

## REPORT ON REMUNERATION OF KOFOLA ČESKOSLOVENSKO A.S. FOR THE ACCOUNTING PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

This report provides a complete list of remuneration including any benefits in any form paid to the members of the Board of Directors and Supervisory Board of the company Kofola ČeskoSlovensko a.s. (hereinafter “the Company”) within the past accounting period of 2020 or due within the above-mentioned period. The Board of Directors did not delegate business management of the Company in the scope of everyday management of the Company as a whole to any natural person who was not a member of the Company’s Board of Directors.

### 1. INFORMATION ON TOTAL REMUNERATION PAID TO THE MEMBERS OF THE COMPANY’S BOARD OF DIRECTORS

#### 1.1. FIXED AND VARIABLE REMUNERATION COMPONENT

The total amount of remuneration received by members of the Company’s Board of Directors for the accounting period of 2020, divided into components, as well as the rate of the fixed to the variable component of the remuneration is stated in the table below:

Member of the Board of Directors	Total amount of fixed remuneration CZK’000	Total amount of variable remuneration CZK’000	Share of the fixed and variable component		Total in 2020 CZK’000
			Fixed component	Variable component	
Member A	3,564	2,534	58%	42%	6,098
Member B	3,130	2,249	58%	42%	5,379
Member C	4,226	2,326	64%	36%	6,552
Member D	2,712	1,826	60%	40%	4,538
Member E	1,770	-	100%	-%	1,770
Member F	768	-	100%	-%	768
Member G	1,410	2,032	41%	59%	3,442
Member H	580	1,189	33%	67%	1,769
<b>Total</b>	<b>18,160</b>	<b>12,156</b>	<b>n/a</b>	<b>n/a</b>	<b>30,316</b>

The total amount of remuneration paid to the members of the Board of Directors is in line with the Remuneration Policy adopted by the General Meeting of the Company on 5 August 2020 (hereinafter the “Remuneration Policy”), published on the Company’s website <http://investor.kofola.cz/en>, aiming to support a long-term performance of the Company namely in the following way:

- The fixed base salary for the members of the Board of Directors is set with regard to the complexity of duties and responsibility they perform in their office and area of competence.
- The entitlement to the variable component of the remuneration is based on the fulfilment of performance indicators by Kofola Group.
- The entitlement of the members of the Board of Directors to be granted the variable remuneration component is based on adjusted EBITDA (operating result adjusted for depreciation, amortisation and one-offs), one of the most accepted indicators of operational performance of the Company and the Group in the long term.

- The basic EBITDA values are set beforehand by the Company's Supervisory Board for the relevant period. If the set benchmark is not attained, the members of the Board of Directors are not entitled to the variable component. For 2020, the target EBITDA value was set at the level of CZK 1,080,000 thousand (Group EBITDA).
- The members of the Board of Directors are entitled to get shares of the Company free of charge through participation in the Kofola Group Senior Managers Long-term Remuneration Plan, which motivates them as they participate in the profit of the Group.

## OVERVIEW OF THE ANNUAL CHANGE OF THE TOTAL REMUNERATION AMOUNT:

Under transitional provisions of Act No. 204/2019 Coll., amending certain laws relating to the support of exercise of the shareholders' rights, which introduced into law the requirement to issue a remuneration report, the report must only state data for the accounting periods after the entry into force of the amendment; this means the accounting period of 2020 is the first. The total amount of remuneration in 2020 is stated in the table above.

## 1.2. OTHER BENEFITS AND COMPENSATIONS

Members of the Company's Board of Directors were granted other benefits and compensations within the meaning of Article 1 (1.3) of the adopted Remuneration Policy of the Company in the 2020 accounting period, namely:

- non-monetary benefit in the form of professional liability insurance to cover damage caused within the performance of duties of a Company governing body,
- computer and mobile equipment and cars for the performance of the duties as members of the Board of Directors; the equipment could also be used for private purposes,
- other performances that are also generally provided to Company's employees, such as paid leave, remuneration compensation for the first 14 days of incapacity to work (they are included in the fixed remuneration), meal allowances in the form of meal vouchers in the amount set by the internal regulations of the Company, travel expenses, product samples, job perquisites, and other benefits similar to those granted to employees set by the internal regulations of the Company,
- reimbursement of expenses efficiently incurred in the performance of the member's duties, including travel expenses for domestic and international business trips in the amount set by the applicable labour legislation.

## 1.3. PAYMENTS UPON THE TERMINATION OF A MEMBER'S OFFICE

In relation to the termination of office of members of the Company's Board of Directors, the following severance pay amounts were paid out:

- Member G was paid an amount of CZK 1,733 thousand.

The Company's Remuneration Policy provides for the possibility for a member of the Board of Directors to agree on the voluntary severance pay in the Contract for the performance of duties exclusively in relation to the member's dismissal.

The Company's Remuneration Policy was adopted by the General Meeting of the Company held on 5 August 2020. Consequently, the severance pay was paid out before the adoption of the Remuneration Policy by the General

Meeting of the Company. The severance pay was paid out in accordance with an agreement with the Company approved by the Supervisory Board of the Company. The amount of the severance pay does not exceed the limit set by the adopted Remuneration Policy (5 times the amount of a member's average monthly remuneration). Upon the negotiation on the agreement, the Company considered the long-term successful performance in Kofola Group and acknowledged the work done for the Group.

## 1.4. ROYALTY

No member of the Board of Directors was paid a royalty in the 2020 accounting period.

## 1.5. NUMBER OF COMPANY SHARES AND STOCK OPTIONS GRANTED OR OFFERED IN 2020

Members of the Board of Directors were entitled to get shares of the Company free of charge based on an agreement on participation in the Kofola Group Senior Managers Long-term Remuneration Plan. The possibility to enter the plan ended as of 31 December 2019.

The objective of the Plan was to motivate and stabilize senior executives by the opportunity for them to participate in the success of Kofola Group. At present, one part of the Plan is in operation:

The Share Acquisition Plan consisting of the participant's option to buy Kofola shares on the market and, under the fulfilment of the specified conditions, to receive for free the same number of pair shares of the Company.

The maximal number of the eligible Investment shares could not exceed the specified annual limit - the number of shares, which could be purchased on regulated market for 50% of the basic annual gross salary (remuneration) paid to the participant by Kofola Group companies in the calendar year (i.e., from January 1, 2017 to December 31, 2017, from January 1, 2018 to December 31, 2018, from January 1, 2019 to December 31, 2019). If the number of Investment shares held by a participant on December 31 of a calendar year exceeded the determined limit, the Company's shares purchased by the participant exceeding the stated limit were not taken into consideration for the Share Acquisition Plan and the participant could not claim the pair shares for these shares even though he fulfilled other conditions to constitute the claim. However, the shares not eligible as Investment shares in one calendar year could be eligible in one of the following calendar years. A participant could only receive pair shares if they held investment shares throughout the entire relevant period (2 years following the end of the calendar year that served as reference for the yearly limit) and, at the same time, if they were employed with the Company or a member of a Company governing body throughout the entire relevant period. The participant is obliged to hold the pair shares for at least 1 year as of their transfer to the participant. The Plan ended on 31 December 2019, but the Company will keep transferring pair shares to participants until 2022.

Pair shares the members of the Company's Board of Directors got free of charge in 2020:

Member of the Board of Directors	Individual shares granted (pcs)
Member B	3,208
Member C	4,715
Member G	4,700
<b>Total</b>	<b>12,623</b>

Fair value of the pair shares on the day they were granted to the members amounted to CZK 2,885 thousand. Total purchase costs of the above-stated transfers incurred by the Company in 2020 amounted to CZK 2,817 thousand.

## 1.6. INFORMATION ON REMUNERATION GRANTED OR DUE IN 2020 BY ENTITIES OF THE KOFOLA GROUP TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

Member of the Board of Directors	Kofola ČeskoSlovensko a.s.	Kofola a.s. (SK)	LEROS, s.r.o.	Total remuneration paid by Kofola Group Companies
	CZK'000	CZK'000	CZK'000	CZK'000
Member A	6,098	-	-	6,098
Member B	5,379	-	-	5,379
Member C	-	6,552	-	6,552
Member D	4,538	-	-	4,538
Member E	1,770	-	-	1,770
Member F	-	-	768	768
Member G	3,442	-	-	3,442
Member H	1,769	-	-	1,769
<b>Total</b>	<b>22,996</b>	<b>6,552</b>	<b>768</b>	<b>30,316</b>

## 1.7. INFORMATION ON THE COMPANY'S EXERCISE OF THE RIGHT TO THE VARIABLE REMUNERATION COMPONENT OR ITS PART TO BE RETURNED

The Company did not contractually reserve the right to the variable remuneration component or its part to be returned by members of the Board of Directors.

## 2. INFORMATION ON TOTAL REMUNERATION GRANTED TO THE MEMBERS OF THE COMPANY'S SUPERVISORY BOARD

### 2.1. FIXED AND VARIABLE COMPONENT OF THE REMUNERATION

The total amount of remuneration received by members of the Company's Supervisory Board in the 2020 accounting period is stated in the table below:

Member of the Supervisory Board	Total amount of fixed remuneration CZK'000	Total amount of variable remuneration CZK'000	Share of the fixed and variable component		Total in 2020 CZK'000
			Fixed component	Variable component	
Member I	600	-	100%	-%	600
Member J	600	-	100%	-%	600
<b>Total</b>	<b>1,200</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>	<b>1,200</b>

The total amount of remuneration paid to the members of the Company's Supervisory Board is in line with the Remuneration Policy. Under the Articles of Association, the Supervisory Board has a supervisory function: it supervises the activity of the Board of Directors and of the Company. Therefore, the remuneration of the Supervisory Board members is not dependent on the fulfilment of the Company's targets or personal targets as no such targets are set to the Supervisory Board members. Therefore, the members of the Company's Supervisory Board are not granted a variable remuneration component.

Two additional members of the Supervisory Board don't receive any remuneration for the performance of the function, they receive a salary for their employment in the Company.

Member of the Supervisory Board	Total amount of fixed remuneration CZK'000	Total amount of variable remuneration CZK'000	Share of the fixed and variable component		Total in 2020 CZK'000
			Fixed component	Variable component	
Member K	1,789	1,050	63%	37%	2,839
Member L	2,905	2,084	58%	42%	4,989
<b>Total</b>	<b>4,694</b>	<b>3,134</b>	<b>n/a</b>	<b>n/a</b>	<b>7,828</b>

## OVERVIEW OF THE ANNUAL CHANGE OF THE TOTAL REMUNERATION AMOUNT GRANTED TO THE MEMBERS OF THE SUPERVISORY BOARD:

Under transitional provisions of Act No. 204/2019 Coll., amending certain laws relating to the support of exercise of the shareholders' rights, which introduced into law the requirement to issue a remuneration report, the report must only state data for the accounting periods after the entry into force of the amendment; this means the accounting period of 2020 is the first. The total amount of remuneration in 2020 is stated in the table above.

## 2.2. OTHER BENEFITS AND COMPENSATIONS

Members of the Company's Supervisory Board were granted other benefits and compensations within the meaning of Article 1 (1.3) of the adopted Remuneration Policy of the Company in the 2020 accounting period, namely:

- non-monetary benefit in the form of professional liability insurance to cover damage caused within the performance of duties of a member of Company's Supervisory Board or other duties within the Group,
- computer and mobile equipment and cars for the performance of the duties as members of the Supervisory Board or other duties within the Group; the equipment could also be used for private purposes,
- other performances that are also generally provided to Company's employees, such as paid leave, remuneration compensation for the first 14 days of incapacity to work (they are included in the fixed remuneration), meal allowances in the form of meal vouchers in the amount set by the internal regulations of the Company, travel expenses, product samples, job perquisites, and other benefits similar to those granted to employees set by the internal regulations of the Company.
- reimbursement of expenses efficiently incurred in the performance of the member's duties, including travel expenses for domestic and international business trips in the amount set by the applicable labour legislation.

## 2.3. ROYALTIES

No member of the Supervisory Board was paid a royalty in the 2020 accounting period.

## 2.4. NUMBER OF COMPANY SHARES AND STOCK OPTIONS GRANTED OR OFFERED IN 2020

One member of the Supervisory Board is entitled to benefits arising from the The Share Acquisition Plan with the same conditions and status as described in section 1.5.

Pair shares the members of the Company's Supervisory Board got free of charge in 2020:

Member of the Supervisory Board	Individual shares granted (pcs)
Member K	1,430
<b>Total</b>	<b>1,430</b>

Fair value of the pair shares on the day they were granted to the members amounted to CZK 310 thousand. Total purchase costs of the above-stated transfers incurred by the Company in 2020 amounted to CZK 319 thousand.

## 2.5. INFORMATION ON REMUNERATION GRANTED OR DUE IN 2020 BY ENTITIES OF THE KOFOLA GROUP TO THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY

Member of the Supervisory Board	Kofola ČeskoSlovensko a.s. CZK'000	UGO trade s.r.o. CZK'000	Total remuneration paid by Kofola Group Companies CZK'000
Member I	600	-	600
Member J	600	-	600
Member K	2,839	-	2,839
Member L	4,872	117	4,989
<b>Total</b>	<b>8,911</b>	<b>117</b>	<b>9,028</b>

## 3. INFORMATION ON DEVIATIONS FROM THE REMUNERATION PROCESSES PROVIDED FOR IN THE REMUNERATION POLICY

The Company has not diverged from the Remuneration Policy since its adoption by the General Meeting of the Company held on 5 August 2020.

## 4. INFORMATION ON THE CHANGE IN KEY FINANCIAL AND NON-FINANCIAL INDICATORS OF THE COMPANY'S PERFORMANCE

The Company's target EBITDA key financial performance indicator for 2020 was set at the level of CZK 1,080,000 thousand (Group EBITDA).

Key non-financial indicators of the Company's performance are not set.

## 5. INFORMATION ON THE ANNUAL CHANGE OF THE AVERAGE REMUNERATION OF THE COMPANY'S EMPLOYEES

Period	2020
Average remuneration of the Company's employees	CZK 61,633

Under transitional provisions of Act No. 204/2019 Coll., amending certain laws relating to the support of exercise of the shareholders' rights, which introduced into law the requirement to issue a Remuneration Report, the report must only state data for the accounting periods after the entry into force of the amendment; this means the accounting period of 2020 is the first.

In Ostrava, on 26 May 2021



Janis Samaras  
Chairman of the Board of Directors



Martin Pisklák  
Member of the Board of Directors



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## **Independent Auditor's Assurance Report to the General Meeting of Kofola ČeskoSlovensko a.s.**

### ***Introduction***

In accordance with a contract for the provision of an assurance engagement on a remuneration report in compliance with Section 121q of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended ("the Act on CMU"), we have been engaged by the board of directors of Kofola ČeskoSlovensko a.s. ("the Company") to conduct an assurance engagement on the attached remuneration report for the year ended 31 December 2020 (the "Remuneration Report"). The Remuneration Report has been prepared by the board of directors of the Company and should include information required by Section 121p (1) of the Act on CMU.

### ***Scope of Assurance and Applicable Criteria***

The scope of our engagement was assurance required by Section 121q of the Act on CMU as to whether the Remuneration Report comprises all information required by Section 121p (1) of the Act on CMU. It was not the auditor's task to review the factual accuracy of the Remuneration Report and the information included therein.

### ***Purpose of the Report***

This independent auditor's report is provided exclusively to meet the requirements of the Act on CMU and for your information. It shall not be used for any other purpose or distributed to any other recipients. This report only concerns the Remuneration Report and should not be connected with the Company's financial statements as a whole.

### ***Responsibility of the Company's Board of Directors for the Remuneration Report***

The Company's board of directors is responsible for the preparation of the Remuneration Report in accordance with the relevant requirements of the Act on CMU. The Company's board of directors is responsible for disclosing the Remuneration Report on the Company's website and for making it accessible free of charge for at least 10 years from the date of the general meeting at which the Remuneration Report was presented. The Company's board of directors is also responsible for the preparation of such financial and non-financial information, and for the design, implementation and maintenance of such internal control and accounting records, as are necessary to enable the preparation of a Remuneration Report that is free from material misstatement and that meets the requirements of applicable laws and regulations.





### ***Auditor's Responsibility for Assurance on the Remuneration Report***

The assurance engagement on the Remuneration Report was performed in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical standards and plan and perform the assurance engagement to obtain limited assurance about the Remuneration Report.

We adhere to International Standard on Quality Control ISQC 1. In compliance with this standard, we have introduced a comprehensive quality management system, including internal policies and procedures governing compliance with applicable ethical and professional standards and laws and regulations.

We comply with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### ***Summary of the Work Performed***

The selection of assurance procedures depends on our judgment. The procedures performed mainly include making inquiries of relevant persons and other procedures designed to obtain evidence regarding the Remuneration Report.

The performed engagement is a limited assurance engagement. The nature, timing and extent of the procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the resulting level of assurance is lower.

Our assurance procedures included:

- Obtaining an understanding of the resolution of the Company's general meeting regarding the remuneration policy for members of the board of directors and the supervisory board as well as other persons under Section 121m (1) of the Act on CMU, as well as any resolutions of the supervisory board and other documents governing the remuneration policy that are required to be disclosed in the Remuneration Report;
- Obtaining an understanding of the procedures adopted by the supervisory board and the board of directors to meet the requirements of the remuneration policy, prepare the Remuneration Report and evaluate the application of relevant criteria in the Remuneration Report;
- Identification of the persons defined in Section 121m (1) of the Act on CMU whose details are required to be included in the Remuneration Report; and
- Assessment of whether the Remuneration Report includes all information required by Section 121p (1) of the Act on CMU with respect to all identified persons.

We draw attention to the fact that the Remuneration Report was not part of the audit of the financial statements and review of the annual report within the meaning of Act No. 563/1991 Coll., on Accounting, as amended. While performing our assurance procedures, we neither audited nor reviewed the financial or non-financial information used in preparing the Remuneration Report. As part of our procedures, we nevertheless




considered whether the information stated in the Remuneration Report was materially inconsistent with our knowledge obtained in the audit of the Company's financial statements.


We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion stated below.

**Conclusion**

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that would cause us to believe that the Remuneration Report of Kofola ČeskoSlovensko a.s. does not comprise, in all material respects, the information required by Section 121p (1) of the Act on CMU.

Prague  
26 May 2021

  
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