

Anti- Bribery and Corruption Policy

1. Policy statement

In order to protect Mermeren Kombinat's ("Company") reputation, we have a zero tolerance approach to bribery and corruption in our business and by those we do business with the Company.

Bribery and corruption are unethical acts and against the values of Mermeren Kombinat. At the same time they harm legitimate business activities and are serious civil and criminal offences. We therefore take our legal responsibilities very seriously. Any failure to comply with this policy puts the employee as an individual and our Company at risk.

As being an organization with customers- suppliers all around the globe we remain committed to abiding by the anti-bribery laws of all the jurisdictions in which we have transactions, including the provisions of the UK Bribery Act 2010 (the "Act") and any requirements of anti- bribery and corruption laws of Republic of Macedonia, including "Law on prevention of corruption" and " Law on prevention conflict of interest ", that can impose stricter requirements of the ones of the policy.

2. Aim of the Policy

The purpose of this policy is to:

- (a) set out our responsibilities in observing and upholding the policy on anti- bribery and corruption; and
- (b) provide information and guidance to our employees, partners, customers, suppliers on how to recognize and behave when they are faced with bribery and corruption issues.

3. Who is covered by the Policy

This policy applies:

- (a) Directly to every individual working within the Company, at any level, directors and managers as well as employees either with permanent, fixed- term or temporary contracts.
- (b) To third parties engaged by the Company and or individuals/ organizations that employees of the Company come in contact with , including actual and potential customers; actual and potential agents; actual and potential distributors; actual and potential service providers; actual and potential consultants; actual and potential contractors; actual and potential brokers; actual and potential suppliers. From legal perspective, a payment of a bribe through a third party has the same effect as making the bribe directly.
- (c) To any interactions with organizations in the public sector such as governments and its branches, public agencies and organizations, government owned or controlled commercial enterprises, politicians, political parties and charities. Mermeren Kombinat interacts with government officials (individuals elected/ appointed who hold positions of any kind such as legislative, administrative, or judicial, , officers, employees or representatives of public sector organizations) through its operations in activities that include but not limited to:
 - i) Customs clearance
 - ii) Dealing with tax authorities
 - iii) Granting of exploitation licenses
 - iv) Health and Safety issues
 - v) Labor issues
 - vi) Technical inspections

4. What is bribery and corruption?

A bribe (also called Kickback) is an inducement or reward offered, promised, received or provided directly or through a third party with the intention of influencing the behavior of someone to make an improper act and thus gain any commercial,

contractual, regulatory or personal advantage. An improper act means someone performing (or failing to perform) a function or activity illegally, unethically, in bad faith, not impartially, or in breach of a position of trust.

Corruption is the misuse of public office or power for private gain or the misuse of private power in relation to business outside the realm of government.

5. What forms can bribery and corruption take?

A bribe can take many different forms, depending on the circumstances, including cash, gifts to an individual or family members, a direct or indirect promise or offer of something of value, promotional expenses (meals, accommodation expenses, invitations to sporting and cultural events, fee, excessive or inappropriate entertainment, non business related travel, reward or other advantage, the giving of aid, political or charitable donations, donations or voting designed to exert improper influence.

6. Facilitation payments

A facilitation payment is usually a small unofficial payment or gift, often in cash, made to secure, facilitate or speed-up the performance by a Public Official of a routine or necessary governmental action or process - such as clearing goods through customs, processing a visa, customs invoice or other governmental paper. Typically the action or process in question is one which the Public Official is already under a duty to perform and to which the payer has a legal or other entitlement. Facilitation payments may also be called "facilitating", "speed" or "grease" payments. Facilitation payments are bribes.

7. What is not acceptable?

It is not acceptable for you (or someone on your behalf) and is strictly prohibited to:

- (a) give, promise, authorize to give, or provide a payment, gift or hospitality with the expectation or hope or that this will influence the decision-making of the Company or that a business advantage will be obtained, or to reward a business advantage already given; or
- (b) give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure; or
- (c) request, solicit, agree to receive, accept or receive payment in cash or anything else of value from a third party that you know or suspect is offered with the expectation that Company's decision making will be influenced in any way and that it will obtain a business advantage for them; or
- (d) accept a gift or hospitality or other advantage from a third party if you know or suspect that it is offered or provided with an expectation that the Company's decision making will be influenced in any way and that a business advantage will be provided by us in return; or
- (e) threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- (f) engage in any activity that might lead to a breach of this policy.
- (g) act as an intermediary for any third part in any of the things refereed above.

8. Gifts and hospitality

This policy does not prohibit gifts, entertainment, hospitality or other promotional expenditures (given and received) to or from third parties which are proportionate, transparent, reasonable and for bona fide purposes related to the aims and objectives of the Company.

The giving or receipt of gifts is not prohibited if all of the following requirements are met:

- (a) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- (b) it complies with local law;
- (c) celebrating the completion of a transaction with a customer or supplier;

- (d) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (e) it is appropriate in the circumstances. For example, it is given as a ceremonial gift on a festival or at another special time (e.g. Christmas);
- (f) taking into account the reason for the gift, it is of an appropriate type and value, frequency and given at an appropriate time;
- (g) it is given openly, not secretly;
- (h) it is part of promotional items, diaries or other similar items bearing Mermeren Kombinat logo and/ or Sivec brand;
- (i) gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the Internal Audit Department.

We appreciate that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

Gifts up to a value of € 35 and hospitality up to €350 per event, per person can be given or offered (to or from a single source on a single occasion) without written approval.

Any gift and hospitality higher than the above values should have written approval from Internal Audit Department as well as an Executive Director, otherwise they can be considered bribes.

9. Your responsibilities

You must ensure that you read, understand and comply with this policy. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Company as well as related third parties. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

If any gift, hospitality or other promotional expense is offered to or received by you but is not permitted in accordance with this Policy, it must be politely declined. You may refer the provider to this Policy as your reason for declining.

You must notify your line manager as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a potential supplier offers you something to gain an advantage with our Company.

Any employee who breaches this policy will face disciplinary action, which could result in severe sanctions, including dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with our partners, grant recipients, and associates if they breach this policy.

10. Record-keeping

We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically **record the reason for the expenditure**.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

11. How to raise a concern

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with the Internal Audit Department. ,

10. Protection

Employees who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavorable treatment connected with raising a concern.

11. Training and communication

All employees will receive relevant training on how to implement and adhere to this policy. Our zero-tolerance approach to bribery and corruption will be communicated to all partners, grant recipients, associates, suppliers, and contractors at the outset of our relationship with them and as appropriate thereafter.

12. Who is responsible for the policy

Internal Audit Department has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

The Audit Department has primary and day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

13. Risk, assessment, monitoring, and review

As part of its annual risk assessment process an Executive Committee (CEO, Internal Auditor and CFO) will monitor the effectiveness and review the implementation of this policy, considering its suitability, adequacy and effectiveness. The Internal Audit Department will carry out regular audits of our control systems and procedures to provide assurance that they are effective in countering bribery and corruption.

All employees are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

This policy does not form part of any employee's contract of employment and it may be amended at any time.