STAKEHOLDER ENGAGEMENT PLAN

Project Faller, Croatia

October 2026

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Abbreviations

SEP Stakeholder Engagement Plan

EBRD European Bank for Reconstruction and Development

IFC International Finance Corporation

NTS Non-Technical Summary

ESAP Environmental and Social Action Plan

ESP Environmental and Social Policy

M&A Mergers and acquisitions

1 INTRODUCTION

This document is the Stakeholder Engagement Plan (SEP) for the environmental and social due diligence assessment of the Project Faller (hereinafter the "Project").

The key objectives of the SEP are as follows:

- Provide guidance for stakeholder engagement during all Project phases, in line with national and international project standards.
- Identify key stakeholders that are affected, and/or able to influence the Project and its activities.
- Provide the framework for ongoing stakeholder identification, analysis, mapping and prioritisation consultation and engagement risk and issue identification, information sharing, and documentation of engagement and required follow-up actions.
- Identify the most effective methods and structures through which to disseminate Project information, and to ensure regular, timely, accessible, transparent and appropriate consultation.
- Provide stakeholders with enough opportunity to voice their opinions and concerns.
- Ensure that comments are received in a timely manner so that they can be considered in Project decisions.
- Establish grievance mechanisms.
- Define roles and responsibilities for the implementation of the SEP.
- Define reporting and monitoring measures to ensure the effectiveness of the SEP and periodical reviews of the SEP based on findings.

The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) are considering providing finance to KONČAR Inc. for the Project which is categorised "B" in accordance with the EBRD 2024 Environmental and Social Policy (ESP).

EBRD Perforance Requirement 10 – Information Disclosure and Stakeholder Engagement outlines a systematic approach to stakeholders' engagement that helps EBRD clients build and maintain a constructive relationship with their stakeholders, particularly locally affected communities. The process of stakeholders' engagement is an essential component of the appraisal, management and monitoring of environmental and social issues associated with a project.

The present document is the Stakeholder Engagement Plan (SEP) for the Project.

2 PROJECT DESCRIPTION WITH MAIN PARAMETERS

The European Bank for Reconstruction and Development (the "EBRD") and the International Finance Corporation (the "IFC") (hereinafter collectively referred to as the "Lenders") are considering providing joint financing to KONČAR Inc. with the objective of supporting long-term capital investments. KONČAR Inc. is the Parent Company of the KONČAR Group, which, in addition to the parent company, comprises 16 subsidiaries engaged in core business activities and one subsidiary dedicated to research and development, as well as companies controlled by subsidiaries, one associate, and associates of subsidiaries.

KONČAR Group's main activities include manufacturing equipment and facilities for the power generation, transmission and distribution; developing rail vehicles and related infrastructure; and creating digital solutions and platforms for the energy and industrial sectors. Through its subsidiaries, the company designs, manufactures, and maintains products such as transformers, electric motors, generators, electric trains, and trams, and participates in major energy and infrastructure projects.

The Project will include the construction, reconstruction, and expansion of manufacturing facilities and associated infrastructure at several locations in the City of Zagreb, one location in City of Velika Gorica, one location in Bedekovčina County and one location in the City of Zaprešić.

All sites are situated within designated industrial zones in accordance with applicable spatial planning documentation, ensuring compatibility with existing land use and zoning regulations.

The identified Project sites include:

Location	Company	Planned activity
Zaprešić – Matija Gubec Street 97	KONČAR – Instrument Transformers	New instrument transformer factory
Zagreb – Strojarska cesta 10	KONČAR – Switchgear, KONČAR – Helb, Dalekovod, KONČAR – Digital, KONČAR – Electrical Engineering Institute, KONČAR – Trasformer Tanks	KONČAR – Switchgear – new production facility KONČAR – Helb – new facilities and equipment KONČAR – Digital – new building (office and equipment) Overall location – necessary infrastructure upgrade in KONČAR industrial park
Zagreb – Fallerovo šetalište 22	KONČAR Inc., KONČAR – Renewable Energy Sources, KONČAR – Hydro Turbines, Telenerg-Inženjering Ltd.	Headquarters energy efficiency refurbishment
Zagreb – Ante Babaje Street 1	KONČAR – Electric Vehicles	Expansion of production of electric vehicles arm
Velika Gorica – Vukomerička Street 9	Dalekovod Production Ltd.	New Logistic center and reconstruction of suspension and joining equipment factory
Bedekovčina – Stjepana Radića Street 35-j	KONČAR – Electrical Engineering Institute	Electrical Engineering Institute – new research and development facility/laboratory

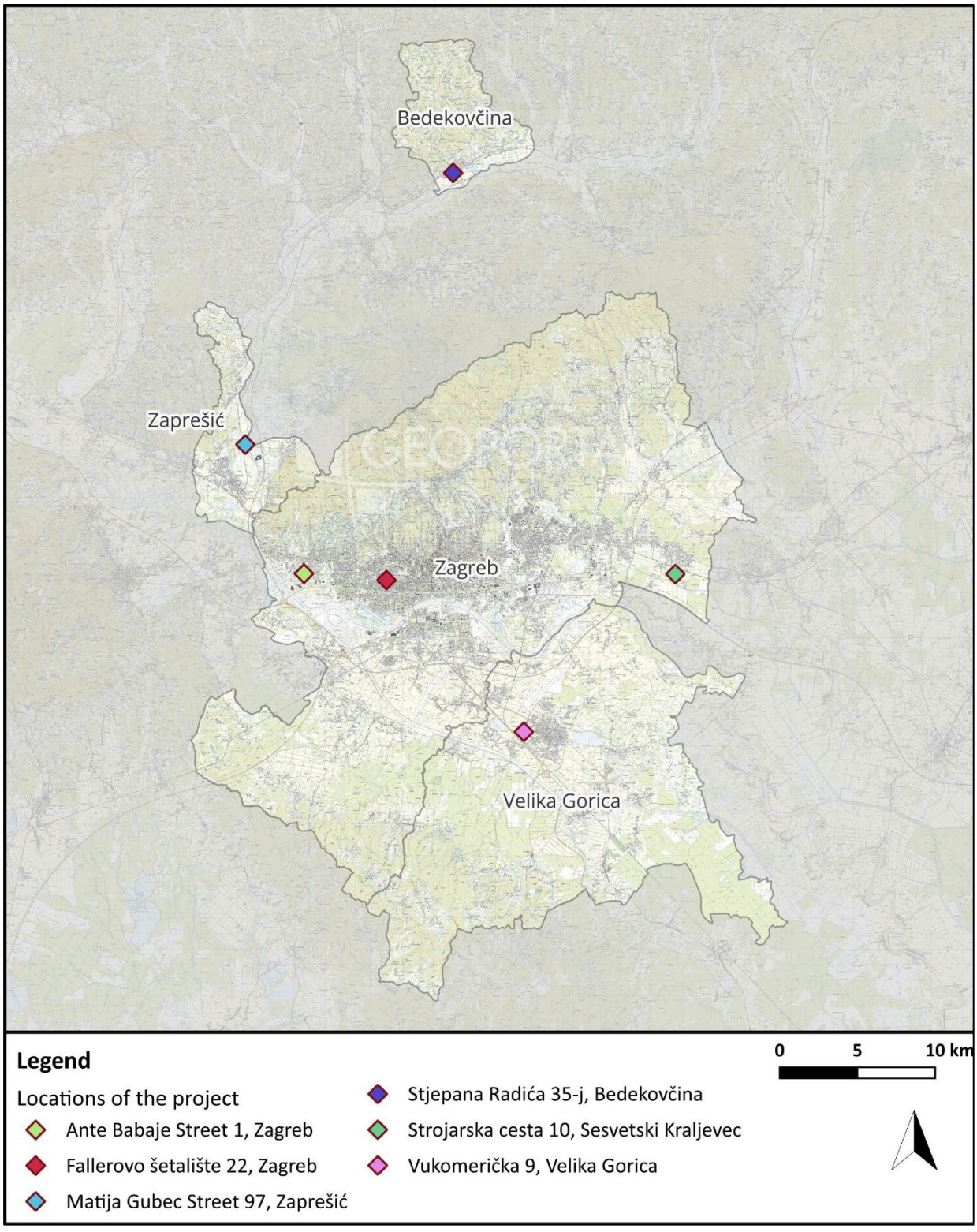

Figure 1: Project sites

3 CONSULTATION AND DISCLOSURE

3.1 NATIONAL LEGISLATIVE REQUIREMENTS

Given that Environmental Impact Assessment (EIA) procedures and screening decisions are not mandatory for the Project activities, stakeholder engagement, as well as the level of public disclosure and consultation activities, relate to public disclosure and public participation within the processes of preparing and adopting spatial and urban planning documents for the locations where the activities are planned.

The future factory in Matije Gupca Street in Zaprešić is located within the Falečnjak Business Zone, as defined by the Zaprešić Spatial Development Plan and the Urban Development Plan for the Falečnjak Business Zone. The remaining project locations (Strojarska cesta 10, Fallerovo šetalište 22, and Ante Babaje Street 1 in Zagreb) are covered by the City of Zagreb Master Urban Plan. The Dalekovod production facility in Velika Gorica is located within a business and production zone designated by the Urban Development Plan for the Velika Gorica settlement. The location for planned laboratory in Bedekovčina is located within an economic area designated for production and business use under the Spatial Development Plan of the Municipality of Bedekovčina.

In accordance with the Physical Planning Act (OG 55/25), public disclosures and public consultations for the urban plans defining the project locations were carried out as part of the spatial planning procedures in 2023 and 2024.

According to the Physical Planning Act (OG 153/13 with amendments) for urban development plans that define Projects locations, public insight, public hearing/discussion were exercised during the urban planning procedures during 2023 and 2024.

3.2 EBRD REQUIREMENTS

Under the EBRD Environmental and Social Policy (ESP, 2024), stakeholder engagement is defined as an ongoing, inclusive process aimed at building constructive relationships with affected communities, workers, and other relevant stakeholders. Effective engagement begins early and continues throughout the project lifecycle, forming a core part of the identification, management, and monitoring of environmental and social risks and impacts.

In accordance with EBRD Environmental and Social Requirement 10, stakeholder engagement involves:

- Timely, relevant, understandable, and accessible information in a meaningful, effective manner.
- Meaningful consultation based on the nature and scale of the project's adverse risks and impacts and the level of stakeholder interest.
- A functional grievance mechanism that enables stakeholders to raise concerns safely and without retaliation.

The EBRD further requires that engagement be proportionate to project risks and scale, clearly structured, and continuously implemented, covering stakeholder identification, information disclosure, consultation, grievance management, and monitoring and reporting.

3.3 IFC REQUIREMENTS

Under the IFC Sustainability Framework, stakeholder engagement is a core requirement for managing environmental and social risks. Performance Standard 1 requires clients to carry out early, ongoing, and proportionate engagement with affected communities and other relevant stakeholders through information disclosure, consultation, and grievance mechanisms. Engagement must continue

throughout the project lifecycle and be integrated into the Environmental and Social Management System, with more intensive consultation applied to projects with higher risks and impacts.

4 PROJECT STAKEHOLDERS

4.1 STAKEHOLDER IDENTIFICATION

Stakeholder identification has been, and will continue to be, carried out to determine which individuals/groups of people and organizations may be directly or indirectly impacted (both positively and negatively) by the Projects' activities or may have an interest in or influence over the Project and its outcome.

In general, engagement is directly proportional to the degree and influence. As the extent of project's impact on a stakeholder group increases, or as the stakeholder's ability to influence the project grows, engagement with that particular stakeholder group should become more frequent and more intensive, using appropriately tailored methods.

The identification of relevant stakeholders is essential to ensure meaningful consultation on the project. The list of stakeholders identified at this stage, as presented below, is not exhaustive and may be updated and refined throughout the different phases of the Project.

Type	Name
Project Financing / Internal Stakeholders	• EBRD, IFC
Project Stakeholders / Internal Stakeholders	• KONČAR Inc. • Subsidiaries and Business Units of KONČAR Group. • Employees and workers
National Government Authorities	• Ministry of Environmental Protection and Green Transition • Ministry of Culture and Media, Directorate for Cultural Heritage protection / Competent conservation department
Regional / local government stakeholders	• City of Zagreb • City of Zaprešić • City of Velika Gorica • Municipality of Bedekovčina
Project affected communities	• Residents of communities in the Project impact area • Neighbouring businesses and industrial operators • Users of facilities (at the location of Strojarska cesta) • Users of Location in Velika Gorica
Contractors and Suppliers	• Construction contractors and subcontractors • Suppliers and service providers
Vulnerable groups	• Any specific vulnerable groups identified currently or in the future, i.e., disabled persons, elderly persons, etc. in the proximity to the site
Other interested parties NGOs, civil society	• Local, national non-governmental organizations (NGOs) • Utility Providers – HEP Inc, VIO Zagreb Ltd., VIO Zaprešić Ltd., VG vodoopskrba Ltd.

It is important to note that stakeholder identification is an ongoing process, and key stakeholders will continue to be identified and engaged throughout the Project lifecycle.

A detailed stakeholder engagement action plan for for the subsequent phases of the Project is presented in the Table 4-1.

4.2 SUMMARY OF PREVIOUS STAKEHOLDER ENGAGAMENT ACTIVITIES

At this stage of the Project, limited consultation has been undertaken by KONČAR Inc., primarily with the Ministry of Environmental Protection and Green Transition.

Engagement took place via email to seek the Ministry's opinion on the need to conduct an Environmental Impact Assessment (EIA) for the Zaprešić location. The Ministry confirmed that an EIA is not required for this location.

As part of its commitment to community engagement, KONČAR Inc. is establishing an online grievance mechanism. Accessible via the KONČAR website, this platform will provide stakeholders with a formal and transparent channel to submit, monitor, and track their concerns.

This SEP has been developed to ensure KONČAR's continuous and structured engagement with stakeholders affected by the Project while also complementing the formal consultation processes required under Croatian legislation and the Lenders' standards.

4.3 STAKEHOLDER ENGAGEMENT PLAN

The SEP needs to ensure that the following key principles are applied across all engagement activities:

- The timing and frequency of engagement activities are carefully planned to maximise stakeholder participation, while minimising disruption to the daily lives of local stakeholders and avoiding stakeholder fatigue;
- Relevant members of the Project team, as well as representatives of beneficiaries or contractors, are present and actively participate in engagement activities;
- Engagement processes are managed in a way that ensures stakeholders are provided with timely, relevant, and appropriate information, along with meaningful opportunities to participate and contribute;
- Engagement is voluntary, conducted prior to key decision-making, and based on the provision of objective and meaningful information, with feedback communicated to stakeholders following the completion of engagement activities.

For all forms of information disclosure envisaged under this document, the following information will be provided:

- Project name
- Investor / Project Operator / Contractor
- Duration of the relevant project phase
- Contact details of the designated responsible person
- Available means for obtaining additional information

Prior to any engagement activity, the following actions are proposed:

- Preparation of standardised "Questions & Answers" materials tailored to specific stakeholder groups (based on lessons learned and commonly raised issues from previous engagement activities, where applicable).
- Planning/design of engagement action(s) within the project team including the identification of key contact points.

- Identification of stakeholders to be engaged.
- Selection of appropriate information disclosure and consultation methods (including format, language, and timing).
- Determination of suitable locations and timing for engagement activities, taking into account working schedules, seasonal factors, and potential conflicts with local events;.
- Agreement on mechanisms to facilitate and ensure stakeholder participation in engagement activities.
- Establishment and implementation of effective feedback mechanisms.

Key engagement methods

The planned future activities will establish a more structured and systematic approach to consultation, information disclosure, and the formal documentation of engagement between KONČAR Inc. and relevant and interested stakeholders.

Information disclosure

The types of information disclosed and the specific methods of communication to be undertaken for this Project are summarised in the Stakeholder Engagement Action Plan in Table 4-1 below.

At this stage, the following documents will be disclosed for effective stakeholder communication:

- Non-Technical Summary
- Stakeholder Engagement Plan.

The information above will be made publicly available in both Croatian and English language during the duration of the Project. Hard copies of the related documents will be made available at the KONČAR offices and KONČAR website. In addition, electronic copies are available on the KONČAR websites:

- KONČAR – https://koncar.hr/en

The SEP is presented in a tabular format, listing all stakeholders identified to date, along with their roles and areas of influence. It also outlines the proposed consultation methods and the indicative timeframe for engagement with each stakeholder group.

Table 4-1: Stakeholders Engagement Plan siubsequent Project phases ((pre-)construction and operation phase)

No.	Stakeholder	Stakeholders' role	Areas of influence / interest	Type of impact	Consultation method (Mean of contact)	Timeframe
1	EBRD IFC	Lender	Project financier Compliance with relevant Environmental and Social Policy (EBRD PRs/IFC PS)	Positive: financing of the project. Negative: risk of non-compliance with E&S standards.	Phone and E-mail communication, Annual Reports	Prior to construction. During the project lifetime.
2	KONČAR Inc.	Project Sponsor / Client	Overall responsibility for stakeholder engagement and E&S performance; Compliance with national and international standards; Oversight of ESAP and ESMS implementation	Positive: benefits from project success. Negative: responsible for managing risks	E-mail communication, Internal meetings, Reporting system, Management reviews, Face to face meetings	Throughout all Project phases.
3	Subsidiaries and Business Units of KONČAR Inc. Employees and Workers	Site Operators / Implementers	Site-level implementation; Stakeholder coordination; Monitoring	Positive: benefits from project success. Negative: responsible for managing risks.	E-mail communication, Internal meetings, Site briefings, Face-to-face meetings	Throughout all Project phases.
4	Ministry of Environmental Protection and Green Transition	Consulted stakeholder for environmental protection issues /Authorized body for environmental protection issues.	EIA Necessity Consultations	Positive: environmental protection. Negative: potential project delays.	E-mail communication, Face-to-face meetings, Written approvals.	Prior to construction
5	Ministry of Culture and Media Directorate for Cultural Heritage protection / Competent conservation department	Regulatory Authority (Cultural Heritage)	Ensure protection of cultural heritage; review permits; define conservation requirements; and chance finds procedures	Positive: protection of cultural heritage Negative: potential project delays if heritage constraints arise	E-mail communication, Face-to-face meetings, Written approvals	In case of chance finds
6	City of Zagreb	Consulted stakeholder regarding location/ construction permit.	Local community impact	Positive: Potential benefits (e.g. job opportunities)	E-mail communication, Face to face meetings Disclosure of information through the websites of the Company and the daily media.	Prior to construction During project implementation

No.	Stakeholder	Stakeholders' role	Areas of influence / interest	Type of impact	Consultation method (Mean of contact)	Timeframe
					Job ads through newspapers, radio, the internet, and local centres. Public meetings.	
7	City of Zaprešić	Consulted stakeholder regarding the relationship with the local community	Local community impact	Positive: Potential benefits (e.g., job opportunities)	E-mail communication, Face-to-face meetings Disclosure of information through the websites of the Company and the daily media Public meeting Job ads through newspapers, radio, the internet, and local centres.	Prior to construction During project implementation
8	City of Velika Gorica	Consulted stakeholder regarding the relationship with the local community	Local community impact	Positive: Potential benefits (e.g., job opportunities)	E-mail communication, Face-to-face meetings Disclosure of information through the websites of the Company and the daily media Public meeting Job ads through newspapers, radio, the internet, and local centres.	Prior to construction During project implementation
9	Municipality of Bedekovčina	Consulted stakeholder regarding the relationship with the local community	Local community impact	Positive: Potential benefits (e.g., job opportunities)	E-mail communication, Face-to-face meetings Disclosure of information through the websites of the Company and the daily media Public meeting Job ads through newspapers, radio, the internet, and local centres.	Prior to construction During project implementation
10	Residents in the Project's impact area	Directly affected population/ Project affected communities	Local community impact	Negative: disturbance of everyday life Positive: potential benefits (e.g., job opportunities)	Public meetings, Road signs, Project website Disclosure of information through the websites of the Company and the daily media	During project implementation

No.	Stakeholder	Stakeholders' role	Areas of influence / interest	Type of impact	Consultation method (Mean of contact)	Timeframe
					Job ads through newspapers, radio, the internet, and local centres	
11	Neighbouring Businesses and Industrial Operators	Affected stakeholders	Potential disruption, access limitations	Positive: business opportunities Negative: disruption risks	Direct communication, Face-to-face meetings, Written notices	Prior to construction and ongoing as needed
12	Users of facilities (on the location of Strojarska cesta)	Affected stakeholders	Potential disruption, access limitations, relocation	Negative: disruption risks	Direct communication, Face-to-face meetings, Written notices	Prior to construction and ongoing as needed
13	Users of Location in Velika Gorica	Affected stakeholders	Potential disruption, access limitations, relocation	Negative: disruption risks	Direct communication, Face-to-face meetings, Written notices	Prior to construction and ongoing as needed
14	Construction Contractors and Subcontractors	Service providers	Implement mitigation measures; manage workforce; ensure compliance with labour and OHS standards	Positive: employment opportunities, revenue generation, long-term contracts Negative: exposure to OHS risks (machinery, electrical works), schedule pressures, compliance obligations. potential language barriers (foreign workers)	Toolbox talks, Site inductions, Notices, On-site communication Multilingual inductions, Worker representatives	Daily / weekly during construction
15	Suppliers and Service Providers	Supply Chain / Support services	Provide materials, equipment, and technical services	Positive: increased demand for goods/services, business opportunities Negative: contractual pressure, compliance with E&S and quality standards, potential delays/logistics constraints	Procurement processes, Contracts, Face-to-face meetings, Written communication	During procurement and throughout construction/operation
16	Vulnerable groups	Local community members/ workers	Vulnerable groups that may have limited mobility or access to the main Project communication channels	Negative: risk of exclusion due to barriers (physical, language, etc.), higher sensitivity to noise, air pollution, and traffic; potential	Accessible communication (clear language, public notices), Community meetings	Prior to construction and during operation, as needed

No.	Stakeholder	Stakeholders' role	Areas of influence / interest	Type of impact	Consultation method (Mean of contact)	Timeframe
17	Non-Governmental Organizations (NGOs)	Interested parties	Oversight/ advocacy on environmental and social issues	/	Public disclosures, Reports, Consultations (if required)	As needed
18	Utility Providers – HEP Inc, VIO Zagreb Ltd., VIO Zaprešić Ltd., VG vodoopskrba Ltd.	Supporting stakeholders	Infrastructure provision	Positive: increase in area of operation	Technical coordination meetings	During design, construction, and operation

5 GRIEVANCE MECHANISM

A grievance mechanism has been developed for potential use by external stakeholders. The grievance mechanism aims to achieve a mutually agreed resolution of grievances raised by such stakeholders. This grievance mechanism ensures that complaints and grievances are addressed in good faith and through a transparent and impartial process.

The grievance mechanism must be implemented during all Project phases, including pre-construction, construction, and operation phases.

Key definitions are as follows:

- Complaint: an expression of dissatisfaction that is related to an impact caused by a project activity, which has affected an individual or group. Adversely, the interests of an individual or group and the individual or group wants a proponent or operator (or contractor) to address and resolve it (e. g., problems related to dust deposition, noise or vibration). A complaint is normally of a less serious nature than a grievance, and

- Grievance: a claim raised by an individual or group whose livelihood, health and safety, cultural norms and heritage are considered to have been adversely affected (harmed) by a project activity which, if not addressed effectively, may pose a risk to the project's construction and operation, and to the livelihood, well-being or quality of life of the claimant(s).

The grievance mechanism must be communicated in a format and language readily understandable to all involved stakeholders, especially to the local population.

Information about the grievance mechanism needs to be distributed in adequate ways for each project phase.

Ways of information distribution are as follows:

- through project posters placed at information tables in each municipality headquarters (of municipalities within the project area),
- on the official Project website
- at notification tables and signs along the project-affected area

The following data needs to be presented:

- Project name
- Investor / Project Operator / Contractor
- Duration of the relevant project phase
- Contact details of the designated responsible person

The above information will be presented in a clear and comprehensible manner, in both the local language and English, and will include details on the procedures for submitting grievances which can be the following:

- By e-mail – send to official e-mail address established for grievance system
- By regular post – send to official post address of KONČAR Inc.
- Via official web site https://www.koncar.hr/en – where grievance form to fill in and submit is easily found online.
- By verbal communication to investor's local officer.

Grievance can be given to the appointed person/department as follows:

Address: KONČAR – Electrical Industry Inc. for manufacturing and services

Fallerovo šetalište 22, 10000 Zagreb, Croatia

E-mail: projekt.faller@koncar.hr

Website: https://koncar.hr

Grievance form: https://koncar.hr/en/sustainable-financing-projects

The Public Grievance Form will be made available on the KONČAR website, as well as at the construction site prior to the commencement of works.

In all cases, stakeholders submitting a grievance will be required to provide their contact details (full name and contact information), along with a description of the grievance, to enable an authorized KONČAR representative to contact them and facilitate timely resolution. Personal data provided through grievance submissions will be retained only for as long as necessary to investigate and resolve the issue and will be treated as confidential.

All stakeholder engagement activities will be conducted in compliance with applicable data protection legislation, including the EU General Data Protection Regulation (GDPR). Personal data collected through consultations or grievance mechanisms will be processed lawfully, transparently, and for specific purposes only, with access restricted to authorized personnel. Measures will include secure data storage, anonymisation of sensitive information where appropriate, and clear communication to stakeholders regarding how their data will be used. Confidentiality will be ensured, particularly for workers and vulnerable groups, to prevent any risk of retaliation or misuse of personal information.

Applicable timeframes in the Grievance Administrative Process will be in general as follows:

Action	**Timeframe**
Register grievance in database	Within 5 working days
Acknowledge Grievance with Confirmation of receipt of grievance	Within 5 working days *Confirmation must be given via the same channel that the grievance was received. The acknowledgment receipt must explain the appropriate process to be followed to resolve the grievance and the expected timeframe for the resolution. The person in charge should follow up on this in order to make sure that the complainants understand the grievance process to be followed*
Issue a grievance rejection letter (if determined that the grievance is not related to the project)	Within 30 days
Issue grievance feedback explaining the time required for resolution and ongoing progress (depending on grievance complexity)	After 30 days
Issue grievance feedback (when mitigation is established)	30/60/90 days (depending on grievance complexity; includes investigation of all circumstances)
Issue grievance resolution letter	Upon agreement of grievance remediation action
Remediation or compensation activities	30 days after the resolution letter
Post-resolution monitoring (follow up on remediation, document closure and continue monitoring)	Within 30 days after resolution closure (resolution closure means the issued remediation or compensation payment)

The grievance mechanism will include the option for complainants to refer to a second tier of independent review. This may involve, for example, reputable local legal practitioners, well-regarded non-governmental organisations (NGOs), or respected independent individuals.
The second tier's remit would only be those grievances which have been reviewed by the first-tier internal mechanism and have been declared resolved, but the complainant is dissatisfied with the proposed resolution.

If a complainant is not satisfied with the outcomes of the grievance management process (solutions proposed/implemented), he/she may seek other legal remedies in accordance with the legal framework of Croatia. He/she can also decide to ultimately file a relevant action/claim in the competent courts. This procedure does not replace the statutory rights of complainants to undertake legal proceedings or to approach an independent, objective appeal mechanism. These rights remain unaffected by their participation in the KONČAR Inc. grievance mechanism.

Given that the consultation with identified vulnerable group members has not yet been finalised, the proposed methods for grievance submission will be reviewed and, where necessary, updated in line with consultation findings to ensure that they do not create barriers to access for these stakeholders.

Construction phase

Grievances during the construction phase are expected to arise primarily from construction activities. They may also relate to negative interactions between KONČAR Inc. or contractor personnel and the local community, as well as to issues concerning community health, safety, and security.

The types of grievances affected community might raise include, but are not limited to:

- Negative impacts on communities, which may include, but not be limited to, financial loss, physical harm and nuisance from construction activities;
- Health and safety risks;
- Negative impacts on the environment; and
- Unacceptable behaviour by staff or employees.

It is critical that stakeholders understand that all grievances lodged, regardless of the project phase or activity being implemented, will follow one grievance mechanism.

Complaints received by the construction contractors must be passed on to the person(s) appointed by KONČAR Inc. for the grievance on this Project. A complaint investigation procedure needs to be carried out; and consists of the following:

- log complaint and date of receipt into the complaint register
- conduct a complaint investigation in order to determine its validity, and assess whether the source of the problem is related to work activities
- if the compiaint is valid, and the source is related to works, identify adequate mitigation measures
- conduct a review of the team's response, their application of the identified mitigation measures, and of the subsequent (environmental) situation

The person appointed by the contractor company for complaint investigations will report to the appointed person(s) by KONČAR Inc. for this Project on the investigation results and subsequent actions taken to mitigate the source of the complaint. They will then respond to the complainant.

In addition to a grievance mechanism for affected communities, a dedicated grievance mechanism for workers should also be established. This mechanism will address concerns and complaints raised by employees in relation to their employment. These may relate to how employees have been treated or to actions being considered or taken by the employer. These can range from serious and potentially unlawful issues, such as discrimination or harassment in the workplace, to more routine, day-to-day matters, including interpersonal conflicts or workplace relations between employees.

It is important that employees have access to a clear and structured mechanism for raising complaints. Procedures are necessary to ensure that everybody is treated in the same way in similar circumstances and to ensure issues are dealt fairly, reasonably and in a timely manner.

Each construction contractor is required to implement its own third-party and worker grievance mechanism to manage its construction related grievances and complaints.

Early identification of employee-related issues is crucial to ensuring not only Code of Conduct compliance but also to creating an engaging workplace by supporting effective and genuinely open lines of communication between managers and workers.

Grievance procedures should be clearly distinguished from whistleblowing mechanisms. While grievance procedures address employment-related concerns and workplace issues, whistleblowing refers to processes through which employees can report suspected wrongdoing, misconduct, or illegal activities within a company's operations.

All workers should be informed about the grievance mechanism at the time of hiring (when signing contracts), and details about how it operates should be easily available (via e-mail, face-to-face conversation, telephone calls, or in writing by lodging a grievance in a grievance box placed in each worker camp). Employees must know whom to contact in the event of a grievance, as well as the support available to them. It is anticipated that grievances will initially be addressed by the Site Manager and, where necessary, escalated to the Project Site Director.

In addition, a communication path towards company's human resource management needs to be available to workers who are not satisfied with the outcome of the initial review or resolution.

A The complaint investigation procedure needs to be carried out, and it consists of the following:

- Log complaint and date of receipt into the complaint register.
- A complaint must be dealt with confidentially as a guarantee that any employee raising a complaint is protected from any form of retaliation.
- In addition, procedures must be kept as simple as possible to avoid unnecessary administrative complexity.
- The procedure should be designed so that employees who may feel particularly vulnerable (e.g. ethnic/religious minorities, migrant workers) are not deterred from lodging a grievance.

Each grievance should be investigated to determine its validity and to assess whether the issue is related to work activities. In any meetings or hearings during the investigation phase, the employee should have the right to be accompanied by a colleague, friend or union representative (if applicable).

If the complaint is valid and work-related, identify adequate actions to resolve the issue. Once a grievance has been raised formally, it is important that proper written records are kept to aid transparency and allow for any review of the process or decision to be undertaken.

If the employee is unhappy with the decision about a grievance and wishes to appeal, he or she should have the right for that.

The procedure for monitoring the results of proposed actions should be established. It should deal with workers' response, action application, and the subsequent situation.

Contact for Grievance Form submission is already presented above, as well as in the Sample Grievance Form below. The process should be regularly reviewed and kept up to date by referencing any new statutory guidelines, changes in contracts, or representation. Lodging a formal grievance should be seen as a last resort, after informal methods have been exhausted. Ordinary, day-to-day issues can often be better dealt with informally in meetings with line managers.

Operation phase

Grievances during the operational phase of the Project are expected to be limited and site-specific, but may arise from both external stakeholders (e.g., local communities) and internal stakeholders (e.g., workers). The grievance administrative process needs to be established by the Project's operator – KONČAR Inc.

6 MONITORING AND REPORTING

Monitoring and evaluation of the stakeholder process is considered vital to ensure the ability to respond to identified issues and alter the schedule and nature of engagement activities to make them more effective. Adherence to the following characteristics/commitments/activities will assist in achieving successful engagement:

- Sufficient resources to undertake the engagement;
- Promotion of stakeholder involvement;
- Clearly defined approaches; and
- Transparency in all activities.

Stakeholder engagement activities will be systematically monitored and documented by KONČAR Inc. and its subsidiaries throughout all Project phases. This will include maintaining a stakeholder engagement log, records of consultations, and a grievance register documenting the number, type, and resolution of grievances. Regular internal reporting will be undertaken on a quarterly basis, while external reporting to Lenders, including European Bank for Reconstruction and Development and International Finance Corporation, will be conducted in line with agreed reporting requirements. Monitoring will ensure that engagement activities remain proportionate to the level of risk and stakeholder sensitivity, particularly at urban locations in Zagreb.

It is recommended to enhance the Grievance Register Log by adopting the following format for consistent use in future activities. A sample template of the grievance record sheet is provided in Appendix 2 Grievance record sheet

7 APPENDICES

Appendix 1: Grievance form

Reference number:	
Full name (*optional*)	
Contact information (optional) **Please mark how you wish to be contacted (mail, telephone, e-mail).**	☐ **By post: Please provide mailing address:** _____ _____ _____ ☐ **By telephone:** _____ ☐ **By e-mail:** _____
Preferred language of communication	☐ **Croatian** ☐ **English (if possible)**
Description of incident for grievance	What happened? Where did it happen? Who did it happen to? What is the result of the problem?
Date of incident / grievance	
	☐ **One-time incident/grievance (date _____)** ☐ **Happened more than once (how many times? _____)** ☐ **On-going (currently experiencing problem)**
What would you like to see happen?	

Signature: _____
Date: _____

Address: KONČAR – Electrical Industry Inc. for manufacturing and services
Fallerovo šetalište 22, 10000 Zagreb, Croatia
E-mail: projekt.faller@koncar.hr
Website: https://koncar.hr/en
Grievance form: https://koncar.hr/en/sustainable-financing-projects

Appendix 2: Grievance record sheet

No	Name/ Anonymously	Date of complaint receipt	How complaint was received	Who received the complaint	Description of the issues/complaints	Contact details of affected person	Notes, undertaken actions	Entities involved	Status of the issue