

**CODE OF ETHICS  
AND BUSINESS CONDUCT**

**Effective as of June 1, 2020**



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## Preamble

### 1. A Message from our CEO

Dear Colleagues

Compliance with law and living according to ethical standards and values are of importance to our company and our business. Products we are selling stand for protection and safety only if they are in the right hands and if legal regulations and moral principles are complied with.

With our clear attitude, we are a serious, reliable partner for our customers, whom they can trust.

No Compromise! These two words are not only the Montenegro Defence Industry slogan but describe best what compliance is about. In other words: zero tolerance! No member of our company wants to be engaged in a work environment in which others gain dishonest advantages through anti-competitive behaviour, discrimination or corruption. We do not want third parties engaged in these practices, nor do we tolerate them within our own ranks. We abide by the law, international standards of business conduct and corporate governance as well as our internal policies and guidelines. No compromise, zero tolerance!

The Code of Conduct at hand summarizes the internal body of rules of capital importance and presents them in the context of our corporate policies and guidelines, our goals and values. It is binding for the company Montenegro Defence Industry and is valid for employees, consultants, contract workers, temporary workers as well as for the management and the board of directors. In addition, we expect all our business partners and suppliers to adhere to comparable high standards. This Code of Conduct provides support for the multitude of ethical and legal challenges we face in our daily business and gives guidance for our behaviour.

Every single employee is an ambassador of our company and has the responsibility for ensuring that our company can handle the above-mentioned principles and rules. Where there are uncertainties, our Compliance Team is happy to help you with advice and support. Let us strengthen the confidence in our actions as well as in our products. Integrity is the basis for sustainable and therefore long-term success.

Sincerely,

Zoran Damjanović  
Chief Executive Officer



## II. Applicability

This Code of Conduct is valid for our company.

Every person conducting business with or for Montenegro Defence Industry worldwide must follow this Code of Conduct, together with all applicable laws and our internal policies and guidelines. This includes all employees, consultants, contract workers, temporary workers as well as the board of directors. In addition, we expect that our customers and business partners will adhere to the principles laid down herein.

Unless otherwise stated, this Code of Conduct always refers to the Montenegro Defence Industry (“we”, “MDI” or “Montenegro Defence Industry”) and its employees (“we”, “the employees”).

## III. Foundations

### Legal regulations

In all our activities we are subject to EU, US and other country-specific laws and regulations. We expect all employees to behave in accordance with the law. This Code of Conduct is based on the legal provisions and represents a supplement and concretization for the resolution of specific questions.

### International principles

In addition to country-specific laws and regulations, Montenegro Defence Industry is guided by several agreements and recommendations of international organizations. These are important guidelines for the behaviour of Montenegro Defence Industry as a leading Montenegrin and internationally active company and form part of the principles of our Code of Conduct.

### Internal organizational guidelines

Montenegro Defence Industry’s mission statement is the basis for this code of conduct setting out the company's vision, mission and core values, which are to be applied when implementing the corporate strategy.

In some countries, due to local laws or business requirements, this Code of Conduct or the policies and guidelines discussed here may be supplemented by additional policies, guidelines or standards to address local requirements.

While this Code of Conduct is designed to familiarize us with many of the relevant policies and guidelines that apply at Montenegro Defence Industry, it is not as comprehensive as these supplemental policies and guidelines and therefore does not act as a substitute for reviewing each policy and guideline that apply to your specific job.



## IV. The Compliance

### What is Compliance?

Compliance means the observance of all voluntary and legally prescribed measures designed to ensure that the business activities of Montenegro Defence Industry and all employees are conducted in a manner that complies with law.

Montenegro Defence Industry is always trying to assist all of employees in understanding and meeting our legal, ethical and regulatory obligations. Compliance is everyone's responsibility, and our continued employment or engagement with Montenegro Defence Industry depends on us following the principles in this Code of Conduct and related policies and guidelines. We adopt them to prevent, detect, and resolve conduct or practices that are illegal or that do not conform to Montenegro Defence Industry's ethical and business standards.

This is also a guide to help us put our core values into action in everyday work situations. While our core values describe who we are and what we are about, our actions make these values meaningful. What we do is important, but how we do it is just as important. Every action we take shapes the ethical character of Montenegro Defence Industry, and that character is at the heart of our company, ultimately setting us apart in the marketplace.

Although we face complex challenges as we transform our business, we cannot waver in our commitment to do what is right while striving to reach our financial and business goals. No objective is worth compromising our values or ethical standards.

While this Code of Conduct helps us address some of the most typical ethical and legal issues and dilemmas we may face, it cannot cover every situation. Our values serve as an internal compass. With these as our guide and with our good judgment, we are all expected to do what is right, to use the resources described in this Code of Conduct and to take responsibility for our actions. Each of us has the responsibility for adhering to this Code of Conduct and for maintaining Montenegro Defence Industry's values.

## V. Compliance Documentation

Compliance documentation provides the information we need to perform our duties in a way that is legal and ethical. Our compliance documentation consists of the following:

### This Code of Conduct

### Additional Policies and guidelines

Montenegro Defence Industry has developed additional policies and guidelines to provide specific direction in how we should work in accordance with the general principles described in this Code of Conduct. These policies and guidelines describe certain very important components of this Code of Conduct in greater detail.



## VI. Maintaining Compliance

We must ensure that Montenegro Defence Industry acts in accordance with all laws and regulations applicable to our business.

### 1. Training

Montenegro Defence Industry provides a variety of training to help us do our jobs properly. General training is required for all employees. The training covers this Code of Conduct and gives information about the laws and regulations applicable to us conducting our business. The general training shall be performed for all employees of Montenegro Defence Industry on a regular and frequent basis.

Many functions within Montenegro Defence Industry (such as sales and marketing, finance, quality control, etc.) require additional specialized training. You will be notified if your position requires this additional training.

### 2. Support

We provide support to all departments of Montenegro Defence Industry. You should make use of this resource. If you face a situation that could give rise to compliance concerns, we encourage you to contact us.

### 3. Monitoring, Auditing & Investigations

Montenegro Defence Industry monitors and audits its business activities to confirm that we adhere to the law and Montenegro Defence Industry's policies and guidelines. When potential compliance violations are brought to our attention, we will take appropriate action to investigate all such reports, and to ensure that our business is conducted in compliance with all applicable laws.

We continuously improve our compliance efforts. If, despite all our efforts, a compliance incident occurs, we will reassess our policies, guidelines and trainings because of these activities and make any necessary changes to avoid it from happening again.

### 4. The Whistleblower

You have different opportunities to report actual or suspected misconduct:

- You may first contact your supervisor, any other member of top management or CEO.
- If your concerns are not resolved or if you are uncomfortable discussing your compliance concerns with any of these contacts, we encourage you to report it openly or anonymously using contact form on our website.



## VII. Tasks & Responsibilities

One of our responsibilities is to follow the law and our internal policies and guidelines as we conduct business on behalf of Montenegro Defence Industry. Check with your function and your manager to learn about job-specific information that you need to know.

No written policy, guideline or code on its own can guarantee compliance with the law or ethical decision-making. Each of us must do his or her part. Here are a few ways to act properly.

### **Act with honesty and integrity**

We conduct business with honesty, integrity and in a manner that protects Montenegro Defence Industry's public image and reputation.

### **Act responsibly**

We behave as if acting for our own company.

### **Follow the rules**

We follow the law and our internal policies and guidelines when conducting business for Montenegro Defence Industry.

### **Respect others**

We respect our fellow staff members, public officials, customers, suppliers, business partners and competitors.

### **Ask**

If we are unsure about what to do or have questions about law, policy, ethics or other compliance issues, we ask our manager or consult the resources identified by this Code of Conduct.

### **Report violations**

We report promptly all known or suspected violations of law, this Code of Conduct or Montenegro Defence Industry's policies and guidelines through the appropriate channels. If someone asks or pressures us to do something that might be a violation, we report that as well.

### **Cooperate with investigations and litigation**

We fully cooperate with Montenegro Defence Industry's investigations into potential violations with our top management. This includes but is not limited to being forthcoming and telling the truth.

### **Additional Responsibilities for Managers**

If you are involved in the management of people, you have additional responsibilities. You must take steps to promote compliance and prevent violations in the areas you manage.



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Lead by example. You must serve as a positive role model and encourage others to follow this Code of Conduct and Montenegro Defence Industry's policies and guidelines. What you do encourages others to do the same thing. Here are some specific ways you, as a member of management, can fulfil these obligations.

- Foster a culture of compliance and ethics through personal leadership.
- Demonstrate the highest ethical standards and quality in your work every day and expect the same from the people who report to you.
- Compete intensely, but never give others the impression that it is acceptable to ignore our policies and guidelines or skip steps. Do not create or tolerate an environment where staff members feel pressured to bend rules.
- Guide employees, consultants, contract workers and temporary workers.
- Ensure that those who report directly to you complete all corporate and job-specific compliance training. You must review which rules apply to them on a regular basis.
- Make sure that vendors, employees, consultants, contract workers and temporary workers operating in your area act in a manner consistent with this Code of Conduct as well as with the policies and guidelines that apply to them.
- Be proactive and take steps to prevent problems before they happen; do not condone them when they do.
- Respond to staff members who raise concerns in a way that makes them feel secure and at ease sharing their issues.
- Be responsible for reporting violations you suspect or that others (not just those who report to you directly) share with you.

## VIII. Non-Retaliation

Retaliation against any employee or other person, who seeks advice, raises a concern, reports misconduct or provides information in an investigation is strictly prohibited.

Montenegro Defence Industry does not tolerate any form of retaliation against anyone who makes a report in good faith, and if it occurs it will result in disciplinary action up to, and including, termination of employment.

If you feel that you have experienced retaliation, you should immediately report your concern to a supervisor who is not involved in the issue or top management.

## IX. Consequences for Non-Compliance

Failure to comply with this Code of Conduct, Montenegro Defence Industry's policies and guidelines or applicable law may subject you and Montenegro Defence Industry to significant fines and criminal penalties. In addition, employees may be subject to disciplinary action up to and including termination of employment, to the extent permitted by law. Disciplinary action may also be taken when managers ignore misconduct or fail to correct it. In addition, Montenegro Defence Industry may terminate the services or work engagement of non-employees who fail to comply with this Code of Conduct, our policies and guidelines, and applicable law.





## Our Ethics and Business Conduct Principles

### X. Corporate Integrity

#### 1. Anti-Corruption

Many countries have laws against the improper influence or corruption of government officials. Beyond that, some countries extend this prohibition also on non-government officials, i.e. private individuals. Customs and traditions in one country, including gift giving, may not be lawful or appropriate elsewhere.

Montenegro Defence Industry is fully committed to complying with anticorruption laws of many jurisdictions, inter alia the German Criminal Code (“StGB”), the U.S. Foreign Corrupt Practices Act (“FCPA”) and similar laws in other countries (such as the “UK Bribery Act”), including local laws, as they apply to Montenegro Defence Industry’s business. We do not tolerate any form of corruption, whether involving a business partner, agent or any other kind of commercial professional, government official, representative or private party, or whether the transaction involves Montenegro Defence Industry purchasing or selling items or services. Be aware that in many countries the production and marketing of military and defence products are operated by the government. Employees working at agencies dealing with the production and marketing of such products are frequently considered by local law to be civil servants and therefore government employees. Be particularly sensitive to this issue because a country’s government is often both, the regulator of our products and a customer.

If you are involved in government procurement activities (i.e. government purchases of Montenegro Defence Industry products), you must also be aware of the laws regulating that area.

#### Our principles

- We do not make, offer, or promise any advantage such as payments, gifts, services, or anything of value (directly or indirectly) that is intended to or might be interpreted as improper influence of government personnel or private individuals to advance Montenegro Defence Industry’s commercial interests of the selection of Montenegro Defence Industry products.
- An “advantage” is understood as any form of value, being either a financial or a non-financial contribution to a person or a legal institution.
- We do not provide anything of value, including grants, donations, or gifts, to encourage the recipient, either from the government or private sector, to use or to influence the selection of products that Montenegro Defence Industry sells. Review the additional Montenegro Defence Industry policies and guidelines that address this subject in specific contexts.



- We do not give or accept an advantage where the nature or value of the advantage is not reasonable and appropriate to the occasion, the circumstances or the position of the receiver.

It is particularly inappropriate to give or accept

- any advantage that does not have a clear business reason, or if the business reason is outweighed by non-business activity;
  - advantages where the nature or value of the advantage is not reasonable and appropriate to the occasion, the circumstances or the position of the receiver or if it is so frequent that the giving or accepting may potentially be regarded as excessive; or
  - any advantage in a non-transparent manner, particularly when a private address or email account is used.
- We do not use a related party (a relative or an individual with whom the recipient lives in cohabitation) to give or accept any advantage;
  - We do neither make, offer, or promise nor accept, ask or expect an advantage with or without the intent and expectation of receiving or giving something in return;
  - We do not give or accept an advantage that may limit or influence the recipient's or our own objectivity or discretion, or influence the decision-making process of the recipient's employer (including a government agency, procurement department of the armed forces or ministry) or Montenegro Defence Industry;
  - We do not make any so-called "facilitation payments" (i.e. small sums of money or noncash benefits to public officials to facilitate or speed up administrative procedures or actions) e.g. for customs clearance, travel visa or the like.
  - We always must avoid conducting business transactions with our customers or business partners that may result in an actual or potential conflict of interest. We do not accept that any business-related activity may affect the integrity of Montenegro Defence Industry, the business partner or customer. It is imperative that we retain the ability to make independent and uninfluenced decisions on anything that is related to the way, means and process of our services and products. We strive to have open, objective relationships with all our customers and business partners.

## 2. Transparent Business Conduct

Non-compliance behaviour and activities often occurs in secrecy. Persons engaged in such activities may try to disguise their actions and to act in secret to hide the misconduct. An effective counter-measure is to conduct business openly and transparently.

Corrupt practices may be disguised by over-compensating business partners. For example, a distributor may receive unreasonably high commission, or speakers at conferences or other consultants may receive excessive payments for their services.

One of the core elements of transparent business conduct is proper documentation.



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## Our principles

- We avoid entering into any agreement without proper written documentation. Written documentation is particularly important in connection with government officials who hold a position that enables them to make or influence business decisions that affect Montenegro Defence Industry.
- We record comprehensively in writing the legitimate business need for the services, the reason why a government official is selected, and the services to be performed.
- We execute such written agreements before services are provided.
- We refrain from entering into any agreement on behalf of Montenegro Defence Industry if we are in doubt as to whether the compensation for the business partner is commercially reasonable.
- Any compensation we grant to any of our business partners for provided services or product deliveries must represent fair market value.
- Any agreement on behalf of Montenegro Defence Industry must serve a legitimate business purpose for Montenegro Defence Industry (“bona fide service”).
- We avoid conducting business transactions with our customers or business partners that may result in an actual or potential conflict of interest.
- We do not accept that any business-related activity may affect the integrity of Montenegro Defence Industry, our business partners or customers.
- We retain the ability to make independent and uninfluenced decisions on anything that is related to the way, means and process of our services and products.
- We strive to have open, objective relationships with all our customers and business partners.

## 3. Donations, Contributions, Gifts & Entertainment

It is important to make sure that even donations, contributions, gifts and entertainment (contributions) once they are permitted under our rules do neither damage our reputation nor our integrity.

### Our principles

- Contributions always require pre-approval.
- All contributions must be made transparently.
- In addition, raise questions about any potential conflict of interest or compliance issues that may arise from charitable contributions.
- All contributions and business meals provided or received must be reasonable and small enough that they do not influence our decisions and those of any partner we do business with.
- We do not offer or accept anything of value in exchange for referrals or other business.
- We communicate to customers, business partners and others that our values restrict what we can give and receive because we want our service and business relationships to stand on their own.

Montenegro Defence Industry recognizes that certain items are appropriate and do not present a risk of influencing our decisions.



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#### 4. Embargos, Trade Controls & Sanctions

Montenegro Defence Industry is committed to maintaining compliance with applicable laws controlling production, imports, exports, re-exports and diversion of its products, goods, services and technical data, including import and customs laws, export controls economic sanctions, denied parties lists and anti-boycott laws. Montenegro Defence Industry does business all over the world, and the laws of one country or jurisdiction may apply to transactions or activities that occur elsewhere. Many countries maintain a program of economic and trade sanctions and embargoes against certain countries and certain parties. Prohibitions on certain exports and imports are also often in place. In addition, various governments have enacted laws that prohibit companies from participating in, or cooperating with, any international boycott that is not approved by the government. Failure to comply with such laws can subject Montenegro Defence Industry and its employees to civil and criminal penalties, including suspension or denial of trade privileges.

##### Our principles

- We check the export classification and follow relevant international trade regulations of all countries in which Montenegro Defence Industry operates as they relate to importing and exporting goods, technology, software, services and financial transactions.
- We do not cooperate with any restrictive trade practice or boycott that is prohibited or penalized under applicable laws.

#### 5. Competition & Fair Dealing

Competition laws promote fair competition. These laws often focus on ways to ensure that businesses compete based on quality, price and service. Montenegro Defence Industry does not tolerate or participate in any business conduct, transaction or activity that violates the competition laws of any country in which we do business. This area of law is extremely complex and can vary from country to country. These laws may be known as antitrust, monopoly, fair trade, competition, price discrimination or cartel laws. They generally apply to interactions between current or potential competitors, as well as to interactions between a company and its customers, suppliers and distributors. Consult your supervisor for guidance if you are about to get involved in a situation that you think may involve any antitrust or competition laws.

##### Our principles

- We do not engage in discussions or make agreements with any actual or potential competitor about pricing policies, discounts, or other terms of sale, or splitting markets or customers as far as not legally permitted.
- We do not engage in discussions or make agreements with any actual or potential competitor about the sale (or non-sale) of either our products or theirs as far as not legally permitted.
- Exercise caution when you engage in conduct that could give the appearance of unfair competition or the abuse of a dominant position in the marketplace.



## 6. Antitrust

Antitrust laws seek to protect competition – similar to competition laws - by prohibiting behaviour that results in decreased competition or unjustified price discrimination or produces other artificial forces in the market. Antitrust laws exist in virtually all countries and apply to conduct at all levels of an organization. In general terms, antitrust laws require companies to compete on an individual basis rather than join with other companies in agreements to restrict competition.

Any concerted actions, informal talks or agreements that are intended to restrict competition or may have the effect of doing so, are prohibited.

The consequences of violating these laws are severe.

### Our principle

- We are particularly careful at association meetings and trade shows to avoid the appearance of anti-competitive behaviour.

## 7. Advertising & Promotion

Montenegro Defence Industry has developed specific procedures to ensure marketing and promotional activity complies with applicable laws, rules and regulations. All promotional material regarding products or services Montenegro Defence Industry provides must be reviewed and approved through the appropriate process for each country.

### Our principles

- We are always truthful and accurate in describing the products and services we are selling;
- We provide a fair and balanced description of the benefits and risks of the products and services we are selling; and
- We only make statements about the products and services we are selling that are supported by appropriate information.

## 8. Quality & Safety

The quality and safety of the products and services we provide are the basis of our business. Montenegro Defence Industry is committed to developing, manufacturing and delivering high-quality products that meet all regulatory requirements.

### Our principles

- We follow statutory as well as internal quality and safety regulations strictly.
- We are each responsible for ensuring compliance with these principles within our own area of accountability.



## 9. Financial Integrity

Accurate business records are essential to Montenegro Defence Industry and to maintain and safeguard investor confidence. We maintain a system of internal accounting controls. This helps us to fulfil our obligation to provide timely, accurate and complete financial information to our shareholders. All our books, records and accounts must fully and accurately reflect Montenegro Defence Industry's business transactions and assets. We must maintain a system of internal accounting controls to provide reasonable assurances that all financial records and accounts are accurate.

### Our principles

- We review and approve financial risks and operational measures appropriately.
- We ensure that all paper and electronic records are managed and maintained properly as required by applicable laws on data retention and company policies on recordkeeping and information management.
- We record all financial and business transactions accurately and promptly in the appropriate accounts and during the applicable accounting period.
- We submit claims for payment or approval that are accurate, truthful and complete. They must conform to applicable legal and contractual requirements.
- We submit claims only for products and services that have been properly ordered and provided.
- We document such transactions accurately through appropriate records.

## 10. Anti-Money Laundering

Money laundering involves hiding the origin of funds derived from criminal or terrorist activity, for example through bribery, terrorism, drug transactions or fraud. Many governments have anti-money laundering laws that prohibit engaging in transactions that attempt to hide the proceeds of crimes by making those proceeds look legitimate.

Montenegro Defence Industry is committed to complying fully with all applicable anti-money laundering laws and regulations.

### Our principles

- We conduct business with reputable business partners involved in legitimate business activities, with funds derived from legitimate sources.
- We alert our supervisor about any payment or other unusual customer transaction that seems inappropriate or suspicious.





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## 11. Information Requests

Montenegro Defence Industry is committed to responding appropriately to all governmental inquiries, audits or investigations. If you are confronted with a governmental request that does not fall within your responsibilities, immediately contact your supervisor for guidance. Please notify immediately your supervisor or top management in case of any non-routine request from any government authority or its representative such as physical searches and raids, interview requests or subpoenas.

### Our principles

- We immediately inform our supervisor or top management if we are approached by any law enforcement agency outside of Montenegro Defence Industry's grounds in connection with Montenegro Defence Industry, our employment with or engagement by Montenegro Defence Industry.
- Supervisor or top management will determine what information needs to be provided in each case. Although Montenegro Defence Industry or individual colleagues may not appear to be the subject or target of an inquiry, non-routine requests may expose Montenegro Defence Industry or individual colleagues to civil or criminal liability.

## 12. External Communication

An open and honest communication enables us to maintain integrity in our relationships with our customers, shareholders, business partners and with the public and other stakeholders. We can only guarantee consistent, open and honest communication if any statement or information given to the media is properly managed and approved. Therefore, external communication especially but not limited to statements to the media may only be made by personnel expressly authorized to give such statements.

### Our principles

- We forward any information request from the media, an investor, financial analyst or any other third party about Montenegro Defence Industry to top management.
- We respect the right to free speech and the protection of personal rights and privacy.
- We are aware that even in our private lives we can be seen as a representative of Montenegro Defence Industry. Therefore, we must also safeguard the Montenegro Defence Industry's standing and reputation through the way we act and behave in public, and above all towards the media.
- When expressing an opinion, we take care not to allow this opinion to be linked to our function/work with Montenegro Defence Industry.



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## 13. Data Privacy

Montenegro Defence Industry is committed to the protection of personal data of employees, business partners and other third parties in accordance with legal requirements.

### Our principles

- We collect, process, store and delete personal data in a lawful manner or on the consent of the data subject, in good faith and in a manner that is reasonably understandable to those concerned.
- Data secrecy applies to personal data. This means that we treat them confidentially. We always protect the personal rights of those affected.
- We observe the restriction of the processing possibilities of special data categories from which racial and ethnic origin, political opinions, religious or ideological convictions or trade union membership can be inferred, as well as the processing of genetic data, biometric data for the unambiguous identification of a natural person, health data or data relating to sexual life or sexual orientation.
- We collect and process data only for specified, explicit and legitimate purposes. Further processing for other purposes is only possible if the purposes of the further processing are not incompatible with the original collection purposes and if there is a legal basis for this.
- We adhere to the principle of data minimization and data economy and process personal data according to the “need-to-know” principle (as much as absolutely necessary, as little as possible). We do not collect data for storage.
- We ensure that the data collected and processed is accurate and up to date and take all reasonable steps to ensure that any personal data that is inaccurate for the purposes of its processing is deleted or rectified immediately.
- Once the storage of personal data is no longer necessary for the processing purpose or after the expiry of legal or business process related retention periods, we delete personal data or cancel the identification of the data subject. Exceptions are made for archiving purposes in the public interest, for scientific or historical research purposes and for statistical purposes.
- We report violations of the protection of personal data to the supervisory authority in due time and, if necessary, notify those affected.
- We comply with the rights of data subjects and fulfil our data protection documentation and accountability obligations.

Further requirements may result from specific data protection and IT security rules on the national and EU level, such as the General Data Protection Regulation (“GDPR”).





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## 14. Political Activities

The processes for new laws and regulations which affect our areas of business are complex and diverse. There are legal restrictions on our ability to support or engage in political activities incl. lobbying. Montenegro Defence Industry will comply with the laws regarding its involvement in any of these processes.

Montenegro Defence Industry respects and supports the right of employees to individually participate in political processes and engage in political activities of their choosing. However, it is important that individual political activities remain separate from Montenegro Defence Industry's activities. Montenegro Defence Industry does not wish to interfere with individual political activities as long as our following principles are respected.

### **Our principles**

Those who engage in individual political activities on a personal, private basis

- make clear that their views and actions are personal and not those of Montenegro Defence Industry; and
- ensure that their personal political activities are not, and do not appear to be, related to their employment or engagement with Montenegro Defence Industry; and
- do not use company time, property, equipment or other company resources for their personal political activities.



## XI. Personal Integrity

### 1. Conflicts of Interest

In the performance of our work, we are responsible for acting professionally and making business decisions in the best interests of Montenegro Defence Industry without any consideration of personal gain. A conflict of interest can arise when personal interests conflict or interfere with those of Montenegro Defence Industry. We must avoid situations that present a conflict or even that create the appearance of such a conflict. To avoid a question about our integrity, we must be able to identify and disclose potential conflicts of interest and excuse ourselves from making decisions where our independence may be compromised.

Montenegro Defence Industry employees are requested to disclose to their supervisor any personal interest including outside employment, transactions or relationships that might jeopardize their objectivity or professionalism in the performance of their work.

#### Our principles

- Employees must disclose and apply for pre-approval from their supervisor or top management before engaging in outside employment, consulting, or serving on the board of directors (or comparable position) of an external organization.
- Employees must inform their supervisor in advance of any investment in a customer, business partner, vendor, supplier or competitor, whether by acquiring a business activity or an equity interest (other than by buying shares in a listed company).
- Employees should not participate in an existing or potential decision involving any personal relationship. Relationships may affect the personal judgment which can easily lead to a conflict of interest. Just because one has a close relationship with a Montenegro Defence Industry employee, customer, business partner, vendor, supplier, competitor or other third party does not automatically mean there is a conflict of interest.

Consult your supervisor to discuss the potential conflict of interest before deciding.

### 2. Use of Corporate Opportunities for Personal Enrichment

Business opportunities arising from the work at Montenegro Defence Industry belong to Montenegro Defence Industry and not to our employees. We have a duty towards Montenegro Defence Industry to advance its legitimate business interests.

#### Our principles

Employees are prohibited from

- using Montenegro Defence Industry's opportunities, property, confidential or proprietary information or their position for personal gain;
- taking advantage of their position at Montenegro Defence Industry by setting up a competing business, otherwise acting as a competitor of Montenegro Defence Industry, or setting up their own business; or
- taking advantage of a business opportunity that belongs to Montenegro Defence Industry by pursuing any opportunity or business venture or otherwise engaging in any activity that would result in competing with Montenegro Defence Industry.



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### 3. Insider Trading

Montenegro Defence Industry regularly transacts business with private or publicly-traded companies and we may become privy to confidential information about Montenegro Defence Industry, customers or business partners during our work. Buying or selling the securities, for example shares, of a company while being aware of such information is considered “insider trading”. Generally, inside information includes any non-public information that may have an effect (positive or negative) on the price of a company’s shares if it were to become public.

Insider trading is prohibited and could subject Montenegro Defence Industry and the individuals involved to large monetary penalties and even criminal liability.

Examples of material non-public information (prior to adequate disclosure) include:

- earnings and other financial information
- changes in dividends
- changes in senior management
- significant regulatory developments
- mergers, acquisitions, and joint ventures
- other significant developments or an important financial transaction.

#### Our principle

- We may not provide inside information to anyone else so that they can profit from it. These restrictions apply no matter where we live, or where the person who might receive the information lives.

## XII. Employment

Montenegro Defence Industry is committed to treating its employees and everyone who is involved in our business operations with fairness and respect. This Code of Conduct as well as all our policies and guidelines prohibit discrimination, harassment and retaliation and are intended to create a workplace that promotes a positive and productive environment. We believe in cooperation, teamwork and trust, which contribute to a positive work environment. All forms of discrimination including harassment and intimidation as well as any form of hostility and violent or abusive conduct are not tolerated.

### 1. Human Rights

Montenegro Defence Industry gives the protection of the internationally recognized human rights and fundamental freedoms highest priority.

#### Our principles

- We reject any form of forced labour and exploitative child labour.
- We do not tolerate any violation of these principles by our business partners.

We expect our business partners to adhere to the minimum employment age which is valid in the country where the affected business partner maintains its business establishment.



## 2. Environment, Health & Safety

Protecting the environment, and the health and safety of our employees, customers and business partners assisting us in our business operations is a business priority. We are committed to ensuring compliance with all applicable environmental, health and safety laws and internal standards.

### Our principles

- We take all necessary precautions to avoid injury or harm to ourselves or our co-workers.
- We notify a supervisor or top management of any unsafe work conditions and practices, injuries at work and any other issues that could impact the environment, health or safety.

## 3. Non-Discrimination

Montenegro Defence Industry fully observes obligations under applicable laws prohibiting employment discrimination, including hiring, termination, promotion and training.

### Our principles

- We do not tolerate discrimination based on race, religion of belief, national or ethnical origin, culture, gender, sexual orientation, disability, age, state of health or any other basis prohibited by law.
- People with equal professional and personal qualifications must be treated equally in terms of recruitment, employment conditions, remuneration, training and staff development within the regional context.
- Managers ensure a good working atmosphere and a high level of performance by treating all employees in an objective and fair manner. They promote their employees and reach clear, ambitious and realistic target agreements.
- We respect the dignity and individual personality of all employees. Dealing with each other is characterized by mutual respect, fairness, team spirit, professionalism and openness. The compatibility of family and career is very important to us. We regard a balanced work-life balance of our employees as an important prerequisite for performance and success.

## 4. Alcohol & Illegal Drugs

Our ability to perform our jobs well requires that we work in a professional manner free from the influence of alcohol or illegal drugs. These substances adversely affect job performance and can risk our health and safety and that of others.

### Our principles

- Abuse of drugs, medications, alcohol, or other legal or illegal drugs or narcotics during work hours is prohibited and will be sanctioned strictly.
- If you suspect that a colleague is intoxicated or under the influence of alcohol or illegal drugs, or is misusing prescription drugs, the situation should be reported to the relevant supervisor.



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## 5. Licenses, Certifications & Permits

Certain duties at Montenegro Defence Industry may require specific licenses, certifications, or other professional credentials.

In some countries, government agencies may exclude certain individuals from participating in our business activities or general activities, services or products related to military and defence.

### Our principles

- We are responsible for ensuring that we have all the credentials required to perform our own work.
- Any required credentials that has or will expire or be revoked must be reported to the relevant supervisor.
- Employees, who are notified that they are excluded from participation in any government program, must notify their supervisor.

## XIII. Company Assets

### 1. Protection & Proper Use of Assets

All Montenegro Defence Industry assets, physical or tangible, non-physical or intangible, may be used solely for legitimate company-related business purposes.

Montenegro Defence Industry's physical assets include items such as access materials, inventory, supplies, work equipment (e.g. computers, mobile phones), vehicles, records and funds or any other tangible property that Montenegro Defence Industry owns, rents or leases.

Assets may also be non-physical or intangible such as but not limited to the company name, logo, trade secrets, strategies and customer information.

### Our principles

- We properly use and maintain property and assets of Montenegro Defence Industry.
- We make sure that Montenegro Defence Industry assets are protected from misuse, damage, loss, theft and waste.
- We do not provide third parties with any Montenegro Defence Industry property or asset, unless authorized to do so in a legitimate business transaction.



## 2. Intellectual Property

Montenegro Defence Industry's property, assets and particularly our Intellectual Property (IP) such as but not limited to patents, trademarks, copyrights, trade secrets, other proprietary information, know-how and expertise developed during our business are key drivers of our success.

### Our principles

- We protect our investments in intangible assets by obtaining, enforcing and defending our IP rights and by maintaining the confidentiality of sensitive information.
- We also respect the legitimate IP rights of others. If you duplicate or misappropriate someone else's IP without authorization, you and Montenegro Defence Industry may be subject to significant fines and criminal penalties.

## 3. Confidentiality, Proprietary Information & IT Security

Any information related to Montenegro Defence Industry that is not in the public domain must be protected and treated confidentially, even if there is no formal obligation of confidentiality. Confidential information includes all non-public strategic, financial, and technical or business information of Montenegro Defence Industry, as well as all business information and trade secrets of our customers and business partners.

Much of the information that we conceive or develop as part of our job belongs to Montenegro Defence Industry and is a valuable company asset. During our work we may receive sensitive or proprietary information from our business partners or other third parties that is confidential.

IT systems – hardware, software, networks and the information that runs on them – are critical to our business success and must be protected. Everyone who uses a computer is responsible to use these resources appropriately, securely and for intended business uses.

### Our principles

- We safeguard and protect our confidential proprietary information.
- We respect and maintain the confidentiality of such information.
- We do not use, disclose or share this information in a way that violates any legal or contractual obligations.
- We pay attention to the IT aspects of confidentiality, such as data protection and data security.
- We protect our computer, or other electronic device from unauthorized use or access.

These principles and obligations apply during working and non-working hours and whether the information is specifically designated as “confidential” or “restricted”. The confidentiality obligations do not expire if your employment with Montenegro Defence Industry ends.



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#### **4. Social Media**

Social media enables people to create and share information, opinions, insights and other forms of expression through virtual communities and networks (for example blogs, social networks, video sharing websites etc.).

The use of social media by Montenegro Defence Industry employees, including any private use, could be attributed to Montenegro Defence Industry for example by using Montenegro Defence Industry's logo or names of products we sell and negatively impact our image and reputation. Whether such use is for Montenegro Defence Industry or personal purposes, we must adhere to our values and comply with applicable laws and Montenegro Defence Industry's policies and guidelines; in particular:

##### **Our principles**

- We use social media for business activity (e.g. for recruiting or public relations activities) only with approval by the related supervisor.
- We use discretion and common sense regarding the potential consequences of social media use.
- We refrain from using social media to discuss issues that involve Montenegro Defence Industry confidential and proprietary information.
- We are open and honest about our affiliation with Montenegro Defence Industry when it is relevant to the issue.
- We make it explicitly clear that individual ideas or opinions are personal and may not represent the position of Montenegro Defence Industry.