

CODE OF BUSINESS ETHICS

HIP-Petrohemija a.d. Pančevo



HIP

PETROHEMIJA



Global Compact
Network Serbia

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INTRODUCTION

Personal behaviour in a business environment is not a private matter but is in the best interest of the whole company. Socially responsible behaviour of employees, whether on the Company's premises or elsewhere, and in communication with stakeholders—in the broadest sense of that term—is of utmost importance.

CODE OF BUSINESS ETHICS provides guidelines for professional and ethical conduct of all employees in "HIP-Petrohemija" a.d. Pančevo, with the aim of creating and shaping a healthy and safe working environment and achieving the company's strategic goals.

The Code applies to all employees and members of management bodies, as well as to anyone else who, for any reason, visits "HIP-Petrohemija" a.d. Pančevo.

All of the above-mentioned persons are obliged to be familiar with the Code, to take part in mandatory training and to express their concern if they notice a violation of the Code requirements. No one, regardless of how high their position within the organization is, has the right to violate the Code or instruct another person to do so.

GENERAL

Seeking to constantly improve business practices in the fields of protection of human and labour rights, environmental protection and fight against corruption, HIP-Petrohemija joined the UN Global Compact. By integrating basic and universally accepted principles into the CODE OF BUSINESS ETHICS, Hip Petrohemija warrants:

- clear and unambiguous company's rules of conduct at the workplace
- high moral and ethical standards applicable to all employees
- organizational culture that fosters commitment to the company and corporate social responsibility in all key business segments.

- professional and dynamic environment in which employees are motivated to achieve their maximum performance and are satisfied with their personal achievements.

HUMAN RIGHTS

Respecting human rights in our company is warranted and in accordance with the Constitution of the Republic of Serbia, the Labour Law and other regulations governing this area. All employees are obliged to respect human dignity, privacy, diversity, equality, as well as the rights of each individual with whom they are in contact for business purposes. Any action that may in any way obstruct the exercise of human rights, or cause or contribute to their violation is strictly prohibited.

Discriminatory behaviour in any form is not tolerated in Petrohemija. It is prohibited to, in an open or covert manner, differentiate or unequally treat, or omit (exclude, restrict or give priority) adult persons in the selection process, based on their citizenship, nationality, or ethnic origin, language, religious or political beliefs, race, skin colour, property status, marital or family status, pregnancy, membership in political, trade union or other organisations, convictions, appearance, sex, gender, sexual orientation, health condition, disability, age (except when the law and/or the Act on Risk Assessment prescribe otherwise), and other real or assumed personal characteristics.

The prohibition of discrimination and the principle of equal opportunities also apply to the professional development and promotion process of employees. The criteria for employment and advancement at work are qualifications, know-how, performance and experience.

All employees are guaranteed the right to freedom of association which implies they are free to form and join trade unions to which employer undertakes not to oppose, nor to place members of trade unions at any disadvantage, for the reason of their such capacity.

Petrohemija's personnel policy ensures that, in order to protect children and youth, persons younger than 18 years of age are not employed, taking into account the risks posed by the chemical industry.

OCCUPATIONAL SAFETY AND HEALTH

Health protection and safety of employees are one of the company's priorities. Safe working conditions for our employees, as well as those employed by other companies but engaged in Petrohemija's facilities, are secured by the preventive action that involves exclusion of unjustified risk which managed by Occupational Safety and Health Management System in accordance with ISO 45001 requirements and regulations governing this area.

Petrohemija takes all the necessary measures to control the dangers and prevent injuries at work and occupational diseases. Risks are constantly evaluated and controlled to the level of acceptability, with systematic approach that ensures continuous improvement in this area.

Employees are obliged to strictly follow all prescribed HSE measures and safety procedures, to approach every job responsibly and to stop any unsafe activity and report it to the head person in charge. It is imperative that employees perform only tasks for which they are adequately trained, competent, medically fit, and for the realization of which the necessary conditions and equipment are provided.

Maintaining security is a collective responsibility in which each of us has an equally important role. It is necessary that everyone, from top to middle and low management, through operators, continuously improves their knowledge and skills in the field of HSE and, without exception, insists on application of health and safety rules and procedures.

ENVIRONMENT

Environmental Management System in Petrohemija has been established in accordance with the requirements of ISO 14001 standard and relevant legal regulations. Commitment to the rational use of energy efficiency is

implemented by the Energy Management System according to ISO 50001 and applicable legal requirements.

Employees are obliged not to negatively affect the environment with their activities, to protect it and improve it in their daily business activities and performance. In this regard, employees are required to comply with all laws, policies, permits and regulations relating to environment protection. In order to rationally consume raw materials, energy and water in all processes, active involvement and personal contribution are extremely important, including implementation of all planned energy efficiency measures, reduction and sorting of waste and constant process control in order to reduce emissions.

CORRUPTION

Employees are strictly prohibited from providing or obtaining financial or other benefits for the purpose of gaining an illicit commercial advantage.

The use of third parties to perform certain prohibited activities, or to cover up bribery, refunds and the like is also strictly prohibited.

It is allowed to give or accept a gift, which serves only as representation intended for a legitimate business purpose, which must not be of excessive value, unusual within standard business practices, or provided in exchange for a certain profit. It is allowed to accept a corporate gift of a symbolic value, provided that it represents a standard business practice and that it is not excessively frequent. Gifts that do not belong to the usual and standard business practices must be reported to the Human Resources Management department, which will keep records of this. Examples of such gifts are: gift vouchers, travel arrangements, seminars, trainings, educational programs, entertainment events and others.

CONFLICT OF INTEREST

Doing business at Petrohemija must not be subordinated to personal gain and convenience. All employees are required to avoid situations in which their personal or financial interest conflicts with the interest of the company.

Employees must not participate in decision-making or influence decision-making reaching an agreement or concluding a legal transaction if there is a conflict of interest or any circumstances that may be grounds for doubting someone's impartiality.

Conflicts of interest may relate to customers, suppliers, contractors, close relatives, employees and job candidates, competitive or business activities outside employment, and within regular work.

Additional work includes commercial and other activities of the employee outside his/her primary workplace. Every employee who performs additional work is responsible that this activity does not have a negative impact on the existing job he/she does in HIP Petrohemija a.d. Pančevo. The impact refers to the time and attention necessary for the required employee's performance, as well as his/her engagement in a competitive activity.

Employees have responsibility to understand and recognize situations that may lead to conflicts of interest. Typical situations are:

- A conflict of interest occurs when an employee is in charge of procurement or selection of a supplier, and they, or a member of their family, have a financial or personal gain from doing business with this supplier.
- Conflict of interest can occur when a family member is directly or indirectly superior to the employee, as well as when employees who are in a relationship work in different organizational units, but one of them evaluates or approves the work of the other.
- When an employee accepts a management function in a company which is to become Petrohemija's customer, supplier or competitor.

In case of any suspicion of conflict of interest, it is obligatory to inform the Corporate and Legal Affairs Department.

COMPETITION

Petrohemija supports fair and open competition in all markets. This is achieved by respecting all aspects of national and international competition regulations. We approve of a fair and open global market, where competitive

advantage is achieved through offering the highest quality products and never through illegal and unethical business practices.

Employees should never engage in formal and informal discussions with competitors about pricing policies and sales strategies, in order to avoid antitrust violations. Any agreement with competitors on product prices, market sharing, or customer sharing is strictly prohibited. To that end, all irregularities observed during the implementation of the sales process must be reported to the Corporate and Legal Affairs Department.

DATA PROTECTION

All employees are responsible for protecting and respecting trade secrets and confidential information they receive through their work. It is forbidden to share them orally, in writing, or in any other way.

Confidential information includes all databases and technical information that create a competitive advantage in the market, personal data, or any other information that has commercial value, or whose disclosure to third parties may be disadvantageous to Petrohemija.

Confidential information concerning Petrohemija's business, employees and partners, is kept in a secure environment, protected from unauthorized access, use, loss or disclosure, and may only be available to authorized persons and/or if required by law.

When an employee leaves their workplace at the end of the working day, or leaves it during the working day, they must ensure that no confidential information is obtainable at the workplace, or in any other easily accessible place. All documents that contain confidential information must be locked. Computer must be turned off and password-protected.

The person is obliged to keep the business related data secret even after the termination of their employment. Otherwise, the company reserves the right to protect its interests, which includes compensation for damages in a lawsuit.

Confidential information may be disclosed to third parties only with the written approval of the company's management.

The highest governing bodies of "HIP-Petrohemija" a.d. Pančevo passed the Act on Security of the Information and Communication System of HIP Petrohemija a.d. Pančevo, in accordance with the Law on Information Security. The Act regulates the security of information and communication systems of special importance, the manner of verification and content of the report on verification of security of information and communication systems of special importance, protection measures, principles, methods and procedures for achieving and maintaining adequate system security, along with authorization and responsibilities related to the security resources of Petrohemija's IC system.

Director General passed a resolution which defines the rules for processing personal data and protection of privacy and appoints a Data Protection Officer in order to meet legal obligations in the area of personal data protection and establish close business cooperation with the Commissioner for Information of Public Importance and Personal Data Protection. The Privacy Policy is strictly defined and available on the Petrohemija website.

COMPANY ASSETS AND USE OF COMPANY PROPERTY

In Petrohemija, assets and equipment are used exclusively for the purpose of efficient work. Employees are obliged to use them rationally, and to protect them from loss, damage or abuse. Employees are not allowed to use Petrohemija's property, whether owned or leased, for personal or private use, to allow third parties to use it without obtaining a special permission, to alienate or embezzle the company's property, to dispose of the property without authorization, to disobey working instructions, to destroy or damage property due to negligent or malicious conduct, or to cover up damage.

APPEARANCE AND ETIQUETTE

Employees' appearance and etiquette is part of the company's image that we are obliged to maintain, both at our workplace and outside the premises of

Petrohemija. A business look is a combination of a high level of professional hygiene and appropriate business attire, which leaves the impression of a person who takes care of themselves and their environment.

Recommended for women:

- Clean and tidy hair, discreet makeup
- Neat nails, not too long, with muted nail polish shades
- jacket with skirt or trousers, blouse, business dress
- it is considered inappropriate to wear too short skirts, too tight clothes or reveal cleavage or stomach
- avoid conspicuously patterned or transparent clothing, and socks/pantyhose in gaudy colours and patterns
- closed-toed footwear

Recommended for men :

- freshly shaved or neatly shaped beard and/or moustache, neat haircut
- wear clean and ironed worksuit and uniform in production and technical support facilities, as well as at all workplaces where it is prescribed by the Risk Assessment Act.
- suit or combination of trousers and elegant sweater, shirt, or vest in muted colours
- during the summer period, buttoned short-sleeved shirts, or polo shirts
- socks in darker colours, covering the part of the leg between shoes and trousers
- it is considered inappropriate to wear tracksuits, shorts, sports socks, sneakers, or slippers

On Fridays, if business commitments allow, employees are allowed to wear more informal clothes, such as denim.

Manners displayed by employees define the relationship they have with their colleagues and clients, as well as with the company itself. In everyday

situations, expected behaviour at the workplace should be in accordance with the generally accepted rules of decent behaviour, which include:

- punctual arrival to work and meetings as well as punctuality with regards to agreed deadlines
- not leaving the workplace without need and announcement
- respect for colleagues and diversity
- avoidance and active prevention of quarrels and conflicts
- avoiding participation in rumours, gossip, and other types of negative and harmful communication
- physical and emotional abuse is prohibited (threats, swearing, outbursts of anger, insults and belittling, verbal and physical attacks, sexual abuse or any other type of violent behaviour).
- Employees and clients / associates can smoke only in designated areas where smoking is allowed
- Bringing, consumption and distribution of alcoholic beverages and narcotics is strictly prohibited
- It is forbidden to prepare food in offices and work spaces
- it is forbidden to bring pets, keep, feed and bring stray dogs, cats and other animals into the premises
- It is forbidden to bring, hold and use all types of weapons.

EMPLOYEES' COMMUNICATION

Basic rules in communication with colleagues and clients:

- create a pleasant atmosphere and be kind
- listen carefully and actively to the interlocutor, do not interrupt them
- chewing a gum or eating is considered inappropriate
- your hands should not be in your pockets when talking
- greeting is mandatory, whether physically or over the phone
- loitering in hallways and halls is not accepted except for greetings and short exchange of information

- the one who enters the room should always greet those present inside
- shouting, yelling and loud laughter that disturb the working atmosphere is not allowed
- physical contact during conversations is to be avoided

Telephone etiquette:

- answering the call within the three ring (unless you are on another line at that moment)
- presenting yourself by stating the name of the company and your position
- pleasant voice, without showing nervousness, boredom, grimaces
- concise, clear and precise conversations
- avoiding private calls during working hours
- talking in a way which does not disturb colleagues in the office

Proper use of mobile phones and social networks:

- turn off your mobile phone or sound at business meetings
- do not make phone calls while the meeting is in progress
- it is inappropriate to use official mobile phones for non-business purposes
- conduct only constructive conversations for the purpose of work
- posts on social media must not in any way harm or damage the reputation of colleagues, associates and the company
- ensure that statements on social media are not on behalf of Petrohemija and that do not in any way harm or damage the company's reputation.

Proper e-mail communication:

- clearly state the "address" and subject
- start e-mails with a greeting, send a clear message with the conclusion, and end emails with your signature

- your signature should include your name, job title, company and phone number in the standardized format
- you can highlight important information by marking the email with a red exclamation mark of flag
- respect the privacy of other people's emails when forwarding
- only ask email receipt confirmation if it is necessary
- reply to e-mail with the *reply to all* option only if it is necessary for everyone in the correspondence to receive feedback
- reply to e-mails as soon as possible, and if you are not able to reply within 24 hours, mark your e-mail as *unread* so you do not forget to reply.
- Reply to unanswered e-mails with an apology, at the earliest opportunity
- Capitalization in e-mails is only acceptable when you want to emphasize something important; otherwise it means shouting at the person you are writing to.

Written communication:

- is performed in the form of internal memos within Petrohemija and on the company's letterhead for official external memos, in accordance with the Instruction for office and archive operations
- memos must contain information about the author, date, subject, listed attachments (if any), distribution list (list of recipients) and the signature of the authorized person
- The external official memo is sent exclusively with the signature of Director General/competent Executive Director, or persons who are for that particular purpose authorized to do so on his behalf.

PROCEDURE IN CASE OF VIOLATION OF THE CODE

This Code does not list all laws, rules, regulations or standards governing the business conduct of employees. The Code of ethical and business conduct of employees should primarily be understood as a set of recommendations, the application of which expresses a personal attitude towards the company, as well as the level of one's own loyalty to Petrohemija. Also, it should be borne in mind that in case of serious violations of the Code—which are treated as violations of legal regulations—measures may be taken (such as those in the event of a breach of work obligations, or noncompliance with work discipline): from a warning to the termination of the employment contract.

In the event that employees become aware of any violation of the Code, if they have questions or need assistance in understanding or interpreting any provision of the Code, they may contact the Director of Human Resources Management or the Executive Director of Corporate and Legal Affairs. All organizational units' managers have additional responsibilities, not only to oversee and enforce the Code but also to set a personal example. Managers have an obligation to help employees understand the Code and encourage them to seek help with to any issue they may have regarding implementation of the Code. Failure to report a violation of the Code is also considered a violation of this Code.

Full protection of the identity and integrity is guaranteed to a person who in good faith reports a violation of the Code, a suspicion that a violation has been committed, as well as any other illegal and unethical conduct.

Velimir Unković, Managing director