

# ANTI-CORRUPTION POLICY



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## 1. DOCUMENT PURPOSE

1.1. This Anti-Corruption Policy (hereinafter referred to as the Policy) is the basic document of Melon Fashion Group JSC (hereinafter referred to as the Company), defining the core principles and requirements aimed at preventing corruption and observing the applicable anti-corruption laws of the Company by its subsidiaries and affiliates (hereinafter referred to as the SA), members of their corporate bodies, employees and other persons entitled to act on behalf of the Company.

1.2. The Policy has been developed in accordance with the laws of the Russian Federation, the Articles of Association and other internal documents of the Company, with due account for international corrupt practices.

## 2. POLICY OBJECTIVES

2.1. The Policy constitutes the commitment of the Company and its management to high ethical standards of conducting an open and honest business in order to improve corporate culture, follow the best practices of corporate governance and maintain the business reputation of the Company at the proper level.

2.2. The Company sets itself goals as follows:

- To mitigate the risk of involvement of the Company, members of the Board of Directors and employees of the Company, regardless of their position (hereinafter collectively referred to as the Employees) into corrupt activities.
- To develop a uniform expertise of the Company's policy on the rejection of corruption in any forms and manifestations among shareholders, the investment community, counterparties, employees, subsidiaries and affiliates, their members of corporate bodies and other persons.
- To combine and explain the main requirements of the anti-corruption laws of the Russian Federation that can be applied to the Company and Employees.
- To define the obligation of the Company's Employees to know and comply with the principles and requirements of this Policy, the key regulations of applicable anti-corruption laws, as well as reasonable procedures to prevent corruption.

## 3. SCOPE AND RESPONSIBILITIES

3.1. All Employees of the Company must be guided by this Policy and strictly comply with its principles and requirements.

3.2. The Company's CEO is in charge of organizing all activities aimed at implementing the principles and requirements of this Policy, including the appointment of persons responsible for the development of anti-corruption procedures, their implementation and control.

3.3. The principles and requirements of this Policy shall apply to counterparties and representatives of the Company, to subsidiaries and affiliates, their members of corporate bodies and employees, as well as to other persons, where the relevant obligations are covenanted in contracts entered into therewith, in their internal documents or directly appear from the law.

#### **4. APPLICABLE ANTI-CORRUPTION LAWS**

4.1. Russian anti-corruption laws: The Company and all Employees must comply with the regulations of Russian anti-corruption laws, established, inter alia, by the Criminal Code of the Russian Federation, the Code of Administrative Offences of the Russian Federation, the Federal Law *on Combating Corruption* and other regulations, the main requirements of which are the prohibition of bribery, the prohibition of receiving bribes, the prohibition of commercial bribery and the prohibition of mediation in bribery:

- prohibition of bribery, i.e., the provision or promise to provide any financial or other benefit/advantage with the intent to induce any person to perform their official duties improperly;
- prohibition of receiving bribes, i.e., obtaining or agreeing to receive any financial or other benefit/advantage for performing their official duties improperly;
- prohibition of bribery of public officers, i.e., providing or promising to provide (directly or through third parties) a public officer with any financial or other benefit/advantage in order to influence the performance of their official duties to acquire/stay in business or provide competitive or other advantages for a commercial organization;
- prohibition of connivance to bribery, i.e., the absence of reasonable procedures in a commercial organization aimed at preventing the giving or receiving of bribes by persons associated with such an organization in order to acquire or stay in business, to ensure commercial and competitive advantages.

4.2. In Russia and other countries across the world, *corrupt actions* most commonly mean giving or receiving bribes, mediation in giving or receiving bribes, abuse of official position or authority, commercial bribery, facilitation payments, illegal use by an official of their position to obtain benefits in the form of money, valuables, other property,

services, any rights for themselves or for other persons, or illegal provision of benefits or rights to such a person by other persons.

4.3. With this in mind, all Employees of the Company are strictly prohibited, directly or indirectly, personally or through the mediation of third parties, to participate in corrupt actions, offer, give, promise, ask and receive bribes or make facilitation payments in relation to administrative, red tape and other formalities in any form, including in the form of cash, valuables, services or other benefits, to any persons and from any persons or organizations, including commercial organizations, government and self-government bodies, government employees, private companies and their representatives.

4.4. The Company and its Employees must comply with the Russian anti-corruption laws, as well as the laws of the host country, as well as the principles and requirements of the Policy.

## 5. CORE PRINCIPLES

### **Mission of the Company's management**

The members of the Board of Directors, the executive body of the Company and the management of the Company must produce an ethical standard of uncompromising attitude to any forms and manifestations of corruption at all levels, showing by example.

The Company enshrines the principle of rejection of corruption in all forms and manifestations (the zero tolerance principle) in the implementation of daily activities and strategic projects, including in interaction with shareholders, investors, counterparties, representatives of authorities, self-government, political parties, its Employees, subsidiaries and affiliates, their members of corporate bodies, employees and others.

### **Regular risk assessment**

The Company identifies and occasionally updates indicators of corruption risks specific to its activities and potentially vulnerable business processes.

<b>Proportionate anti-corruption procedures</b>	The Company develops and implements reasonable corruption prevention procedures that reasonably meet the identified risks, and monitors compliance therewith.
<b>Due diligence</b>	For cooperation, information about a counterparty shall be sent to the legal department of the Company in order to check for its reputation and the possibility of ethic business conduct.
<b>Information sharing and training</b>	The Company makes this Policy freely available on its corporate website, openly declares its rejection of corruption, welcomes and encourages compliance with the principles and requirements of this Policy by all counterparties, its Employees, subsidiaries and affiliates, their members of corporate bodies, employees and other persons, and contributes to improving the level of anti-corruption education through information sharing and training.
<b>Monitoring and control</b>	The Company monitors the implemented reasonable corruption prevention procedures, monitors compliance therewith and, if necessary, improves them.

## 6. GIFTS AND ENTERTAINMENT

6.1. Gifts and entertainment, including the business one, which Employees are entitled to provide to other persons and organizations on behalf of the Company, or which Employees are entitled to receive from other persons and organizations in connection with their employment by the Company, must meet the whole of the five criteria listed below:

- being directly related to the legitimate mission of the Company, for example, to the presentation or completion of business projects, successful execution of contracts, or to generally accepted holidays such as Christmas and New Year, International Women's Day, memorable dates, anniversaries;
- being reasonable, proportionate and other than luxury articles;
- not representing a hidden reward for a service, action, omission to act, connivance, patronage, granting of rights, making a certain decision on a transaction, agreement, license, permit, etc. or an attempt to influence the recipient for another illegal or unethical purpose;
- not creating reputational risk for the Company, Employees and other persons in case of disclosure of information about gifts or entertainment;
- meeting the principles and requirements of this Policy, other internal documents of the Company and the regulations of applicable laws.

6.2. It is not allowed to make gifts on behalf of the Company, its Employees and representatives to third parties in the form of funds, in cash or through a bank, in any currency.

## **7. CHARITABLE ENGAGEMENT AND SPONSORSHIP**

7.1. The Company does not finance charitable and sponsorship projects in order to obtain commercial advantages in specific projects of the Company and subsidiaries and affiliates.

## **8. POLITICAL ENGAGEMENT**

8.1. The Company does not finance political parties, organizations and movements in order to obtain commercial advantages in specific projects of the Corporation and subsidiaries and affiliates.

## **9. INTERACTION WITH PUBLIC OFFICERS**

9.1. The Company refrains from paying any expenses for public officers and their close relatives (or in their interests) in order to obtain commercial advantages in specific projects of the Corporation and subsidiaries and affiliates, including expenses related to transportation, accommodation, meals, entertainment, PR campaigns, etc., or for them to receive other benefits at the expense of the Company.

## **10. INTERACTION WITH EMPLOYEES**

10.1. The Company requires its Employees to observe this Policy by informing them of the core principles, requirements and sanctions prescribed for violations.

10.2. To form an appropriate level of anti-corruption education, introductory training is conducted with new Employees on the provisions of this Policy and related documents, and information events are held in person and/or remotely for existing Employees.

10.3. Compliance by the Company's Employees with the principles and requirements of this Policy is taken into account for promotion to higher positions, as well as when imposing disciplinary penalties.

## **11. SUBSIDIARIES, JOINT VENTURES, COUNTERPARTIES**

11.1. The Company, within its competence, initiates the implementation of its own anti-corruption policies similar hereto in subsidiaries and affiliates, and also makes reasonable efforts to ensure that the fundamental principles and requirements of this Policy are observed in joint ventures, undertakings and organizations where the Company associates, as well as by its counterparties.

11.2. When associating in a joint venture, undertaking or organization, the Company:

- analyzes information about the reputation of potential partners and members as well as their tolerance to corruption;
- informs them about the principles and requirements of this Policy;
- advocates the adoption of a similar anti-corruption policy in a joint venture, undertaking or organization.

## **12. PAYMENTS THROUGH INTERMEDIARIES OR IN FAVOR OF THIRD PARTIES**

12.1. The Company and its Employees are prohibited from engaging or using intermediaries, partners, agents, joint ventures or other persons to commit any actions that contradict the principles and requirements of this Policy or the regulations of applicable anti-corruption laws.

12.2. The Company ensures that procedures are in place to check intermediaries, partners, agents, joint ventures and other persons to prevent and/or identify the above violations in order to mitigate and suppress the risks of the Company's involvement in corrupt activities.



### 13. RECORDKEEPING AND BOOKKEEPING

13.1. All financial transactions must be accurately, correctly and in great detail reflected in the accounting records of the Company as well as must be documented and available for verification.

13.2. The Company has appointed Employees who are personally liable for the preparation and provision of complete and reliable accounting statements within the time limits established by applicable laws.

13.3. It is strictly prohibited to falsify or fabricate the Company's accounting statements.

### 14. NOTICE OF DEFAULT

14.1. Should any Employee or other persons cast doubt on the legality or ethics of their actions, as well as actions, omission to act or suggestions of other Employees, counterparties or other persons who interact with the Company, they can report this to the Direct Line common and universal feedback channel for Employees and partners of Melon Fashion Group. Everyone can address a proposal, ideas or provide information affecting the Company's processes. You can apply openly or anonymously by phone **(800) 550-75-53** or email **mfg\_directline@kept.ru** or to your immediate supervisor, who, if necessary, will provide recommendations and explanations regarding the current situation.

### 15. REFUSAL OF RETALIATORY ACTIONS AND SANCTIONS

15.1. The Company affirms that no Employee will be sanctioned (including dismissed, demoted, debonused) if they reported an alleged fact of corruption or refused to give or receive a bribe, commit commercial bribery or mediate bribery, including if such refusal resulted in the lost profits or commercial and competitive advantages by the Company and subsidiaries and affiliates.

### 16. AUDIT AND CONTROL

16.1. The Company has the right to conduct internal and external audits of business activities on a regular basis, monitor the completeness and correctness of data presented in accounting records and compliance with the requirements of applicable laws and internal regulations of the Company, including the principles and requirements established by this Policy.

16.2. As part of internal control procedures, the Company verifies the implementation of key business processes, including makes random inspection of the legality of payments made, their economic feasibility, expediency of expenses, including for confirmation by primary accounting documents and compliance with the requirements of this Policy.

## **17. REPORTING**

17.1. The compliance department has the right to occasionally review management reports on the results of work to ensure that the activities of the Company and its Employees comply with the principles and requirements of this Policy and the applicable anti-corruption laws.

## **18. MODIFICATIONS**

18.1. Should insufficiently effective provisions of this Policy or related business processes of the Company be identified or the requirements of the applicable laws of the Russian Federation, the host country of subsidiaries and affiliates or others be changed, the Company shall organize the development and implementation of an action plan to update this Policy and/or business processes.

The Company's management undertakes to timely inform employees about any changes in the requirements and framework of this Policy.

## **19. LIABILITY FOR FAILURE TO PERFORM (IMPROPER PERFORMANCE) OF THIS POLICY**

19.1. Members of the Board of Directors, the Executive Body and employees of all business units of the Company, regardless of their position, are personally responsible for compliance with the principles and requirements of this Policy, as well as for the actions (omissions to act) of their subordinates violating such principles and requirements.

19.2. Since the Company may be sanctioned for the involvement of its Employees, counterparties, subsidiaries and affiliates and other persons into corrupt activities, internal investigations will be initiated for each reasonably justified suspicion or fact of corruption as applicable laws allow.

19.3. Persons guilty of violating the requirements of this Policy may be brought to disciplinary, administrative, civil or criminal liability on the initiative of the Company, law enforcement agencies or other persons in the manner and on the grounds provided for by the laws of the Russian Federation, the Articles of Association, local regulations and employment contracts, as well as in accordance with the applicable regulations of the host country and other similar foreign regulations, if and as applicable.