

# 1 - Code of Ethics

## 2 - Terms and abbreviations

**Code of Ethics** – this code of ethics

**Ethics Line** – institutionalized phone line and e-mail address, established by MERO ČR, a.s., through which it is possible to submit a complaint

**Confidential information** – all information concerning the activities of MERO ČR, a.s., employees, management, customers and business partners, which is not publicly known or accessible

**Internal auditor/risk manager** – non-member of the MERO ČR, a.s. management, who supervises the procedure of a lawyer in dealing with unlawful or unethical conduct

**Management** - Managing Director, Director of Sales and Company Administration, Operations and Technical Director, Head of the Personnel and Security Section, Head of the Technical Development Section, Head of the Planning and Strategic Projects Section, Head of the Accounting and Tax Section, Lawyer

**MERO ČR, a.s. or the Company**- MERO ČR, a.s., Company Reg. No.: 601 93 468, Registered office Kralupy nad Vltavou, Veltruská 748, Post Code 278 01, registered in the Commercial Register kept at the Municipal Court in Prague, Section B, insert 2334.

**Business partner** - suppliers, contractors, agents and other partners with which MERO ČR, a.s. has a contractual relationship

**Notifier** - a member of the Board of Directors, member of the Supervisory Board, member of the audit board, an employee or an external entity, who reports his suspicions of unlawful or unethical conduct in accordance with internal regulations, which may have a negative impact on the work, business activities or economic results of MERO ČR, a.s., employment and/or labor relations within the Company, or which may be perceived as a discriminatory act in the sense of Act no. 262/2006 Coll of the Labor Code, in conjunction with the provisions of Act no. 198/2009 Coll, on Equal Treatment and Legal Means of Protection against Discrimination and on Amendments to Certain Acts (Anti-Discrimination Act).

**Complaint** - reporting the notifier's suspicions that there was or may have been unlawful or unethical conduct in relation to the activity of the Company.

**Unlawful conduct** - criminal conduct, which is inconsistent with the laws

**Unethical conduct** – conduct in contradiction to internal company standards, in particular the rules set out in the Code of Ethics

**Direct superior** - a member of the Board of Directors, whose function is linked to the performance of directors of sections, or heads of sections, or heads of departments

**Bribe** - an undue advantage consisting in direct asset (financial or material) enrichment or other benefits that are received or receivable by bribed party or another person by their consent, which the bribed party or another person is not entitled

**Lawyer** - a lawyer who is authorized by the Board of Directors to investigate the complaint and other activities under the Code of Ethics

**Contract** – any provision of goods, services and works, which are requested by a third party within the framework of the activities of MERO ČR, a.s.

**Customer** - an entity which takes services from MERO ČR, a.s.

## 3 - Purpose

The purpose of this document is to establish systemic measures in the area of the corporate system, which should lead to the prevention and reduction of the threat of unlawful or unethical conduct. The document further regulates the detection of such threats and the course of any subsequent resolution of the threat of unlawful, illegal and unethical behavior (compliance program).

## 4 - Basic values respected at MERO ČR, a.s.

In the performance of its business activities, MERO ČR, a.s. shall be guided by the following values, which are specified in detail in this Code of Ethics:

- **Compliance with laws and internal regulations** – the basic cornerstone of MERO ČR, a.s. is consistent compliance with laws and internal standards and the promotion of ethical behavior
- **Transparency** – during the course of conducting business MERO ČR, a.s. shall act fairly and transparently and shall pay attention to rules intended to protect free and open competition
- **Respect for human rights** - MERO ČR, a.s. shall support the protection and promotion of fundamental human rights and freedoms, and shall not participate in commercial activities that infringe, restrict or otherwise inhibit those rights
- **Economic success** - the Company's activities are focused on making a profit. For this purpose, the principles of sound corporate governance and the economical and efficient use of its financial assets and property are promoted within the Company
- **Professionalism and quality** - MERO ČR, a.s. has a professional approach in all of their activities, both towards its customers and business partners, and continually strive for greater efficiency and quality of their services.
- **Loyalty** – employees, members of the Board of Directors, the Supervisory Board and the audit board are always loyal to the Company and enhance its reputation
- **Environmental protection** - MERO ČR, a.s. shall strive to ensure that the Company's activities have the least possible negative impact on the environment, and promote a policy of sustainable development and the prudent use of natural resources

## 5 - Purpose of the Code of Ethics

MERO ČR, a.s. is fully aware of its social responsibility as well as its accountability to its shareholders. Therefore, it considers it essential to establish and implement a code of conduct within the Company that reflects the basic values of its operation.

MERO ČR, a.s. is also aware that, pursuant to Act 418/2011 Coll., on the criminal liability of legal persons and proceedings against them, as amended, it is possible in certain cases to prosecute a legal person for an unlawful act committed in its name or in its interest or in the framework of its activities, in the event that this responsible person or employee commits such an unlawful act during the performance of their work tasks.

A legal person may be held responsible for the unlawful conduct of a responsible person or employee, in the event that the employee of the legal person acts:

- a) on the basis of a decision, approval or instruction of bodies of a legal person or a responsible person, or
- b) because the bodies of a legal person or responsible person has not implemented measures they should have implemented pursuant to other legislation, or which from them may be reasonably required, in particular not implementing mandatory or necessary control of the activities of employees or other persons who are their senior or not implementing necessary measures to prevent or avert the consequences of a committed offense.

MERO ČR, a.s. has adopted this Code of Ethics with regard to the above-mentioned principles of imputability of an offense committed by a legal person.

This Code of Ethics defines the basic values of the business and social conduct of the Company, its business partners, as well as third parties in the cases specified in more detail, above and beyond the relevant legislation. The purpose of the Code of Ethics is to regulate and promote the application of the principles of ethical behavior within MERO ČR, a.s. and to avoid unlawful conduct or to prevent the risk of criminal liability of the Company arising from Act 418/2011 Coll., on criminal liability of legal persons and proceedings against them, as amended.

Along with the Articles of Association of MERO ČR, a.s., this Code of Ethics also represents one of the cornerstones of responsible management of the Company. The Code of Ethics aims to establish an ethical and legal framework for the everyday activities of the Company and ensure mechanisms of effective prevention and detection of violations of laws.

MERO ČR, a.s. shall not tolerate and strictly rejects any criminal activities committed by members of the Board of Directors, members of the Supervisory Board, members of the audit board or employees. For this purpose, the Code of Ethics also establishes mechanisms for reporting any suspicion of a criminal offense or other unethical conduct committed in connection with the activities of MERO ČR, a.s., whereby persons who report this are guaranteed maximum confidentiality, in the event that the report was made in good faith.

Mechanisms for reporting unethical or unlawful conduct are specified in detail in Article 10 and 11 of this Code of Ethics.

## 6 - Scope of application and the binding nature of the Code of Ethics

The Code of Ethics is an internal regulation of MERO ČR, a.s., which is binding for Company employees, members of the Board of Directors, the Supervisory Board and the audit board, and also for its business partners and customers in the applicable scope. Should certain provisions of the Code of Ethics be in conflict with the applicable legislation, the valid legislation shall always take precedence over the provisions of this Code of Ethics.

Violation of the rules of the Code of Ethics by employees or a member of the Company management bodies may lead to disciplinary action or sanctions in accordance with applicable labor legislation, including dissolution of employment, as well as other legal penalties.

The basic code of conduct set out in this Code of Ethics shall also apply to third parties that represent MERO ČR, a.s. externally, and also in cases in which MERO ČR, a.s. could be committed to or bear responsibility for the acts of a third party.

The Board of Directors, together with other members of management, are responsible for the management and implementation of the rules laid down in the Code of Ethics into practice and their compliance by employees and members of the Company management bodies.

In cases of doubt about the interpretation of the Code of Ethics and its application, each person to whom the Ethical Code applies shall be obliged to consult their direct superior or the lawyer and ask for an explanation of the relevant provisions of the Code of Ethics.

MERO ČR, a.s. is committed to ensuring that other companies, in which the Company has property interests, adopt its own code of ethics, whose principles are based on the same principles as this Code of Ethics. This obligation applies in particular to MERO Germany AG

## 7 - Familiarizing people with the Code of Ethics

Each new employee or member of the Board of Directors, the Supervisory Board or the audit board of MERO ČR, a.s. shall be made familiar with the Code of Ethics immediately after commencing employment or being inaugurated to function.

The Company's Code of Ethics is available for review to employees and members of the Board of Directors in the document management system in the Integrated Management System (IMS) . All Company employees and members of the Board of Directors are required at least once every year to attend training on the meaning of the application of the Code of Ethics and training on the risks of the occurrence, and the prevention and elimination of criminal liability of the Company. The training is completed with a test of knowledge of the issues of criminal liability of legal persons and ethical behavior.

The Code of Ethics is available to members of the Supervisory Board and the audit board of MERO ČR as well as to the business partners of MERO ČR, a.s. on the website at [www.mero.cz](http://www.mero.cz).

The commitment to compliance with the MERO ČR, a.s. Code of Ethics is an integral part of the contracts that the Company concludes with its customers and business partners. These parties are liable to have their employees in contact with representatives of MERO ČR, a.s. acquainted with this Code of Ethics including information about the possibility to report potential unethical or illegal conduct of representatives of MERO ČR, a.s.

## 8 - Basic principle of behavior inside and outside of MERO ČR, a.s.

### 8.1 Compliance with legislation and internal standards

- In countries, municipalities and environments in which MERO ČR, a.s. operates or will operate its business, it shall always act in accordance with the law, even in cases where the legal provisions go beyond the basic code of conduct described in this Code of Ethics. On the contrary, the basic code of conduct stated in this Code of Ethics shall be respected by the Company, even where these basic principles of behavior go above and beyond the legal requirements. The latter, however, shall only apply in the event that the principles of behavior stated in the MERO ČR, a.s. Code of Ethics are not in conflict with legislation.
- MERO ČR, a.s. also behaves in such a way to prevent action conducive of committing a crime, and that the potential consequences of such action, if any, are minimized, promptly eliminated and remedied.
- MERO ČR, a.s. informs its employees and members of Company management bodies of the relevant legislation concerning their activities. They shall be obliged to familiarize themselves with these laws. In the case of doubt about

the interpretation or application of legislation which affects the activities of MERO ČR, a.s., each employee or member of the Company's management body shall be obliged to consult the lawyer who shall provide professional legal advice or the Ethical line. Any intentional violation of legislation or internal regulations may lead to civil or criminal liability as well as disciplinary measures or sanctions in accordance with the applicable labor laws and internal regulations.

## **8.2 Behaviour of Company Board of Directors in Relation to Code of Ethics**

- Members of Company Board of Directors are responsible for development and maintenance of the culture of ethical conduct within the company and compliance with the Code of Ethics. In this context the Company Board of Directors shall:
  - Be an example to follow for the employees in terms of their own ethical conduct,
  - Assure all employees are acquainted with the Code of Ethics and understand its requirements,
  - Follow employees' conduct in compliance with the ethical principles laid down herein.

## **8.3 Reputation**

- Support and strengthening of good reputation of the Company is a priority for all employees, members of the Board of Directors, the Supervisory Board and the audit board of the Company.
- Every employee, member of the Board of Directors, the Supervisory Board and the audit board of the Company shall take care not to harm the reputation of the Company by fulfilment of their work tasks and Company representation on the outside. This mainly involves acceptable expression within social networks where their conduct might affect the Company image.
- Members of the Board of Directors, the Supervisory Board and the audit board and the Company employees representing the Company on the outside shall always behave to third parties seriously and politely.
- Information concerning MERO ČR, a.s. and its activities may only be provided to the media by authorised speakers in compliance with the relevant Company bylaws. The ban to provide information about the Company activity also applies to communication over social networks.
- In the case of doubt or suspicion concerning potential break of these rules the employees, members of the Board of Directors, the Supervisory Board and the audit board are liable to inform their direct superior, the lawyer or address the Ethical Line.

## **8.4 Relationships to Employees**

- MERO ČR, a.s. respects its employees and supports equal approach to all of them. The Company strictly observes all regulations of the labour law. All employees and members of the Board of Directors, the Supervisory Board and the audit board support and enforce compliance with labour law and keeping respectful work environment involving respect for each other.
- The Company provides its employees just remuneration for their work. The Company does not accept harassment, bullying or inappropriate interference with privacy at the workplace.
- In the case of doubt about compliance with and application of labour law regulations or in the case of noticing inappropriate behaviour at the workplace the employees, members of the Board of Directors, the Supervisory Board and the audit board are liable to inform their direct superior, the lawyer or the Ethical Line.

## **8.5 Ban of Discrimination**

- MERO ČR, a.s. does not accept exceptions in equal approach to all employees, members of the Board of Directors, the Supervisory Board and the audit board. For that purpose the Company takes care to provide equal opportunities to all regardless their ethnic origin, nationality, gender, sexual orientation, age, marital status, religious belief, physical handicap, membership in Trade unions or political opinions, as long as they are in harmony with democratic principles of the legal state.
- MERO ČR, a.s. does not tolerate behaviour or attitude which may cause that other individuals will feel restricted, abused or harassed and subjects any discriminatory behaviour towards others to a disciplinary proceeding.
- Everybody is entitled to report any manifestation of discriminatory behaviour to their direct superior, the lawyer or the Ethical Line.

## **8.6 Occupational Safety and Health Protection**

- MERO ČR, a.s. actively supports creation of conditions for safe work and health protection at work and minimisation of risks to life and health of its employees, members of the Board of Directors, the Supervisory Board and the audit board. For that purpose the Company provides periodic training in occupational injury prevention, safety and health protection.
- Every employee and member of the Board of Directors, the Supervisory Board and the audit board is obliged to protect their own health and health of others at work and observe the applicable legislation and internal bylaws concerning OHS.
- Drinking alcoholic drinks and taking other narcotics at work or outside the workplace during the regular working hours and entering the workplace under the effect of these substances is strictly prohibited. It is also prohibited to take narcotics outside working hours if this might affect fulfilment of job-related obligations by employees and members of the Board of Directors, the Supervisory Board and the audit board while at work or threaten occupational safety and health protection.

## **8.7 Economic competition**

- MERO ČR, a.s. strictly rejects any conduct that may be in conflict with the law on the protection of economic competition.
- In the case of doubt about the observance and application of rules on economic competition employees or members of the Company's Board of Directors, the Supervisory Board or the audit board shall be obliged to contact their direct superior, the lawyer or the Ethical Line.

## **8.8 Selection of business partners**

- Business and public contracts are always awarded in accordance with the valid legislation, and in the case of a statutory obligation also based on a transparent selection procedure of the respective type.
- MERO ČR, a.s. selects business partners on the basis of objective and clear criteria, with the utmost respect for the economic benefits of the agreed contractual obligations, and in accordance with the internal regulations of the Company.
- Before the conclusion of the relevant contractual obligations, the Company's employees and members of the Board of Directors are assigned to adequately examine publicly available information about future business partners and verify whether these business partners are trustworthy and whether there are reasonable doubts about the legality of their business. Potential business partners are always assessed in accordance with legislation and basic ethical standards so as to not infringe the privacy and personal integrity of the third party.
- Candidates for the Company's contracts may not be in any way favored or vice versa disfavored in the competition for contracts. Selection of a business partner is based on objective criteria according to their actual qualities, commercial aspects and potential benefit to the Company.
- Each employee or member of the Company's Board of Directors involved in the selection of business partners, whose personal interest or relationship with the counterparty could affect the selection procedure, is obliged to notify his direct superior and refrain from any action that could influence the choice.

## **8.9 Relations with customers and business partners**

- Relations between MERO ČR, a.s. and its customers and business partners are based on lawful, unbiased and honest conduct. Any unfair trade practices are automatically banned, and the Company ensures compliance with legislation and internal company regulations, in particular the Code of Ethics, in relation to customers and business partners.
- MERO ČR, a.s. communicates complete, accurate and understandable information with their customers and business partners. In the same way, the Company responds to all inquiries from customer and business partners.
- MERO ČR, a.s. also expects its customers and business partners to abide by and respect the laws as well as proportionately the rules and basic values established by this Code of Ethics. To this end, all contracts include the business partner's commitment to respect the principles of ethical conduct contained in this Code of Ethics, to have its employees in contact with representatives of MERO ČR, a.s. acquainted with the Code of Ethics of MERO ČR, a.s. including the information that potential unethical or unlawful conduct of MERO ČR, a.s. representatives may be reported
- When entering into contractual commitments and awarding contracts, the Company acts in accordance with the applicable legislation and internal rules of the Company. Procedures for preparing and signing contracts with customers and contractors are further defined in internal regulations of the Company, and the Company may not provide customers with products, services, or other forms of cooperation that would be in conflict with the legislation and internal regulations of MERO ČR, a.s.
- MERO ČR, a.s. seeks to ensure to the maximum extent possible that business partners of the Company are provided performance in the agreed and expected quantity and quality, and refuse entering into contractual obligations that the Company could not meet.

## **8.10 Dealings with public authorities**

- When contacting and communicating with the public authorities, MERO ČR, a.s. proceeds in full accordance with the law and the basic ethical principles contained in this Code of Ethics, and in particular in accordance with Article 8.15 Offering any form of bribe to officials or employees of public authorities to influence the administrative process or to obtain any other undue advantage is expressly prohibited.
- MERO ČR, a.s. is committed to fully cooperate with relevant public authorities during any control or audit activity or any other form of verification or investigation. To that end, the Company provides the information requested by the public authorities in accordance with the relevant legislation. Nevertheless, the Company shall take into account the

rules on the protection of confidential information pursuant to Article 8.18 of the Code of Ethics when providing information.

### **8.11 Measures against money laundering and the financing of terrorism**

- MERO ČR, a.s. meticulously follows the legislation on measures against money laundering and financing of terrorism.
- In order to combat crimes related to money laundering and financing of terrorism MERO ČR, a.s. processes data about its customers and business partners, and properly handles and evaluates them to a proportional extent.
- In the case of suspicion that a customer or business partner of MERO ČR, a.s. has attempted to use a contractual relationship with the Company for unfair or illegal purposes such as money laundering or financing terrorism, each employee or member of the Company's Board of Directors, the Supervisory Board or the audit board shall be obliged to immediately inform their direct superior or the lawyer of these suspicions, or contact the Ethics Line.
- The Company commits itself to providing the competent public authorities in the given area with all the necessary cooperation that could be justly required of it.

### **8.12 Company accounting and management**

- Company accounting and management is performed in accordance with the laws and accounting standards.
- The Company ensures that all transactions are transparent, duly authorized, verifiable and accurately accounted for. Financial statements are always processed in accordance with generally accepted accounting principles and in all respects present a true picture of the financial standing and operating results of MERO ČR, a.s.
- The Company also undertakes to comply with the relevant legislation by submitting duly kept records for tax purposes, and prepares and submits tax returns for all of its tax obligations in the manner and within the time limits set by law.
- Company accounts are strictly controlled by external and internal auditing. Any alterations or fraudulent falsification of financial records or documents are automatically forbidden.

### **8.13 Intellectual property protection**

- Objects or works which are protected by the laws on the protection of intellectual property and those created or purchased by the Company, will become its property and cannot be considered private or personal belongings. All employees and members of the Board of Directors, the Supervisory Board or the audit board are required to protect the Company's intellectual property.
- MERO ČR, a.s. always respects the intellectual property rights of third parties, as well as trade secrets and copyright mainly relating to computer programs and trademarks.
- Employees and members of the Company's Board of Directors, the Supervisory Board or the audit board are not authorized to upload any software to the Company's computers without the appropriate licenses to use the work or documents protected by copyright and trademarks of third parties, copy, or download documents or materials without the consent of the persons owning the rights in accordance with the laws on intellectual property.

### **8.14 Environmental protection**

- MERO ČR, a.s. respects and protects the environment. For that purpose the Company strictly adheres to all legislation in the field of environmental protection. Therefore, the Company seeks to reduce the environmental impact of its own activities, the activities of its customers and business partners as much as possible, and also reduce industrial, health and environmental hazards in its workplaces. The Company encourages a policy of sustainable development and efficient use of natural resources. The Company sees to a strict adherence to all relevant legislation in the field of environmental protection.
- Every employee, member of the Board of Directors, the Supervisory Board and the audit board is liable to protect the environment by acting in compliance with the applicable environmental legislation. The Company also proportionately requires and monitors the compliance of its business partners with laws and regulations in the area of environmental protection

### **8.15 Anti-corruption rules**

- MERO ČR, a.s. rejects any form of corruption or conduct disrupting free enterprise.
- The Company's Board of Directors and Supervisory Board members and its employees must not use business contacts for their own benefit or for the benefit of others or to the detriment of the Company. This means in particular that in the context of combating corruption, none of the Company's Board of Directors, the Supervisory Board or

employees shall provide or accept illegal private benefits or gifts in business relations (e.g. any cash payments, including in kind payments, services) for the purpose of obtaining or retaining contractual obligations or influencing the official actions of public authorities, if such conduct constitutes a breach of the law or could affect the due performance of work duties within the framework of the Company.

- The illicit provision of donations or benefits shall not include sponsoring public cultural or artistic activities or charitable purposes. More detailed rules for the provision of financial or other donations are closely regulated by the relevant internal regulations.

## 8.16 Donations

- Unless otherwise specified below the members of the Board of Directors, the Supervisory Board or the audit board and employees of MERO ČR, a.s. are not permitted to accept financial gifts or other similar donations in connection with their work activity (including services or benefits in any form) which might affect objectiveness of a business decision in any way or due fulfilment of work tasks or function in a Company body.
- Acceptance of publicity items or occasional invitations which may be considered business courtesy in the context of valid standards are permitted. Acceptance of small gifts worth up to CZK 1,000 is also permitted unless they are able to affect fulfilment of work tasks or business decisions.
- In the case of any doubt concerning gift acceptability the members of the Board of Directors, the Supervisory Board or the audit board and Company employees are liable to address their inquiry to their direct superior, the lawyer or the Ethical Line.

## 8.17 Conflict of interest

- All members of the Company's Board of Directors, the Supervisory Board and the audit board and employees of MERO ČR, a.s. are obliged to act loyally to the Company, not harm its reputation and act in accordance with its legitimate interests. The obligation resulting from special legislation for the members of the bodies of the Company to act loyally and with due diligence shall remain unaffected.
- Members of the Board of Directors, the Supervisory Board and the audit board and employees of MERO ČR, a.s. are required to avoid possible conflicts of interest between their personal or financial interests and their activities for MERO ČR, a.s.
- In addition to the employment performed within their employment relationship, employees may only perform other gainful employment in the same line of business as the Company, with the prior written consent of the Company.
- Members of the Board of Directors may only perform another profit-making activity in addition to their function identical with the subject of the Company business activity or competitive to the Company business with prior written consent of the Company.
- Members of the Supervisory Board and the audit board are liable to observe the bank of competition as defined for Supervisory Board members in Act no 90/2012 Coll., on Business Companies and Cooperatives (Business Corporations Act), as amended (hereinafter "BCA")
- Profit-making employment shall be considered to be any activity certificated by law performed for profit or pecuniary benefit. Gainful employment is therefore understood to be conducting business or performance of the position of a member of bodies of business or other companies.
- In the event that the Company withdraws consent granted to an employee or member of a Company Board, the withdrawal must be in writing and must specify the reasons for the withdrawal. After the withdrawal of consent, the employee or member of a Company Board shall terminate the profit-making employment without undue delay in the manner for its termination pursuant to the relevant legislation.
- Limitation of profit-making employment consistent with the business activity of the Company shall not apply to the performance of scientific, educational, journalistic, literary or artistic activities.
- In the case of doubt about a possible or impending conflict of interest, each employee or member of a Company Board shall be obliged to ask the lawyer for an assessment of the existence of a possible or impending conflict of interest.
- Members of the Company Boards or employees of MERO ČR, a.s. shall not, without the prior written consent, provide benefit or service to a third party with which they have a relationship of a financial, business, family or social nature, in the case that the provision of such a benefit or service would be in conflict with the internal regulations of the Company or would otherwise damage the interests and status of MERO ČR, a.s.
- A conflict of interest may also arise in the event of a contract concluded between the Company and an employee, a member of a Company Board or a family member. An employee or member of a Company Board who wishes to enter into a contract with MERO ČR, a.s. or who knows that a family member intends to conclude a contract with the Company shall always inform his/her direct superior, lawyer or address the Ethical Line in advance.

- At the same time the members of the Board of Directors and the Supervisory Board of the Company shall comply with their liabilities pursuant to the BCA, namely:
  - If a member of the Board of Directors or the Supervisory Board of the Company learns that performance of their function may lead to a conflict of their interests with the interests of the Company then this member is liable to inform the Board about it without delay. The same applies to conflicts of interests of persons close to the member of the Board or persons the Board member influences or controls.
  - If a member of the Board of Directors or the Supervisory Board is about to execute a contract with the Company then this member is liable to inform the Board about it without delay, including the conditions under which the contract is to be executed. The same applies to contracts between the Company and persons close to the member of the Board or persons the Board member influences or controls.

### **8.18 Protection of confidential information and secrecy**

- It is prohibited to directly or indirectly use confidential business information or information about business partners, customers, employees or the Boards of MERO ČR, a.s. during the course of employment or other relationship, and even after its termination in order to gain personal benefit or the benefit of third parties and/or to the detriment of the Company.
- It is explicitly forbidden to provide the Company's competitors with business information and the know-how of MERO ČR, a.s.
- Members of the Board of Directors, the Supervisory Board and the audit board and all employees of MERO ČR, a.s. are required to actively protect confidential internal data and public information, regardless of their content or form. The obligation of confidentiality does not apply to information that is suspected to be gained from unlawful conduct.
- Members of the Board of Directors, the Supervisory Board and the audit board and employees must never disclose confidential information about customers and business partners to unauthorized persons, except with explicit consent or in cases required by law.
- Rules relating to restrictions on the provision of information do not apply in cases where the provision of confidential information should contribute to averting a criminal offense, or imminent harm to health or property.
- In the case of doubt about what information may be disclosed to third parties, the affected member of the Company Board or employee must ask his/her direct superior or lawyer in advance to decide how to proceed in the given matter.

### **8.19 Personal Data Protection**

- MERO ČR, a.s. takes care of personal data protection and handles employees' and Board members' and other subjects' data in compliance with the data protection legislation. All employees and members of Company management bodies are liable to act in compliance with these regulations.
- Liabilities applicable to personal data processing include (but are not limited to):
  - Processing of personal data in ways preventing unauthorised or random access to personal data, their change, destruction or loss, unauthorised transfers, unauthorised processing or other abuses of personal data.
  - Written materials and record carriers including personal data must be secured by their storage in a locked room or in other places where their protection can be assured. Record is kept on access of persons entitled to process personal data including information about what data and for what purpose have been made accessible to them.
  - Data including personal information stored in Company servers or in servers of entities allowed to process personal data for the Company on contractual basis must be secured against free unauthorised access, change, destruction or loss, unauthorised processing or other abuses, especially by use of individual user passwords, encoding, backup etc.
  - Employees, members of Company management bodies or third parties authorised by a contract on personal data processing executed with the Company are not entitled to record the personal data on any portable device or data carrier that may be taken out of the Company premises or the premises of the entities contacted to process personal data for the Company, unless the personal data are encoded.
  - The authorised and trained employees or third parties contracted to process personal data for the Company may only process personal data in the minimum scope necessary for the given purpose;
  - Persons entitled to process personal data are liable to keep confidential the personal data as well as the security measures adopted for their protection. These authorised data processors are only permitted to handle the entrusted personal data for the purpose of fulfilment of their liabilities and in compliance with the data protection legislation and Company bylaws and instructions;
  - In the case of discovered or suspected violation of personal data protection rules the person authorised to process the personal data or the Company are liable to take the necessary steps, including reporting the violation to the competent supervisory body or the subject of the abused personal data;
  - Records must be kept about personal data processing pursuant to the Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection



Regulation). The Company or the person contracted to process personal data shall assure supervision over personal data entry to the relevant systems and their processing and shall keep record on the processed personal data in the following scope: which personal data were entered in the system, when and by whom and to whom the personal data were provided. The Company shall also keep a list of the persons authorised to process personal data including the form, scope and reason why the personal data are processed by these persons.

- Liability to periodically check the method of personal data processing and compliance with the applicable legislation.
- In the case of doubt about how to handle personal data or in the case of detected violation of the personal data protection regulations the respective Company employee or Board member is liable to contact their direct superior, the lawyer or the Ethical Line.

## 8.20 Asset Protection

- Property of MERO ČR, a.s., property of its employees and Company Board members at the workplace and assets of other entities the Company handles must be protected against abuse, loss, damage or misappropriation. The company has control mechanisms in place for the purpose of prevention and detection of such events.
- Members of the Board of Directors, the Supervisory Board and the audit board and all employees of the Company are liable to handle Company assets with care, protect them against abuse, loss, damage or misappropriation and prevent their damage. Use of Company assets for the purpose of criminal activity is strictly prohibited. In the case of a risk of damage or damage to an asset the employee or Board member detecting this is liable to inform its direct superior, the lawyer or contact the Ethical line,
- Violation of this asset protection liability may lead to disciplinary actions or sanctions in compliance with applicable legislation or internal bylaws of the Company, including but not limited to the Directive Ř-GŘ-05 Work Rules, including employment termination pursuant to Section 52 (g) of Act no 262/2006 Coll., the Labour Code, as amended. In the case of criminal activity against property the Company may in addition inform the relevant competent authorities.

## 8.21 Economic Use of Assets

- The acquisition and use of Company assets is based on an economic analysis performed in accordance with the laws and internal regulations. A similar process is used for the depreciation or sale of redundant Company assets.
- Members of the Company Boards and all employees of the Company are liable to handle Company assets economically and with care when doing their work or performing their function to effectively fulfil the business and other objectives of the Company. Members of the Board of Directors, the Supervisory Board, the audit board and all Company employees may use the assets owned by MERO ČR, a.s. solely for intended (work) purposes, in the event that the internal regulations of the Company or a specific contract between the Company and the employee or a member of a Board does not allow the use of Company assets for personal purposes.
- Specific responsibilities of individuals in the handling of the Company's finances are specified in internal regulations or specific contracts between the Company and employees or a member of a Company Board.
- Violation of the obligations relating to the use of the assets of the Company may lead to disciplinary action or sanctions in accordance with the applicable laws and internal regulations, in particular Directive Ř-GŘ-05 Work Regulations, including termination of employment pursuant to the provisions of Article 52(g) of Act 262/2006 Coll., the Labor Code, as amended.

## 9 - Prevention of criminal offenses and compliance with regulations and internal standards

- Prevention of criminal offences, compliance with laws and internal regulations, especially the Code of Ethics, is a moral obligation of MERO ČR, a.s. Therefore, the Company regularly performs rigorous internal checks, based on which measures are adopted to rectify any undesirable situation.
- During the checks, employees and members of the Company Boards are required to provide full cooperation to the control authorities of the Company, as well as the competent public authorities, so as to provide the most effective prevention of criminal offences, or at least their effects, which could be attributed to MERO ČR, Ltd.
- To meet the above objectives, the members of the Company Boards and employees of the Company are regularly duly trained in risks and criminal offenses.

## 10 – Notification of Unethical or Illegal Conduct by External Entities

- A situation may occur when an external entity, for example an employee of a business partner, witnesses unethical or illegal conduct of a representative of MERO ČR, a.s. In such case the external entity is liable to report this suspicion of unethical or illegal conduct of a MERO ČR, a.s. representative to the lawyer of MERO ČR, a.s. or the Ethical line of MERO ČR, a.s.
- The contractors of the Company are informed about this option on their contract execution.
- Such information will be investigated with the same care as information of members of the Company boards or employees of MERO ČR, a.s. under the same conditions, including anonymity. External entities will not as a rule be informed about settlement of their report.

## 11 - Investigation and resolution of unlawful or unethical conduct

### 11.1 General principles and the Ethics Line

MERO ČR, a.s. strictly ensures that unlawful or unethical conduct does not occur in relation to its activities. In the event that unlawful or unethical conduct occurs, MERO ČR, a.s. is committed to immediately detecting the unlawful or unethical conduct in order to effectively prevent it continuing, and, given the circumstances of the case, to take the necessary measures to prevent or avert its consequences. The Company investigates all of the circumstances and reasons for the unlawful or unethical conduct in a consistent manner.

In the event that unlawful or unethical conduct is detected, all members of the Company Boards and employees of MERO ČR, a.s. are required to make every effort, given the particular circumstances of the case, to require this unlawful or unethical conduct to be stopped and avert its negative consequences.

In this context, employees and members of the Company Boards are obliged to report any suspicion of unlawful or unethical conduct.

In the event that a notifier reports in good faith their suspicion that unlawful or unethical conduct has occurred in relation to the activities of the Company, MERO ČR, a.s. shall guarantee the notifier that this would not lead to any punitive measures by the Company, which would possibly result from internal regulations (e.g. sanctions, etc.). Conversely, employees and the Company's Board members may be subject to sanctions in the event that they fail to report unlawful or unethical conduct in accordance with the internal regulations of the Company, or in the event they deliberately provide false information at the time notifying the relevant persons.

Suspected violations of laws and internal regulations can be reported:

- to the direct superior or the lawyer, or
- via the Ethical Line, the administrator of which is the lawyer.

In addition to directly contacting the lawyer, a complaint may be reported to the Ethics Line in the following ways:

**Email:**

etickalinka@mero.cz

**Telephone:**

+420 727 832 547

Cases of unlawful or unethical conduct may be reported anonymously or by including the contact details of the notifier.

In the event that a complaint is reported to the direct superior, they shall be obliged to forward the complaint to the lawyer without undue delay.

In the event that the notifier has a reason to believe that the notification to the direct superior or lawyer is not desirable, for example for a conflict of interests, the notification can be made to the Supervisory Board who forwards the notification to the competent member of the Board of Directors for settlement.

In the case of a suspected criminal act and if the notifier feels unable to report a complaint to their direct superior, to the Supervisory Board or the lawyer (e.g. due to doubts about their impartiality, etc.), then the notifier shall be entitled to appeal directly to authorities involved in criminal proceedings.

Employees and members of the Company's Boards are obliged to provide assistance to the relevant internal and external bodies during the investigation into whether any unlawful conduct occurred.

The lawyer or the internal auditor shall be entitled to commence an investigation into whether any unlawful or unethical conduct occurred in relation to the activities of MERO ČR, a.s., even on their own initiative.

Persons involved in the investigation and solution to the unlawful or unethical conduct shall maintain the ultimate confidentiality of the information on the findings.

### 11.2 Investigation into unlawful or unethical conduct by the lawyer

After receiving a complaint or on his/her own initiative, the lawyer shall immediately initiate an investigation into whether any unlawful or unethical conduct occurred in relation to the activities of the Company.

During the internal inquiry the lawyer shall decide whether any unlawful or unethical conduct actually occurred based on the obtained evidence, and shall subsequently determine the circumstances, severity, extent and degree of participation of the people

that contributed to the notification of unlawful or unethical conduct. In the event that contacting the affected persons shall not threaten the investigation of the complaint or unlawful or unethical conduct, the lawyer shall be entitled to contact the persons and request an explanation from them. During the investigation into the unlawful or unethical conduct the lawyer shall cooperate in particular with the Head of the Personnel and Security Section. The lawyer shall prepare a report on the findings based on the collected evidence.

In the event that a complaint is not upheld, the lawyer shall decide to postpone it and archives it together with the report on the discovered facts in the records of incoming complaints.

If, during the investigation of unlawful or unethical conduct, the lawyer concludes that the circumstances of the case suggest that the unlawful or unethical conduct actually occurred, then the lawyer shall be obliged to adopt urgent and consistent measures to ensure that the unlawful or unethical conduct is stopped, and to avert any harmful consequences. Furthermore, the lawyer shall elaborate a proposal for a possible solution to the unlawful or unethical conduct.

In the event that the lawyer has the notifier's contact details, the lawyer shall be obliged to inform the notifier of the handling of the complaint within 14 days of receipt thereof. The lawyer is also entitled to request additional information regarding the complaint made by the notifier.

### **11.3 Powers of the internal auditor / risk manager when investigating unlawful or unethical conduct**

The internal auditor/risk manager supervises the actions of the lawyer during the investigation of complaints and unlawful or unethical conduct.

For this purpose, once every six months the lawyer sends a report to the internal auditor / risk manager on the number of complaints submitted during the period and how they were handled.

The internal auditor / risk manager is entitled at any time to review the records of post sent to the Ethical Line, records of calls made to the Ethical Line and the email inbox of the Ethical Line.

In the event that an investigation of a complaint is initiated by the lawyer but the notifier of the unlawful or unethical conduct is not satisfied with how the complaint was handled by the lawyer, then the notifier shall be entitled to submit a request a review of the complaint to the internal auditor within one month. The internal auditor shall either confirm the actions of the lawyer and how the complaint was handled or return the case to the lawyer for further investigation, if necessary, or return the case to the lawyer with his own proposal of how to handle the complaint.

Based on the review of the complaint by the internal auditor, the lawyer shall prepare a final draft solution to the complaint. In the event that the lawyer decides not to apply the method of handling the complaint proposed by the internal auditor, the lawyer's final proposal for solving the unlawful conduct will include a report of the internal auditor and the reasons why the lawyer's option differs from that of the internal auditor.

In the event that the internal auditor initiates an investigation into unlawful conduct on their own initiatives, they are obliged to inform the lawyer of the fact. The provisions of Articles 11.2 and 11.4 of the Code of Ethics shall adequately apply to the actions of the internal auditor.

### **11.4 Solution to unlawful or unethical conduct**

The lawyer shall prepare a written report for the Board of Directors based on the investigation, which shall include:

- a report on the findings and all documents and relevant evidence, including reports from the internal auditor on the conclusions of the investigation, if applicable,
- a list of measures taken to end the unlawful or unethical conduct and to avert its harmful consequences,
- other proposed solutions to the unlawful or unethical conduct,
- proposals for the adoption of any further internal measures., if applicable.

Based on the report submitted by the lawyer, the Board of Directors shall be authorized to make binding decisions on penalties for unlawful or unethical conduct in accordance with the laws and internal regulations and, where appropriate, the next steps in a specific matter, e.g. submission of a criminal charges, initiation of cooperation with law enforcement authorities in criminal proceedings or other public authorities.

## **12 - Evaluation and amendments to the Code of Ethics**

Based on the collected documents, the lawyer shall annually conduct an overall evaluation of compliance with the legislation and the merits of the Code of Ethics and its application in practice at the end of each calendar year. This evaluation shall be based on reports from senior employees from the individual sections / departments. Results of the evaluation shall be submitted to the Board of Directors in a written report prepared by the lawyer.

The Code of Ethics may only be amended or supplemented by a decision of the Board of Directors of MERO ČR, a.s. Amendments or additions to the Code of Ethics may also be made, especially in relation to changes in the relevant legislation, after an evaluation of the experience gained from its application in practice.