

**22 June 2023**

**Draslovka a.s.**

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**COMMITTEE FOR HR MATTERS AND  
REMUNERATION**

**TERMS OF REFERENCE**

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## 1. DEFINITIONS AND INTERPRETATION

1.1 In these terms of reference, unless the context otherwise requires:

“**AGM**” means the annual general meeting of the shareholders of the Company;

“**Board**” means the board of directors of the Company;

“**Chair**” means the chair of the Board;

“**Chief Executive Officer**” means the chief executive officer of the Company (or the Group respectively) from time to time;

“**Chief Financial Officer**” means the chief financial officer of the Company (or the Group respectively) from time to time;

“**Committee**” means the Committee for HR Matters and Remuneration of the Company from time to time;

“**Committee Chair**” means the chair of the Committee;

“**Company**” means Draslovka a.s.;

“**Executive Directors**” means executive directors of the Company from time to time;

“**Group**” means the Company and its subsidiaries;

“**General Counsel**” means the general counsel of the Company (or the Group respectively) from time to time;

“**Head of Compliance**” means the head of compliance of the Company (or the Group respectively) from time to time;

“**Head of Investor Relations**” means the head of investor relations of the Company (or the Group respectively) from time to time;

“**Secretary**” means the secretary of the Committee;

“**Senior Management**” includes those senior managers of the Company and the Company’s subsidiaries that report to the Chief Executive Officer, including the Chief Financial Officer, the Chief Operations Officer, the individual Business Directors, and the Head of Investor Relations and a Senior Manager means any one of them; and

“**Supervisory Board**” means the supervisory board of the Company.

## 2. CONSTITUTION

The Committee was established, and the Committee Members were appointed by, a resolution passed by the Board on 1 March 2023 and is to be known as the Committee for HR Matters and Remuneration.

## 3. MEMBERSHIP

3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Supervisory Board and in consultation with the Committee Chair. The Committee shall comprise at least three members, all of whom shall comply with the same qualification criteria as members of the Supervisory Board.

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- 3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair, Chief Executive Officer, members of other Company or subsidiary bodies, employees, other persons, and external professional advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. Employees and members of other Company or subsidiary bodies are obligated to attend when invited.
- 3.3 All appointments to the Committee shall be made by the Board and shall be for a period of up to three years (subject to the relevant director remaining a member of the Board or the relevant employee remaining the employee of the Group), which may be extended for a further period of up to three years, provided the members still meet the criteria for membership of the Committee.
- 3.4 The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their member to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board.
- 3.5 If any member of the Committee is unable to act for any reason, the Committee Chair may, after consultation with the Chair, appoint any other person to act as his or her alternate.
- 3.6 Members of the Committee are obligated to perform their duties with the care of a prudent businessman and to keep secret confidential information and facts the disclosure of which to third persons could damage the Company. The non-disclosure obligation shall exist even after termination of their office.
- 3.7 A member of the Committee may resign from his or her office by means of a written notification delivered to the Committee. However, he/she may not resign at a time inconvenient for the Company. Discharge of office of such member of the shall end upon lapse of one month from the date on which the notification was delivered, unless upon request of the resigning member the Committee has approved other moment of termination of the office. If the number of members has fallen below one half, the functions of the Committee shall be performed by the Board.
- 3.8 The office of a member of the Committee terminates upon election of a new member of the Committee by the Board, unless something different ensues from the decision of the Board.
- 3.9 The relation between a member of the Committee and the Company is governed by an agreement on discharge of office entered into by and between the Company and the relevant member of the Committee, and also by relevant laws.

## **4. SECRETARY**

The Head of Compliance or his or her nominee shall act as the Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **5. QUORUM AND DECISIONS**

- 5.1 The quorum necessary for the transaction of business by the Committee shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- 5.2 When making a decision, each member of the Committee shall have one vote. The Committee makes its decisions by a simple majority of all its members.
- 5.3 Members of the Committee usually participate in its meetings in person; this does not prevent a member of the Committee from empowering another member of the Committee in an individual case to vote for them in their absence. In substantiated cases, other form of participation, including voting, of the Committee member in the meeting is possible (e.g. by technical means capable of transmitting the voice and perhaps even the picture of the voting person – telephone, tele-conference or video-conference). The person participating as described in this clause is regarded as being present at the meeting.

## **6. FREQUENCY OF MEETINGS**

The Committee shall meet at least four times a year and at such other times as required.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be convened by the Secretary at the request of the Committee Chair. Any two members or the Committee Chair may call a meeting of the Committee upon due notice to each other member at least 48 hours prior to the meeting.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded by the Secretary to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. The Committee Chair has sole discretion to reduce, where necessary, the above notice period to whatever he or she considers appropriate in the circumstances.

## **8. COMMITTEE MEETING WITH THE USE OF TECHNICAL MEANS**

- 8.1 Participation in a meeting and voting of the Committee with the use of technical means via a direct remote transmission, which enables real-time sound and visual communication among members of the Committee, in particular via a video-conference or internet communication means, is permissible. Solely the use of technical means which enable visual transmission is permissible.
- 8.2 A member of the Committee who wishes to participate in a meeting of the Committee via technical means is obligated to notify the Committee of such fact in writing, by email, in person or by telephone without undue delay after delivery of the invitation, or without undue delay after her or she has learnt of the fact (obstacle) which prevents him or her from attending the meeting of the Committee in person. In their notification, the member of the Committee is obligated to specify, pursuant to the terms set forth in the previous paragraph, the technical mean via which they will participate in the Committee meeting.
- 8.3 If all members of the Committee wish to participate in a meeting of the Committee via technical means, the Secretary shall arrange all technical and organisational activities so that such (on-line) meeting of the Committee via technical means can take place, in particular:

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- (i) shall choose the technical mean via which the Committee meeting will take place (provided the Committee members have failed to agree on particular technical mean); and
- (ii) shall inform the persons who will participate in the meeting of the Committee about the (on-line) meeting of the Committee via technical means and shall ensure their presence at the (on-line) meeting of the Committee via technical means.

8.4 At the beginning of a meeting of the Committee, a member of the Committee is obligated to consent to potential recording of communication at the Committee via a selected technical mean. Recording of the Committee meeting with the use of technical means may also be used for preparation of minutes of the Committee meeting; minutes of a meeting of the Committee with the use of technical means shall always be taken.

8.5 Members of the Committee participating in a meeting of the Committee via technical means are regarded as present at such meeting, and they shall be included in the list of attendees.

8.6 In the case of voting at the Committee meeting with the use of technical means, the voting shall take place by individual names, i.e. the Committee Chair shall ask individual members of the Committee one by one about their position on the proposed resolution, and the members of the Committee shall state, whether they vote for the resolution, or against it, or whether they abstain from the voting.

## **9. PER ROLLAM VOTING**

9.1 In urgent cases, which may not be postponed, a member of the Committee is entitled to initiate voting outside the meeting (per rollam) in a written form or by technical means. A proposal of a resolution must be sent to all members of the Committee. The resolution is approved, if at least a 2/3 majority of all members have participated in the voting and a simple majority of all members have voted for the adoption of the resolution.

## **10. MINUTES OF MEETINGS**

10.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

10.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once agreed, minutes should be circulated to all members of the Board, unless a conflict of interest exists or in the opinion of the Committee Chair it would be inappropriate to do so.

10.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

## **11. ANNUAL GENERAL MEETING**

As applicable, the Committee Chair shall attend the AGM prepared to make a statement on the activities and achievements of the Committee over the previous year and respond to any shareholder questions on the Committee's activities.

## **12. DUTIES**

12.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

12.2 The Committee shall be responsible for the below matters and in their pursuit, shall:

**(A) HR Matters**

*Diversity and Inclusion*

- (i) co-develop a strategy on matters concerning staffing and diversity in the Group and Group Companies and their bodies, and cooperate with the Company bodies in pursuing those matters;
- (ii) determine and agree with the Board the framework or broad policy for diversity and inclusion;
- (iii) incorporate diversity and inclusion into the Group culture and promote an inclusive and diverse workplace;
- (iv) propose measures in matters pursuant to letters (i) - (iii) above, and supervise over adherence thereto;

*Succession Planning*

- (i) review succession planning and organizational structure of the Group;
- (ii) keep under review the leadership needs of the Company and its Group Companies, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- (iii) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the markets in which it operates;

*ESG and communities' involvement*

- (i) continuously review, assess and address relevant requirements arising out of Group's Environmental, Social and Governance strategy and targets and related regulations;
- (ii) co-develop or review a strategy and/or initiatives related to communities' involvement;

**(B) Remuneration Policy and Framework**

- (i) co-develop a strategy on matters concerning setting up an efficient and just remuneration system in compliance with the overall business strategy and goals of the Company, and cooperate with the Company bodies in pursuing those matters;
- (ii) determine and agree with the Board the framework or broad policy for the remuneration (including pension rights and any compensation payments) of the Chief Executive Officer, any Executive Directors, and the Senior Management taking into account any conflicts of interest. No director or Senior Manager shall be involved in any decisions as to their own remuneration;
- (iii) in determining the remuneration policy, take into account all factors which it deems necessary including relevant financial goals, legal and regulatory requirements and links to Environmental, Social and

Governance strategy and targets. The objective of such remuneration policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;

- (iv) review workforce remuneration and related policies, taking into consideration published pay ratios and pay gaps, and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration;
- (v) when setting remuneration policy for the Chief Executive Officer, Executive Directors and the Senior Management, review and have regard to the remuneration trends across the Company or the Group especially when determining salary increases;
- (vi) promote the principle of equal pay for work of equal value;
- (vii) oversee any major changes in employee benefits structures throughout the Company or the Group;
- (viii) review the on-going appropriateness and relevance of the remuneration policy;

## **(C) Determination of Remuneration, Incentives and Performance Metrics**

- (i) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, Executive Directors and the Senior Management, evaluate the performance of such executive officers in light of those goals and objectives;
- (ii) approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- (iii) recommend and monitor the level and structure of remuneration for the Chief Executive Officer, Executive Directors and the Senior Management and ensure that any remuneration policies provide fair and responsible reward having regard to the performance of the Company, their performance and prevailing remuneration trends in the market;
- (iv) within the terms of the agreed remuneration policy and in consultation with the Chair and/or the Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chief Executive Officer, Executive Directors and the Senior Management, including bonuses, incentive payments and share options or other share awards, and in determining such remuneration packages and arrangements, give due regard to any relevant legal requirements;
- (v) review the alignment of incentives and rewards with culture and take this in account when setting the remuneration policy for the Chief

Executive Officer, Executive Directors and the Senior Management remuneration;

- (vi) agree the policy for authorising claims for expenses from the directors;

## **(D) Equity Incentive Plans**

- (i) review the design of all equity incentive plans for approval by the Board and shareholders. For any such plans, determine each quarter whether awards will be made, and if so, the overall amount of such awards and the performance targets to be used;
- (ii) in determining the remuneration policy for the Chief Executive Officer, Executive Directors and the Senior Management, seek to promote long-term shareholdings which are aligned with the interests of long-term shareholders' interest and, where share awards are granted to the Chief Executive Officer, Executive Directors and the Senior Management, these should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more;
- (iii) develop a formal policy for post-employment shareholding requirements for vested and unvested shares to support alignment with the Company's shareholders and to encourage the Chief Executive Officer, Executive Directors and the Senior Management to focus on the impact of their decisions over the long-term;

## **(E) Non-Executive Director's Remuneration**

- (i) The remuneration of non-executive directors shall be determined in accordance with the Company's articles of association or, alternatively, by the Executive Directors.
- (ii) remuneration for all non-executive directors should not include share options or other performance-related elements from the day of listing.

## **(F) Terminations**

- (i) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

## **(G) Remuneration Consulting and Benchmarking**

- (i) determine the remuneration benchmarking policy and strategy and appropriate comparative industries and markets;
- (ii) be exclusively responsible for establishing the selection criteria, and for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (iii) exercise independent judgment when evaluating the advice of external third parties and when receiving views from the Chief Executive Officer and Chief Financial Officer and Senior Management;
- (iv) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Committee shall have full authority to appoint

remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;

- (v) exercise independent judgement when evaluating the advice of consultants and other third parties and not base pay structures solely on benchmarking to the market;

**(H) Other**

- (i) work and liaise as necessary with all other Board committees; and
- (ii) prepare reports and supporting documents for the Board and AGM, as applicable.

12.3 The Committee is entitled to inspect the documents and records related to activities of the Company within the scope necessary for performance of its activities.

### **13. REPORTING RESPONSIBILITIES**

13.1 The Committee Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities (incl. its decisions and recommendations). The Committee shall share its papers with all members of the Board, unless such papers relate to members of the Board and are sensitive for this reason.

13.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

13.3 The Committee shall ensure that provisions regarding disclosure of information, including remuneration, pay gaps, or pensions, as set out in applicable regulations are fulfilled, including where foreseen by the applicable regulations as part of remuneration report or a broader report, such as the annual report or sustainability report. Such periodical disclosure will cover the Company or the entire Group, as required under the applicable regulations.

13.4 The Committee will prepare an annual HR & Remuneration report to be approved by the Board.

13.5 As of the financial year 2025 at the latest, the Committee will prepare, on behalf of the Group, a report on:

- a) the adequacy of wages, including internal and external measures and ratios,
- b) the existence of incentive schemes linked to sustainability matters which are offered to members of the administrative, management and supervisory bodies, including, as necessary, a broader explanation of the strategic rationale for the Chief Executive Officer, Executive Directors and the Senior Management's remuneration policies, structures and any performance metrics,
- c) equal treatment and opportunities for all, including equal pay for work of equal value,
- d) other aspects on remuneration required by applicable law, or by a voluntary reporting standard that the Group may have decided to adopt, and

- e) the engagement with the workforce has taken place to discuss the points (a) to (d).

The report should follow a reporting standard adopted or accepted by the applicable regulations and may be part of a broader report, such as the sustainability report. The Committee should monitor the developments in this matter.

- 13.6 The Committee shall have the authority to delegate to any subcommittees of the Committee any responsibilities of the full Committee and to officers of the Company such responsibilities of the full Committee, in each case to the extent permitted by applicable laws, rules or regulations.

## **14. OTHER MATTERS**

- 14.1 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (c) annually review or participate in a review of its own performance, the results of which shall be presented to the Board and, at least annually, review its constitution and terms of reference periodically to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- (d) give due consideration to applicable laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes, as appropriate.

## **15. AUTHORITY**

- 15.1 The Committee is authorised by the Board to carry out the duties set out in these Terms of Reference, and the Committee is authorised to:

- (a) have unrestricted access to the Company's documents and information;
- (b) seek any information it requires from any employee of the Company or the Group, and all employees are directed to co-operate with any request made by the Committee;
- (c) obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference, including to approve such persons' fees (which will be paid by the Company) and retention terms, to oversee such persons' work and to terminate any such persons, provided that prior to any such appointment, retention and obtaining advice, the Committee must consider all factors relevant to the independence from management of such compensation consultants, legal counsel and other advisors, other than in-house legal counsel, including under any applicable laws, rules and regulations; and
- (d) call any employee to attend a meeting of the Committee as and when required.

*Adopted at the Board meeting of the Company on 22 June 2023.*