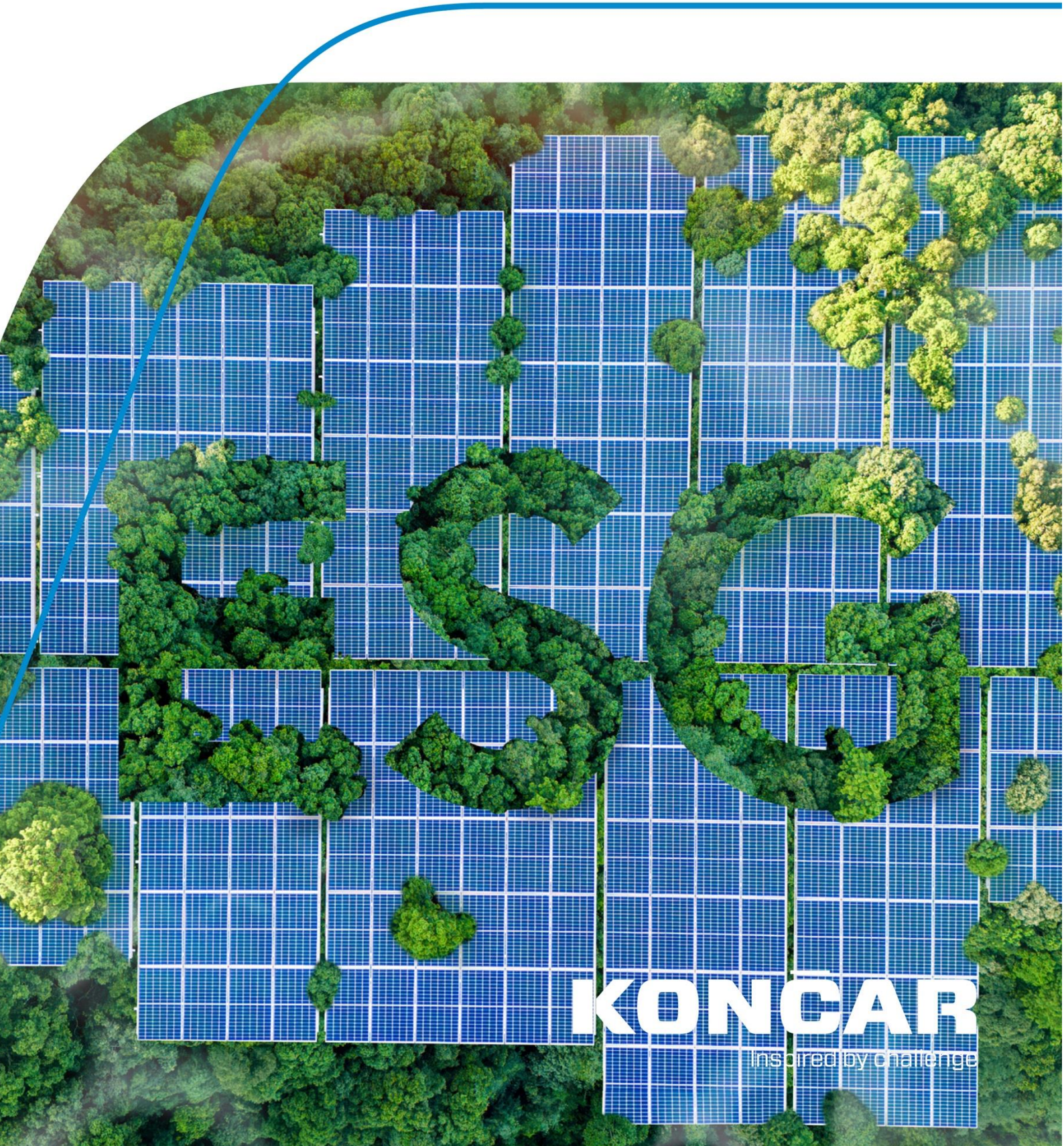
ESG SUPPLEMENTARY INFORMATION DOCUMENT 2025

KONČAR Group



KONČAR Group ESG Supporting Information for 2025

Introductory Note

KONČAR Group is a leading regional technology and engineering group specializing in power generation, transmission and distribution, urban mobility, digital solutions and related industrial services. Through its parent company and subsidiaries, the Group operates across a broad range of activities within the energy and transport sectors, delivering products, solutions and services to customers in Croatia and international markets.

As a company listed on the Zagreb Stock Exchange, KONČAR Group conducts its business in accordance with applicable Croatian and European legislation, while continuously strengthening its corporate governance framework, transparency and accountability towards shareholders, investors, employees, customers, suppliers and other stakeholders.

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

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

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

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

Its purpose is to provide greater transparency regarding ESG management practices across the Group and to support external ESG assessment processes through additional evidence and contextual information.

This document should therefore be read in conjunction with the Sustainability Report 2025 and other publicly available corporate disclosures, together providing a comprehensive overview of KONČAR Group's approach to environmental, social and governance matters.

Environment

Environmental Management

- **ISO 14001 Certification Coverage (EMS Certified Percent) & Environmental Management team**

KONČAR Group has established and maintains an Environmental Management System (EMS) certified in accordance with the requirements of ISO 14001 across all companies and locations included within the Group's reporting boundary.

As of 31 December 2025, ISO 14001 certification covered all 18 locations operating within KONČAR Group, representing an EMS certification coverage rate of 100%.

The Environmental Management System provides a structured framework for identifying, managing and monitoring environmental aspects, obligations, risks and opportunities associated with the Group's activities. Through the implementation of ISO 14001 requirements, KONČAR Group continuously improves environmental performance, promotes pollution prevention, supports compliance with applicable environmental legislation and fosters the efficient use of natural resources across its operations.

Environmental management practices are regularly reviewed through internal audits, management reviews and external certification audits to ensure the ongoing effectiveness and continuous improvement of the system.

The implementation and ongoing monitoring of the Environmental Management System is carried out by a dedicated Integrated Management System function, composed of operational employees who manage all certified ISO systems, including ISO 14001. This function has clearly defined responsibilities for tracking compliance with the applicable standards and includes environmental specialists who, on a day-to-day basis, monitor environmental aspects, obligations and performance across the Group's companies and locations. These employees operate at the operational level of the organisation and are not members of the Board, ensuring that environmental management is embedded within routine business processes and continuously overseen by a dedicated in-house environmental team.

- **Nosie Reduction in Products**

On Končar corporate pages there is a description of products that have been specifically designed to amongst other features, reduce noise emission

1. Axial fans for transformer cooling

As a specialist in electric motor manufacturing, we handle the complete production of fan units in-house, including the motor, housing, impeller, and protective mesh. This enables us to deliver the following competitive advantages:

- Low noise level with high air flow
- High efficiency and low energy consumption
- Custom winding projects
- Non-standard voltages and frequencies
- Safe operation in all weather conditions (designed for reliable performance in both low and high temperatures)

- Mechanical protection tailored to operating conditions: From IP55 (standard) to IP66 for enhanced environmental protection
- Long service life with extended maintenance intervals
- Special anti-corrosion protection for outdoor installations
- Performance characteristics that meet the demands of various transformer manufacturers
- Designed for versatile installation in any mounting position
- Extensive design options for casings and motors
- Fan dimension adjustments to customer requirements
- Special single-phase options for smaller fans
- Additional features including PTC sensors, winding heaters, motor adaptations for operation with frequency converters

EC fans

EC Fans present a breakthrough in cooling technology with unmatched efficiency EC fans surpass conventional AC fans by employing advanced motor technology that offers precise regulation of speed and airflow. This results in peak performance and reduced energy consumption.

Designed for diverse cooling applications, from HVAC to industrial systems, EC fans offer a robust solution that combines reliability, high efficiency, and a commitment to environmental sustainability.

Accredited anechoic chamber

Our Laboratory Centre offers a comprehensive range of services for testing, measuring, analysing, and researching the vibroacoustic characteristics of machines, electrical devices, installations, equipment, and plant facilities. We perform these services both in our specialized facilities and on-site.

At the core of our noise and vibration testing capabilities are two specially designed and constructed anechoic chambers, equipped with advanced measurement instruments that enable precise assessment of various sources of sound and vibration.

IEC standard motors

Designed to meet the stringent requirements of modern drive technologies, their modular structure ensures they can be easily tailored to various customer specifications. Our motors are developed and certified to energy efficiency levels IE3 and IE4, following the EN 60034-30-1 standard. Power range: 0,06 – 200 kW

Main features:

- Low-noise design with minimal vibration
- Superior energy efficiency and nearly complete recyclability
- Consistent, dependable performance, even in demanding environments and tough working conditions
- Built with top-grade materials for enhanced durability
- Long-life bearings with extended lubrication cycles
- Protective coating resistant to weathering and corrosion

- High-performance insulation system designed for compatibility with frequency converters

- **Environmental Supply Chain Monitoring and Partnership Termination & Human Rights Breaches Contractor**

KONČAR Group is committed to promoting responsible environmental practices throughout its supply chain. Environmental requirements applicable to suppliers, contractors and other business partners are defined in the KONČAR Group Supplier Code of Conduct, compliance with which constitutes a material contractual obligation for suppliers engaged by KONČAR Group companies. Suppliers are expected to conduct their operations in compliance with all applicable environmental laws, regulations related to the social aspects and standards and to actively manage and minimise environmental and social impacts arising from their activities.

Under the Supplier Code of Conduct, suppliers are expected to maintain all required environmental permits and authorisations, establish appropriate environmental management systems or procedures, apply pollution prevention measures, use natural resources efficiently, manage waste in accordance with the principles of the waste hierarchy and support climate change mitigation through energy efficiency improvements, decarbonisation initiatives and, where feasible, the use of renewable energy sources. Suppliers are also expected to protect biodiversity, natural habitats and local communities from adverse environmental impacts and to comply with relevant international environmental conventions and regulations governing hazardous substances, chemicals and waste management.

In addition to environmental requirements, the KONČAR Group Supplier Code of Conduct sets out social criteria that suppliers, contractors and other business partners are required to observe as a material contractual obligation. Suppliers are expected to respect internationally recognised human and labour rights, prohibit child labour and forced or compulsory labour, prohibit discrimination and harassment, ensure fair working conditions including fair wages and regulated working hours, uphold freedom of association and the right to collective bargaining, and provide a safe and healthy working environment with high occupational health and safety standards .Environmental risks and supplier performance are monitored through KONČAR Group's supplier due diligence and compliance processes. Depending on the nature, significance and risk profile of the supplier, monitoring activities may include supplier self-assessment questionnaires, sustainability and ESG due diligence questionnaires, reviews of environmental permits, certifications and supporting documentation, supplier evaluations, documentation reviews, on-site audits, site visits and assessments of environmental management practices and performance. Suppliers are required to provide accurate and complete information and cooperate with verification activities conducted by KONČAR Group or authorised third parties.

Social risks and supplier performance are monitored through the same due diligence and compliance processes applied to environmental criteria. Depending on the nature, significance and risk profile of the supplier, with particular attention to suppliers operating in high-risk regions. Suppliers are required to provide accurate and complete information and to cooperate with verification activities conducted by KONČAR.

As part of ongoing supplier relationship management, KONČAR Group may assess suppliers' compliance with environmental and social requirements, evaluate environmental and social risks within the supply chain and request additional information, evidence or corrective actions where necessary. Environmental and social considerations are integrated into supplier qualification, evaluation and monitoring processes and form part of the Group's broader sustainability and risk management approach.

Where instances of non-compliance are identified, suppliers are expected to implement corrective measures without undue delay. Depending on the nature and severity of the findings, suppliers may be required to prepare and implement a corrective action plan specifying improvement measures, responsible persons and implementation deadlines. KONČAR Group may conduct follow-up reviews to verify the effectiveness of implemented corrective actions.

Failure to comply with the Supplier Code of Conduct constitutes a breach of contractual obligations or human rights breaches. Where non-compliance is not adequately remedied within a reasonable period, or where serious environmental violations, significant environmental incidents, unlawful conduct or other actions undermine the integrity of the business relationship, KONČAR Group reserves the right to suspend or terminate cooperation with the supplier. In cases involving severe breaches of environmental obligations or other serious violations of the Supplier Code of Conduct, termination may be applied with immediate effect in accordance with applicable contractual and legal provisions.

- **Environmental Restoration Initiatives & Environmental Partnerships**

Beyond impact-avoidance measures, KONČAR Group actively contributes to environmental restoration through afforestation and reforestation initiatives. In 2025, the Group carried out its fourth consecutive year of tree-planting activities, extending across the country from east to west. As part of these efforts, in Zaprešić 3,000 seed bombs of native species and 100 seedlings were planted over an area of one hectare, with the participation of KONČAR employees and children from the Vrtuljak Kindergarten, reinforcing community engagement and environmental awareness. These restoration activities are delivered in partnership with Project O2, an organisation specialising in reforestation using advanced drone-based planting technology, which accelerates the planting process by three to five times compared with traditional methods, thereby contributing to the preservation of natural resources, the restoration of native ecosystems and the mitigation of climate change.

In addition, the KONČAR Volunteer Club, in cooperation with the Medvednica Nature Park, regularly organises corporate environmental clean-up and waste-collection initiatives. These activities are carried out to promote socially responsible conduct, raise environmental awareness and support the conservation of Zagreb's forest ecosystems. As part of these efforts, KONČAR employees, organised into volunteer groups, remove waste from hiking trails and green areas across the Medvednica Nature Park, including a dedicated clean-up action held in the lead-up to Earth Day. Through this ongoing partnership, KONČAR Group contributes to the protection and restoration of a protected natural area and its forest habitats.

- **Environmental Expenditures and Investments**

During 2025., KONČAR Group made significant environmental expenditures and investments to reduce future environmental risks and to capture opportunities linked to the low-carbon transition. In the reporting year, taxonomy-eligible capital expenditure aligned with environmental objectives amounted to EUR 64.4 million, representing 60.6% of the Group's total CapEx in accordance with the EU Taxonomy Regulation. These expenditures were directed towards environmentally sustainable activities, including the 3.1. manufacture of renewable energy technologies (EUR 4,992 thousand) on advancing positive impacts connected to reduction of GHG emissions, 3.20. high-, medium- and low-voltage electrical equipment for electricity transmission and distribution that substantially contributes to climate change mitigation (EUR 6,715 thousand) with the goal of advancing the opportunity connected to increased demand for low-carbon solutions in the segment of power infrastructure, smart grids and electrified transport, and research, development and innovation for climate change mitigation (activity CCM 9.1, EUR 381 thousand) in relation to reducing the identified risk in terms of business adaptation costs.

The Group also incurs recurring operating and capital expenditures on pollution prevention and control, including the deployment and maintenance of air-filtration systems, wastewater-treatment systems and the substitution of inputs with environmentally acceptable raw materials, together with specialised environmental-protection personnel dedicated to maintaining and improving these systems across KONČAR Group companies.

The planned environmental investments defined in the Climate Transition Plan are directly linked to the material climate-related impacts, risks and opportunities (IROs) identified through the KONČAR Group's double materiality assessment, ensuring that allocated capital follows Končar Group climate ambition to reduce the negative impacts and mitigate identified risks, whilst advancing the opportunities and positive impacts with transitioning to a lower-carbon footprint economy.

- **Strategy A – Alternative Fuels and Vehicle Electrification (EUR 10,708,293)** and **Strategy B - Electrification of Processes and Facilities (EUR 25,608,241)** address the negative impact of greenhouse gas emissions from the Group's own operations and the transition risk of decarbonising production processes. By electrifying the vehicle fleet, work machinery and stationary energy sources, these investments reduce Scope 1 emissions and mitigate exposure to rising carbon-related and regulatory costs.
- **Strategy D – Energy Efficiency (EUR 11,779,280)** responds to the identified positive impact of "energy efficiency and renewable energy" and to the transition risk of rising energy prices, by lowering energy consumption per unit of product through building refurbishment, equipment modernisation and the roll-out of ISO 50001 energy management systems.
- **Strategy E – Electricity from Renewable Energy Sources (EUR 927,000)** advances the opportunity associated with increasing demand for low-carbon solutions and supports the "Energy" positive impact, by expanding own photovoltaic generation and securing certified renewable electricity, thereby reducing Scope 2 emissions and dependence on volatile energy markets.

- **Strategy C – Management of Fluorinated Gases** targets the negative impact and regulatory risk arising from the use of SF_6 and other materials with specific regulatory requirements, through the phase-out of SF_6 in switchgear and the introduction of vacuum and synthetic-air alternatives.
- **Strategy F – Value Chain Decarbonisation** addresses the transition risk of rising raw material costs and the Scope 3 emissions impact, by selecting lower-carbon materials, applying eco-design, improving logistics and strengthening supplier ESG monitoring.

Collectively, these investments not only mitigate the identified transition and physical climate risks but also capture the opportunities linked to increased demand for the KONČAR Group's climate-resilient and low-carbon products, EU and national funding for green infrastructure, and improved access to sustainable financing, thereby reinforcing the long-term resilience and competitiveness of the Group's business model.

- **Climate Change and Pollution Prevention**

Staff Transportation Impact Reduction

The Group actively supports the gradual transition towards low-emission mobility through the development of electric vehicle charging infrastructure. More than 70 electric vehicle charging points were installed across KONČAR Group locations and are available for use by employees. By enabling access to charging infrastructure at the workplace, the Group supports the adoption of electric vehicles and contributes to the long-term reduction of transportation-related greenhouse gas emissions.

- **Environmental Fines**

During 2025, KONČAR Group did not incur any environmental fines, penalties or sanctions related to non-compliance with environmental laws, regulations or permit requirements.

- **SOx Emissions**

During 2025, KONČAR Group did not generate any sulphur oxide (SOx) emissions. The nature of the Group's operations and production processes does not involve activities that would result in the generation of SOx emissions. Accordingly, total SOx emissions reported at Group level amounted to 0 tonnes and the related SOx emissions intensity was zero

- **VOC Emissions & VOC Emissions Reductions**

During 2025, KONČAR Group did not generate any volatile organic compound (VOC) emissions. The Group's production processes and operational activities are not of a nature that would result in the generation of VOC emissions. Accordingly, total VOC emissions reported at the Group level amounted to 0 tonnes and the related VOC emissions intensity was zero. As no volatile organic compound (VOC) emissions arise from the Group's operations, dedicated VOC emission-reduction, substitution or phase-out initiatives are not applicable; such measures would only be warranted if VOC emissions were generated.

In relation to particulate matter (PM), the KONČAR Group conducts its business in line with all applicable regulatory requirements governing emissions to air, including Directive 2010/75/EU on industrial emissions (integrated pollution

prevention and control), which establishes the framework for preventing and controlling industrial emissions through the application of best available techniques, emission limit values and permit-based operation, together with the applicable national legislation transposing these requirements. Compliance is ensured through operation under valid environmental permits, through certified environmental management systems in accordance with ISO 14001, and through periodic measurement of emissions to air carried out by authorised institutions, with measured values monitored against the applicable statutory limit values. Technical systems relevant to the control of emissions to air, including ventilation, filtration and process equipment, are maintained through planned preventive maintenance programmes.

- **Water Pollutant Emissions**

During 2025, the total weight of water pollutant emissions discharged by KONČAR Group amounted to 41.60 tonnes. The reported emissions primarily consisted of conventional wastewater quality parameters and trace concentrations of metals generated through manufacturing and industrial processes. Pollutants included suspended solids (TSS), chemical oxygen demand (COD), biochemical oxygen demand (BOD_5), and selected metals such as copper, zinc, iron, selenium and other trace elements monitored in accordance with applicable legal requirements and environmental permits. During 2025, increases in certain metal concentrations, particularly copper, iron, zinc and selenium, were primarily associated with increased production activity and raw material processing volumes across individual Group companies. At the same time, most conventional wastewater quality indicators, including total suspended solids (TSS), COD and BOD_5, continued to demonstrate a decreasing trend compared with the previous reporting period.

KONČAR Group operates an Environmental Management System certified in accordance with ISO 14001 and applies a systematic approach to managing water-related environmental impacts. Wastewater discharges are monitored at all relevant discharge points in accordance with applicable Croatian and EU environmental legislation, permit requirements and Environmental Pollution Register (EPRTR) reporting obligations. Nine Group companies operate under water permits, while wastewater sampling and analyses are performed by authorised external laboratories between two and four times annually, depending on the nature of operations and regulatory requirements

The Group continuously implements preventive and corrective measures aimed at minimising pollutant discharges into water, including process optimisation, responsible raw material handling, wastewater treatment measures and the application of environmentally sound operational practices. Monitoring results are regularly reviewed, and any identified deviations are addressed through corrective actions in accordance with internal environmental management procedures. During 2025, no significant environmental incidents related to water pollution were recorded.

Biodiversity and Ecosystems

- **Biodiversity Impact Reduction**

KONČAR Group recognises the importance of biodiversity protection and seeks to minimise any potential adverse impacts of its activities on ecosystems, habitats and species.

The Group's manufacturing and operational locations are predominantly situated within urban, industrial or previously developed areas. As a result, the environmental baseline of these sites is generally characterised by land that has already been developed or industrially utilised, limiting the likelihood of significant impacts on biodiversity, protected areas, natural habitats or sensitive ecosystems.

When developing new facilities, expanding existing operations or implementing projects that may have environmental impacts, KONČAR Group conducts environmental impact assessment procedures and other legally required environmental studies, where applicable. These assessments are used to identify and evaluate potential impacts on biodiversity, ecosystems, protected species and natural habitats, as well as to determine appropriate mitigation measures.

A representative example is the planning and development of a new instrument transformer manufacturing facility in 2025. Although the project is located within an area designated as an industrial zone under the applicable spatial plan, an assessment by the competent environmental and nature protection authority was obtained during the permitting process. Based on the characteristics and location of the planned development, the authority concluded that the project was not expected to have significant impacts on the environment, biodiversity or nature and that a formal environmental impact assessment procedure was not required.

Where potential environmental impacts are identified, KONČAR Group implements measures aimed at avoiding, minimising or mitigating adverse effects throughout the project lifecycle, in accordance with applicable legislation, permitting requirements and environmental management practices.

In addition, environmental aspects, including the protection of biodiversity and natural resources, are managed through the Group's ISO 14001-certified Environmental Management System, which supports the identification, assessment and control of environmental risks and impacts associated with business activities.

- **Waste Management and Circular Economy**

Product Impact Minimization (Take-Back and Recycling Initiatives)

KONČAR Group implements procedures for the management of hazardous product components in accordance with legal requirements and industry best practices and cooperates with authorized waste recovery and disposal operators. Through extended producer responsibility (EPR) schemes, the Group ensures the collection, recovery, and recycling of products at the end of their useful life. At the same time, it carries out customer information and education activities on the proper handling, maintenance, and disposal of products to increase recycling rates and reduce environmental impact.

- **Waste recycling ratio**

The waste recycling ratio represents the share of total waste generated that is diverted from disposal through preparation for reuse, recycling and other recovery

operations. The ratio is calculated using the data disclosed in Table 2-12, "Waste disposal and recovery", as the total amount of waste diverted from disposal divided by the total waste generated. In 2025, 8,782.06 tonnes were diverted from disposal, comprising 189.34 tonnes of hazardous waste and 8,592.72 tonnes of non-hazardous waste, out of a total of 10,483.61 tonnes of waste generated. Accordingly, the waste recycling ratio amounted to 83.77% in 2025.

E-Waste Reduction

KONČAR Group strives to extend the useful life of information technology and electronic equipment by applying circular economy principles and the waste hierarchy. Following replacement or withdrawal from regular use, office IT equipment, laptops, monitors, and other electronic devices are assessed for functionality, safety, and potential for further use. Equipment that meets the required technical and safety criteria is not disposed of as waste but is instead donated through targeted donation programs to educational institutions, associations, charitable organisations, and other non-profit beneficiaries.

Prior to donation, the equipment undergoes appropriate preparation procedures, including secure data erasure and the protection of confidential information in accordance with internal policies and applicable regulations. This approach enables the reuse of valuable resources, reduces the need for new equipment purchases by end-users, and simultaneously decreases the generation of electronic waste and its associated environmental impacts.

Through the donation of electronic equipment, KONČAR Group creates a positive social impact by supporting the development of digital skills, education, and social inclusion within local communities. This approach contributes to responsible resource management, increased material circularity, and the achievement of sustainable development objectives by linking environmental and social benefits.

Where further use of the equipment is not feasible or justified, electronic equipment is managed through authorized collection and treatment operators for waste electrical and electronic equipment (WEEE), ensuring the recovery of valuable materials and the safe handling of components in accordance with legal requirements and environmental protection principles.

Water Management

- **Policy Water Efficiency**

Water management within KONČAR Group is integrated into the ISO 50001-certified energy management system, ensuring a systematic approach to monitoring, analysing, and continuously improving the efficient use of natural resources. Water consumption is regularly monitored through defined indicators, internal records, and consumption analyses at the level of individual sites, processes, and organizational units.

To ensure effective water resource management, processes with the highest water consumption have been identified, and appropriate measures have been defined for each of them to optimize consumption, considering technological requirements, operational needs, and opportunities for further efficiency improvements.

Emphasis is placed on the continuous optimization of production processes through technology upgrades, adjustment of operating parameters, implementation of more efficient working methods, and reduction of water losses throughout all stages of production.

Responsibility for monitoring and managing water consumption lies with the persons responsible for individual processes, who regularly oversee the achievement of established objectives, analyse deviations, and propose corrective and preventive actions. This decentralized approach enables the timely identification of unusual consumption trends and rapid response to cases of increased consumption or process disruptions.

Through continuous monitoring and analysis of consumption data and performance indicators, the Group can detect deviations from expected values at an early stage, including potential equipment failures, leakages, unplanned water losses, or changes in operating conditions. Based on the collected data, the effectiveness of implemented measures is regularly evaluated, and additional opportunities for reducing water consumption are identified.

In addition to technical and organizational measures, significant attention is given to raising employee awareness of the importance of responsible water use. Through internal communication activities, training programs, and awareness-raising initiatives, employees are encouraged to identify water-saving opportunities, promptly report observed irregularities, and apply good practices in their daily work. In this way, responsible water management is embedded into the Company's culture and becomes an integral part of the continuous improvement of its environmental performance.

This systematic approach to water management contributes to the achievement of KONČAR Group's sustainability objectives by enhancing resource efficiency, reducing environmental impacts, strengthening resilience to water-related risks, and promoting the responsible and sustainable use of natural resources across all areas of operation.

- **Water Efficiency Targets**

KONČAR Group sets water efficiency targets using indicators that reflect the specific characteristics of its operations and enable consistent performance monitoring over time in line with ISO 14001 certification. Key indicators include water consumption per unit of product and water consumption per employee, allowing the Group to assess the efficiency of water use across both production and business activities.

Given the diversity of production technologies, processes, and operating conditions across the Group's companies, the target monitoring model is organized on a decentralized basis. Responsible persons within individual organizational units and processes monitor the achievement of established targets, analyze performance results, and implement appropriate measures to improve water-use efficiency in line with the specific characteristics of their activities.

To measure progress, a baseline year has been defined as the reference point against which performance is evaluated. Actual performance data are regularly compared with the baseline-year values to assess the effectiveness of implemented measures and identify long-term trends in water consumption. This

approach enables an objective evaluation of progress while taking into account changes in business volumes, production activities, and workforce levels.

Through continuous monitoring of performance indicators and trend analysis, KONČAR Group can identify areas with additional potential for reducing water consumption and to direct improvement initiatives towards further enhancing resource efficiency. The management system supports transparent reporting on target achievement and provides a robust basis for decision-making aimed at the responsible management of water resources and the continuous improvement of environmental performance.

- **Water Withdrawal**

During 2025, the total freshwater withdrawal of KONČAR Group amounted to 98,307 m³. Fresh water includes water obtained from municipal water supply systems, drinking water networks, groundwater, wells, boreholes, surface water and rainwater, where applicable. Recycled, reused, saline, grey and brackish water are excluded from this figure.

Since all water withdrawn by KONČAR Group during the reporting period originated from fresh water sources, total freshwater withdrawal was equal to total water withdrawal.

SOCIAL

Own Employees

- **Announced Layoffs**

During 2025, KONČAR Group did not announce any layoffs.

- **Average Training Hours**

In 2025, KONČAR Group provided a total of 138,118 training hours to its employees. Training covered a range of topics, including occupational health and safety, environmental management, technical competencies, professional skills development and leadership programmes. The average number of training hours per employee was calculated by dividing the total training hours delivered during the year by the average number of employees within the Group. The total number of employees of Končar Group in 2025., was 6,268, equalling 22.04 training hours per employee.

- **Total Training Costs**

The total training and employee development expenditure incurred by KONČAR Group in 2025 amounted to EUR 607,019.51.

- **Training Costs per Employee**

The average training cost per employee in 2025 amounted to EUR 96.84.

- **Health & Safety Policy**

KONČAR Group is committed to providing a safe and healthy working environment for all employees, contractors and other persons performing work-related activities. Occupational health and safety management is integrated into the Group's overall management framework through the Integrated Management System Policy and supporting occupational health and safety procedures. The Group's approach is based on compliance with applicable legal requirements, risk prevention, employee participation and continuous improvement of health and safety performance.

The Group applies a systematic occupational health and safety management framework designed to prevent work-related injuries, illnesses and incidents. Occupational risks are identified and assessed through workplace risk assessments and regular reviews of work activities, equipment and operational processes. Specific safe work practices and procedures are established for hazardous and critical tasks, non-standard work activities or the use of hazardous substances. Risks are controlled through a hierarchy of measures, including engineering controls, administrative controls, safe work procedures and personal protective equipment where residual risks remain.

Occupational health and safety governance is supported through dedicated health and safety responsibilities at multiple organisational levels. The Company Safety Committee is responsible for establishing health and safety policies and procedures and promoting employee awareness. In addition, designated health and safety officers support hazard identification, workplace inspections, risk management activities and implementation of preventive measures reviewing workplace hazards, investigating accidents and incidents, monitoring corrective measures, conducting workplace audits. Employee participation is encouraged through

consultation mechanisms, hazard reporting processes and involvement in the resolution of health and safety issues.

Regular workplace inspections, safety monitoring activities and internal audits are conducted to verify compliance with health and safety requirements and to identify opportunities for improvement. Monitoring programmes include workplace inspections, housekeeping reviews, safety awareness audits, equipment inspections and compliance reviews. The results are reviewed by responsible managers and health and safety representatives, and corrective or preventive actions are assigned, monitored and verified until completion.

KONČAR Group maintains formal procedures for incident, near-miss and hazard reporting. Employees are encouraged to report injuries, illnesses, unsafe conditions, near misses and other health and safety concerns. All reported incidents are investigated to determine underlying causes and identify corrective actions aimed at preventing recurrence. Investigations include root-cause analysis, assessment of affected persons, identification of contributing factors and implementation of corrective and preventive measures. Incident trends and findings are reviewed through regular HSE reporting processes and management oversight mechanisms.

Continuous improvement is a key principle of the Group's occupational health and safety framework. Safety performance is monitored through defined objectives, including injury prevention, hazard reporting, incident reporting and implementation of corrective measures. Findings from inspections, audits, incident investigations and employee feedback are used to enhance health and safety practices, improve workplace conditions and strengthen the overall effectiveness of the occupational health and safety management system

Occupational health and safety performance is managed through a system of measurable objectives and performance indicators. The Group's key H&S goals include the prevention of occupational injuries and illnesses, achievement of zero recordable injuries, 100% reporting and investigation of incidents and hazards, and the continuous improvement of workplace health and safety conditions. Performance against these objectives is regularly monitored through inspections, audits, incident reviews, corrective action tracking and management oversight processes. Findings are used to strengthen preventive measures and further enhance the effectiveness of the occupational health and safety management framework

- **Employee Health & Safety Training Hours**

KONČAR Group provided approximately 80,820 hours of health and safety training during 2025, consisting of:

- Initial occupational health and safety training for newly hired employees: 49,440 hours.
- Refresher training related to changes in work procedures and job positions: 28,000 hours.
- Refresher training for employees in managerial positions: 980 hours.
- Site-specific occupational health and safety training for hazardous works and project execution activities: 2,400 hours.

The total number of health and safety training hours provided during 2025 is estimated at 80,820 hours based on the number of employees participating in mandatory occupational health and safety training programmes and the prescribed

duration of each training programme in accordance with applicable legal and internal requirement

- **QMS Certified Percent (ISO 9001 Certification Coverage)**

KONČAR Group has implemented and maintains a Quality Management System (QMS) certified in accordance with the ISO 9001 standard across all companies and locations included within the Group's reporting boundary. As of 31 December 2025, ISO 9001 certification covered all 18 out of 18 locations operated by KONČAR Group, corresponding to a QMS certification coverage rate of 100%.

The certified Quality Management System applies to the Group's core business activities, including the design, development, engineering, manufacturing, testing, installation and servicing of products, solutions and services within the energy, transportation and industrial sectors. Through the implementation of ISO 9001 requirements, KONČAR Group ensures a systematic approach to quality management, customer satisfaction, process efficiency, risk-based thinking and continuous improvement across all operations.

Accordingly, ISO 9001-certified operations cover 100% of KONČAR Group employees and 100% of the Group's revenue generated within the reporting boundary.

- **Employees Health & Safety Team**

Occupational health and safety governance within KONČAR Group is supported through dedicated health and safety organisational structures and responsible functions operating at both company and operational levels. The Group has established occupational health and safety committees, health and safety officers, managers, supervisors and other designated personnel responsible for the day-to-day implementation of health and safety requirements, workplace risk management and accident prevention activities.

A key role within the occupational health and safety framework is performed by the Health and Safety Committee, which is responsible for the development and implementation of health and safety policies and procedures, employee awareness activities and the promotion of continuous improvement in health and safety performance. The Committee regularly reviews health and safety matters and supports the implementation of preventive measures across operations.

Dedicated Health and Safety Officers support the operational implementation of the Group's occupational health and safety management system. Their responsibilities include identifying workplace hazards, participating in workplace inspections and audits, recommending risk control measures, supporting incident investigations, monitoring compliance with health and safety requirements and advising management on occupational health and safety matters, workplace inspections, hazard identification, incident investigations, monitoring of corrective measures. Health and Safety Officers work closely with managers, supervisors and employee representatives to ensure that risks are appropriately managed and that preventive measures are effectively implemented.

Occupational health and safety teams and responsible personnel conduct regular workplace inspections, safety audits, hazard assessments and compliance reviews. They also monitor incident reporting, investigate accidents, injuries, near misses and unsafe conditions, and oversee the implementation of corrective and preventive actions. Findings and recommendations are communicated to

management through established reporting channels, including periodic HSE reports and safety committee reviews.

Employee participation forms an important element of the Group's health and safety management approach. Employees are encouraged to report hazards, unsafe conditions, incidents and near misses, participate in consultations regarding workplace health and safety matters and contribute to the identification of improvement opportunities. Occupational health and safety issues are addressed through defined reporting, investigation and resolution procedures that support proactive risk management and continuous improvement.

KONČAR Group's health and safety governance framework therefore combines dedicated health and safety functions with management oversight, employee participation, regular monitoring activities and continuous improvement processes aimed at preventing occupational injuries, illnesses and work-related incidents.

- **Employees with Disabilities**

In 2025, KONČAR Group employed 91 employees with disabilities, or 1.5% of the total employees

- **Internal Promotion**

KONČAR Group supports internal career development and employee mobility as an important element of its human resources management approach. The Group's internal recruitment framework is designed to retain and develop internal talent, promote employee engagement and provide career advancement opportunities across the organisation. Internal mobility is encouraged both within individual companies and between companies of KONČAR Group, enabling employees to broaden their experience, acquire new skills and pursue long-term career development opportunities.

The Group seeks to fill vacant positions through internal recruitment whenever suitably qualified internal candidates are available.

The Group's internal recruitment process supports fair and transparent candidate evaluation. Internal and external candidates participate in the same selection process, which may include interviews, competency assessments, psychological assessments and other evaluation methods depending on the position. Where internal and external candidates achieve equivalent assessment results, preference is given to the internal candidate.

Career progression is further supported through structured talent management and assessment processes. Internal candidates considered for managerial positions or advancement to higher organisational levels participate in leadership education and trainings and may participate in additional assessments aimed at evaluating leadership potential, competencies and readiness for increased responsibilities. These processes support succession planning and the long-term development of internal talent across the Group.

Through its internal recruitment and employee mobility practices, KONČAR Group seeks to promote professional growth, retain knowledge and expertise within the organisation and provide employees with opportunities to progress from one organisational level to the next and to pursue career advancement opportunities within KONČAR Group before external recruitment alternatives are selected.

Based on internal HR records, approximately 233 employees were promoted to a higher organizational level during the reporting period. This figure represents

promotions within individual Group companies and does not include transfers between Group companies.

- **Occupational Diseases**

KONČAR Group confirms that no occupational diseases were recorded during 2025.

- **Trade Union Representation**

In 2025, 5,984 employees (95.5% of the total employees) were represented by trade union organisations, while 4,039 employees (64.4% of the total employees) were covered by collective bargaining agreements.)

- **Salary**

The median annual employee remuneration, including salaries and benefits, amounted to EUR 23,918.25 in 2025.

The total remuneration ratio, defined as the total annual remuneration of the highest paid individual in the Company divided by the median annual total remuneration for all employees (excluding the highest paid individual), amounted to **1:15.11** in 2025, compared to **1:17.02** in the previous year.

The calculation is based on all employees of KONČAR Group included in the reporting scope. Employee remuneration comprises annual salaries and employee benefits. The remuneration ratio is calculated by comparing the total annual remuneration of the highest paid individual with the median annual remuneration of all employees, excluding the highest paid individual.

- **Corporate Responsibility Awards**

During 2025, KONČAR Group received external recognition for its commitment to responsible, sustainable and inclusive business practices.

- Equal Pay Champion Certificate (2025) - KONČAR was awarded the Equal Pay Champion certificate for the second consecutive year, recognising the Company's commitment to equal pay principles, equal opportunities and the promotion of gender equality in the workplace. The certification confirms the Company's efforts to foster a fair, transparent and inclusive working environment and supports its commitment to diversity and equal treatment of employees.
- Sustainable Business Award (Restart Initiative) - In 2025, KONČAR received recognition for sustainable business practices as part of the Croatian Chamber of Economy's sustainability initiative. The award recognised the Company's contribution to sustainable development, responsible business conduct and the integration of environmental, social and governance (ESG) principles into its business activities.

These recognitions reflect KONČAR Group's ongoing efforts to strengthen responsible corporate governance, promote equal opportunities, support employee wellbeing and contribute to sustainable development through its business operations.

KONČAR dobitnik Equal Pay Champion certifikata drugu godinu zaredom | KONČAR

Report_Restart

Tjedan priznanja: izvozna izvrsnost i održivo poslovanje | KONČAR

Customers

- **Customer Satisfaction**

KONČAR Group systematically monitors customer satisfaction through a multi-layered customer relationship management model that enables the collection of feedback at the level of individual manufacturing facilities, local sales and project teams, and the Group's central functions. This approach provides comprehensive insight into customer experiences throughout the different stages of cooperation, from initial contacts and project contracting to project execution, product delivery, and after-sales support.

Customer satisfaction is monitored using a standardized methodology based on comprehensive survey questionnaires tailored to the specific characteristics of individual markets, products, and services. The questionnaires cover a broad range of topics related to the customer experience when working with KONČAR Group, including product and service quality, adherence to agreed delivery schedules, employee expertise and availability, communication effectiveness, technical support, project management, and overall satisfaction with the achieved results. Emphasis is placed on understanding customers' perceptions of their cooperation with KONČAR Group and assessing their willingness to continue and expand the business relationship in the future.

The collected feedback is analysed at all organisational levels to identify areas of excellence, potential challenges, and opportunities for improvement. Survey results serve as an important input for quality management processes, product and service development, enhancement of customer support, and the definition of initiatives aimed at increasing customer satisfaction and strengthening long-term customer trust.

Given the specific nature and complexity of projects in the fields of power generation, transmission and distribution, railway infrastructure, and other advanced technological solutions in which KONČAR Group specialises, additional confirmation of customer satisfaction is obtained through reference letters. These letters are issued by customers following the successful completion of projects and provide independent confirmation of execution quality, reliability of delivery, technical expertise, and the ability to manage complex projects.

In addition to the quantitative indicators obtained through customer satisfaction surveys, reference letters provide valuable qualitative insight into customer experiences and the actual value created through cooperation. This combined approach enables KONČAR Group to gain a comprehensive understanding of customer expectations and needs, strengthen long-term partnerships, and continuously improve its products, services, and business processes.

The multi-layered customer satisfaction monitoring model contributes to maintaining high-quality standards, enhancing KONČAR Group's competitiveness in global markets, and creating long-term value for customers, business partners, and other stakeholders. For power engineering projects, the Group also monitors the number of reference letters received from customers. In 2025, 100% of customers with contract values exceeding EUR 1 million provided reference letters, demonstrating a high level of customer satisfaction and confidence in the Group's products and services.

Governance

- **Global Reporting Initiative**

Given that the Company's sustainability reporting from 2006. was prepared in accordance with the Global Reporting Initiative (GRI) Standards, the GRI Standards were considered in the double materiality assessment to ensure continuity of topic coverage and of the impact materiality perspective between reporting periods. Accordingly, the report drafted under ESRS takes into account the principles and guidelines under GRI Standards.

- **Average Board Tenure**

As of 31 December 2025, the average tenure of Supervisory Board members was **3.25 years**.

The calculation is based on the tenure of all nine current Supervisory Board members as at the reporting date. The combined tenure of all Supervisory Board members amounted to **32.5 years**, resulting in an average board tenure of **3.25 years**.

The tenure calculation was based on the length of service of individual Supervisory Board members from the date of their appointment to the Supervisory Board up to the reporting date. Based on this methodology, individual board tenures ranged from newly appointed members to members with up to ten years of board service.

(The calculation is based on individual Supervisory Board tenures of 10.0, 6.0, 4.0, 4.0, 4.0, 1.5, 1.5, 1.5, 0.0 and 0.0 years, resulting in a total tenure of 32.5 years and an average board tenure of 3.25 years.)

- **Board Individual Re-election**

The Supervisory Board is comprised of 9 Members, of which 5 are elected and discharged by the General Assembly, 1 is shall appointed by the workers pursuant to the provisions of the Labour Act, and pursuant to Article 256, paragraph 3 of the Companies Act, 3 are appointed by the Company’s Shareholder Kapitalni fond p.l.c, closed-end alternative investment fund with a private offering with a registered office in Zagreb, PIN:08269700991 as long as it holds the Company’s shares representing 25% plus 1 share of the Company’s share capital.

The Members of the Supervisory Board appointed by the General Assembly are appointed to a term of 4 years and they may be reappointed. The other Members of the Supervisory Board serve no more than 2 consecutive terms.

- **Board Member Affiliations**

During 2025, members of the Supervisory Board held a total of 10 external board and supervisory board positions in other companies and organisations, comprising seven external supervisory board positions and three external executive positions.

Based on all ten Supervisory Board members who served during 2025, the average number of external board affiliations per Supervisory Board member amounted to 0.70 when considering external supervisory board positions only.

Corporate affiliations considered in this calculation include memberships in supervisory boards of external organisations. When external executive positions are also taken into

account, the average number of external governance affiliations per Supervisory Board member amounted to 1.00.

Based on the nine Supervisory Board members serving as of 31 December 2025, the total of 10 external governance affiliations corresponds to approximately 1.11 affiliations per member.

- **Board Specific Skills, Percent**

As of 31 December 2025, approximately 70 % of Supervisory Board members possessed either significant industry-specific expertise or a strong financial background. Relevant expertise among Supervisory Board members includes electrical engineering, the energy sector, manufacturing, finance, auditing, macroeconomics and other fields directly related to the Company's business activities. Based on this assessment, 7 out of 9 Supervisory Board members possess substantial industry or financial expertise, including Miliša, Filipović, Jurišić, Savić, Horvatin, Marić and Martinović.

The composition of the Supervisory Board therefore combines industry knowledge with financial and economic expertise, supporting effective oversight of the Group's strategy, operations, risk management and long-term development.

At the Management Board level, **60% of members** possess predominantly industry-specific expertise and extensive experience in the electrical engineering, energy and industrial sectors, including Gordan Kolak, Petar Bobek and Josip Pajić. The remaining **40% of Management Board members** possess primarily financial expertise and experience in finance, accounting and corporate financial management, including Radaković and Huljić.

This combination of industry and financial competencies provides a balanced governance structure and supports informed decision-making across strategic, operational and financial matters.

- **Executive Compensation Policy**

Remuneration Policy

KONČAR Inc. Remuneration Policy is designed to attract, retain and motivate highly qualified members of the Management Board and Supervisory Board while ensuring alignment with the Company's long-term strategy, sustainable growth objectives and the interests of shareholders. The policy establishes a transparent and balanced remuneration framework that links compensation to performance, responsible risk management and the successful implementation of the Company's strategic priorities.

For Management Board members, the remuneration structure combines fixed remuneration, annual variable remuneration and a long-term share-based Compensation plan. Fixed remuneration reflects professional experience, competencies, responsibilities and market value and positioning, promotes work environment within the Company with respect to performance, development and core competencies while variable remuneration is based on performance and, in exceptional cases, on other conditions as well. Variable remuneration provides an incentive for long-term prudent risk-taking at a reasonable level and for sound risk management.

The Remuneration Policy further promotes long-term value creation through a Long-Term Share-Based compensation Plan. A significant portion of management remuneration is linked to the Company's shares and the achievement of long-term performance indicators, including growth in market capitalisation. Share-based awards are subject to vesting periods, retention requirements and additional loyalty and performance conditions, encouraging Management Board members to focus on the sustained success and long-term competitiveness of the Group rather than short-term results

The remuneration framework also supports alignment between the interests of Management Board members and those of shareholders by linking a substantial portion of compensation to the Company's financial performance and share value development. This approach encourages decision-making that contributes to sustainable growth, long-term profitability and the creation of shareholder value while discouraging excessive risk-taking that could undermine the Company's long-term development.

The policy is overseen by the Remuneration Committee and the Supervisory Board, which regularly review remuneration structures, performance criteria and market competitiveness. This governance framework helps ensure that remuneration remains appropriate, transparent and aligned with the Group's strategic objectives, organisational needs and stakeholder interests.

For Supervisory Board members, remuneration consists exclusively of fixed compensation reflecting the responsibilities, expertise, time commitment and oversight duties associated with their role. Remuneration of Supervisory Board members is independent of Company performance and does not contain variable elements, thereby supporting their independence, objectivity and effective supervision of management.

In addition, the Remuneration Policy explicitly integrates sustainability into the remuneration framework. In accordance with its stated objectives, the Policy is based on the principles of equality, non-discrimination and sustainable development, and the variable component of remuneration is linked to objective and measurable performance indicators, including the achievement of sustainability goals, which shall be defined separately (Item 1 in Remuneration Policy). By embedding sustainability objectives into the performance criteria for variable remuneration, the Policy ensures that Management Board members are incentivised not only to deliver financial results but also to advance the Group's long-term sustainability priorities and responsible business conduct which reinforces the alignment between executive remuneration, the Group's sustainability strategy and the long-term interests of shareholders and other stakeholders, while promoting transparency, fairness in relation to the salaries and working conditions of all employees, and prudent, sustainable risk-taking.

Overall, the Remuneration Policy supports the recruitment and retention of qualified and experienced management and supervisory personnel by providing a competitive, performance-oriented and transparent remuneration framework that promotes long-term value creation, responsible leadership and sustainable business success

- **Compensation Improvement Tools**

The development and oversight of executive remuneration within Company is supported by a formal governance framework comprising the Supervisory Board, the Remuneration Committee and the Remuneration Policy. The Remuneration

Committee assists the Supervisory Board in matters relating to remuneration policies, remuneration structures and incentive mechanisms applicable to Management Board members. The Remuneration Policy establishes transparent principles and procedures for determining executive remuneration and aims to align management interests with the long-term interests of the Company, its shareholders and other stakeholders.

In carrying out its responsibilities, according to the Rules of Procedure of the Supervisory Board and Corporate Governance Rules the Supervisory Board may engage independent external advisers, consultants, legal experts and other professional advisers, where considered appropriate. This possibility also extends to the activities of the Remuneration Committee, including the review and development of remuneration policies, remuneration structures and incentive schemes. External expertise may be used to support market benchmarking, competitiveness assessments and the continuous improvement of the remuneration framework to ensure the attraction, motivation and retention of qualified and experienced members of the Management Board.

Through this governance framework, Company seeks to maintain a remuneration system that is transparent, competitive, aligned with market practice and supportive of long-term value creation

- **External Consultants**

Company's Supervisory Board has the authority, within the scope of its supervisory responsibilities, to use external experts and other professional advisers when reviewing and examining the Company's and the Group's operations, business records and documentation. This authority is provided under the Rules of Procedure of the Supervisory Board and supports the effective performance of the Board's oversight duties.

Where considered appropriate, the Supervisory Board may seek independent external expertise in connection with matters falling within its responsibilities, including corporate governance, remuneration, financial reporting, risk management, legal matters and other areas requiring specialised knowledge. This approach helps ensure that the Supervisory Board has access to the expertise necessary to support informed and objective decision-making.

The same principle may be applied in the work of Supervisory Board committees established by the Supervisory Board.

- **Non-audit to Audit Fees Ratio**

During 2025, the external auditor of KONČAR Group did not provide any non-audit services. Accordingly, non-audit fees represented 0% of the total fees paid to the external auditor and amounted to EUR 0.

- **Shareholder Rights Policy**

Equal Treatment of Shareholders and Protection of Minority Shareholder Rights

KONČAR Inc. is committed to ensuring the equal treatment of all shareholders and the protection of shareholder rights in accordance with applicable legislation, the Company's Articles of Association and recognised corporate governance principles. Shareholders exercise their rights through participation in the General Assembly, where they are entitled to vote on matters within the competence of the General Assembly. Each ordinary share carries one voting right, ensuring equal voting

rights for shareholders holding the same class of shares. The Company does not have shares with voting cap.

The Company supports the protection of minority shareholder rights by providing shareholders with timely access to relevant information and enabling their participation in key corporate decisions. Shareholders are entitled to receive information relating to General Assembly meetings, proposed resolutions and other matters relevant to the exercise of their rights.

KONČAR Inc. promotes shareholder engagement through regular communication and transparent disclosure practices. Information relevant to shareholders, including General Assembly notices, resolutions, annual reports, remuneration reports and other corporate governance documents, is publicly available through the Company's website and other legally prescribed disclosure channels.

The Company is committed to transparency, accountability and fair treatment of all shareholders and applies corporate governance practices designed to support informed shareholder decision-making, safeguard shareholder interests and maintain confidence in the Company's governance framework.

- **Shareholders Vote on Executive Pay**

KONČAR Inc. provides shareholders with the right to vote on executive remuneration through the approval of the Company's Remuneration Policy at the General Assembly. In accordance with applicable legal and corporate governance requirements, the Remuneration Policy is determined by the Supervisory Board and submitted to shareholders for approval.

The Remuneration Policy establishes the overall framework for Management Board remuneration, including fixed remuneration, annual variable remuneration, share-based remuneration, long-term share incentive arrangements and other compensation-related elements. Consequently, share-based compensation arrangements and equity-linked incentive programmes cannot be introduced or renewed outside the framework approved by shareholders through the Remuneration Policy.

In addition, information regarding the remuneration of Management Board and Supervisory Board members is disclosed through the annual Remuneration Report, which is presented to shareholders at the General Assembly in accordance with applicable regulations and corporate governance practices.

- **Shareholders' Approval Stock Compensation Plan**

KONČAR Inc. operates share-based remuneration arrangements for Management Board members as part of its Remuneration Policy. The remuneration framework includes both a share-based component of annual variable remuneration and a Long-Term Share-Based Compensation Plan designed to support long-term value creation, management retention and alignment of management interests with those of shareholders.

The share-based remuneration arrangements form an integral part of the Remuneration Policy determined by the Supervisory Board and submitted to the General Assembly for approval in accordance with applicable legal and corporate governance requirements. The General Assembly therefore approves the overall remuneration framework governing Management Board remuneration, including the principles and rules applicable to share-based incentive arrangements.

Under the Remuneration Policy, Management Board members may receive a portion of their variable remuneration and long-term incentives in the form of Company shares, subject to predefined performance conditions, vesting schedules, holding periods and other requirements specified in the Policy. These arrangements are intended to strengthen the alignment of management decisions with the Company's long-term performance, shareholder value creation and sustainable business development objectives.

The Remuneration Policy currently in force was approved by the General Assembly of KONČAR Inc. and applies to the period from 1 January 2025 to 31 December 2030.