BALFIN Group Corporate Governance

V.1.5

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1. INTRODUCTION

1.1. About BALFIN Group

BALFIN Group is a dynamic and innovative investment group with a diversified portfolio and a growing presence across Europe and North America. Founded in 1993 in Vienna by Samir Mane, the Group today operates across Austria, Albania, Kosovo, Bosnia and Herzegovina, Croatia, North Macedonia, Switzerland, Montenegro, Serbia, the Netherlands, Canada, and the United States of America.

BALFIN Group continues to deliver steady growth across its portfolio. Its diversified investment portfolio spans multiple industries, including banking, real estate, wholesale and retail, asset management, tourism, logistics, education, energy, and entertainment.

With a workforce of over 5,000 professionals, BALFIN Group's sustained success for more than three decades has been driven by the dedication and passion of its people, and by a culture that fosters talent, diversity, and innovation.

As a trusted partner, BALFIN operates across a wide range of industries on an international scale. The Group is committed to upholding the highest standards of business and ethics, maintaining strong financial stability, leveraging exceptional human capital, and prioritizing innovation.

BALFIN Group integrates sustainability into its business strategy, ensuring long-term value creation for communities, partners, and the environment. While, since 2023, the Group's social initiatives have been unified under the Mane Foundation, further strengthening its commitment to community empowerment and social impact.

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 Group 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's 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[1] and perform their duties and responsibilities with a high integrity.

2. CORPORATE GOVERNANCE

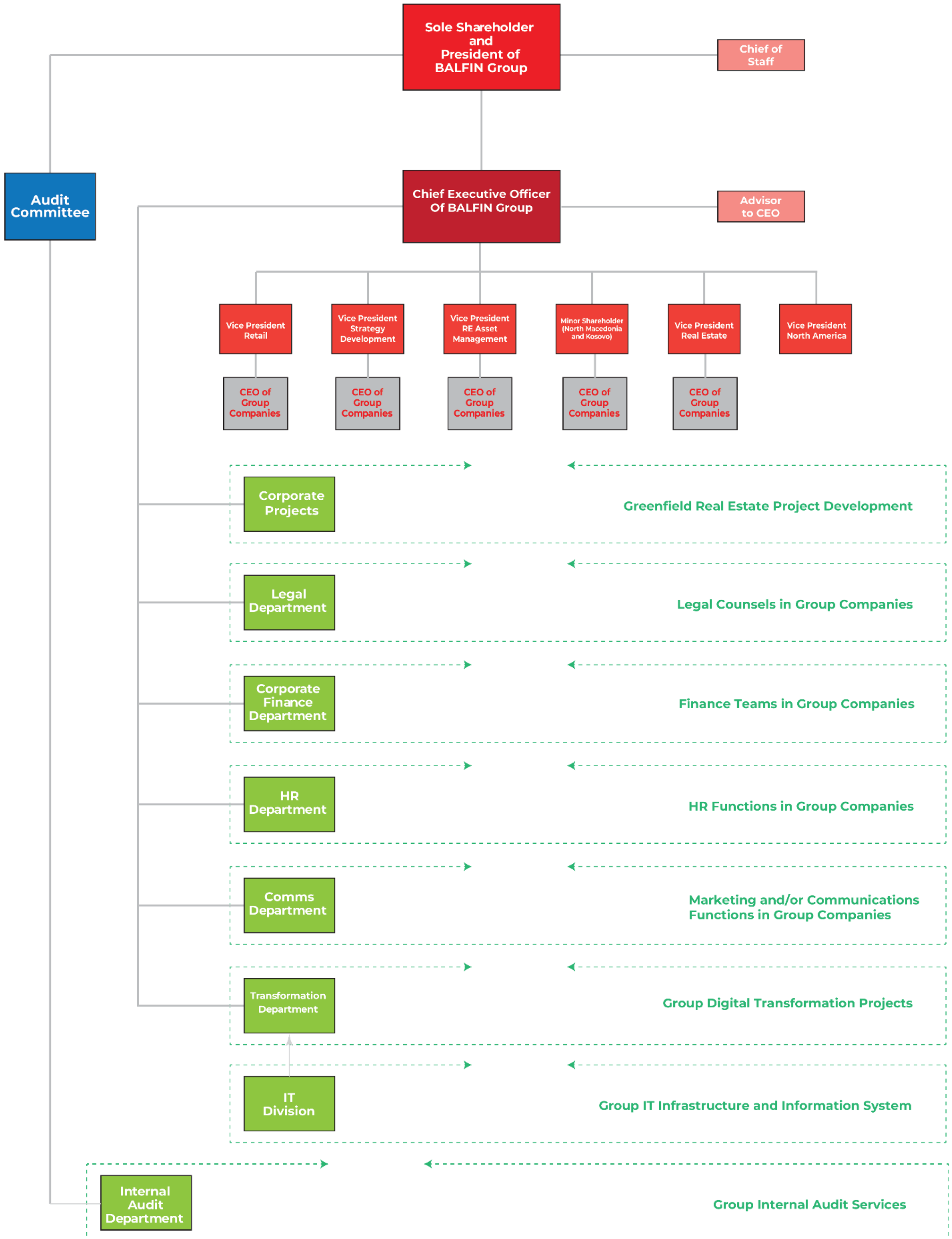
2.1. Corporate Governance Guidelines

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 Conduct.
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

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

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



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.

- Shareholder and President of BALFIN Group
- CEO and Chair of Group Management Board
- Group Management Board (GMB)
- Group Investment Board (GIB)
- Sector Board of Directors (BoD)
- Vice Presidents
- CEO/ MD of a Group subsidiary company
- BALFIN Group Function Directors

3.1. Shareholder and President of BALFIN Group

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

- Exclusive decision-making power for strategic investments exceeding EUR 1 million.
- Authority over the acquisition and sale of participation in other companies.
- Appointment and dismissal authority over the CEO and Chair of the GMB, members of the GMB, members of the Group Investment Board, key Directors of Balfin Group (CFO, Chief Audit Executive, 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 Group Management Board and Group Investment Board.

3.3. Vice Presidents

The Vice Presidents, as BALFIN Executives leading a specific Group business sector, 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 Sector Board of Directors (BoD).
- As the Chairperson or Member of the Sector BoD, 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/ MD 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/ MDs of the Group's companies.

3.4. CEO of a Group's company

The CEO/ MD of the Group company (subsidiary) is 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 Sector 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.

3.5. Country Manager

The Country Manager is a functional designation assigned to an existing Company CEO/ MD within a specific country who has demonstrated:

- Strong knowledge of the local market, regulatory environment, and business ecosystem
- Proven leadership experience within the Group
- Established credibility with local stakeholders and partners

In addition to leading their respective company, the Country Manager acts as the primary country-level representative of the Group, supporting coordination and facilitation of all Group-related business development activities within that country.

In addition, the Country Manager facilitates communication, coordination, and information sharing among Group companies operating within the country, while supporting the implementation of country-specific initiatives, expansion activities, and cross-company collaboration opportunities.

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 GMB. Other persons, internal or external to the Group, might be elected to be part of the GMB as non-executive members or independent non-executive members, based on their background and to the extent their judgment, character, expertise, skills and experience will influence positively the Board in carrying out 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 strategic body, is responsible for the following:

- Define the Mission, Vision, and Values of the Group.
- 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.
- Propose sale/closure of existing companies (subsidiaries) to the Shareholder.
- Approve Group Policies and Procedures.
- 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 Sector Boards of Directors.
- Oversee the Group companies' compliance program.

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 4 (four) 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 at the 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 by 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 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.

5. GROUP INVESTMENT BOARD

The Group Investment Board (GIB) is established as the exclusive Group-level body responsible for evaluating, endorsing, and recommending to the Shareholder for approval new investment proposals, including real estate, retail, hospitality, M&A, international expansion, and capital-intensive projects. This Board ensures that all proposals undergo rigorous commercial, financial, legal, technical, and strategic scrutiny, guaranteeing alignment with the BALFIN Group Strategy and safeguarding the Shareholder's long-term value. The Board also serves as the main "challenger" and opponent to the business case, ensuring objectivity, risk mitigation, and disciplined capital allocation.

The Board is engaged from the earliest Non-Binding Offer (NBO) phase and remains engaged on an ongoing basis throughout the full investment lifecycle, including post-investment monitoring.

The Board is composed of the following members with voting rights: President (Chairperson), Group CEO (Vice Chairperson), Group CFO (Member), VP Strategy Development (Member) and a Shareholder's family member, appointed by the President on a case-by-case basis.

5.1. Responsibilities of the Group Investment Board

- Approval of all new investments above EUR 1MIO equity. This includes acquisitions, greenfield projects, JV entries, expansions, and major capital expenditures.
- Challenge and validate all assumptions in the RFA.
- Ensure completeness and integrity of analyses and documentation.
- Ensure risks are identified, quantified, and mitigated.
- Ensure that the Investment Committee has completed technical scrutiny prior to GIB decision-making.
- Approve budgets for due diligence processes.
- Approve mandates for negotiations and Binding Offers.
- Approve project execution phases and equity tranches.
- Oversee implementation discipline post-investment.

5.2. Group Investment Board Meetings and resolutions

Meetings are convened on an ad hoc basis upon the submission of a specific investment proposal requiring the Board's review and decision. The Board Meeting is validly convened with the participation of all Members. Decisions are taken by simple majority, and the President holds veto power. The President participates when the Investment Board has reached a conclusion ready to be presented for final decision.

For transparency and proper exercise of oversight, the President shall be informed of the voting outcome of each resolution, including a clear record of which Members voted in favor and which voted against, together with a summary of the key arguments and rationale expressed by each side during deliberations.

6. SECTOR BOARD OF DIRECTORS

The Sector Board of Directors (BoD) represents a governance body established at the Group sector level to provide strategic oversight, monitor performance, and support decision-making for companies operating within a specific business sector (retail, real estate, retail RE assets). 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 VPs being eligible to be nominated as BoD members and/or chairperson. Other persons, internal or external to the Group, might be elected to be part of the BoD as non-executive members or independent non-executive members, based on their background and to the extent their judgment, character, expertise, skills and experience will influence positively the Board in carrying out its duties with efficiency and effectiveness.

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.

6.1. Responsibilities of the Sector Board of Directors

The BoD shall be in charge of:

- Define and/or amend the Mission, Vision and Values of the Company
- Align the company's 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.
- Approves equity investments in new projects or acquisitions for amounts up to 1,000,000 EUR.
- 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.

7. GROUP COMMITTEES

7.1. 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 Chief Audit Executive.
- 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.

7.2. Investment Committee

The Group Investment Committee (IC) is a management-level committee established to support the Group Investment Board (GIB) by ensuring thorough and professional technical scrutiny of all investment proposals throughout their lifecycle.

The IC's primary objective is to ensure that every investment proposal submitted to the GIB is:

- Technically sound and internally consistent
- Based on verified assumptions and reliable data sources
- Properly structured from a financial, tax, treasury, and legal perspective
- Clearly articulated in terms of risks, mitigations, and execution requirements

The IC acts as a mandatory preparatory and quality-assurance layer, enabling the GIB to focus on strategic judgment and decision-making.

7.3. 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.

7.4. Information Technology & Digital Transformation Committee

The purpose of the Information Technology (IT) & Digital Transformation (DT) Committee is to provide oversight, guidance, and strategic recommendations for the Group's IT and DT functions.

The Committee ensures alignment with the Group's strategic goals, priorities, and budget, covering IT governance, DT initiatives, and technology adoption.

It provides the Group Management Board (GMB) with insights into IT and DT strategic directions, monitors risks and performance, and reviews significant technology and digital transformation investments.

The key responsibilities of the Committee are:

- Define and propose the Group's IT and DT strategies, strategic objectives, roadmaps, while ensuring alignment with both current and future strategic directions of the Balfin Group.
- Identify emerging trends and technologies that could impact the Group's operations, security, and digital capabilities, including disaster recovery, business continuity, and major digital transformation projects.
- Provide strategic advice and guidance to the Board on ongoing and upcoming IT&DT initiatives.
- Review and provide guidance on IT and DT guidelines, policies, and procedures, including high-level standards for IT and DT operations.
- Ensure that the organizational structure of IT and DT functions support the Group's business model, operational efficiency, and strategic objectives.
- Monitor and evaluate technology and investment risks associated with IT and DT initiatives, ensuring risk management metrics are in place to mitigate potential risks.
- Evaluate and recommend IT and DT investments, ensuring a balanced mix of risks and benefits with acceptable budget allocations.
- Make recommendations for budgeted and unbudgeted funds for IT and DT projects, ensuring resources are allocated effectively to support Group-wide digital and IT initiatives.
- Review feasibility studies and formulate alternative solutions for high-risk or high-investment projects.
- Oversee the implementation of Group-wide IT and DT initiatives, monitor progress, and identify obstacles to completion.

- Support the IT and DT teams in resource allocation, ensuring adequate expertise and support are available.
- Review IT and DT performance metrics to ensure initiatives deliver promised value and align with the Group's business strategies.

7.5. ESG Committee

The ESG Committee is established to provide strategic oversight, guidance, and decision support on Environmental, Social, and Governance (ESG) matters across the Group. The Committee ensures alignment with applicable national and international standards, including IFC Performance Standards and other relevant lender requirements. The Committee ensures that ESG considerations are fully integrated into capital allocation, investment decision-making, operational performance, and stakeholder engagement, in alignment with the Group's mission, values, and long-term sustainability objectives.

The key responsibilities of the Committee are:

- Defining and periodically reviewing the Group's ESG strategy, priorities, and targets.
- Ensuring alignment between ESG objectives and overall business strategy.
- Advising the GMB on ESG risks, opportunities, and performance.
- Overseeing the implementation, effectiveness, and continuous improvement of the ESMS across the Group.
- Reviewing and approving updates, corrections, and amendments to ESMS procedures and tools.
- Ensuring adequate resourcing, capacity building, and institutional support for ESMS implementation.
- Ensuring ESG risks are identified, assessed, and integrated into business decision-making processes.
- Monitoring compliance with applicable environmental and social laws, regulations, and international standards (including IFC Performance Standards where applicable).
- Overseeing environmental performance, including resource efficiency, waste management, energy efficiency, greenhouse gas emissions and carbon footprint reduction, climate resilience measures.
- Ensuring ethical labor practices and alignment with applicable labor standards.
- Overseeing responsible supply chain management, including contractor and supplier ESG performance.
- Providing direction on contractor management, including environmental, social, and health & safety expectations.
- Ensuring ESG considerations are integrated into investment appraisal and capital allocation, environmental and social due diligence (EDD) and project development and execution.
- Monitoring ESG performance across subsidiaries and operational entities.
- Reviewing material ESG risks and ensuring appropriate mitigation measures are implemented.
- Advising the GMB on overall ESG performance and ensuring consistent tracking and reporting across the Group.

- Ensuring transparency and quality of ESG disclosures in line with international standards and best practices.
- Ensuring effective stakeholder engagement and communication.
- Promoting responsible business conduct and adherence to the Group's Code of Conduct.
- Supporting corporate social responsibility (CSR) and community impact initiatives.

7.6. Synergy Committee

The Synergy Committee purpose is to provide strategic oversight on the implementation of the Group Synergy Program. The committee is responsible for:

- Providing guidance on the Program priorities to ensure alignment with BALFIN Group strategy.
- Overseeing the overall Program implementation.
- Fostering the culture of cross-entity and cross-functional collaboration.
- Supporting the process of resource allocation (human, technical, financial).
- Informing periodically the GMB on the progress of the Growth through Synergy Program and key initiatives.

The Synergy Committee gathers three times per year and reports to the GMB on semi-annual basis.

8. 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.

8.1 BALFIN Headquarter structures

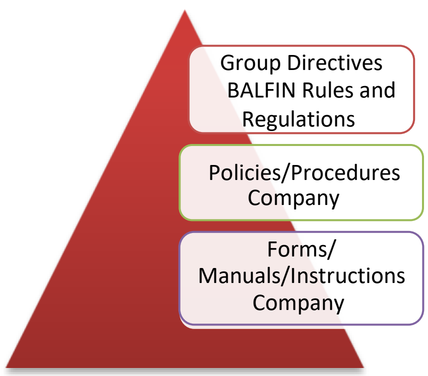
Except for the main actors of the governance model, BALFIN headquarters provides control and support to Group companies through the following functions:

- 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.

8.2 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”.

9. INFORMATION FLOW / REPORTING FLOW

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

1- CEOs/ MDs of Group’s Subsidiaries – Sector 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 to 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 for informing about the Group development, 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.

10.AUDIT AS PART OF CORPORATE GOVERNANCE

10.1.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.

10.2.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

11. RELATIONSHIPS WITH OTHER CONSTITUENCIES

The relationship of the 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.

11.1. 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.

11.2. 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 decision making.
BALFIN Group maintains policies and practices that provide employees with appropriate compensation and benefits, reflecting 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.

11.3. 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 GMB 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 to return to a service or product from a company they identify as trustworthy.

12. 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 must adhere to these Group policies and guidelines and for specific cases and business models' changes must be approved by the GMB or respective sector BoDs. 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 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.