



## LINET Group

### ANTI-CORRUPTION POLICY

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## 1 PURPOSE

LINET Group and all its subsidiaries (hereinafter the “Group”) are committed to honestly perform business activities, without using corrupt practices or bribery. The Group’s business activities are performed in an honest and honorable manner in all areas where the Group is active.

This policy:

- establishes clear anti-corruption rules for the Group and all its personnel
- sets the standards of conduct, which must be followed in certain types of transactions
- promotes compliance with ethic rules and all applicable laws
- identifies specific measures, the Group may take, when violation of the Policy or law occurs

This Policy is mandatory, and the Group will not support any practices, which are not in compliance with this policy.

## 2 RESPONSIBILITY

The Groups` Board of Directors, Statutory Representatives and the CEO of each subsidiary or his/her designee ensures the enforcement of this policy in their respective area of operations.

## 3 SCOPE AND APPLICABILITY

The Policy applies to all Group’s officers, directors and employees, including employees of any subsidiary or other entity controlled by the Group as well as to all personnel acting on the Group’s behalf. All Group personnel must understand and comply with this Policy and all anti-corruption laws valid in the countries, where the Group makes business.

Group personnel are required to certify such compliance by undertaking an anti-corruption training and signing the anti-corruption certification.

## 4 POLICY

Anti-Corruption – The Group and all Group personnel shall not bribe nor accept bribery nor make any improper payment to or for the benefit of any person and shall comply with all applicable anti-corruption laws and regulations, including those prohibiting bribery of Government employees as well as commercial bribery.

Bribery Government employee: Group personnel may not directly or indirectly offer, promise, authorize or pay anything of value to any Government Employee, spouse or relative of a Government Employee, or any other person, knowing or suspecting that all or some portion of the thing of value would be offered, given, or promised for the purpose of including the Government Employee to use his or her influence to secure advantage, or to obtain, retain or direct business to the Group or any other person or entity

Commercial Bribery: Group personnel may not directly or indirectly offer, promise, authorize or pay anything of value to any employee, agent, or representative of another company or to any other person, with the intent to induce or reward any improper performance (acting or non-acting, making of a decision, in breach of an expectation or duty that the act or decision will be carried out in good faith, in an impartial manner, or in keeping with a position of trust) of a relevant function or activity (meaning any function or activity of public or business nature) Similarly, Group personnel may not request, agree to receive, or accept anything of value from any other person as an inducement or reward for the improper performance of a relevant function or activity

The Group and all personnel shall avoid any act or conduct that could be construed or interpreted as a bribe or improper payment.

### 4.1 Best practice

- Avoid entertaining or providing gifts to government officials and employees of state-owned entities. Many companies simply prohibit any such entertainment, which is obviously the lowest-risk approach.
- When they do entertain or provide gifts to government officials and employees of state-owned enterprises, companies should have pre-determined levels, set forth in a compliance policy, beyond which entertaining expenses will receive special scrutiny. This might include requiring

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approval by the company's compliance officer or legal department for expenses beyond the threshold amounts.

- Although the expenditure level should vary depending upon the market at issue, as a general matter, any expected benefits valued above \$200 should receive this heightened level of scrutiny. Similarly, a heightened level of scrutiny should be given to a series of benefits provided to a single individual that reach an amount in aggregate (e.g., \$500) within a certain period (e.g., six months, one year), even if the individual benefits themselves are each below the \$200 amount.
- Any event involving paid-for travel by government officials and employees of state-owned entities should be subject to prescreening by compliance.
- The government agency, or state-owned entity, should be notified of any entertaining that is occurring.
- It is important for companies to create a detailed paper trail, documenting the purpose of the corporate hospitality, the officials entertained, the amount and nature of the expenditure (see below), and, most important, the internal compliance process.
- Companies should establish procedures to ensure the accurate tracking and identification of all business-related gifts, meals, entertainment, and travel payments and expenses.
- Companies should have in place procedures requiring the accurate reporting of all disbursements and reimbursements associated with business courtesies.
- For business trips, factory tours, and similar on-site visits, companies should not only detail the gifts, meals, and entertainment provided, but should also outline the itinerary of business events and/or meetings associated with the visit.
- The company should have some mechanism for flagging gifts, meals, entertainment, and travel expenses repeatedly given to the same person. Gifts, meals, and entertainment expenses.
- The level of entertainment or gift giving should be in accordance with generally accepted business standards.

- Business activities should predominate over entertainment or personal activities when planning site visits or business trips. The location of such activities should have a nexus to the company (i.e., location of factory, offices, logical “half-way” point).
- Company personnel should attend company-sponsored events to support the business justification of relationship-building.
- The company should have control over aspects of entertainment activities and should not pay per diems or reimburse “personal activities” that a foreign official might choose to engage in while on a business trip or site visit.
- Entertainment activities should be limited to only those individuals who have a legitimate business purpose for making a trip or site visit. Companies should not pay for or reimburse expenses for spouses, family members, or other acquaintances who do not have a direct relationship to the state-owned client or prospective client.
- Travel accommodations for foreign officials should be consistent with those offered to employees of the company (e.g., business class for international flights, coach for domestic flights).
- Paid-for travel should be restricted to travel to and from places of business. Companies should not pay for or reimburse itineraries that include side trips that are of a personal benefit (i.e., Chicago to China via Las Vegas). As a general matter, it is better if any entertainment is one in which at least one employee of the company is present, since it is harder to provide a business justification for entertainment that is attended only by the foreign official.
- Gifts should be reasonable for the circumstances, of moderate value, and, preferably, include the company’s logo. Luxury items should not be provided. A good rule of thumb is whether one would reasonably expect a gift to include a corporate logo. If not, the gift is likely more than a “token” and may be viewed as excessive.
- Companies should avoid giving: (i) per diems, cash, or cash equivalents, such as gift cards; (ii) gifts or entertainment specifically requested by the recipient; and (iii) gifts or entertainment provided in the expectation of, or as a reward for, the provision of business or other favorable official action.
- While organizing factory tours shall not be prohibited per se it shall be strictly subject to LG policy following hereinabove mentioned best practices.

## 4.2 Record Keeping and Accounting

The Group and all its personnel shall make and keep books, records and accounts which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Group's assets.

Secret, unrecorded, or knowingly mis recorded use of accounts, funds, or assets of the Company is strictly prohibited. The company shall also implement and maintain internal accounting controls and systems.

## 4.3 Transaction Partners

The Group business may involve the transaction with partners such as contractors, vendors, agents, distributors and other parties acting, communicating or transacting on the company's behalf. The Group may be held liable for improper acts or payments made by such partner. Following rules need to be obeyed when dealing with a transaction partner:

Due diligence: before engaging any transaction partner, the Group personnel shall conduct an appropriate level of due diligence to evaluate potential compliance risks.

- Written contracts: for each transaction partner acting on the Group's behalf or with whom the Group has a business interaction, there must be a written agreement in place. The agreement should include at least the definitions of the partner's duties, terms of payments and the partner's compliance obligations
- Payments: all payments made to transaction partner must be reasonable in relation to the bona fide services rendered, cash payments are prohibited.
- Fair business conditions: when selecting a transaction partner, all partners must be offered equal conditions to compete. No partner should be offered better condition due to personal or other non-business-related benefits.

## 4.4 Gifts, Hospitality/Entertainment

Gifts: include any gratuity, favor, discount, entertainment, hospitality, loan or other item or good having monetary value that is bestowed voluntarily. Small items such as plaques, certificates or trophies that have no intrinsic value are not considered to be a gift under this Policy (such as marketing and advertising items).

Rules for accepting or receiving gifts: no cash or cash equivalent gifts shall be made or received, gifts must be permitted under local law and the guidelines of the partners' employer, should be presented

openly and with transparency, gift should be provided as a token of esteem, courtesy or in return for hospitality and should comport with local customs

No gifts should be provided or accepted from government employee, unless under special circumstances and pre-approval from the responsible CEO must be obtained

No gift can be offered or accepted, in order to obtain or retain business or to gain an improper business advantage.

#### **4.4.1 Hospitality/Entertainment**

Hospitality includes meals or entertainment (e.g. music, sports or theatre performances) and is permitted under following rules: it is used to promote or *demonstrate the Group's products or services*; *all such meals or entertainment must be* of a reasonable value and frequency; the expense for such must be permitted under local laws and customs; the expense should be paid directly to the provider of the meal/entertainment and not as a reimbursement to the partner.

All expenses for meal/entertainment must be properly recorded and documented in an expense report. Such report should state the business purpose of the expense and where possible also the attendees of the event.

No meals or entertainment may be provided to a Government Employee without prior approval of responsible CEO.

#### **4.5 Charitable Gifts**

No charitable donation should be made, unless being provided to bona fide charitable organization, which does not have any conflict of interests, with any current or potential transaction partners or government employees.

A request for a charitable gift should be assessed independently of commercial activities and it is inappropriate for charitable gifts to be linked to past, current or future business activities.

The Group is not allowed to provide any gifts to politicians or political parties or candidates, unless approved in advance by responsible CEO and made bona fide.



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## 5 NON-COMPLIANCE AND REPORTING

All Individuals are required to adhere to this Policy. Failure to comply may result in disciplinary action up to and including termination from employment for cause, termination of contract, and civil penalties and/or criminal sanctions, depending on the circumstances.

When the Group or any of its employees or partners fail to comply with this policy, it can result in significant consequences, such as loss of markets, financial penalties, criminal fines and imprisonment. A violation of law can also significantly damage the Group's reputation.

The Group will review any violation of this Policy or applicable law as a significant matter that warrants disciplinary action.

Any action, which may even in insignificant matter violate this policy must be reported without any delays to [compliance@linetgroup.com](mailto:compliance@linetgroup.com). All reports may be made anonymously and, in any event, will be treated as confidential. Failure to report known or suspected violation of this Policy, may lead to disciplinary actions, including dismissal or termination.

### 5.1 Related LG Policies

LG Corporate Governance  
LG Code of Business Conduct  
LG Compliance program  
LG Anti-Fraud program

## 6 POLICY APPROVALS

Approved on September 24, 2014

Approved by Ing. Zbyněk Frolík, Managing Director LINET Group SE, Dr. Michael Rosada, Managing Director LINET Group SE

REVISION HISTORY			
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2	Section 4.5 separated into section #5 Wording refinements	April 2017	LG Management Board
3	LINET Group SE replaced by LINET Group	May 2018	LG Management Board
4	Section #4.1 added	August 2019	LG Management Board
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