

In compliance with the provisions of the Management Code for publicly traded companies, the Management and Supervisory Board of UNIOR d.d. jointly drew up and, on 17/12/2015, adopted the UNIOR d.d. Corporate Governance Policy, which was revised on 30/5/2017 and was followed by a new revised version adopted on 22/4/2021.

UNIOR d.d. Corporate Governance Policy

The Corporate Governance Policy shall set out the key corporate governance guidelines by taking into account the set long-term goals of the Company. The Corporate Governance Policy shall serve to bind and publicly disclose the management and supervision of the Company in the future by the Management and Supervisory Boards.

The purpose of the Corporate Governance Policy is to ensure the transparency and traceability of the decision-making process.

The content of the document refers to UNIOR d.d. (hereinafter referred to as "UNIOR").

The UNIOR Corporate Governance Policy shall be regularly updated and shall always be in line with the applicable corporate governance guidelines. It shall include the date of the most recent revision and shall be available on the Company's website.

1. Chief governance guidelines by taking into account the set goals and values of UNIOR

Through its activities and a broad network of enterprises, UNIOR has been developing its operations on the basis of its several-decade-long tradition of technological development and production. Hot-, warm-, semi-warm and cold-forged parts, mechanically treated products, sintered products, hand tools, machines and devices represent several thousand products that fascinate and are marketed customers at home and abroad.

The key long-term goals of UNIOR are related to gainful activities enabling the Company to maximise its value and profit, thus generating value for shareholders. Governance guidelines are in line with the vision, mission, values and strategies set out by business plans and other documents of the Company, with special attention being paid to socially responsible and sustainable development and serving the best interests of employees, the local and wider community and other stakeholder.

Corporate governance bodies of the Company are the General Meeting, Management and Supervisory Board.

The Company is managed in line with a dual-board system, meaning that the Management Board is responsible for the management of operations, while the Supervisory Board is competent and responsible for supervising operations.



2. Indication of a reference governance code

UNIOR shall take into account the Slovenian Management Code for publicly traded companies (hereinafter referred to as the "Code") as the reference governance code, as adopted on 27/10/2016 by the Ljubljana Stock Exchange (Ljubljanska borza), the Supervisor Association of Slovenia (Združenje nadzornikov Slovenije) and the Manager Association (Združenje Manager).

3. Stakeholder groups and the communication and cooperation strategy

3.1 Shareholders

Shareholders are stakeholders representing the Company with a decisive influence on strategic business decisions. Generating value for shareholders is, therefore, one of the most important business goals of governance. The Company encourages all shareholders to enforce their rights in an active and responsible manner. Regular communication with existing and potential shareholders takes place in the following manners:

- by convening the General Meeting of Shareholders,
- through occasional press conferences following the publication of operating results,
- through publications on the UNIOR website (www.unior.si),
- through publications on the Ljubljana Stock Exchange website (www.ljse.si).

3.2 Customers

One of the key stakeholders associated with achieving all business goals of the Company are customers, as their satisfaction with UNIOR products justifies the Company's mission. Communication with the customers is primarily intended to inform them of important events at the Company and also contributes to understanding their needs and wishes. It is vital that existing customers are satisfied with our products and services (price, quality, flexibility, innovations, sustainable and socially responsible business processes, participation in new product development processes), sales and aftersales services, and that new clients are acquired on the same market bases. For that reason, regular personal contacts, communication and operations through all available electronic information systems and media, attending fairs and conferences, and distribution conferences are particularly important.

3.3 Employees

We realise that creative, satisfied and motivated employees are decisive for the efficiency and success of UNIOR's business processes.

Communication with employees is conducted in different ways:

- by exchanging information at regular monthly meetings with the heads of organisational units,
- through bulletin boards,
- at regular sessions/meetings with the Workers' Council and trade unions,
- through the "Kovači smo" (We are blacksmiths) internal newsletter,



- through the internal online UNINET network and information provision via e-mail,
- at workers' assemblies,
- at organised events for employees,
- through annual interviews,
- at annual meetings of senior executives and experts,
- through decisions, reports and notifications,
- through informal discussions.

3.4 Suppliers and creditors

UNIOR strives to settle its trade liabilities regularly. Suppliers are given the opportunity to participate in value chains, enabling them, whenever possible, to participate in the development and introduction of efficient and successful techniques, technologies and methodologies in our business environment. We communicate with them through different channels, such as personal contacts, video conferences, supplier conferences, expert meetings, open door days at suppliers' premises and supplier assessments.

3.5 Analysts

Analysts as part of expert financial public are decisive in the analysis of financial position for existing and potential new shareholders.

3.6 The State and international organisations/regulatory requirements

The State, EU and international organisations lay down requirements in the form of legislation and standards to be complied with by UNIOR. In its operations, UNIOR uses the infrastructure provided by the State to companies. Slovenian laws, acts, standards and EU Directives are documents in which legal frameworks are laid down as part of which UNIOR's business processes are carried out. Based on that and other perceived opportunities, the Company draws up internal bylaws that are managed as UNIOR standards.

3.7 Media

The role of the media is identified in bringing together UNIOR, and the wider and local public for all stakeholders interested in its business. Regular communication is maintained with interested media through answers to journalists' questions, press releases, online media portals, interviews and occasional press conferences.

3.8 Local and wider community

The Company strives for a high-quality and improved life in its local and wider social environment in particular. Through sponsorship and donations, the Company supports activities and projects in many areas, such as sports, science, education, culture, health, art and humanitarian activities. Hand in hand with the local and general social community, the Company develops open communication that is based on a dialogue and exchange of ideas and positions. Environmental projects and sustainable improvement of the environment also depend on quality communication and relations between all relevant stakeholders.



3.9 Subsidiaries

UNIOR Group companies with a majority holding of UNIOR shall be controlled by UNIOR. UNIOR shall draw up a consolidated annual report in compliance with the legislation in force. Each respective annual report of the UNIOR Group and UNIOR shall contain the organisational chart of the Group and a list of subsidiaries and affiliates. Trustees for subsidiaries who shall be serving as organisational and professional support to the UNIOR Management Board regarding processes carried out in subsidiaries shall be appointed in UNIOR d.d. Communication methods with subsidiaries have been specified in further detail in the UNIOR Group Governance Manual.

Within the scope of regular annual reporting, the Company also reports about its relations with stakeholders.

4. Procedures associated with notifying subsidiaries and shareholders of the governance strategy and standards of the UNIOR Group

The operations of UNIOR Group subsidiaries are conditional on local legislation, in business terms on contractual relationships on economic bases, in terms of governance on the guidelines of the parent company among others. The UNIOR Group Governance Manual is the fundamental document that lays down the governance and operation standards for Group companies and standards applicable to the financial aspect of operations.

Methods of communicating the governance strategy and standards of the UNIOR Group to the shareholders are also indicated in the remaining parts hereof, in particular in Point 3 that also includes a description of channels and methods of communication with shareholders.

5. Policy of relations between UNIOR and its subsidiaries

Subsidiaries in the UNIOR Group shall transact with the parent company and other Group companies on a commercial basis. In the annual report, each individual subsidiary shall declare not to have been disadvantaged or suffered any harm in these transactions. Each subsidiary shall also declare that no acts have been taken or refrained from at the initiative or in the interest of the parent company or its affiliates. Particulars on the value and content of transactions with the parent company and its affiliates shall also be presented in the financial part of the annual report of each subsidiary.

In the event of any significant transactions between the Company or affiliate and Member of the Management or Supervisory Board, this shall be duly reported by the Company as price sensitive information.

All subsidiaries have governing bodies in which the interests of UNIOR shall be represented by either a Member or proxy of the Management Board.



6. Commitment for identifying conflicts of interest and the independence of Members of the UNIOR Supervisory and Management Boards

6.1 Supervisory Board

The Rules of Procedure for the Supervisory Board of UNIOR d.d. also consider a conflict of interest and lays down that Supervisory Board Members are required to take into account the Company goals in their work to which they shall subordinate any other personal or individual interests of third parties, the Management Board, shareholders, the public or the State. Supervisory Board Members shall take all precautions to avoid a conflict of interest that may affect their judgement. Every Supervisory Board Member shall be required to adopt a position regarding the existence of a particular conflict of interest and immediately inform the Supervisory Board of any new potential conflict of interest. Furthermore, every Supervisory Board Member shall be required to notify the Supervisory Board of their membership in the supervisory boards or governing bodies of other companies. If the Supervisory Board takes the view that there is a material conflict of interests, the Member shall be required to eliminate the questionable relationship; failing to do so, the Supervisory Board shall assess the need for terminating the term of office of the Supervisory Board Member and take actions accordingly.

Furthermore, an individual Supervisory Board Member shall not be bound by any opinion or instruction in their work by the persons who have elected, proposed or appointed them, but shall assume full personal liability for the exercising of their function.

Supervisory Board Members are aware that the existence of a material or obvious conflict of interest may be the reason for the termination of their term of office.

6.2 Management Board

Management Board Members shall be required to be loyal to the company in which they serve as Management Board Members in all areas of their operations. In the decision-making process, they shall not be allowed to put their own interests before the Company interests, and cannot use the Company's business opportunities for their account or the account of a related party.

Management Board Members shall be required to disclose to the Supervisory Board the existence of a potential or existing conflict of interest, and to inform other Board Members thereof. If Members of the Management Board wish to become Supervisory Board Members at companies outside the UNIOR Group, they shall be required to obtain consent of the Supervisory Board in advance.

7. Commitment of the Supervisory Board on own performance assessment

The Supervisory Board shall, once a year, assess its operations, any conflicts of interest of its individual members and the operations of individual members and the Supervisory Board as a whole, including cooperation with the Management Board of the company. During the assessment of its operations, the Supervisory Board shall also assess the work carried out by its committees (the audit committee shall also assess its composition, operations and



collaboration with stakeholders on an annual basis and shall notify the Supervisory Board of the results). The Supervisory Board shall assess its operations by observing the Supervisory Board Performance Evaluation Manual adopted by the Supervisor Association of Slovenia.

8. Supervisory Board committees and definition of their roles

The Rules of Procedure of the Supervisory Board prescribes that the Supervisory Board may appoint one or more committees for HR, financial, investment, legal and other issues that they are competent for subject to the law or Articles of Association of the Company. These committees shall draw up decision proposals and ensure their implementation.

The Supervisory Board has formed Audit and HR Committees. An Appointment Committee shall be established to support the Supervisory Board in implementing the entire procedure associated with assessing and selecting appropriate candidates for Supervisory Board Members. The roles and responsibilities of the Committees have been laid down by the Companies Act, the Articles of Association of the Company, the Rules of Procedure of the Supervisory Board, decisions of the Supervisory Board and Rules of Procedures of the relevant committee.

The composition and operations of the Supervisory Board and its committees in any given year shall be presented in the activity report of the Supervisory Board for the relevant year and shall form an integral part of the annual report of UNIOR for the relevant year.

9. System for the allocation of responsibilities and powers among members of Management and Supervisory Boards

The Company shall be run by the Management Board and the latter's work shall be supervised by the Supervisory Board. The Management and Supervisory Boards shall cooperate closely for the benefit of the Company. The Articles of Association of UNIOR shall be complemented by mandatory statutory provisions and shall specify in further detail the division of liability between the Management and Supervisory Boards and their collaboration methods. Otherwise, the operations of both bodies shall be directed by the provisions of their relevant rules of procedure.

The Management and Supervisory Boards shall strive to achieve consensus when adopting the most important decisions that may have an important impact on the business, financial or legal position of UNIOR Company.

The Presidents of the Management and Supervisory Boards shall maintain regular contact on significant issues associated with strategy, operations and risk management and shall consult each other where appropriate.

The President of the Management Board shall be required to inform the President of the Supervisory Board of any significant event essential to assess the position, implications and the management of the Company. The President of the Supervisory Board shall be required



to inform the Supervisory Board of any significant event and, if required, convene an extraordinary session.

The Supervisory Board has adopted a Diversity Policy for the Management and Supervisory Boards which has been published on the website of the Company. The aim of the Diversity Policy is to promote a diverse composition of the Management and Supervisory Boards in order to maximise their efficiency and ensure a skill set that guarantees a successful long-term performance of the Company.

10. Rules between the Company and affiliates, including their Members of the Management or Supervisory Boards, not regulated by legislation governing conflicts of interest

Similar rules and restrictions to conflicts of interest that apply to the UNIOR Supervisory and Management Boards shall also apply to Members of Management and Supervisory Boards and CEOs of affiliates as prescribed in OP 0105000-7 Rules of Procedure of Management and Supervisory Bodies in Subsidiaries, Affiliates and other Companies of UNIOR d.d.

11. Definition of the communication strategy

We realise that appropriate corporate communications strengthen UNIOR's relations with investors, analysts, business partners, employees and other stakeholders. Public support facilitates the achievement of strategic goals. The Corporate Communications Service lays down its strategies and activities in documents.

Corporate communications shall serve to create a positive and visible public image of UNIOR while taking into account multi-cultural particularities, thus strengthening its reputation. Hence, we shall promote the sale of products and services in all markets in which we operate. Communications with stakeholders shall include external communications or communications with external stakeholders and internal communications referring to employees as previously described in Point 3.

12. Protection of employee interests

UNIOR is aware of the fact that a successful performance and ambitious goals may only be achieved with motivated and satisfied employees. We wish to create a positive atmosphere among our employees, satisfaction at the workplace, a family-friendly company and promote employee innovation.

The Code of Ethics of UNIOR d.d. contains the basic ethical standards of ethics in the Company along with the commitment of our employees to ensuring excellence, responsibility and transparency.

We have been awarded the Family-Friendly Company basic certificate. In line therewith, numerous measures to promote a better work-life balance. UNIOR provides its employees and their family members with the opportunity to join the UNIOR Sport Association.



Hence, employees are offered jobs in the domestic and international environment, thus ensuring their personal and career development and advancement in their business and private lives.

Through their representatives in the Works council, three representative trade unions and the Supervisory Board, employees assert their views, ideas and opinions.

Special attention and care are paid to occupational health and safety of our employees. The UNIOR Occupational Health and Safety Policy adopted by the Management Board constitutes an integral part of the occupational health and safety system management. Since 2018, UNIOR has also held the OHSAS 18001 certificate which particularly focuses on preventive actions and a number of regular activities that facilitate a comprehensive overview of occupational health and safety for the Company.

As part of its concern for its employees, UNIOR prevents discrimination at the workplace and all types of violence and bullying at the workplace, carries us numerous health-promoting activities and protects the dignity of employees at the workplace.

13. Final Provisions

The UNIOR Corporate Governance Policy shall enter into force after being adopted by both the Management and Supervisory Boards of the Company. As of that date, the UNIOR Corporate Governance Policy adopted on 30/ 5/ 2017 shall cease to be valid. Shareholders and interested public shall be informed of the adoption and publication of the content within the scope of the SEOnet information system and simultaneous publication on the UNIOR website in both Slovenian and English.

In Zreče, on 22/4/2021

President of the Management
Board of UNIOR



Darko Hrastnik, B.Sc. in Metallurgy
and Materials

President of the Supervisory
Board of UNIOR

Branko Pavlin, M.Sc.



Member of the Management Board
of UNIOR

Branko Bračko, B. Sc. in
Mechanical Engineering

