

**REMUNERATION POLICY  
OF BODIES OF THE PUBLIC JOINT STOCK COMPANY**

**Tatry mountain resorts, a.s.**

*The Tatry mountain resorts, a.s. company with the registered office at Demänovská Dolina 72, 031 01 Liptovský Mikuláš, Company number: 31 560 636, registered in the Commercial Register of District Court Žilina, Section: Sa, Insertion No.: 62/L (hereinafter referred to as “**Company**”) hereby specifies and introduces the rules below regarding remuneration of Company bodies (hereinafter referred to as “**Remuneration rules**”) in accordance with provision § 201a Act no. 513/1991 Coll. Commercial Code as subsequently amended (hereinafter referred to as “**Commercial Code**”).*

## **PREAMBLE**

The Remuneration rules are specified and introduced by the Company in accordance with the business strategy and long-term goals of the Company, and in order to support the sustainability of the Company.

The Remuneration rules have been created mainly:

- ❖ to enable the Company shareholders to access the remuneration system of Company bodies easily and to keep the system working;
- ❖ to ensure that potential investors and interested parties are informed about the remuneration policy of the Company;
- ❖ to ensure that the Company is viable on a regulated market;
- ❖ to match the Company interests with the interests of members of Company bodies.

The Remuneration rules present a detailed and well-organised overview how individual members of Company bodies are remunerated. The rules are meant to be clear and comprehensible.

The Remuneration rules are adopted to ensure and strengthen the participation of Company shareholders in the field of the remuneration policy.

In order to be available for the general public, the remuneration policy is published on the official website of the Company.

## **1. BASIC PROVISIONS**

- 1.1** The Remuneration rules are meant to specify the basic principles, terms and the basic system how members of the Company bodies are remunerated and compensated.
- 1.2** For the purpose of these Remuneration rules and in accordance with § 201a Section 2 Commercial Code, members of the Company bodies are as follows:
  - 1.2.1 members of the Company board of directors;
  - 1.2.2 members of the Company supervisory board;
  - 1.2.3 a manager working on the highest, top management level if such capacity exists within the Company, and their deputy unless they are members of the board of directors or the supervisory board.
- 1.3** In accordance with § 187 Article 1 Commercial Code, the Remuneration rules and their changes can be adopted only at Company general meetings.
- 1.4** In accordance with § 194 Article 6 item g) Commercial Code, members of the Company board of directors are obliged to create Remuneration rules and present them to be adopted at a Company general meeting.

1.5 Other details are specified by the Commercial Code, other generally binding legal regulations and internal regulations of the Company.

## 2. REMUNERATION RULES FOR MEMBERS OF THE BOARD

### 2.1 General provisions

2.1.1 The board of directors is a statutory body of the Company, which manages Company's activities and acts on behalf of it. The board of directors decides about all matters related to the Company except matters that general meetings or the supervisory board are responsible for in accordance with the Commercial Code or the articles of association of the Company.

2.1.2 For the purpose of these Remuneration rules, members of the Company board of directors include members of the Company board of directors, the chairman and the vice chairman of the Company board of directors.

2.1.3 The remuneration amount of members of the board consists of the following:

- (i) a fixed component in accordance with item 2.2 of these Remuneration rules;
  - (ii) a variable component in accordance with item 2.3 of these Remuneration rules;
  - (iii) bonuses and other benefits
- (hereinafter collectively referred to as "**Total board member remuneration**").

2.1.4 In addition to the Total board member remuneration, every board member is entitled to be paid a salary or to receive any other payment from the Company based on an employment contract or any other contract that entitles the respective board member to be remunerated financially.

2.1.5 Board members are not remunerated for their board member/supervisory board member capacity (or the board chairman/board vice chairman capacity, supervisory board chairman/ supervisory board vice chairman capacity) in any company of the TMR group. For the purpose of these Remuneration rules, companies of the TMR group are companies of a consolidated group related to the Company based on § 6 Article 4 as well as § 22 Article 3 and 4 Act no. 431/2002 Coll. on Accounting as subsequently amended.

### 2.2 Fixed component of the total remuneration

2.2.1 In accordance with these Remuneration rules, every board member is remunerated for the proper performance of their duties as a board member of the Company and paid an agreed amount in accordance with their agreement on the board member capacity that has been concluded in accordance with § 66 Article 6 Commercial Code. Agreements on the board member capacity, agreements on the board chairman capacity and agreements on the board vice chairman capacity are approved by the Company supervisory board.

2.2.2 The upper limit of the fixed component of the total board member remuneration for the performance of their capacity applies to the whole term of office and depends on the average nominal monthly wage in Slovakia in 2018 (hereinafter referred to as "**Average wage**") rounded to the nearest hundred EUR.

2.2.3 The upper limit of the fixed component of the total Company board member remuneration is specified per calendar month as follows:

- 2.2.3.1 no more than 2-times of the maximum board member remuneration based on item 2.2.3.3 Remuneration rules for the performance of the board chairman capacity;

- 2.2.3.2 no more than 1.5-times of the maximum board member remuneration based on item 2.2.3.3 Remuneration rules for the performance of the board vice chairman capacity;
  - 2.2.3.3 no more than 4-times of the Average wage for the performance of the board member capacity.
- 2.2.4 The fixed component of the total remuneration is paid to board members once a month on the day specified as the day when Company employees are paid their salaries. If any board member takes or leaves their office in the course of any calendar month, they are entitled to be paid an aliquot part of the fixed component of the total remuneration. For the purpose of these Remuneration rules, the aliquot part of the fixed component of the total remuneration corresponds to the number of calendar days spent in the board member office in the calendar month when the respective board member becomes entitled or loses the right to be paid the fixed component of the total remuneration.

### 2.3 Variable component of the total remuneration

- 2.3.1 In accordance with the Remuneration rules, every board member is paid a variable component of the total remuneration once a year as follows:
- 2.3.1.1 chairman of the board – 1.20% of EBITDA
  - 2.3.1.2 vice chairman of the board – 1.00% of EBITDA
  - 2.3.1.3 member of the board – 0.75% of EBITDA.
- 2.3.2 For the purpose of these Remuneration rules, “EBITDA” is earnings of the Company before interest, taxes, depreciation and amortisation shown in the last audited statutory consolidated financial statements of the Company, adjusted by reserve created in that year for payment of the variable component of the total remuneration.
- 2.3.3 For the purpose of these Remuneration rules, “adjusted EBITDA” is defined in order to ensure year-on-year comparable EBITDA (by taking the “like-for-like” principle into consideration), and determined for the respective audited financial year and for the financial year immediately preceding the respective audited financial year of the Company. The adjusted EBITDA is based on the audited EBITDA of each of the comparable financial years and is adjusted by:
- 2.3.3.1 EBITDA resulting from real estate projects implemented by the Company during the respective financial year (i.e. EBITDA resulting from building suite complexes, new accommodation establishments and other property, and selling them);
  - 2.3.3.2 EBITDA resulting from new acquisitions made during the respective financial year of the Company; in case that EBITDA resulting from acquisitions has not been included in the Company results in the course of all twelve months of the financial year preceding the financial year when the variable component of the total remuneration is offered, EBITDA resulting from such acquisitions in the financial year of the Company when the variable component of the total remuneration is offered and in the financial year preceding the financial year when the variable component of the total remuneration is offered shall be eliminated as well;
  - 2.3.3.3 Creation and use of the reserve for payment of the variable component of the total remuneration;
  - 2.3.3.4 EBITDA resulting from one-time extra activities that are made during the respective financial year and not included in the basic business objectives of the Company, including EBITDA resulting from the profit of selling establishments, parts of establishments, or collections of movable and immovable property of one working unit whose value exceeds the amount of EUR 100,000; extra activities specified in this item do not include implemented real estate projects based on item 2.3.3.1, acquisitions

based on item 2.3.3.2, creation and use of the reserve for payment of the variable component of the total remuneration based on item 2.3.3.3, and completed sales based on item 2.3.3.5 of these Remuneration rules.

2.3.3.5 If an establishment, a part of an establishment or a collection of movable and immovable property of one working unit is sold (e.g. a hotel, a water park etc.) in the course of the financial year when the variable component of the total remuneration is offered, EBITDA of the sold establishment, part of the establishment or the collection of movable and immovable property of one working unit shall be adjusted in the financial year when the sale was made; and for the purpose of the adjusted EBITDA of the financial year preceding the financial year when the variable component of the total remuneration is offered, EBITDA of the sold establishment, part of the establishment or the collection of movable and immovable property of one working unit shall be eliminated as well.

2.3.4 Approval terms regarding the variable component of the total remuneration:

2.3.4.1 Board members are entitled to be paid the variable component of the total remuneration as specified in item 2.3.1. only if all the following conditions are fulfilled:

- (i) the Adjusted EBITDA of the last audited financial year must reach at least 90% (including) of the adjusted EBITDA of the audited financial year that preceded the last audited financial year; but it has to be recalculated again on the same date as the adjusted EBITDA of the last audited financial year will be calculated on (for the avoidance of doubt, the adjusted EBITDA of the financial year preceding the last audited financial year can have a different value for the purpose of calculation based on this item than the value of the adjusted EBITDA of the same financial year calculated for the purpose of this item in the previous year); and at the same time
- (ii) in the course of the whole last audited financial year, the following applies to the Company as well as each and every company of the TMR group:
  - they cannot be behind with payment of any financial obligations resulting from credit contracts, loan contracts with the Company or companies of the TMR group being the debtor, from bailout contracts and agreements concluded regarding bonds issued by the Company; and at the same time
  - they cannot violate their duties and obligations resulting from credit contracts, loan contracts, bailout contracts and agreements concluded regarding bonds issued by the Company and related to early maturity and/or the right of creditors to demand early repayment of credits, loans, financial help and bonds; and at the same time
  - no financial damages can be claimed from the Company or companies of the TMR group by creditors as a result of violating duties and obligations following from credit contracts, loan contracts, bailout contracts and agreements concluded regarding bonds issued by the Company, if the amount exceeds EUR 100,000 /per credit contract/ loan contract/bailout contract/agreement concluded regarding bonds issued by the Company; penalty interests in the case of early loan or credit repayment, early repayment of financial help or early repayment of bonds are not considered to be claimed financial damages; and at the same time
  - the Company and companies of the TMR group must be considered “creditworthy debtors”.

2.3.4.2 Board members are entitled to be paid 70% of the variable component of the total remuneration as specified in item 2.3.1. only if all the following conditions are fulfilled:

- (i) the Adjusted EBITDA of the last audited financial year must reach at least 90% (including) of the adjusted EBITDA of the audited financial year that preceded the last audited financial year; but it has to be recalculated again on the same date as the adjusted EBITDA of the last audited financial year will be calculated on (for the avoidance of doubt, the adjusted EBITDA of the financial year preceding the

last audited financial year can have a different value for the purpose of calculation based on this item than the value of the adjusted EBITDA of the same financial year calculated for the purpose of this item in the previous year); and at the same time (ii) in the course of the whole last audited financial year, the following applies to the Company as well as each and every company of the TMR group:

- they cannot be behind with payment of any financial obligations resulting from credit contracts, loan contracts with the Company or companies of the TMR group being the debtor, from bailout contracts and agreements concluded regarding bonds issued by the Company; and at the same time
- they cannot violate their duties and obligations resulting from credit contracts, loan contracts, bailout contracts and agreements concluded regarding bonds issued by the Company and related to early maturity and/or the right of creditors to demand early repayment of credits, loans, financial help and bonds; and at the same time
- no financial damages can be claimed from the Company or companies of the TMR group by creditors as a result of violating duties and obligations following from credit contracts, loan contracts, bailout contracts and agreements concluded regarding bonds issued by the Company, if the amount exceeds EUR 100,000 /per credit contract/ loan contract/bailout contract/agreement concluded regarding bonds issued by the Company; penalty interests in the case of early loan or credit repayment, early repayment of financial help or early repayment of bonds are not considered to be claimed financial damages; and at the same time
- the Company and companies of the TMR group must be considered “creditworthy debtors”.

2.3.4.3 If the Adjusted EBITDA of the last audited financial year does not reach at least 85% of the Adjusted EBITDA of the audited financial year that preceded the last audited financial year, board members are not entitled to be paid the variable component of the total remuneration as specified in item 2.3.1. or a part of it.

2.3.5 Financial and non-financial criteria of the performance of Company body members taken into consideration: Financial criteria of the performance of Company body members are equal to positive economic results of the Company (EBITDA), non-financial criteria are equal to fulfilling duties and obligations specified in items 2.3.4.1 (i) and 2.3.4.2 (i) of these Remuneration rules, including acquiring the Company status as a “creditworthy debtor”. If the economic results of the Company (EBITDA) are not fulfilled (met) and the respective non-financial criteria are not fulfilled (violated), the variable component of the total remuneration of board members is reduced or not approved.

2.3.6 Criteria regarding the corporate social responsibility: When managing the Company, Company body members implement the principle of socially accountable business operations as one of the tools of branding and building reputation. In the field of corporate social responsibility, they focus on the following:

2.3.6.1 the economic level – proper Company management, respecting the ethical code, refusing corruption, maintaining good relationships with investors, customers, good customer-supplier relationships;

2.3.6.2 the social level – supporting volunteering, employee policy;

2.3.6.3 the environmental level – ecological company culture, investing in ecological technologies.

2.3.7 How the criteria specified in items 2.3.5 and 2.3.6 contribute to achieving long-term goals of the Company: Corporate social responsibility helps increase the Company profit, reduce the costs, promotes innovations, helps maintain legitimacy, helps build trust and the brand, helps

attract investors, and along with achieving positive economic results, the basic aims of the Company are fulfilled and the Company sustainability on the market is supported.

- 2.3.8 Methods determining how performance criteria have been met: Performance criteria regarding Company body members include positive economic results of the Company.
- 2.3.9 Potential deferred payment periods regarding the variable component of the total remuneration and how the Company can recover already paid variable components of the total remuneration: As decided by the board of directors of the Company and considering the financial situation of the Company at the time when variable components of the total remuneration are to be paid in accordance with item 2.3.10, the payment of the variable component(s) of the total remuneration can be deferred by a maximum of six (6) months or can be paid in instalments in the course of six (6) months after the remuneration day is determined. There are no criteria for recovering already paid variable components of the total remuneration.
- 2.3.10 The variable component of the total remuneration and the proportional part of the variable component of the total remuneration pursuant to item 2.3.11 and 2.3.12 is paid to board members once a year on the earliest day specified as the day when Company employees are paid their salaries after publishing the statutory consolidated financial statements of the Company regarding the financial year that the remuneration is paid for.
- 2.3.11 If any board member takes their office in the course of the financial year that the variable component of the total remuneration shall be paid for, they get entitled to be paid a proportional amount of the variable component of the total remuneration. The proportional amount of the variable component of the total remuneration shall be calculated on the basis of monthly remuneration base, which shall correspond to sum of the managerial consolidated EBITDA achieved in the in the respective calendar month of the respective financial year and 1/12 of the difference of EBITDA and yearly managerial consolidated EBITDA of the TMR Group (hereinafter referred to as “Monthly Remuneration Base”). The managerial consolidated EBITDA shall be calculated and determined as for the companies of the TMR group by the Financial Department of the Company and shall be submitted to the Company management on a regular basis for the purposes of management of TMR Group. The board member who takes their office in the course of the financial year gets entitled to be paid proportional amount of the variable component of the total remuneration as follows:
- 2.3.11.1 in case the criteria set out in item 2.3.4.1 are met, in the amount of sum of the Monthly Remuneration Bases reported for the calendar months the respective board member was in their office during the respective financial year;
- 2.3.11.2 in case the criteria set out in item 2.3.4.2 are met, in the amount of 70 % of the sum of the Monthly Remuneration Bases reported for the calendar months the respective board member was in their office during the respective financial year;
- 2.3.11.3 in case the Adjusted EBITDA for the last audited financial year is less than 85 % of the Adjusted EBITDA for the audited financial year preceding the last audited financial year, the board member does not get entitled to the proportional amount of the variable component of the total remuneration as determined in accordance with items 2.3.11.1 or 2.3.11.2.
- 2.3.12 If any board member leaves their office for any reason, they get entitled to be paid proportional amount of the variable component of the total remuneration as follows:
- 2.3.12.1 in case the criteria set out in item 2.3.4.1 are met, in the amount of sum of the Monthly Remuneration Bases reported for the calendar months the respective board member was in their office during the respective financial year;
- 2.3.12.2 in case the criteria set out in item 2.3.4.2 are met, in the amount of 70 % of the sum of the Monthly Remuneration Bases reported for the calendar months the respective board member was in their office during the respective financial year;

2.3.12.3 in case that the Adjusted EBITDA for the last audited financial year is less than 85 % of the Adjusted EBITDA for the audited financial year preceding the last audited financial year, the board member does not get entitled to the proportional amount of the variable component of the total remuneration as determined in accordance with items 2.3.12.1 or 2.3.12.2.

## 2.4 **Bonuses and other benefits of board members**

2.4.1 Every board member is entitled to be paid a share of the Company's profit whose amount is adopted at a general meeting of the Company (hereinafter referred to as "**Profit share**").

2.4.2 Members, the chairman and the vice chairman of the board of directors are also entitled to be reimbursed for reasonable demonstrable costs related to the performance of their office. Travel allowance is paid to board members in accordance with the previous sentence based on a special act, i.e. Act no. 283/2002 Coll. on Travel Allowances as subsequently amended (hereinafter referred to as "**Travel allowances**").

2.4.3 Travel allowances must be paid by the Company no later than until the end of the month that follows after the month when the respective board member(s) became entitled to be paid their Travel allowances.

2.4.4 Company board members are offered the same benefits as Company employees.

## 2.5 **Component proportion of the total remuneration of board members**

2.5.1 As the variable component of the total remuneration represents the major part of the total remuneration of Company body members and its amount depends on EBITDA, the proportion of individual components of the total remuneration meant for board members cannot be quantified.

## 2.6 **Basic characteristics of supplementary pension saving or rights related to early retirement**

2.6.1 Members of the board of directors are not entitled to be paid any supplementary pension contributions or support related to early retirement.

## 2.7 **Duration of the agreement on the board member capacity and applicable notice periods**

2.7.1 Every agreement on the board member capacity is effective for 5 years.

2.7.2 Applicable notice periods are based on respective regulations of the Commercial Code.

## 2.8 **Terms regarding termination of the agreement on the board member capacity and payments related to the termination**

2.8.1 Every agreement on the board member capacity expires on the day the respective board member capacity expires.

2.8.2

2.8.3 Board members are not entitled to receive any financial compensation that would directly or indirectly follow the expiration or termination of their capacity. They are especially not entitled to receive a severance payment, remuneration or any other form of financial or non-financial



compensation that might be casually related to the termination or expiration of their board member capacity.

### **3. REMUNERATION RULES FOR MEMBERS OF THE SUPERVISORY BOARD**

#### **3.1 General provision**

- 3.1.1 The supervisory board supervises the performance of the board of directors and business activities of the Company.
- 3.1.2 For the purpose of these Remuneration rules, members of the Company supervisory board include members of the supervisory board, the chairman and the vice chairman of the supervisory board.
- 3.1.3 The remuneration amount of members of the supervisory board consists of the following:
- (i) A fixed component in accordance with item 3.2 of these Remuneration rules;
  - (ii) a variable component in accordance with item 3.3 of these Remuneration rules;
  - (iii) bonuses and other benefits
- hereinafter collectively referred to as “**Total supervisory board member remuneration**”).
- 3.1.4 In addition to the Total supervisory board member remuneration, every supervisory board member is entitled to be paid a salary from the Company based on an employment contract.
- 3.1.5 Supervisory board members are not remunerated for their supervisory board member (or the supervisory board chairman/supervisory board vice chairman capacity) in any company of the TMR group.

#### **3.2 Fixed component of the total remuneration**

- 3.2.1 In accordance with the Remuneration rules, every supervisory board member is remunerated for the proper performance of their duties as a supervisory board member of the Company and paid an agreed amount in accordance with their agreement on the supervisory board member capacity that has been concluded in accordance with § 66 Article 6 Commercial Code. Agreements on the supervisory board member capacity, agreements on the supervisory board chairman capacity and agreements on the supervisory board vice chairman capacity are approved at Company general meetings.
- 3.2.2 The upper limit of the fixed component of the total supervisory board member remuneration for the performance of their capacity applies to the whole term of office and depends on the Average wage rounded to the nearest hundred EUR.
- 3.2.3 The upper limit of the fixed component of the total Company supervisory board member remuneration is specified per calendar month as follows:
- 3.2.3.1 no more than 4-times of the Average wage for the performance of the supervisory board chairman capacity;
  - 3.2.3.2 no more than 0.5-times of the Average wage for the performance of the supervisory board vice chairman capacity;
  - 3.2.3.3 no more than 0.3-times of the Average wage for the performance of the supervisory board member capacity.
- 3.2.4 The fixed component of the total remuneration is paid to supervisory board members once a month on the day specified as the day when Company employees are paid their salaries. If any supervisory board member takes or leaves their office in the course of any calendar month, they are entitled to be paid an aliquot part of the fixed component of the total remuneration. For the purpose of these Remuneration rules, the aliquot part of the fixed component of the total

remuneration corresponds to the number of calendar days spent in the supervisory board member office in the calendar month when the respective supervisory board member becomes entitled or loses the right to be paid the fixed component of the total remuneration.

### 3.3 Variable component of the total remuneration

3.3.1 Members of the Company supervisory board are not paid any variable components of the total remuneration.

### 3.4 Bonuses and other benefits of supervisory board members

3.4.1 Every supervisory board member is entitled to be paid a share of the Company's profit whose amount is adopted at a general meeting of the Company (hereinafter referred to as "**Profit share**").

3.4.2 Members, the chairman and the vice chairman of the supervisory board are also entitled to be reimbursed for reasonable demonstrable costs related to the performance of their office. Travel allowance is paid to supervisory board members in accordance with the previous sentence based on a special act, i.e. Act no. 283/2002 Coll. on Travel Allowances as subsequently amended.

3.4.3 Travel allowances must be paid by the Company no later than until the end of the month that follows after the month when the respective board member(s) became entitled to be paid their Travel allowances.

3.4.4 Company supervisory board members are offered the same benefits as Company employees.

### 3.5 Component proportion of the total remuneration of supervisory board members

Capacity	Components of the total remuneration of supervisory board members
chairman of the supervisory board	fixed component - 100%/variable component - 0 %/other bonuses and benefits -0%
vice chairman of the supervisory board	fixed component - 100%/variable component - 0 %/other bonuses and benefits -0%
member of the supervisory board	fixed component - 100%/variable component - 0 %/other bonuses and benefits -0%

The proportion of individual components of the total remuneration of supervisory board members can change during the validity period of the Remuneration rules depending on benefits offered to the employees by the Company.

### 3.6 Basic characteristics of supplementary pension saving or rights related to early retirement

3.6.1 Supervisory board members are not entitled to be paid any supplementary pension contributions or support related to early retirement.

### 3.7 Duration of the agreement on the supervisory board member capacity and applicable notice periods

3.7.1 Every agreement on the supervisory board member capacity is effective for 5 years.

3.7.2 Applicable notice periods are based on respective regulations of the Commercial Code.

### 3.8 Terms regarding termination of the agreement on the supervisory board member capacity and payments related to the termination

3.8.1 Every agreement on the supervisory board member capacity expires on the day the respective supervisory board member capacity expires.

3.8.2 Supervisory board members are not entitled to receive any financial compensation that would directly or indirectly follow the expiration or termination of their capacity. They are especially not entitled to receive a severance payment, or any other form of financial or non-financial compensation that might be casually related to the termination or expiration of their supervisory board member capacity.

#### **4. REMUNERATION OF BODY MEMBERS IN ACCORDANCE WITH § 201a ARTICLE 2 ITEM C) COMMERCIAL CODE**

4.1 There is no person in the Company active on the highest management level in accordance with § 201a Article 2 item c) Commercial Code that would not be a member of the board of directors or the supervisory board at the same time.

4.2 If a member of a Company body as specified in §201a Article 2 item c) Commercial Code starts working in the Company, the Company can remunerate to them if remuneration of such person is in accordance with these Remuneration rules approved by the Company general meeting.

#### **5. DECISION-MAKING PROCESS FOR APPROVING, EXAMINING AND PERFORMING THE REMUNERATION RULES, INCLUDING MEASURES FOR PREVENTION OF CONFLICTS OF INTEREST AND THEIR SOLUTIONS**

##### **5.1 Details of the decision-making process for approving, examining and performing the Remuneration rules**

5.1.1 Remuneration rules regarding the members of Company bodies and their changes are approved at Company general meetings. In accordance with § 186 Commercial Code, the majority of votes of present shareholders is required to approve the Remuneration rules and their changes.

5.1.2 These Remuneration rules are effective for four years from the day they are approved at a Company general meeting. Before the four-year period expires, the Company board of directors is obliged to prepare a new proposal of remuneration rules and submit it to be approved at the nearest Company general meeting.

5.1.3 When preparing the proposal version of remuneration rules, the Company board of directors is obliged to respect the purpose and aims of the remuneration rules.

5.1.4 The new proposal of remuneration rules must include a detailed description and explanation of suggested changes. The Company board of directors is obliged to create a new version of remuneration rules without undue delay if any changes in the rules are made. The full version of the remuneration rules must contain all details in accordance with § 201b Art. 1 - 3 Commercial Code as well as a statement of the board of directors regarding the way how shareholders' votes and opinion differences submitted at the general meeting concerning approved changes and all information about remuneration in accordance with § 201e Commercial Code have been taken into account since the last voting about remuneration rules at a general meeting.

5.1.5 If the Company has not created remuneration rules yet and has not submitted a proposal of remuneration rules that would be adopted at a general meeting, members of Company bodies are remunerated in accordance with established practice. The board of directors is obliged to submit a new proposal regarding remuneration rules to be approved at the nearest general meeting.

- 5.1.6 If there are approved remuneration rules and a new proposal of remuneration rules has not been approved at the general meeting yet, members of Company bodies are remunerated in accordance with the previously effective remuneration rules. The board of directors is obliged to submit a new proposal of remuneration rules to be approved at the nearest general meeting.
- 5.1.7 The Company shall publish the approved remuneration rules on their central website without undue delay and include the date of the respective general meeting and the voting results. The remuneration policy must be published on the central website for the whole validity period and must be available free of charge.
- 5.1.8 When remunerating Company body members, the Company is obliged to act transparently and follow approved remuneration rules as subsequently amended.

## **5.2 Measures for avoiding conflicts of interests and their solutions**

- 5.2.1 When approving, examining and performing these Remuneration rules, Company body members are obliged to act carefully, professionally and in accordance with the interests of the Company and all its shareholders, and mainly avoid giving their own interests or interests of third parties preference to those of the Company.
- 5.2.2 If any Company board member approving, examining and performing the Remuneration rules discovers circumstances that might result in reasonable doubts about their impartiality, they are obliged to inform about them in accordance with item 5.2.3 of these Remuneration rules without undue delay.
- 5.2.3 Circumstances mentioned in item 5.2.2 of these Remuneration rules must be reported to
- 5.2.3.1 the Company board of directors in writing without undue delay (applies to Company supervisory board members);
  - 5.2.3.2 the Company supervisory board in writing without undue delay (applies to Company board members).

## **6. REMUNERATION COMMITTEE OR OTHER RELATED COMMITTEES, THEIR APPOINTING AND THE SCOPE OF AUTHORITY IF SUCH COMMITTEES IF THEY ARE ESTABLISHED OR ARE BEING ESTABLISHED BY THE COMPANY IN ACCORDANCE TO A SPECIFIC ACT**

- 6.1 There is no remuneration committee or any other related committee established by the Company in accordance with applicable laws.

## **7. HOW ARE SALARY CONDITIONS AND WORKING CONDITIONS OF COMPANY EMPLOYEES TAKEN INTO ACCOUNT WHEN CREATING REMUNERATION RULES**

- 7.1 When determining the maximum limit of the fixed component of the total board member remuneration and the total supervisory board member remuneration, the average monthly wage of employees in Slovakia in 2018 is taken into consideration by the Company.
- 7.2 The fixed component of the total board member remuneration and the total supervisory board member remuneration is a multiple of the average monthly wage of employees in Slovakia in 2018, with the degree of difficulty and the importance of the capacity of the respective Company body member taken into account.

## **8. FINAL PROVISIONS**

- 8.1 These Remuneration rules have been created based on the previously applied practice regarding remunerating Company body members.

- 8.2 These Remuneration rules have been created in accordance with the business strategy of the Company, its long-term goals, the sustainability goals, they are clear and include all measures for preventing conflicts of interests, contain all obligatory issues specified in § 201b Commercial Code.
- 8.3 These Remuneration rules become effective on the day they are approved at the respective Company general meeting and they are valid for four years from the day they are approved at the respective Company general meeting.
- 8.4 These Remuneration rules can be changed, amended or cancelled only by a Company general meeting. This does not apply if the obligation of the Company to use Remuneration rules expires ex lege (by operation of law).
- 8.5 By approving these Remuneration rules, the Remuneration rules regarding Company board members approved by the Supervisory board on 12/09/2013 and Remuneration rules regarding Supervisory board members approved by the general meeting on 30/4/2011 are considered cancelled.
- 8.6 These Remuneration rules were approved at the extraordinary general meeting of the Company on 29/4/2020.