

## 1. Introduction

The Softline Group of Companies (hereinafter referred to as "Softline") strives to conduct its business transparently and in accordance with the highest ethical standards. This means that Softline's business must always be conducted in strict compliance with all applicable regulations, including those related to bribery, corruption, money laundering, terrorist financing, and trade restrictions. Softline has a zero-tolerance policy against any form of unethical or illegal behavior.

This also applies to Softline's Business Partners, as the behavior of Softline's Business Partners can have serious reputational and legal consequences for Softline. Therefore, conducting appropriate, risk-based due diligence on business partners is a critical part of ensuring Softline's compliance with regulations and maintaining a high level of business reputation.

This Policy sets forth certain requirements and instructions to ensure proper due diligence of Softline's business partners.

## 2. Scope of application

This Policy applies to all Employees in relation to any business relationships or contracts with Business Partners.

## 3. Terms and definitions

All terms defined in this Policy are highlighted in bold. Defined terms used in this Policy have the following meanings.

**Books and records** mean accounts, books, records, invoices, correspondence, papers and other documents that record and reflect the business, transactions and other activities of Softline in written or any other form (including electronic).

**Bribery or bribe** means any direct or indirect offer, promise, giving, request, agreement to receive, acceptance or receipt of any payment, gift or any other valuable advantage (financial or otherwise) to or from any person (including any persons or entities) to induce that person (or any other person) to perform their role improperly or to secure any improper benefit or advantage for Softline or any other person.

**Business partner** – any person who is a counterparty of Softline or acting on behalf of and/or on the instructions of Softline, including suppliers, Clients, consultants, advisors, contractors, distributors, agents, commercial and other intermediaries.

**The Chief Ethics and Compliance Officer** is the Chief Compliance Officer.

**Corruption** means any act done with the intent to obtain an undue advantage inconsistent with official duties; the misuse of a station or office to obtain any advantage for oneself or for someone else contrary to official duties.

**Client(s)** are individuals or companies that purchase goods or receive services from Softline.

**Director** means any member of the board of directors, governing board of a corporation, or other corporate governing body.

**Due diligence** means a process carried out to assess risk by collecting, analysing, managing and monitoring information about an actual or potential business partner.

**Employee** – a manager, Director, employee, worker or director hired by Softline on a permanent basis or under a fixed-term employment contract, civil law contracts, including any Softline agency workers, temporary workers, periodically engaged workers, part-time workers, and interns.

**Money laundering** refers to the process used by criminals to "cleanse" the proceeds of illegal activity. Money is laundered by passing it through legitimate businesses or activities, including routing the money through various countries, while the nature of the illegal activity or financial transaction, as well as the source, origin, and/or ownership of the funds, are concealed.

**A public official** includes any of the following characteristics:

- a public servant or any person authorized by law to perform any public function;
- an elected or appointed official;
- an employee or official of state and/or local government bodies, including, but not limited to, educational, medical and military institutions, law enforcement and customs agencies, tax and immigration services, organizations that issue state licenses, sanctions and permits;
- an employee or official of a company, enterprise, agency, business organization or legal entity that is wholly or partly owned or controlled by a government;
- an employee or official of an international organization, including, but not limited to, the United Nations, the International Olympic Committee, the International Committee of the Red Cross and Red Crescent;
- leader and activist of a political party;
- candidate for political office;
- members of royal families;
- honorary civil servants; and
- other persons holding any legislative, administrative, military or judicial office.

**Trade restrictions** means applicable restrictive measures, including prohibitions or restrictions on trade or movement of goods, products or services.

**Softline Group of Companies (Softline)** – Softline PJSC and affiliated entities listed in the corporate information disclosure list on the Interfax website.

**Terrorist financing** means financing or providing financial support to terrorist acts, terrorists and terrorist organizations.

## 4. Responsibilities

### 4.1 Responsibilities of Employees

Employees are required to:

- read, understand and comply with this Policy and any other documents aimed at its implementation;
- Always demonstrate ethics, integrity and responsibility and expect the same from others;
- direct any questions, concerns, or any known or suspected violations of this Policy to the Chief Ethics and Compliance Officer or through the channels described in the Whistleblower Policy;
- undergo training as needed in Softline.

## 4.2 Responsibilities of Managers

In addition to the above, managers are responsible for ensuring that Employees comply with the requirements and instructions set out in this Policy and undergo training (if necessary).

## 4.3 Ethics and Compliance Unit / Responsibilities of the Chief Ethics and Compliance Officer

Compliance function / Director of compliance:

- is obliged to annually review and, if necessary, update this Policy and any other documents aimed at its implementation;
- shall be obliged to organize training and education for all relevant Employees upon hiring and as determined by Softline, but not less than once a year, and to ensure that all Employees successfully complete such training and education;
- is responsible for the implementation of this Policy;
- is obliged to report to the Board of Directors of Softline any actual or suspected violations of this Policy or any Trading Restrictions as soon as possible;
- is obliged to provide Employees, Business Partners and Clients with advice and support on matters of compliance with this Policy and relevant legislation.

## 5. General Provisions

### Step 1: Understanding our business partners and customers

Understanding Softline's Business Partners and Clients is key to helping Softline manage legal and commercial risks. Softline cannot do business with an anonymous or shell company, or with any Business Partner or Client who is not clear and transparent.

To understand who our Business Partners and Clients are and the level of risk they pose, we must conduct appropriate due diligence before entering into any business relationship with them. Where possible and appropriate, Employees are expected to conduct the following checks:

Obtain key information about the company from a potential Business Partner or Client. This may include:

- company name, parent company details (if applicable), company registration number, tax number and website URL;
- registered office address and head office address (if any);
- a copy of the registration certificate (if available);

- official extract from the register of companies (or equivalent) (if applicable);
- company charter (if applicable);
- names of directors (if applicable);
- list of founders/owners/ultimate beneficial owners of the company;
- contact details of the person you are communicating with;
- a list of persons authorized to sign documents on behalf of the company and corporate documents/powers of attorney confirming these rights (if applicable);
- financial statements and audit reports for the last two years (cash flows, balance sheet and income statement);
- payment address/delivery address of the order, if different from the head office address;
- payment details, including the full name and address of the Business Partner's bank, as well as the details of its account; and
- confirmation on behalf of the Business Partner that all the information required above is true and accurate.

Know and verify the true identity of the Business Partner using reliable and independent sources, documents, data or information.

If the Business Partner or Client is a company, identify and confirm its ultimate beneficial owners.

If necessary, perform a credit check on the Business Partner or Client.

Become familiar with the nature and history of the Business Partner or Client.

Identify the source or purpose of the use of funds by your Business Partner or Client.

Information may be obtained from a potential Business Partner or Client, online, in third-party databases, through credit checks, and through general market knowledge. When performing these checks, Employees must record the steps they took, the information they gathered, and the sources of that information. Any information not obtained must be clearly identified, along with the steps taken to obtain it.

All records shall be kept in appropriate books and records in such form as the Chief Ethics and Compliance Officer may require or, in the absence of a prescribed form, in a form that ensures accuracy and completeness.

If an Employee is notified or becomes aware of a material change in information relating to the relevant Business Partner or Client, its controlling parent company or its subsidiaries (or previously received information is found to be inaccurate or incomplete), the information must be reviewed and, if necessary, updated in the relevant Accounting Books and Records.

## Step 2: Check for Trading Restrictions

Employees must conduct background checks on all potential Business Partners and Clients for Trade Restrictions. This screening should be conducted through online searches and analysis of information obtained during Business Partner or Client background checks. Additionally, Employees should utilize any third-party screening tools available to Softline.

Employees must keep a written record in books and registers of the results of the inspection for Trade Restrictions.

In the event that a potential Business Partner or Client is subject to Trading Restrictions, the procedure for interaction with such person established by the Chief Ethics and Compliance Officer/Ethics and Compliance Unit must be followed before initiating or continuing the relationship.

In addition, Employees must comply with the Trade Restrictions Policy, which sets out additional requirements and instructions to prevent any violations of Trade Restrictions.

### Step 3: Determining the Need for Enhanced Due Diligence

After completing steps 1 and 2 above, Employees should assess the overall level of risk posed by the potential Business Partner or Client to determine whether enhanced due diligence is required.

The information required to conduct this risk assessment should be based on information obtained from the Business Partner or Client, internet searches, third-party verification databases, and general market knowledge. Employees should maintain records in the appropriate accounting books of the steps taken to assess the risks associated with a potential Business Partner or Client.

The risk associated with a potential Business Partner or Client should be assessed in accordance with the following:

- Red Flags: Is there anything unusual, suspicious or otherwise about a potential Business Partner or Client that could raise concerns related to Money Laundering, Terrorist Financing, Bribery and/or Corruption;
- Geography: Is the Business Partner located in a country perceived as high-risk for bribery and corruption, or is the underlying transaction otherwise related to one?
- Services: Are the services the Business Partner will provide perceived as high-risk?

Enhanced due diligence may also be required in other cases, depending on the specifics of a particular transaction.

### **Red flags**

Bribery and Corruption come in many different forms and further background information can be found in the Anti-Corruption Policy.

If an Employee learns of or suspects anything unusual, suspicious or otherwise regarding a Business Partner or Client that may raise concerns related to bribery and/or corruption, this should be considered a red flag.

Red flags include, but are not limited to:

- any conduct prohibited by the Anti-Corruption Policy;
- an unusually high price offered for goods or services provided;

- commission schemes or payment requests that are unusual or opaque (e.g., requests to send payments to an uninvolved third party, requests to make payments to a foreign bank account);
- history of problems related to bribery or corruption;
- rumours that a Business Partner or Client is or has been involved in bribery or corruption;
- unclear ownership structure, no office or work address;
- registration of an organization at addresses of mass registration of legal entities;
- involvement of government officials in a potential Business Partner or Client or in a relevant transaction;
- offers from a Business Partner or Client to make payments (not provided for by law), give gifts, provide entertainment or hospitality to government officials;
- the contract is planned to be implemented by additionally involved third parties (subcontractors);
- where the Business Partner or the Client proposes not to enter into a written agreement, or where there is otherwise a lack of visibility or clarity regarding the Business Partner's actual services or how they operate;
- if the Business Partner or the Client makes one of the following demands: payment of commissions to other third parties; payment of commissions
- cash or other untraceable funds; and/or payments of commissions to accounts in foreign banks or unidentifiable companies;
- if the Business Partner relies heavily on contacts rather than experience to win business, or otherwise has a demonstrable lack of the skills or resources necessary to provide the services it offers;
- when payments are made or intended to be made from any tax haven or offshore jurisdiction that is considered to be of high risk in terms of Money Laundering or Terrorist Financing;
- When a proposed Business Partner or Client refuses to provide requested verification information or include any legal provisions related to bribery and corruption in the contract. If one or more red flags are identified regarding the Business Partner or Client, enhanced due diligence will be required.

## **Geography**

Bribery and corruption are considered more likely in certain locations. Please contact the Ethics and Compliance Department to determine whether enhanced due diligence is required due to the location of the Business Partner.

## **Services**

The type of services a Business Partner provides to Softline affects the level of risk that may be associated with such a Business Partner. A Business Partner who is a distributor, agent, or partner will require enhanced due diligence.

## **Step 4: Conducting enhanced due diligence (if necessary)**

Where enhanced due diligence is required, it will typically include the following steps, as appropriate and depending on the nature and extent of the risks identified:

- request additional information from a potential Business Partner or Client to address specific concerns;

- if the potential Business Partner or Client is a company, obtain its full corporate profile and history;
- if an individual, obtain his or her full employment history/resume and request character and professional references;
- Conduct a search for litigation and criminal records;
- If necessary, contact trusted third-party business partners and other sources in the same sector or region to obtain their views;
- consider conducting a personal site visit and/or interview with a potential Business Partner or Client.

Softline can also instruct specialist consultants to assist or conduct enhanced due diligence on our behalf. The Chief Ethics and Compliance Officer can arrange this where necessary.

In all cases where enhanced due diligence is required, the Chief Ethics and Compliance Officer must be notified so that he or she can advise on what further steps should be taken or any specific controls that should be implemented to mitigate, prevent or remediate any risks or issues (if necessary, in consultation with the Legal Department or external counsel).

## Step 5: Formalizing the relationship

Upon successful completion of the previous steps, the relationship with the Business Partner or Client can be formalized. This involves formalizing the business relationship through a written agreement (contract) that:

- clearly defines the goods or services and the procedure for their remuneration;
- provides that payments are made only from a bank account opened in its country;
- includes appropriate contractual protections;
- includes provisions requiring the Business Partner or Customer to comply with our Anti-Corruption Policy.

## Step 6: Continuous monitoring

It's not enough to ensure there are no red flags at the outset of a new relationship. It's important for Employees to remain alert to the risks associated with Business Partners and Customers and, if necessary, conduct periodic reviews to ensure these risks remain unchanged. The frequency and nature of these reviews should be based on the overall risk level.

However, you must re-evaluate the relationship in any circumstances where a new red flag is identified, you become aware of incorrect or incomplete information received regarding a Business Partner or Customer, and before any renewal or change to your relationship (for example, when they will provide additional or new services).

## 6. Reporting violations

Any Employee who becomes aware of a violation of this Policy or any other event or circumstance that results in an actual or suspected violation of applicable laws on bribery, corruption, money laundering, terrorist financing and trade restrictions by any Business Partner or Customer is obligated to escalate the matter in accordance with the Whistleblowing Policy.



Softline's senior management will provide full support to any of its Employees who report any concerns in good faith in accordance with the Whistleblower Policy. Retaliation resulting from a good-faith report is unacceptable, and Employees and Business Partners will not be penalized for making a good-faith report (even if their concerns prove unfounded). Those who retaliate for reporting a violation in good faith are subject to disciplinary action.

## 7. Liability for violation of this Policy

If Softline becomes aware of any violations of this Policy, or any events or circumstances that lead to an actual or suspected violation of applicable laws on bribery, corruption, money laundering, terrorist financing, trade restrictions by Business Partners or Customers, Softline will initiate an internal investigation and, if necessary, involve law enforcement and other competent authorities.

All Employees are responsible for compliance with this Policy and any other documents aimed at its implementation. Failure to comply with this Policy is grounds for disciplinary action, including termination.

Any questions regarding this Policy may be directed to the Chief Ethics and Compliance Officer or sent by email to [compliance@softline.com](mailto:compliance@softline.com).

**Vladimir Lavrov,**  
**CEO of the Softline Group of Companies**