

**ENERGO-PRO Group**

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# Human Resources Policy

**2021**



**ENERGO-PRO**

## **HUMAN RESOURCE POLICY (THE “POLICY”)**

### **1. Introduction**

Our core business is the hydropower sector. We operate hydropower plants in Central and Eastern Europe, the Black Sea, and the Caucasus. We are also engaged in the electricity distribution and power trading, operating large-scale distribution grids in Bulgaria and Georgia with more than 2.3 million grid customers.

Our company was established in 1994 in the Czech town of Svitavy, participating in the modernization and rehabilitation of hydropower energy in Central and Eastern Europe in the period of economic transition. The total installed capacity of our power plants is 1,243 MW, while the annual power generation is more than 3.8 TWh.

One part of the multinational group ENERGO-PRO, headquartered in Prague, is the Slovenian manufacturer of water turbines, Litostrój Power d.o.o., with projects delivered to more than 60 countries worldwide. Its subsidiary, Litostrój Engineering a.s., registered in the Czech Republic (formerly known as ČKD Blansko Engineering, a.s.), focuses on research, design, and engineering works. Litostrój Group also supplies equipment for hydropower plants, including pumped-storage HPP and pumping stations.

ENERGO-PRO understands that our workforce is key to our success and vital to achieving our goals. This policy has been developed using our corporate values as a framework, constituting a sound basis for efficient and effective HR Management in the Group. It is essential that local legislation and practices be respected together with the principles in the United Nation's Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights (VPSHR), and the declaration of the International Labour Organization on Fundamental Principles and Rights at Work.

Group subsidiaries can prepare their own country policies, compliant with this Global group policy. Contractors and subcontractors are required to comply with this Policy.

### **2. Group Statement**

ENERGO -PRO aims to create an environment that treats all employees fairly and with respect and maintain a work environment that fosters personal and professional growth for all employees.

Maintaining such an environment is the responsibility of every staff person and the accountability lies with Senior Management, in addition, and because of their role, managers and supervisors have the added responsibility to lead in a manner that fosters a respectful environment for all staff.

It is the responsibility of all staff, in particular, Senior Management to:

- Behave equitably and fairly, recognizing that each employee has the right to fair treatment and that jobs are different, but all equally important to our business.
- Promote harmony and teamwork in all relationships.
- Foster cooperation and communication among each other.
- Treat each other fairly with dignity and respect and not tolerate any form of discrimination, harassment, or abuse.
- Encourage and consider the opinions of other employees or members and invite their participation in decisions that affect their work and their careers.
- Encourage growth and development of employees by helping them achieve their professional goals at the organization and beyond.

- Seek to avoid workplace conflict, and if it occurs, respond fairly and efficiently.
- Recognize that employees may experience personal disturbance and show compassion and understanding.

Every employee has the right to an open interview with supervisors and colleagues and/or use a grievance mechanism process.

In case of disagreement between the employee and his/her supervisor or another employee, HR staff will provide support to ensure that disharmony is resolved with impartiality and provide an opportunity for each party to explain their point of view, regardless of the hierarchical position.

### **3. A Common Responsibility**

Each employee has a distinct responsibility in dealing with people, be it as a leader of a team or as a peer.

Line managers have the prime responsibility for building and sustaining an environment where people have a sense of personal commitment and are motivated to perform their work and give their best to ensure our Group's success. Line managers decide on all personnel matters under their responsibility within the boundaries set by the Group policies and principles.

HR managers and their staff will provide professional support in handling personnel matters but should not substitute the responsible manager. Their prime responsibility is to contribute actively to the quality of HR management throughout the organization by proposing adequate policies and plans that are aligned with this Policy and ensuring consistent application and coherent implementation with fairness. They advise and offer solutions that result in a positive impact on the organization's effectiveness.

Furthermore, they propose best practices and provide support and counseling to colleagues. Together they act as co-responsible partners for all HR matters. This partnership is the key to efficiency in people management.

The communication skills of the HR staff must be appropriate to deal with all delicate matters as they occur frequently in human relations issues.

### **4. The Requirements**

#### **I. Selection, Hiring, Onboarding**

Our long-term success depends on our ability to attract, retain, and develop employees able to ensure our continued growth. This is a primary responsibility for all managers.

Our policy is to hire staff with personal aptitudes and professional skills enabling them to develop a long-term relationship with the Group. Therefore, the potential for professional development is an essential standard for recruitment.

Only relevant skills and experience and adherence to the above assumptions will be considered in employing people. The main requirements are:

- Ensure that selection and hiring processes are objective and impartial, and that the process of selecting family members of Group professionals or persons with another similar personal connection does not involve the participation of the workforce members to whom they are connected.
- Encourage access of young people to their first job through scholarship and paid internship programmes and other agreements.

- Encourage hiring a diversified workforce, including women, by publishing job opportunities that specifically mention diversity and gender.
- Child labour is forbidden at all sites.
- Provide candidates with an attractive and comprehensive job offer of value that favours the selection and hiring of the best professionals.
- Favour the hiring of professionals from excluded groups and of persons with different abilities.
- The Group's offering of value must be based upon equal opportunity, diversity, and inclusion, competitive remuneration, a healthy, diverse, and inclusive work environment, and work life balance.
- Maximize employment opportunities and capacity building from local and regional communities.

Investing resources in the onboarding process is just as important as investing in recruitment. Successful onboarding has a significant positive effect on financial and operational performance. Having formal onboarding practices in place combined with direct and constant communication between HR, managers and the employee is key to incorporating employees in the workforce.

All employees shall have a full or part time contract before employment and a clear job description. Annual performance monitoring of all staff shall be conducted by supervisors including an annual training plan, if required.

## **II. Employment and Working Conditions**

We provide all our employees with good working conditions, a safe and healthy work environment, and flexible employment possibilities that support work-life balance. If the employment requires remote work, proper accommodation and offices will be provided. All sites will be required to prepare an Accommodation Management Plan.

Employee safety in the workplace is of key importance to the Group. It is therefore imperative to observe all international and location-specific health and safety regulations based on the respective national laws governing working hours and working conditions. Recognizing the importance of workplace safety, the Group has prepared an Occupational Health and Safety Policy that provides conditions for the prevention of work-related injuries and health impairments.

Those with line management responsibilities are required to take personal responsibility and foster a positive work environment that is safe.

## **III. Equality, Diversity, and Inclusion**

Working effectively in a diversified environment is an essential part of our corporate behavior. The Group is fully committed to equal opportunities as well as compliance with fair recruitment, selection, performance management, retention, training, development of staff and adherence to anti-discrimination laws. All sites are required to demonstrate, through action, a fully diversified environment, including the hiring of women in senior positions.

We require all staff to ensure their behavior is consistent with the Group's Global Code of Conduct. We also expect our business partners and associates to have and uphold similar standards and abide by country-governing laws where we operate.

The Group is committed to ensuring:

Mutual respect - zero tolerance for discrimination and harassment:

- Our anti-discrimination and anti-harassment approach go hand-in-hand. We will not tolerate any kind of discrimination that creates a hostile or unpleasant environment for employees, interns, or volunteers.
- We recognize that sometimes discrimination might occur unintentionally, as we may all have unconscious biases that could be difficult to identify and overcome. In case we determine that an employee unconsciously discriminates, we will support them through training and counseling and implement processes that mitigate biases.
- We will not tolerate any form of assault, sexual harassment, or workplace violence, whether physical or mental.

Rejection of any kind of forced or child labor at the Group - in the conduct of our business, we:

- Will not employ children as defined by the ILO Convention, notwithstanding any national law or local regulation having a contrary effect.
- Will not employ children before they have reached the legal age to have completed their compulsory education, as defined by the relevant legislation.
- We have zero tolerance for forced labour of any kind.

Fairness and diversity - we aspire to create a working environment that encourages diversity and inclusion. Differences between employees are therefore valued. We:

- Respect diversity among our professionals, promoting non-discrimination.
- Develop the principle of equal opportunity, the observance of which is one of the basic pillars of professional development and entails the commitment to provide and show equitable treatment.
- Promote gender equality, especially concerning access to employment, professional training, personal development and, working conditions.

If employees believe they have been exposed to discrimination or harassment, they observe such behavior or are aware of it, they should report this through the grievance mechanism, to their manager or a member of the HR department.

#### **IV. Remuneration**

ENERGO-PRO favors competitive, stimulating, transparent and fair remuneration structures offering an overall competitive and attractive compensation package. All employees, including contractor and sub-contractor employees are required to receive at a minimum a living wage, as defined by the labour laws in each individual country.

Each subsidiary will establish a fair and transparent compensation practice based on existing compensation benchmarks and legal framework of each country. It is recommended to undertake regular surveys to gather relevant information on the remuneration levels practiced at local or national levels.

Sufficient time should be spent with each employee to explain her or his specific situation regarding remuneration, benefits, expectations and working conditions, if needed with the support of HR management.

Attracting new employees and keeping current ones is not only about remuneration and benefits, but also about the hard-earned value and trust that our brand brings to those who work with us, the relationships with our line managers and fellow workers, the recognition and experiences enjoyed while working for a diverse multinational company, and possibilities to learn and grow.

## **V. Performance Management and Continuous Improvement**

In the Group we focus on using a performance management process where employees receive ongoing and timely feedback from management. We concentrate on the development and training of employees, and how that can benefit the employee and the company. All sites are required to conduct at least annual performance evaluations for each employee. These evaluations will be communicated respectfully to the individual, including areas of improvement.

The Group determines training and development priorities and employees at all levels are encouraged to upgrade their knowledge and skills. The responsibility for turning these into actions is shared among employees, line managers, and HR teams.

Experience and on-the-job training are the primary sources of learning. Managers are responsible for guiding and coaching employees to succeed in their current positions. Sharing knowledge and ideas freely while working on projects is the secondary source. Practices such as lateral professional development, an extension of responsibilities, and cross-functional teams are encouraged to acquire additional skills, enrich job content, and widen accountability. The tertiary pillar is based on attending external programs.

The Group endeavours to offer the opportunity to progress for those having the determination and the potential to develop their capabilities. HR departments within the Group have the responsibility of talent management and leadership development.

## **VI. Freedom of Association**

The Group will always work in good faith, within the appropriate legal framework, with trade unions, works councils, and any other bodies chosen collectively by employees to represent them. National legal regulations and existing agreements must be observed.

The Group respects the right of all employees to form and join an association to represent their interests as employees, to organize, and to bargain collectively or individually. Everybody is entitled to unionize and free to seek guidance and support in all employment-related questions from recognized unions and employee representative bodies. Managers will not interfere with employees' decisions related to union representation or membership.

There is to be a constructive collaboration with employees and employee representatives. The aim is to find a fair balance between the economic interests of the Group and the interests of the employees. In the event of any disputes, the aim remains the same: to ensure sustainable, constructive collaboration in the long term.

## **VII. Employee Feedback**

The Group comprehends the power of feedback. It gives us a new perspective on work practices and procedures. Without honest employee feedback, we may not hear about innovative ways that could potentially advance our business or we may not be able to improve on how we personally manage employees – which may cause our best employees to leave.

We support using different practices for feedback collection. All sites are required to conduct employee surveys, hold one-to-one or team meetings, carry out exit interviews, encourage an open-door policy, and use grievance mechanisms.

In the spirit of continuous improvement, we encourage dialogue with our employees, analyze results and act based on reaching mutually beneficial agreements and implementing them.

### **VIII. Local Employment**

Our operations are sometimes located in remote areas with little employment opportunities for the local communities. ENERGO-PRO subsidiaries will maximize local employment and will make efforts to hire local communities in meaningful employment. Contractors and sub-contractors are required to demonstrate how they intend to maximize local employment.

### **IX. Corporate Volunteerism**

ENERGO-PRO strives to be a good stakeholder and neighbor and to make a positive contribution to the development of the immediate communities through volunteering commitment of our employees.

We encourage the Group to develop corporate volunteering programs and campaigns to engage employees while contributing to the community.

Our employees play an active role in the development and implementation of our sustainability policy representing an important prerequisite to act responsibly in the short and long term.

### **X. Gender**

All sites are required to apply gender-sensitive practices in their operations. This includes hiring practices, capacity building, and promotions. Job opportunities will include specific statements that women are encouraged to apply to all positions. Senior management, executive positions and board openings will be available to women.

Remote sites will ensure that accommodation is available for women and adequate separate toilets. If required by local customs, special transportation will be provided to women.

### **XI. Retrenchment**

All sites requiring retrenchment after for example completion of construction, are required to prepare Retrenchment plans that will include appropriate end of contract remuneration, provision of training to allow employees to find alternative employment and emotional support for those employees that might require it. Efforts will be made to place retrenched staff in the Group companies.

## **5. Distribution**

This document is available on the company website, incorporated in selected standard terms and conditions of business, and may be reviewed by company executives, management, employees, contractors, and subcontractors. This policy will be reviewed regularly and updated if necessary to meet the requirements of partners and stakeholders by performing periodic, systematic, and internal OHS audits.

## **6. Entry into Force**

This version of the Policy enters into force and is effective on and from July 30, 2021.