

GO Steel a.s.



Anti-Corruption Guidelines

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Edition 1

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1 Anti-Corruption Guidelines of the Company

GO Steel a.s. wishes to ensure that its employees in the course of their work and any third parties acting on its behalf observe the highest standards of integrity. These Anti-Corruption Guidelines implement procedures to deal with problems of corruption.

GO Steel a.s. has a reputation for honesty and integrity in its management practices and in its business transactions that it wishes to maintain. It is therefore vital for GO Steel a.s. to fight and prevent corruption in all its forms.

The policy of GO Steel a.s. is to comply with all anti-corruption laws and international conventions wherever it does business, including the anti-corruption convention of the Organisation for Economic Cooperation and Development (OECD Convention)¹ and the European Council's convention.

The obligation to comply with local, national and international laws and regulations applicable to its business, including anti-corruption laws, is also contained in the Code of Business Conduct of GO Steel a.s.

It is the responsibility of each and every employee in GO Steel a.s., and any third party acting on behalf of GO Steel a.s., to understand the Code of Business Conduct and these Anti-Corruption Guidelines and to seek help from the supervisor if and when there is any question or doubt as to how these rules apply in a given situation.

2 What is Corruption?

In practice, the words "bribery" and "corruption" are generally used interchangeably.

Corruption is defined as the misuse of power by someone to whom it has been entrusted, for his own private gain. The most common form of corruption is bribery, which is the giving or receiving money, a gift or other advantage as an inducement to do something that is dishonest, illegal or a breach of trust in the course of doing business.

The anti-corruption laws prohibit an offer, payment, promise to pay or authorization of payment of any money, gift or anything of value to any government official for purposes of:

- influencing any act or decision of the government official,
- inducing him/her to do any act in violation of his/her lawful duties,
- securing an improper advantage, or
- inducing him/her to use his/her influence with governmental agencies in order to assist in obtaining or retaining business or to direct business to anyone.

The "obtaining or retaining business" element is interpreted broadly to include business advantages, such as obtaining a permit or a tax break.

3 Facilitation Payments

Facilitation payments are a form of bribery where (i) the sum involved is minor and paid to a low level official and (ii) the payment is made to secure an action or service to which an individual or a company is routinely and legally entitled (e.g. routine processing of government papers, such as a visa).

It is the policy of GO Steel a.s. to refrain from making any corrupt payments, including facilitation payments.

GO Steel a.s. employees asked to make facilitation payments should report such incidents to the Chairman of the Board, so that appropriate actions can be taken.

4 Inducing and Other Events

Any inducing from government officials or private persons to pay a bribe or give any other advantage that may be considered as any other corruption event or an attempt to do so, must be immediately reported to the Chairman of the Board.

Payment made in good faith that health or safety may be at risk must be reported immediately to the Chairman of the Board.

If the threat is directed against the company and not against the safety or health of the employee, such payment will be considered a bribe.

5 Who is a Government Official?

A government official is:

- an officer or employee of a government or of a department, agency or instrumentality thereof or any person acting in an official capacity for or on behalf of such government (e.g. an entity hired to review bids on behalf of a government agency or to collect custom duties),
- an officer or employee of a “public international organization” or any person acting in an official capacity for or on behalf of such public international organization (for example the United Nations, the European Commission, etc.),
- an employee of a company or other business entity in which a governmental body has an ownership interest and/or over which such governmental body may, directly or indirectly, exercise a dominant influence (such employee can qualify as a government official even if he/she is engaged in commercial, rather than governmental, activities),
- a political party (see Section “Political Contributions”) or a member of a political party or a candidate for a political office.
- Caution should be applied in respect of persons who are known or suspected to be family members of government officials or in respect of companies who are controlled by family members of government officials so as to avoid that these persons serve as a conduit for an illegal payment to a government official.

6 Procurement and Bidding Procedures

It is important that GO Steel a.s. be able to demonstrate that local procurement decisions are taken based on merit and not by exerting improper influence on government officials. Corruption is more widespread in some countries than in others. Operating in some of these high risk countries requires GO Steel a.s. to apply greater precaution.

Procurement regulations usually include specific rules about the timing of, and process for, securing bid information and documents and you should ensure that you act in conformance with those rules. You should never seek non-public inside information in violation of such regulations.

During the tender process, strict regulations usually exist concerning conflicts of interest and interactions and communications with officials involved in the tender

process. During the tender process, you should not engage in any entertainment, gift-giving or similar activities with any official or other person involved in the tender process.

You should locate and review relevant local procurement guidelines and regulations to avoid any violations of such laws.

Business Partners, Agents, Contractors and other Third Parties

It is prohibited (i) to make any corrupt payments through intermediaries and (ii) to make payments to third parties, while knowing that all or a portion of the payment will go directly or indirectly to a government official. The term “knowing” also includes conscious disregard and deliberate ignorance.

All business decisions involving GO Steel a.s. should be based on merit. No employee of GO Steel a.s. or a third party acting on behalf of GO Steel a.s. should exert improper influence on government officials.

GO Steel a.s. must undertake due diligence on its business partners (whether they are agents, consultants, suppliers, other intermediaries, consortium or joint venture partners, contractors or major sub-contractors, distributors, etc.) with a view to assessing the corruption risk before engaging in business with them. For example, before engaging an agent, you should be comfortable that he/she will not be used as a conduit for the payment of a bribe. If the results of due diligence on the agent prove unsatisfactory, you should refrain from establishing business cooperation with him/her.

The due diligence must be conducted in accordance with the principles set out in these guidelines and in accordance with any other principle relating to a specific area of business.

GO Steel a.s. must establish whether any of its business partners have a reputation for corruption (even though they may not have been convicted for corruption yet) or if any of its business partners are being investigated or prosecuted, or have been convicted or debarred, for corruption. If so, GO Steel a.s. should ascertain as far as possible the facts of the case and decide on that basis, keeping in mind the risk of reputational damage to GO Steel a.s.

Records of each due diligence check must be kept for a period of at least eight (10) years.

In addition, GO Steel a.s. may use external providers to perform additional more in-depth due diligence on individuals or corporate entities.

The following principles should be applied in respect of the use and remuneration of all third parties:

1. Payments to third-parties must be reasonable and rationally reflect the value of the services provided;
2. Third-parties should have a proven track record in the industry concerned;
3. Third-parties should not be referred by government officials;
4. The services to be rendered must be legitimate and the nature of the services as well as the price must be described in the relevant contract; and
5. Third-parties may not get paid offshore unless there are genuine and legitimate business reasons for doing so and the payment process is approved

in writing in advance by the Board of Directors. Tax avoidance is not a proper purpose in such cases.

Each third-party agreement must include clauses that address corruption concerns.

These Anti-Corruption Guidelines apply to agents and business partners when they do business with us and if they do business with a third party on our behalf.

7 GO Steel a.s. Employees

The integrity of GO Steel a.s. employees must be preserved by applying the following principles:

1. Only appoint an employee to a key position if the integrity of that employee is documented or has not been challenged.
2. Any existing or potential conflicts of interests, that an employee may have, must be reported in accordance with the appropriate provisions of the Code of Business Conduct of GO Steel a.s. and instructions concerning conflict of interest.
3. Engaging a government official, a former government official or a family member of a government official may be considered an advantage that may potentially be connected with bribery and/or cause a conflict of interest. Such a conflict of interest may negatively influence a decision-making process of an individual or endanger a reputation of GO Steel a.s. In order to ensure elimination of a potential risk, the conflict of interest must be identified in an initial phase of the admission.
4. Additional attention should be paid by management and anti-corruption training provided to employees who may be exposed to corrupt pressures, particularly if they interact with government employees.
5. Potential infringement of provisions in these Anti-Corruption Guidelines by an employee is punishable and will result in sanctions (including termination of the employment contract). No employee will be punished for rejection to pay a bribe, even in an event that it will cause a loss of a business opportunity or impossibility to apply a competitive advantage for GO Steel a.s.

8 Private-to-Private Corruption

Private-to-private corruption is strictly prohibited under the Code of Business Conduct and Anti-Corruption Guidelines of GO Steel a.s. Private corruption also constitutes a criminal offence in many countries, such as the countries which have ratified the Criminal Law Convention on Corruption of the Council of Europe.

9 Gifts, Entertainment, Travel

9.1 Gifts

GO Steel a.s. is under the legal obligation to comply with the anti-corruption laws of the countries where it does business. Therefore, gifts should not be given without the prior review of the local anti-corruption law and these Anti-Corruption Guidelines.

No gifts and gratuities should be offered to government officials except for promotional items of little value, such as inexpensive pens, mugs, T-shirts, calendars, etc., that bear the company's name and/or logo, provided that this is not prohibited by

local law and that it is not made with a corrupt purpose (see definition of “Corruption” above under “What is Corruption?”).

Code of Business Conduct of GO Steel a.s. also prohibits offering gifts or granting favours outside the ordinary course of business to current or prospective customers, their employees or agents, or any person (including but not limited to “government officials”) with whom the relevant company has a contractual relationship or intends to negotiate an agreement.

Employees of GO Steel a.s. must also refuse gifts and gratuities from persons who deal or seek to deal with GO Steel a.s., such as suppliers or potential suppliers, with the exception of promotional items of little value.

Cash gifts to anyone are prohibited and, if offered to you, must be refused.

9.2 Entertainment and Travel

All business entertainment and travel given or received by employees of GO Steel a.s. must be moderately scaled and clearly intended to facilitate business discussions. As a general guideline, business entertainment in the form of meals and beverages is acceptable as long as it is in line with local law, , reasonably infrequent, and as far as possible on a reciprocal basis.

More restrictive rules apply with respect to business entertainment and travel provided by employees of GO Steel a.s. or third parties acting on behalf of GO Steel a.s. to government officials (see Section “Who is a Government Official” above).

GO Steel a.s. may pay or reimburse government officials for reasonable travel and lodging-related expenses or costs directly related to:

- a) the promotion, demonstration or explanation of products or services of GO Steel a.s.,
- b) the execution or performance of a contract between the Company and the government which the government official represents,

provided, that the payment or reimbursement of travel, entertainment and lodging expenses is permitted under local law and any other applicable laws and subject to the prior written authorization of the Chairman of the Board.

In each case, the purpose of the trip must be defined and approved in advance and reimbursement is subject to “bona fide” supporting documentation and correspondence which must be kept on file.

Cash payments or per diems should be avoided and reimbursements for travel and lodging-related expenses should be paid to the government entity or agency rather than to the government official directly. Any exception to this rule can be made only with the prior written authorization of the Chairman of the Board.

Family members of government officials may not be invited to such trips or events. Nevertheless, if a family member accompanies the relevant person to the trip or the event, GO Steel a.s. will not pay or reimburse any expenses of such family member.

10 Political Contributions

Contributions of money or services on behalf of GO Steel a.s. to any political parties or individual politicians in any country may only be made in accordance with applicable law and all requirements for public disclosure must be fully complied with.

Such contributions are subject to the prior written approval of the Board of Directors.

Any contribution must be registered in the Register of political contributions in accordance with instructions of GO Steel a.s. applicable to transparency and monitoring of political contributions.

If a contribution of money or services to any political parties or individual politicians is being contemplated, the rules on conflicts of interest contained in the Code of Business Conduct of GO Steel a.s. must be observed. This means that any person who has any kind of affiliation with an individual politician or a political party should abstain from any involvement in the decision-making process regarding the contribution.

Be mindful that a contribution to any political party or individual politician may be interpreted as a bribe. For example, if your company is in negotiation for a government contract or a license, or you have a sensitive issue which the government is reviewing, these contributions are likely to be interpreted as a bribe.

As set out under the section “Who is a Government Official?” above, political parties, members of political parties and candidates for a public office do fall within the scope of the “government official” definition.

11 Contributions to Trade Unions

Contributions of money or services on behalf of GO Steel a.s. to any trade union or union member or to any entity controlled by a trade union may only be made in accordance with applicable law and all requirements for public disclosure must be fully complied with.

Such contributions are subject to the prior written approval of the Board of Directors.

If a contribution of money or services to any trade union or union member or to any entity controlled by a trade union is being contemplated, the rules on conflicts of interest contained in the Code of Business Conduct of GO Steel a.s. must be observed. This means that any person who has any kind of affiliation with the trade union or the member of the trade union or the entity controlled by the trade union should abstain from any involvement in the decision-making process regarding the contribution.

Be mindful that in specific countries and in specific circumstances trade unions, union members or entities controlled by a trade union may serve as a conduit for bribes to government officials and that depending on the context contributions to trade unions, union members or entities controlled by a trade union may be interpreted as a bribe.

12 Charitable / Corporate Responsibility Contributions / Sponsorship

There is always a risk that bribes take the form of charitable contributions or sponsorships. Make sure that money paid to a charity or any other ways of sponsorships is not dependent on, nor made to win, a business deal or unjustified gain of any business profit. Money must always be given to a licensed charitable organization and not to an individual. The contributions should be subject to adequate monitoring and compliance with key performance indicators.

Only make charitable contributions to charities that are registered under the local country’s laws. Be careful who the charity officials are and perform a background check on the charity itself and on its managers. Check if you can to find out to whom the money will go and for what purpose.

If you are in negotiation for a government contract or a license, or you have a sensitive issue which the government is reviewing, be mindful that contributions to a charity affiliated with a government official is likely to be interpreted as a bribe.

You should subject cases in which a customer or government official recommends or refers a charitable organization to you to heightened scrutiny. In such cases, the charity may be a conduit for improper payments to the customer or government official.

Charitable and any other Corporate Responsibility contributions, as well as sponsorships, should be in line with the Corporate Responsibility strategy of GO Steel a.s., and the Board of Directors must be consulted prior to engaging in any such type of contribution.

In addition, significant charitable contributions and Corporate Responsibility contributions and any other significant forms of sponsorship involving government entities, as defined in the Corporate Responsibility strategy of GO Steel a.s., are subject to the prior written approval of the Board of Directors.

13 Accounting Requirements

GO Steel a.s. is under the legal obligation to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of GO Steel a.s.

The use of false documents and invoices is prohibited, as is the making of inadequate, ambiguous or deceptive bookkeeping entries and any other accounting procedures, techniques or devices that would hide or otherwise disguise illegal payments.

14 Internal Controls

GO Steel a.s. is also under the legal obligation to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that

- (i) transactions are executed in accordance with management's general or specific authorization,
- (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets,
- (iii) access to assets is permitted only in accordance with management's authorization,
- (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate actions are taken with respect to any differences.

One element of an effective internal control system is for business and finance personnel to review transactions and expense/payment requests for warning signs that signal an excessive risks. Below is a list of common warning signs.

- The transaction party has current business, family or some other close personal relationships with a customer or government official, has recently itself been a customer or government official, or is qualified only on the basis of its influence over a customer or government official.

- A customer or government official recommends or insists on the use of the transaction party.
- The transaction party refuses to agree to anti-corruption contractual terms, uses a shell company or other unorthodox corporate structure, insists on unusual or suspicious contracting procedures, refuses to divulge the identity of its owners, or requests that its agreement be backdated or altered in some way to falsify information.
- The transaction party has a poor business reputation or has faced allegations of bribes, kickbacks, frauds or other wrongdoings or has poor or non-existent third-party references.
- The transaction party does not have office, staff or qualifications adequate to perform the required services.
- Expense/payment request is unusual, is not supported by adequate documentation, is unusually large or disproportionate to services to be rendered, does not match the terms of a governing agreement, or involves the use of cash.
- Expense/payment request involves an off-the-books account, is in a jurisdiction outside the country in which services are provided or to be provided or is in a form not in accordance with local laws.
- Expense/payment request is described as required to “get the business” or “make the necessary arrangements”.

This list is not exhaustive and warning signs will vary by the nature of the transaction or expense/payment request. Personnel should constantly assess whether additional common warning signs are present in their specific situation.

15 Risk Assessment, Monitoring

Purchase and sale departments must assess a nature and extent of their exposure to potential internal and external risks of corruption in a form of the documented risk assessment on regular basis. A purpose of this risk assessment is to identify main risk areas and adopt actions to reduce risks and to focus on these areas.

GO Steel a.s. intends to monitor effectiveness of anti-corruption procedures and inspections, as well as to carry out audits to ensure a compliance with anti-corruption laws and these guidelines and other internal regulations.

16 Whistleblower Policy

Any concern that employees of GO Steel a.s. have about a possible bribery or corruption case should be reported immediately in accordance with the Whistleblower policy.

17 Anti-Corruption Sanctions

17.1 Criminal Liability and Civil Penalties

In most jurisdictions, both companies and individuals can be liable for a criminal offence. The exact extent of criminal liability will depend on the law of a particular country.

Companies and individuals may be prosecuted for corruption in their home countries, in the country where the corruption took place. Extradition of individuals to another country is also a risk, depending on the country where the actions took place.

Fines imposed on individuals may not be paid by their employer.

17.2 Civil Liability and Damages

In addition to criminal liability, both individuals and companies involved in corruption are at risk of being sued and being found liable to compensate those other individuals or companies who may have suffered losses as a result of the corrupt act.

This may occur where, for example, an unsuccessful bid participant sues a successful bid participant who has been corruptly awarded a contract in order to recover lost tender costs and lost profit.

17.3 Suspension or Debarment

In addition to direct sanctions for corruption, companies involved in enforcement proceedings may be prohibited from making sales to government customers or organizations. Loss of such sales opportunities in many cases can have a greater financial impact on a company than the direct sanctions of the enforcement proceeding.

17.4 Sanctions Taken by GO Steel a.s.

Based on these Anti-Corruption Guidelines, applicable law and internal policies of GO Steel a.s., instances of fraud or bribery by employees of GO Steel a.s. are punishable and will result in sanctions that may include the termination of the employment contract.

18 General Guidance and Contacts

As these Anti-Corruption Guidelines cannot cover every eventuality, employees of GO Steel a.s. are encouraged to use their good judgement and apply common sense. In case of doubt, please contact your supervisors or the Chief Executive Officer.