

## **SHERLOG GROUP COMPLIANCE PROGRAMME**

The SHERLOG group, i.e. the parent company and its subsidiaries, publicly declares through this compliance programme that it adopts the following rules and measures of its own free will and voluntarily, with the aim of ensuring that the conduct of the SHERLOG group and all its parts, in business and other relations, continues to be fully compliant with all ethical and legal rules governing competition, financial and tax integrity, and environmental protection, and also with the aim of ensuring a good working environment and employee relations, including ensuring equal opportunities. The SHERLOG group attempts to comply with ethical, environmental, social and other obligations to society, based on everyday performance of its employees' duties, with the aim of preventing inappropriate behaviour that could damage the SHERLOG group in the public's eyes.

The SHERLOG group has decided to introduce a compliance program, whose purpose is:

- a) To minimise corruption risks in the business activities of the SHERLOG group;
- b) To act preventatively against corruption risks inside the SHERLOG group when arranging products and services for the companies;
- c) To provide a guide for its employees and other persons in terms of how to prevent corruption and unethical actions.

The SHERLOG group's compliance programme comprises:

- The Ethical Code for employees of the SHERLOG Group, a special part of which concerns public procurement;
- The ethical line (ET-LINE), to which anybody can make a report concerning corrupt or unethical actions in connection with the SHERLOG group;
- A set of processes and measures to evaluate corruption risks in accordance with individual segments of activities of the SHERLOG group, its employees and differences on the markets on which the SHERLOG group is active.

The SHERLOG group supports compliance with integrity (i.e. ethics and trustworthiness) in business dealings. All employees of the SHERLOG group will contribute to the programme's implementation; the SHERLOG group's management will actively contribute to its implementation in all its activities and also to checks on compliance with it, in particular compliance with the ethical code.

The compliance programme concerns the whole SHERLOG group, which includes, inter alia, the following companies:

- SHERLOG Technology, a.s.
- SHERLOG NG, a.s.
- SECAR Plzeň spol. s r.o.
- SECAR NORD, spol. s r.o.
- SECAR SILESIA s.r.o.
- SECAR MORAVIA, s.r.o.

(all the aforementioned entities are hereinafter referred to as the “SHERLOG group”).

The main task of the SHERLOG group’s compliance programme is to contribute to the development of an economically-healthy and prospering business. The SHERLOG group accepts social responsibility for its activities regarding the municipalities where is active, its employees, business partners and the wider public.

The compliance programme applies to all employees in the SHERLOG group and to all entities (legal entities and natural persons), primarily consultants, sales representatives and their employees, acting on behalf of or to the benefit of the SHERLOG group or as its representatives. The compliance programme applies also to entities in a position where they could be perceived as acting on behalf of or to the benefit of the SHERLOG group.

The SHERLOG group declares its basic principle and value as being that it cannot tolerate any form of unethical or criminal activities. Any such action is impermissible and is in direct conflict with the basic rules of behaviour of the SHERLOG group and in conflict with its interests and the interests of the SHERLOG group’s management. The SHERLOG group draws the attention of all entities that are subject to this programme to the fact that for the SHERLOG group it is impermissible to tolerate any form of unethical or unlawful conduct that could be attributed to the SHERLOG group or any part thereof, e.g. by the Act on Criminal Liability of Legal Entities. A person not respecting the compliance program, primarily the Ethical Code, cannot be active for the SHERLOG group. The SHERLOG group also does not tolerate direct or indirect offers or the provision of payments, remuneration or other

performance in favour of third parties, with the aim of getting such person to act in conflict with legal regulations or his or her duties and obtaining a business opportunity or benefit for the SHERLOG group in an unfair manner.

For the purpose of the SHERLOG group's compliance programme, corruption is defined as conduct during which there is abuse of a position or office for personal benefit in conflict with the legal order and/or ethical rules, to the detriment of entities in which (or for which) the person engaged in the corruption is active.

### Compliance Programme's Internal Company Rules

One of the basic tools of the SHERLOG group's compliance programme is an Ethical Code for the group's employees, who must undertake to comply with it. The basic principles concern business partners of the SHERLOG group, in particular sales offices and representatives of the SHERLOG group. The SHERLOG group's Ethical Code is based on the requirements of the Transparency International programme. Compliance with the Ethical Code and the rules of professional conduct helps protect the SHERLOG group's good name and reputation.

SHERLOG group employees, as well as other persons related to the SHERLOG group, are provided with a means so that they can raise legitimate fears and complaints in a manner that ensures a full examination and a suitable remedy without any punishment. The Ethical Code contains the following fundamental principles:

- A prohibition against corrupt conduct;
- A prohibition against acting in a conflict of interest;
- Reporting of suspicions of corrupt or unethical conduct;
- Special duties concerning sales for the implementation of the anticorruption programme;
- The principles for sponsoring or gifts for political parties and movements;
- The obligation to disseminate the anti-corruption programme outside the SHERLOG group.

The SHERLOG group prohibits all its employees and members of its bodies from engaging in any conduct whose content is a promise, approval of the provision or actual provision of a bribe or any value, or the provision of an impermissible benefit to an official for the purpose of convincing the person to take any official step that could help the SHERLOG group obtain or retain a business order.

There is also a prohibition against any scheming or other unlawful actions in relation to public or private orders, tenders or tender proceedings. The prohibition applies also to business partners of SHERLOG and a breach of it is a reason for the termination of co-operation.

If an employee or business partner is not certain whether he or she has breached the rules set by this programme and the Ethical Code through his or her conduct, he or she is obligated to consult in advance about how to proceed, by contacting the SHERLOG group's ET-LINE.

### **SHERLOG Group and Employees**

Good employee relations are of key importance for the SHERLOG group. The SHERLOG group has a strong and fixed relationship with all its employees, the basis of which is mutual esteem and respect. The SHERLOG group creates a healthy and good working environment and attempts to continually improve it, provide equal work opportunities without regard to sex, race, skin colour, ethnicity, nationality, religion or other similar characteristics. The SHERLOG group regards it as absolutely impermissible to engage in any discrimination, harassment or other incorrect treatment.

The SHERLOG group respects human dignity, privacy and the personal rights of every employee.

Employees of the SHERLOG group act with the knowledge that the legitimate interests and needs of customers are paramount. They ensure customers' privacy, and treat them in a skilled, polite, honest and objective way.

Data about customers can be obtained, stored and processed only in such a manner that it is possible to retain the right to protection of personality, personal data and a customer's privacy. Employees will ensure the maintenance of confidentiality of information about a customer, so actions leading to the obtaining of information do not bother a customer; they will always explain to a customer the purpose of obtaining information and draw his or her attention to the fact that without the provision of the necessary information it is not possible to properly provide services. Employees can make use of information about customers solely for the purposes and to the benefit of the SHERLOG group.

### **ETHICAL CODE OF SHERLOG GROUP**

1. This Ethical Code applies to all employees, whether in technical and administrative or manual professions, in the management of individual companies and to members of the statutory bodies of the SHERLOG group. Some of its provisions apply to specific groups of employees

(e.g. sales people) or concern entities outside the SHERLOG group (e.g. contractors and sales representatives) in the Czech Republic and in other countries where the SHERLOG group is active.

2. The SHERLOG group insists that its employees and partners comply with the requirements of legal standards, as well as high ethical standards based on honest dealings, trust, transparency, openness, integrity and responsibility.
3. SHERLOG group employees and other persons active for its benefit cannot accept from customers any funds for their benefit or for the benefit of other persons.
4. The SHERLOG group is involved in the Transparency International anti-corruption programme and its employees are obligated to familiarise themselves with this programme's requirements and to continue to act in the spirit of its requirements.
5. General responsibility for the realisation of the SHERLOG group's anti-corruption programme is borne by the board of directors. Its responsibility includes the monitoring and assessment of compliance with the Ethical Code and the SHERLOG group's compliance programme, as well as the introduction of a formal process for dealing with suspicions of corruption.
6. The SHERLOG group completely rejects any corrupt conduct by its employees and prohibits them from engaging in it; in the event corruption is proved against a perpetrator, a claim for compensation for damage that he or she caused to the group will be made, usually his or her contract of employment will be terminated immediately and, in accordance with the statutory duties, the suspicion of corrupt conduct will promptly be reported to the Police of the Czech Republic.
7. The SHERLOG group prohibits any actions by employees in a conflict of interests. SHERLOG group employees cannot participate in supplier and sales relations of the SHERLOG group on the part of suppliers or customers for goods and services in a direct or indirect manner and cannot have any personal benefit from such relations from an entity other than the SHERLOG group. The risk of a conflict of interest results, for example, from the membership of family members or friends in the bodies of companies that are suppliers or customers of group companies, the holding of interests in such companies, will be reported by an employee for preventative reasons to the SHERLOG group's ET-LINE.
8. In the event of a reasonable suspicion of conduct that is grossly unethical or corrupt, or interferes with work safety or environmental protection, or damages the reputation of the SHERLOG group, an employee or everybody who learns of such actions in a credible manner

will report such actions using the SHERLOG group ethical line (ET-LINK). However, petty reports, reports without any evidence or reports that are untrue with the aim of damaging someone personally should not be made. The reporter is fully responsible for such reports and can be penalised with regard to the fact that such reports interfere with trust and standard working relations in the group and, at the end of the day, damage the good reputation of the SHERLOG group and its position on the market.

9. There is a prohibition against direct or indirect retaliatory measures against a person that reported a suspicion of conduct that is in conflict with the aims of the compliance programme. There is a prohibition against conduct that could lead to the frustration of an investigation or the influencing of its results, to the destruction or alteration of evidence, including influencing witnesses.
10. SHERLOG group employees, in particular employees of the sales and marketing department, are obligated to familiarise their external partners, in particular sales representatives and suppliers, with the SHERLOG group's anti-corruption programme, or rather with the parts that concern external partners.
11. SHERLOG group sales people and its sales representatives are obligated to, in the process of assessing business opportunities and negotiations on business cases, take corruption risks into account. This is determined, in particular, by whether a customer is from the public or private sector, what the position of the customer's country of origin is in the global Transparency International corruption rankings and what the method of assignment, ordering services and goods for the SHERLOG group is (tender or approach to one entity).
12. Sales people in the SHERLOG group are obligated to check from public resources available in the media and on the internet whether, in connection with external partners of the SHERLOG group, there are demonstrable corruption cases and take this into consideration when making business decisions, including the option of not initiating or terminating relations with partners where corruption has appeared.
13. As a part of the building of goods relations, in particular in the area of sales, the SHERLOG group arranges for its partners standard services and promotional events, including the option of reimbursement of the costs of a stay by SHERLOG group partners and the provision of presents and gifts. There is, however, a prohibition against arranging for partners unreasonably luxurious accommodation, unethical and expensive entertainment services or giving them gifts whose value is evidently unreasonable. Such conduct is regarded as potential corruption in relation to SHERLOG group partners. In the same way, SHERLOG

group managers and employees, in particular in the sales section, are prohibited from accepting evidently unreasonable services or luxury gifts. In the event such conduct is performed by a partner, a SHERLOG group employee is obligated to report such fact to his superior and one of the members of the board of directors.

14. On some foreign markets officials in the public sector can ask for facilitation payments, which are legal in accordance with the law in such country. There is a strict prohibition against the SHERLOG group providing intermediary payments. The definition of intermediary payments does not include business commissions for partners in the private sector, e.g. based on dealer contracts, licensing contracts or contracts on sales representation.
15. As a socially-responsible group active in the area of security and monitoring technology, the SHERLOG group, in its sponsoring activities, focuses primarily on support for non-profit activities in the regions where its companies are active. They can be sports, cultural, educational or other activities. A special position among them is held by educational activities that support the development of IT studies, which significantly contribute to the national wealth of the Czech Republic, strengthen its export potential and also, over the long term, help deal with the lack of high-quality students.
16. The rule for sponsoring by the SHERLOG group is that sponsoring cannot be tied to the realisation of any business opportunity, whether in the public or private sector. There is a prohibition against the provision of sponsorship gifts that are tied to any business opportunity in the public or private sector. This rule applies, as appropriate, also to gifts to political partners and movements. The SHERLOG group usually publishes its sponsoring activities in the form of a press release and information at its website.
17. The purpose of the Ethical Code is not only its application in the SHERLOG group, but also support for anti-corruption work and honest business in public and in the business sector in the Czech Republic and on foreign markets.

This Ethical Code comes into effect on 5 October 2015.

Updated text of Ethical Code dated 1 September 2019.

**SHERLOG Group Ethical Line (ET-LINE)**

For the purpose of creating a single information channel for the communication of reports on actions that are unethical, corrupt or unlawful, or interfere with occupational safety or environmental protection, the SHERLOG group has created an ethical line, the ET-LINE, where anyone can file a report about the aforementioned conduct in the form of a written notification to the e-mail address **etickalinka@sherlog.cz**

The SHERLOG group clearly prefers that reports are not anonymous, because anonymous reports are, themselves, a risk of unethical conduct or the abuse of the Ethical Line. Nobody, however, is prevented from submitting a report anonymously.

A report is accepted using the SHERLOG group ET-LINK. The acceptance of a report is confirmed to the sender and, within fourteen (14) days the sender is informed how his or her report was handled, or at what stage the solution is. After a report is dealt with, the sender is informed of the result.

The SHERLOG group declares that it takes reports to its ethical line very seriously and supports their submission. This obviously does not apply to reports that are not truthful with the aim of unjustly accusing another person or company. Such report is, of itself, a breach of the Ethical Code and the SHERLOG group's anti-corruption programme, with all the consequences that result from this.

***What a report should contain:***

- The maker's name and position (if he or she wants to state such information);
- The topic that the report concerns (see the definition of unethical conduct or the actual topic);
- The company that the report concerns;
- The person that the report concerns (if he or she specifically exists);
- When the relevant problem arose;
- The report itself.

When filing a report, please proceed in accordance with the company's Ethical Code. Please state information that is truthful, real and undistorted. Any findings of improper actions, the submission of untruthful information or the intentional damaging of other persons could lead to personal punishments.



## QUESTIONS AND ANSWERS

### What is the ET-LINE for?

The ET-LINE monitors reports of unethical, corrupt, dangerous and otherwise risky actions inside the group, centralises them and deals with them. It enables feedback for employees of companies in the SHERLOG group and leads to the resolution of specific complaints or requirements. The ET-LINE thereby increases comfort during co-operation or actual occupational safety, supports legal and ethical behaviour in the organisation and serves as accident prevention and for regular risk evaluations. Emphasis placed on protection of the environment is a no less important part.

### How are filed reports assessed?

Your reports are accepted at the SHERLOG group ET-LINE and are subsequently dealt with and assessed together with the competent persons inside and outside the whole group. Reports are dealt with at a high level in the group's management and this guarantees fair and unbiased assessment of all contributions, regardless of the origin or content.

### How long will it take to get an answer?

The speed of the reply depends on external factors, such as the current number of reports being dealt with, etc. You will receive a reply within one (1) working month of submission.

### Who can file a report?

The ET-LINE is primarily for employees of the SHERLOG group, but reports can be filed by everybody who is interested in the group's good reputation.

### Is a report genuinely anonymous?

Yes, discretion is especially good in situations where, for a specific reason, you are worried about retaliation for the submission of your report. Nobody will try to find out from which IP address an e-mail was sent.

### How do I ascertain the result?

If you filed your report by e-mail, the answer will be delivered to the address from which it was sent. In the event of a need and if you state your identity, a report can be investigated in co-operation with you.

## DEFINITION OF UNETHICAL ACTIONS

Unethical actions are actions that breach the SHERLOG group's Ethical Code, as well as the general idea of morally correct actions. You can contact the management of the ET-LINE with any problem that endangers you, your work, your colleagues, your superiors or the overall running of the company.

### *Forms of unethical behaviour:*

- Direct breach of the laws of the Czech Republic;
- Direct or indirect corrupt actions;
- Physical or mental bullying by other employees;
- Bossing, being ignored, punishments;
- Sexual harassment;
- Pressure on work performance through threats;
- Breaches of personal safety;
- Breaches of occupational safety;
- Work matters (salary justice, working hours, promotion, additional payments, sending on business trips);
- Actions intentionally directed to damaging the group or company's good reputation;
- Breaches of the rules of economic competition;
- Defrauding, appropriation of colleagues' ideas;
- Abuse of powers;
- Theft of company or private property;
- Abuse of corporate property;
- Financial fraud;
- Falsification of contracts;
- Acceptance of bribes;
- Waste and behaviour that is not environmentally-friendly;
- Dissemination of slander and untruthful information, intriguing;
- Dissemination of indiscreet information.