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## Anti-Corruption Program (Policy) of the TTC Group

### A. Preamble

This Policy was issued in accordance with the applicable law relating to corruption and bribery, the TTC Group strategy enhancing its goodwill, company and business culture, as well as ethical conduct and behaviour of all Employees and business partners. In this Policy, the TTC Group responds not only to statutory requirements, but it also protects the material and ethical values. The TTC Group thus shows its clients, customers, the general public, Employees and business partners that any corrupt or other unethical or unlawful, or even criminal activity is not and will not be tolerated by the TTC Group.

The purpose of this Policy is, in particular, to:

- (a) provide the Employees and business partners with criteria and principles, based on which they will be able to avoid unacceptable behaviour, conflicts of interests, avoid and prevent corrupt practice and bribery;
- (b) decrease the motivation of Employees and business partners to corruption, and increase the probability of its detection;
- (c) unify and summarize the internal regulations of the TTC Group referring to combat against corruption or other unethical or unlawful (criminal) activity;
- (d) create a unified groupwide approach to the implementation of all requirements following from the combat against corruption and bribery;
- (e) define in each TTC Group company the areas with any corruption potential, and identify key corruption risks in such areas;
- (f) set up efficient control mechanisms, ensure effective detection of corrupt practices and risk assessment;
- (g) minimize losses caused by corrupt practices, and prevent their recurrence.

The principles specified in the Policy also apply to third parties acting in the name of a TTC Group company or as representatives of any TTC Group company, and also in situations in which a TTC Group company could be bound by or in any manner responsible for the conduct of third parties.

The essential tools for creating anti-corruption environment in the TTC Group are, in particular, promotion of anti-corruption attitude by the elected bodies and Managers of all TTC Group companies, emphasizing the ethical standards, stressing and enhancing moral integrity of all Employees in the form of their education (training), and promoting a trustworthy mechanism for whistleblowing.

The anti-corruption program, its coordination and methodology in this area are the responsibility of the Compliance Officer of TTC HOLDING, a.s., and the performance and implementation of this Policy is the joint task of all elected bodies and Managers of the TTC Group companies, as well as all other Employees throughout the TTC Group. This Policy may not be understood as a one-time act; it must respond to situations that arise and to the practical lessons, and on that basis, it shall be regularly updated, amended and evaluated.

### B. Overview and Sanctioning Corrupt Practice

1. The law of the Czech Republic sanctions corrupt practices in particular by Act No. 40/2009 Coll., the Criminal Code, as amended. This Act does not directly use the term "corruption", but such adverse behaviour is sanctioned via criminal offences contained in Part Two, Division X, Section 3 of the Criminal Code, in particular in the following provisions:

#### Section 331 – **Accepting Bribes**

*Whoever directly or through another person **accepts a bribe or a promise of a bribe** for himself or for another in relation to procuring matters of general interest, or whoever directly or through*

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*another person **accepts a bribe or a promise of a bribe for himself or for another in relation to conducting own business or business of another**, shall be sentenced to ...*

**Passive corruption: requesting, consent to or accepting a bribe in any form.**

**Section 332 – Bribery**

*Whoever **provides, offers, or promises a bribe** to another person or for another person in relation to procuring matters of general interest, or whoever **provides, offers, or promises a bribe** to another person or for another person **in relation to conducting own business or business of another**, shall be sentenced to ...*

**Active corruption: offering, promising or providing bribe in any form.**

**Section 333 – Indirect Corruption**

*Whoever **requests, accepts a promise or accepts a bribe** for promising to use his influence or the influence of another in order to **affect the exercise of powers of a public official, or for already having done so**, shall be sentenced to ...*

2. Aside from bribery, the Criminal Code also lists several other criminal offences which define corrupt practices. The criminal offences, which are characterised by the elements of corrupt practices, may include for example the following criminal offences under the following provisions:

**Section 180 – Illicit Disposal of Personal Data**

*Whoever **wrongfully publishes, communicates, makes available, otherwise processes or misappropriates personal data, even by negligence, collected on another person in connection with the exercise of public authority, and thus causes a serious detriment to the rights or justified interests of the person concerned by the personal data**, shall be sentenced to ...*

*The same sentence shall be imposed on anyone **who, even in negligence, breaches a confidentiality obligation imposed or recognized by the state by wrongfully publishing, communicating or making available to any third party the personal data obtained in connection with the performance of his occupation, profession or position, and thus causes serious detriment to the rights or justified interests of the person concerned by the personal data.***

**Section 209 – Fraud**

*Whoever **enriches himself or another by inducing error in someone, by using someone's error, or by concealing substantial facts, and thus causes not insignificant damage to the property of another (at least CZK 10,000)**, shall be sentenced to ...*

**Note: The very preparation or attempt of a fraud are also punishable!**

**Section 226 – Machinations in Insolvency Proceedings**

*Whoever as a creditor in relation to the vote of creditors in insolvency proceedings **accepts property or another profit or a promise thereof contrary to the principles and rules of insolvency proceedings**, shall be sentenced to ...*

*The same sentence shall be imposed on anyone who **provides, offers or promises property or another profit** to a creditor in relation to the vote in insolvency proceedings **contrary to the principles and rules of insolvency proceedings.***

*Whoever as insolvency trustee, member of the creditor committee or representative of creditors in insolvency proceedings **for himself or for another person accepts property or another profit or***

***a promise thereof, if such property or another profit does not belong to him, to the detriment of creditors, shall be sentenced to ...***

**Section 248 – Breach of Regulations on the Competition Rules**

*Whoever breaches another legal regulation on unfair competition by committing, during participation in the competition, ...*

...

***(e) bribery,***

...

*thus causing significant damage to the other competitors or consumers, or gaining for himself or for another unjustified advantages to a significant extent, shall be sentenced to ...*

**Section 255 – Abuse of Information and Status in Business Relations**

*Whoever uses, without authorisation and with the intention to obtain for himself or for another an advantage or profit, the information which so far is not publicly available and which he acquired in relation to the performance of his occupation, profession, position or function, and the publication of which significantly affects decision-making in business relations, and concludes or gives incentive for the conclusion of a contract or operation on a regulated market with investment tools or on an organised market with commodities, shall be sentenced to ...*

*The same sentence shall be imposed on **anyone who as an entrepreneur, shareholder, member of a body, employee or participant in business of two or more entrepreneurs with an identical or similar line of activities, with the intention referred to in paragraph 1, concludes or gives an incentive to concluding a contract to the detriment of one or more entrepreneurs or their enterprises.***

**Section 256 – Arranging for Advantage in Public Tender, Public Contract and Public Auction**

*Whoever **arranges for**, in relation to a public tender, public contract or public auction and with the intention to cause damage to another or to **gain profit for himself or for another, an advantage of priority or preferential treatment for a supplier or a tender or auction participant, to the detriment of other suppliers or tender participants**, shall be sentenced to ...*

**Section 257 – Machinations in Public Tender and Public Contract**

*Whoever commits machinations in relation to a public tender or a public contract by:*

*(a) making another person refrain from participation in a public tender or public contract using ploy or threat of violence or other severe detriment;*

*(b) **providing, offering or promising property or another profit to another for refraining from participation in public tender or public contract; or***

*(c) **requesting or accepting property or another profit for refraining from participation in a public tender or a public contract; or***

*(d) **acting with the aim of awarding a public contract for unreasonably high or otherwise disadvantageous price based on agreement with another applicant or tender participant;***

*shall be sentenced to ...*

**Section 258 – Machinations in Public Auction**

*Whoever commits machinations in relation to a public auction of an object by:*

*(a) making another person refrain from bidding in a public auction using ploy or threat of violence or other severe detriment;*

*(b) **providing, offering or promising property or another profit to another for refraining from bidding in a public auction; or***

*(c) requesting or accepting property or another profit for refraining from bidding in a public auction;*  
*shall be sentenced to ...*

**Section 368 – Failure to Report a Criminal Offence**

*Whoever gains credible knowledge that another person committed the criminal offence of ...*  
***Accepting Bribes (Section 331), Bribery (Section 332), ... shall be sentenced to ...***  
**Even failure to report these two criminal offences may be punishable.**

3. In the case of a reasonable suspicion of a conduct which could constitute certain elements of the above criminal offences, all Employees of any TTC Group company and all so-called cooperating persons shall always approach the TTC Group Compliance Officer.

**C. Commitment of Board of TTC HOLDING, a.s.,  
Members of Bodies and Managers of TTC Group**

1. Members of the Board of TTC HOLDING, a.s., other elected bodies of the TTC Group companies, and Managers of the TTC Group companies shall set an example for their subordinates, because they are the ones authorized to assign to and control the work of their subordinates and the subsequent work outputs, and the ones who advance the anti-corruption attitude of the TTC Group, in particular by their own clean record, compliance with the law and with the internal regulations of the TTC Group, emphasizing the importance of protecting the TTC Group property, emphasizing the importance of existence and compliance with ethical standards upon work performance, promoting conduct which fully rejects corruption and bribery, and emphasizing investigation and imposing adequate labour-law and other sanctions, if the commitment of any unlawful or criminal activity is proven.
2. The members of elected bodies of the TTC Group companies actively support this Policy, in which they:
  - (a) clearly indicate that also their TTC Group company is resolved to prevent corruption and corrupt practices (bribery) in any form;
  - (b) undertake to conduct business in a proper, just and open manner;
  - (c) promote throughout the entire TTC Group a culture and policy, in which corruption and bribery are not and will not be tolerated under no circumstances;
  - (d) apply the principle of zero tolerance of corruption and bribery;
  - (e) emphasize investigation of any suspicions of corruption or bribery, and adopt adequate sanction measures regardless of the work or functional position of the guilty Employee.
3. One of the important means to apply the above principles of anti-corruption program is the very active participation of each member of the Board of TTC HOLDING, a.s., members of elected bodies of TTC Group companies, or Managers of all TTC Group companies in the activities aimed at anti-corruption issues and increasing the awareness of protection of Employees who in good faith notified a suspicion of corrupt practice or any form of bribery.

**D. Informing the Employees**

1. The principles contained in this Policy shall be implemented and made available to all Employees throughout the entire TTC Group, by all accessible means, such as the intranet, company website, etc.
2. Examples of possible methods of informing the Employees:
  - (a) **internal communication;**
    - communication and across-the-board spreading of the principles of this Policy via the intranet (websites, e-learning, depository of related documents, support of the Compliance Officer – FAQs, etc.);

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- trainings, discussions and workshops;
  - journals and other internal publications;
  - reminders of the main internal principles and procedures which mitigate the risk of corruption (Whistleblowing, Policy for Accepting Gifts and Similar Performances, or the Code of Conduct), emphasizing the existence of safe, trustworthy and easily available means, via which a notice of possible corrupt practices or other unethical or unlawful (or even criminal) activities may be filed;
- (b) **external communication;**
- other statements, such as in the annual report, press or at company website, etc.;
- (c) **training.**
3. For the purposes of efficient combat against corruption and bribery, across-the-board and profession-specific training aimed at education of the Employees in this area shall be carried out. Education of Employees regarding the anti-corruption issues shall aim, in particular, at:
- (a) the importance of protecting the property of the TTC Group and each of its companies;
  - (b) explanation of the contents and purpose of the legal regulations relating to the corruption and bribery issues;
  - (c) the contents and purpose of the Code of Conduct and other internal regulations and procedures of the TTC Group;
  - (d) increase of the ability of Employees to identify corrupt practices (their characteristics and causes);
  - (e) increase of the awareness of the protection of Employees who notified a justified suspicion of a corrupt practice or other unethical or unlawful conduct;
  - (f) procedures in the case of a confirmed corrupt practice;
  - (g) sanction and disciplinary penalties imposed on any “perpetrators” who committed corrupt or other unlawful (or criminal) or unethical conduct.
4. The training shall be provided to all Employees and cooperating persons (business partners, representatives, etc.), having regard to the level of risk to which they are exposed in performance of their work (activity). Records shall be kept on each carried out training and all participating individuals, at least to the following extent:
- (a) date of training;
  - (b) place of training;
  - (c) type of training (introductory/initial, continuous/periodical – at least once per year);
  - (d) subject of training – the issue (corruption and bribery, etc.);
  - (e) number of participants;
  - (f) work positions of the participants;
  - (g) designation of the instructor;
  - (h) reference to archived materials used in the training;
  - (i) confirmation of presence by the participants (own signature).<sup>1</sup>
5. The purpose of the training is to acquire knowledge and skills necessary for the application of principles of requirements aimed at combatting corruption and bribery, which should address all problems related to this issue or the questions which may arise subsequently.
6. As part of the education of Employees in the area of combatting corruption and bribery, increased attention must be paid to in the case of newly hired Employees. An introductory/initial training

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<sup>1</sup> In the case the selected form of training is e.g. so-called e-learning, verification of identity of each Employee for the purposes of confirming his or her participation in such training must be ensured via the intranet or another electronic platform. In the case of e-learning, a test with questions focusing on case studies of corrupt practices may be selected for the purposes of the training; the outcome of the training shall be formed by a table of correct answers together with an explanation of the relevant topic. Other options for education of Employees in the area of combatting corruption is participation of the Employees in external training, seminars or conferences relating to such topic.

shall be held for new Employees, in which training they shall be made acquainted not only with this Policy but also with the other internal regulations issued under a summary title of TTC Group Criminal Compliance Program.

### **E. Assessing Corruption Risks**

1. The assessment of risks related to the threat of corruption must be carried out at least once per year, and it must be duly documented. The aim of such assessment is to determine areas (e.g. business activities, labour unions, workplaces, projects, and other areas with a risk of occurrence of corrupt practices, based on former experience), which are more exposed to the risk of corrupt practices and bribery by coworkers or other third parties, or areas where the Employees themselves may be exposed to such a risk.
2. The risk may be defined as a possibility of occurrence of undesirable events and phenomena with its adverse consequences regulated by this Policy. A risk is a certain expression of a possible threat that a certain undesirable event occurs. Active corruption risk management helps to identify the areas with an increased corruption potential, and analyse and enhance the existence and functionality of control mechanisms in these areas.
3. All risk management and assessment must be based on the following three fundamental pillars:
  - (a) detecting corruption risks (risk assessment);
  - (b) monitoring corruption risks;
  - (c) investigating risk areas together with adopting remedial measures.
4. The risk assessment then takes into account at least the criteria consisting of the external and internal risks:
  - (a) **external risks**,
    - related to public tenders, subventions, public contracts, drawing from the EU or other funds, etc.;
    - business partnerships (connected with the selection of business partners, partnerships within joint ventures, business partnerships with politically engaged persons, etc.);
    - related to insufficient clearance (absence of a due diligence of persons acting in the name of the TTC Group companies, marketing or acquisitions);
  - (b) **internal risks**, when the Employees
    - shall act in a manner preventing the conditions for creating corrupt practices (not being open to any influence);
    - act impartially when performing their work, comply with the applicable law, internal regulations of the TTC Group, professional standards (they deepen their knowledge of the respective law, expert opinions, related internal regulations, and the related procedures);
    - comply with the work procedures so that their work could be reviewed at any time via supervision by and information for the supervisor (they maintain due and full documentation, they provide information to the customers in a demonstrable manner, etc.);
    - participate in negotiations with a possible corruption potential in the presence of another Employee / supervisor (so-called “for eyes” rule);
    - do not grant unjustified/unauthorized requests of the clients or customers;
    - notify any possibilities of corrupt practices based on incorrect work procedure or insufficient control (whistleblowing);
    - do not abuse information which they acquired upon the performance of their work for their own benefit or for the benefit of any third party (protection of personal data and justified interests of the clients, protection and maintaining confidentiality of non-public information);
    - participate in trainings (deepen their knowledge and skills).

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## F. Anti-Corruption Clearance - Due Diligence Procedures

1. A general clearance of a business partner with regard to the risks and size of the subject (type of company or line of business) forms the basic prerequisite not only for prevention but also for detection in the area of Criminal Compliance (Compliance). The aim is to ensure that the TTC Group cooperates with persons who act or will act in accordance with this Policy.
2. Clearance of **suppliers (purchasers) and business partners** comprises of the following activities:
  - (a) upon any purchase (sale) of goods and services (even in the case of outsourced activity), including the matters relating to information technologies, logistics, supplementary services (cleaning, organizing conferences, etc.), any corruption risk of such business partner shall always be duly assessed;
  - (b) a similar principle shall apply in mergers and acquisitions involving any subject which is not a member of the TTC Group;
  - (c) clearance of partners in joint ventures or in the private equity area may constitute another form of measures.<sup>2</sup>
3. Clearance of **intermediaries** – the TTC Group is governed by the following rules with respect to intermediaries. The TTC Group:
  - (a) uses no intermediaries as mediators for corrupt practices, and tolerates no such activities;
  - (b) uses intermediaries only to the extent necessary for the standard performance of its activities;
  - (c) does not pay to the intermediaries a remuneration larger than a corresponding and justifiable remuneration for the provided legitimate services.
4. Clearance of **third parties** – the procedures for clearance of third parties involve at least the following:
  - (a) identification of beneficial owner of the third party (for legal entities);
  - (b) justification of using such third party (the respective business case);
  - (c) review of qualification (expertise) and integrity of the third party;
  - (d) review of existence of anti-corruption policy of the third party;
  - (e) control of history and acquiring information regarding the third party from public resources, experiences of other business partners – references, but also from the criminal register of legal entities and from the public register;<sup>3</sup>
  - (f) monitoring overall activity of the third party;
  - (g) monitoring transparent publication of information or records on bookkeeping, flows of financial means, etc.
5. Each clearance must be duly documented (by executing a written record), including the results of clearance of the third party concerned.
6. The statutory bodies of any TTC Group company shall reflect in the procedures of their companies a regular review and update of these rules, in order to maintain a permanent update of information regarding changes in the risk qualification of third parties (at least once per year).

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<sup>2</sup> In the case the TTC Group participates in activities of joint ventures, it shall strive also in this area for its partners to accept the principles and standards expressed not only in this Policy but also in the other internal regulations regarding the CCP. The conditions of thus determined contractual relationship shall enable its termination by the TTC Group, provide the partner's conduct constitutes a corrupt practice or any form of bribery. Upon making investments in the form of a private equity, due attention must be paid to the anti-corruption issues before the acquisition or investment is carried out, in particular if the TTC Group acquires a controlling share in the subject company. In the period following an acquisition of investment, it is also necessary to supervise the creation of a company and business culture in accordance with the values and principles expressed in this Policy, arrange for the implementation of corresponding controlling mechanisms, and exert maximum efforts towards the integration of the new company into the TTC Group (within the general anti-corruption attitude).

<sup>3</sup> Available at <https://eservice-po.rejtr.justice.cz/public/odsouzeni> and <https://www.justice.cz>.

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## **G. Anti-Corruption Statement – Compliance Clauses**

1. In connection with the compliance with this Policy (and the overall CCP) by third parties, the TTC Group shall clearly and accurately demonstrate its expectation that all business and other activities performed by the third party in the name of the TTC Group shall fully comply with this Policy, as well as the overall CCP of the TTC Group.
2. The TTC Group companies conclude a written clause with any third party, and:
  - (a) they inform the third party on the introduction of the CCP, at the same time binding the third party and its possible subcontractors and employees not to participate in any form of corrupt practices or any other unethical or unlawful conduct;
  - (b) the clause shall enable the TTC Group company to terminate a contractual relationship with the third party in the case of justified suspicion that the respective third party's conduct breached any provision of this Policy or an applicable law regulating the issue of corruption and bribery, or the overall CCP;
  - (c) the contractual remuneration of the third party shall not be paid in cash but by transfer to the bank account in the country of registered office or activities of the third party;
  - (d) a clause in the form of a compliance clause shall be contained in all contracts concluded with the third party or in the form of a separate statement, which shall be signed by the third party or its authorized representative.<sup>4</sup>

## **H. Monitoring and Control**

1. A comprehensive system of internal controlling mechanisms and rules which not only serve for prevention but which are also able to detect (monitor), document, respond to and avert corrupt practices or any form of unethical or unlawful (criminal) activity must form part of an operation system of company management in the TTC Group in the area of this Policy. Such system shall be always maintained and improved so that the controlling mechanisms and tools were efficient and fully operational, thus being able to avert and respond to new risks and incidents as well as maintaining this system in a viable and operational state.
2. Regular testing of the controlling mechanisms in the areas of significant corruption risk is important for ascertaining how efficient these mechanisms are for the identification and detection of corrupt practices. In areas where the corruption risk is assessed as significant (high or critical), regular investigations with the aim to identify and evaluate facts indicating the occurrence of corrupt practices shall be carried out.
3. The control must be performed by the respective Compliance Officer of TTC HOLDING, a.s., possibly together with the other TTC HOLDING, a.s. departments. The respective Compliance Officer of TTC HOLDING, a.s. may also decide to investigate third parties (business partners and cooperating persons) based on his or her own discoveries (or justified suspicions) or based on notices by the Employees.
4. The Compliance Officer of TTC HOLDING, a.s. shall keep records of all suspect and reported breaches of anti-corruption rules, as well as the CCP rules and policies of the TTC Group.

## **I. Review and Reporting**

1. Any corruption risks to which the TTC Group is exposed may change over time. Similarly, the nature and scope of activities of the TTC Group may also develop and therefore, the mechanisms and procedures aiming at preventing and eliminating the corrupt practices or corruption risks shall be regularly revised.

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<sup>4</sup> This procedure does not have to be strictly complied with in case the third party is another TTC Group company or in case the third party has already signed such clause on the anti-corruption declaration in the past (however, the anti-corruption declaration may not be older than 5 years).



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2. The TTC Group shall regularly review its procedures and organizational measures designated to prevent corrupt practices, and whenever necessary, amend and adapt these procedures and measures to the existing situation. The reviews are performed based on changes and development in each activity and area of competence of the TTC Group at least once per year.
  3. The Compliance Officer of TTC HOLDING, a.s. shall also perform evaluation of this Policy and its efficiency at least once per year. If discovered as necessary, the respective steps and changes in the organizational measures or related internal regulations and processes in the entire CCP area shall be carried out.
  4. In aggregate, the above shall mean:
    - (a) monitoring legislative changes in the legal regulations regarding the issue of corruption and bribery;
    - (b) monitoring the development in the work environment (the team, behaviour of Employees, their relations with business partners and other third parties, personal fluctuation, etc.);
    - (c) subsequent evaluation of internal regulations regarding the CCP, their suitability, adequacy and efficiency, and if necessary, update or otherwise adapt these Policies;
    - (d) reflecting the public opinion (media image, etc.).
  5. For the purposes of fulfilling the commitment of the Board of TTC HOLDING, a.s. aiming at zero tolerance of breaches of the law and internal regulations of the TTC Group regarding the combat against corruption, the Compliance Officer of TTC HOLDING, a.s. shall regularly report events relating to the breaches of principles set forth by this Policy and by other internal regulations in the CCP area directly to the Board of TTC HOLDING, a.s. Regular reporting shall include, aside from reporting specific breaches of these internal regulations, also the results of subsequent investigations and the proposed measures.
  6. The statutory bodies and Managers of TTC Group companies shall then regularly arrange for the implementation of remedial measures adopted within this Policy in accordance with their entrusted competencies. The aim is to minimise the losses caused by corrupt, unethical or other unlawful conduct, and prevent their further occurrence or repeating in the future.