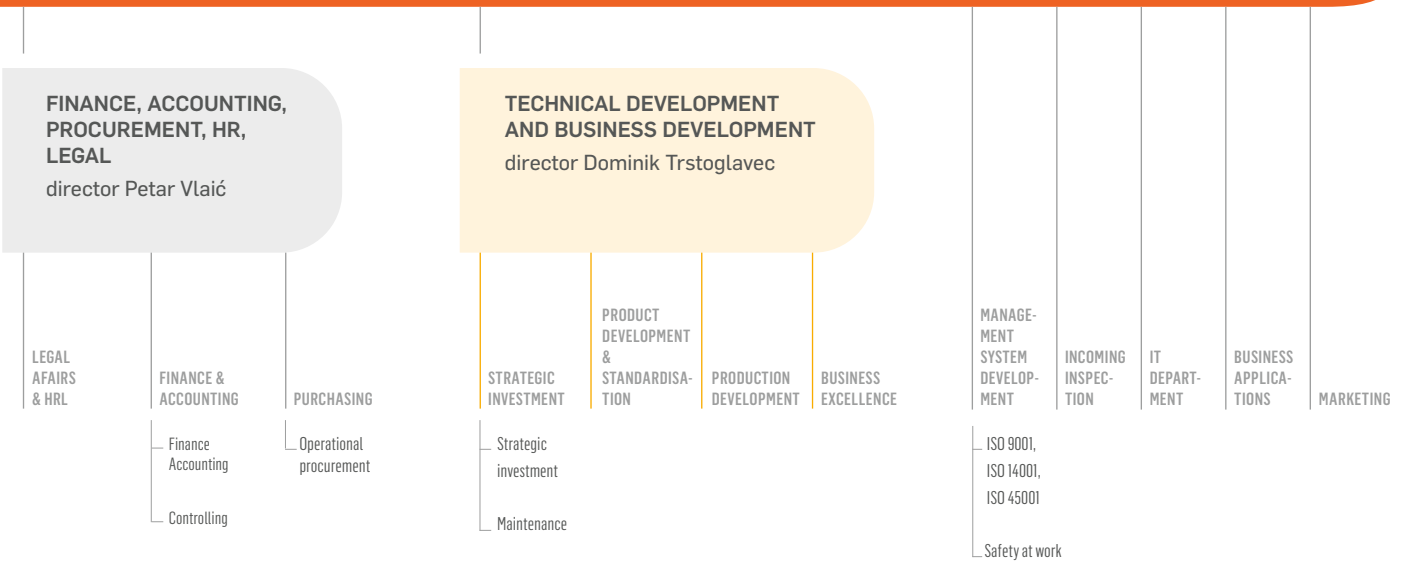


Profit centre DISTRIBUTION TRANSFORMERS director Martina Mikulić

Business Secretary



Auditors
KPMG Croatia





102-15

2. Strategy

The core business activity of KONČAR - D&ST will continue to be the development, sales and production of distribution oil transformers of power to 8 MVA and 36 kV, special transformer and medium power transformers to 160 MVA and 170 kV.

At the existing location at Jankomir, in the period from 2022 to 2024, the investment project entitled "Sustainable SETup for the development of socially and environmentally responsible production" (Sustainable SETup) will be carried out, focused primarily on standardising the current level of production and increasing warehouse space, which would enable the optimisation of individual business processes and a more appropriate flow of materials, raw materials, equipment and finished products.

KONČAR - D&ST will secure a high standing among the top European producers of distribution, special and medium power transformers by recognising and meeting the needs of key customers, nurturing partnership relations with suppliers, through its commitment to quality and sustainable development, technical and organisational development, and well-trained and motivated employees that work together to achieve business excellence.

102-15

3. Key risks, influences and opportunities

102-11

Risk management

In 2022, KONČAR - D&ST revised its Risk Management Rules and the Risk Management Policy, which are compliant with ISO 31000:2018 (Risk Management - Guidelines), and with ERM (Enterprise Risk Management) principles. In accordance with the Policy, risk management in the company is:

- integrated into all business processes and decision-making processes in the company. It is structured and comprehensive, takes into account both the external and internal context of the company, and the best available information,
- inclusive and includes a wide circle of people, starting from the Management and Supervisory Board, to the sector and area directors, managers and department heads and workshop managers, to all employees, and also external stakeholders,
- dynamic, as new risks can arise, change or disappear in line with changes to the external and internal context,
- based on ongoing improvements to management, and based on learned and acquired experience.

102-11

In examining the business strategy and business goals, the Company confirms it has a moderate (average) tendency to risk.

The lowest tendency to risk is in the area of security goals and compliance, including employee health and safety. An insignificantly higher tendency to risk is in the area of strategic and operational goals. That means that reducing risks ensuing from our systems, equipment, products and work environment to a reasonable and feasible level, and abiding by our legal requirements takes precedence over other business goals.

Key influences, risks and opportunities

In line with the defined risk management methodology, a Catalogue of Risks was drawn up and was revised in late 2022. The Catalogue identifies, analyses, and evaluates the main strategic, operating, and financial risks, and measures were defined to reduce the risks, and designating the persons responsible for managing those risks (risk owners). Risks were identified in all company organisational units.

Throughout most of 2022, there continued to be a significant increase in the price of raw materials and materials (copper, aluminium, transformer sheet metal, transformer oil, steel). The 2022 business year was marked by the start of the Russian aggression against the Ukraine, with numerous consequences for the European and global economies. The war led to shortages and rising energy prices, particularly natural gas and electricity, with strong uncertainty as to how the situation would unfold.

The company responded appropriately to these risks, mitigating them through the available measures and actions, and 2022 ended without a strong negative influence on the Company's business results.

DEMAND for transformers on the target markets of KONČAR - D&ST was one of the main risk factors for company operations. The 2022 business year was characterised by an increased demand for transformers for a series of reasons, the most important being the highly significant investments into renewable energy and EU electromobility, forecasts of further growth in prices of energy, raw materials and production materials, and uncertainty due to disturbances on the supply chain.

SUPPLY for transformers by other producers, in the form of competitive pressure, is the next very important risk factor for company operations. The behaviour of current competitors and the entry of new competitors on the target markets of KONČAR - D&ST (particularly Turkey and other countries) created a very strong competitive pressure on most target markets. The entire transformer industry has experienced substantial change in recent years, with numerous restructurings, separations and/or sales of energy sections of business in large corporations, closures or liquidation of existing factories, opening new factories, takeovers and mergers (consolidation), and these trends are expected to continue.

RISKS ON THE PROCUREMENT MARKET were also pronounced in 2022. The main challenges involved shortages and growing energy prices due to the war in Ukraine. The price of the main raw materials and other materials used in the production of transformers (copper, aluminium, transformer sheet metal, transformer oil, insulation, steel, etc) were volatile, with significant growths and occasional drops, over a relatively short period of time. Considering the options at its disposal, the company is protected from the risks of sudden changes in the price of strategic raw materials in several ways. The most important method in the past two years has been the inclusion of sliding formulas for materials into sales contracts with customers. For copper, the risk mitigation policy for those contracts without a sliding formula is such that since this is a raw material that is traded on the commodities market (London Metal Exchange), prices and quantities are agreed with suppliers with FORWARD contracts for the future period, based on the situation and assessments of contracts. For transformer sheet metal and other important procurement parts, half-year contracts with suppliers aim to reduce this risk and secure the required quantities. Changes in the price of materials includes the calculations when developing new offers for products.

TECHNOLOGICAL AND DEVELOPMENT RISKS KONČAR – D&ST currently possesses contemporary technology for the production of transformers and the appropriate technical solutions for the majority of the products from its programme, and it is able to keep up with technical and technological development at an impressive level. In the future, the company is not expected to lag behind the main competitors in terms of technical and technological level.

RISKS OF STRATEGIC INVESTMENTS AND ACQUISITIONS In 2022, work intensified on the strategic investment project "Sustainable SETup for the development of environmental and socially sustainable production", and intensive support was continued to the development of the company PET in Poland. This group of risks is mitigated through appropriate analyses and evaluations of potential risks, taking adequate measures to mitigate risk, and through active inclusion of the Management Board and key managers and employees in managing processes.

Among the **FINANCIAL RISKS**, the most pronounced are the foreign currency risk, credit risk, and liquidity risk.

FOREIGN CURRENCY (EXCHANGE) RISK is quite prominent in company operations, since there is a large portion of exports and imports in revenues, and since a part of the monetary items in the claim and liability sides are expressed in foreign currencies. The company is protected from foreign currency risk through forward contracts with banks and with internal techniques of aligning the foreign currency inflows and outflows, and aligning the state of the monetary items in foreign currencies in the balances.

CREDIT RISK appears as a threat that a given debtor of the company (i.e., customer to whom a delivery has been made without sufficient payment insurance) will not be able to or want to execute payment to the company in line with the contracted terms, and that the company will then face losses on the write-off or reduced claims. The company is protected from credit risk by payment insurance instruments (L/C, guarantees, promissory bills, etc.) and an assessment of customer financial standing in cooperation with external agencies for the assessment of financial standing and credit standing. Also, claims for individual customers are also insured with specialised institutions.

LIQUIDITY RISK arises as a threat that the company will not be able to execute its liabilities towards creditors in the contracted schedules. The company has contracted relations with corporate banks on framework credit, which enables it to quickly and with known conditions to bridge a current need for liquid funds. Also, claims with relatively long maturity periods are occasionally collected by selling them to financial institutions.

MANAGEMENT AND PERSONNEL RISKS The usual fluctuations and changes in management, leading experts, and employees does not significantly influence company operations, while sudden and larger fluctuations of management, key and other employees could influence the company's business results. The company actively manages these risks. In addition to the



above risks, there is also, to a certain extent, information risks, design and construction risks, production risks, political risks and other groups of risks.

Investments and modernisation of technology

During 2022, the Company invested a total of HRK 55.6 million (up from HRK 19.3 million in 2021). The majority share of these funds (HRK 37.6 million) was invested in the purchase of the second half of the production hall with cutting centre. The purchased half of the hall, having an area of 4700 m², will be set up as additional warehouse, production and administrative space, as part of the investment project "Sustainable SETup for the development of socially and environmentally responsible production" (Sustainable SETup). The Sustainable SETup project is implemented in the period from 2022–2024, and the aim is to standardise the existing level of project by increasing warehouse, production and administrative space, so as to achieve better flow of materials and finished projects and more efficient organisation of production processes.

A significant investment in 2022 was the installation and commissioning of the photovoltaic plant at the end of 2022. The plant has an installation strength of 1.1 MW and is fully operational, and it is expected that it will generate one-third of the Company's annual electricity demand.

In 2022, various types of special production machinery were modernised and procured.

A new machine for lateral cutting of transformer sheet metal was contracted for the distribution transformer product line, and its delivery is expected at the start of the Q3 2023. The installation and commissioning of this new machine will enable more stable production of distribution transformer cores, and will improve the working conditions in the Cutting centre.

Parallel with investments into production equipment, investments were made to upgrade IT equipment and to modernise computer equipment, thereby increasing the efficacy of administering the business processes and ensuring better support to the technical offices. Employee training was also implemented to raise awareness about cybernetic safety, which will contribute to raising the overall information security of the Company.





VII. Social responsibility and human resources

102-8



1. Information about our employees

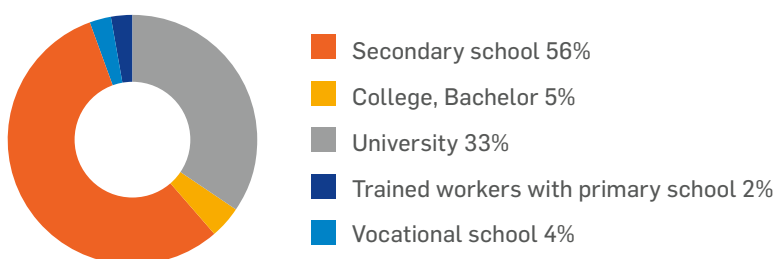
401 At the beginning of 2022, KONČAR – D&ST had 678 employees. By the end of the year, another 88 new recruits joined the company while 22 people left, thus ending the year with 744 employees.

We recruit people of a diverse age structure. The youngest newly employed person in 2022 was 18 years old, while the oldest was 54 years old. The average age of employees at KONČAR - D&ST is 39 years.

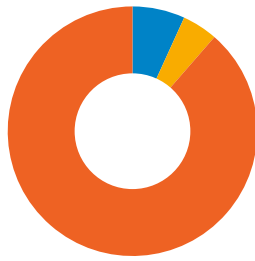
Employee structure by qualifications in 2022

1. University qualifications (16+ years schooling)	249
2. College, Bachelor (14–15 years schooling)	36
3. Secondary school (12 years schooling)	415
4. Vocational school (11–13 years schooling)	29
5. Trained workers with primary school (8 years schooling)	15
TOTAL	744

Employee structure by qualifications in 2022

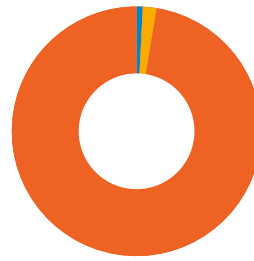


New recruits by type of contract in 2022



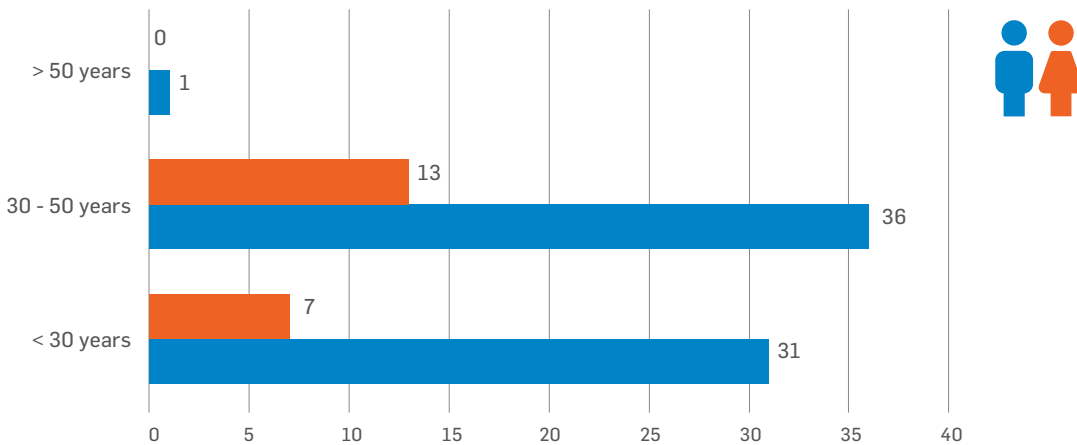
- Indefinite duration contract 88%
- Fixed term contract 5%
- Internship 7%

Overview of all employees by type of contract in 2022

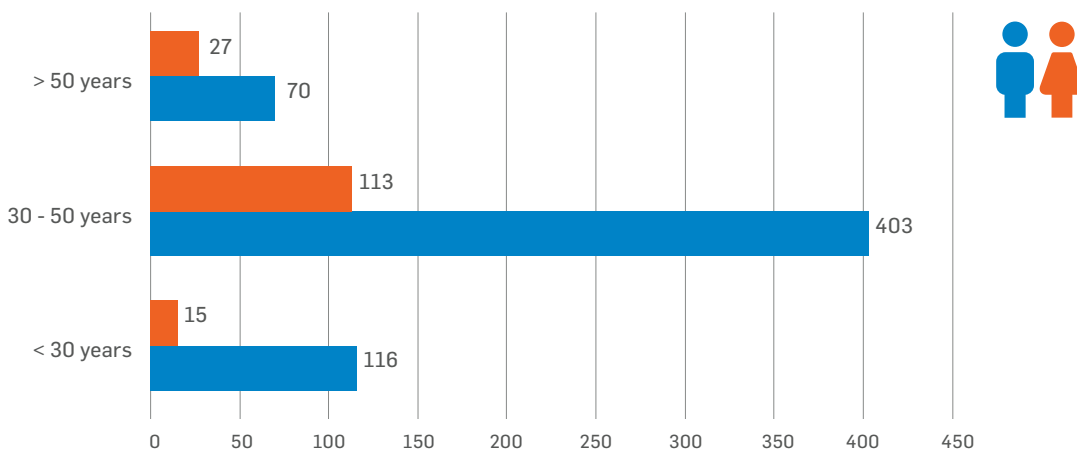


- Indefinite duration contract 97,4%
- Fixed term contract 1,8%
- Internship 0,8%

Structure of new recruits by age and gender in 2022



Structure of all employees by age and gender in 2022



Fluctuation rates in 2022

The company continues to record a low rate of early turnover (only two cases of early employee departure were recorded due to not meeting expectations during the trial period of employment and due to termination) and a generally low rate of total, desired and undesired fluctuation.

Comparison of annual fluctuation rates:

Year	Total annual fluctuation rate	Annual rate of undesired fluctuation	Annual rate of desired fluctuation
2020	2.5 %	1.1 %	1.4 %
2021	2.6 %	0.8 %	1.8 %
2022	3.0 %	1.9 %	1.1 %

Employee benefits

KONČAR - D&ST cares for its employees, offering numerous monetary and non-monetary benefits to create the conditions for professional growth and development, a pleasant working environment, decent compensation for work, and a work/life balance:



ADDITIONAL PAYMENTS – CHRISTMAS BONUS, VACATION BONUS, EASTER BONUS...

JUBILEE BONUS

VOLUNTARY RETIREMENT INSURANCE

SUBVENTION FOR HOT MEAL AND TRANSPORT

OPPORTUNITIES FOR FURTHER EDUCATION, TRAINING AND ADVANCEMENT

FLEXIBLE WORK HOURS FOR OFFICE EMPLOYEES

MULTISPORT CARD FOR PARTICIPATION IN SPORTS AND RECREATION

SUPPLEMENTAL HEALTH INSURANCE

ADDITIONAL HEALTH INSURANCE – ANNUAL PHYSICAL EXAM

PARENTAL BENEFITS – SUPPORT FOR NEWBORNS, PARENTAL AND PATERNAL LEAVE, CHRISTMAS GIFT FOR CHILDREN

RETIREMENT PACKAGE

Parental leave

All employees, regardless of gender, are entitled to take parental leave, and fathers are also encouraged to take leave. During 2022, more men than women took advantage of the right to take parent leave, proving that the company also encourages fathers to use this benefit.

		2022			
Parental leave	W	M	Rate of return to work after parental leave	Rate of remaining at work (12 months) after returning from parental leave	
		5	14	100 %	100 %
Parental leave	W	M	Rate of return to work after parental leave	Rate of remaining at work (12 months) after returning from parental leave	
	0	29	100 %	100 %	

HR SURVEY 2022

Aware of the importance of our greatest strength – our current employees - without whom it would not be possible to achieve the company goals and our economic growth and progress, we make ongoing efforts to hear the needs and opinions of our employees and to keep them satisfied and motivated.

At the KONČAR Group level, an online survey was conducted during November 2022.

The purpose of the survey was to better understand employee satisfaction and opinions concerning different aspects of their employment, and to measure the organisational climate in the company. The survey results serve as a basis for drafting an action plan to improve areas where a need is identified in the survey.

The survey was filled out by 46% of the total number of people employed as of the starting date of the survey.

The employees of KONČAR - D&ST were most satisfied with their working conditions, status in the organisation, and the work itself. They also believe that they have an adequate work/life balance and satisfactory assistance and support of their colleagues. Employees were somewhat less satisfied with their salaries and recognitions, and opportunities for advancement.

The employees of KONČAR - D&ST, in comparison with employees of other companies in the Group, were more satisfied with the organisational management, work, working conditions, and salary. In comparison to other Group employees, the employees of KONČAR - D&ST were less satisfied with their colleagues, status in the organisation, opportunities for education, and opportunities for advancement.

The average eNPS for KONČAR - D&ST was 22, meaning that most of the employees of KONČAR - D&ST are willing to recommend the company as a desirable employer.

In comparison with other companies in the Group, the results of measuring the organisational climate at KONČAR - D&ST were above average on the scales Inclusion, Task orientation, Work pressure, Clarity, Control and Physical comfort. Results were below average on the scales Management support, Collegial cohesion, Autonomy and Innovativeness.

Like the results of surveys on satisfaction and organisational climate conducted earlier, in 2019 and 2021, and with the suggestions given then by our employees, certain measures have already been taken in this year and the year before, with the aim of improving working conditions, interpersonal relations, and employee satisfaction.

Highlighted activities implemented to improve working conditions and employee benefits:

- opening of a new parking lot with an additional 60 spaces at the northern end of the location
- construction of a covered bicycle parking area
- introduction of team building for all employees in 2023
- introduction of supplemental health insurance for all employees



The KONČAR - D&ST Management Board has listened to what our employees have said in the 2022 survey and adopted the action plan. The planned activities will be implemented during 2023 and the following years.

MAMFORCE STANDARD

In 2022, KONČAR - D&ST participated in the certification process for the MAMFORCE standard.

Through our participation in the MAMFORCE project, we wanted to contribute to building a working environment at KONČAR - D&ST that is supportive, adaptive, and inclusive. We believe that this project will benefit all our employees, particularly mothers and fathers, and the community as a whole, through the promotion of gender equality, improving the balance between work life and private life, and improving employee wellbeing.

In March 2023, KONČAR - D&ST was awarded the MAMFORCE standard certificate. We hope that this will benefit our employees and business productivity and, in the long terms, will change society for the better.



Cooperation with institutions for professional rehabilitation and employing persons with disabilities - URIHO

During 2022, good cooperation was continued with URIHO, an association for the professional rehabilitation and employment of persons with disabilities. Through the business cooperation agreement with the protection workshop, KONČAR - D&ST orders products made by the URIHO association, and in that way meets the alternative quota for employing persons with disabilities and, more importantly, supports the professional rehabilitation and socialisation of persons with disabilities into the community.

For 2022, the company, as a subject to quota employment, met the alternative quota, which replaced the employment of 72 persons with disabilities.

2. Training and education

103, 1-3

By investing in the acquisition and development of competencies, KONČAR – D&ST enables all of its employees to acquire specialist knowledge, thereby also keeping up with trends and new technologies, and increasing innovativeness. This also contributes to increasing the quality of work, creating a market advantage and improving existing and developing new products and services. Education, training and personal development are key for KONČAR - D&ST operations, as it is through the application of acquired knowledge and skills that true results are achieved in business activities.

In addition to planned training sessions (intended for the acquisition of expert and technical knowledge, managerial knowledge, and the development of personal competencies), other forms of education are also supported. KONČAR – D&ST finances graduate and post-graduate specialist and doctoral studies for its employees, and supports active and passive participation in seminars and conferences in Croatia and abroad. Employees are also able to enrol in foreign language and IT skills courses, participate in various workshops to learn leadership skills and manager development programmes, participation in workshops for soft skills and personal development, management system auditor training, and other training programmes.

The training activities are regularly monitored, in addition to employee satisfaction with these programmes. At the beginning of the year, the Human Resources Department drafts an annual report on training in the preceding year. KONČAR - D&ST works continuously to improve processes for training and education and development of the systems to manage competencies, internal training programmes, the accessibility and selection of external training programme, and monitoring the implementation and effectiveness of educational activities.

Average number of training hours per employee

404-1

During 2022, 58% of employees took part in some form of training or education, which is increase for 2% from the year before. The average number of training hours per employee was 48 hours (in comparison with 45 hours in 2021).

Share of employees
participating in education
in 2022

58%



404-2

Skills programmes and programmes supporting ongoing opportunities for recruitment

During 2022, training of KONČAR - D&ST employees was conducted through internal and external expert education based on the demands of the job, training for management systems, training pertaining to occupational safety and management training.

FOREIGN LANGUAGE COURSES

During 2022, KONČAR - D&ST financed or co-financed foreign language courses for 13 employees. Most courses were for Spanish, followed by German, Italian, English and Russian.

IT COURSES

An internal course organised by the Construction Development Department was held from April to November, with a series of trainings on advanced commands in the program CATIA V5; more than 40 employees who use this software in their work participated in the training.

ACQUIRING EXPERT AND SCIENTIFIC QUALIFICATIONS

One employee enrolled in an adult pre-qualification programme for the profession of electrical technician, two employees attended undergraduate or graduate studies at higher education institutions, 20 employees attended specialist post-graduate studies at the Faculty of Electrical Engineering and Computing or Faculty of Mechanical Engineering and Naval Architecture of the University of Zagreb, of which three employees successfully completed the study programme in 2022. Nina Meško Mekanović successfully defended her doctoral dissertation at the Faculty of Electrical Engineering and Computing, University of Zagreb. Three members of the company management enrolled in the MBA programme "Economics of the Energy Sector" at the Faculty of Economics, University of Rijeka.

PROFESSIONAL TRAINING FOR MANAGING IN-HOUSE TRANSPORT DEVICES

During 2022, a total of 111 training sessions for employees in positions in production were held for handling the bridge crane, forklift, electric cart, and signalisation.

TRAINING FOR QUALITY SYSTEMS, ENVIRONMENTAL PROTECTION, AND OCCUPATIONAL HEALTH AND SAFETY

Basic internal training for management systems was held for 66 new employees during 2022. Training or updating of knowledge of auditors in line with the standards ISO 9001, ISO 14001 and ISO 45001 was carried out. A total of 86 employees were trained for occupational safety and 95 for fire protection.

ONBOARDING FOR NEW EMPLOYEES

During 2022, 88 new employees joined the company, and an onboarding programme was prepared and mentors assigned to each new hire. The mentor system is in place for employees in all positions, both in production and in the offices. Within the onboarding programme, employees are acquainted with the organisation and internal rules of the organisation, work organisation, work of departments, and their own role, colleagues and associates, and other organisational units. The mentors offer support and guidance to new hires while learning their work tasks, in accordance with the set goals.



E-LEARNING PLATFORM

Since knowledge is one of the greatest values of the company that gives us a comparative edge, KONČAR-D&ST has made it possible for just under half its employees to access a modern education method: the e-learning platform.

The platform gives employees unlimited access to more than 100 programmes in areas of business skills, soft skills, foreign languages, and personal development. Employees can access this content 24/7 from any digital device, and learn whatever they want, whenever and wherever.

In 2022, more than 350 users partook in more than 3000 programmes with a duration of over 8000 hours. Of this, 85% of the programmes were prescribed by the 2022 education plan, and 15% were selected by the users independently. Every user completed an average of 9 educational programmes.

Internally developed education programmes

WELCOME TO KONČAR - D&ST: PRESENTATION FOR NEW RECRUITS

As in previous years, new employees participate in an education programme to help them find their way around their new work environment. The programme is available within the e-learning platform, so all new employees can access it at anytime and anywhere via computer or mobile phone. The programme encompasses the basic information about the company and its products, expectations from employees, how work is organised, financial and other benefits, organisational culture, and more. During 2022, 57 new recruits successfully completed the programme, proving that they have become true employees of D&ST.

SELECTION PROCESS – EDUCATION FOR MEMBERS OF RECRUITMENT COMMITTEES

In 2021, an internal education programme entitled *Selection Process* was adapted for the online format and made available on the e-learning platform. The education familiarises managers with the course of the selection process at KONČAR - D&ST, how to properly run a selection interview, the rules of handing psychological assessment reports, protection of candidate data and ensuring equal opportunities for all candidates. In 2022, the test at the end of the education was successfully passed by 54 managers, and by the end of 2022, 91% of employees participating in the selection process have successfully completed this education programme.

FEEDBACK FOR EMPLOYEES – WORKSHOP FOR MANAGERS

Following the project to introduce a system of managing employee competencies, in April 2022, a workshop was held for management to educate them and prepare them to give quality feedback to employees during their annual performance review. The workshop was attended by 62 members of management from all levels, including members of the Management Board and directors. In total, 92% of those attending assessed that the workshop contributed to increasing their competences for conducting the annual performance reviews.

SKILLS FOR SELF-MANAGEMENT AND MANAGING OTHERS

In 2022, the educational programme continued for the management staff of KONČAR - D&ST entitled "Skills for self-management and managing others", intended to develop managerial competencies. Within the framework of the two-day workshop, managers are educated on tools and techniques for increasing personal and team efficacy and motivation. During 2022, 10 managers who have newly taken on management roles took part in the programme.





LEADERSHIP ACADEMY

The Leadership Academy was launched in 2022 at the level of the Končar Group. Within this programme, 100 participants from 13 companies took part, including 11 employees of KONČAR - D&ST in the highest management positions under the Management Board. The educational programme is intended to develop competencies in managing, motivating and guiding people through five modules. Participants had the opportunity to review their own leadership competencies through a self-assessment, assessment of their subordinates and colleagues using the 360° questionnaire. Since the education programme was assessed as excellent, lower levels of management are planned to take part in the same programme in 2023.

ELECTRIC PRINCIPLES AND TRANSFORMERS

This 8-hour educational programme is mandatory for all new hires in jobs with a higher complexity level, and is held in two versions – basic (for non-engineering employees) and advanced (for engineers). Through lectures and demonstrations in the production plant, employees are able to learn the purpose, manner of functioning and production of transformers in a simple way. The educational programme includes familiarisation with the basic concepts in electrical engineering, how transformers work, types of transformers, basic parts of transformers, technical and economic evaluation of transformers, and also includes a tour of the workshop and transformer testing lab. From 2015 to 2021, 22 series of this education programme were held for a total of 315 employees. In 2022, 28 employees completed the programme through two series. Regular surveys of employee satisfaction are conducted after each series, and show the ongoing high quality of the programme.

Percentage of employees receiving a regular assessment of their work performance and individual development

- 404-3 During 2022, an employee development monitoring system was introduced to ensure regular monitoring of employee competencies, giving employees constructive feedback, and planning their further individual development, with the aim of increasing competencies and work efficiency. This system encompasses all employees of KONČAR - D&ST and in the second half of the year, a review and assessment were performed of their current competencies, and in an interview with their direct superior, the development goals and plan of activities were planned for the following year. Regular monitoring of the status of the development goals is also planned. Also, at the end of the year, the procedure to determine the stimulatory part of the employee salary is reviewed, based on the supervisor's assessment of their work performance. This has enabled a monthly revision instead of a quarterly revision, thereby expanding the opportunities for further rewards to stimulate above-average work performance.

3. Occupational Health & Safety

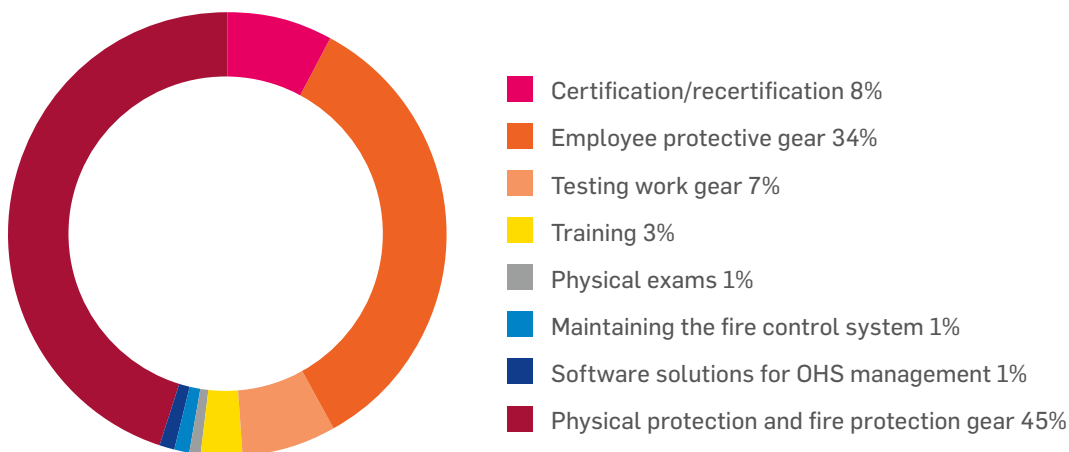


In addition to the obligations from the Occupational Safety Act, the company KONČAR - D&ST further improves employee safety through the occupational health and safety management system ISO 45001:2018.

Within the company, there is the Health, Safety and Environment (HSE) Board as an advisory body tasked with acting on prevention. In its work, the HSE Board considers employee initiatives pertaining to the fields of environmental protection, health protection, and occupational safety.

The company secures all necessary materials means in the sense of protective gear and employee education. The procurement of protective gear is performed in cooperation with company employees, in line with the newest knowledge, technology and materials.

Investments in health and safety in 2022



KONČAR - D&ST, in addition to the HSE Board, also manages occupational health & safety (OHS) through the OHS Board. These two bodies work in conjunction to resolve issues in these areas, and to inform all interested parties thereof. This management approach ensures a rapid response to any non-compliances and positively influences the improvement of the situation.

103, 1-3

At the annual level, the company Management Board adopts goals by which to implement improvements to the system as a whole, enabling a proactive approach to OHS issues.

Regular assessments are made of the efficacy of the OHS management system through reports of the OHS Board and HSE Board, and through internal and external audits.

KONČAR - D&ST has always emphasised the importance of a safe work culture, both in its production processes, and in contact with contractors and customers. Achieving the safety and good health of our employees is our top priority.



OHS Management System

403-1 KONČAR - D&ST believes that the health and safety of its employees is a top priority topic in daily operations.

403-7

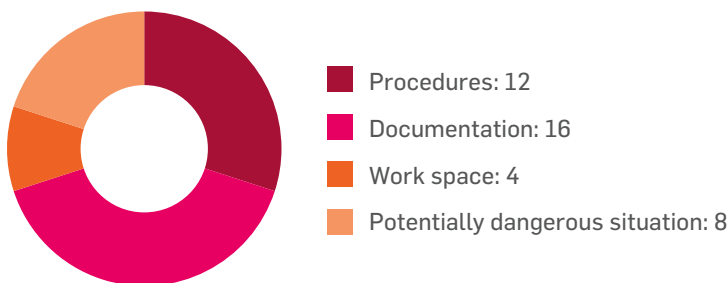
403-8

Accordingly, the company continually supports the development of the occupational health & safety system, with the aim of constant improvement of results in this field. Some of the measures are ensuring safe and healthy working conditions, elimination of dangers in the workplace, raising awareness among all employees and partners, training, replacement of existing processes, materials or equipment with less dangerous options, and including employees in consultations.

All employees, visitors and service providers while at KONČAR - D&ST are required to abide by all health and safety protection measures prescribed by law and the system procedures. In that sense, a system of rules of conduct and movement on site has been set up, and all visitors are familiarised with the rules.

Non-compliances are systematically analysed through a previously defined procedure. Through the 5 Why method, an inquiry is conducted into the root cause, the measures taken are described, and all action taken is further verified.

Identified non-compliances in 2022



Identification of hazards, risk assessment and inquiry into incidents

403-2

403-4

403-5

Risk assessment is performed in line with the Occupational Safety Act, Ordinance on the drafting of risk assessments, and the requirements of the standard ISO 45001:2018 as a singular document for each work place and positions at KONČAR - D&ST, which correspond to the existing hazards, dangers and strains.

All employees, senior and direct authorities, and the worker's commissioner are involved in the drafting of the risk assessment, such that they are able to participate either directly (by reporting non-compliances, proposing initiatives, or via the web tool) or indirectly (via a higher organisational level/authority, worker's commissioner, OHS Board, HSE Board or in cooperation with the OHS Service).

At KONČAR - D&ST, the identification of risks and assessment of the hazards has been performed for each workplace, and workplaces are accordingly categorised into those of small, moderate or high risk positions.

Ensuring and promoting health

403-3

403-6

All employees are sent for the first physical exam with the occupational health specialist with whom the company KONČAR - D&ST has signed a cooperation agreement. According to the dynamics of the legally prescribed requirements, employees in a work post with special conditions, and those working on a computer are sent for periodical exams, and in certain cases for extraordinary exams. Further, the occupational health specialist conducts inspections of the workplace to ensure that the necessary measures are met from the medical standpoint in adapting the working conditions to better suit employees.

As an additional measure to ensure high quality health care, the company has enabled all its employees to have supplementary health insurance. The company also stimulates employees to engage in sporting activities by financing a wide variety of sports programmes.

Workplace illnesses

Through systematic annual reports, the occupational health specialist notifies the Management Board at the OHS Boards on the status of the examined employees concerning professional diseases, and workplace-related ill health or illness. 403-10

Workplace injuries

With the growing number of employees in 2022 in comparison with the year before, there was also an increase in the total number of workplace injuries. There was a decrease in the number of injuries requiring medical attention and the total number of lost work days. Of those injuries, none were of a serious nature. The majority of injuries are primarily associated with impacts with equipment, cuts and falls on a level surface. For all injuries, an incident analysis is performed, and both active and proactive efforts are made to resolve the causes of the injuries.

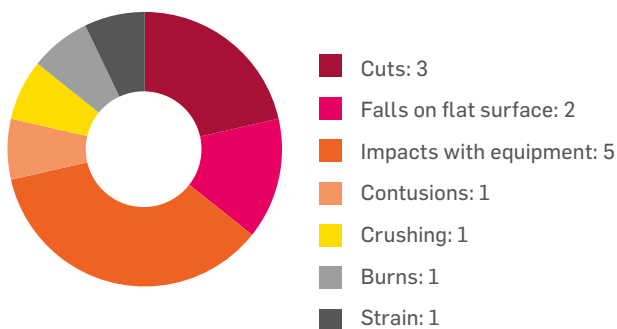
2022	2021	2020		
1,419,428	1,374,766	1,312,143	Number of hours worked	
680	651	628	Number of employees	
12	12	6	Workplace injuries	
10	8	6	Number of injuries requiring medical treatment (MT)	
0	0	0	Number of prohibited work cases (RW)	
10	8	6	Number of injuries resulting in lost work time (LT)	
0	0	0	Number of fatalities (FA)	
7.04	5.81	4.56	Lost time per injury	-1
14.09	11.63	9.14	Total lost time per injury	
582	241	181	Total lost work days	
0.41	0.17	0.13	Severity coefficient	-2
0	0	0	Prohibitions by the labour inspection - OHS	-3

-1 $LTIR = \frac{(LT+FA) \times 1.000.000}{\text{Number of worked hours}}$

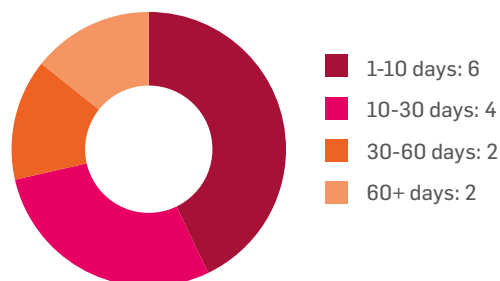
-2 $TRIR = \frac{(MT+RW+LT+FA) \times 1.000.000}{\text{Number of worked hours}}$

-3 $Rs = \frac{TLD \times 1.000}{\text{Number of total hours performed}}$

Causes of injuries in 2022



Duration of sick leave days



102-16, 17
205, 408

VIII. Business ethics



1. Values, principles, standards and codes of conduct

It is the mission of KONČAR - D&ST to create value for its shareholders, customers, employees, suppliers and the community in which it operates through the sales, development, production and maintenance of distribution, medium power and special transformers with power to 160 MVA and 170 kV.

The vision of KONČAR - D&ST is to achieve and constantly improve its position among the ten best European transformer producers to a power of 160 MVA and 170 kV for electricity distribution companies, railways, and industry.

The company emphasises its special values: quality, environmental protection, occupational safety, integrity and commitment, abidance of the law, standards and best business practices, achieving above-average business results, care for employee and ongoing investments into their professional development, and creating an environment in which employees can achieve their full potential, respecting diversity among employees through openness, trust and inclusion in teamwork, good business relations with customers and suppliers, and continuous initiatives towards positive change.



Code of Business Ethics

KONČAR – D&ST is a signatory to the Code of Ethics in Business of the Croatian Chamber of Economy, and as part of the Končar Group is part of the UN initiative for corporate social responsibility – Global Compact – as a global agreement within the United Nations. With this, we have committed to act in accordance with the highest principles for responsible and sustainable operations directed towards practices that ensure that financial gain is not generated at the expense of people, society or the environment.

Code of Business Conduct

The Code of Business Conduct of KONČAR – D&ST reflects the positive approach of KONČAR – D&ST regarding socially responsible and ethical business practices, which we consider an essential element of all our relations with our employees, persons working in KONČAR - D&ST, and our suppliers, partners and other persons with whom the Company establishes business cooperation.

The purpose of the Code is to:

- **PROMOTE THE FUNDAMENTAL ORGANISATIONAL VALUES**
- **ESTABLISH CLEAR RULES AND A FRAMEWORK FOR PROFESSIONAL CONDUCT OF EMPLOYEES OF KONČAR – D&ST**
- **RAISE AWARENESS OF THE IMPORTANCE OF PREVENTING AND AVOIDING SITUATIONS IN WHICH EMPLOYEES OF KONČAR – D&ST COULD PARTICIPATE IN UNETHICAL ACTIONS AND SOCIALLY UNACCEPTABLE BEHAVIOUR**
- **SET THE FRAMEWORK FOR THE BUSINESS CONDUCT THAT SUPPLIERS, PARTNERS, AND INTERESTED PARTIES CAN EXPECT FROM KONČAR – D&ST.**

Conduct in accordance with the principles and standards of the Code is a personal and professional obligation, and the responsibilities of all employees at KONČAR – D&ST.

Ethics principles

All employees and other stakeholders involved in business activities with KONČAR – D&ST are obliged to respect the following ethical principles and basic principles of business conduct:

- **PRINCIPLES OF LEGALITY OF WORK AND BUSINESS**
- **PRINCIPLES OF PROFESSIONALISM, COMPETENCE AND IMPARTIALITY**
- **PRINCIPLE OF INTEGRITY**
- **PRINCIPLES OF EQUALITY, JUSTICE, RESPECT FOR HUMAN RIGHTS AND HUMAN DIGNITY**
- **PRINCIPLE OF SOCIAL RESPONSIBILITY**
- **PRINCIPLE OF CORPORATE TRANSPARENCY**
- **CARE FOR EMPLOYEES.**

Equality, justice, respecting human rights and personal dignity

406, 408

All forms of discrimination are prohibited, and employee dignity is protected by ensuring working conditions and a working environment in which no one will be exposed to undesirable forms of conduct.

KONČAR - D&ST promotes the equality of all its employees, regardless of sex, age, nationality, ethnicity, race, creed, language, social or economic status, sexual orientation, political or other affiliations, in the area of work and working conditions, including selection criteria and conditions during employment, advancement and professional development and training.

Through its policies and actions, KONČAR - D&ST actively participates in combatting and preventing all forms of violations to human dignity, particularly preventing slavery, child labour and abuse, forced labour, human trafficking, and all forms of modern-day slavery within its business environment and among its suppliers. The organisation did not determine the activities and suppliers which it deems to include a significant threat of cases of child labour or the exposure of young workers to dangerous tasks.



2. Combatting corruption

All employees of KONČAR - D&ST are required to implement the following standards of business practice in their work and business, protecting the interests of KONČAR - D&ST:

- **ABIDANCE OF THE RULE OF BUSINESS MORALS**
- **ABIDANCE OF THE RIGHTS OF CUSTOMERS**
- **ABIDANCE OF THE INTEREST OF SUPPLIERS AND OTHER BUSINESS PARTNERS**
- **AVOIDANCE OF CONFLICTS OF INTEREST**
- **PREVENTING BRIBES AND CORRUPTION**
- **DEVELOPING HUMAN RESOURCES**
- **PROTECTION OF HEALTH, SAFETY AND THE ENVIRONMENT.**

KONČAR - D&ST has a zero-tolerance policy for corruption, and is working continuously on combatting, revealing and sanctioning all such practices.

- 205 All employees of KONČAR - D&ST are expected in the execution of their work tasks in their positions to act in a professional and unbiased manner. It is particularly prohibited to offer inappropriate gifts or benefits in monies or other form for the purpose of gaining any advantage or influence in an official procedure.

3. Mechanism for advice and concerns about ethics

102-17

In 2022, a new Ordinance on procedures of internal reports of irregularities and appointing an irregularity officer was adopted, which has been aligned with the requirements of the Directive of the European Parliament and of the Council on the protection of persons reporting violations of Union law, and with the legislation of the Republic of Croatia.

The Ordinance gives a detailed outline of the procedure for internal reporting of irregularities, the procedure and manner of appointment of an irregularity officer, and the mechanisms to protect those reporting irregularities, and their rights.

It is possible to report irregularities via electronic mail to the address: zvizdac@koncar-dst.hr, verbally, or in writing to the address of the company seat. Further, company employees may file a report in writing by dropping their report into the box for employee initiatives at the address of the company seat, with the marking "Report of an irregularity".

There were no reports of irregularities during 2022.

IX. Cooperation with shareholders, suppliers and the community

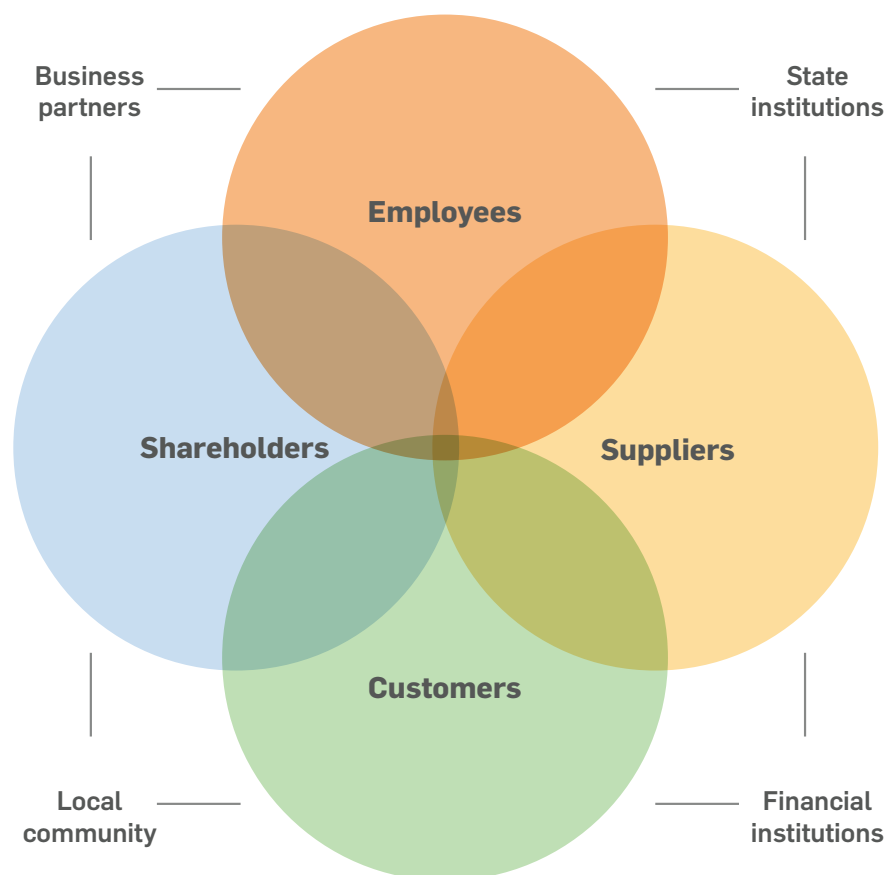


1. Stakeholder inclusion

As an export-oriented company, we have an influence on the decisions of a large number of stakeholder categories, both internal and external. We consider stakeholders to be all those entities who take certain direct or indirect risks in their relations with KONČAR - D&ST.

The management board is responsible for transparent and good quality stakeholder relations, and is required to ensure that the company respects all stakeholder rights and takes their interests into consideration, in line with the law and good business practices. Responsible conduct for us means participating in constant dialogue, both at the local and international level, so as to understand the different motives and concerns of our main stakeholders, and to view the global trends they consider important.

Eight key categories of KONČAR - D&ST stakeholders have been identified. Stakeholders, their needs and expectations, and the type and frequency of communication are presented in the table Stakeholders, needs and expectations.



KONČAR - D&ST has established internal procedures for identifying stakeholders with whom profit centres, joint services, employees and company bodies most frequently interact during their daily activities, stakeholder requirements, frequency of interaction, modes of communication, and the importance of individual stakeholders for the sustainable development of KONČAR - D&ST. The process of determining stakeholder involvement consisted of three steps:

1. IDENTIFICATION OF KEY STAKEHOLDERS
2. MAPPING STAKEHOLDERS BY THEIR BUSINESS IMPACT
3. DETERMINING STAKEHOLDER EXPECTATIONS AND COMMUNICATION METHODS

The Management Board is responsible for ensuring the transparent and good quality relationship of KONČAR - D&ST with its stakeholders, and is responsible for ensuring that the company abides by all stakeholder rights and takes their interests into consideration, while abiding by all laws and good business practices.



STAKEHOLDER	Stakeholder needs and expectations	Type and frequency of communications
CUSTOMERS	Quality of products and associated services Compliance with deadlines and contractual obligations Customer relationship management and complaint resolution methods Continuous product development and improvement Observance of ethical principles Privacy protection	Regular meetings Resolving and analysing complaints Annual satisfaction survey Survey on the importance of individual topics in sustainability and CSR Fairs and conventions Official website, continuous E-mail, continuous Regular customer visits Annual financial report Report on CSR and Sustainability Flyers and brochures LinkedIn
EMPLOYEES	Salaries and allowances Positive work environment Personal development, respect and rewards Stable business Occupational health and safety Training and professional development Non-discrimination and equal opportunities	Employee satisfaction survey, every two years Opinion polls for employees on specific issues of interest to them, as appropriate Education and training, continuous Intranet, e-bulletin boards, continuous email, continuous Monthly meetings with all managers Annual financial report Report on CSR and Sustainability Manuals LinkedIn
SHAREHOLDERS	Business strategy Profitability Increased stock value Dividend payouts Business growth and sustainability	General Assembly Publications on the website, continuous Annual financial report Report on CSR and Sustainability e-mail, regular mail LinkedIn
SUPPLIERS	Mutual benefit and long-term relationships Management systems Business ethics Business volume	Regular meetings Participation in fairs Official websites, continuous e-mail, continuous LinkedIn
STATE INSTITUTIONS	Payment of taxes, contributions and fees Compliance with legislation Reporting	Correspondence, email, continuous Official website, continuous Annual financial reports LinkedIn
LOCAL COMMUNITY	Investing in local initiatives Protection and rational use of resources (economic, environmental and social)	Regular visits and joint activities Donations and sponsorships Official website, continuous Annual financial statement Report on CSR and Sustainability LinkedIn
FINANCIAL INSTITUTIONS	Compliance with contractual obligations Mutual benefit and long-term relationships Ethical business	Official websites, continuously Annual financial statement Report on CSR and Sustainability email, continuous Meetings Participation in conferences LinkedIn



102-9, 414

2. Responsibility in the supply chain

The suppliers of KONČAR - D&ST are familiar with all relevant requirements set from the aspects of quality, environmental protection and occupational health and safety.

In procurement procedures for materials and components, we are guided by the best procurement practices. For the purpose of qualification and approval of new suppliers, both regular and extraordinary supplier audits are conducted. Existing suppliers are reaudited periodically on the basis of tenders conducted. This encourages the exchange of information and communications, forecasts future development in the area of products and materials used, and develops a mutually beneficial relationship with suppliers.

Initiating procurement processes on time is an important step in successful management, and for forecasting future needs for procurement and researching the procurement market.

Supplier audits in the sense of impacts on the company

In addition to expecting all its employees to abide by ethics principles and maintaining professional conduct in relations with suppliers, KONČAR - D&ST also expects its suppliers to act ethically and professionally during all procurement transactions.

For that purpose, KONČAR - D&ST has drafted the Code of Conduct for our suppliers, which stipulates the rules of conduct that are mandatory in relations with suppliers, and which pertain to compliance with the laws, abidance of human rights and worker rights, protection of occupational health and safety, preventing environmental pollution, preventing bribes and corruption, and ensuring the protection of confidential data. The Code of Conduct was sent to all existing suppliers immediately after its adoption, while new suppliers receive it upon the commencement of business relations. Suppliers are required to read and sign the Code, and return a signed copy to KONČAR - D&ST, and to abide by all the conditions listed in the Code.

102-12, 13

3. External initiatives and association memberships

KONČAR - D&ST is committed to the following external initiatives:

- **INTERNATIONALLY RECOGNISED STANDARDS:**
- **ISO 9001 (QUALITY MANAGEMENT SYSTEM),**
- **ISO 14001 (ENVIRONMENTAL PROTECTION MANAGEMENT SYSTEM),**
- **ISO 45001 (OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM),**
- **CODE OF ETHICS IN BUSINESS OF THE CROATIAN CHAMBER OF ECONOMY (HGK).**

Compliance audits of these internationally recognised standards is performed every six months by the certification company Bureau Veritas. These periodical audits of the certified management systems ensure continuous improvements to processes and their relationships, improvements and constant adaptation to the increasingly demanding business conditions and markets, employee training and motivation, preserving organisational knowledge, and establishing partnership relationships with both customers and suppliers.

In May 2022, the quality management system under standard ISO 9001:2015 was successfully recertified, thereby extending the certificate for the next three-year period. At the same time as the recertification audit, a supervisory audit of the remaining two management systems was also performed (environmental protection according to ISO 14001:2015 and occupational health and safety according to ISO 45001:2018).



Annual audits are performed by ACHILLES / SELLICA to prove the fulfilment of the requirements of the UVDB verified protocol B2 pertaining to management systems and other requirements, such as business continuity plans, human rights, competencies, work hours, occupational safety, carbon footprint management, the use of working equipment and machinery, and more.

Bureau Veritas Certification



**KONČAR D & ST
DISTRIBUTION AND SPECIAL TRANSFORMERS**
J. Mokrovića 8, 10000 Zagreb, Croatia

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 14001:2015
Scope of certification

DESIGNING, MANUFACTURING, TESTING AND SERVICING OF DISTRIBUTION, SPECIAL AND POWER TRANSFORMERS UP TO 160 MVA AND 170 kV

Original Cycle Start Date	26-07-2002
Expiry Date of Previous Cycle	25-07-2020
Certification / Recertification Audit Date	20-05-2020
Certification / Recertification Cycle Start Date	25-05-2020
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on	25-07-2023

Certificate No.: **HR007598** Version: **1** Issue Date: **25-05-2020**




Certification Body Address: 5th Floor, 88 Prescot Street, London, E1 8HG, United Kingdom
Local Office: Cicliina 17a, 51000 Plojaka, Croatia

Further information regarding the scope of this certificate and the applicability of the management system requirements may be obtained by contacting the originator.
To check this certificate validity please call: 00 303 91 2 13672



Bureau Veritas Certification



**KONČAR D & ST
DISTRIBUTIVNI I SPECIJALNI TRANSFORMATORI**
J. Mokrovića 8, 10000 Zagreb, Croatia

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 45001:2018
Scope of certification

DESIGNING, MANUFACTURING, TESTING AND SERVICING OF DISTRIBUTION, SPECIAL AND POWER TRANSFORMERS UP TO 160 MVA AND 170 kV

Original Cycle Start Date	04-06-2020
Expiry Date of Previous Cycle	NA
Certification / Recertification Audit Date	21-05-2020
Certification / Recertification Cycle Start Date	04-05-2020
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on	12-06-2023

Certificate No.: **HR007611** Version: **1** Issue Date: **04-06-2020**




Certification Body Address: 5th Floor, 88 Prescot Street, London, E1 8HG, United Kingdom
Local Office: Cicliina 17a, 51000 Plojaka, Croatia

Further information regarding the scope of this certificate and the applicability of the management system requirements may be obtained by contacting the originator.
To check this certificate validity please call: 00 303 91 2 13672



Bureau Veritas Certification



**KONČAR D & ST
DISTRIBUTION AND SPECIAL TRANSFORMERS**
J. Mokrovića 8, 10000 Zagreb, Croatia

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 9001:2015
Scope of certification

DESIGNING, MANUFACTURING, TESTING AND SERVICING OF DISTRIBUTION, SPECIAL AND POWER TRANSFORMERS UP TO 160 MVA AND 170 kV

Original cycle start date	14-07-1985
Expiry date of previous cycle	13-07-2022
Certification / Recertification Audit date	11-05-2022
Certification / Recertification cycle start date	10-06-2022
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on	13-07-2025

Certificate No.: **HR008926** Version: **1** Issue date: **10-06-2022**




Certification Body Address: 5th Floor, 88 Prescot Street, London, E1 8HG, United Kingdom
Local Office: Cicliina 17a, 51000 Plojaka, Croatia

Further information regarding the scope and validity of this certificate, and the applicability of the management system requirements, please call: 00 303 91 2 13672



Bureau Veritas Certification



Certificate of Audit

This is to certify that

Koncar Distribution and special transformers Inc.

has achieved the following standards through audit for Safety, Health, Environmental and Quality practices and procedures as a registered supplier on UVDB Verify Category B2 Audit - Category B2.

UVDB Verify Category B2 Audit	Score
MSE-HEALTH & SAFETY AUDIT SCORE	97
MSE-ENVIRONMENTAL AUDIT SCORE	100
MSE-QUALITY AUDIT SCORE	100
MSE-CORPORATE & SOCIAL RESPONSIBILITY AUDIT SCORE	100
SITE-HEALTH & SAFETY AUDIT SCORE	100
SITE-ENVIRONMENTAL AUDIT SCORE	100
SITE-QUALITY AUDIT SCORE	100
SITE-CORPORATE & SOCIAL RESPONSIBILITY AUDIT SCORE	100



Tom Barle
Chair of UVDB Steering Group



UVDB

VERIFIED

AchillesID: 00023930
Expiration Date: 14 June 2022

Achilles Information Limited conducted this audit on behalf of all UVDB Verify Category B2 Audit subscribing companies.



102-13 Membership in associations**KONČAR - D&ST WINNER OF THE GOLDEN KEY AWARD FOR BEST LARGE EXPORTER IN 2022.**

At the 17th Convention of Croatian Exporters and the 15th Golden Key awards ceremony, KONČAR - D&ST received yet another Golden Key in the category of best large exporter in 2022.

The Golden Key is the award of the Croatian Exporters given for export excellence. Since 2008, KONČAR - D&ST has received the Golden Key award eight times in different exporter categories, and one Platinum Key in 2014 as a special reward for export continuity, always finding its place among the best Croatian businesses. Like in years before, this reward is the result of the work and efforts of all KONČAR - D&ST employees, the entire management and our closest associates.

2022 was a very challenging year, in a line of challenging years and times. Despite the unpredictable conditions, degraded supply chains, closures and restrictions imposed, the company quickly adapted its operations, not only maintaining its business but strengthening it, and also increasing the number of employees.

Thanks to the good conditions, systematic investments in digitalisation, investments in development, education and motivation of employees, investments in innovations to products and production processes, and optimisation of production, we have succeeded in maintaining our competitiveness, product quality and overall business.

Ultimately, the customer recognises and rewards this. Our business results in 2022 were the best to date.



Golden Key award in the category of best large exporter in 2022

4. Cooperation with the academic community

103-1

Cooperation between the company KONČAR - D&ST and the academic community has been successful for many years. Difference expert and development projects include a wide range of university experts and researchers, who contribute their expertise in the field to transfer knowledge from academic circles into industry.

This form of cooperation is essential for technological development and innovation with the aim of creating applicable product improvements that are useful to both KONČAR - D&ST and the community as a whole. These projects are both broad and methodologically demanding, and they have both an expert focus and research and development components.

Such cooperation between science and the economy stimulates joint projects that raise the competitiveness of domestic industry.

Joint activities between KONČAR - D&ST and the academic community:

- **PARTNERSHIP IN JOINT SCIENTIFIC RESEARCH PROJECTS**
- **PARTICIPATION IN TEACHING**
- **MENTORSHIP, MEMBERSHIP IN EXPERT COMMITTEES, BOARDS, COMMISSIONS**
- **EDUCATION (GRADUATE, POSTGRADUATE, DOCTORAL, SPECIALIST STUDIES)**
- **EXPERT VISITS, PROFESSIONAL PUPIL AND STUDENT TRAINING (CO-OPERATIVE EDUCATION)**
- **ARTICLES, CONFERENCES AND EXPERT MEETINGS**

KONČAR – D&ST stimulates sustainable development of the academic community through a range of innovations, contribution to education institutions, and through specific scientific research.

To date, KONČAR – D&ST has established significant cooperation with the scientific community through projects with the Technical Faculty, University of Rijeka; Faculty of Mechanical Engineering and Naval Engineering, Faculty of Electrical Engineering and Computer Science, Faculty of Chemical Engineering and Technology, University of Zagreb and the KONČAR – Institute for Electrical Engineering

	2017	2018	2019	2020	2021	2022
Number of papers published	16	14	21	9	13	13
Number of employees enrolled in doctoral studies	3	3	3	3	2	1
Number of defended doctoral dissertations	1			1	1	1
Number of associates in higher education courses	3	2	2	2	2	2

KONČAR - D&ST is open to different forms of cooperation and support to the academic community. In that way, we support the work of the university and connect with future experts, who are also our potential future employees.

During 2022, we participated in several career fairs to present KONČAR - D&ST to students.

In Osijek, we participated in the Career Fair and Career Speed Dating event, organised by the University of Osijek, and as part of the event we held a guest lecture for students. We also participated in the Career Fair of the Faculty of Electrical Engineering and Computer Science of the University of Zagreb, organised by the faculty career centre at Career Week in Varaždin. At the end of the year, we presented KONČAR - D&ST at the Open Door Days and Career Days in Osijek with a stand and guest lecture, and also participated in Career Week at the Faculty of Mechanical Engineering and Naval Architecture, University of Zagreb.



Student visits

During 2022, KONČAR - D&ST hosted groups of students with a presentation of the production programme and activities of KONČAR - D&ST, and recruitment opportunities. We hosted students of the Faculty of Electrical Engineering and Computer Science (FER), foreign students from the Geo3En project (Geothermal Energy European Education Network) and students of the University of Paris, organised by FER.



Stipends

During 2022, we held the competition "Become a stipenD&ST" in which KONČAR - D&ST awarded stipends to excellent students from the Faculty of Electrical Engineering and Computer Science (FER), University of Zagreb, and the Faculty of Electrical Engineering, Computer Science and Information Technology (FERIT), University of Osijek.

The winners of the KONČAR - D&ST stipends were two FERIT students in the graduate study programme of electrical engineering, and one FER student in the undergraduate study programme of computer science.

In addition to financial support for the remainder of their schooling, the stipend winners have the opportunity to write their graduate thesis on a topic from the transformer industry, and the opportunity to do an internship at KONČAR - D&ST upon completion of their studies. During 2022, we hired five stipend winners who completed their studies after winning the KONČAR - D&ST stipend in 2021.



5. Development of the local community

413

KONČAR – D&ST is continually undertaking initiatives aimed at making positive change, and investing in development, professional training of employees, minimising environmental impacts, and caring for the community. It also conducts numerous activities that show its dedication to corporate social responsibility, and actively takes part in the life of the community in which it operates.

An example is the continuation of the now traditional green initiatives of the company, and we highlight the campaign to clean up the forests on Haleušova Street in eastern Zagreb.

We again joined forces with the Clean-up Teddy Bears society. This tireless and valued initiative cleans up a part of Croatia every weekend. We would like to emphasise the participation of children in this campaign. The volunteer work of KONČAR - D&ST and the Clean-up Teddy Bears in cleaning up the forest was recorded in a video.



This time, the volunteer forces of KONČAR - D&ST were reinforced with younger power, as the children of our employees joined in the campaign. The final result was excellent, and it also served as an important lesson for younger generations that are learning from a young age about the general needs of society as a whole.

During 2022, KONČAR - D&ST supported a number of socially responsible initiatives and projects. Many of these are continuations of long-time practices, such as donations to the SOS Children's Village Croatia and Caritas, donations to various rehabilitation societies and organisations that help and support children with special needs and with developmental disorders. Considering our sensitivity to the needs of children, we continued our cooperation with the Mali Zmaj society that works to improve the quality of life of impoverished children and those without adequate parental care. The society does excellent work throughout Croatia.

We also made donations to support a large number of organisations and societies, such as local soup kitchens, sports clubs, senior's clubs, veterans' societies and student societies.



As a company that aims to nurture and stimulate values such as solidarity, empathy and helping one another, the now traditional participation in the UNICEF "Milky Way" charity run sees more and more employees of KONČAR - D&ST participating every year. This year, the UNICEF campaign was focused on the mental health of children and youth, and the funds collected will be invested into the development and improving the skills of workers who work with children. A total of 215 Končar employees, of these 51 from D&ST, donated their time to this campaign to support children and youth and their mental health.

As a part of our work with the community, 2022 was marked by a special view of cooperation. We presented the first artistic sculpture by Montenegrin artist Danilo Baletić that was created from the waste parts of KONČAR - D&ST transformers. The sculpture now proudly stands on the company grounds. The idea arose in 2019 but was not completed until 2022 due to the reasons we all know too well. This artistic project was conceived in a way that artist Baletić would create an ecologically-friendly transformer using waste parts of KONČAR - D&ST transformers, following the entry into force of Commission Regulation (EU) No.548/201 (Tier 2) of 1 July 2021, which requires the delivery transformers with lower losses that are more ecologically-friendly for both the environment and society.

The artist Danilo Baletić, was inspired by climate change and first great historical snowfall in his city, when he created a gigantic snow sculpture of a dinosaur 6 metres tall. Since then, art has become his preoccupation, and the artist claims that all waste has usable value. Waste becomes a place where creation can begin, and his inspiration is the relationship between humans and our comfort zone, our consumer mentality and our social values. During the following years, he created dozens of sculptures of transformers using metal waste. The transformers have been put on display in Podgorica, Belgrade, Osijek, Zadar, Zadar, Milan, Graz and elsewhere.



For all these reasons, the obviously successful artistic connection between Baletić and KONČAR - D&ST gave rise to the first artistic creation of this affirmed artist on our company grounds. As the artist has stated, his transformers are created using recycled waste, sending a message to the entire world that our planet is endangered, awakening awareness of the need to protect our environment, and they themselves are the “protectors” of the space they are displayed in. Our transformer was created from 1500 kg of waste parts sent to Montenegro.

It is 4.3 m tall, weighs 800 kg and we call him RoboTier-2.

The idea was born in the Distribution Transformer Profit Centre, which is dedicated to finding and developing ecologically improved technical solutions every day, due to the proximity of transformer installations in city environments, and due to the various intended uses of the transformers themselves in the generation of renewable energy.

In 2022, we participated in a volunteer blood drive at the Jankomir location, where three Končar factories are located. Blood drives are organised three times per year, and a large number of company employees turn out.

Communications with shareholders

Communications are regularly published on the company website, LinkedIn and YouTube channel. The latter two channels have recorded a significant growth in the number of followers, particularly the LinkedIn business network.

As part of the Group, the English newsletter KONČARnews was launched in which KONČAR - D&ST participates with relevant information, as in the internal bulletin Končarevac. Also within the Group, the company participates in the Končar Group communications strategy and all its accompanying activities.

As of 1 September 2022, KONČAR - D&ST started a gradual rebrand of the company's visual identity. The logo and slogan have been aligned with the new logo and slogan "Inspired by Challenges" of the parent company Končar. In line with this, a new Book of Graphical Standards has been prepared for the company. With this change, our former black and orange logo has become a part of our history after 30 years.

The new logo has been presented in blue and orange. The orange represents what our orange colour has become during all these years: an inseparable part of our brand, a promise, like an ID card, while the blue colour in the logo represents loyalty and reliability.



With this redesign and a synthesis of the logo of the Končar Group and logo of KONČAR - D&ST, we have not lost any of our recognisability and strength, but instead jointly presented a new energy for the period ahead.

There were no changes made to the business or ownership structure.

Fairs and conferences

2022 marked the return to ordinary patterns of business and communications, in the sense of participating at economic meetings and conferences. In cooperation with Končar, we presented at five fairs:

- **MIDDLE EAST, Dubai, from 7 to 9 March 2022, MEE is the most important energy fair for the region of the Middle East, North Africa and Asia. At the same time as the MEE Fair, Končar was a sponsor of the world fair EXPO 2020.**
- **INTERNATIONAL COMMERCIAL FAIR, Mostar, from 5 to 9 April 2022. This commercial fair in Mostar is the central place for meetings concerning the BiH market, neighbouring countries and the countries of the former Yugoslavia.**
- **AMPER, Brno, from 17 to 20 May 2022, this is an important fair for KONČAR - D&ST despite its regional character, as in addition to Czechia and Slovakia, it is important for the markets of Austria, Germany, Hungary and Poland.**
- **HANNOVER MESSE, Hannover, from 30 May to 2 June 2022, this is the most significant global industrial fair and our presence is a must.**
- **INNOTRANS, Berlin, from 20 to 23 September 2022.**
- **The company PET, under 100% ownership of KONČAR - D&ST, participated in and organised a presentation in Poland at the ENERGETAB Fair in Bielsko Biala, from 13 to 15 September 2022.**
- **In cooperation with Končar, we appeared the expert conference for large energy systems CIGRE SESSION in Paris, from 29 August to 2 September 2022.**

We independently visited a series of fairs and conferences that were relevant for opening new markets and finding new customers, either to strengthen our existing presence and relationships, or whether they were important for the procurement of production materials, raw materials, components or production machinery.

X. Materiality analysis and reporting practice

102-43, 44, 46-48
102- 49 to 54
102-56





Material topics are regularly examined based on the importance assigned to them by the involved stakeholders. For the purpose of analysis of materially important topics, two surveys were held: one for employees and the second for external interested parties.

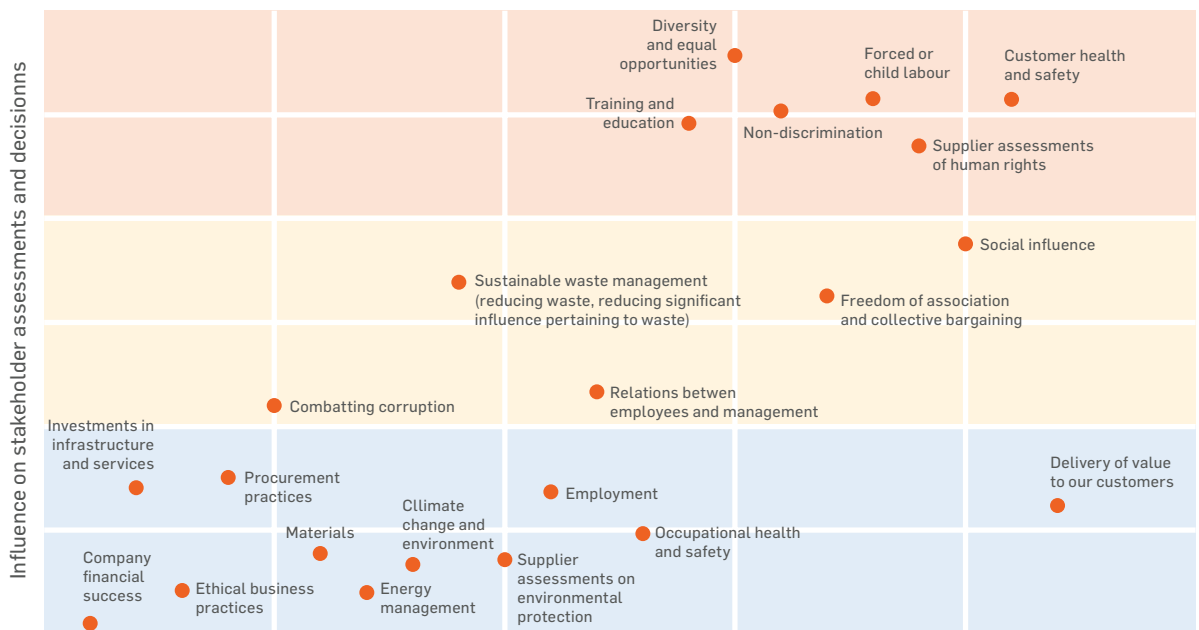
The topics covered were assessed in accordance with the recommended practices of the GRI Standard, and the following topics were identified as being materially significant:

- DIVERSITY AND EQUAL OPPORTUNITY
- FORCED OR CHILD LABOUR
- CUSTOMER HEALTH AND SAFETY
- NON-DISCRIMINATION
- TRAINING AND EDUCATION
- SUPPLIER ASSESMENTS CONCERNING HUMAN RIGHTS

Other topics covered in reporting, and assessed as less significant were:

- COMPANY FINANCIAL SUCCESS
- INVESTMENTS IN INFRASTRUCTURE AND SERVICES
- ETHICAL BUSINESS PRACTICES
- PROCUREMENT PRACTICES
- COMBATTING CORRUPTION
- MATERIALS
- ENERGY MANAGEMENT
- CLIMATE CHANGE AND THE ENVIRONMENT
- SUSTAINABLE WASTE MANAGEMENT (REDUCING WASTE, MANAGING SIGNIFICANT IMPACTS RELATING TO WASTE)
- SUPPLIER ASSESMENTS CONCERNING ENVIRONMENTAL PROTECTION
- EMPLOYMENT
- RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT
- OCCUPATIONAL HEALTH AND SAFETY
- FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
- SOCIAL INFLUENCE
- DELIVERY OF VALUES TO OUR CUSTOMERS

Materiality matrix of topics:



Significance of economic, environmental and social influences



Materiality topics

GRI 205: COMBATTING CORRUPTION

GRI 301 MATERIALS

GRI 302: ENERGY

GRI 306: WASTE

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

GRI 404: TRAINING AND EDUCATION

GRI 406: NON-DISCRIMINATION

GRI 408: CHILD LABOUR

GRI 413: LOCAL COMMUNITY

GRI 414: SUPPLIER SOCIAL ASSESSMENT

A materiality analysis was conducted to identify topics relevant to operations and the company, and to get involved in dialogue with all interested parties.

In the reporting period, the stakeholder requests and interests initiated the following topics as new key or material topics in relation to the previous reporting period:

GRI 205: COMBATTING CORRUPTION

GRI 406: NON-DISCRIMINATION

GRI 408: CHILD LABOUR

GRI 414: SUPPLIER SOCIAL ASSESSMENTS

There was no change in the information, however after the close of the 2022 business year, it was assessed that there were still possibly negative implications of supply chain disturbances due to the war in Ukraine, high prices and inaccessibility of certain key materials on the global markets, in addition to energy uncertainties. Other than this, there were no other unusual or important business events that would substantially alter the course of operations or the state of the company as shown in this report.

In this report, unlike the previous report, the topic GRI 305 Emissions was not covered.

All stakeholder requests in the reporting period were within the framework of the content included in this report. The planned reporting cycle is one year, and it is expected that it covers the results of the previous calendar year. The next report is planned for June 2024.

The contact person responsible for questions concerning this report and its content is:

Vlatka Šerkinić, sustainability specialist, vlatka.serkinic@koncar-dst.hr.

The 2022 Corporate Social Responsibility Report of the company KONČAR - D&ST has been drafted in accordance with the GRI standards: Core Option. The use of the internationally recognized methodology, i.e., Global Reporting Initiative (GRI), in drafting of the report assures a balanced and transparent overview of the company's sustainability impacts. No external verification of the Report was performed.



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Abbreviations used in the report

CapEx	Capital expenditures
CFP	Carbon footprint of product
CSRD	Corporate Social Reporting Directive
EPD	Environmental Product Declaration
ERM	Enterprise Risk Management
EU	European Union
FEM	Finite element method
PV system	Photovoltaic plant
GRI	Global Reporting Initiative
GRI standards	GRI Sustainability reporting standards
KONČAR Group	KONČAR – Electroindustry Inc. and its affiliated companies
HANFA	Croatian Agency for the Supervision of Financial Services
HGK	Croatian Chamber of Economy
HSE	Health, Safety and Environment
ICNIRP	International Commission on Non-Ionizing Radiation Protection
KONČAR – D&ST	KONČAR – DISTRIBUTION AND SPECIAL TRANSFORMERS Inc.
OpEx	Operational expenditures
PC MPT	Profit centre Medium Power Transformers
PC DT	Profit centre Distribution and Special Transformers
SDG	UN Sustainable Development Goals
UN	United Nations
UVDB	Utilities Vendor Database Service
OHS	Occupational Health and Safety
WS	Workplace safety

KONČAR
D&ST

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