

CODE OF ETHICS

COMPANY KERAMOST, a.s.



1. INTRODUCTORY PROVISIONS

1.1 Purpose

This document (code of ethics) regulates the general and specific rules of conduct of employees in the joint-stock company KERAMOST, a.s., establishes the basic values of the company and represents the basis of the corporate culture, which is in accordance with the valid legislation of the Czech Republic. The corporate culture is built on ethical principles and a clear and understandable way of communication, creating a framework for honest, friendly, business and social behavior.

Adherence to the code of ethics also serves to maintain and further build the good reputation of the joint-stock company.

At the same time, KERAMOST, as has become an obligatory entity to implement an internal reporting system to protect whistleblowers, in order to safely submit reports of possible illegal conduct and thus ensure the protection of whistleblowers from retaliation. This methodological guideline then regulates more detailed rules regarding the protection of whistleblowers and the implementation of an internal reporting system.

1.2 Objective

The aim of this document is to clearly establish the principles and rules of ethical conduct of employees, whether outside the company or towards each other; to define the basic principles of the functioning of a joint-stock company; to determine standards and values of conduct for all employees; to eliminate such activities of employees that could have a negative impact on the company's reputation; to motivate employees to behave ethically, because the rules are the same for everyone; to apply a professional, responsible and friendly approach to all business partners in order to meet their requirements in accordance with this Code of Ethics.

2. CODE OF ETHICS AND INTERNAL REPORTING SYSTEM

2.1 FUNDAMENTALS OF THE CODE OF ETHICS

2.1.1 Compliance with and application of the Code of Ethics

- ⇒ The provisions of the Code of Ethics apply to all employees of the company, regardless of their job title, position or function performed, as well as to other natural persons who represent the company externally and to members of its bodies.
- ⇒ We expect our suppliers, representatives, partners in joint activities and other partners to adhere to the principles set out in this Code of Ethics when implementing our projects and intentions.
- ⇒ We comply with applicable legal regulations, i.e. laws, decrees, regulations and rules of the countries in which we do business, especially the Czech Republic. We act in accordance with the principles contained in these legal regulations, we do not try to circumvent them in any way, we do not encourage other entities to violate or circumvent them, and we do not knowingly participate in such violation or circumvention. If any part of the Code of Ethics is in conflict with the applicable legal regulations of the given country, we comply with the applicable legal regulations.
- ⇒ The Code of Ethics is a binding set of rules and a minimum standard of conduct. The Code of Ethics governs the daily work activities, actions and conduct of all employees. The pursuit of profit does not justify any violation of the law or the Code of Ethics. We avoid any business transactions that can only be carried out at the cost of such action. We are committed to conducting business according to high standards of morality and ethics.
- ⇒ The company's Code of Ethics is part of the company's broader "compliance program" that supports the basic principles contained in the Code of Ethics and provides information on how the Code of Ethics is used in practice and how it becomes part of everyday behavior.



- ⇒ The company accepts responsibility wherever it can effectively manage its activities. We are responsible to public authorities and the environment in which we operate, to our employees, business partners and the general public. We are open to all those affected by our business. We respond to inquiries and requests from third parties and communicate with affected parties in a timely and effective manner.

2.1.2 Obligation to report violations

If employees become aware of any violation of the Code of Ethics, they must report this fact to their superior or general or professional director without delay . Violations can also be reported through the “Internal Reporting System” – see point 2.7 of the Code of Ethics.

All reports are considered confidential and will be handled confidentially. We will ensure that no employee is disadvantaged in their employment as a result of a report made in good faith.

2.1.3 Sanctions for any violation of the code of ethics

The Code of Ethics is an integral part of the general conditions of employment. Any violation of the Code of Ethics is considered a violation of obligations arising from legal regulations relating to the work performed by the employee, which may result in disciplinary action, including possible termination of employment .

2.2 WORKPLACE, CO-WORKERS AND EMPLOYEE RELATIONS

2.2.1 Mutual respect, honesty and integrity

We respect the opinions of others, as well as their personal dignity, privacy and personal rights. It is of key importance for the company to have a strong and solid relationship with all its employees, based on mutual respect and dignity. The working conditions offered to employees must at least meet the minimum requirements of national legal standards and are in accordance with the ETI Base Code .

- ✓ We provide a safe and healthy working environment and strive for its continuous improvement.
- ✓ We provide equal opportunities to people regardless of race, color, gender, nationality, religion, sexual orientation, ethnicity, or other distinctive characteristics. We do not accept or tolerate discrimination or harassment.
- ✓ We provide employees and others associated with the company with the means to raise legitimate concerns and complaints in a manner that ensures proper review and appropriate redress, without any repercussions.
- ✓ We recognize the rights of employees to form or join unions in accordance with applicable legislation and policies.
- ✓ We provide employees with training and education that complements their professional qualifications and job performance requirements, that are relevant to the work they perform and that relate to the risks that the employee may encounter in the workplace where the work is performed, and that support their current and future career development plans.
- ✓ We do not employ anyone under the age of 18 or any higher minimum age for employment as set by local law.
- ✓ We do not use forced or bonded labor or other forms of involuntary labor in our workplaces. We do not allow any practices that would restrict the free movement of employees.

2.2.2 Responsibility of management staff

Within the company, all employees must act responsibly and must not engage in unethical or otherwise inappropriate behavior. Managers should set an example for their employees.

Persons representing the company in relations with third parties must be aware of their responsibilities and the consequences of their actions.



2.2.3 Conflicts of interest

All employees and other persons representing the company must ensure that their personal interests do not conflict with their duties to the company or its customers. Conflicts of interest may arise from close personal relationships between employees and customers, representatives of business partners or other employees. Potential conflicts of interest may arise in particular in connection with gifts, invitations, awarding contracts or transactions with financial instruments.

Conflicts of interest can also be linked to corruption and fraud. Any potential conflict of interest must be reported to a senior employee or the general or specialist director, who will then assess whether there is a real conflict of interest and what measures will be taken.

2.2.4 Data protection

When handling information (i.e. when obtaining, processing and storing) of a personal, financial, technical, operational, commercial and other nature, we act prudently and follow security procedures to prevent its misuse, alteration or destruction.

Our IT procedures contain control and security elements that ensure a sufficient level of protection of all data. See the OŘA, e.g. MS Personal Data Protection, MS Trade Secret Protection, etc. The topicality and effectiveness of control and security elements is periodically reviewed.

2.3 CONDUCT IN OUR MARKET, BRIBERY AND CORRUPTION

Corruption, bribery and unfair competition distort the market and constitute an obstacle to economic, social and democratic development. We do not tolerate any of these activities.

- ✓ We will not act in violation of applicable competition laws and the principle of good morals in competition.
- ✓ We will not directly or indirectly offer or provide any rewards or benefits to any person or entity to induce such person or entity to act contrary to good morals or contrary to the laws/legislation of the Czech Republic or any other relevant country in order to secure a business opportunity or any other undue advantage in carrying out the company's business activities.
- ✓ We will not directly or indirectly request or accept any rewards or other benefits that would be provided with the purpose of inducing us to act in violation of our stated obligations.
- ✓ We also reject other forms of corrupt practices.
- ✓ We faithfully record all financial transactions and keep accounts in accordance with legal regulations, accounting principles, and in all company reports we follow the relevant methodologies and company rules.

2.4 ACCOUNTING AND FINANCE

The Company relies on the accuracy and completeness of its accounting records in its decision-making processes. All business transactions must be recorded in our records in accordance with established procedures, verification principles, and generally accepted accounting practices.

The Company undertakes to provide accurate, understandable, correct and complete information in a timely manner through its means of communication.

We are committed to ensuring that our relationships with relevant regulators are open, transparent and collaborative. Our aim is to build relationships based on trust.

2.5 ENVIRONMENT

The company does not participate in projects and activities that result in environmental threats. Every employee must ensure that environmental protection is always ensured when making decisions.



2.6 COMPLIANCE PROGRAM

The purpose of the effectiveness of the compliance program is to ensure compliance of all company activities with relevant legal regulations and with the company's internal organizational and management acts. The compliance program evaluates risks and thus contributes to the management and elimination of risks resulting from illegal actions and losses suffered due to damage to the company's reputation.

As part of the ratification of the criminal liability of legal entities into the legal system of the Czech Republic, a model of so-called "true" criminal liability was used, i.e. within its framework, a legal entity can be punished even if it is not possible to prove that a specific natural person committed a crime. However, the criminal liability of a legal entity **does not affect the criminal liability of natural persons!**

The criminal liability of a legal entity is based on a list of entities that committed the act on its behalf, in its interest or within the scope of its activities. These persons include, among others, the statutory body or its member, other persons who are authorized to act on behalf of the legal entity, persons performing management or control activities and, last but not least, **employees in the performance of work tasks.**

Possible sanctions for legal entities upon proof of a crime:

- ⇒ dissolution of a legal entity
- ⇒ forfeiture of property
- ⇒ fine
- ⇒ forfeiture of property
- ⇒ prohibition of activity
- ⇒ prohibition of performing public contracts or participating in public tenders
- ⇒ prohibition of accepting subsidies and grants
- ⇒ publication of the judgment

2.6.1 Program Compliance Policy

2.6.1.1 Risk assessment

When performing work activities within the company, employees may commit illegal acts, especially in the areas of economic and property crimes, although this does not exclude other crimes. These include, in particular, the following crimes:

- ✓ failure to pay or reduce taxes, insurance premiums and similar mandatory payments
- ✓ fraud or insurance fraud
- ✓ misrepresentation of financial and asset data
- ✓ negotiating advantages in the award of a public contract, in a public tender and in a public auction, and collusion in the award of a public contract and in a public tender
- ✓ infringement of copyright, rights related to copyright and database rights
- ✓ credit fraud
- ✓ Concurrent crime of subsidy fraud and crime of damage to the financial interests of the EU
- ✓ unauthorized waste management
- ✓ environmental damage and threat
- ✓ accepting a bribe, bribery
- ✓ etc. in the following list, reference is made to the provisions of Section 7 of Act No. 418/2011 Coll.



Corruption and bribery

Corruption is the abuse of position or function for personal gain, a typical manifestation of corruption is bribery in all its forms. The company, its employees or persons acting on behalf of the company must not participate in or assist illegal business transactions or other unlawful acts, and must not accept or provide improper benefits or bribes.

The company does not tolerate any form of bribery or corruption.

Employees are prohibited from offering or accepting any form of bribes or financial inducements or instructing anyone to do so on their behalf.

Fraudulent conduct

Fraudulent conduct is intentional conduct by an employee or person acting on behalf of a company that is contrary to legal regulations or the interests of the company, which may result in harm to the company or a third party. Fraudulent conduct most often takes the form of fraud, credit fraud, insurance fraud and subsidy fraud.

The company does not tolerate any fraudulent behavior.

Employees act in a manner that prevents fraudulent conduct from occurring while performing their work.

Upon discovery of any illegal conduct or suspicion thereof, employees are required to report such conduct in accordance with points 2.1.2 and 2.7.

2.6.1.2 Adoption of appropriate rules for the elimination or reduction risks

The implementation of the compliance program also represents a revision of the company's existing internal organizational and management acts (ORA), with a connection to the code of ethics. Another measure is the application of an anti-corruption clause, which is part of the employment contract of each employee.

2.6.1.3 Transparent and internally coherent system of internal regulations

The company strictly requires compliance with internal organizational and management acts (ORA), which are available to every employee in printed and electronic form - see below.

The company does not tolerate non-compliance and violations of internal organizational and management acts. Such non-compliance may be assessed as a violation of obligations arising from legal regulations relating to the work performed by the employee and may lead to disciplinary sanctions, including possible termination of employment!

It is necessary for employees to always be aware of their responsibility for their actions and at the same time evaluate whether they always comply with the legal regulations of the Czech Republic and the valid OŘA. When starting employment, employees confirm by signing an employment contract that they have become familiar with all the valid OŘA of the company in detail. At the same time, they are informed that these organizational and management acts are available in paper form at the employer, in the Most administration office, and in electronic form on the so-called Reporting/intranet. Existing employees are demonstrably familiarized with the valid OŘA at least once a year after the OŘA is updated.

2.6.1.4 Employee training within the framework of the compliance program

The company provides mandatory and regular employee training as part of risk management and compliance program topics - MS ISŘ Employee education and training.



2.7 INTERNAL REPORTING SYSTEM AND CONTROL MECHANISM OF THE COMPLIANCE PROGRAM

In order to carry out notifications made in accordance with this methodological guideline and the ZOO, the company has established **an Internal Notification System**.

The internal reporting system is a trusted, secure and discreet channel for receiving reports from whistleblowers, for the purpose of assessing these reports, taking corrective action and protecting whistleblowers from retaliation.

Retaliatory measures may include, in particular, termination of employment, non-extension of a fixed-term employment contract, termination of a legal relationship based on an agreement made outside the employment relationship, dismissal from a managerial position, reduction of salary or remuneration or failure to grant a non-entitlement component, discrimination, transfer, transfer to another job or another place of work, change of work schedule, failure to enable professional development, requiring a medical opinion, termination or withdrawal from a commercial contract, interference with the right to protection of personality, etc.

The company KERAMOST, a.s. has appointed a "relevant person" to receive notifications, namely Ing. Petra Ulrychová.

The following reporting channels are available within the internal reporting system :

- 1) **telephone line + 420 446 442 522** for the purpose of submitting oral notifications (from 10:00 a.m. to 2:00 p.m. on working days)
- 2) **e-mail address: ulrychova@keramost.cz** with the subject "NOTICE WITH ZOO PROTECTION" for the purposes of written notifications
- 3) **hotline + 420 476 105 557** for the purpose of submitting a report by leaving a voice message on the answering machine
- 4) **personal notification to the relevant person** – at the headquarters of KERAMOST, a.s., office no. 145

2.7.1 Notification process and procedure for investigating notifications

- 1) The above-mentioned reporting channels are available for reporting persons to submit a report. Personal reports must be received by the relevant person no later than 14 days from the date of the reporting person's request to submit a report in person.
If the reporting person makes the report through his/her superior, professional director or general manager, the employee receiving the report shall forward such report to the relevant person without delay.
- 2) The relevant person shall notify the notifier in writing of the receipt of the notification within 7 days of the date of receipt of the notification, unless there are legal reasons that exempt them from this obligation.
- 3) After receiving the notification, the relevant person will assess the validity of the notification and notify the notifier of the result of the assessment in writing within 30 days of receiving the notification. This period can be extended twice by up to 30 days in cases that are factually or legally more complex.
- 4) The submitted notification may be evaluated by the relevant person as:
 - **Reasonable** – the company will then be proposed a measure to prevent or correct the illegal situation
 - **Unreasonable** – the reporting party will be notified in writing without undue delay, including justification.
 - **This is not a notification within the meaning of the ZOO** - the notifier will be notified in writing without undue delay.



- 5) In the event of a justified notification, the relevant person will propose a measure to the company; if the company does not adopt the proposed measure, it is obliged to adopt another appropriate measure. The company will immediately notify the relevant person of the adopted measure, who will subsequently inform the notifier in writing.
- 6) The responsible person keeps a record of the received notifications in the "list of detected reports". Received notifications are kept for a period of 5 years from the date of receipt of the notification.

2.8 BASIC TERMS

Possible unlawful conduct - is conduct that has the characteristics of a crime, a misdemeanor with a possible imposition of a fine with an upper limit of at least CZK 100,000, a violation of the Whistleblower Protection Act or another legal regulation or EU regulation (a violation of the law that causes certain sanction consequences regardless of the will of the offender, and usually against it)

Compliance program - a set of measures aimed at preventing illegal actions

Reporter - an employee in a basic employment relationship or an employee working on the basis of an agreement made outside of the employment relationship, a former employee; another natural person - e.g. a business partner

Notification - the subject of the notification is a possible illegal act that has occurred or is about to occur at KERAMOST, a.s.; the notification contains the name, surname, date of birth of the notifier and the subject of the notification itself

Anonymous whistleblower – if the identity of the whistleblower is not known, these reports do not fall within the scope of the ZOO, such whistleblowers are not protected by the ZOO, until the identity is revealed

Retaliation - is an act or omission that occurs in connection with the work or other similar activity of the whistleblower at the company, which is caused by the report and which may cause unjustified harm to the whistleblower and other protected persons.

External reporting system – is under the jurisdiction of the Ministry of Justice – reporting can be done at <https://oznamovatel.justice.cz>

Internal reporting system – employer reporting channels – see point 2.7 for further information

Competent person - is a person designated by the company to receive notifications, assess their validity and propose to the company the adoption of measures to correct or prevent the illegal situation; the competent person acts impartially in his/her activities and maintains confidentiality of all facts that he/she learned in connection with the notification, in particular the identity of the reporter

3. FINAL PROVISIONS

Managers are responsible for adhering to the Compliance Program - Code of Ethics by applying its principles in the company in accordance with the company's internal organizational and management acts.

All employees respect the principles and guidelines of the Compliance Program - the company's code of ethics and contribute to their formation .

The company will only employ or cooperate with persons:

- who are aware that in accordance with the ever-increasing demands from customers, cooperating companies, business partners, state administration bodies and employees, it is necessary to improve the image and increase the company's credit. The company insists on adhering to basic



moral and ethical standards, which go beyond generally binding legal regulations and organizational standards,

- who realize that compliance with laws, basic human values and business approaches is a matter of course in everyday life,
- who are aware that they must, under all circumstances, have decent and correct behavior and conduct in personal contact with customers, business partners, representatives of state administration bodies and company employees,
- who are aware that it is necessary to fulfill the wishes of customers, business partners and other employees willingly and in the shortest possible time and that any damage to a customer, business partner or employee is absolutely unacceptable. We assume that honesty towards all subjects is a prerequisite for successful and lasting cooperation,
- who are aware that we consider corrupt practices of any kind unacceptable. We do not accept or provide any money, valuable gifts, services or anything else that could be considered a bribe. We respect small gifts or entertainment if they are not binding and can be repaid at the same level,
- who are aware that we act vigorously but honestly in the competitive struggle. We do not damage the good name of competitors, either directly or indirectly. We do not attempt to obtain information about competitors' businesses by dishonest means,
- who are aware that the basic requirement of every employee of the company is a relationship with the private tangible and intangible assets of the shareholders. The use of this property for purposes other than the needs of the company is inadmissible,
- who are aware that it is not permissible to provide any information about the company and its clients without the consent of the board of directors or the company's CEO,
- who are aware that we consider the information entrusted to us and all sensitive data from all entities to be strictly confidential,
- who are aware that an employee represents the company through their behavior and appearance even outside the workplace and working hours,
- who are aware that it is not permissible to use alcohol and other intoxicants in the workplace or before coming to work and to smoke in a non-smoking workplace,
- who are aware that they must protect the interests and good name of the company,
- who realize that we have an interest in maintaining a healthy and clean environment. We are aware that certain resources are limited and need to be used responsibly,
- which does not tolerate discrimination or harassment.

The Company will not, under any circumstances, employ or cooperate with persons:

- whose actions and behavior damage the company's reputation or disrupt interpersonal relationships in the workplace,
- that act or behave in a discriminatory or prejudiced manner,
- who refuse to cooperate with company employees,
- who conclude their own deals at the expense of the company or compete with the company through their own business activities and abuse their job position or information obtained through their relationship with the company,
- that defame the company, its representatives, owners or activities, or otherwise act against the company's interests and its good name,
- which violate the company's trade secrets and the company's organizational and management acts.

Reports made in accordance with this Code of Ethics and in accordance with the ZOO may not be subject to retaliation.

This Code of Ethics is effective from November 1, 2016.

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KERAMOST, a.s.
Žatecká 1899, 434 30 Most
CZ49901222 



KERAMOST, a.s.
Ing. Zdenek Vyskocil
general manager CEO