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ANTI-CORRUPTION PROGRAM (POLICY)

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1. Introduction

This so-called Anti-corruption Program TSC Group, i.e. TSC GROUP, a.s. concern, is determined to all concern companies, its employees, statutory bodies, managers, directors, leaders as well as all natural persons and legal entities, including third persons acting on behalf of TSC Group in any matter (so-called cooperating persons) or persons entering business or similar relationship with the Group or its members. For the purpose of simplification the terms “employee or business partner” will be used in following text and will cover all above mentioned persons/entities.

Below defined business companies are the individual controlled entities of TSC GROUP, a.s. concern:

- ❖ **TSC Cleaning, a.s.**, with official address at Stodolní 316/2, 702 00 Ostrava – Moravská Ostrava 253 68 907, VAT NO.: CZ 253 68 907, registered in the Trade Register at the Regional Court in Ostrava, section B, file 4249 (hereinafter only as “**TSC Cleaning, a.s.**”),
- ❖ **Leastex, a.s.**, with official address at: K Myslivně 2140/61, Poruba, 708 00 Ostrava, Id. No.: 451 92 731, VAT NO.: CZ 451 92 731, registered in the Trade Register at the Regional Court in Ostrava, section B, file 434 (hereinafter only as “**Leastex, a.s.**”),
- ❖ **TSC Services, s.r.o.**, with official address at: Balcarova 1716/4, Moravská Ostrava, 702 00 Ostrava, Id. No.: 471 50 831, VAT NO.: CZ 471 50 831, registered in the Trade Register at the Regional Court in Ostrava, section B, file 3804 (hereinafter only as “**TSC Services, s. r.o.**”);
- ❖ **TSC Hospital, s.r.o.**, with official address at: Stodolní 316/2, Moravská Ostrava, 702 00 Ostrava, Id. No.: 268 72 561, VAT NO.: CZ 268 72 561, registered in the Trade Register at the Regional Court in Ostrava, section C, file 40981 (hereinafter only as “**TSC Hospital, s.r.o.**”);
- ❖ **TechClean, s.r.o.**, with official address at Slovenská 1085/1a, Přívoz, 702 00 Ostrava, Id.No.: 607 77 541, VAT NO.: CZ 607 77 541, registered in the Trade Register at the Regional Court in Ostrava, section C, file 6866 (hereinafter only as “**TechClean, s.r.o.**”);
- ❖ **TSC Clena, s.r.o.**, with official address at: Slovenská 1085/1 a, 702 00 Ostrava – Přívoz, Id.No.: 278 57 239, VAT NO.: CZ 278 57 239, registered in the Trade Register at the Regional Court in Ostrava, section C, file 31936 (hereinafter only as “**TSC Clena, s.r.o.**”);
- ❖ **TSC Job, s.r.o.**, with official address at: Stodolní 316/2, Moravská Ostrava, 702 00 Ostrava, Id. No.: 049 95 694, registered in the Trade Register at the Regional Court in Ostrava, section C, file 68577 (hereinafter only as “**TSC Job, s.r.o.**”);

- ❖ **TSC Jet, a.s.**, with official address at: Stodolní 316/2, Moravská Ostrava, 702 00 Ostrava, Id. No.: 109 52 101, VAT NO.: CZ 109 52 101, registered in the Trade Register at the Regional Court in Ostrava, section B, file 11330 (hereinafter only as “**TSC Jet, a.s.**”),
- ❖ **TSC Marketing, s.r.o.**, with official address at: Stodolní 316/2, Moravská Ostrava, 702 00 Ostrava, Id. No.: 142 15 748, VAT NO.: CZ 142 15 748, registered in the Trade Register at the Regional Court in Ostrava, section B, file 88300 (hereinafter only as “**TSC Marketing, a.s.**”),
- ❖ **TSC Facility, s.r.o.**, with official address at Stodolní 316/2, 702 00 Ostrava – Moravská Ostrava, Id. No.: 607 11 175, CZ 607 11 175 registered in the Trade Register at the Regional Court in Ostrava, section C, file 72003 (hereinafter only as “**TSC Facility, s.r.o.**”);
- ❖ **TSC Spectre, s.r.o.**, with official address at Stodolní 316/2, 702 00 Ostrava – Moravská Ostrava, Id. No.: 055 92 968, CZ 055 92 968 registered in the Trade Register at the Regional Court in Ostrava, section C, file 68263 (hereinafter only as “**TSC Hell, s.r.o.**”);
- ❖ **TSC Cleaning, s.r.o.**, with official address at: Ladislava Hudeca 2A, 974 01 Banská Bystrica, Slovak Republic, Id. No.: 51 868 661, VAT No.: 212 081 85 02, Id.No., VAT No.: SK2120818502, registered in the Trade Register at the Regional Court in Žilina, section Sro, file 70604/L (hereinafter only as “**TSC Cleaning, s.r.o.**”).

2. Purpose

The Anti-corruption Program is issued in accordance with valid legal regulation concerning corruption and bribery, the strategy of TSC Group reinforcing its goodwill, company and business culture as well as its ethical conduct and behavior of all employees and business partners. This regulation links to and develops in detail the Criminal Compliance program Code of TSC Group.

TSC Group reacts with this program not only to legal requirements but it simultaneously protects material and ethical values. Thus TSC Group shows its clients, large public, employees and business partners that any corruption or any unethical or illegal action is not and will be tolerated and accepted by it.

2.1. Principal goals of this Anti-corruption Program:

- ❖ to provide employees and business partners with criteria and principles based on which they can avoid unacceptable conduct, prevent and defend from any corruption action and bribery,
- ❖ to reduce the motivation of employees and business partners for corruption and to improve the probability of its discovery,
- ❖ to unify and summarize internal policies referring to corruption fighting or any other unethical or illegal action,

- ❖ to create a unified whole-group approach to implement all requirements resulting from corruption and bribery fighting,
- ❖ to define areas with corruption potential in individual TSC Group companies and to identify their key corruption risks,
- ❖ to set effective control mechanisms and thus to ensure an effective discovery of corruption action,
- ❖ to minimize losses caused by corruption action and to avoid similar situation repeating.

The Anti-corruption Program, its coordination and management are subject to the Compliance Officer function whereas its performance and implementation are common tasks of all companies and employees across the whole TSC Group. The Anti-corruption Program cannot be seen as a single act as this is a policy that shall respond to all incurred situations and knowledge of practice and based on them it shall be continuously updated and amended. Other members of TSC Group shall include these principles and basis in their own regulation system in similar way.

In accordance with measures to fight corruption, bribery as well as other unethical or illegal action, TSC Group has adopted further related internal regulations that adapt processes of employees so that corruption practices are prevented and hindered. Such rules are stated, for example, in:

- ❖ Criminal Compliance program Code
- ❖ Code of Ethics
- ❖ Policy for accepting and offering gifts and similar equivalents
- ❖ Policy of reporting, investigating and documenting unethical, fraudulent and criminal conduct
- ❖ Whistle blowing (Policy of illegal action reporting)
- ❖ Compliance officer Status
- ❖ Risk management
- ❖ Precautionary regulation and contractual relationships with suppliers

3. Definition of terms (“Corruption”)

Definition of the term of corruption is not exactly defined in the Czech system of law. The corruption (in Latin *corrumpere* = spoil, weaken, deform, bribe) is usually perceived as bribery in our environment. Thus the corruption itself shall be defined by internal regulations of TSC Group as an abuse of authority (function) in order to get undeserved personal benefits.

The corruption can be defined as a relation of two parties in which one party breaches its obligations, namely it abuses its authority or function for which it get unauthorized benefit for itself or anyone else, based on own suggestion or a suggestion of another person whereas the other party also gets some unauthorized advantage for its self or anyone else, and there is a relation/link between the breach of obligation (authorization) and the unauthorized benefit.

The corruption shall be understood as a promise, offer, giving of bribe or another unauthorized advantage for which there is no legitimate (authorized) title in order to affect somebody’s action or decision. The

corruption also means a request for bribe and bribe reception whereas the bribe can be of material or immaterial nature.

The bribe does not mean only a provision of financial funds (moneys) but also a provision of information, items, social advantages, services and reciprocal services etc. The amount of bribe is not any limit sign, as a bribe can have its value of several hundreds of crown up to hundreds of millions. Nepotism and clientelism belong among main forms of corruption besides the classic bribery.

3.1. Example

Basically, even a bottle of a good wine can be a bribe in case the bribing person asks the bribed person for a reciprocal service for which the bribing person would not be otherwise entitled or in case such giving would mean an obligation to act or perform in the future. Any effective fight against corruption shall be permanent, complex and impartial process and not only separately made unique measures. Forms and methods of corruption permanently develop together with the development of economic and social environment and the fight against corruption shall permanently develop as well. Warning signs of corruption conduct can namely be:

- ❖ expensive lifestyle of a person who shares in a specific process (perceived depending on work position, department, company etc.)
- ❖ performing of a gainful activity which is the same as the subject of action of the Group/individual company,
- ❖ secondary employment without relevant approval or notification,
- ❖ refusal of carrier promotion from current work position, refusal of task changes or relocation, namely if linked with improvement or prospect of wage increase,
- ❖ tolerating illegal action, bypassing or “ignoring” of regulations, increase number of “minor untruths”, variations from set procedures and processes, inexact documentation, etc.,
- ❖ attempts to affect decisions that are out off the scope of cation of leader,
- ❖ friendly tone or striking concessions in negotiations with a counterparty (business partner),
- ❖ missing checks there where a risen corruption action (bribery) risk is found,
- ❖ oral agreements instead of written agreements, missing audit track documenting the process in the matter,
- ❖ insufficient transparency
etc.

Sanctions of corruption conduct is ruled by the law of the Czech Republic, namely by the Act No. 40/2009 Coll., the Criminal Code, as amended. The Act does not expressly use the term “corruption” however such negative conduct is sanctioned in a part of its second section, X. part 3 of the Criminal Code, namely in following provisions;

3.2. provision in § 331 of the Criminal Code - bribe receiving

A person who receives and allows to be promised a bribe by him/herself or through another person for him/herself or another persons in relation with provision of a matter of general interest or in relation with own doing business or doing business of others shall be punished with imprisonment up to four years or with business prohibition.

Passive corruption: requesting, approving or accepting of a bribe of any nature.

3.3. provision in § 332 of the Criminal Code - bribery

A person who provides, offers or promises a bribe to someone else or for someone else in relation with provision of a matter of general interest or in relation with own doing business or doing business of others shall be punished with imprisonment up to two years or with money penalty.

Active corruption: offering, promising or providing a bribe of any nature.

3.4. provision in § 333 of the Criminal Code - indirect bribery

A person who asks, is promised or accept a bribe for affecting the performance of an official authority through his/her influence or mediation or who has made so shall be punished with imprisonment up to three years.

3.5. What is a bribe - its definition

- ❖ Unjustified advantage namely consisting in
 - ❖ direct property enrichment or another advantage that is given to or shall be given, to bribed person or
 - ❖ to another person with his/her approval and
 - ❖ for which there is no legitimate, justified title.

It usually means a direct material benefit (material x immaterial) or it can be an advantage of another kind, for ex. a counter service.

In addition, besides the bribery, the Criminal Code defines some further crime facts that define the corruption conduct. Crimes having signs of bribery crime facts include crimes based on following provisions:

3.6. provision in § 180 of the Criminal Code - unauthorized processing of personal data

A person who publishes, informs, makes available or processes otherwise or usurp personal data collected on others in relation with public administration performance without authorization, even just out of carelessness, and who causes a serious damage to rights or legitimate interests is punished with imprisonment up to three years or prohibition of action. A person who breaches the confidentiality obligation applied or approved by the state by unauthorized publication, notification or provision to a third person of personal data obtained in relation with the performance of his/her function, employment or position, and causes a serious damage to rights or legitimate interests of a person whom personal data relates, even just out of carelessness, shall be punished anyway.

See details also in GDPR.

3.7. provision in § 209 of the Criminal Code - fraud

A person who enriches him/herself or another person by misleading anyone else, uses a mistake of some else or hides facts and thus causes damages to property of another person that is not minor (CZK 5.000,00 at least) shall be punished with imprisonment up to two years or with forfeiture of the item.

Note: Even a preparation or attempt of fraud is condemnable!

3.8. provision in § 226 of the Criminal Code - machinations within insolvency procedure

A person, being a creditor in relation with creditors voting within insolvency procedure, accepts or allows to be promised a material or other benefit in contradiction with principles and rules of insolvency procedure shall be punished with imprisonment up to one year or with activity prohibition.

A person who provides, offers or promises a material or another benefit to a creditor in relation with creditors voting within insolvency procedure in contradiction with principles and rules of the insolvency procedure shall be punished anyway.

A person who, being insolvency administrator, member of the creditors committee or representative of creditors within the insolvency procedure, accepts or is promised a material or another benefit for which

he/she is not entitled for him/herself or someone else, shall be punished with imprisonment up to two years or with activity prohibition.

3.9. provision in § 248 of the Criminal Code - breach of regulations on rules of economic competition

A person who breaches regulation on unfair competition by committing the following within the economic competition


- a) deceptive advertising
- b) deceptive marking of goods and services
- c) causing a risk of confusion
- d) parasitism on company reputation, products or services of another competitor
- e) bribery
- f) detraction
- g) comparative advertising
- h) breach of business secret or
- i) endangering consumers' health and environment

and who causes thus a harm of larger scope to other competitors or consumers or provides him/herself or another person with an unjustified benefit of larger scope shall be punished with imprisonment up to three years, activity prohibition or forfeiture of item.

3.10. provision in § 255 of the Criminal Code - abuse of information and position within business relationship

A person who intentionally provides him/herself or another person with a benefit or an advantage or who uses not yet published information without authorization obtained within the performance of his/her employment, job, position or function and of which the publication considerably affects the decision making within business relations and makes or provides stimulus to conclude an agreement or operation at the market of financial instruments or of organized merchandise market shall be punished with imprisonment up to three years or activity prohibition.

In the same way an entrepreneur, associate, member of body, employee or participant in business of two or more entrepreneurs with the same or similar scope of cation in terms as defined in article 1 who concludes and provides stimulus to conclude an agreement to the prejudice of one or more entrepreneurs or their companies shall be punished.

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3.11. provision in § 256 of the Criminal Code - negotiation of benefit in public tendering, public competition and public auction

A person who negotiates an advantage or better conditions in prejudice of other suppliers or tenderers in relation with public order, tender or auction with intention to cause a harm to others or to provide him/herself or another person with a benefit shall be punished with imprisonment for six months up to three years or with activity prohibition.

3.12. provision in § 257 of the Criminal Code - machinations in public tendering and public auction

A person who commits machinations in public order or public tender by:

- a) making another person to refrain from participating in tendering or public competition by using a ruse or threat of violence or other serious harm
- b) offering, promising or providing anybody else with material or other benefit for his/her refraining from participating in tendering or public competition,
- c) asking or receiving of material or other benefit for refraining from participating in tendering or public competition, or
- d) making activity in order to get the public order at inadequate high or otherwise disadvantageous price based on an agreement with another tenderer shall be punished with imprisonment up to three years or with activity prohibition.

3.13. provision in § 258 of the Criminal Code - machinations in public auction

A person who commits machinations in public auction by

- a) making another person to refrain from tendering by using a ruse or threat of violence or other serious harm
- b) offering, promising or providing anybody else with material or other benefit to someone else for his/her refraining from offering in auction or
- c) asking or receiving of material or other benefit for his/her refraining from offering in auction shall be punished with imprisonment up to three years or activity prohibition.

3.14. provision in § 368 of the Criminal Code - unannounced crime

A person who is credibly informed on a crime of someone else

.....

receiving a bribe (§ 331), bribery (§ 332) etc. shall be punished with imprisonment up to three years;....

It is necessary to bear in mind in relation with this crime that even an act of not announcing of mentioned crimes (namely crimes of bribery form) can be seen as criminal and punishable. In case of justified suspicion of an act that could have signs of such crimes employees and all other so-called cooperating persons are obliged to contact the Compliance Officer.

4. Basic pillars of anti-corruption environment

Principal tools of anti-corruption environment establishing namely are: propagation of anti-corruption approach of the top management and leaders (managers), emphasizing ethical principles, emphasizing and reinforcement of moral integrity of all employees in form or their periodical training (1x per year at least) and promoting of credible mechanism of illegal activity notification (whistleblowing).

5. Engagement of top management and leaders

Representatives of top managements and leaders are obliged to lead by example for their subordinates as they are those who are entitled and verify work of their subordinates and to evaluate their subsequent work procedures.

The desired education of employees through the whole TSC Group can be achieved by promoting anti-corruption approach by these top representatives, namely their integrity, observation of legal and internal regulations, emphasizing the importance of property protection, existence and observation of ethical principles in work performance, promoting acting fully refusing any corruption or bribery and emphasizing investigation of suspicions and resulting adequate labour legal (disciplinary) and other sanctions in case of proven unethical or any other illegal action.

Representatives of top management of all daughter companies of TSC Group are obliged to adopt and implement this Anti-corruption Program into their internal regulations and procedures whereas:

- ❖ they unambiguously show that their company or the group is determined to prevent any corruption and corruptive action (bribery) of any form,
- ❖ they engages to do business honestly, fairly and openly,
- ❖ they enforce the culture and policy in which no corruption is accepted across the whole company,
- ❖ they apply a principle of zero toleration of corruption and bribery,

- ❖ they emphasize investigation of corruption or bribery suspicion and they adopt adequate sanction measures.

Active behavior of top management representatives and leaders in training events focused on anti-corruption issues can be one of important means of above mentioned rules application. Such representation can be of a psychological effect as employees meet in person their superiors and their commitment to the Anti-corruption program or they are acquainted with specific cases of company practice including their solution and impacts.

Representatives of top management or leaders also increase the awareness on protection of employees who made notification in bona fide regarding their suspicion to corruption conduct or any form of bribery.

6. Awareness of employees (communication and training)

Principles stated in this Anti-corruption program (policy) shall be implemented and made available to all employees across TSC Group using all available means, for example Intranet or company web pages etc.

7. Examples of possible communication ways

7.1. Internal communication

- ❖ Communication and whole scale distribution of anti-corruption program principles through the Intranet/company web site (web-learning, storage of related documents, Compliance Officer support - FAQ),
- ❖ training, discussions and workshops,
- ❖ journals and other internal publications,
- ❖ reminder of principal internal regulations and policies that reduce risk of corruption, as for example: Criminal Compliance program Code, Whistle Blowing, Policy for accepting and offering gifts and similar equivalents, Policy of reporting, investigating and documenting unethical, fraudulent and criminal conduct or Code of Ethics; with emphasize to the existence of safe, credible and simply available means through which it is possible to alert on possible corruption action or other unethical or illegal activity.

External communication can include, among others, other declarations (prohibition, prevention, risk reduction, monitoring, adopted corrective measure and sanctions), for example in annual report, media or company web pages etc.

7.2. Training

A complex training focused on education of employees in this area shall be made in order to effectively fight corruption and bribery. Education of employees on anti-corruption issues shall be namely focused on:

- ❖ importance of property protection of the Group or its members,
- ❖ explaining of content and purpose of legal regulations related to the corruption and bribery issues,
- ❖ contents and meaning of the Code of Ethics and other internal regulations (Criminal Compliance program Code etc.),
- ❖ raising capability of employees to discern corruption activities (their signs),
- ❖ raising awareness on protection of employees who made notification of their suspicion to corruption conduct,
- ❖ procedure in case of confirmed corruption conduct,
- ❖ sanction and disciplinary penalties of possible “offender” who made corruption or another illegal or unethical action.

The training shall be provided to all employees and cooperating persons (business representatives etc.) with regard to the risk level to which they are exposed when performing their work. Written records shall be made on all performed trainings and participating persons (or other provable records) of following minimum form:

- ❖ date of training,
- ❖ site of training,
- ❖ kind of training (introductory/entry, continuous/periodical - 1x per year at least),
- ❖ subject of training - issues (for ex. corruption and bribery),
- ❖ number of participating persons,
- ❖ work positions of trained persons,
- ❖ designation of trainer,
- ❖ reference to stored materials used in training,
- ❖ confirmation of participation of trained persons (hand written signature).¹

The purpose of training is to obtain knowledge and skills that are necessary to apply principles and requirements focused on corruption and bribery fight that should deal with all issues related to this problem or issues that could occur in the future.

It is necessary to pay attention within the education of employees on corruption and bribery fight for newly joining employees. It is necessary for such employees to hold so-called “Introductory or entry training” in which they will be acquainted with this Anti-corruption program as well as with other internal regulations.

8. Transparency

Possibility to check decision-making authorization and economic activity by employees and the public is one of further main tools of corruption and bribery fight. Transparency procedures and disclosing of information shall be made in accordance with valid legislation and within necessary scope (especially with regard to the Regulation of the European parliament and the Council (EU)).

In case a training form of so-called web-learnings (workshops) is chosen, it is necessary to ensure the identity of the specific employee is found through Intranet or another electronic platform in order to confirm his/her participation in such performed training.

In case of web-learnings it is possible for the purpose of training to choose a questionnaire rest of case studies of corruption conduct of which the conclusion shall be made in form of a table of correct answers with explanation of that issue. Another option of employees' education for corruption fighting can consist in the participation of employees in external training, seminar or conference related to the corruption fight issue.

8.1. Disclosing of information on public funds spending

- ❖ information related to provision of grants, European or other funds,
- ❖ information on performed public orders, including public orders of small scope,
- ❖ annual reports,
- ❖ links to public registry of contract.

8.2. Disclosing of information on decision-making authorizations

- ❖ hierarchical structure of the Group/company,
- ❖ contacts of statutory bodies (top management) and possibly of leaders - for ex. at web sites of concerned companies.

8.3. Evaluation of corruption risks

Evaluation of risks related to corruption danger shall be made once per year at least and shall be dully documented (so-called "Risk map"). The purpose of evaluation is to define areas (for ex. business activities, departments and other areas and possibilities of occurrence of corruption conduct based on previous experience) that are more exposed to the risk of corruption conduct and bribery on the side of cooperating persons or other third parties or where employees can be exposed to such risk.

The risk can be defined as the possibility of occurrence of undesirable events and effects with negative impacts adapted by this Anti-corruption program (policy). The risk means an expression of possible menace that the undesirable event happens. Active management of corruption risks helps to identify areas with risen

corruption potential and to verify and reinforce the existence and function of control mechanisms in these areas.

Any risk management and evaluation shall be based on following three basic pillars:

- a) detection of corruption risks (evaluation of risks),
- b) monitoring of corruption risks (monitoring),
- c) investigation of risk areas with adopting of protective measures.

The risk evaluation shall regard following criteria at least:

8.3.1. External risks

- ❖ risks related to public orders, grants (subventions), public competition, spending from European or other funds, etc.,
- ❖ risk of business partnership (risks related to the choice of business partners, partners within “joint ventures”, business partnerships with politically engaged persons etc.),
- ❖ risks of insufficient verification - due diligence (absence of due diligence at persons acting on behalf of the Group, marketing or acquisition...).

8.3.2. Internal risks

8.3.2.1. Employees

- ❖ they shall prevent the creation of conditions for corruption conduct with their behavior,
- ❖ they act impartially in their work, they follow valid legal and internal regulations,
- ❖ they follow work procedures so that their work can be checked any time, monitoring and awareness of superior employee,
- ❖ conduct with possible corruption potential is made with the presence of another employee/superior (so-called four-eyes principle),
- ❖ they do not satisfy unjustified/unauthorized requirements of clients (for ex. priority processing of their matters, etc.),
- ❖ they alert on possible corruption conduct due to incorrect work procedure or insufficient check,
- ❖ they do not abuse information obtained within the performance of their job for own benefit or benefit of third persons,
- ❖ they participate in trainings.

8.3.2.2. Insufficient monitoring and checking of internal processes:

- ❖ personnel risks - choice of employees (in case of recruitment, nomination of statutory body members, selection of candidates for managerial posts, employees who shall work at position with raised level of probability of corruption conduct exposure or at so-called “sensitive positions”); here

the four-eyes principle shall be applied - during the whole process of employees selection a member of the Board of Directors or the Supervisory Board (or HR etc.) shall be one of participating parties,

- ❖ economic risks - sufficient checking of property records, purchase of goods, financial operations, etc.,
- ❖ technical risks - provision of preventive checks of devices and technical equipment,
- ❖ IT risks - provision of information protection in electronic communication and data administration,
- ❖ risks of work safety and fire protection etc.

9. Anticorruption verification - Due Diligence procedures (Compliance clauses)

General verification of business partner with regard to risks, size of entity (type of business company or kind of business activity). The purpose is to ensure that TSC Group cooperates with persons who conduct or will conduct in accordance with its Anti-corruption program (policy).

Verification of suppliers and partners in common businesses ("joint ventures" and "private equity").

When performing any purchase of goods and services (even in case of activities outsourced by the Group), including matters related to information technologies, logistics (transport, office equipment, print services etc.), support services (provision of networks, event organizations, marketing support etc.) any possible corruption risk of such partner and set process of business model (business case) shall always be fully assessed.

Such concluded contracts with suppliers (or business partners) shall possibly include the so-called "Compliance clause" (in the contract itself or as a separate declaration being integral part of such contract) declaring that the supplier/business partner engages to refrain from any corruption conduct or bribery and that it will require from its employees or own sub-suppliers the same.

Similar principle shall be applied also in fusions and acquisition in which an entity that is not part of TSC Group participates.

Screening of partners in common businesses of "joint venture" or "private equity" type shall be another form of measure.

10. Screening of agents

TSC Group follows following rules in relations with agents:

- ❖ it does not use agents as mediators for corruption conduct and does not tolerate such conduct at all,
- ❖ it uses agents only within the scope that is necessary for standard performance of its business action,
- ❖ it does not pay agents any higher remuneration than corresponding and justifiable remuneration for provided legitimate services.

11. Screening of third parties

Processes of screening of third parties shall namely include the following:

- ❖ identification of true owner of a third person (namely in case of business companies, associations and other legal entities),
- ❖ justification of third party use (corresponding “business case”),
- ❖ check of qualification (professionalism) and integrity of third party,
- ❖ check of anti-corruption policy of that third party,
- ❖ check of history and information on third party through Internet, media, experience of other business partners - references, as well as based on the Crime records of legal entities.


In case TSC Group operates in common businesses it is obliged to strive for that its partners accept principles and basis expressed in this Anti-corruption program (policy). Conditions of such specified contractual relation shall make possible to terminate it by the Group in case the partner has committed a corruption action or any form of bribery by its activity. Making investment in form of “private equity” requires to pay attention to anti-corruption issues before the acquisition or investment is performed, namely in case TSC Group acquires a controlling share in that company. Likewise it is necessary to monitor creation of company and business culture in the period after acquisition/investment in accordance with values and principles declared in this program/policy, to ensure implementation of relevant monitoring mechanisms and to make maximum endeavour towards the integration of the new company in the Group (within the general anti-corruption approach). Available at www.justice.cz

- ❖ previous approval by the management/statutory body (or in form of keeping the so-called “four-eyes principle”).

Every screening shall be carefully documented (a written record shall be issued) including results of screening of the relevant third party.

All members of TSC Group (“daughter companies”) are obliged to include regular verification and up-date of these rules in their processes so that the permanent update of information on risk qualification change of third persons is observed (1x per year at least). This issue is detailed in internal regulations in form of:

- ❖ Risk management
- ❖ Precautionary regulation
- ❖ Contractual relationships with suppliers

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12. Anti-corruption declaration - anti-corruption compliance clauses

In relation with observing this Anti-corruption program (policy) by third parties the Group (its members) shall clearly and exactly show its expectations that all business and other activities made by third party on behalf of the Group will be, among others, in full accordance with this Anti-corruption program. The Group concludes a written clause with a third party whereas:

- ❖ the Group informs the third party on establishing the Anti-corruption program and at the same time engages the third party and its potential sub-suppliers and employees not to participate in any form of corruption conduct and bribery,
- ❖ the clause makes possible for the Group to terminate the contractual relationship with a third party/person provided there is a reasonable suspicion that the relevant third party/person has breached by its action any provision of this Anti-corruption program or valid legal regulation ruling over the issue of corruption and bribery,
- ❖ contractual remuneration to a third party/person shall not be paid in cash but in form of transfer to a bank account in the country where the third party/person operates or has its registered office (in no case to so-called off-shore accounts),

Namely the Act No. 40/2009 Coll., the Criminal Code, as amended and updated.

- ❖ clause in form of anti-corruption compliance clause shall be included in all contracts concluded with a third party/person or in form of a separate declaration that shall be signed by that third party/person or authorized representative.

13. Monitoring and checking

A functioning system of company management of the Group for the area of the Anti-corruption program shall include a complex system of internal control mechanisms and rules that fulfils not only its preventive function but can detect (monitor), document, respond to and avoid a corruption conduct or any other unethical or illegal action. This system shall be permanently maintained and improved so that these control mechanisms and tools are effective and fully functional through which they shall reflect and react to newly incurred risks and incidents.

Regular testing of control mechanism in the area of serious corruption risks is important to find out what mechanisms are effective to identify and discover a corruption conduct. In areas where the corruption risk is assessed as serious, regular verification shall be made in order to identify and assess facts showing the occurrence of that corruption conduct. In order to evaluate corruption risks the following table can be used to classify various functions (departments) and their risk potential.

It is not necessary to strictly observe this procedure in case such third person is another member of the Group or in case where such anti-corruption clause of declaration has been signed by that third person in the past (but it shall not be an anti-corruption declaration older than 1 year).

13.1. Classification of various functions and their risk potential (table)

Function	Area	Description of possible corruption conduct	Probability of corruption conduct occurrence	Impact of possible corruption conduct	Steps suggested to eliminate a corruption risk/conduct

13.2. Assessment of corruption conduct occurrence risk (table)

Point evaluation	Possibility of corruption conduct occurrence
1	Excluded
2	Improbable
3	Possible
4	Probable
5	Almost certain

13.3. Evaluation of corruption conduct impact risk (table)

Point evaluation	Possibility of corruption conduct impact
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1	None
2	Less substantial
3	Substantial
4	Principal
5	Critical

The check shall be made by the Compliance Officer in cooperation with further functions. Besides this, the Compliance Officer can also decide to investigate or screen a third person (business partners and cooperating persons) based on their own findings (i.e. reasonable suspicion) or warning made by employees themselves. The Compliance Officer keeps records on all suspicions and breaches of anti-corruption rules in accordance with the "Policy of reporting, investigating and documenting unethical, fraudulent and criminal conduct".

14. Review and reporting

Possible corruption and bribery risks to which the Group is exposed can change in time. Character and scope of the Group's activity can similarly change and thus it is necessary to regularly review mechanisms and processes used to prevent and eliminate any corruption conduct or corruption risks.


Thus the Group shall periodically review its processes and organizational measures intended to prevent any corruption conducts and adapt and correct such processes to new situation whenever it is necessary. Reviews are made based on changes and development of individual activities and scope of the Group within one year at least. Assessment of this Anti-corruption program (policy) and its effectiveness shall be made once per year at least. In case of found need relevant steps and changes shall be made in the Anti-corruption program, organizational measures or related internal regulations and processes.

In summary, all above means:

- ❖ monitoring of legislative changes of legal regulations adapting the issue of corruption and bribery,
- ❖ monitoring of changes in work environment (teams, behaviour of employees, their links to business partners and other third parties, personnel fluctuation etc.),
- ❖ subsequent assessment of the Anti-corruption program and other internal regulations of the Group, their suitability, adequacy and effectiveness and their update or modification if needed,
- ❖ reflection of public opinion (media image etc.).

The Compliance officer is obliged to regularly report on events related to principles defined in the Anti-corruption program in order to fulfil the obligation of the top management of zero tolerance to breach of anti-corruption regulations.

Regular reporting means reporting to the top management (i.e. namely to members of the Board of Directors of the mother company TSC GROUP, a.s.). Regular reporting also includes reporting of specific breaches of this Anti-corruption program and other internal regulations and results of related investigations and suggested measures (see Policy of reporting, investigating and documenting unethical, fraudulent and criminal conduct).

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Leaders are obliged to continuously ensure the performance of corrective measures adopted within the Anti-corruption program and other internal regulations based on assigned competencies. The goal is to minimize losses caused by corruption action and to avoid their occurrence in the future.

15. Conclusion

This Policy has been approved by the Board of Directors of the mother company TSC GROUP, a.s. and is subject to regular annual review based on which it can be updated or modified if needed.