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LITOSTROJ POWER GROUP CODE OF ETHICS AND SOCIAL RESPONSIBILITY

The Litostroj Power Group brings together several distinguished companies that share the foundations of tradition, experience, knowledge and the potentials of development in producing water turbines and hydroelectric equipment. The Group operates worldwide. The fact that we are a globally-oriented, multicultural and diverse Group has dictated the drafting of our common position on what a fair and ethical business practice is.

We build our business success on our reputation based on ethical values in conjunction with top-quality services and products. The trust of interested parties plays a vital part in all this: the trust of our customers, owners, employees, suppliers, subcontractors, the relevant government institutions and bodies, our competition, the media and society as a whole. We wish our actions to show that we respect human rights, create appropriate working conditions and are socially responsible.

Both the Management and other employees place great importance on complying with the legal requirements and internal regulations and their conduct affirms their professionalism and respect of the culture and customs of every country.

The Litostroj Power Group Code of Ethics lays down the instructions and guidelines for actions that will lead to good decisions, maintaining our reputation and the system of values we strive for as a Group.

All employees are expected to follow the ethical rules. Every employee is responsible for their own actions. The Management undertakes to ensure the basic conditions that will provide our employees, suppliers, subcontractors, owners and other social groups with the opportunity to achieve trust and success.

Marko Tandler, PhD, General Director

Ing. Emil Žižka, Director

Iztok Jelen, MSc, Director

Litostroj Power, d.o.o

1 GENERAL PRINCIPLES

1.1 Content

The purpose of the Litostroj Power Group Code of Ethics and Social Responsibility (hereinafter referred to as the Code) is to lay down the principles and rules of the ethical, moral and socially responsible conduct of all Group employees observing, *mutatis mutandis*, professional etiquette.

Ethical, moral and socially responsible conduct is also expected and required from partners working with the Litostroj Power Group on the basis of a contractual relationship. The Litostroj Power Group only collaborates with partners that ensure the ethical use of resources in the production of products and services, including an ethical attitude towards employees, the environment and other social groups.

1.2 Values

Focus on the customer

The operations of the Litostroj Power Group are focused on the customer with close cooperation, mutual benefit and satisfaction being our main guidelines.

To its business partners, the Litostroj Power Group represents a trustworthy and reliable partner with the aim of generating profit in a fair and correct manner.

Innovativeness

The Litostroj Power Group continually encourages business innovations as well as proactivity and a readiness to take on the challenges of industrial development and globalisation.

Integrity

At the Litostroj Power Group, we build our integrity on good and fair intentions, reliability, keeping promises, high-quality equipment and services, business ethics and the responsible conduct of all our employees.

Good business relationships

The Litostroj Power Group has good business relationships with its customers, suppliers, subcontractors, owners and other stakeholders.

Creating a friendly and creative working environment

The Litostroj Power Group encourages the active participation of employees in creating a friendly and creative working environment.

Individual responsibility

We at the Litostroj Power Group are individually responsible for our personal growth and professional development.

We fulfil our obligations and take personal responsibility for our actions. We only make promises that we can keep. We do not mislead interested parties.

1.3 Legislation and standards

The Litostroj Power Group complies with the legislation and other rules and standards in force in the countries where its companies are located. It is also bound to respect the legislation and standards of countries where it operates.

1.4 Business principles

In order for the Litostroj Power Group to live up to its responsibility and mission, its aims are the profitable management of business operations, preserving a sound financial basis and keeping its risks at a reasonable level. Generating profit may never justify the violation of laws or disregarding ethical and moral standards. All business transactions must be fully and thoroughly documented in accordance with the legislation and regulations. All employees involved in financial and cost accounting must adhere to the principles of transparency, accuracy and the conformity of costs with their source.

1.5 Risk management

The purpose of risk management is the early detection, prevention and reduction of risks, particularly those that could jeopardise the existence of the Group or one of its companies or can have a strongly negative effect on its development or that helps the management identify grave violations of laws or regulations. This also includes the prevention of corruption.

The risk management organisation represents an upgrade to supervising project management and procurement processes related to the relevant project. Risk management is also supported by a certified quality management system with organisational regulations and instructions for work in operational fields, central controlling and contract management.

2 EMPLOYEES

2.1 Healthy and safe working environment

The Litostroj Power Group provides its employees with a healthy and safe working environment. Pursuant to legislation, the Group has adopted the Safety Statement, undertaking to ensure all the means necessary for the implementation of safety measures. The Group also ensures that the workers are kept informed, receive instructions, that their work is properly organised and that they have the material resources for safe and healthy work.

2.2 Mutual respect and trust between employees

As quality cooperation is of crucial importance for success, only honest communication between employees based on respect, trust, tolerance, understanding, preserving the other person's dignity and offering to help one another is acceptable.

In its Policy Statement on the Measures for Protecting the Dignity of Workers, the Litostroj Power Group adopted the basic principles under which every employee has the right to a safe and healthy working environment in the workplace and the right to be treated in a way that fully maintains their dignity at work. Sexual and other types of harassment or mobbing are forms of improper employee conduct that are neither allowed nor justifiable at the Litostroj Power Group. We have established the Confidential Advisory Committee, which offers help and provides information and advice in relation to protecting the dignity of workers.

The relationship between the employer and the employees is based on the following foundations:

- a mutual awareness that conformity with ethical and legal standards in conducting business operations is in the interest of the Group, the Company and the employees;
- an environment that attracts competent workers, supports them and connects them with the Group;
- equal opportunities, regardless of race, nationality, gender, sexual orientation, religion, disability or age;
- a working environment free of discrimination, harassment, inappropriate behaviour or mobbing;
- an "open doors" policy that allows access to the management for all employees.

2.3 Example of the Management

The Group and Company management set an example. The bodies and the Management must set an example with ethically irreproachable conduct. Ethically irreproachable conduct in the workspace means fairness and fair play in relations with co-workers, clients, suppliers, the competition, administrative bodies and the public. The Litostroj Power Group's irreproachableness and excellent reputation are of key importance for its success.

2.4 Working hours

The Litostroj Power Group observes and respects the laws and standards on working hours. It does not require its employees to work more than 48 hours per week and ensures at least one rest day per week and the right to a break during working hours. It also ensures that overtime complies with the legislation in terms of the number of hours and pay rates.

2.5 Forced labour

The Litostroj Power Group forbids any form of forced labour and strives to respect the employees' right to maintain a balance between their work and private life.

Every employee has an employment contract and is employed in accordance with that contract laying down the work conditions and the conditions for the termination of the employment relationship, attesting to the fact that the employee has entered employment voluntarily.

2.6 Collective bargaining

Litostroj Power respects the employees' right to establish and participate in trade unions of their own choice and their right to collective bargaining. Furthermore, it ensures that trade union and works council employee representatives are not victims of discrimination and have unrestricted access to their members in their workspace.

2.7 Child labour

The Litostroj Power Group respects children's rights to development and education and therefore opposes child labour. It respects the agreements of the International Labour Organisation (the ILO) specifying that minors between the ages of 15 and 18 may be employed under the following conditions:

- they must be older than the minimum locally defined age limit for employment;
- they must be older than the age of compulsory education;
- they must not perform hazardous work;
- they must not work at night;
- they must have more breaks than employees over the age of 18.

2.8 Preventing conflicts of interest and secondary activities

The employees must report any secondary activities and shareholding in writing, particularly when these involve business partners and/or the competition, and obtain the permission of the Company's legal representative. The duty to report does not apply in the event of purchasing securities listed on the stock exchange or negligible net assets.

The Litostroj Power Group expects its employees never to be involved in any type of conflict of interest. A conflict of interest occurs if an employee has a direct or indirect personal interest in something that might affect the estimations and decisions that the employee makes at the Litostroj Power Group. It is the employee's duty to dedicate their time and abilities to the Litostroj Power Group. This means that, for the duration of their full-time, regular employment with

the Group, they may not work in another company without the approval of the Company's legal representative. The employee may not perform activities for another company if these activities are in contravention of their obligations to the Group.

2.9 Confidentiality

The trade secrets of the Litostroj Power Group and the Company must be treated as confidential. This also applies to all other information where the confidentiality must be protected for the sake of the Litostroj Power Group, its business partners and clients. Without the approval of the relevant superior to break confidentiality, such information must not be disclosed to unauthorised persons or employed for personal use. This obligation shall also apply after the termination of the employment or any other contractual relationship.

2.10 Professional appearance of employees

The Litostroj Power Group recognises that the employees' professional appearance has an effect on its reputation.

The employees must respect the rules of professional etiquette, keep their appearance neat and tidy and be appropriately dressed at the workplace. The Group has a dress code in place, making it inappropriate for employees to wear shirts with printed messages, tight-fitting, see-through clothes, shorts, excessively short skirts, excessively wide slashes and excessively open shoes or to follow extreme fashion trends.

The employees' choice of clothes must show respect towards our business partners and visitors. Furthermore, local customs are observed on business trips around the world.

3 BUSINESS PARTNERS

3.1 Bribery and corruption

The Litostroj Power Group does not allow bribery. A bribe is defined as giving something to someone expecting them to do or not do something in return. If an employee encourages, receives or gives a bribe, this constitutes grounds for the termination of the employment or other type of contractual relationship.

The Litostroj Power Group does not allow corruption. Corruption is defined as any violation of expected conduct for one's own or another person's benefit and includes bribery, money laundering, extortion, payment for protection and nepotism (favouring close relatives or friends). Corruption is incompatible with employment or business cooperation with the Litostroj Power Group.

3.2 Gifts and entertainment

The Litostroj Power Group is a global corporation and the exchange of gifts is a common business practice in many countries. It is considered polite and a sign of respect. However, it is important to note that only gifts of small value within the legally defined limits may be accepted or given. Any pecuniary gifts or loans are strictly forbidden.

Entertainment in relation to business may only be offered or accepted if it does not bind the Litostroj Power Group or the invited person in any way – legally or morally – and if it represents a reasonable amount.

3.3 Money laundering

The Litostroj Power Group does not allow money laundering. All employees must ensure that financial transactions are not subject to money laundering.

3.4 Following the rules of competition law

The Litostroj Power Group is obliged to observe the laws of fair and open competition on the global markets. The Group, its employees or authorised persons must not get involved in unlawful and/or criminal legal practices, e.g. agreements with other companies or collusion with the purpose of preventing, restricting or distorting competition. Therefore, business transactions must not involve unfair business practices that would have negative consequences for the competition or other market participants.

4 ENVIRONMENT AND SOCIETY

4.1 Sustainability

In its business decisions, actions and resource and infrastructure management, the Litostroj Power Group operates in accordance with the standards of environmental policy and sustainable and social development. It ensures the maximum use of environmentally-friendly materials, the optimisation of processes in terms of efficient energy and energy product use, develops environmentally-friendly technologies and reduces the amount of hazardous waste, thereby improving the working environment or increasing the level of environmental protection and safety at work.

Pursuant to the environmental legislation currently in force, as well as other requirements, it ensures:

- the protection of the residents of the immediate and broader environment and natural resources (air, water, ground, ground water, etc.),
- the optimum management of technological processes,
- the development of new technologies with the minimum impact on environmental aspects,
- the storage of products and raw materials in a way that is not harmful to people or the environment,
- monitoring the environmental impact (emissions of hazardous substances, waste production, water and energy use, microclimate, noise and other pollution) with the purpose of preventing irregularities and being able to act quickly in emergency situations.

If necessary, it informs residents and other interested parties about measures for improvements in the field of environmental management. Furthermore, the Litostroj Power Group discusses matters relevant to environmental protection with its suppliers, making environmental protection one of the major factors in choosing its suppliers.

4.2 Donations and sponsorships

Donations must comply with the legislation and are regulated exclusively by the Company's legal representative. This applies particularly to sponsorships in the form of community or social engagement.

4.3 Community and social involvement

The Litostroj Power Group welcomes the involvement of its employees in the local community, provided that it is appropriate. It supports selected organisations and institutions with humanitarian, social and educational aims or aims in the cultural field and in the public interest.

5 FINAL PROVISIONS

5.1 Validity

This Code applies to all employees – i.e. managers, full-time and part-time employees such as advisors, students, interns and other contractual workers working for the Litostroj Power Group.

The Code applies to all areas of business of the Litostroj Power Group. In day to day operations, questions and dilemmas not provided for in this Code of Ethics are sure to arise. In such an event, the employees should turn to their immediate superiors for advice and instructions.

5.2 Implementation of the Code

Following and respecting the principles of this Code is a moral and professional obligation for all employees who are duty-bound to adhere to the Code at any place and any time in all the environments where the Litostroj Power Group operates.

If an employee discovers a violation of this Code, they must warn the violator about the infringement. If the violation is not remedied, they are obliged to inform their superior who must do everything to ensure that the Code is observed. If this is not achieved, the employee can inform the area Executive Director who shall make a final decision on the case at issue.

The Code of Ethics is adopted by the Company General Director and shall enter into force on the 8th day after adoption.