



HIDRIA CORPORATE GOVERNANCE CODE

1.	INTRODUCTION.	3
2.	ETHICS AND GOVERNANCE	4
3.	LEGAL FRAMEWORK OF CORPORATE GOVERNANCE	4
4.	GOALS OF THE COMPANIES IN THE HIDRIA CORPORATION.	5
5.	RELATIONSHIP BETWEEN THE COMPANY AND THE SHAREHOLDERS	5
6.	SUPERVISORY BODY	6
7.	MANAGEMENT BODY	8
8.	RELATIONSHIP BETWEEN MANAGEMENT AND SUPERVISORY BODIES	10
9.	TRAINING OF MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	10
10.	PUBLIC REPORTING.	10
11.	AUDIT AND THE INTERNAL CONTROL SYSTEM	11
12.	FINAL PROVISIONS	11

1. INTRODUCTION

- 1.1 The Corporate Governance Code of the Hidria Corporation [hereinafter: the “**CG Code**”] defines the basic principles and rules to be followed by members of management bodies, including managers and executives and members of supervisory bodies (if a company has such a body), and any other persons working at companies within the Hidria Corporation whose work is related to the management or supervision of companies.
- 1.2 The principles and rules of the CG Code represent the operating standard for the governance, management, and supervision of companies within the Hidria Corporation. Members of management and supervisory bodies with their own actions contribute to the creation of the corporate culture and business excellence in the Hidria Corporation. Acting in accordance with the principles and rules of this CG Code is crucial for well-organised business administration and ethical and sustainable growth of Hidria Corporation.
- 1.3 Hidria Corporation consists of the parent company H & R d. d. Družba za upravljanje z naložbami, d.d., Ljubljana [“**H&R d. d.**”], and all its subsidiaries, which constitute the H & R Group [the “**Hidria Corporation**”].
- 1.4 Each individual member of the management and supervisory bodies in the companies within the Hidria Corporation shall agree to the expected management and supervision methods and adhere to them.
- 1.5 The CG Code includes some legal rules that members of management and supervisory bodies are obliged to observe in performing their duties, and above all, recommendations of good corporate governance practice, which should serve as a guide for the daily work and a foundation for the business success of the Hidria Corporation.



2. ETHICS AND GOVERNANCE

- 2.1. In their conduct, members of management and supervisory bodies in companies within the Hidria Corporation shall follow basic ethical and moral guidelines and the principles of ethics.
- 2.2. The Code of Ethics for Companies in the Hidria Corporation is a document defining the basic values and principles of Hidria as well as its mission and vision of future development.
- 2.3. Every employee and in particular every member of a management body or supervisory body shall be aware that compliance with fundamental ethical principles and guidelines is an ethical imperative and the basis for the successful operation of Hidria's companies in the long term.

3. LEGAL FRAMEWORK OF CORPORATE GOVERNANCE

GENERAL

- 3.1. The CC Code of the Hidria Corporation is a collection of management and supervision rules applicable to all companies in the Hidria Corporation, which are obliged to audit their financial statements pursuant to the Slovenian Companies Act [ZGD-1¹; the "**Companies Act**"] and for which the Companies Act defines the obligation to include the corporate governance statement in their annual report as a separate part of such report.
- 3.2. The CG Code shall be adopted by the Board of Directors of H&R d. d., and each company from the Hidria Corporation shall accede to the CG Code by a resolution of its management body.
- 3.3. The companies within the Hidria Corporation shall have a governance framework adapted to their size, their articles of incorporation and to the applicable provisions of the Companies Act.
- 3.4. The companies within the Hidria Corporation are of different sizes and complexity in terms of governance, risk control and supervision, therefore this CG Code represents only guidelines for the governance of all companies in the Hidria Corporation; the rules shall apply primarily to companies classified as large under the criteria of the Companies Act, since their size and complexity require detailed rules of governance, supervision and the cooperation of all stakeholders of a particular company.
- 3.5. Smaller companies and companies with less complex structures should also seek to comply with the CG Code as far as possible in their business operations, but in a way that makes sense and is effective for the individual company, with the aim of maximising the success of the business.
- 3.6. Companies within the Hidria Corporation shall have management bodies in line with the provisions of their articles of incorporation; only H&R d. d. has a supervisory body which is a management body at the same time [the Board of Directors]. Based on this, the provisions of this CG Code related to the supervisory body and the members of the supervisory body shall apply only to H&R d. d., while all other provisions shall apply to all companies in the corporation.

LEGAL FRAMEWORK

- 3.7. In its operations, each company shall strictly comply with the provisions of laws and regulations in the field of commercial law, the provisions of its articles of incorporation and other internal acts [e.g. rules of procedure, regulations] adopted by the management or supervisory bodies of the company. They should also comply with the acts adopted by H&R d. d. as the parent company and applicable to all companies in the Hidria Corporation.
- 3.8. The articles of incorporation are public and published and can be viewed by any interested

1 Zakon o gospodarskih družbah [Official Gazette of RS, No. 65/09 – consolidated text as amended]

person on the website of the Agency of the Republic of Slovenia for Public Legal Records [AJPES]. Internal rules are published on Hidria's intranet or internet page at www.hidria.com.

- 3.9. In the Hidria Corporation the competencies of the general meeting and the management and supervisory bodies are clearly defined and separated. The competencies of individual bodies are reflected in the articles of incorporation and are defined in internal documents and rules of procedure which define individual governance and supervisory rights in more detail.
- 3.10. Based on the adopted articles of incorporation and the applicable legal provisions, the shareholders have the option to exercise their voting rights and efficiently adopt their decisions.
- 3.11. The shareholders should not use their shares to obtain benefits from the company or to influence the company apart from the rights they hold and to which they are expressly entitled in accordance with the Companies Act and the articles of incorporation (e.g. voting at general meetings, minority rights, share of the profits if distributed)
- 3.12. All members of management and supervisory bodies shall act exclusively for the benefit of the company and not for the benefit of any third persons or individual partners. In case of any conflict of shareholder's, management or supervisory body member's personal interests with the company's interests, the latter shall prevail.
- 3.13. Members of the management and supervisory bodies shall implement measures to manage conflicts of interest appropriately. Before taking office, they shall disclose personal and business relationships with the Hidria Corporation that could be a source of conflict of interest.
- 3.14. All companies in the Hidria Corporation shall take care to separate the interests of the shareholders from the interests of the company.

4. GOALS OF THE COMPANIES IN THE HIDRIA CORPORATION

- 4.1. The Hidria's companies have clear long-term and medium-term strategic goals and adequate financial and human resources to achieve them.
- 4.2. The basic goal of the companies is to maximise their value and long-term profitability, while considering the social and environmental aspects of operations in order to ensure the sustainable development of companies. In pursuing its goals, the Hidria's companies shall always consider the interests of the most important social stakeholders at the local and broader community level.
- 4.3. The strategy and business plans for implementing the companies' goals are adopted by management bodies in collaboration with supervisory bodies if such a body is defined in the company.
- 4.4. In their business operations, the Hidria Corporation companies shall protect the interests of all stakeholders who have an impact on their business and who are affected by the Hidria's operations, i.e. the interests of employees, business partners, local communities, the environment and other important stakeholders. All stakeholders shall be informed about this policy.

5. RELATIONSHIP BETWEEN THE COMPANY AND THE SHAREHOLDERS

- 5.1. Each company shall ensure a system of corporate governance that consistently respects the principle of equal treatment of shareholders, allows for the responsible exercise of corporate rights, ensures the principle of one share - one vote and allows for the exercise of minority rights of shareholders.

- 5.2. Each company shall facilitate and promote the active exercise of the voting rights of members by giving timely, equal and fair notice of the convening and conduct of the general meeting and by the professional organisation and conduct of the meeting. In order to exercise the right to be informed, it shall provide them with reliable information on the affairs of the company and its associated companies necessary for the consideration of the items on the agenda.
- 5.3. Each shareholder shall have the opportunity to attend the general meeting, to discuss the items on the agenda, to ask questions and make proposals concerning them and to be informed on an equal footing of the decisions taken at the meeting.
- 5.4. Each company shall, no later than when the general meeting is convened, provide comprehensible information on the consequences of the proposed resolutions to amend its articles of incorporation (increase or decrease of capital and exclusion of the pre-emptive rights of existing members, change of the nominal amount of the shares, reorganisation of the class of shares, etc.) or on the status transformation (division, merger, transfer of assets, change of legal form, etc.), and shall state the reasons for the adoption of the proposed resolutions.
- 5.5. The general meeting of a company shall adopt resolutions on the use of balance-sheet profits and on the discharge of the management and supervisory bodies in the same item on the agenda of the general meeting, but by separate resolutions.
- 5.6. Each company shall ensure the conditions for the proper and transparent conduct of the general meeting by ensuring that competent persons are present at the meeting to provide explanations and answers relating to the proposed resolutions of the general meeting, within justified restrictions and the content of the items on the agenda.

6. SUPERVISORY BODY

COMPOSITION OF THE SUPERVISORY BODY

- 6.1. The supervisory body may be a board of directors or a supervisory board or, in the case of limited liability companies, another form of supervisory body as defined in the articles of incorporation.
- 6.2. The supervisory body in the parent company of the Hidria Corporation, H&R d. d., is a board of directors [the **"Board of Directors"**].
- 6.3. A supervisory body is foreseen only in the most complex companies of the Hidria Corporation and, in case the shareholders decide to exercise their rights in this way, it is composed in such a way as to ensure responsible control and decision-making in the company's favour.
- 6.4. The composition of the supervisory body shall take into account a diversity policy. The composition of a supervisory body shall be heterogeneous, taking into account the expertise and skills, gender, age, internationality, experience and other relevant personal characteristics of the members of a supervisory body that bring the company effective control over its business.
- 6.5. A supervisory body shall be composed of an appropriate number of members sufficient to enable the necessary committees to be formed and to enable effective discussion and quality decisions to be made on the basis of the diverse experience and skills of its members.
- 6.6. A supervisory body shall have a chairperson, a vice-chairperson and a member/members.
- 6.7. The procedure for the selection of candidates for membership of a supervisory body shall be transparent and the eligibility conditions for each candidate shall be laid down in the sectoral legislation and in the articles of incorporation.

OPERATION OF A SUPERVISORY BODY

- 6.8. A supervisory body supervises the company, diligently evaluates the performance of the company's management body and performs other tasks in accordance with the law, the company's rules and this CG Code.
- 6.9. A supervisory body shall adopt rules of procedure for its operations, which shall be fully complied with in the conduct of its affairs.
- 6.10. A supervisory body shall, if necessary, establish permanent or temporary committees in accordance with the provisions of the Companies Act and the rules of procedure of the supervisory body.
- 6.11. A supervisory body shall meet regularly as necessary, but at least quarterly, in order to fulfil its duties effectively. It shall receive information relevant to the business of the company in a timely manner. Adequate organisation of meetings and adequate information are essential.
- 6.12. The chairperson of a supervisory body is responsible for the organisation of work within the supervisory body and shall ensure that meetings are convened in a timely and regular manner when necessary and/or foreseen. Other members may have specific tasks if the rules of procedure of the supervisory body so provide.
- 6.13. A supervisory body shall use information technology for the distribution of materials and convening of meetings.
- 6.14. A management body shall provide a supervisory body with relevant information in a timely manner, and the members of a supervisory body shall request additional explanations and justifications where necessary. Reporting and communication procedures shall be established to allow for a rapid, accurate and efficient flow of information.
- 6.15. If a supervisory body determines that it needs further clarification or information, it shall have a rapid, responsive and efficient system for obtaining it. Any request for a report or presentation of documentation shall be complied with by a management body as soon as practicable and shall be subject to high standards of confidentiality or information security by members of the supervisory body.
- 6.16. The documents necessary for good decision-making shall be made available to all members of a supervisory body or members of a supervisory body's committees in a timely manner.
- 6.17. A management body shall regularly, timely and fully inform the chairperson of the supervisory body of all significant matters relating to the company's business, strategy and risk management.
- 6.18. A member of a management body shall promptly inform the supervisory body in writing of the appointment and termination of his/her functions in the supervisory bodies of other legal entities.
- 6.19. The members of a supervisory body have all the resources they need to carry out their duties in a high-quality manner, including regular training, access to external experts at the company's expense, and the possibility of bringing in an expert if necessary for the purpose of supervision.
- 6.20. A supervisory body shall regularly keep minutes of its meetings, which shall include a record of the members and other persons present, the decisions adopted, a brief summary of the discussion, and any references requested by the members. The company shall provide administrative support to a supervisory body in this respect and, in accordance with the rules of procedure of the supervisory body. A supervisory body may appoint a secretary for this purpose.
- 6.21. A supervisory body shall give an accurate and credible account of its activities during

the year in its report to the General Meeting. In addition to the content prescribed by law, it shall include in that report relevant information on its internal organisation, on the composition in terms of the independence of its members, on conflicts of interest and their resolution, and on its operating procedures.

- 6.22. All members of a supervisory body shall declare any conflicts of interest and their independence and disclose this to the other members at the meeting of a supervisory body.

REMUNERATION OF THE SUPERVISORY BODY

- 6.23. The members of a supervisory body shall be remunerated accordingly for the performance of their duties. The remuneration shall enable a supervisory body to be composed in a qualitative manner and shall be consistent with the responsibilities and tasks that it is required to perform by law and by the CG Code.
- 6.24. Members of a supervisory body shall be entitled to remuneration for the performance of their duties in addition to the meeting fees in an amount to be determined by the General Meeting. The remuneration of the members of a supervisory body shall be provided solely in cash and shall not be directly dependent on the performance of the company as shown in the company's accounts.
- 6.25. The amount and form of remuneration shall be adapted to the financial situation of the company and the complexity of the function, and to the expertise, knowledge and experience necessary for the successful control of the company of each member of the supervisory body.
- 6.26. A resolution of the general meeting or an amendment to the articles of incorporation must be adopted to define the remuneration in advance.
- 6.27. External members of the committees, if appointed, shall be paid from the funds planned for the work of the supervisory body and shall be provided by the company to the extent customary for professional work in their field.
- 6.28. The companies shall conclude a contract for liability insurance for the members of the supervisory body. The contract should follow the restrictions defined by the Companies Act, but at the same time should effectively protect the company against damage that may be caused to it as a result of the negligent conduct of the members of the supervisory body.

7. MANAGEMENT BODY

COMPOSITION OF A MANAGEMENT BODY

- 7.1. A management body shall be composed of members who shall be independent and professional in their work and who shall have the necessary experience to perform their duties in a professional manner. A management body shall be formed in accordance with the size of each company in the Hidria Corporation and taking into account its needs. A management body may be composed of one or more members.
- 7.2. The composition of a management body shall take into account the diversity policy, namely the expertise, experience, skills and personal qualities that are complementary among its individual members. A management body shall be composed in a heterogeneous manner, taking into account the gender, age, internationality and experience of the members of a management body.
- 7.3. A management body shall act in accordance with high ethical standards, and the members of a management body shall comply with the Code of Ethics of Hidria Corporation and this CG Code.

- 7.4. Members of a management body shall strive to ensure the long-term success of the company through their work, knowledge and experience, by providing the best possible corporate governance and assessing and managing risks in business operations.
- 7.5. The system of appointment of a management body is effective and ensures the nomination of professional and independent persons. The key role in the appointment process is played by the supervisory body of the companies where such a body is appointed, and the shareholders of the company.
- 7.6. All members of the management body acknowledge that they must act solely for the benefit of the company, whether or not they are also shareholders. Members of the body who are also shareholders, or who are related to them, must keep their interests separate from those of the company. They must act solely in the interests of the company for the long-term viability and development of the company.
- 7.7. Changes in the composition of the management body shall be controlled and the company shall have an effective system to ensure that there is no disruption to its business.
- 7.8. Each member of the management body shall have the authority to represent the company individually or jointly in accordance with the articles of incorporation and shareholders' agreement.
- 7.9. In the case of a multi-member management body, each member shall cover its own responsibilities. Their mutual rights and obligations and their relationship to the supervisory body shall be set out in the rules of procedure of the management body, which shall specify the powers of each member of the management body and the manner in which decisions of the management body are to be taken and implemented.
- 7.10. For decision-making and reporting purposes, the management body may have a chairperson and a vice-chairperson or several vice-chairpersons and a system of substitutes in the event of prolonged absences.
- 7.11. There shall always be open discussion and exchange of views among the members of the management body, with the aim of reaching a consensus among the members in order to reach a final decision. In the event of disagreements, the management bodies shall have predetermined procedures to resolve situations in the event of disagreement among members or possible dispute.

ACTIVITIES OF THE MEMBERS OF A MANAGEMENT BODY

- 7.12. The management body shall be responsible for the operational management of the company and for the business of the company.
- 7.13. The shareholders must give the management body the authority and responsibility so that it may manage the operational affairs, including, but not limited to, independent marketing activities, entering into individual transactions and managing employee relations independently.
- 7.14. All members of the management body shall make decisions objectively and solely in the best interests of the company.
- 7.15. The companies shall conclude a contract for liability insurance for the members of the management bodies. The contract follows the limitations of the provisions of the Companies Act, but at the same time effectively protects the company against damage that may be caused to it as a result of the negligent conduct of the members of the management bodies.

REMUNERATION OF THE MEMBERS OF A MANAGEMENT BODY

- 7.16. Remuneration shall depend on the duties of the members of a management body, the

financial situation of the company and the achievement of its objectives.

- 7.17. The remuneration of the members of a management body shall consist of a fixed and a variable remuneration. The allocation of the variable remuneration is subject to predetermined performance criteria linked to the short-term as well as the long-term performance of the company.

8. RELATIONSHIP BETWEEN MANAGEMENT AND SUPERVISORY BODIES

- 8.1. The division of fields of work and responsibilities among the members of the management body and the relations between the two bodies are laid down in the articles of incorporation and the rules of procedure of the bodies.
- 8.2. The Chairperson of a supervisory body is authorised to sign employment contracts with the members of a management body, subject to the prior approval of a supervisory body. In companies where there is no special supervisory body, the members of a management body shall conclude employment contracts in accordance with the articles of incorporation of the respective company.
- 8.3. The company shall provide a supervisory body with adequate space and technical facilities for its work, including funds for the induction of new members and additional training of members, for the assistance of external experts and for other reasonable expenses for the operation of a supervisory body. The means for its operation shall also include the means for the operation of its committees, including appropriate remuneration for the external members of the committees.

9. TRAINING OF MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

- 9.1. The knowledge, experience and skills of the members of a management body and a supervisory body are appropriate to the needs of the company. Notwithstanding the above, members shall receive continuous training.
- 9.2. Each company shall encourage additional training for members of a management or supervisory body. The cost of additional training in the functional knowledge required for the performance of the management or supervisory function shall be a cost of the company and shall not form part of the remuneration for the performance of the function.
- 9.3. The chairperson of a supervisory body shall ensure that members of a supervisory body regularly improve and update their skills and maintain the level of knowledge necessary to function successfully in the company.

10. PUBLIC REPORTING

- 10.1. A management body must draw up and publish an annual report and other forms of reports in accordance with the law.
- 10.2. A management body shall publish in the annual report all information required by law, as well as information and explanations of facts and events of interest to the shareholders. The annual report shall be the most essential information document for the shareholders. It should also specifically disclose relations with stakeholders and the level of corporate social responsibility of the company.
- 10.3. At least once a year, a management body shall present to the general meeting a balanced and comprehensible assessment of the situation of the company and the outlook for the shareholders.
- 10.4. A company shall disclose its corporate governance practices in a Corporate Governance Statement, which shall be prepared in accordance with the Companies Act. The Corporate Governance Statement shall be prepared as a separate statement to be published on the

company's website.

- 10.5. Each company shall inform the public in such a way as not to cause uneven information. The wording of public announcements shall be clear, understandable and not misleading.
- 10.6. Each company shall establish publicity in such a way as to ensure that members and the public have equal, timely and informed access to all relevant information.
- 10.7. Each company shall use electronic media, such as its own websites, to effectively inform its shareholders and other members of the public.
- 10.8. Each company shall make every effort to make its official websites as transparent as possible. These shall contain all key information about the company and its business.

11. AUDIT AND THE INTERNAL CONTROL SYSTEM

- 11.1. A company shall, through an auditor selection process in which the management or supervisory bodies of the company actively participate, facilitate the appointment of an audit firm that will provide an independent and impartial review of the company's financial statements in accordance with professional and professional ethical auditing principles and other auditing rules. To comply with these rules, the company shall ensure good quality communication with the auditor during the audit.
- 11.2. Before commencing the process of selecting the auditor, the competent authority proposing the appointment of the auditor to the General Meeting shall formulate the criteria for the appointment of the auditor and the minimum terms of engagement with the auditor, including mandatory disclosure of any (non-)audit services provided by the audit firm to the company or its affiliates in the last year.
- 11.3. A management body shall ensure that a system of risk management and internal controls is in place. A management body shall clearly allocate responsibilities and accountabilities for each business area within the company (organisational unit or process). All key risks shall also be adequately covered.

12. FINAL PROVISIONS

- 12.1. This CG Code shall enter into force on the date of its adoption by the Board of Directors of H&R d.d. The CG Code shall be published on the website www.hidria.com and shall be binding on the companies that accede to it in accordance with the provisions of this CG Code.
- 12.2. This CG Code shall be reviewed regularly and brought up to date with the current state of corporate governance and control in the companies in the Hidria Corporation.

Date of adoption: February 16 2023

Mrs Andrejka Krapš Rejc

Chairwoman of the Board of Directors of H&R d.d.

Signature: