

## 1. INTRODUCTION

This Code of Conduct governs the conduct and attitude of HŽP employees, in particular in the following areas:

- a. ethical behaviour and corporate culture
- b. safety and health protection
- c. relationship with business partners and third parties
- d. handling information
- e. environmental protection

## 2. SCOPE OF APPLICATION

This directive is binding for HŽP employees.

## 3. LIABILITY

We expect all employees of HŽP a.s. to become acquainted with the Code of Conduct, adopt its rules and follow them.

## 4. ABBREVIATIONS AND DEFINITIONS

HŽP Company name

DG Director-General

## 5. CODE CONTENT

### 5.1. We follow ethical principles, we comply with legal regulations

- a. Ethical principles and respecting the law are the basic principles of our behaviour and corporate culture.
- b. Our entity is a business company incorporated and existing under the laws of the Czech Republic in accordance with EU law, as well as international contracts binding for the Czech Republic; we are constantly monitoring, aware of, respecting and strictly adhering to this law or any other law governing our relationships.
- c. We strive to have long established and stable relationship with our business partners, public bodies, our employees and the public based on mutual respect and justified confidence in honest behaviour.
- d. We act and make decisions in accordance with the principles of employee collegiality and fair business relations and in accordance with our rights and obligations arising from legal regulations, decisions of public bodies and contractual relationships we are party to.

### 5.2. We value our employees

- a. Respecting human rights is a matter of course in our company. We do not encourage nor tolerate any acts of discrimination. We refuse any forms of violent, forced or other illegal work. We respect the privacy right of the employees.
- b. We refuse child labour. We employ only persons fulfilling legal conditions.
- c. We do not tolerate any illegal work, including with our business partners.
- d. Procedures and conditions stipulated by law form the basis of our employee relations. This includes concluding employment contracts or other labour contracts and agreements and their

content, working hours, granting leaves, rest periods, overtimes, remuneration, wage deductions or termination of employment relations.

- e. We duly remunerate our employees for their work performance, including bonuses for afternoon, night, weekend, holiday or overtime work. We provide our employees with social and other benefits beyond the legal rules.
- f. We fulfil all our statutory information obligations in relation to our employees but also to public bodies.
- g. We respect the rights of our employees including their right to organize and bargain collectively. We respect the positions of trade unions operating in our company as representatives of our employees and we consider them our partners in the social dialogue.
- h. We constantly communicate with our employees including meetings and consultations with top management and other senior employees, as well as informing our employees about current affairs through central information boards, workplace information boards, information screens and the electronic information system.
- i. We welcome any questions and comments of our employees who can use our "DG Hot Line".
- j. We carry out annual surveys of satisfaction and motivation of our employees.
- k. We regularly evaluate all our employees at least once a year.
- l. We are open to complaints of our employees or other persons; we allow them to file complaints and responsibly deal with such complaints.

### **5.3. We apply a whistle-blowing policy**

- a. We enable our employees and other persons to practice whistle-blowing, make queries and complaints.
- b. All whistle-blowing reports, queries and complaints are consistently addressed, solved and used for further improvement.
- c. We guarantee all employees protection against any disciplinary action on account of bona fide practicing whistle-blowing, making queries and complaints.

### **5.4. We pay close attention to health and safety**

- a. Health and safety of our employees is an integral part of all our activities and has the highest priority. In our company, we strive to create the best working conditions. We follow the accident prevention program; we ensure that every work activity is carried out within safe working procedures.
- b. We have prepared and are constantly evaluating and updating the injury at work risk identification and assessment system which also includes measures to remove injury risks.
- c. Prevention is essential to us. We constantly train and educate our employees for safe work and health protection.
- d. We provide our employees with personal protective equipment according to a list prepared for each job. Employees at working places with increased heat or physical load are provided with protective drinks.
- e. We consistently provide for the assessment of the medical fitness of our employees within a system of medical examinations; we do not allow any work not corresponding to employee's medical fitness.

- f. If there is an accident despite our efforts, we apply our system including first aid provision, reporting and investigating injuries or other unfortunate events and taking measures to prevent their recurrence and compensate for damages.

#### **5.5. We value our business partners**

- a. We approach our business partners as parties which are equal to us and we deal with them honestly, transparently, fairly and with respect.
- b. We assume that our business partners follow the same principles as we do; should the opposite become apparent, we respect it unless it is contrary to the law or unless it causes excessive risk or harm.
- c. We are committed to creating value for our business partners. In relation to our products, we follow the principle of continuous improvement and increasing their added value while reducing the environmental burden.
- d. We select our suppliers with due care so that the quality of our products is maintained. We conclude quality agreements with our suppliers and we evaluate the performance of their obligations.
- e. We provide for adequate supervision over compliance with working and technological procedures and dealing with any complaints from our business partners. We evaluate our business partners' satisfaction.
- f. We want our business partner to consistently cooperate with us or to return to us. Success of our business partner is also our success.
- g. We support ethical business culture and we fulfil our duties fairly, honestly and with care.
- h. We are ready to agree with our business partners on any audits of our company.

#### **5.6. We refuse any kind of corruption**

- a. We have zero tolerance for offering or accepting bribes.
- b. Are employee are strictly guided to refrain from any kind of corruption; in connection with our company, our name or with reference to our company, no one shall require or accept any performance in exchange for the provision or a promise to provide any benefits, nor shall they offer or provide any such performance.
- c. If an employee is witnessing corruption, he / she is required to inform his supervisor and subsequently a corporate lawyer to take the next steps. The employee can also report corruption cases directly to the Director General or to the Personnel Department (personally, via e-mail or telephone).

#### **5.7. We respect competition and intellectual property**

- a. We believe in free, honest and fair competition; we don't do anything that could disturb such competition.
- b. We avoid any conflict of interest and situations which may cause suspicion of such conflict, including the conflict of our interests with the interests of our company; any act subject to conflict of interest is only possible if permitted by law.
- c. We respect intellectual property rights, interest in maintaining confidentiality about trade secrets and other confidential information, and we protect such rights and information to the

extent required by law, contracts with business partners, consents of data subjects and business ethics.

- d. We protect the personal data of our employees, as well as any other persons whose personal data have been provided to us.
- e. All our employees who in the performance of their duties come into contact with personal data, information subject to trade secret or other confidential information are bound to maintain confidentiality about such data and information.

#### **5.8. We protect the environment**

- a. Environmental protection is an essential part of our policy. Our standard is to at least meet all legal requirements and permits granted to us on their basis by state authorities.
- b. We have a long-term concept to continually reduce our impact to the surroundings of our company.
- c. In order to comply with environmental protection principles, we have implemented and are applying waste management systems which govern our recycling (waste reduction), closed water circuit system (water quality improvement), handling of chemicals and energy management (waste reduction).
- d. We also have the priority to gradually reduce the amount air pollutant emissions (air quality improvement).

#### **5.9. Our company is socially responsible**

- a. We support our region and are trying to contribute to further improvement of local life quality.