GENERAL RULES FOR THE MEMBERS OF THE BOARD OF DIRECTORS

I. FUNCTIONS OF THE BOARD OF DIRECTORS

Art. 1. (1) The Board of Directors shall establish and oversee the strategic directions for the development of M+S Hydraulic Plc and its subsidiaries.

(2) The Board of Directors shall manage the economic group independently and responsibly in accordance with the law and the Articles of Association, the established mission, values, and strategies of the company, and the interests of the shareholders.

(3) In its activities, the Board of Directors shall apply the principles of the National Corporate Governance Code.

II. OBLIGATIONS OF THE BOARD OF DIRECTORS

Art. 2. The Board of Directors shall monitor the performance of the economic group and, if necessary, initiate changes in the management of the operations.

Art. 3. The Board of Directors shall treat all shareholders of the company equally, act in their interest and with the duty of care of a prudent businessman (care of a good merchant).

Art. 4. The Board of Directors shall ensure and oversee the establishment and functioning of the company's management system, as well as other activities established in its constitutive acts.

Art. 5. The Board of Directors shall approve, monitor, and provide guidance on the implementation of the economic group's business plan.

Art. 6. The members of the Board of Directors shall be guided in their activities by the law, generally accepted principles of integrity, and managerial and professional competence.

Art. 7. The Board of Directors shall be accountable for its activities at the General Meeting of Shareholders.

III. ELECTION AND DISMISSAL OF MEMBERS

Art. 8. The General Meeting of Shareholders shall elect and dismiss the members of the Board of Directors in accordance with the law and the Articles of Association of the company, as well as in compliance with the principles of continuity and sustainability of the work of the Board of Directors.

Art. 9. Proposals for the election of new members of the Board of Directors shall comply with the principles regarding the alignment of the candidates' competence with the nature of the company's business.

Art. 10. The management assignment contracts concluded with the members of the Board of Directors shall define their duties and tasks, the criteria for the amount of their remuneration, their obligations of loyalty to the company, and the grounds for dismissal.

Art. 11. The composition of the Board of Directors elected by the General Meeting must be structured in a way that guarantees the professionalism, impartiality, and independence of its decisions regarding the management of the company.

Art. 12. (1) The Board of Directors shall ensure an appropriate separation of tasks and duties among its members.

(2) Primary function of the independent members of the Board of Directors shall be to oversee the actions of the executive management and to participate effectively in the company's work in accordance with the interests and rights of the shareholders.

Art. 13. (1) The members of the Board of Directors must possess appropriate knowledge, qualifications, and experience as required by the position they hold. Candidates for the position are required to have a master's degree and at least 5 years of experience in a management position.

(2) The company shall ensure that, after their election, new members of the Board of Directors shall be made familiar with the key legal and financial matters related to its activities.

(3) The continuous professional development and training of the members of the Board of Directors shall be their ongoing commitment.

(4) The requirements under this Article shall also apply to the natural persons representing legal entities that are members of the Board of Directors.

Art. 14. (1) The members of the Board of Directors must dedicate the necessary time to fulfill their tasks and duties.

(2) The requirements under the preceding paragraph shall also apply to the natural persons representing legal entities that are members of the Board of Directors.

Art. 15. (1) The election of members of the Board of Directors of the company shall be conducted through a transparent procedure, which includes:

1. a reasoned proposal by the Board of Directors for the election of a new member;
2. sufficient information regarding the candidate's personal and professional qualities;
3. a detailed description of the candidate's managerial experience.

(2) It is recommended that the number of consecutive terms for the independent members be limited to 3.

IV. REMUNERATION

Art. 16. The Board of Directors shall develop a clear and specific remuneration policy for its members, which shall be adopted and amended by the General Meeting of Shareholders.

Art. 17. The remuneration of the members of the Board of Directors shall consist of fixed remuneration and variable remuneration.

Art. 18. (1) The report on the implementation of the remuneration policy shall be a separate document to the annual financial statements of the company.

(2) The Board of Directors shall ensure easy access for shareholders to the adopted remuneration policy for the board members, as well as to information regarding the annual remunerations and additional incentives received by them.

VI. CONFLICT OF INTEREST

Art. 19. (1) The members of the Board of Directors must avoid and prevent any actual or potential conflict of interest.

(2) The members of the Board of Directors must immediately disclose any conflicts of interest and ensure that shareholders have access to information regarding transactions between the company and members of the Board of Directors or their related parties.

(3) The Board of Directors shall establish a system for avoiding conflicts of interest in transactions with interested parties and for disclosure of information should such conflicts arise.

V. FINAL PROVISIONS

§ 1. The requirements and deadlines in the general rules are recommendatory for the General Meeting of Shareholders and shall take effect from the date of their adoption.

§ 2. These rules were adopted by the Board of Directors of M+S Hydraulic Plc on 26 March 2025.