

Pursuant to Article 16 of INSTITUT MIHAJLO PUPIN DOO BEOGRAD Memorandum of Association – consolidated text (Newsletter no. 12/03.12.2014), on 3 April 2018, the director of INSTITUT MIHAJLO PUPIN DOO BEOGRAD, Prof. Sanja Vraneš, Ph.D., El. Eng., renders the following

## **INSTITUTE MIHAJLO PUPIN DOO BEOGRAD**

### **CODE OF ETHICS**

#### **Article 1**

INSTITUT MIHAJLO PUPIN DOO BEOGRAD Code of Ethics (hereinafter: the Code) stipulates business ethics standards and rules which bind INSTITUT MIHAJLO PUPIN DOO BEOGRAD (hereinafter: the Institute), as a business entity, management and coordination bodies, employees and persons hired under contracts.

#### **Article 2**

Business ethics includes compliance with the following principles and rules:

1. Professional performance of the business activity;
2. Conscientious and full assumption and fulfilment of obligations and responsibilities;
3. Business activity performance in the manner which does not compromise professional reputation;
4. Utilization of permitted means for accomplishing business goals;
5. Compliance with incompatible activities regulations;
6. Confidentiality;
7. Avoidance of conflicts of personal interest and interest of business entities;
8. Performance of business activities in the manner which does not inflict damage to shareholders, members or partners in any way;
9. Performance of business activities which increase the value of the business entity's equity;
10. Refraining from the use of political influence or pressures to accomplish business goals;
11. Establishing *bona fide* business cooperation with other business entities;
12. Resolving disputes with business partners through negotiation or intermediation, with a view of continuing the business relation;
13. Compliance with intellectual property rights;
14. Business activity performance in compliance with environmental protection and improvement regulations;
15. Compliance with business ethics standards and contribution to further affirmation of ethics in business relations.

## **Goal of the Code**

### **Article 3**

The goal of the Code is to contribute to the Institute's performance of business activities in compliance with business ethics, good business practices and the principle of conscientiousness and honesty, as well as to enable business operation transparency.

## **Effects on law**

### **Article 4**

The Code does not affect the implementation of acts governing the status, rights and obligations of the Institute as a business entity, and the person's responsibility specified in Article 1 of this Code for incompliance with the Code exists independent from the responsibility stipulated by applicable acts and shall be sanctioned.

## **Scope of Code application**

### **Article 5**

Violation of business ethics rules shall be considered to be any act in contravention of the principles set out in Article 2 herein, any act in contravention of the rules of this Code, as well as any other action considered to be a business ethics violation according to the common belief held in the economy and by the society.

## **Business ethics protection procedure**

### **Article 6**

The existence of business ethics rules is established by the competent body of the Institute, respectively the Court of Honour of the competent Chamber of Commerce.

Business ethics protection may be required, respectively the procedure for business ethics protection may be initiated by the person who has an interest based on the Code, who is a member of the Chamber of Commerce, persons authorised by the Court of Honour Rules and a business partner.

## **BASIC PRINCIPLES**

### **Personal responsibility principle**

#### **Article 7**

The Institute shall act in accordance with the Code provisions and shall be responsible for any violation thereof, as well as for covering up unethical behaviour of others.

Incompliance with business ethics requirements of a business entity shall not release other entities of the same obligation in that business relationship.

## **Business lawfulness principle**

### **Article 8**

Ethical behaviour in business activities shall be based on compliance with laws, other regulations, contracts concluded between business entities and on customs.

Instigation to in compliance with laws and covering up breaches of laws is not permitted.

Business operation of the Institute must comply with the applicable laws and regulations of the Republic of Serbia.

The Institute shall comply with domestic laws, rules and customs in all territories where it conducts its operations.

## **Conscientiousness and honesty principle**

### **Article 9**

The Institute shall comply with the conscientiousness and honesty principle in establishing business relations, exercising rights and fulfilling obligations.

## **Prohibition of abuse of rights**

### **Article 10**

Exercise of business relation right in contravention of the goal due to which this right has been established or recognized shall be prohibited.

## **Respect for business partners**

### **Article 11**

The Institute shall express respect and appreciation for its business partners in business relations.

## **Conducting negotiations**

### **Article 12**

The Institute shall provide offers and start negotiations only if it intends to conclude a contract.

It shall be considered that there was no intent to conclude a contract if a business partner withdraws from concluding a contract without a valid reason.

## **Preparing contract provisions**

### **Article 13**

When concluding a contract, the Institute shall prepare contract provisions so as not to leave any suspicion regarding their sense and meaning.

In case of a standard contract, that is, a contract concluded according to previously printed content, or when the contract has been otherwise previously prepared and proposed by one contracting party, unclear provisions shall be interpreted to the benefit of the other party.

Contract elements imposed by standard contracts, which include taking advantage of a difficult financial situation, threats, frauds or misleading are not in compliance with business ethics if they disturb equality between the contracting parties.

Contract elements which are not proportional to the business risk taken by concluding the contract shall be considered contrary to business ethics.

### **Prohibition of fictitious and simulated contracts**

#### **Article 14**

Contract relations must reflect a real subject of the business relation.

Fictitious and simulated contract are not permitted.

### **Responsibility to fulfil obligations**

#### **Article 15**

The Institute shall responsibly fulfil its obligations established by law or a contract.

### **Fulfilment of obligations and exercise of rights**

#### **Article 16**

The Institute shall act with increased duty of care to professional rules and customs – with the care of a prudent expert when fulfilling its professional activity obligations.

When exercising its rights, the Institute shall refrain from procedures which would aggravate the other party's fulfilment of obligations.

### **Consensual dispute resolution**

#### **Article 17**

In case of a dispute, the Institute shall express its readiness to solve the dispute by agreement, so as to continue business cooperation.

Disputes may be solved by negotiation, intermediation or conciliation.

If the dispute is not solved in one of the above manners, it may be solved by arbitration or court proceedings.

## **EMPLOYEE RIGHTS AND OBLIGATIONS**

### **Prohibition of discrimination**

#### **Article 18**

Relations between employees shall be based on respect for human dignity and appreciation of human rights.

On or during the employment, persons subject to the Code provisions shall have equal rights and may not be limited in exercising their rights by way of gender, race, skin colour, language, religion, national or social origins, sexual orientation, relationship with any of the national minorities, membership in political and union organisations, title, birth or other status.

### **Right to healthy working environment**

#### **Article 19**

Employees shall have the right to clean and healthy working environment and occupational safety.

Employees may not be exposed to health and other risks unless provided with proper information, training and insurance against consequences of such risks.

The Institute shall ensure occupational safety in accordance with relevant regulations.

Incompliance with obligations set out in paragraph 1 to 3 of this Article shall invoke liability.

### **Prohibition of drug and alcohol use**

#### **Article 20**

Drug and alcohol use when performing work activities and tasks shall be prohibited.

### **Right to professional training**

#### **Article 21**

The Institute shall employ persons with proper professional qualifications.

The Institute shall invest in professional training of employees and create inciting conditions for creative work according to its capabilities.

### **Right to remuneration and limited working hours**

#### **Article 22**

The employee shall have the right to remuneration for their work, whose amount shall be established in accordance with regulations, work performance, qualifications, experience, work conditions and hours.

Working hours shall be aligned with statutory provisions, and defined by an employment contract. Remunerations and compensations for work done shall be paid on time and in accordance with the law, employee handbook and employment contract.

### **Respect for political rights of employees**

#### **Article 23**

Persons specified in Article 1 herein shall have the right to actively participate in political life outside the working hours and outside the work place.

The Institute shall not allow its employees, members of its bodies or their family members to be influenced by sanction threats, pressure or promise of rewards to join political parties, to support a political candidate, to financially or otherwise participate in a campaign of political party, movement or group.

The exercise of right to work and other rights grounded on work may not be conditioned by political engagement.

### **Prohibition of using office for political purposes**

#### **Article 24**

Using office or Institute assets for providing political support to a candidate, political party, movement or group shall be prohibited at the Institute.

The employee and the member of an Institute body shall not be allowed to specify their status at the Institute when representing a political party, movement or group.

### **Union organisation and action**

#### **Article 25**

Code provisions regarding political action shall not refer to union organisation and action.

### **Absence due to political obligations**

#### **Article 26**

The employee or the member of an Institute body who performs a political function or activities requiring absence from work may submit a request to the Institute, for obtaining an approval of absence from work without remuneration, provided that this absence does not hinder the work process of the Institute.

If activities specified in paragraph 1 of this article affect the quality of work performance, the above persons may be requested, including a reasoning thereof, to decide whether they will keep the employment status or perform political functions and activities.

### **Employee rights in case of statutory or contract rights infringement**

#### **Article 27**

In case of statutory or contract rights infringement, the employee or the person hired on the basis of a contract shall have the right and obligation to initiate procedure within the Institute.

If the dispute set out in paragraph 1 of this article is not resolved, the employee or the person hired on the basis of a contract shall be entitled to protect their rights in court.

### **Employee information privacy**

#### **Article 28**

Employee information shall be treated as confidential information and shall have special protection.

Job candidate information may be used only for the purpose of employment.

Employees shall be entitled to receive information on the methods of collection and use of information on them and their activities during the employment.

Employee information may not be communicated to third parties, except for the purpose of proceedings brought before the competent authority and only on the basis of an official order.

### **Protection of persons with permanent or temporary special needs**

#### **Article 29**

Persons with permanent or temporary special needs shall have the same rights as other persons on employment, performing work duties and other activities, along with respect and consideration for their special needs.

## **POSITION OF MEMBERS OF INSTITUTE BODIES, EMPLOYEES AND PERSONS HIRED ON THE BASIS OF CONTRACT**

### **Fiduciary duties to the business entity**

#### **Article 30**

The Director and other persons with special powers and responsibilities, Assembly members, internal auditor and persons delegated to represent the Institute shall act in the best interest of the Institute.

### **Conscientious business assessment duty**

#### **Article 31**

Persons specified in Article 30 herein shall conscientiously perform their business activities with the care of a good businessman, reasonably believing that they act in the best interest of the Institute.

Persons set out in paragraph 1 of this article shall ground their assessment on information and opinions of experts in a certain field, who are considered conscientious and competent.

## **Conflict of interest**

### **Article 32**

Persons referred to in Article 30 of this Code shall perform the delegated work so as not to subordinate the interest of the Institute to their personal interest, nor to cause conflict between the two.

The conflict of interest exists when a person specified in Article 30 of this Code renders a decision or influences the decision-making resulting in material or non-material benefits to them or their related persons, by acting not exclusively in the best interest of the Institute.

## **Personal interest**

### **Article 33**

Personal interest exists when a person referred to in Article 30 of this Code may, by way of their position, influence decisions and legal transactions of the Institute to receive benefit for themselves or other persons, acquire a right or advantage or otherwise further their interest or interest of others.

Personal interest shall be considered to exist if a person specified in Article 30 herein or their family member:

1. Is a contracting party to a legal transaction with the Institute;
2. Has a financial relation with the person entering into a contract with the Institute, any other legal transaction, or performing any work for such person or has financial interest in that contract, work or activity, which may be reasonably expected to cause their actions to be contrary to the interest of the Institute;
3. Is under control of the party entering into a legal transaction with the Institute or performing any work for it, or is under control of the person who has financial interest in that legal transaction or activity, whereby it may be reasonably expected from them to influence their actions to be contrary to the interest of the Institute.

Family members referred to in paragraph 2 of this article shall include:

1. Spouse, respectively parents, a brother or sister of that spouse;
2. Child, parents, brother, sister, grandchild or spouse of any of the aforementioned persons;
3. First-degree relative and any collateral relative to the second-degree kinship, adopter or adoptee, any in-law up to and including the first-degree kinship;
4. Other persons who live in the same household with that person.

Persons specified in points 2 and 3 under paragraph 2 and paragraph 3 of this article shall be considered related persons in terms of this Code.

## **Obligation to avoid conflict of interest**

### **Article 34**

A person referred to in Article 30 herein shall avoid conflict of interest, particularly they shall not:

1. Use the assets of the Institute in their personal interest;
2. Use confidential information to increase their personal property or property of other persons;



3. Abuse their position to increase their personal property or property of other persons.

### **Approval of a legal transaction in case of conflict of interest**

#### **Article 35**

The person entering into a legal transaction shall not violate any rule regarding prohibition of the conflict of interest if the legal transaction has been in good faith approved by the Director of the Institute in case of employees, and in case of the Director of the Institute, members of the Assembly.

The approval set out in paragraph 1 of this article shall be valid if all substantial facts related to personal interest have been presented to or known by the Director of the Institute, respectively the members of the Assembly.

The prohibition of conflict of interest shall not be considered violated if the legal transaction is proven to be in the interest of the Institute at the time of conclusion or performance thereof.

Any legal transaction entailing conflict of interest, and lacking approval as per paragraphs 1 and 2 of this article, or for which no evidence referred to in paragraph 3 of this article has been provided, shall be void.

### **Non-compete clause**

#### **Article 36**

Persons referred to in Article 30 may not be directly or indirectly hired in another business entity performing a competitive business activity, unless they have obtained an approval in compliance with article 35 herein.

The prohibition specified in paragraph 1 of this article shall not refer to engagement in the Institute subsidiaries.

The prohibition specified in paragraph 1 of this article entails particularly:

1. Employment;
2. Entrepreneur capacity;
3. Partner or complementor capacity;
4. Control member or shareholder capacity;
5. Capacity of the member of a company body;
6. Company representative capacity;
7. Company liquidator capacity;
8. Contract authorisation for managing the operations of the business entity.

### **Consequences of violation of conflict of interest prohibition and no-compete clause**

#### **Article 37**

Due to violation of conflict of interest prohibition and no-compete clause, the Institute shall, in addition to damages compensation, be entitled to:

1. Recognition of transactions carried out by the person to that person's benefit as transactions carried out to its own benefit;

2. Collection of every monetary amount resulting from transactions made to the benefit of that person;
3. Be assigned all claims resulting from the transaction made to the benefit of that person.

The Institute may exercise the rights specified under paragraph 1 of this article within 60 days upon becoming aware of the violation, and not later than three years as of the date of violation.

## **Trade secret protection**

### **Article 38**

Persons referred to in Article 1 herein shall keep a trade secret provided to them in the performance of work.

Trade secret specified in paragraph 1 of this article shall entail any information or data whose unauthorised disclosure to third parties may inflict damage to the interests of the Institute or may be of use to the competition.

Information or data disclosed in the proceedings conducted before the competent authority shall not be considered trade secret.

Confidential information entails information including without limitation:

1. Negotiations, contracts with business partners and other persons, as well as business plans of the Institute which are not publicly known;
2. Other ongoing or future business transactions, particularly if they refer to status changes and ownership structure changes;
3. Research and future development of the Institute, patents and innovations;
4. Information on business partners and employees;
5. Technology applied by the Institute;
6. Know-how;
7. Unpublished product and service information;
8. Unpublished financial and accounting information;
9. Other information whose disclosure may affect the position of the Institute.

## **Confidential information safety measures**

### **Article 39**

With a view of fulfilling obligations set out in Article 38 herein, persons specified in Article 1 herein shall comply with the prohibition of confidential information disclosure to third parties.

Persons specified in paragraph 1 of this article:

1. Shall provide protection of confidential information even upon termination of employment or contract relationship with the business entity;
2. May not acquire, copy or keep any other document containing confidential information upon termination of employment, respectively contract relationship;

3. Shall be responsible for damage if they do not act in compliance with the law, other regulations and the Code regarding confidential information, respectively disclosure thereof.

### **Exceptions to the prohibition of trade secret and confidential information disclosure**

#### **Article 40**

Communication of information whose disclosure is mandatory as per the law, respectively which is related to the violation of the law, violation of the good business practice or principles of business ethics shall not be considered disclosure of the Institute's trade secret or confidential information.

### **Prohibition of confidential information and business opportunities use in personal interest**

#### **Article 41**

Employees, members of Institute bodies and their family members may not use confidential information and business opportunities to receive material or non-material benefits for themselves or related persons.

With a view of fulfilling obligations specified in paragraph 1 of this article, employees, members of Institute bodies and their family members particularly may not:

1. Use information obtained on the basis of their position at the Institute, for personal benefits;
2. Use business opportunities which the Institute is or may be interested in, for personal interest;
3. Conceal information obtained on the basis of their position at the Institute which may be significant for rendering business decisions by the Institute.

### **Prohibition of bribery**

#### **Article 42**

The employee, member of an Institute body or their family members may not offer, give, give hope of, promise or accept any money, item, right, service, present whose value is high or possibility of influence by any other person employed in the Institute.

A high-value present shall be considered to be money, any item, right or service, as well as any other benefit obtained or made without payment of proper financial compensation, or with compensation of a significantly lower price than the market price, or without counteraction, and whose value exceeds a half of the amount of monthly average net salary in the Republic of Serbia.

Giving and accepting low-value presents shall be allowed, unless accepting such present is a condition for entering in a transaction or ensures a better position of the present-giver with respect to the competition.

Accepting an invitation to lunch which is part of commonly accepted business practice and which is considered not possible to influence the decision-making shall be allowed as an expression of politeness to business partners.

## **PROTECTION OF THE INSTITUTE PROPERTY**

### **Handling property**

#### **Article 43**

Property preservation and increase is decisive for ensuring duly fulfilment of undertaken obligations and the quality of the Institute's business operations.

### **Property protection obligation**

#### **Article 44**

Persons specified in Article 1 herein shall be responsible for preservation, increase and reasonable use of the Institute's property, and in case of intentional or gross negligence damage to the property, relevant procedure shall be initiated against them.

### **Responsibility for entrusted items**

#### **Article 45**

The employee and a member of an Institute body shall be responsible for preservation and reasonable use of items which make up the Institute's property, and which have been entrusted to them for performing their jobs.

The person who, while performing their work duties, uses money of the Institute or money which will be refunded to them, must submit relevant documents thereof.

## **KEEPING BUSINESS RECORDS AND REPORTS**

### **Obligation to keep business records**

#### **Article 46**

The Institute shall keep business records and prepare financial statements in compliance with the law.

Business records shall be kept so as to truthfully and objectively represent the state of property, equity, liabilities and business results.

Business records and financial statements shall be prepared within deadlines stipulated by law.

### **Obligations in connection with keeping business records**

#### **Article 47**

Persons in charge of keeping business records and preparing financial statements particularly shall not:

1. Fail to fulfil their obligation of entering any items or funds in the business records and financial statements which must be registered therein;
2. Enter wrong information in the business records or financial statements;
3. Perform unauthorised amendment to information contained in the business records and financial statements upon conducted and published audit.

## **RELATIONS WITH PUBLIC AND GOVERNMENT AUTHORITIES**

### **Participation in social life**

#### **Article 48**

The Institute contributes to social development by its commercial and scientific activities.

The Institute encourages persons referred to in Article 1 herein to actively participate in social life.

Participation in social activities, with or without remuneration, based on choice or appointment, must not be in contravention of the rule regarding conflict of interest prohibition.

### **Business publicity**

#### **Article 49**

The Institute shall timely, regularly and reliably inform the public about its business operations, reserving the right to protect confidentiality of certain information.

Specific relations and cooperation with the media, competent authorities and business partners shall be an integral part of its business strategy.

### **Persons responsible for public relations**

#### **Article 50**

The Director of the Institute shall be authorised to represent the Institute in public relations.

Employees of the Institute and members of Institute bodies may not establish relations with the media with a view of giving statements without a prior notice and approval of the Institute Director.

### **Donations and sponsorships**

#### **Article 51**

The decision on a donation and sponsorship shall be made solely by the Institute.

All donations must be in compliance with the law and with specified purpose.

### **Cooperation with competent authorities**

#### **Article 52**

The Institute shall cooperate with competent authorities and take measures to establish whether its employees or members of its bodies have violated the law.

The employee who is invited to witness in a procedure referring to a business activity of the Institute shall immediately inform their supervisor thereof, unless this is a person authorised to represent the Institute before the competent authorities.

## **Prohibition of taking actions which disable procedure implementation**

### **Article 53**

The employee or the member of an Institute body may not:

1. Damage or destroy documents they know or expect to be requested by competent authorities;
2. Amend text of records or other documents of the Institute;
3. Provide false statement before court;
4. Put others under pressure to conceal or give false information which may be significant for further procedure development.

## **ENVIRONMENTAL PROTECTION**

### **Article 54**

The Institute shall fulfil obligations stipulated by environmental protection regulations and take the following measures for that purpose:

1. Apply and implement stipulated environmental protection standards;
2. Set environmental protection as one of its business activity goals;
3. Endeavour to use reusable natural resources;
4. Use products, processes, technologies and practices which affect the environment to a lesser extent;
5. Take preventive measures or remedy the consequences of endangering the environment;
6. Duly keep records of raw materials and energy consumption, release of pollutants and energy, waste classification, characteristics and quantities, as well as other information, and submit them to competent authorities;
7. Perform intensive inspections of equipment operation which may pose a risk or cause danger to the environment and human health;
8. Anticipate consequences of its business activities with respect to the environment and take them into account when making business decisions;
9. Require its business partners to comply with the prescribed environmental protection standards;
10. Inform the public on all problems related to environmental protection arising in its business operation.

## **CODE APPLICATION**

### **Code cognizance**

#### **Article 55**

On signing the employment contract or other contract which is the basis of the work engagement, the employee, respectively the members of Institute bodies must be aware of the binding nature of the Code.

### **Code interpretation and application**

#### **Article 56**

The employee or the member of an Institute body who is uncertain as to the interpretation or application of any article of the Code shall contact their line manager.

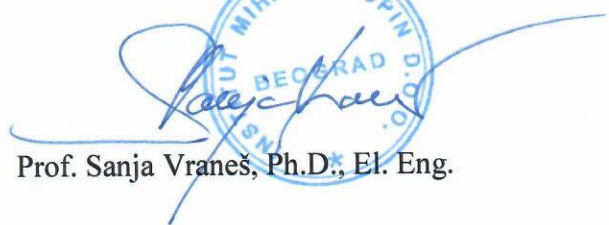
## **FINAL PROVISION**

#### **Article 57**

This Code shall enter into force and be applied on the eight day as of the date of its publication in the Institute's "Bulletin".

**INSTITUT MIHAJLO PUPIN DOO BEOGRAD**

**Director**



Prof. Sanja Vraneš, Ph.D., El. Eng.