

Dalekovod's Sustainable Business Policy

Dalekovod Group specializes in the sale, construction, supervision and design of power transmission lines and substations up to 750 kV, suspension and connecting equipment, railway infrastructure facilities, roads, buildings, sports facilities and telecommunication lines and poles, lighting poles and halls, steel and other supporting structures, civil engineering equipment and electrical installations, while also providing corrosion protection services.

OUR MISSION is to develop and maintain business relationships with domestic and international partners by ensuring high-quality standards in engineering, manufacturing and construction of power, road, railway and telecommunication infrastructure, based on many years of experience and tradition, innovation and strong social responsibility, with trust in the successful execution of all projects.

OUR VISION is to become a leading international company of comprehensive, high-quality engineering, manufacturing, and construction of power, road, railway and telecommunication infrastructure. We aim to achieve this by strengthening our presence in foreign markets, securing new projects and expanding into new markets, all built upon a foundation of long-standing tradition, expertise, competitiveness, innovation and reliability.

Dalekovod Group is firmly committed in sustainable development by achieving a balance between the environment, the Group's companies and our activities. We aim to meet present needs without compromising the ability of future generations to meet theirs. Sustainable development, transparency and compliance with stakeholder expectations, standards, and legal requirements are integral to the Company's economic growth.

Dalekovod Group acknowledges the increasing importance of environmental, social and governance (ESG) matters, which play a critical role in shaping all aspects of our business.

Business principles

We strive to:

- △ Meet the needs of our employees, clients and partners.**
- △ Be environmentally responsible.**
- △ Engage with local communities.**
- △ Promote high standards of corporate governance.**
- △ Provide safe workplaces and fair working conditions.**
- △ Foster energy efficiency and sustainable resource consumption.**

Double Materiality Principle and Responsible Business Conduct

Dalekovod Group recognizes that environmental, social and governance factors are interconnected and have a profound influence on our business, just as our operations impact broader society and the environment. We are aware that these factors create effects, risks and opportunities both for our industry's performance and for our stakeholders' interests. Therefore, we are committed to conducting our operations in a way that reflects responsible management throughout the business process. Our aim is to operate in accordance with the best business practices in the industry, minimising risks, identifying and mitigating potential conflicts, and maximising value for all stakeholders, including our employees, investors and communities in which we operate.

Energy use, Consumption and Efficiency Policy

Dalekovod Group is dedicated to the responsible use of energy and resources through:

- △ Continuously improving energy performance by adopting and implementing energy-related programs and targets.
- △ Ensuring resources and information necessary for effective energy managements system implementation.
- △ Monitoring and complying with all applicable legal requirements and regulations related to energy efficiency and energy use.
- △ Including energy efficiency requirements in procurement of energy, machinery and equipment, as well as in investments and reconstructions, where economically justified.
- △ Promoting energy-saving awareness among employees and other individuals under company supervision.

Workplace Safety and Employee Policy

Our employees are the key to our success. We are dedicated to providing safe and stable workplaces through:

- △ **Ensuring fair and competitive wages** in line with industry standards.
- △ **Respecting working hours** and promoting work-life balance.
- △ **Encouraging freedom of association** and supporting social dialogue between workers and management.
- △ **Respecting employees' rights to information, consultation and participation** in decision-making.
- △ **Providing opportunities for continuous training and skill development.**
- △ **Promoting gender equality** and equal pay for equal work.
- △ **Preventing violence, discrimination, harassment and retaliation** while fostering workplace diversity.
- △ **Providing fair and safe complaint processing** allowing complaints without fear of retaliation.
- △ **Protecting employee privacy** in accordance with applicable regulations.

△ Prohibiting human trafficking and forced or child labour.

Health and Safety Policy

Health and safety requirements are fundamental to all our business activities. We are committed to planning, organizing and implementing all work processes in full compliance with standards, legislation, contractual obligations, and internal procedures, with special attention to injury and illness prevention and to continually improve our occupational health and safety management system and comply with all relevant legal and other obligations. Dalekovod Group is committed to continuous compliance with legal and other applicable requirements in order to eliminate, substitute, effectively control and reduce all risk effects. We consider legal and other obligations as essential components of our occupational health and safety policy. We are dedicated to worker consultation and participation in the occupational health and safety managements system, including the involvements of workers' representatives in the review of risks as required by law, as well as other risks and opportunities in accordance with the applicable standards. We are committed to proactive and preventive actions aimed at eliminating and substituting work practices that involve excessive risk.

Dalekovod Group emphasizes that successful occupational health and safety practices are a valuable contribution to business performance and company reputation.

The occupational health and safety policy applies to employees, subcontractors, visitors, collaborators, citizens and all other stakeholders involved in our operations, aiming to ensure a safe and healthy work environment based on:

- △ Risk control to prevent injuries and occupational diseases through worker consultation and participation.
- △ Continuous investment in education, worker development and implementation of new technologies and processes to reduce risks.
- △ Long-term partnerships with customers, suppliers and subcontractors to achieve health and safety compliance.
- △ Meeting customer needs and finding the best business solution while fully complying with all legal, ethical and contractual obligations.
- △ Ensuring competitiveness and preventing injuries and stress, with the aim of fostering a strong safety culture.

In line with its occupational health and safety management system policy, Dalekovod Group will continuously assess non-conformities that increase risk and address them through elements of the management system, resources, work technologies, and employee behaviour, applying the fundamental hierarchy of controls to eliminate hazards and reduce risks.

Environmental Protection Policy

Dalekovod Group is committed to improving environmental protection, preventing pollution, protecting the environment from damage and degradation that may be caused by our operations. We ensure full compliance with all applicable legal and other binding obligations related to our identified environmental aspects and are dedicated to continuous improvement of our environmental management system to enhance overall environmental performance.

Dalekovod Group recognizes that climate changes are one of the most critical environmental challenges facing the global community. Innovation is at the heart of our approach to mitigating climate impact and contributing to the global green transition. Through ongoing investment in improving the energy efficiency of our products and by using electricity from renewable sources, we actively support climate change mitigation. Our commitment to climate protection includes the development of a comprehensive, science-based climate transition plan, enabling the transformation of our operations and the achievement of net-zero emissions by 2050.

To ensure that we fulfil our environmental responsibilities and obligations to our employees and all other internal and external stakeholders, we are committed to the following environmental objectives:

- △ Efficient use of energy in order to reduce our carbon footprint.
- △ Sustainable use of resources.
- △ Minimization of waste generation.
- △ Climate change mitigation, including the reduction of Scope 1 and Scope 2 emissions, in support of the net-zero transition.
- △ Raising environmental awareness through continuous employee education.
- △ Maintaining openness with the local community and stakeholders, and transparently reporting on our environmental impacts.
- △ Applying the precautionary principle when introducing or modifying technology.
- △ Promoting the conservation of biodiversity.
- △ Ensuring compliance with legal and other binding environmental obligations.

Circular Economy Policy

Dalekovod Group recognizes the importance of the circular economy in sustainable resource management, particularly in reducing dependency in finite raw materials. We are committed to promoting circular economy principles through:

- △ **Material use optimization:** We strive to reduce raw material consumption through efficient product and process design.
- △ **Recycling and reuse:** We incorporate recycled materials into our products wherever possible and promote the reuse of materials.
- △ **Supplier collaboration:** We work with our suppliers to ensure that raw materials come from sustainable and renewable sources.
- △ **Waste minimization:** We implement processes that reduce waste generation during manufacturing and construction.

- △ **Material innovation:** We invest in research and development of new materials that are more environmentally friendly and sustainable.
- △ **Education and awareness:** We educate our employees and partners about the importance of the circular economy and sustainable resource management.
- △ **Monitoring and reporting:** We regularly monitor our performance in the area of circular economy and report on the achieved results.

Supplier Relationship Management Policy

Dalekovod Group recognizes the importance of sustainable and responsible supply chain management and is committed to working with suppliers who share our dedication to high standards of quality, environmental protection, energy efficiency, and occupational health and safety. Our collaboration with key suppliers is based on the principles and requirements of the following international standards:

- **ISO 9001** – Quality Management System
- **ISO 14001** – Environmental Management System
- **ISO 50001** – Energy Management System
- **ISO 45001** – Occupational Health and Safety Management System

Suppliers are required to comply with our General Terms and Conditions, which are publicly available on our website, as well as with the Code of Conduct for Contractors.

We expect our suppliers to:

- △ Respect ethical and social standards
- △ Align with our policies
- △ Ensure transparency and cooperation with the aim of continuously improving sustainability within the supply chain

Social Responsibility and Community Engagement Policy

Dalekovod Group actively contributes to the development of the communities in which it operates through:

- △ Creating new jobs and promoting local employment
- △ Involving local suppliers and partners in projects
- △ Participating in infrastructure and social projects of importance to the community
- △ Respecting human rights and promoting social inclusion
- △ Supporting educational, cultural, and sports initiatives

Corporate Management Policy

Dalekovod Group integrates ESG principles into its governance structures to ensure effective implementation and adherence to best practices in corporate governance. As a member of the UN Global Compact since 2007, we are committed to conducting our business in accordance with principles related to human rights, labour rights, environmental protection, and anti-corruption, and we report on our progress regularly in our Corporate Social Responsibility Reports.

Our governance principles include:

- △ **Ethical business conduct:** We enforce high standards of corporate ethics through strict anti-corruption and anti-bribery measures, including employee training and regular risk assessments.
- △ **Transparency and accountability:** We regularly monitor and report on progress toward our sustainability goals, including independent audits to ensure data accuracy.
- △ **Stakeholder engagement:** We actively collaborate with all our stakeholders, listen to their needs, and involve them in the decision-making process.
- △ **Regulatory compliance:** We comply with international and European regulations and continuously monitor legislative developments to ensure full legal compliance.
- △ **Quality management:** We apply the ISO 9001:2015 Quality Management System to ensure that all processes meet high quality standards.
- △ **Adherence to governance codes:** We apply the Corporate Governance Code of the Zagreb Stock Exchange and the Dalekovod Group Code of Conduct.

Whistleblower Protection

Dalekovod Group fosters a culture of open communication and provides protection to whistleblowers who, in good faith, report any misconduct or violations of our policies or applicable laws. We ensure confidentiality and take all necessary measures to protect whistleblowers from retaliation.

Review and Evaluation of the Sustainable Business Policy

Our Sustainable Business Policy is subject to continuous improvement and will be regularly reviewed and updated to maintain its relevance and effectiveness in light of current risks, global and local social trends, environmental, legal, and regulatory changes, and other relevant factors.

Conclusion

This Sustainable Business Policy reflects Dalekovod Group's commitment to responsible and sustainable business practices, its contribution to socially responsible development, and the creation of long-term value for all stakeholders – all aimed at the common goal of a sustainable future. We require all our employees and partners to be familiar with this policy, to understand it, and to adhere to its principles.

Management Dalekovod plc



Eugen Paić-Karega

President of the Management Board



Tvrtko Zlopaša

Member of the Management Board