

Internal Regulation No. 01/2022 (updated on October 2022)

by which

company Czech Mill a.s.
registered address č.p. 1300, Dětmárovice, 735 71
ID no.: 27779726
(the “*employer*”)

hereby issues this

Internal Regulation on the Protection of Whistleblowers
(“Whistleblowing”)

I.
General Provisions

I.1. This Internal Regulation stipulates the conditions and procedure for the receipt of reports by employees, the method of handling reports and the method for handling obtained information in a way that is in accordance with generally binding statutory regulations valid in the Czech Republic, and in particular Directive (EU) 2019/1937 of 23 October 2019 on the protection of persons who report breaches of Union law (“*legislation*”).

I.2. This Internal Regulation introduces an internal reporting system for the employer, i.e. the liable entity, as defined in the relevant legislation.

I.3. The receipt of reports, the manner of handling reports and the manner of handling information will be carried out exclusively in accordance with legislation, with an emphasis on the confidentiality and protection of whistleblowers and jointly protected persons.

I.4. The employer hereby states that the competent person for the performance of activities as defined in the relevant provisions of the Whistleblower Protection Act is:

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I.5. For the purposes of submitting written reports, the employer shall also set up a physical box, which is located on the employer's premises and marked with the company logo and the word “WHISTLEBLOWING”. The box is in the snack room, which is located on the ground floor of the administrative building.

II. Basic Definitions

For the purposes of this Internal Regulation, the following terms have the following meanings:

“report” – notification from a natural person containing information about a possible breach which has the characteristics of a criminal offense or transgression, or which infringes European Union laws or regulations governing the following areas:

- (i) financial institutions, financial services, financial products and financial markets,
- (ii) income tax of corporate entities
- (iii) prevention of money laundering and the financing of terrorism,
- (iv) consumer protection and safety and compliance with product requirements under legislation,
- (v) road safety, transport and traffic safety,
- (vi) environmental protection, food and feed safety and animal welfare,
- (vii) radiation protection and nuclear safety,
- (viii) public procurement, public auctions and competition,
- (ix) protection of internal order and safety, life and health,
- (x) protection of personal data, privacy and security of electronic communications networks and information systems,
- (xi) protection of the financial interests of the European Union, or
- (xii) functioning of the internal market, including the protection of EU competition and state aid rules,

about which the whistleblower has become aware in connection with their work or similar activities; for the purposes of this Act, work or other similar activity is also defined as an application for a job or other similar activity;

“authorized person” – person designated by the employer in article I (4) of this Internal Regulation;

“whistleblower” – natural person who has submitted a notification of possible unlawful actions;

“jointly protected person” – person who, together with the whistleblower, cannot be subject to retaliatory measures, and who is defined as a:

- (i) person who provides assistance in ascertaining the information contained in the report, submitting the report or assessing its merits,
- (ii) person who is a close person (“osoba blízká”) in relation to the whistleblower,
- (iii) person who is an employee or colleague of the whistleblower, or a person in a similar position,
- (iv) person who is under the authority of the whistleblower,
- (v) legal entity in which the whistleblower has a stake, entity controlling or controlled by the same controlling entity,
- (vi) legal entity in which the whistleblower is a member of a statutory body, entity controlling or controlled by the same controlling entity,
- (vii) entity for which the whistleblower performs work or other similar activity,
- (viii) trust fund of which the whistleblower or legal entity referred to in point (v) or (vi) is the founder or beneficiary, or in respect of which the whistleblower or legal entity referred to in point (v) or (vi) is an entity who increases the trust fund's assets by contract or acquisition in case of death;

“retaliatory measures” – actions relating to the work or similar activity performed by the whistleblower and which were provoked by the report and which may cause harm to the whistleblower or jointly protected person. These include in particular:

- (i) termination of employment or non-extension of employment for a definite period,
- (ii) termination of a legal relationship established by an agreement for the performance of work (“dohoda o provedení práce”) or an agreement to perform work (“dohoda o pracovní činnosti”),
- (iii) dismissal from the position of manager,
- (iv) reduction of salary or remuneration or non-granting of a personal allowance,
- (v) discrimination,
- (vi) relocation or transfer to another job,
- (vii) work appraisal,
- (viii) ostracization,
- (ix) hindering of professional development,

- (x) altering of work schedule,
- (xi) requiring of a medical assessment or occupational medical examination,
- (xii) termination or withdrawal from a contract, or
- (xiii) interference with the right to protection of personality;

“**Ministry**” – the Czech Ministry of Justice, ID no.: 000 25 429, registered address Vyšehradská 427/16, 120 00 Praha 2.

III.

Reporting and post-reporting procedure

III.1. Submission and receipt of reports

III.1.1. The whistleblower is entitled to submit a report, orally and/or in writing, to the Ministry and/or the relevant entity through an internal reporting system set up by the employer. If the whistleblower so requests, the entity concerned shall be required to receive the report in person within a reasonable time frame, but within a period not exceeding 30 days.

III.1.2. Whistleblowers who submit a report in writing may do so:

- (i) by sending the report by post to the delivery address for the entity concerned,
- (ii) via electronic communication (e-mail), or
- (iii) by posting it into the box set up for the purpose by the employer.

III.1.3. The whistleblower may disclose the information which constitutes the content of the report if:

- (i) he/she submitted the report through the internal reporting system to the Ministry, or directly to the Ministry, and no appropriate action was taken within the specified time limits; in particular, the relevant person failed to assess the merit of the report, or the obliged entity failed to take appropriate action to prevent or remedy the illegal situation,
- (ii) he/she has reasonable grounds to believe that the illegal actions referred to in the report may lead to an immediate or manifest threat to internal order and safety, life or health, the environment or other public interest, or to irreparable damage, or
- (iii) he/she has reasonable grounds to believe that, in the event of the submission of a report to the Ministry, there would be an increased risk, given the circumstances of the case, that he/she or a jointly protected person will be exposed to retaliatory measures or that the Ministry's scope of competency is jeopardized.

III.1.4. The entity concerned shall notify the whistleblower in writing of the receipt of a report under this Internal Regulation within seven days of its receipt, unless:

- (i) the whistleblower expressly requests that the entity concerned not notify him/her of receipt of the report; or
- (ii) it is clear that notification of the receipt of the report would reveal the identity of the whistleblower.

III.1.5. The whistleblower is entitled to submit the report anonymously.

III.2. Assessment of the merits of the report submitted

III.2.1. The entity concerned shall assess the merits of the report and inform the whistleblower in writing of the results of this assessment within thirty days of receipt of the report. In factually or legally complex cases this period may be extended by up to thirty days, but not more than twice. The entity concerned is obliged to notify the whistleblower in writing of the extension of the time limit and the reasons for its extension, prior to its expiry, unless:

- (i) the whistleblower expressly requests the entity concerned not to notify him/her of receipt of the report; or
- (ii) it is clear that notification of the receipt of the report would reveal the identity of the whistleblower.

III.2.2. If the entity concerned finds that the report:

- (i) **has merit**, it shall propose to the employer measures to prevent or remedy the illegal situation,
- (ii) **does not have merit**, it shall notify the whistleblower in writing without undue delay that, on the basis of the facts set out in the report and all the circumstances known to it, it has not found any suspicion of illegal actions, or it has found that the report was based on false information; it shall then inform the whistleblower of his/her right to submit a report to a public authority, or
- (iii) **it is not a report** in accordance with the legislation, it shall immediately notify the whistleblower in writing.

III.3. Taking appropriate measures

III.3.1. If the report is found to have merit, the entity concerned shall propose to the employer appropriate measures to prevent or remedy the illegal situation, which the employer shall take, or take other appropriate measures.

III.3.2. The employer shall immediately notify the entity concerned of the measures taken. The entity concerned shall then immediately notify the whistleblower of these measures in writing, unless:

- (i) the whistleblower expressly requests that the entity concerned not notify him/her of receipt of the report; or
- (ii) it is clear that notification of the receipt of the report would reveal the identity of the whistleblower.

III.4. Rules for the provision of data

III.4.1. The entity concerned shall not be entitled to provide information that may frustrate or jeopardize the purpose of the report.

III.4.2. Information on the identity of the whistleblower and the jointly protected person may be provided only with their written consent, unless the entity concerned is obliged to provide this information to the competent public authorities under other legislation. This also applies to information concerning the identity of the person mentioned in the report.

IV.

Recording, registration and storage of reports

IV.1. Recording of oral reports

IV.1.1. In the case of an oral report, an audio recording (with the whistleblower's consent) or a transcript of such will be made. The entity concerned shall give the whistleblower an opportunity to comment on the transcript. The whistleblower's comments shall be attached to the transcript.

IV.1.2. The entity concerned may not make a recording or transcript without the consent of the whistleblower. In such a case, they must write a record that faithfully captures the substance of the oral report. The entity concerned shall give the whistleblower an opportunity to comment on the record. The whistleblower's comments shall be attached to the record. The same procedure shall be followed if it is not technically possible to make an audio recording of the oral report.

IV.2. Registration and storage of reports

IV.2.1. The entity concerned shall keep records of received reports in electronic form. These must contain the following information:

- (i) date of receipt of the report,
- (ii) name(s), surname, date of birth and contact address of the whistleblower, if known,
- (iii) summary of the content of the report and identification of the person against whom the report is directed, if his/her identity is known, and
- (iv) date of completion of the assessment of the merit of the report, and its outcome.

IV.2.2. Reports and the information specified above are kept on record for a period of five years from the date of their receipt. Only the entity concerned shall have access to these records.

V. Offenses of whistleblowers

Whistleblowers shall receive a fine of up to 50,000 CZK for knowingly submitting a false report.

VI. Final Provisions

VI.1 This Internal Regulation shall be valid for an indefinite period of time and take effect on October 1, 2022.

VI.2. This Internal Regulation may be amended by the employer at any time by issuing a new full text at least one calendar week before the amendment takes effect.

VI.3. All employees of the employer shall be acquainted with this regulation and shall receive proper training in its principles and application.

VI.4. This Internal Regulation is also published in the company's usual internal system.

Dětmarovice, on October 1, 2022

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Czech Mill a.s.
Ing. Petr Labuzík

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Czech Mill a.s.
Ing. Ilona Riedlová

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Czech Mill a.s.
Ing. Roman Hyneček