

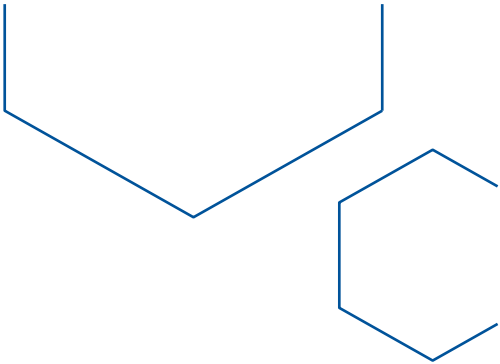
GROUP POLICY

ESG Policy

Draslovka a.s.

Draslovka

Document Information



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Confidentiality Statement

All information contained in this document is Internal. It does not contain confidential information and can be shared with relevant external third parties.

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1 Purpose and Scope

1.1 Purpose

Draslovka recognizes its operational impact and, at the same time, believes that its innovative products can create a positive effect on the environment and communities it serves. As the business grows and evolves, the importance of fostering positive change increases. Over time Draslovka is committed to increasing its focus on ESG reporting and continuing the development of sustainable business practices and its related internal governance framework.

The purpose of this Policy is to (i) detail the Group's sustainability governance, (ii) define material ESG risks and opportunities the business is facing, and (iii) outline data collection and reporting roles and responsibilities.

1.2 Scope and Implementation

This Policy is mandatory and applies to all Employees and all Group Companies insofar as it does not contradict local legislation. The implementation of this Policy in the Group shall be proportionate and take into account the size and internal organization of a Group Company and the nature, scale and complexity of its activities. Application of this Policy shall also reflect operations' and country-specific risks and requirements of Applicable Sustainability Laws.

1.3 Related Documents

This Policy represents an integral part of Draslovka's compliance and sustainability framework primarily laid down by the Draslovka Code of Conduct, Articles of Association and Corporate Governance Manual. It operates in tandem with all other established policies within the Group, such as the Group Diversity and Inclusion, Non-Discrimination and Anti-Harassment Policy and the Group Whistleblowing and Internal Investigation Guideline.

2 Roles and Responsibilities

This clause defines roles and responsibilities related to matters covered by this Policy.

Group level

2.1 Board of Directors of Draslovka a.s.:

- a) approves this Policy and ensures its regular review, at least annually,
- b) oversees the implementation of this Policy,
- c) is responsible for the election and removal of the members of the ESG Committee,
- d) approves the Terms of Reference of the ESG Committee,
- e) reviews the Group ESG Strategy, submitted by the ESG Committee as described in clause 3.2, and
- f) approves the ESG Report and other reports, including the TCFD Report, prepared by the ESG Committee as described in clause 5.

2.2 ESG Committee of Draslovka a.s.:

- a) co-oversees the implementation of this Policy,
- b) develops and regularly updates the Group ESG Strategy and oversees its implementation as described in clause 3.2,
- c) defines sustainability initiatives, KPIs, and targets as described in clause 4,
- d) prepares the ESG Report and other reports, including the TCFD Report, as described in clause 5,

- e) prepares ESG related documents for the general meeting, Board of Directors and Supervisory Board of Draslovka a.s. (as applicable), as well as for ESG rating agencies and/or specialized audits,
- f) reports on ESG matters to the Board of Directors of Draslovka a.s. in line with its Terms of Reference,
- g) may request necessary environmental, social, and governance-related information from the Group ESG Team and Group Companies' ESG Teams,
- h) reviews ESG-related regulations that may impact the Group,
- i) cooperates with other bodies and committees of Draslovka a.s. in sustainability-related matters, and
- j) proposes measures in the areas of environmental and social impacts of the Group Companies' activities and their governance, and supervises adherence thereto.

2.3 Group ESG Team:

The Group ESG Team is a cross-functional team supporting Draslovka Group's sustainability actions that is composed of the Group Head of EHSS, Group Head of Human Resources, Group Head of Compliance, Group Head of Investor Relations, and Group Head of Public Affairs. The Group ESG Team:

- a) coordinates (through its members who are individually responsible for their particular work streams) the ESG work stream for Draslovka Group,
- b) supports the ESG Committee in defining the Group ESG Strategy,
- c) co-develops the ESG Report and other reports, including the TCFD Report, and supports ESG Committee in preparation thereof,
- d) supports the ESG Committee in defining initiatives, KPIs, and targets, and
- e) cooperates with the ESG Committee and Group Companies' ESG Teams.

2.4 Group Head of EHSS:

- a) is responsible for, and coordinates the environmental and safety ESG work stream for Draslovka Group,
- b) is primarily responsible for environmental and safety communication towards Group Companies' ESG Teams,
- c) collects and consolidates environmental and safety data from all Group Companies (or business units),
- d) co-develops and reviews environmental and safety disclosures in the ESG Report,
- e) proposes environmental and safety related KPIs, and, as applicable, targets to the ESG Committee, and
- f) regularly reports to the ESG Committee on improvement programs, progress against defined targets and other material issues.

2.5 Group Head of Human Resources:

- a) is responsible for, and coordinates the social ESG work stream for Draslovka Group,
- b) is primarily responsible for social communication towards Group Companies' ESG Teams,
- c) collects and consolidates social data from all Group Companies (or business units),
- d) co-develops and reviews social disclosures in the ESG Report,
- e) proposes social-related KPIs, and, as applicable, targets to the ESG Committee, and

- f) regularly reports to the ESG Committee on improvement programs, progress against defined targets and other material issues.

2.6 Group Head of Compliance:

- a) is responsible for, and coordinates the governance ESG work stream for Draslovka Group,
- b) is primarily responsible for governance communication towards Group Companies' ESG Teams,
- c) monitors the developments in ESG regulations and reports the material issues to the ESG Committee and Group ESG Team,
- d) collects and consolidates governance data from all Group Companies (or business units),
- e) co-develops and reviews governance disclosures in the ESG Report,
- f) proposes governance-related KPIs, and, as applicable, targets to the ESG Committee,
- g) regularly reports to the ESG Committee on improvement programs, progress against defined targets and other material issues,
- h) together with the ESG Committee, monitors and controls the implementation of this Policy in Group Companies and regularly considers its suitability and effectiveness, and
- i) approves exceptions under this Policy.

2.7 Group Head of Investor Relations:

- a) is responsible for ESG related communication towards investors and rating agencies,
- b) coordinates the release of the ESG Report and related communication towards investors and rating agencies,
- c) makes proposals to the ESG Committee as to which ESG related initiatives or KPIs are expected by the investors to adopt or disclose on, and
- d) coordinates with the ESG Committee on key sustainability related disclosures.

2.8 Group Head of Public Affairs:

- a) is responsible for ESG related communication towards general public including media,
- b) coordinates finalization and the release of the ESG Report and related communication,
- c) makes proposals to the ESG Committee as to which ESG related initiatives or KPIs are expected to adopt or disclose on, and
- d) coordinates with the ESG Committee on key sustainability related disclosures.

Group Company level

2.9 Group Company Approving Body:

- a) approves local implementation of this Policy and ensures regular review of its implementation, at least annually, and
- b) has overall responsibility for ensuring that local implementation of this Policy complies with Group Company's legal obligations including Applicable Sustainability Laws.

2.10 Business Unit Director:

- a) is responsible for the local implementation of this Policy in a Group Company,
- b) oversees and is accountable for the implementation of the Group ESG Strategy in a Group Company (or business unit),
- c) nominates and removes the members of the Group Company ESG Team,

- d) may delegate responsibility for the management of ESG risks and opportunities to the Group Company ESG Team, but remains ultimately accountable for the proper monitoring of all issues and providing all information requested by the ESG Committee, and
- e) regularly informs the ESG Committee on improvement programs, progress against defined KPIs and targets, local reporting obligations and other material issues as described in clauses 6.2 and 6.3.

2.11 Group Company ESG Team:

The Group Company ESG Team is a cross-functional team of experts on the level of a Group Company or business unit that is managing environmental, social and governance efforts, risk, opportunities, related processes and disclosures. The Group Company ESG Team:

- a) is responsible for, and coordinates the environmental, social and governance work stream for the Group Company (or business unit),
- b) collects selected environmental, social and governance data from the Group Company (or business unit),
- c) cooperates with the Group ESG Team and other Group Companies' ESG Teams, and
- d) regularly reports to the Business Unit Director on improvement programs, progress against defined KPIs, targets, local reporting obligations and other material issues.

3 Group ESG Strategy

3.1 Sustainability Pillars

One of the ultimate goals of Draslovka is to create a positive impact on the environment and communities through the responsible production and handling of products and the design of innovative solutions which are aligned with the Group's ESG Strategy. The Group ESG Strategy is based on the strategic sustainability pillars, which guide decision-making and associated reporting.

The table below provides an overview of the Group's key initial strategic pillars as well as the management approach for each area. These initial sustainability pillars form part of the Group ESG Strategy and may be updated by the decision of the ESG Committee in the course of implementation of this Policy.

Sustainability Pillar	Management Approach
Innovating for Sustainability	The Group systematically looks to find new and innovative ways to be more sustainable in its operations and through the products and services it offers to its customers. An innovation mindset is inherent to the Group's corporate culture, business success and sustainability goals.
Protecting and Developing our People	People are at the heart of the Draslovka business, and ensuring that Employees operate in a safe, healthy, and inclusive environment is a top priority for the business. The Group's commitment to ensuring the highest levels of health and safety performance is longstanding and best demonstrated through its focus on ongoing training and continuous improvement. As Draslovka grows, the culture formed by the Group's health and safety policies, procedures and training, and reporting to management, serves as a foundation for ensuring that safety and health performance remains strong.

<p>Preserving the Environment</p>	<p>The use of water and energy, and the production of waste are materially important to the business. The Group has made significant progress in these areas whilst recognising its responsibility to reduce its wider impact on the environment through the long-term reduction of its greenhouse gas (GHG) emissions.</p>
<p>Operating Responsibly</p>	<p>Draslovka believes that it is important for any business to hold itself to account. That is why it is committed to adopting and implementing the highest levels of ethical conduct and governance within its operations and in its interactions with suppliers, customers, and partners. This begins by ensuring consistent policies are in place across operations and extends to ensuring that corporate culture supports Draslovka's goals.</p>

3.2 Group ESG Strategy

The ESG Committee shall develop and regularly update the Group ESG Strategy, including:

- (i) identifying and revising the sustainability pillars and material ESG issues,
- (ii) identifying new initiatives and key performance indicators (KPIs),
- (iii) setting appropriate targets for selected KPIs,
- (iv) developing improvement programs to achieve the targets,
- (v) designing robust climate-related risk management, data collection, and reporting processes, and
- (vi) regularly refreshing the Group materiality assessment.

In defining the Group ESG Strategy, the ESG Committee is supported by the Group ESG Team. The Group ESG Strategy shall be submitted for review to the Board of Directors of Draslovka a.s. at least once a year.

3.3 Implementation of the Group ESG Strategy

The Business Unit Directors are ultimately accountable for the implementation of the Group ESG Strategy in their Group Company or business unit and shall regularly inform the ESG Committee on the implementation status and other sustainability material issues, improvement programs and progress against defined KPIs and targets.

The Business Unit Director may delegate certain of its monitoring and reporting duties to the relevant members of the Group Company ESG Team.

3.4 Materiality Assessment

Draslovka's progress on each sustainability pillar is linked to the effective management of a number of material ESG issues identified through periodic materiality assessments. In undertaking its materiality assessment, Draslovka shall use the approach of *double materiality*, looking at the dimensions of impact and financial materiality to assess the sustainability impacts which are relevant for its business. The selection of a double materiality approach allows the Group to capture the impact that it can have by innovating and creating more sustainable solutions for its customers.

Given that material topics may change over time, the ESG Committee is committed to review and update the materiality assessment on a periodic basis, every two years.¹

3.5 Material ESG Issues

The table below sets out the initial material ESG issues identified by the Group during its most recent materiality assessment, as well as the sustainability pillars they contribute to. Each issue is also categorised as Environmental, Social or Governance-related. The categorisation below facilitates the delegation of certain processes (e.g. risk management, data collection, or reporting) with respect to specific groups of issues (i.e. Environmental, Social or Governance-related). The initial material issues form part of the Group ESG Strategy and may be updated by the decision of the ESG Committee in the course of implementation of this Policy.

ESG Category	Material Issue	Sustainability Pillar
Environmental	Impact of Products	Innovating for Sustainability
	Waste & Hazardous Materials Management	Preserving the Environment
	Pollution & Toxic Chemical Release	Preserving the Environment
	GHG Emissions	Preserving the Environment
	Energy Efficiency & Consumption	Preserving the Environment
	Water Management	Preserving the Environment
	Biodiversity	Preserving the Environment
Social	Health and Safety	Protecting and Developing our People
	Employee Engagement	Protecting and Developing our People
	Diversity, Equity and Inclusion	Protecting and Developing our People
	Community Investment & Engagement	Operating Responsibly
	Corporate Culture	Operating Responsibly
	Human Rights	Operating Responsibly
Governance	IP Protection	Innovating for Sustainability
	Product Quality and Safety	Innovating for Sustainability
	Responsible Supply Chains	Innovating for Sustainability
	Business Ethics & Transparency	Operating Responsibly
	Anti-bribery & Corruption	Operating Responsibly

In instances where there is an overlap between material issue (e.g. Health and Safety, Product Quality and Safety, or Responsible Supply Chains) between two or more sustainability pillars, the overall efforts including data collection and disclosure shall be coordinated.

3.6 ESG Reporting Framework

When developing the Group ESG Strategy, including refreshing the materiality assessment and defining key performance indicators (KPIs) and targets, the ESG Committee shall consider the UN Sustainable Development Goals, Applicable Sustainability Laws (current and/or upcoming) as well as relevant reporting standards, including:

- (i) EU Corporate Sustainability Reporting Directive (CSRD),

¹ The initial materiality assessment was conducted in 2023, and the next review is planned for 2025.

- (ii) EU taxonomy for sustainable activities,
- (iii) recommendations of the Task Force on Climate-related Financial Disclosures (TCFD),
- (iv) relevant Sustainability Accounting Standard Board (SASB) industry standards, and
- (v) relevant Global Reporting Initiative (GRI) standards.

The regulatory and relevant voluntary reporting standards form Draslovka's ESG Reporting Framework and shall guide the development of sustainability reporting practices. The ESG Committee shall ensure that relevant data are collected and reported as required by ESG Reporting Framework.

4 Key Performance Indicators and Targets

Key Performance Indicators (KPIs) are quantifiable metrics used to track progress towards a specific objective. KPIs represent management and performance tools and help to communicate externally and demonstrate progress to shareholders, Employees, and other stakeholders. **Targets** are numerical goals (i.e. levels of KPIs) to be achieved over defined time frames.

The ESG Committee is responsible for:

- (i) agreeing on a set of initiatives and KPIs aligned to the material ESG issues facing the business and its stakeholders, and
- (ii) setting appropriate targets for selected KPIs.

When defining KPIs, the ESG Committee shall take into account the ESG Reporting Framework and may also consider the methodologies of major ESG rating agencies. In order to set the targets, the ESG Committee may consider the Group's current and past performance, the Group's business strategy, the performance of comparable companies, and recognised external frameworks, among others. In defining initiatives, KPIs, and targets, the ESG Committee is supported by the Group ESG Team.

The ESG Committee shall, at least annually, review sustainability related initiatives, KPIs and progress against targets and implementation of the Group ESG Strategy, and - in line with its Terms of Reference - report on the implementation status, progress and material issues to the Board of Directors of Draslovka a.s.

5 ESG Reporting

5.1 The ESG Report

The ESG Report describes Draslovka Group's approach to identifying and managing material ESG issues and presents the Group's ESG Strategy (including its most recent materiality assessment, KPIs, targets, and relevant processes) as well as its implementation during the previous year (key initiatives implemented and realized performance vs. targets, once the targets are defined). A key objective of the ESG Report is to demonstrate the Draslovka Group's progress towards its sustainability objectives.

The ESG Report is prepared annually by the ESG Committee in accordance with the ESG Reporting Framework. In preparing the ESG Report, the ESG Committee is supported by the Group ESG Team. ESG Report is finally approved by the Board of Directors of Draslovka a.s. The ESG Report is made publicly available on Draslovka's website.

If required by regulation, the ESG Report is prepared, approved, audited and published as part of the Group's consolidated annual report. The regulation might also require the Group Companies to include a reference to the ESG Report in their own annual reports.

5.2 Other reports

The ESG Committee prepares other reports, as required by regulation or as a market-standard practice, including the TCFD Report. In preparing such reports, the ESG Committee is supported by the Group ESG Team.

The TCFD Report describes Draslovka's approach to identifying and managing climate-related risks and opportunities and is structured in accordance with the TCFD framework to provide disclosure related to (i) governance, (ii) strategy, (iii) risk management, and (iv) metrics and targets. The TCFD Report shall be included in the ESG Report for ease of use of external stakeholders and to ensure it is a central aspect of reporting on ESG risks and opportunities. The TCFD Report is finally approved by the Board of Directors of Draslovka a.s. (being part of the ESG Report).

5.3 Third Party Audit

As part of the development of the ESG Reporting Framework, Draslovka will comply with the CSRD and provide disclosures in accordance with a number of European Sustainability Reporting Standards (ESRS), depending on the outcome of periodic materiality assessments. The statutory auditor will provide assurance on CSRD disclosures, with the level of assurance being limited until 2028 and then increased to a level of reasonable assurance (i.e., the same threshold used for financial reporting) thereafter.

6 Data Collection

6.1 Data Collection

Each Group Company shall establish robust internal processes for the collection and reporting of ESG data, in line with the Group ESG Strategy, ESG Reporting Framework and relevant regulatory requirements. Responsibility for the development of those processes and frameworks lies within each Group Company, while Group ESG Team shall provide necessary guidance.

6.2 Non-Quantitative Data Collection

In addition to data collection described in clause 6.1, the Group Company ESG Team shall continuously monitor all ESG related events and information, such as new technology, R&D improvements in products and processes, tools for energy savings, carbon emissions, water consumption, air purity, as well as health and safety incidents, donations and other communities' involvement, appraisals, new IP, new certifications or policies. The Group Company ESG Team shall continuously make appropriate records describing such events or information during entire reporting period (usually a calendar year) and provide the list to the Business Unit Director, who shall disclose it to the ESG Committee and Group ESG Team when developing the ESG Report.

6.3 Local ESG Reporting Obligations

The Business Unit Director shall inform the ESG Committee and the Group ESG Team about all sustainability related reporting obligations arising from local laws and regulations pertaining to a Group Company. Where a particular obligation, including reporting obligation, related to matters covered by this Policy arises solely from the local law or pertains solely to the particular operations or product, the Business Unit Director shall ensure that the Group Company complies with such local requirement and, if required by applicable law, shall report the relevant data, either individually or, if agreed with the Group ESG Team, as a part of broader report (such as the ESG Report).

The ESG Committee and the Group ESG Team shall be provided with the submitted reports, so that the Group maintains an overview of relevant sustainability data. External disclosures shall be coordinated with the Group ESG Team.

7 Timeline

An execution timeline for processes described in this Policy is available internally to all Employees at [Group ESG Site](#).² The execution timeline will be continuously revised considering internal processes and regulatory requirements.

8 Training and Education

Draslovka will take a phased approach to training Employees on ESG and embedding it in its corporate culture. As an initial step, Draslovka shall develop an awareness program in connection with the publication of its ESG Report, including a communication from the Group CEO to Employees summarizing the key takeaways of the ESG Report.

9 Speaking Up and Non-Retaliation

9.1 Seeking Guidance and Speaking Up

If the Employee has any query or doubt as to any sustainability-related risk, or any related question, the Employee should seek further guidance. Similarly, every Employee who suspects that violations of law or this Policy may be occurring or are about to occur or becomes aware of suspicious, risky, or evidently unlawful conduct of any person is required to report it.

Employee's immediate Manager or supervisor is usually the first and best resource, since this person is familiar with individual roles and duties. If the Manager or supervisor is not available, or if Employee is not comfortable discussing the matter with a direct supervisor, he/she shall contact any member of the Group ESG Team.

For confidential help, Employees may also use:

- Ethics confidential mailbox ethics@draslovka.com
- [Draslovka Group Ethics Hotline](#)

9.2 Non-Retaliation

No Employee will suffer negative consequences for raising honest concerns in a good faith, even if it may result in Draslovka Group losing business or otherwise suffering a disadvantage.

It is prohibited to threaten or retaliate against Employee who has raised concerns under this Policy. Such retaliations might include dismissal, disciplinary action, threats, or other unfavorable treatment connected with raising a concern. If Employee believes that he/she suffered threatening or retaliation, Employee should report it to Group Head of Compliance or use any of reporting channels listed in clause 9.1, including [Draslovka Group Ethics Hotline](#).

10 Compliance Control

10.1 Group Company Internal Control

Group Company shall conduct periodic controls or audits of its relevant units to help ensure compliance with this Policy and Applicable Sustainability Laws.

² Available at Draslovka SharePoint - Group Policies - 013_Group ESG Policy

10.2 Group Compliance

Group Compliance Department may conduct control/audit focused, without limitations, on compliance with this Policy or any issue suggested by the ESG Committee or Group ESG Team.

Employees shall fully cooperate during such controls or audits and promptly provide all requested information, documents and records. Unless required otherwise, result of each control or audit shall be recorded in a protocol signed by responsible Manager. Material findings shall be escalated to the Business Unit Director or ESG Committee, as appropriate.

11 Local Implementation

11.1 Local Implementation of the Policy

Group Company is required to implement this Policy into local internal documents by approval of its Approving Body. Group Company is obliged to follow the full scope application of this Policy unless exception was approved under clause 11.2.

Group Company may apply additional or stricter rules at local level, either deriving from Applicable Sustainability Laws, or voluntarily. In such cases, ESG Committee must be informed.

11.2 Exceptions

The Group Company ESG Team has the right to ask Group Head of Compliance for exceptions from this Policy only if this exception is necessary to meet the local regulatory requirements. Before granting the approval for the exception, Group Head of Compliance must consult the matter with the ESG Committee.

All exceptions approved under this Policy shall be always in line with Applicable Sustainability Laws, shall be documented by Group Head of Compliance and must be available upon request. Form of Exceptions Evidence is available at the [SharePoint](#).

12 Final Provisions

12.1 Assumption

This Policy applies insofar as it does not contradict local legislation. If implementation of some rules under this Policy is not permitted under local legislation, Group Company shall proceed according to clause 11.2.

12.2 Definitions

The meaning of capitalized terms used in this Policy is set out in [Annex 1](#).

12.3 Owner

Owner of this Policy is Group Head of Compliance.

12.4 Implementation

This Policy was issued on 19 December 2023 and shall be effective from 1 March 2024 (i.e., this is the target date from which the Policy shall be locally implemented and followed in Group Companies).

12.5 Amendments

This Policy does not form part of Employee's contract of employment and may be amended at any time.

Annex 1

Definitions

In this Policy:

“Applicable Sustainability Laws” means any applicable law or regulation for ESG-related actions, reporting and/or disclosures applicable to Employees, Group Company and/or the Group, as well as any international convention.

“Approving Body” means a body entitled to and responsible for approval and implementation of this Policy based on Group Company’s corporate processes, including but not limited to Company President or Board of Directors.

“Draslovka a.s.” means Draslovka a.s., with its registered office at Evropská 2758/11, Dejvice, 160 00 Prague 6, Czech Republic, identification number 11786728, registered in Commercial Registry maintained by Municipal court of Prague, under file B, section 26599.

“Draslovka Group” or **“Group”** or **“Draslovka”** means all Group Companies; when this term is used in connection with specific position/function it refers to managers/officers/functions with specific “Group-wide” responsibility, reporting (directly or indirectly) to Group CEO.

“Employee(s)” means each person working at any level of the Group or a Group Company, including, without limitations, all full-time and part-time employees, members of a Group Company's board of directors or supervisory board, officers, directors, senior managers, consultants, contractors or any other third parties acting on behalf of the Group or a Group Company.

“ESG Committee” means the Committee for Environmental, Social and Governance Matters of Draslovka a.s.

“ESG Report” means report on impacts, risks and opportunities in the areas of environmental and social impacts of the Draslovka Group companies’ activities and the governance of the Group Companies.

“ESG Reporting Framework” means a set of reporting standards applicable to Draslovka Group based on (i) applicable laws and regulations (regulatory reporting standards) and (ii) decision of the ESG Committee (voluntary reporting standards).

“Group Company” means Draslovka a.s. and any entity controlled by Draslovka a.s. by means of direct or indirect majority participation or a control agreement respectively.

“Group Compliance Department” means organization unit managed by Group Head of Compliance; in case there are no other Employees in Group Compliance Department than Group Head of Compliance, Group Compliance Department shall refer to Group Head of Compliance.

“Group ESG Strategy” means a strategy on matters concerning environmental and social impacts of the Draslovka Group companies’ activities and governance of the Group Companies.

“Manager” means a person that is entitled to define and impose on subordinate Employee(s) working tasks and binding instructions and organize, manage, and supervise their work.

“Owner” means function/department responsible for administration of this Policy or its amendment (draft, coordination, approval process, waivers and exceptions).

“Policy” means this Group ESG Policy, as might be amended from time to time.

“Terms of Reference” means terms of reference of ESG Committee, as amended from time to time.