

Code of Conduct

METALSKA INDUSTRIJA VARAŽDIN d.d.

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According to Article 37, paragraph 5 of the company's statute which is Metalska industrija Varaždin, joint stock company (hereinafter: the Company), the executive Directors at the meeting held on 25.09.2020. years have brought a

CODE OF CONDUCT

1. INTRODUCTION

Principles of the Company

Respect for fundamental human rights and ethical principles of integrity, trust, respect, honesty, understanding, transparency, professionalism, legality, protection of personal data and protection against all discrimination.

Vision

To become an indispensable company for customers in Europe and around the world. To produce high-quality products of valves and fittings for the construction of water and sewage systems, systems for energy, insisting on a permanent quality of processes and products, using the knowledge and innovation.

Mission

As a company led by principles of business and social responsibility as well as sustainable development, MIV d.d. uses its knowledge, experience and new technologies to add innovation to traditional production and manufacturing processes, thereby become even more recognizable on the market and offering customers high-quality products.

The Code of Conduct (hereinafter: the Code) has been compiled and serves to achieve the principles, vision and mission of the Company, and all acts of the Company must be in accordance with the provisions of the Code.

The Code includes rules through which it defines the basic goals and values of the Company. It provides clear guidelines for employees to achieve their goals and to achieve the benefits of the Company, employees, shareholders and business partners.

Everyone is expected to get acquainted with the content of the Code, to be aware of their obligations and to act in accordance with the fundamental values and ethical rules of the Company because the behavior and actions of all affects the business reputation of the Company.

1.1. Legality and ethics in work and business

In the work and business of the Company, all persons obliged to comply with this Code are obliged to respect and apply the provisions of Croatian legislation, as well as the regulations of the countries with which the Company does business. The Company's business must be marked by the highest professional, business and ethical standards and norms in order to ensure the highest degree of legality and business ethics.

The attitude in work and business towards employees, shareholders, business partners, suppliers, customers, competitors and other stakeholders (for example, the media and the public) must be professional, honest and fair, based on mutual respect.

1.2. Employees of the Company

The Code applies to all employees of the Company, including the Executive Directors (hereinafter: employees of the Company).

It is the duty of all employees of the Company to act at all times in accordance with the provisions of the Code as well as other internal acts of the Company, instructions and guidelines and all legal regulations in the Republic of Croatia. Also, employees are obliged to respect the legal, cultural, religious and other customs of countries outside the Republic of Croatia with which the Company forms business relations.

The Company's employees behave fairly and correctly in their work environment and avoid any conflict between the Company's private and business interests or the interests of the Company's business partners.

Relations between workers and relations between workers and their superiors must be based on the promotion of ethical principles and compliance with regulations, all applying the principles of tolerance, decency, fairness, trust, open and honest communication, as well as mutual respect.

Every employee is equally important, regardless of the position he holds in the Company. Any form of discrimination or harassment is prohibited. Workers must be encouraged to respect each other.

Particular attention is paid to safety and health, personal and professional development and the implementation of employment policy according to clear criteria, encouraging an environment in which workers can contribute and encourage innovation and excellence.

1.3. Data protection

The privacy of individuals and the protection of personal data are one of the human rights. As the head of personal data processing, the Company acts in accordance with the regulations and constantly improves and harmonizes its operations with the regulations governing the protection of personal data.

1.4. Environment

The Company encourages sustainable business operations and adherence to all sustainable technological and environmental standards in order to reduce the risk of negative effects on the environment. The Company's operations must always be focused on environmental protection and conservation of natural resources.

2. RESPONSIBILITY

2.1. General responsibility

1. Knowledge of this Code, policies and procedures, decisions and internal acts of the Company;
2. respect and promotion of the basic principles of the Company in everyday business activities;
3. compliance with the laws, regulations and policies of the Company regardless of the workplace and place of work;
4. reporting a person's failure to comply with the laws, regulations or rules and procedures of the Company;
5. taking all reasonable measures with the aim of preventing the other party (for example: a business partner, supplier, etc.) from performing an action that the Company's employee may not perform;
6. report any suspected violation of the law, the Code or other rules and procedures of the Company;
7. cooperating and providing complete and accurate information regarding checks on any type of injury.

2.2. Responsibility of an individual

1. it is prohibited to offer, give, accept money or other property gain that has the characteristics of bribery and illegal commission;
2. working time is not used for work on activities and jobs that are not related to the performance of work;
3. decisions related to human resources are made solely on the basis of ability and performance;
4. it is excluded to take actions that could be considered harassing, hostile or offensive;
5. preventive safety and health measures are always taken;
6. gifts are exchanged only exceptionally and have to have symbolic value;
7. the existence of personal interests that could lead to a conflict with the Company, including, but not limited to financial interests, handling and exchange of information, business opportunities and conflicts of interest involving family members and other personal relationships implies an obligation to warn or report to the authorities.
8. it is prohibited to take or redirect the property or other assets of the Company, another person or another company by fraud, deception or extortion;
9. the authorized persons of the Company for work with state officials and employees respect the legislation and always take into account that the actions taken cannot be interpreted or perceived as illegal or as a conflict of interest;
10. personal activities and interests must not conflict with responsibilities towards the Company;
11. when developing business relations with customers and suppliers or other entities, only the prescribed means of competition are used;

12. information on competitors is collected only by using the prescribed means, and never by stealing, misrepresenting or using another person for improper collection of information;
13. the privacy of the buyer, supplier and / or other third parties participating in the Company's operations is protected;
14. authorized individuals who possess information of the Company marked "Top Confidential", "Business Secret", "For Internal Use Only", etc. are always obliged to protect the available information from unauthorized disclosure;
15. the assets of the Company are always used, divided or disposed of having in mind the interest of the shareholders of the Company. The term property includes, but is not limited to, office supplies, computers and communication systems, non-public information, intellectual property (e.g. copyright inventions, etc.). Leaving the Company implies prior deleveraging of all Company assets, including written information. Proper protection and use of the Company's resources is the obligation of every employee of the Company;
16. records of the Company are kept in the prescribed manner, accurate and verified data are used in the preparation of records;
17. carefully and legally disposes of personal data as well as the property of the Company and other persons;
18. financial resources of the Company are used only for business purposes;
19. in all business activities, environmental protection is taken into account, in accordance with the principles of sustainability, efforts are made to minimize pollution and reduce waste.

2.3. Responsibility of management

The Company's management has a key influence on teamwork and in addition to the responsibilities listed under item 2.2. have additional responsibilities:

1. setting standards in performing work tasks;
2. regularly and clearly communicate information on business activities;
3. treat all workers equally, regardless of education, gender, nationality, etc.;
4. contribute to the constructive resolution of conflicts and mistakes;
5. openly receive comments and suggestions for improvements;
6. are available to workers to address ethical issues and concerns;
7. react appropriately to the report of a worker due to suspicion of conduct contrary to the legal provisions, regulations and provisions of this Code.

2.4. Violations

Violations are considered to be all actions of employees related to the violation of the provisions of laws, regulations and this Code. Violations include, but are not limited to:

1. theft,
2. fraud,
3. conflict of interest,
4. bribery, shakedown,
5. improper use of the Company's assets,
6. performing private business during working hours,

7. concealment of non-compliance with the procedure, internal or external regulations,
8. unauthorized disclosure of confidential information,
9. improper record keeping,
10. providing false information,
11. any violation of the laws, regulations or provisions of this Code

3. COMPANY ASSETS

Responsibilities of employees related to the Company's assets:

1. only the assets necessary for the Company to perform the registered activity are procured,
2. when buying property, a favorable price is ensured,
3. the Company's assets are carefully handled to ensure that important resources do not lose value due to misuse,
4. protection of property from misuse or theft,
5. Company property and information are stored in secure locations to prevent unauthorized access,
6. the property of the Company is disposed of in an appropriate manner and legally only by authorized persons.

3.1. IT assets, know-how

The Company's assets include, among others, computers and related equipment and networks, software, telephones and other elements related to IT technology. All information, knowledge and know-how generated by the Company's operations are the property of the Company.

The Company's employees must preserve the Company's resources and protect important data stored on the systems. Due to the sensitive information that computers may contain, employees are required to comply with the Company's regulations and procedures regarding the encryption of computers and their protection against theft. Unauthorized copying, sending or backup of data is prohibited. Improper use of computers and electronic communication systems of the Company, regardless of the medium, will be considered illegal behavior and will be sanctioned accordingly.

3.2. Confidential information

Confidential information is considered to be all information and data that represent a trade secret, results of development and / or research work, and other data whose availability to an unauthorized person could result in harmful consequences for the Company (e.g. business plans and strategies, prices, cost information, information about process, design, etc.). It is extremely important that all employees protect the Company's information that has not been made public and is confidential.

Information constituting a trade secret and other confidential information may be disclosed to others only with the prior consent of the Executive Directors.

Any employee who notices irregularities in the storage and protection of confidential information as well as activities aimed at disclosing such information is obliged to inform the immediate superior without delay.

The subject of special protection is personal data processed by the Company.

Employees of the Company are particularly obliged to follow all rules prescribed by the Company's Privacy Policy in relation to personal data protection and may be held liable pursuant to Article 107, paragraph 1 of the Labor Act (compensation for damage caused by intentional or gross negligence) if the Company suffered damage due to failure to follow the rules of the Privacy Policy.

3.3. Records, reports

All information produced by the Company is considered a record, regardless of how the information is maintained (e.g. financial, accounting, technical, sales reports, personal files, health information, safety and environmental protection, contracts, marketing information, business plans ...).

It is not allowed for workers to make entries in the records that are false, distorted, misleading, misdirected, intentionally incomplete or limited. It is extremely important to keep proper accounting and documentation and true and complete financial reporting. Opposing actions may cause civil and criminal liability of the Company and responsible persons in the Company.

3.4. Departure from the Company

The workers who are leaving the company have to:

1. immediately return or delegate the Company's assets, for example: tools, equipment, passwords for various accesses, computers, mobile phones, telephone cards, access cards, keys, business cards, electronic storage media, etc.
2. they may not copy or dispose of copies of information about the Company,
3. to hand over the job to a worker appointed by the immediate superior
4. after leaving the Company, they may not disclose non-public information related to the Company's operations.

Acting contrary to the above may result in individual liability in civil and criminal terms..

4. TRAVEL, REPRESENTATIONS, GIFTS, PAYMENTS

Travel and representations of employees must be in accordance with the business needs, regulations and procedures of the Company. Employees are obliged to handle the Company's financial resources with increased care.

Workers who submit or approve reports on travel and entertainment expenses are responsible and obliged to ensure that the travel expenses presented are correct and reasonable, that they submit expense reports without delay, and that they prove the reported expenses with invoices and adequate documents or explanations.

The Society does not encourage the giving and receiving of gifts.

In exceptional cases when during the business representation the employee receives or hands over a gift, it is necessary to take care that the gift or representation:

1. acts in accordance with normal business practices,
2. has an unambiguous business purpose,
3. excludes suspicion of bribery or illegal payment,
4. does not illegally affect the business relationship,
5. is not contrary to applicable laws or ethical standards.

Workers are required to report the receipt of gifts with a market value of more than 250,00 HRK.

Bribes and commissions are illegal. Any offer of payment or other type of offer made to influence a business decision and action may be considered a bribe or commission. The employee must never offer, solicit, accept or show a willingness to accept such payment. Individual gifts can be considered bribes.

Sales commissions, rebates, discounts and extras are common business payments. Illegal or unethical payments are not allowed, and other payments must comply with applicable tax and other regulations.

An employee who is unsure of the legality of payment is obliged to contact the organizational unit of the Company in charge of accounting and finance and undoubtedly remove suspicions of illegality.

5. DONATIONS AND SPONSORSHIPS

The executive directors decide on donations and sponsorships.

The possibility of sponsorship or donation with the aim of influencing a business decision in favor of the Company or making political donations (to political parties, politicians and political organizations) is excluded.

6. CONFLICTS OF INTEREST

A conflict of interest can be considered:

1. external work, employment or other activities: e.g. performing the function of director, procurator, partner, consultant, employment with another employer, intermediary function or other capacity for which there may be a suspicion of a conflict of interest or which may interfere with the obligations of employees in the Company.
2. use of the Company's internal information for personal gain
3. financial interest of the employee or a member of his family in an external company that does business or wants to do business with the Company or is a competition to the Company, i.e. the fact of having a share of the employee or a member of his family in such an external company
4. personal benefit of a member of the employee's family due to the role of the employee in the Company, e.g. worker-immediate superior
5. any other arrangement or circumstance, including the employee's family or other personal relationships, that might deter the employee from acting in the best interests of the Company.

It is not allowed to use the assets or information of the Company or someone's position in the Company for personal gain, as well as to use the equipment or capacities of the Company for external activities as well as to perform activities related to external work during working hours. Attending meetings with representatives of the competition is possible only with the prior knowledge and approval of the immediate superior.

Employees may not personally take advantage of business opportunities arising from the use of the Company's assets and information or someone's position in the Company.

Workers are required to consider all potential situations with their immediate superior prior to their occurrence to ensure that there is no actual conflict of interest.

The term financial interest is considered to be the direct or indirect interest of an employee or a member of his family in an external company that operates, wants to do business or competes with the Company.

It is contrary to the Company's policy that a manager or supervisor supervise a family member or be in an inappropriate relationship with the employee to whom he or she is superior; such and similar situations workers are required to report.

The term family in accordance with this Behavior Code, and in connection with the provisions governing conflicts of interest, are considered: relatives in the direct line and their spouses up to any generation, spouses, former spouses, relatives in the collateral line up to the fourth generation and in-laws relatives up to second generation as well as adoptees and adoptive parents, stepchildren, stepfather and stepmother and the person whom the worker is obliged to support.

Every employee of the Company is obliged to notify the immediate superior employee or directly the Executive Directors of all issues related to conflicts of interest, regardless of whether the employee's doubt arose in relation to him personally or to another employee.

Every employee of the Company is obliged to report any potential or actual conflict of interest, regardless of whether the employee's report relates to him personally or to another employee.

Answers to questions regarding conflicts of interest as well as assessments of conflicts of interest and their impact on the Company's operations and the decision on further activities upon receipt of a warning or employee report are made by Executive Directors in consultation with the Company's organizational units. employee or in assessing the existence of a conflict of interest and its impact on the Company's operations.

7. MONEY LAUNDERING PREVENTION AND TERRORISM FINANCING

The Company implements controls and precautions to prevent money laundering and the financing of international terrorism in accordance with regulatory requirements and regulations.

8. MARKET COMPETITION

Violations of the Law on Protection of Market Competition include agreements and ways of behaving among entrepreneurs in order to:

1. set prices or set other trading conditions,
2. boycott certain suppliers or customers,
3. be assigned by customers, products, territories or markets,
4. restrict the production or sale of products or
5. otherwise distort the market competition.

Violation of the Competition Act may result in severe penalties for the Company and individuals involved in illicit activities.

Employees must understand and apply the applicable rules, especially if a job involves interacting with a competitor, suppliers, customers or distributors, collecting competition data, or participating in trade associations.

9. GOVERNMENT-RELATED BUSINESS

The Company complies with all regulations of the countries in which it operates in relation to state and local authorities.

Employees of the Company may not make or offer inappropriate payment to a local or foreign government official and offer or receive money, gifts of material value, commissions related to obtaining a job or contract with government entities.

10. EXTERNAL COMMUNICATION

In order to ensure accurate and complete information about the Company's business activities, only authorized individuals are free to make statements on behalf of the Company with journalists, investigative analysts, civil servants, members of the police or other external entities. Employees of the Company without the authorization of the Executive Directors or justified business needs may not disclose non-public information to individuals who are not employees of the Company.

11. VIOLATION REPORTS

The Company provides resources to assist all employees in cases of suspected violations of the provisions of this Code or the existence of violations of the Code.

Employees may report suspicions or violations of the provisions of the Code to their immediate superiors or directly to the Executive Directors.

Employees may also report violations to the Human Resources Department, the Legal Affairs Department, the Company's employees appointed as the Commissioner for the Protection of Workers' Dignity pursuant to the Labor Act or employees appointed as a trustee and the Deputy Trustee pursuant to the Irregularity Reporting Act.

The Company will treat all applications as business secrets, except to the extent necessary to protect the interests of the Company or an individual. The applications will be carefully considered and measures and actions will be taken to eliminate potential conflicts, irregularities, injuries and / or damages for the Company and for the Company's employees. Workers can also apply anonymously.

The Company guarantees protection to applicants with good intentions, even in the event that the application is found to be unfounded.

Reports of unethical behavior can be submitted by e-mail to the following e-mail addresses:

prijava.nepravilnosti@miv.hr

zastita.podataka@miv.hr

or in writing to the address of the Company:

METALSKA INDUSTRIJA VARAŽDIN d.d.

Metalska ulica 2

42000 Varaždin

Tag: "Behavior Code"

12. FINAL PROVISIONS

Executive directors are responsible for the adoption, implementation, revision and revocation of the Code.

Before its entry into force, the Executive Directors will initiate a consultation procedure before its entry into force before the Workers' Council in accordance with Article 150 of the Labor Act (NN 93/14, 127/17, 98/19).

The Company will provide employees with the content of this Code of Conduct by making it available on the Company's website and on the Company's bulletin boards.

In Varaždin, on the 25th of September, 2020

METALSKA INDUSTRIJA VARAŽDIN d.d.

Krešimir Kranjčec, main executive director

Smiljan Hren, executive director

