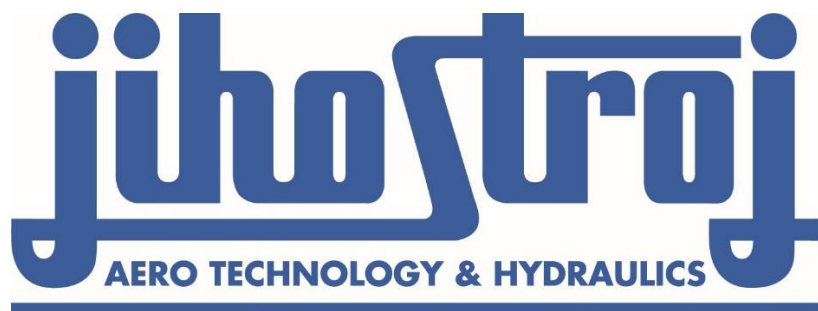


CODE OF CONDUCT



I. INTRODUCTORY PROVISIONS AND MANAGEMENT DECLARATION

Jihostroj a.s. (hereinafter referred to as the "**Company**") has built its reputation on a tradition of precision engineering dating back to 1919. In the global aerospace and hydraulics industry, our good name is based not only on technological excellence, but also on uncompromising integrity.

This Code of Conduct (hereinafter referred to as the "**Code**") defines the binding principles of conduct that govern all activities of the Company. It is not merely a recommendation, but a normative framework that every employee, manager, and member of the statutory bodies is obliged to comply with.

This Code is binding for all employees, members of bodies, and business partners of the Company.

The management of the Company declares zero tolerance for any conduct that would be contrary to the laws of the Czech Republic, international conventions, or the principles outlined in this Code.

II. PRODUCT SAFETY AND QUALITY

Given our involvement in the aerospace industry, we are fully aware that the reliability of our products has a direct impact on human lives and operational safety.

1. **Safety First:** Product safety and compliance with technical specifications take precedence over business objectives or delivery deadlines. Employees are required to report any suspected non-conformity or risk that could compromise the airworthiness or functionality of a product.
2. **Prevention of Counterfeit Parts:** The Company implements strict measures to prevent counterfeit materials from entering production. Materials and components are purchased exclusively from suppliers that have been approved. The use of unapproved substitutes or materials of unclear origin is strictly forbidden.
3. **Data Integrity:** Falsification, alteration, or intentional misrepresentation of test results, measurements, or quality records is considered a gross violation of work discipline with immediate employment consequences.

III. INTEGRITY IN BUSINESS RELATIONS

The Company values transparency and fairness in the market environment.

1. **Anti-Corruption Policy:** The Company strictly rejects corruption in any form. Employees must not offer, promise, give, or accept bribes or other undue advantages for the purpose of obtaining business opportunities or expediting official procedures.
2. **Gifts and Hospitality:** Accepting or giving gifts is only permissible in the case of small promotional items or common business hospitality that does not exceed reasonable limits and cannot be interpreted as an attempt to influence decision-making.
3. **Conflict of Interest:** Employees are required to avoid situations where their personal interests (or the interests of their relatives) could conflict with the interests of the Company. Any potential conflict of interest (e.g., secondary gainful activity, family ties to suppliers or competitors) must be reported immediately and in writing to a supervisor.
4. **Competition:** The Company complies with competition protection rules. It is prohibited to enter into cartel agreements with competitors, in particular agreements on prices, market sharing, or production restrictions.
5. **Integrity of Financial Records and Accounting:** Jihostroj a. s. requires absolute transparency and accuracy in all financial records and accounting statements. All employees involved in financial operations are required to record transactions, assets, and liabilities in accordance with applicable Czech law and internal accounting standards. It is strictly prohibited to create fictitious records, intentionally distort accounting data, or manipulate Company reports for the purpose of misleading internal or external entities (auditors, regulatory authorities, or shareholders). As in the case of falsifying quality records, knowingly distorting financial data will be considered a gross violation of work duties with all the consequences that follow.

IV. INTERNATIONAL TRADE AND SANCTIONS (TRADE COMPLIANCE)

As a technology exporter, the Company is subject to strict international trade regulations.

1. **Export Control:** The Company strictly complies with regulations concerning the export control of dual-use goods and military equipment.
2. **Sanctions Regimes:** It is strictly prohibited to trade with countries, entities, or individuals subject to international sanctions (EU, US, UN), unless permitted by applicable regulations. Employees in the sales department are required to perform end-user screening for each business transaction.

V. WORK ENVIRONMENT AND HUMAN RIGHTS

The Company creates a dignified, safe, and motivating work environment.

1. **Equal Opportunities and Prohibition of Discrimination:** Qualifications and performance are the sole criteria for hiring, remuneration, and career advancement. We do not tolerate discrimination based on age, gender, race, religion, sexual orientation, or political beliefs.
2. **Prohibition of Harassment:** Any form of bullying (mobbing, bossing), sexual harassment, or coercion in the workplace is unacceptable. The Company guarantees protection for victims of such behaviour.
3. **Occupational Safety and Health (OSH):** The protection of employee health is a priority. Compliance with safety regulations and the use of protective equipment are an unconditional obligation of every employee.

VI. ENVIRONMENTAL RESPONSIBILITY AND SUSTAINABLE PRODUCTION

Jihostroj a.s. is committed to the principles of sustainability and minimising the environmental impact of its activities. We respect applicable legislation and international standards in the areas of environmental protection and ethical sourcing, while actively responding to their current developments.

Our Sustainability Commitments:

1. **Protection of Natural Resources:** We respect the value of natural resources and support efforts to use them responsibly. In our purchasing processes, we give preference to partners who share our respect for the environment and comply with applicable environmental regulations.
2. **Transparency in Business Relations:** We promote transparency in the supply chain. We expect our suppliers to be prepared to provide the necessary information about the origin of the materials they supply to ensure compliance with the legislative requirements for products placed on the market.
3. **Ethical Origin of Materials:** We reject human rights violations and unethical practices associated with the extraction of raw materials. We comply with applicable sanctions and regulatory measures that restrict trade in resources from conflict areas or from sources that finance illegal activities.
4. **Compliance with Legislation:** A fundamental requirement for our business partners is compliance with applicable laws in the area of environmental protection and human

rights. We consider violations of these legal standards to be incompatible with the principles of our Company.

VII. PROTECTION OF INFORMATION AND PROPERTY

1. **Intellectual Property and Know-How:** Technical documentation, drawings, technological processes, and business data represent key assets of the Company. Employees are required to maintain confidentiality and protect this data from misuse or leakage to competitors.
2. **Personal Data Protection (GDPR):** The Company processes the personal data of employees and partners exclusively in accordance with applicable legislation and ensures its security.
3. **Company Property:** Employees are required to protect the property of the Company from damage, loss, or theft and to use it efficiently and only for work purposes.

VIII. REPORTING UNLAWFUL CONDUCT (WHISTLEBLOWING)

In accordance with Act No. 171/2023 Sb., on the Protection of Whistleblowers, the Company has introduced an internal reporting system.

1. **Obligation to Report:** Any employee who has a reasonable suspicion of illegal conduct, violation of this Code or other Company regulations has the right and obligation to report this fact.
2. **Method of Reporting:** Reports can be submitted through secure channels, including a dedicated email address for the internal reporting system: ochranaoznamovatel@jihostroj.cz. Other methods of reporting (in writing, verbally, or in person) shall be submitted to the designated Competent Person in accordance with Act No. 171/2023 Sb. Detailed procedures and contact information for personal or verbal reporting are published on the intranet and website of the Company.
3. **Whistleblower Protection** The Company guarantees complete confidentiality of the whistleblower's identity. It is strictly prohibited to take any retaliatory measures (e.g., dismissal, reduction in salary, discrimination) against a person who has made a report in good faith. However, knowingly false reports are considered a violation of the Code.

IX. FINAL PROVISIONS

Jihostroj a.s. has implemented and maintains effective compliance management mechanisms to ensure that the principles set out in this Code are actively implemented in all Company processes. All employees are required to actively participate in the implementation of these mechanisms and to ensure that all procedures, especially in critical areas with high regulatory demands and risk defined in this Code (e.g., in sections II, III, IV, and VI), are properly documented and verifiable for internal and external control purposes.

This Code of Conduct shall take effect on the date of its issuance. Ignorance of this Code is no excuse. Violation of the principles set forth herein shall be considered a breach of work duties with all the consequences arising therefrom under the Labour Code; in extreme cases, it may lead to criminal liability.

On behalf of Jihostroj a.s.:

In Velešín, on December 1st, 2025

Ing. Bohdan Gajdušek
CEO