

BALFIN Group Corporate Governance

V.1.4

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| Document type | Group Directive |
| Subject area | Corporate Governance |
| Document Owner | Department of Human Resources |

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| Companies affected |
| All the Group Companies where BALFIN has control. |

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| Reviewed by | Director of Communications Department Director of HR Department |
| Approved by | CEO of BALFIN Group |

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| In force since | April 2024 |
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| Who should read this? |
| All BALFIN Group Employees. |

| List of abbreviation | Explanation |
|-----------------------------|---|
| President | The Shareholder and President of BALFIN Group |
| CEO | Chief Executive Officer |
| VP | Vice-President |
| GMB | Group Management Board |
| GD | Group Directive, Rules, and Regulation of BALFIN Group |
| BALFIN HQ | BALFIN Head Quarters |
| ELT | Executive Leadership Team. Includes GMB members, all companies' CEOs and BALFIN HQ Directors |

| Document History | Explanation |
|-------------------------|---|
| V1.1 | Underlines the main principles of corporate governance at BALFIN Group. Released in June 2015 |
| V1.2 | Incorporates updates based on recent developments. Released in September 2019 |
| V1.3 | Incorporates updates based on recent developments. Released in July 2022 |
| V1.4 | Transforming the governance model to align with our transformed investment management approach. Released in April 2024 |

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1. INTRODUCTION

1.1. About BALFIN Group

BALFIN Group is one of the leading investment groups in the Western Balkans region and beyond. Founded in 1993 in Vienna by Mr. Samir Mane, today the Group is present in ten countries and two continents. It operates in Austria, Albania, Kosovo, Bosnia and Herzegovina, North Macedonia, Montenegro, Croatia, Switzerland, the Netherlands, and in the United States of America.

The Group employs approximately 5,000 people and the total Group's Assets (including financial institution) is € 2.1 billion, as per 2022 data.

With diversified interests spanning real estate, wholesale and retail, banking, tourism, energy, education, logistics, etc.

BALFIN Group is a trustworthy partner, conducting business activities in a wide range of industries on a national and international scale, at the highest business and ethical standards with substantial financial capital, outstanding human resources, and a rigorous focus on innovation.

BALFIN Group prioritizes environmental, social, and governance considerations in all business operations, fostering a corporate culture that mandates ESG initiatives throughout the entire Group.

1.2. Group's Vision, Mission and Values

BALFIN Group is an organization that aims to create comfortable ground for economies, businesses, and people to grow and perform better. We invest in innovation, outstanding service, and the highest ethical and business standards. Through our sustainable operations, we create value for our shareholders and communities.

BALFIN Group's values are an integral part of the organization so that all our employees, in all Group's companies, can work and succeed together. BALFIN Group takes corporate culture and our values to heart, and we believe that the way we achieve results is of the same importance as the results themselves.

Vision

Our vision is to invest in new ideas and explore new opportunities to building a better future for the communities in which we are present.

Mission

Our mission is to build strong companies, while endowing innovation, creating equal opportunities for our people to grow and have a positive footprint to society.

Values

At BALFIN Group, we build our business on the talent of our people, the synergy of our partnerships, continuous innovation, the courage to challenge the “status quo”, and good relationships with our shareholders. The values of our company have always been the strong fundamentals of our success.

ACCOUNTABILITY

We are responsible for our actions, decisions, and our impact. We have created a culture of transparency and integrity because we believe in lasting relationships with all stakeholders. We are committed in doing the right thing and with the good intent, even in the most challenging moments.

PARTNERSHIP

We build strong, collaborative relationships based on transparency, trust, and mutual benefit. We leverage our expertise, resources, and networks to create value for our partners, employees, and nearby communities.

INNOVATION

We embrace change and constantly seek to transform and improve. We encourage new ideas, approaches, and technologies that challenge conventional thinking and drive growth. We value creativity and diversity of thought, and we are not afraid to take calculated risks in pursuit of our goals.

CONSIDERATION

We care for our people by showing respect for their views, being attentive to their needs and feelings, as well as valuing their contributions to the workplace.

TEAMWORK

We believe that great results and personal success are achieved by working collaboratively and effectively with each-other towards the common goal. We encourage employees to work together as a team, share ideas, leverage each other strengths and improve themselves from others experience.

BALFIN Group and its employees are committed to the ethical principles embodied in our Code of Ethics and Professional Conduct and perform their duties and responsibilities with a high integrity.

2. CORPORATE GOVERNANCE

2.1. Corporate governance guidelines

The Group Management Board has adopted the following guidelines to promote the effective governance of the Group.

On behalf of the Group's shareholders, GMB is responsible for overseeing the management of the business and affairs of the Group. The Board acts as the ultimate decision-making body of the Group, except on those matters reserved to or shared with the shareholders of the Group under the laws of Albania.

BALFIN Group complies with corporate governance procedures, laws, and regulations applicable in all countries where it operates, as well as with its Code of Ethics and Professional Conduct¹.

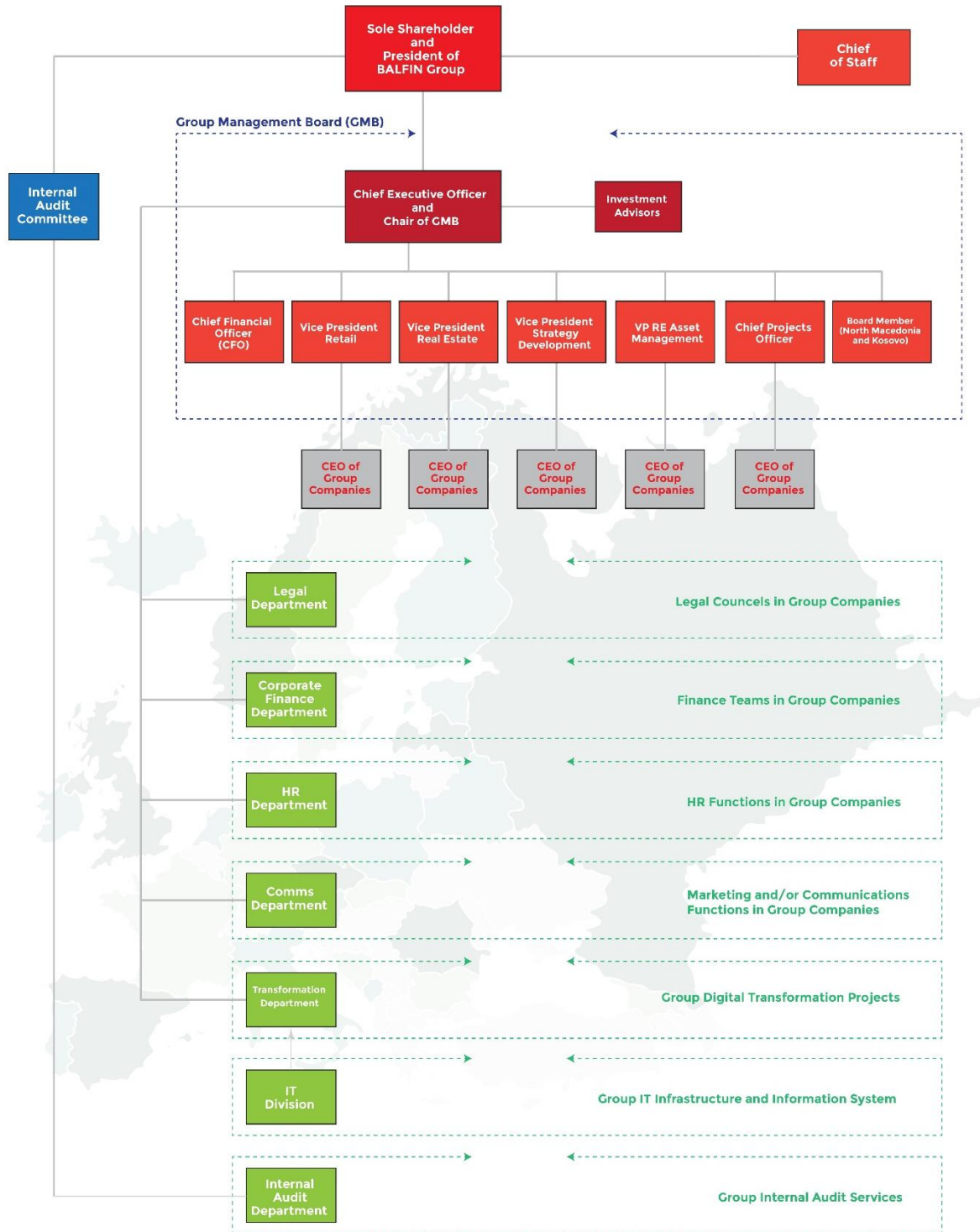
At BALFIN Group, good corporate governance is not simply about adherence to a set of recommendations and proposals. It ensures that our processes, procedures, and policies are implemented according to the principles of transparency and accountability. We will continue to pay special attention to all corporate governance developments. Corporate Governance is about promoting corporate objectivity, transparency, and accountability, in compliance with our values and vision.

2.2. Organizational structure of the Group

The structure of BALFIN Group as the holding company is presented in the chart below:

¹ The Code of Ethics and Professional Conduct is available in the Balfin Group website (<https://balfin.al/about-us/governance-balfin-group/>)

BALFIN Group Organigram and Governance



3. BALFIN GROUP GOVERNANCE MODEL

Effective corporate governance is achieved through a clear understanding of the roles of each body and actor within the management of the Group, as well as their relationships with other stakeholders in the corporate structure.

The main objective of BALFIN Group corporate governance structure is to effectively manage the Group with the purpose of establishing a transparent, accountable, and ethically driven framework that safeguards shareholder rights, provides strategic oversight, ensures efficient resource utilization, manages risks, and fosters the long-term sustainability and reputation of the organization. Balfin Group governance framework is built by relying on the following principles:

- Sound and Fair Business Ethics
- Aligned Business Goals
- Strategic Management
- Effective Organization
- Disclosure, Transparency, Accountability
- Innovation and Continuous Improvement
- Compliance with Laws and Regulations

BALFIN Group has the following decision-making roles as described in the governance model above.

- 1- Shareholder and President of BALFIN Group
- 2- CEO and Chair of Group Management Board
- 3- Group Management Board (GMB)
- 4- Vice Presidents
- 5- Company Board of Directors
- 6- CEO of Group Companies
- 7- BALFIN Group Directors

3.1. Shareholder and President of BALFIN Group

The Shareholder at BALFIN Group in accordance with Albanian Regulations and statutory responsibilities has the following decision-making authority:

- Exclusive decision-making power for strategic investments exceeding EUR 5 million
- Authority over the acquisition and sale of participations in other companies.
- Appointment and dismissal authority over the CEO and Chair of the GMB, members of the GMB, key Directors of Balfin Group (CFO, Internal Audit Director, Legal Director), and determination of their compensation.
- Approval authority for the annual group financial statements and dividend distribution.

- The Shareholder stays informed on BALFIN Group's performance through routine updates from the CEO and overall strategic direction of the Group.
- Decision-making authority regarding changes in the Group's fundamental activity, its statutory form, and capital injections or withdrawals.
- The Shareholder may represent the organization in civic, private, professional association boards and activities, both nationally and internationally.

3.2. CEO of the Group and Chair of the GMB

The CEO of the Group and Chair of GMB is in charge of:

- The communication and implementation of the Group's Vision, Mission, Values, strategy and overall direction.
- The development of strategic plans to achieve the company's mission and objectives.
- The promotion of Group value creation through sustainable growth in revenue and profitability.
- Providing overall leadership and direction for the day-to-day operations of the Group.
- Building and maintaining positive relationships with key stakeholders including employees, subsidiary executives, lenders, and shareholders.
- Establishing objective performance evaluation mechanisms to fairly assess individual and team contributions, fostering a culture of meritocracy and accountability.
- Implementing and overseeing fair and transparent reward systems, ensuring that compensation and incentive structures align with organizational goals and performance metrics.
- Overseeing the financial performance of the Group and its subsidiaries against key performance indicators (KPIs) & objectives while ensuring appropriate financial health of the Group.
- Planning, developing, and implementing strategies for generating resources (human or financial) and revenues.
- Identification of new business opportunities, acquisition and merger opportunities and leading implementation activities.
- Facilitating effective communication and collaboration within the Management Board.

3.3. Vice Presidents

The Vice Presidents are in charge of:

- Proactively identifying new business opportunities and new revenue streams, evaluating potential acquisitions and mergers, and leading implementation activities within the respective sector, ensuring strategic alignment and fostering sustainable growth for BALFIN Group.
- Leading the communication and implementation of the Group's Vision, Mission, and strategic goals within the context of the respective sector.

- Creation of the sectorial strategy and strategic plans aligning with the Group's overall vision and strategy
- Communication, and direction in the implementation of the sectorial strategy.
- The Vice President also serves as the Chairperson or Member of the individual Company Board of Directors.
- As the Chairperson or Member of the Company Board of Directors, the VP oversees the financial performance of the sector and evaluates individual company's performance participating in that sector according to best practice models.
- Establish and implement fair and objective performance evaluation for the CEO of the company within the respective sector aligning with sector's goals and performance metrics.
- Providing strategic guidance to the respective sector and companies supervised in cooperation with the CEOs of the Group's companies.

3.4. CEO of the Group's companies

The CEOs of the Group's companies are in charge of:

- The communication and implementation of the Company's Vision, Mission, Values, strategy and overall direction.
- Proposes the company strategy, develops strategic objectives and directs the implementation of the objectives through action plans.
- Communication, and implementation of the company strategy approved by the Company Board of Directors.
- Ensures that the appropriate structures and resources are allocated within the company to implement and deliver the strategy.
- Ensuring that the organization's activities are planned and directed to achieve targets and objectives for financial performance, quality, corporate culture, and legal compliance.
- Fostering and developing an organizational culture and reputation that resonates with Group values.
- Establishing objective performance evaluation to fairly assess individual and team contributions, fostering a culture of meritocracy and accountability.
- Implementing and overseeing fair and transparent reward systems, ensuring that compensation and incentive structures align with company goals and performance metrics.
- Collaborates effectively with other subsidiaries within the Group, ensuring a cohesive and integrated approach to achieve overall Group objectives.

4. GROUP MANAGEMENT BOARD

The composition of the Group Management Board (GMB) has been designed to optimize the decision-making process within the Group with the needs created by the various businesses and markets in which the Group operates.

The Board is composed of at least 5 (five) but not more than 9 (five) members appointed exclusively by the Shareholder General Meeting.

The Group CEO, VP-s and the CFO are automatically eligible to be appointed by the Shareholder General Meeting as members of the Board. Other persons, internal or external to the Group might be elected to be part of the Group Management Board, based on their background and to the extent their judgment, character, expertise, skills and experience will influence positively the Board in carrying its duties with efficiency and effectiveness.

The Board constitutes itself at its first meeting following the appointment by the Shareholder General Meeting. The CEO of the Group is appointed as Chairperson of the Board, unless otherwise provided by a decision of the General Shareholder Meeting.

The Chairperson shall lead the discussions on the issues included in the Board meeting agenda. He/ She further coordinates the tasks within the Board and calls Board meetings and sets the agenda.

4.1. Responsibilities of Group Management Board

The GMB, in its capacity of a management body, is responsible for the following tasks:

- Define the Mission, Vision, and Values of the Group
- GMB shall at least once a year prepare the Group's Overall Strategy, including long term plans and principal issues the Group will face and its implementation plan for approval from the Shareholder.
- Approve Group Sectorial capital allocation strategy and asset classes to find the right balance between short-term and long-term economic returns for the Shareholder.
- Approves sectorial strategies and business plans while ensuring that comprehensive risk management processes, including the identification and mitigation of significant risks such as business continuity, physical security, cybersecurity, and crisis management, are incorporated into these sectorial strategies.
- Monitor Group and Sectorial Financial Performance and take necessary steps to align with Group Strategy.
- Approve investments in new projects or acquisitions for amounts from EUR 0.5 million up to EUR 5 million, by the vote of the majority of all the Board Members who are present in the Meeting.
- Propose sale/closure of existing companies to the Shareholder.

- Approve Group Policies and Procedures.
- Approve Functional Committees Strategies
- Oversee the implementation of the Group's Code of Ethics and Professional Conduct and address any significant issues that might arise.
- Oversee the function, responsibility and effectiveness of the Company Boards of Directors.
- Oversee the subsidiaries financial performance through an annual review with the BoD.

Members of the GMB, among other duties, are responsible for preparing and presenting to the GMB or to the Shareholder investment proposals. Other management teams may present investment proposals to the Board.

During the performance of its duties, the GMB may appoint an external or internal expert, for the performance of specific duties or categories of duties, within the limits of the powers granted by the Shareholder General Meeting.

4.2. Group Management Board Meetings

The GMB should be convened at least 9 (nine) times per year, in a regular order, and whenever deemed necessary by the Chairperson of the Board or any of the members of the GMB, an extraordinary meeting is convened.

The GMB meeting is chaired by the Chairperson or the Vice Chairperson, or, if such persons are not available, by a member of the Board as appointed by said meeting. The responsibilities of the Chairperson of the meeting are:

- Organizes the agenda with the main topics to be discussed
- Leads and coordinates the meeting
- Ensures that the protocol of the meeting is held correctly from the appointed secretary

The Chairperson or, in their incapacity or absence, the Vice-Chairperson may invite key staff of the Group or Group companies to attend, present and/or discuss issues related with the agenda of the meeting of the Board.

4.3. Group Management Board Decision Making

The GMB is validly convened with the participation of more than half of its members. The resolutions are taken by simple majority of the votes. In case of an equal number of votes, the vote cast by the Chairperson of the Board prevails.

Meetings of the Board and the discussion held there in shall be recorded if all the members of the Board give their consent. The meeting records are considered strictly confidential and shall be destroyed within one year from the recording date.

The minutes of the Board meetings are signed by all the Board members and retained for at least 10 years under the responsibility of the Board Secretary.

Any resolution required or permitted to be taken at a meeting of the Board, may be taken through a circular decision between all members of the Board and approved and signed by all of them. Such resolution shall have the same force and effect as a majority vote in a convened meeting.

4.4. Company Board of Directors

BALFIN Group implements Company Board of Directors (BoD) for large subsidiaries in its portfolio governing strategic and operational aspects for the respective company.

BoD is composed of at least 3 (three) members, but not more than 5 (five) members appointed exclusively by the BALFIN Group CEO with the GMB Members sector being eligible to be nominated as BoD members and/or chairperson.

BoD shall be held as defined in the BoD Charter, with the preferred rule being at least 4 (four) times per year and whenever extraordinarily deemed necessary by the Chairperson of the BoD or whenever requested by each BoD Member.

The Meeting is generally validly convened with the participation of more than half of its members. Generally, the resolutions are taken by a simple majority of the votes. In case of an equal number of votes, the vote cast by the Chairperson of the BoD prevails.

The Company BoD shall be in charge of:

- Define and/or amend the Mission, Vision and Values of the Company
- Align the companies strategies with BALFIN Group strategy.
- Approves the Company Business Plan and Budget, its implementation plan, principal risks that the company will face ensuring that are in line with Sectorial and Group's overall goals and presents those plans to the GMB.
- Reviews the Company Financial Performance according to best practice models and takes necessary actions for further improvements.
- Monitors the effectiveness of the structures within the company as per best practice models.
- Approves Company Level Policies.
- Proposes to the Company's Shareholder sale or close of the company or business activities.
- Approves acquisitions, sales, third party contracts with a value up to EUR 500,000 other than those in the normal course of business to fulfill its primary activity such as inventory purchase.

4.5. Group Committees

Audit Committee

The purpose of the Audit Committee (AC) is the protection of shareholders' interest with the primary responsibilities and function as follows:

- Monitors the implementation of the accounting and reporting systems,
- Monitors the compliance with legal and regulatory requirements,
- Monitors compliance with internal procedures and Group standards,
- Evaluate the measures to be taken in cases of incompatibility identified from Internal Audit of the Group.
- Monitor the performance and independence of the BALFIN Group's Internal Audit department.
- Appoints the Head of Internal Audit
- Appoint the External Auditor of the Group and approve audit fees.
- Review and approve the remedy plan of the external auditors' recommendations.

The AC reports directly to the Shareholder of the Group and gathers on quarterly basis, pursuant to the yearly-approved agenda, as well as on ad-hoc basis, depending on the issues or circumstances raised. The AC's chairperson is appointed by the President of the Group. AC chairperson appoints two non-executive members to the committee.

Human Resources Committee

The Human Resources Committee (HRC) is a key leadership committee within BALFIN Group, dedicated to establishing and implementing HR philosophies, strategies, policies, processes, practices, and programs, that harmoniously contribute to the realization of the Group business objectives. This committee serves as the strategic driver for Human Resources Management and Development across the organization.

Key Responsibilities of HRC:

- Strategically aligns HR practices with the overarching business objectives of BALFIN Group, recognizing the integral role of human resources in organizational success.
- Takes the lead in proposing and implementing innovative HR strategies that foster organizational growth, employee engagement, and talent development.
- Prepares and presents to the Group Management Board (GMB) the comprehensive functional strategy related to Human Resources Management and Development, ensuring alignment with the broader organizational vision.
 - Reports to the GMB on the annual objectives, initiative, and recommendations as defined in the Committee Charter.

HRC reports directly to the GMB and gathers on a minimum on a quarterly basis. Group HR Director chairs HRC and nominates at a minimum of 4 (four) members who are appointed by the BALFIN Group CEO.

Communications and Marketing Committee

The Communications and Marketing Committee (CMC) plays a strategic role in shaping and aligning Group strategies, policies, and procedures related to marketing and communication, ensuring a strategic and purposeful approach.

Key Responsibilities of CMC:

- CMC takes the lead in conceptualizing, coordinating, and leading initiatives and activities to enhance the reputation and promote brand values across BALFIN Group and its subsidiary companies.
- Prepares and presents to the Group Management Board (GMB) the comprehensive functional strategy related to Communication and Marketing, ensuring alignment with the broader organizational vision.
- Reports to the GMB on the annual objectives, initiative, and recommendations at least bi-annually.

CMC reports directly to the GMB and gathers on a minimum on a quarterly basis. The Group Communications Director chairs the CMC and nominates at a minimum of 4 (four) members who are appointed by the BALFIN Group CEO.

IT Committee

The IT Committee (ITC) plays a key role in providing strategic oversight and guidance to the Group IT function, ensuring its alignment with the overarching strategic goals and priorities.

Key Responsibilities of ITC:

- ITC takes a proactive stance in addressing IT Governance, offering valuable insights and advice on the strategic direction of IT initiatives.
- The committee is entrusted with the responsibility to meticulously review IT investments on behalf of the Board, ensuring a judicious approach to technology-related decisions.
- Prepares and presents to the Group Management Board (GMB) the comprehensive functional strategy related to IT, ensuring alignment with the broader organizational vision.
- Reports to the GMB on the annual objectives, initiative, and recommendations as defined the the Committee Charter.

ITC reports directly to the GMB and gathers on a minimum on a quarterly basis. The Group Chief Transformation Officer chairs the ITC and nominates at a minimum of 2 (two) members who are appointed by the BALFIN Group CEO.

Digital Transformation Committee

The Digital Transformation Committee (DTC) serves as the driving force in proposing strategic recommendations to BALFIN Group Management Board regarding Digital Transformation Strategy and initiatives in Group level to be undertaken toward digital transformation.

Key Responsibilities of DTC:

- Prepares and presents to the Group Management Board (GMB) the comprehensive functional strategy related to Digital Transformation, ensuring alignment with the broader organizational vision.
- Reports to the GMB on the annual objectives, initiative, and recommendations at least bi-annually.
- The Committee oversees the Group digital transformation program ensuring a cohesive and purposeful approach.
- Rigorously monitors, evaluates, and approves actions related to new technology, any pertinent digital transformation processes, and the prioritization of major digital projects emerging from the transformation process.
- Ensures that all the adequate capacities related to digital transformation are presented within the Group.

DTC reports directly to the GMB and gathers on a minimum on a quarterly basis. The Group Chief Transformation Officer chairs the DTC and nominates at a minimum of 2 (two) members who are appointed by the BALFIN Group CEO.

Information Security Committee

The Information Security Committee (ISC) plays a pivotal role in proposing strategic recommendations to Group Management Board regarding the Information Security (IS) Strategy and essential initiatives.

Key Responsibilities of ISC:

- Prepares and presents to the Group Management Board (GMB) the comprehensive functional strategy related to Digital Transformation, ensuring alignment with the broader organizational vision.
- Reports to the GMB on the annual objectives, initiative, and recommendations at least bi-annually.
- Proactively proposes strategic recommendations to the Group Management Board concerning the Information Security Strategy, aligning initiatives with the organization's overarching security goals.
- Coordinates and transparently communicates the direction and current state of the information security program, ensuring a cohesive and informed approach aligned with organizational security objectives.

ISC reports directly to the GMB and gathers on a minimum on a quarterly basis. The Group CEO chairs the ISC and appoints a minimum of 2 (two) members.

5. GROUP OVERSIGHT FUNCTION

To facilitate the oversight functions of the GMB, the Group CEO and the GMB have delegated certain responsibilities related to support and functional areas at Group Level.

5.1 BALFIN Headquarter structures

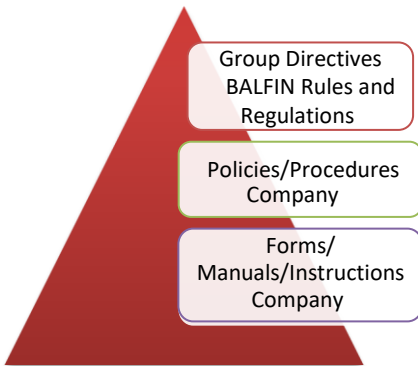
Except the main actors of the governance model, BALFIN headquarters provides control and support to Group companies through the following functions:

- Legal – is responsible for ensuring companies' actions are legal and compliant.
- Human Resources – Manages and coordinates HR strategy, initiatives, and directives for the Group.
- Internal Audit – Monitors and controls all the Group companies and reports directly to Audit Committee and the President of BALFIN Group
- Corporate Communications – Manages Group 's communications (PR, marketing, CSR, events, etc.) and leads on strategic level Group's companies.
- Corporate Finance – Sets the financial directives, standards, and reporting system of the Finance of the Group.
- Corporate Projects – Develops new investments projects for the Group and provides support to the existing companies.
- Transformation – Leads Group internal synergies and digital transformation, IT and digitalization activities and Group procurements with third parties.
- Information Systems – Develops information systems strategy and provides support to the whole IT infrastructure of the Group.

5.2 Group Directives

The functions are empowered within the Group structure and the Group companies, mostly through Group Directives and other related documents. Directives are a mechanism of the Corporate Governance of BALFIN Group, which transmits decisions taken at the Group level to the Group companies. They are approved by the GMB to set rules and regulations for the key processes and functions of the Group. The Group directives are transposed into policies and procedures in the respective companies of the Group. The CEOs of the companies should make sure to align with these directives and provide continuous input for their implementation or if such practices are not

in compliance with their business operations. Each department at Group Level is responsible for updating these policies.



Group Directives, Policies and Procedures and all standard documentation of the Group companies are published in intranet and automatically in the SharePoint section "Policies and Procedures".

6. INFORMATION FLOW / REPORTING FLOW

There are two types of information flow in BALFIN Group Corporate Governance

- 1- CEOs of Group's Companies – Company Board of Directors – CEO of BALFIN Group & GMB Chair
- 2- Group Management Board – CEO of BALFIN Group – President

The first information flow is operational, and it is related with the monitoring of activities of the Group companies. Every Vice President has under supervision several group companies and is responsible for monitoring and supporting their business activities and operations. Based on these frequent reports, the Vice-presidents update monthly the CEO of BALFIN Group on the main developments and issues with the companies they supervise.

The second information/ reporting flow is on strategic level. The GMB meets regularly and in these meetings, the main operational and financial situation of the companies is discussed. The CEO of BALFIN Group and Chairperson of the GMB reports to the President of the Group on needs basis.

To support the information flow at all levels for all the companies of the Group, several internal communication tools have been developed which serve as platforms of informing about the Group developments, sharing information, providing updates on landmark achievements, employee engagement etc.

Whilst working for BALFIN Group, there may be occasions where individual employees have concerns about their work or the business of the company. Employees are encouraged in such circumstances to share and discuss these issues with their line manager before considering other avenues for resolving their concerns. If it is not possible to share or discuss a concern with a line

manager, then an employee can choose to raise certain qualified concerns through the hierarchy ranks of the Group all the way to the Group Management Board or the CEO of the Group.

Note: The President of the Group is kept informed regularly, formally, or informally regarding the situation with the Group's companies.

7. AUDIT AS PART OF CORPORATE GOVERNANCE

7.1. Internal Audit

The Internal Audit Department (IA) is responsible for performing financial, operational and compliance audits into the Group companies and the corporate structure. The IA reports directly to the Audit Committee.

Internal Audit plays a vital role in corporate governance by providing independent and objective assurance and consulting activities designed to add value and improve the organization's operations based on best practices in the market. IA aims to promote effective controls at reasonable cost within the companies of the Group.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group companies' governance, risk management, internal processes and compliance with Group's Policies and Procedures as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's goals and objectives.

7.2. External Auditors

All the Group companies and BALFIN as a holding company are subject to external independent audits of their financial statements, performed by external auditors on annual basis.

The selection process for the external auditors is performed through a process run by the Finance function while the appointment and remuneration of the external auditors is the responsibility of the Audit Committee.

The external auditors report to the Audit Committee of the Group the following matters:

- Significant and critical accounting policies and practices
- Critical accounting estimates
- Significant unusual transactions
- Evaluation of quality of company's financial reporting
- Going concern issues
- Uncorrected and corrected misstatements
- Difficult or contentious matters for which the auditor was consulted

- Management consultation with other accountants
- Material written communications
- Disagreements with management
- Difficulties encountered in performing the audit

8. RELATIONSHIPS WITH OTHER CONSTITUENCIES

The relationship of the and GMB management with the shareholder is characterized by integrity; their relationship with employees is characterized by fairness; their relationships with the communities in which they operate is characterized by good citizenship; and their relationships with government is characterized by a commitment to compliance.

8.1. Shareholders and investors

BALFIN Group has the responsibility to communicate effectively and candidly with shareholders and investors. The goal of shareholder and investor communications should be to help them to understand the business, risk profile, financial condition, and operating performance and trends of the corporation.

8.2. Employees, Partners, and Customers

BALFIN Group treats the staff, partners, and customers with respect, honesty, and fairness. We value the opinion of our staff, our partners, and our customers, we engage them in the decision making. BALFIN Group has in place policies and practices that provide employees with compensation, including benefits that is appropriate given the nature of the corporation's business and employees' job responsibilities.

Through several practices, we encourage different perspectives, promote and recognize high performance. We do our best to stay connected and engaged through the open exchange of ideas with our partners and Group companies. Believing in our staff and our partners, recognizing their feedback and contribution, facilitates our way of growing further.

8.3. Communities and Government

BALFIN Group like all responsible and law-abiding business organizations acts according to the laws, rules, and regulations of the legislative environment in which it operates. The Leadership of BALFIN Group has taken reasonable steps towards the development, implementation and maintaining an effective legal compliance program and the Board is periodically reviewing such efforts to gain reasonable assurance that they are effective.

BALFIN Group has an important perspective and is contributing to the public policy dialogue and is actively involved in discussions about the development, enactment and revision of the laws and

regulations that impact their businesses and that affect the communities in which they operate, and their employees reside.

Compliance will ensure that BALFIN Group is upholding its positive image and build consumer trust. This also builds consumer loyalty since customers are more likely going to return to a service or product from a company they identify as trustworthy.

9. Security and Confidentiality of Information

Security and confidentiality of information at BALFIN Group is of utmost importance. To avoid any reputational risks related to the leakage of information, policies and guidelines are developed at the Group level.

Each company within BALFIN has to adhere to these Group policies and guidelines and for specific cases and business models' changes have to be approved by the GMB or respective supervisory boards. Rules and procedures should be clearly explained in the employer's manual as well as on the individual employment contracts.

Each BALFIN Group company should take the appropriate organizational and technical measures to protect their personal data from accidental loss, illegal destruction, access, or disclosure by unauthorized persons and from any other form of unlawful processing, especially during the on-line processing or any other form. Every employee of the BALFIN Group may only use the personal data for the performance of duties as requested by their job description and must comply with all the local laws and regulations governing the access and processing of such personal data.

The principle of confidentiality is vital and should be applied in any instance to avoid leaks of information. Each company within BALFIN Group should take administrative and technical measures to protect the confidentiality of their data and information, and to prevent them from leaking. This rule should apply to both employees and third parties to minimize the risks. The principles and company rules related to confidentiality should be clearly defined on each employment contract with the staff and/or contractual relations with a third party.

The protection against conflicts of interest is a notion that must be applied by all BALFIN Group companies. Companies should take measures and establish internal rules and procedures to avoid cases of conflicts of interest involving their employees.