

“KNOW YOUR COUNTERPARTY” (KYC) POLICY

Adopted on 6 April 2016
Revised and approved by the Board
on 21 March 2018

I. Application

This “Know Your Counterparty” (KYC) policy (the **Policy**) applies to Borets International Limited, its subsidiaries, affiliates and branches worldwide (together, the **Borets Group** and each a **Borets Company**).

This Policy is in addition to any credit checks or other creditworthiness analyses that Borets Group policies may require to be performed in connection with an agreement or transaction. The Policy applies to participants with whom a Borets Company enters into a joint venture, a consortium or a shareholder’s agreement and to potential customers, suppliers, agents, representatives and other contract counterparties (each, a **Counterparty**).

The Policy sets out KYC document requirements that apply to each region where the Borets Group currently operates and to Counterparties that are located in those regions. In each case, the relevant Country Manager (as defined below) shall also look to and comply with the KYC document requirements for the relevant region.

The Policy also sets out the KYC document requirements that apply to new regions where Borets is developing business opportunities and to Counterparties that are located in those relevant regions. In each case, the relevant Business Development Manager (as defined below) shall also look to and comply with the KYC document requirements for the relevant region.

II. Exceptions

This Policy does not apply to state-owned or public companies and organizations, except for the provisions under “VIII. US and EU Sanctions; Export Control Laws” and the provisions of “Annex A – Monitoring signs of Anti-Money Laundering (AML) when applying KYC Policy “- *Politically exposed person (PEP)*” and “- *Related parties and their affiliates*”.

This Policy does not apply to any non-binding preliminary agreements, such as term sheets, memoranda of understanding, letters of intent or similar type of agreements, as well as to confidentiality and non-disclosure agreements (each, a **Preliminary Agreement**), except as provided below under (i) “V. Required Documents – *Preliminary Agreements and Small Transactions*” and (ii) “VIII. Sanctions and Export Control Laws”, in respect of entities connected with certain sanctioned countries and sanctioned entities.

This Policy does not apply to transactions or agreements the value of which does not exceed US\$150,000 per transaction or agreement or where the total value of the transactions or agreements with that Counterparty in any one 12 month period does not exceed **US\$150,000** (together **Small Transactions**), except as provided below under “V. Required Documents – *Preliminary Agreements and Small Transactions*”. A different Small Transactions threshold may be established for separate Regions.

Whilst there are some exceptions as noted above, reasonable and appropriate measures should always be taken to understand the identity of Counterparties (and their beneficial ownership) to make an informed assessment of any reputational or ethical risks associated with entering into any contemplated business arrangement.

III. Purpose

Why Borets has a KYC Policy

Know Your Counterparty, or KYC, is a business practice which standardizes the process of identifying and verifying the identity of our Counterparties.

Borets Group companies will identify and verify the identity of their proposed Counterparties to ensure that: (a) business may be undertaken with the proposed Counterparty in compliance with applicable laws, regulations and other legal obligations including anti-money laundering and anti-bribery controls and international sanctions; and (b) we can assess the financial, operational, reputation, political and other risks associated with undertaking business with the proposed Counterparty.

KYC Process

Borets Group companies will, before undertaking business with a proposed Counterparty: (i) obtain all relevant counterparty identifying information; (ii) review such information against appropriate data bases (internal and external) to ensure that business may be lawfully undertaken with the proposed Counterparty; (iii) document the finding and conclusions of such review; and (iv) record the relevant corporate approval given in respect of undertaking business with the proposed Counterparty.

The KYC Policy shall be implemented through due diligence procedures which include:

- Obtaining background information on potential Counterparties including beneficial ownership;
- Performing appropriate screening;
- Evaluating the business reputational issues which may be associated with entering into relationships with a potential Counterparty, and documenting the reasons for concluding that the risks are acceptable; and
- Detecting, identifying and protecting against violations of applicable laws pertaining to anti-corruption, anti-money-laundering, applicable sanctions regimes, export controls and other similar measures and restrictions (the “**Laws**”). The Monitoring Signs for Anti-Money Laundering when applying this Policy are attached in Annex A.

IV. Implementation of Policy

New Counterparties

In considering whether to enter into a joint venture, shareholder agreement, representation, agency, consultancy or other agreement, or upon the receipt of an order from a new customer, or the placing of an order with a new supplier, the identity of the Counterparty should be verified based on the procedures described in this Policy and specifically the region-relevant schedules hereto (Schedules 1 to 7).

Existing Counterparties

Each existing Counterparty which has a commercial relationship with the Borets Group as of the date of this Policy, and for which KYC has not previously been performed to date in the manner set out in this Policy, shall be subject to the KYC procedure set out herein. The initial KYC review of existing

Counterparties under the version of the Policy adopted in April 2016, was certified by the Country Managers as having been completed in March, 2017. Subsequent KYC reviews shall be conducted on a periodic basis as set out below.

In addition to the information to be gathered regarding the Counterparty, transactions and Counterparties, both existing and new, shall also be screened for compliance with Laws. The Compliance Officer will assist in this screening process.

Who performs KYC – Regions in which Borets Currently Operates

KYC documentation required by this Policy shall be collected by the relevant Borets Company. The General Director/General Manager (**Country Manager**) of the Borets Company which proposes to enter into an agreement with a third party is responsible for collecting KYC documentation and, during this process, for evaluating, documenting, and deciding the acceptability of a Counterparty considering this Policy and applicable Laws.

The Country Manager shall send the following documents to the Compliance Officer:

- Completed set of KYC documents required by Schedule 1 to 7, as is relevant for the region or Counterparty.
- At the discretion and request of the Compliance Officer, a translation to either English or Russian (depending on the language requested) of the KYC documents, which are not in English or Russian.
- A report from the Country Manager containing a summary of the information uncovered during the KYC process, including:
 - Any difficult or grey areas with the KYC process
 - Any red flags
 - Confirmation that all checks required by this Policy have been done and when
 - When the transaction or agreement is due to be put in place
 - Recommendation as to whether the Counterparty should be accepted or not

The Compliance Officer shall review these items and advise the relevant Country Manager whether the KYC process has been completed fully and whether or not the Counterparty has been accepted.

Who performs KYC – Regions in which Borets Does Not Operate

KYC documentation required by this Policy shall be collected by the relevant Business Development Manager (**Business Development Manager**) who is responsible for the development of the Borets Group's business in any region where there is no Borets Company or Country Manager. The Business Development Manager is responsible for collecting KYC documentation and, during this process, for evaluating, documenting, and deciding the acceptability of a Counterparty considering this Policy and applicable Laws. The appropriate Borets Company to enter into an agreement with the Counterparty shall be determined by the Legal and other relevant departments of the Borets Group's Head Office.

The Business Development Manager shall send the following documents to the Compliance Officer:

- Completed set of KYC documents required by Schedule 1 to 7, as is relevant for the region or Counterparty.

- At the discretion and request of the Compliance Officer, a translation to either English or Russian (depending on the language requested) of the KYC documents, which are not in English or Russian.
- A report from the Business Development Manager containing a summary of the information uncovered during the KYC process, including:
 - Any difficult or grey areas with the KYC process
 - Any red flags
 - Confirmation that all checks required by this Policy have been done and when
 - When the transaction or agreement is due to be put in place; and
 - Recommendation as to whether the Counterparty should be accepted or not.

The Compliance Officer shall review these items and advise the relevant Business Development Manager whether the KYC process has been completed fully and whether or not the Counterparty has been accepted.

The Business Development Manager may determine, or the Compliance Officer may recommend, that an outside professional corporate due diligence service provider (**Service Provider**) be retained in order to obtain an acceptable level of KYC information relating to a proposed Counterparty and its beneficial owners in regions where the Borets Group does not currently operate. In such case, the scope of work of the Service Provider shall be determined in consultation with the Compliance Officer and the fees to be charged by the Service Provider shall be approved as part of the regional business development budget following established Borets procedures.

When is KYC performed

The KYC procedure is performed and must be completed prior to executing an agreement or entering into a transaction with a third party. No Borets Company shall enter into such transactions before it receives written confirmation from the Compliance Officer that the KYC process has been successfully completed and that the proposed Counterparty is acceptable. This written confirmation from the Compliance Officer shall be reflected on the Approvals List for Contract Documents under the Procedure for Approval of Contracts (July 2016) adopted by the Borets Group (as the same may be amended from time to time, the **Procedure**), if the Procedure applies to a particular contract or transaction. If the Procedure does not apply, the Compliance Officer shall communicate his or her confirmation by other written means.

Because information received in a KYC review from a prospective or existing Counterparty can become outdated quickly, after the initial KYC, the due diligence shall be performed periodically, depending on the type of relationship with a Counterparty.

- For Joint Venture partners and parties to shareholder agreements, KYC shall be performed once **every 12 months** from the date that the KYC process was commenced in the previous year.
- For suppliers and purchasers of goods or services from a Borets Company (a **Supplier/Purchaser**), KYC shall be performed once **every three years** from the date that the KYC process was commenced three years before.
- For all other Counterparties, KYC shall be performed once **every two years** from the date that the KYC process was commenced two years before.

In connection with the rescreening process, the Country Managers, Business Development Managers and any other person described in this Policy shall send the following documents to the Compliance Officer:

- Updated versions (if applicable) of any KYC documents required by Schedule 1 to 7, as is relevant for the region or Counterparty.
- At the discretion and request of the Compliance Officer, a translation to either English or Russian (depending on the language requested) of the updated KYC documents, which are not in English or Russian.
- A report from the Country Managers, Business Development Managers and any other person described in this Policy containing a summary of the information uncovered during the KYC rescreening process, including:
 - Any difficult or grey areas with the KYC process
 - Any red flags
 - Confirmation that all checks required by this Policy have been done and when
 - When the transaction or agreement is due to be put in place, if applicable; and
 - Recommendation as to whether the Counterparty should continue to be accepted or not.

The Compliance Officer shall review these items and advise the relevant Country Managers, Business Development Managers and any other person describe in this Policy whether the KYC rescreening process has been completed fully and whether or not the Counterparty may continue as a counterparty for the relevant Borets Company.

If the Compliance Officer determines that the Counterparty should not continue, he or she shall advise the Legal Department as soon as practicable to ensure that appropriate steps are taken to terminate any extant contractual relationships between the rejected Counterparty and the relevant Borets Company.

In the interim between review periods, Country Managers, Business Development Managers and any other person described in this Policy, with the assistance of the Compliance Officer, are expected to maintain awareness regarding their Counterparties, including monitoring news, sanctions lists and publicly available information regarding the Counterparties and their beneficial owners and should institute a formal review whenever new information comes to light which may indicate that the acceptability of a Counterparty has changed. The Legal Department shall also be advised by the Country Managers, Business Development Managers and any other person described in this Policy as soon as practicable in the event of any material changes in the status of a current Borets Company Counterparty.

Where an agreement or relationship has terminated or become inactive, in the event of a renewal or revival of the agreement or transaction where a period of **over 12 months, 2 or 3 years**, as the case may be, has elapsed since the last KYC review of that Counterparty, KYC shall be updated at again before the Borets Company recommences business dealings with that Counterparty.

The Country Manager at each Borets Company, the relevant Business Development Manager and any other person described in this Policy is responsible for ensuring that the KYC process is followed and complied with at the local level and the Compliance Officer is responsible for promptly reviewing the KYC documents forwarded to him or her by the Country Manager, the relevant Business Development Manager and any other person described in this Policy and informing the Country Manager, the relevant Business Development Manager and any other person described in this Policy of the result of the review.

Should any issues arise in the KYC process which the Compliance Officer is unable to determine him or herself, the matter shall be referred to joint consultation between the Audit Committee and management (CEO or COO) (**Management Consultation**). Management Consultation shall occur as often as is required and shall be convened by teleconference.

In the event that Management Consultation is required, the Compliance Officer shall email the Company Secretary (m.pham@global.borets.com) setting out the matter to be referred for determination by Management Consultation. The Company Secretary shall notify the members of the Audit Committee and arrange Management Consultation as soon as practicable of receiving such notice. At least two members of the Audit Committee must attend any Management Consultation, and the decision whether or not to proceed with a matter/counterparty or potential counterparty shall require unanimous approval of the group. The Compliance Officer shall be notified of the outcome following Management Consultation.

The Country Manager, the relevant Business Development Manager and any other person described in this Policy shall monitor which Counterparty is required to be re-screened. The Compliance Officer shall also maintain this information and make enquiries periodically within his or her discretion to check that Counterparties are being rescreened periodically.

Failure to perform the KYC process with respect to a subject agreement or transaction is strictly prohibited and may result in disciplinary action, dismissal, or other serious measures being taken.

Special Circumstances – One-Off Orders, Suppliers, and Local Subsidiaries of State-Owned and Public Companies

Where a potential Counterparty approaches the Borets Group with a one-off purchase order or other inquiry regarding a potential product purchase transaction, the KYC process will be implemented by the Head Office in Moscow under the coordination of the Director for Business Planning and shall follow the procedure outlined under *“Who performs KYC – Regions in which Borets Does Not Operate.”*

In relation to suppliers only, if a Country Manager or the Vice President for Regional Development responsible for procurement considers that a transaction with a supplier is urgent and it is impracticable to obtain KYC information and carry out the required KYC processes in this Policy, then the Country Manager or the Vice President for Regional Development responsible for procurement shall have discretion to enter into a transaction with a supplier without having carried out the requisite KYC, provided that he or she shall have informed the Compliance Officer of this intention in writing prior to entering into the transaction. The Compliance Officer shall inform the Country Manager or the Vice President for Regional Development responsible for procurement of the KYC to be performed after entering into the transaction.

Where the Counterparty is a local direct or indirect subsidiary of either (i) a state-owned or public company or organization, or (ii) a parent company that has already undergone the KYC process under this Policy, the KYC process does not need to be repeated for the subsidiary; provided, however, the subsidiary, particularly if it is not wholly-owned, directly or indirectly, by the parent company, shall still be reviewed under the provisions of “VIII. Sanctions and Export Control Laws” and the provisions of “Annex A – Monitoring signs of Anti-Money Laundering (AML) when applying KYC Policy “- *Politically exposed person (PEP)*” and “- *Related parties and their affiliates*””.

V. Required Documents

1. Preliminary Agreements and Small Transactions

Each Country Manager, Business Development Manager or any other person referred to herein who is responsible for implementing this Policy at the Borets Company level, including at Borets Companies located in Russia, shall obtain the following minimum level of information from Counterparties who enter into Preliminary Agreements and Small Transactions.

The minimum level information is:

- The name of the relevant Counterparty
- its address
- its jurisdiction of incorporation
- If the Counterparty is a corporation, the Counterparty should provide a certificate of incorporation or equivalent local document.
- Beneficial ownership of the entity

2. All Other Agreements or Transactions Subject to this Policy

Schedules 1 to 7 hereof set out the KYC documents which are required from Counterparties in regions and jurisdictions where Borets currently operates. KYC documents listed in the Schedules shall not be required for Small Transactions.

To the extent that any Counterparty requires a license or other governmental consent or approval, or if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company, a copy of such license, consent or approval should be requested and kept on file.

Due care should be exercised in obtaining the information listed in the Schedules in order to comply with all applicable personal data protection laws as enacted in each relevant jurisdiction.

In addition, for every Counterparty, including those Counterparties who are proposing to enter into a Preliminary Agreement or a Small Transaction, the Country Manager, Business Development Manager or any other person referred to herein should also perform an internet search on the Counterparty to obtain whatever relevant information about it may be present in the public domain in order to make an informed assessment of the acceptability of the Counterparty. The results of the internet search shall be reported by the Country Manager, Business Development Manager or any other person referred to herein in writing to the Compliance Officer.

In the event that a Counterparty fails to provide an item of documentation called for under this Policy, and provided (i) that no negative information has been identified based on an internet search relating to the Counterparty and (ii) taking into account the guidance under "VI. Issues to Look Out for During KYC Review," the Compliance Officer may be able to make a decision on whether to recommend that the Borets Company enter into an agreement or transaction with the Counterparty based on the other information provided in the Country Manager's, Business Development Manager's or any other person's referred to herein report and KYC documents.

VI. Issues to Look Out for During KYC Review

The following guidance should be applied in identifying potentially problematic Counterparties or transactions.

A Country Manager, Business Development Manager or any other person referred to herein should be on guard if:

A customer or agent

- Is reluctant to provide end-use/user information
- Is willing to pay cash for high-value shipments
- Has little background or history in the relevant business
- Appears unfamiliar with the product or its use
- Declines normal warranty/service/installation

- Orders products/quantities incompatible with the relevant business
- Provides vague delivery dates or locations

A shipment involves

- Freight forwarder designated as consignee/end-user
- Intermediate consignee's business or location incompatible with end-user's
- Shipments directed to trading companies, freight forwarders, or companies with no connection to buyer
- Requests for packing inconsistent with normal mode of shipping
- Choice of circuitous or economically illogical routing, or through multiple countries

The end-user requests

- Equipment inconsistent with inventory
- Spare parts in excess of projected needs
- Performance/design specs incompatible with resources or environment
- Technical capability/end-use incompatible with consignee's line of business
- End-use at variance with standard practices
- Middleman from third country to place order
- Refuses to state whether goods are for domestic use, export, or re-export

Please also refer and have regard to the Monitoring Signs for Anti-Money Laundering set out in Annex A, which deals with bribery, corruption and politically exposed person (PEP).

VII. Issues Arising During KYC Review

Should the Country Manager, Business Development Manager or any other person referred to herein have any questions regarding the KYC process, encounter any difficulties in obtaining the documents or information specified above, or if any of the gathered or generally publicly available information regarding a Counterparty raises any questions or issues, for example, in the area of the Borets Company's need to comply with applicable sanctions regimes or internal policies, the Compliance Officer should be contacted to address these concerns and discuss what additional steps may need to be taken or additional information obtained in order to resolve them. This must be done before a contractual relationship (including a Preliminary Agreement) is entered into by a Borets Company.

The Compliance Officer can be contacted:

Michelle Pham

Tel: +44 207 486 1665

Email: m.pham@global.borets.com

The following Legal Officers of the Borets Group can also be contacted and should always be contacted in the case of any issues arising with respect to the sanctions on a particular Counterparty or with respect to a particular transaction:

Sergey Pustovalov

Irina Skidan

Tel: +7.495.660.21.90, ext. 5006

Tel: +7.495.660.21.90, ext. 5097

Email: pustovalov@corp.borets.ru

Email: skidan@corp.borets.ru

Upon receipt of the KYC information described above, each Borets Company shall create and maintain a file for each Counterparty and shall forward the documents set out in "IV. Implementing the Policy –

Who performs KYC” to the Compliance Officer. The Compliance Officer will advise the relevant Borets Company as to the acceptability of the proposed Counterparty, and if the Borets Company may proceed with the transaction.

Any Counterparty who has violated the law, or who has a past reputation for unethical or corrupt conduct, is disqualified from entering into agreements with a Borets Company.

Other Issues

If any Counterparty is reputed to be “well-connected,” it should be carefully reviewed in the KYC process (particularly having regard to Annex A – *Politically exposed persons*) to gain reasonable assurance that it will not engage in improper or questionable practices when performing under an agreement with a Borets Company. This is particularly relevant with respect to potential Joint Venture partners, who should be subjected to the highest level of scrutiny to ensure appropriate business reputation and standing and lack of exposure to political or other liability.

For all cases where a prospective Counterparty is not a Joint Venture partner, should it prove not to be possible to obtain ownership information in respect of a prospective Counterparty, the Country Manager may be permitted by the Compliance Officer to obtain a certificate in the form of Annex B attached hereto, certifying that the stakeholders/beneficial owners have no criminal record, are not politically exposed persons or included on any sanctions list or list of specially designated nationals.

The certificate shall be executed by a duly authorized representative of the Counterparty who shall provide the Borets Company with evidence of his authority to make representations on behalf of the Counterparty.

For the avoidance of doubt, the Country Manager, Business Development Manager and any other person referred to herein should use his or her best endeavours to obtain ownership information in respect of a prospective Counterparty and to keep to a minimum the situations in which a certificate in the form of Annex B is obtained.

Joint Venture partners

The use of Annex B is not permitted in the context of potential Joint Venture partners.

VIII. Sanctions and Export Control Laws

Prior to entering into a contractual relationship with a Counterparty, the identity of the Counterparty, its beneficial owners and the nature of the transaction itself should be screened against any applicable U.S. and E.U. sanctions, as well as any applicable export control regulations. Orders from new Counterparties will not be accepted until the Counterparty and the transaction have been screened against U.S. and E.U. sanctions and applicable export control laws.

Borets has a separate Sanctions Policy, which employees and consultants with a role or responsibilities relevant to sanctions/trade control should refer to.

The main U.S. sanctions list is available at:

http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx

The main E.U. sanctions list is available at:

<http://www.consilium.europa.eu/en/policies/sanctions/ukraine-crisis/>

Please note that sanctions lists are updated periodically. The most recent version of each sanctions or export control list should be consulted in connection with evaluating a potential contractual relationship or transaction with a Counterparty.

Counterparties organized in countries that are subject to high levels of trade and commercial sanctions, such as but not limited to, Iran and North Korea, are subject to particularly high levels of scrutiny and decisions on whether to engage with a Counterparty located in (or whose beneficial owners are citizens or residents of) such a jurisdiction should be taken on a case-by-case basis, with Management Consultation. The Country Manager, Business Development Manager and any other person referred to herein should take all due care to protect the reputation of the Borets Group in connection with any such transaction and shall obtain beneficial ownership information for such Counterparties in order to perform a sanctions check, even before entering into Preliminary Agreements.

Please also note that sanctions may not apply to all Borets Companies in the same way. If there are any questions as to whether sanctions or export control regulations are applicable to a particular Borets Company or Counterparty, please contact a Legal Officer and refer to the Sanctions Policy.

End User Forms

In screening the Counterparty or transaction for purposes of its compliance with Laws, the General Director/General Manager of a Borets Company, the Business Development Manager and any other person referred to herein shall collect end-user information by having the Counterparty certify as to the end-use of the ESP equipment being acquired from a Borets Company.

The End User Form shall contain the information specified in **Annex C** hereto and shall be executed by a duly authorized representative of the Counterparty.

IX. Training and Distribution

Training and a copy of this Policy will be provided to all senior employees including Regional and Country Managers and Business Development Managers and all other employees responsible for new or existing relationships with Borets counterparties.

Borets may conduct internal audits to ensure that this Policy is being properly implemented throughout Borets. If any issues are identified in these audits Borets will consider whether it is necessary to adjust this Policy to increase the awareness of this Policy by relevant employees through training or other means.

Schedules

1. Latin and South America (including Borets locations in Brazil, Colombia, Mexico and Venezuela)
2. Middle East and Africa Including Borets locations in Congo, Dubai, Egypt, Kuwait and Oman)
3. Russia
4. Asia and Australia (including Borets location in China)
5. North America (including Borets locations in Canada and the United States)
6. Europe (including Borets locations in Cyprus, Serbia and Slovakia)
7. Default information to be requested of counterparties

Annexes

- A. Monitoring signs of Anti-Money Laundering (AML)
- B. Certification relating to Beneficial Ownership
- C. End-User Form

Schedule 1
For Latin and South America
Including Borets locations in Brazil, Colombia, Mexico and Venezuela

If the Counterparty is a Supplier/Purchaser:

- 1. Annex [B] - Certification Relating to Beneficial Ownership
- 2. Annex [B1]. – Stakeholders Beneficial Owners
- 3. Annex [C] - End user form
- 4. Certificate of Existence issued by Commerce Chamber
- 5. Vendors and Customers Form duly completed based on the Borets Group's Integrated Management Systems
- 6. Audited Financial Statements for the last two years
- 7. Copy of Tax identification Form (RUT)
- 8. Copy of local Identification Documents for Legal representatives
- 9. A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company

If the Counterparty is a not a Supplier /Purchaser:

- 1. Certificate of Existence issued by Commerce Chamber or government body equivalent.
- 2. Vendors and Customers Form duly completed based on our Integrated Management Systems
- 3. Audited Financial Statements for the last two years
- 4. Copy of Tax identification Form (RUT)
- 5. Copy of local Identification Documents for Legal representatives
- 6. A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company

If the above information is deemed insufficient by the relevant Country Manager to enable him or her to make a recommendation as to whether or not the Borets Company should engage with the Counterparty, the Country Manager may look to Schedule 7 for the types of additional documents that may be requested.

Schedule 2
Middle East and Africa
Including Borets locations in Congo, Dubai, Egypt, Kuwait and Oman

I. Corporation

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the ownership of the company and its shareholders, including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Memorandum and Articles and certificate of incorporation duly certified by the Secretary or General Director/General Manager of the company
- Copy of extract from applicable commercial registry attesting to the fact that the corporation is duly existing
- Full address of the corporation and contact details of the Borets Company's primary contract at the corporation

II. Partnership

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the partners of the partnership and their beneficial owners/shareholders including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Copy of the partnership agreement duly certified by the general partner of the partnership
- Copy of extract from applicable commercial registry (if the partnership is registered) attesting to the fact that the partnership is duly existing
- Full address of the partnership and contact details of the Borets Company's primary contract at the partnership

III. Joint Venture or Consortium

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date, if one is separately prepared for the joint venture or consortium
- If not, copies of the balance sheets for the most recent reporting date for each joint venture or consortium participant
- Information concerning the ownership of the joint venture or consortium participants and their beneficial owners/shareholders including percentage ownership and a copy of his or her passport or passports.
- Copy of Joint Venture or Consortium Agreement
- Full address of the joint venture or consortium and contact details of Borets Company's primary contract at the joint venture or consortium

IV. Individual

- Financial documentation, as appropriate given the nature of the contract and the Counterparty's obligations pursuant to the contract
- Copy of current passport title page
- Full address and contact details of the individual as evidenced on an address confirmation from a utility company (e.g. a gas or electricity bill), a bank or a government office.

V. Other

- A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company.
- Annex [C] - End user form

Schedule 3

Russia

1. Certificate of State Registration of a Legal Entity or Certificate of Entry in the Unified State Register of Legal Entities with regard to the legal entity registered before the 1st of July 2002 and / or an Extract from the Unified State Register of Legal Entities issued not later than 1 month prior to the date of contract conclusion (for legal entities).
2. Certificate of State Registration of a Self-Employed Entrepreneur and / or an Extract from the State Register of Self-Employed Entrepreneurs issued not later than 1 month prior to the date of contract conclusion (for self-employed entrepreneurs).
3. Certificate of Registration with Tax Authorities.
4. Documents confirming the authority of the contract signatory from the part of the counterparty:
 - an Extract from the Unified State Register of Legal Entities issued not later than 1 month prior to the date of contract conclusion and / or the Minutes (Resolution) of the owners (shareholders, participants) to vest the signatory with a function of an executive body of a legal entity and / or a Power of Attorney (for legal entities).
 - an Extract from the State Register of Self-Employed Entrepreneurs issued not later than 1 month prior to the date of contract conclusion and / or a Power of Attorney (for self-employed entrepreneurs).
5. Bank Signature Card or any other document containing the authenticated signature of the contract signatory from the part of the counterparty.
6. Tax Authorities' notification of the simplified taxation system application or any other document certifying the special taxation regime (regimes) application (if the special taxation regime is applied).
7. Charter (for legal entities only): title page; pages containing the name, address of actual location, activities, authority of the executive body (Director, General Director and etc.) of the legal entity; a page with registration signatures and stamps).
8. The Statement issued by the tax authorities confirming that the tax payer's obligations with respect to the payment of all required taxes, charges, insurance contributions and fines have been performed. The Statement must comply with the requirements of the Russian legislation and must be issued not later than 1 month prior to the date of contract conclusion.
9. Licenses (permits), certificates of SRO (Self-Regulating Organization) or any other required certificates, if any activity of the counterparty conducted under the contract is subject to mandatory licensing and / or is related to counterparty's SRO membership and / or the goods delivered or services provided under the contract are subject to mandatory licensing;
10. Financial statements as of the latest reporting date with the attached documents confirming that the financial statements have been received by the tax authorities:
 - a) With respect to the contracts concluded with the Russian companies for the purchase of goods and services to the amount exceeding 3,000,000.00 (three million) rubles within a year, except for the contracts concluded with the state owned companies and organizations.
 - b) With respect to the contracts concluded with the counterparty for the first time, if the contract amount equals or exceeds \$50,000.00 (fifty thousand US dollars) (or equivalent amount in any other currency), except for the contracts concluded with public companies and the state owned companies and organizations.
 - c) If required, the financial statements of a counterparty can be requested on other occasions also.

11. Any other documents, if required in accordance with the Know Your Customer (KYC) Due Diligence Policy.

These requirements are provided for in item 3.3 of the Borets Group Contracting Procedure, enacted by the Order of Borets Company CEO No. 305п-2 dated 31.10.2016, which is mandatory for all organizations of the Borets Group.

Besides, during contracts endorsement, the services of the official website of the Federal Tax Service of Russia <https://egrul.nalog.ru/> and SPARK system <http://www.spark-interfax.ru/> are used to examine counterparties.

Schedule 4
Asia and Australia
Including Borets location in China

I. Corporation

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the ownership of the company and its shareholders, including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Memorandum and Articles and certificate of incorporation duly certified by the Secretary or General Director/General Manager of the company
- Copy of extract from applicable commercial registry attesting to the fact that the corporation is duly existing
- Full address of the corporation and contact details of the Borets Company's primary contract at the corporation

II. Partnership

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the partners of the partnership and their beneficial owners/shareholders including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Copy of the partnership agreement duly certified by the general partner of the partnership
- Copy of extract from applicable commercial registry (if the partnership is registered) attesting to the fact that the partnership is duly existing
- Full address of the partnership and contact details of the Borets Company's primary contract at the partnership

III. Joint Venture or Consortium

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date, if one is separately prepared for the joint venture or consortium
- If not, copies of the balance sheets for the most recent reporting date for each joint venture or consortium participant
- Information concerning the ownership of the joint venture or consortium participants and their beneficial owners/shareholders including percentage ownership and a copy of his or her passport or passports.
- Copy of Joint Venture or Consortium Agreement
- Full address of the joint venture or consortium and contact details of Borets Company's primary contract at the joint venture or consortium

IV. Individual

- Financial documentation, as appropriate given the nature of the contract and the Counterparty's obligations pursuant to the contract
- Copy of current passport title page
- Full address and contact details of the individual as evidenced on an address confirmation from a utility company (e.g. a gas or electricity bill), a bank or a government office.

V. Other

- A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company
- Annex [C] - End user form

Schedule 5
North America
Including Borets locations in Canada and the United States

I. Corporation

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the ownership of the company and its shareholders, including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Memorandum and Articles and certificate of incorporation duly certified by the Secretary or General Director/General Manager of the company
- Copy of extract from applicable commercial registry attesting to the fact that the corporation is duly existing
- Full address of the corporation and contact details of the Borets Company's primary contract at the corporation

II. Partnership

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the partners of the partnership and their beneficial owners/shareholders including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Copy of the partnership agreement duly certified by the general partner of the partnership
- Copy of extract from applicable commercial registry (if the partnership is registered) attesting to the fact that the partnership is duly existing
- Full address of the partnership and contact details of the Borets Company's primary contract at the partnership

III. Joint Venture or Consortium

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date, if one is separately prepared for the joint venture or consortium
- If not, copies of the balance sheets for the most recent reporting date for each joint venture or consortium participant
- Information concerning the ownership of the joint venture or consortium participants and their beneficial owners/shareholders including percentage ownership and a copy of his or her passport or passports.
- Copy of Joint Venture or Consortium Agreement
- Full address of the joint venture or consortium and contact details of Borets Company's primary contract at the joint venture or consortium

IV. Individual

- Financial documentation, as appropriate given the nature of the contract and the Counterparty's obligations pursuant to the contract
- Copy of current passport title page
- Full address and contact details of the individual as evidenced on an address confirmation from a utility company (e.g. a gas or electricity bill), a bank or a government office.

V. Other

- A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company.
- Annex [C] - End user form

Schedule 6
Europe
Including Borets locations in Cyprus, Serbia and Slovakia

I. Corporation

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the ownership of the company and its shareholders, including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Memorandum and Articles and certificate of incorporation duly certified by the Secretary or General Director/General Manager of the company
- Copy of extract from applicable commercial registry attesting to the fact that the corporation is duly existing
- Full address of the corporation and contact details of the Borets Company's primary contract at the corporation

II. Partnership

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the partners of the partnership and their beneficial owners/shareholders including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Copy of the partnership agreement duly certified by the general partner of the partnership
- Copy of extract from applicable commercial registry (if the partnership is registered) attesting to the fact that the partnership is duly existing
- Full address of the partnership and contact details of the Borets Company's primary contract at the partnership

III. Joint Venture or Consortium

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date, if one is separately prepared for the joint venture or consortium
- If not, copies of the balance sheets for the most recent reporting date for each joint venture or consortium participant
- Information concerning the ownership of the joint venture or consortium participants and their beneficial owners/shareholders including percentage ownership and a copy of his or her passport or passports.
- Copy of Joint Venture or Consortium Agreement
- Full address of the joint venture or consortium and contact details of Borets Company's primary contract at the joint venture or consortium

IV. Individual

- Financial documentation, as appropriate given the nature of the contract and the Counterparty's obligations pursuant to the contract
- Copy of current passport title page
- Full address and contact details of the individual as evidenced on an address confirmation from a utility company (e.g. a gas or electricity bill), a bank or a government office.

VI. Other

- A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company.
- Annex [C] - End user form

ZTS Kabel

ZTS Kabel only sells *intra* the Borets Group and only deals with a limited number of highly-specialised raw material suppliers that it has worked with for years. The company has been using the following questionnaire in connection with any new supplier relationships.

SUPPLIER QUESTIONNAIRE

When entering into a new trading relationship, ZTS-KABEL requests that a questionnaire is completed. Existing vendors will be asked to submit an updated questionnaire from time-to-time to ensure that ZTS-KABEL is in possession of up to date information.

All information provided by a supplier will be treated in the strictest of confidence and will only be seen or used by those people responsible for supplier management. None of the information provided will be disclosed to third parties.

SUPPLIER INFORMATION

1. Business trading Name:
 2. Business trading address:
 3. Telephone Number:
 4. Contact email address:
 5. Business registration number:
 6. Business VAT registration no. (if applicable)
 7. Business website address (if available)
 8. Does the company belong to any Group of Companies?
If yes, please state the name of the company/organisation
 9. Please advise internal sales contact:
 10. Please advise the relevant internal quality assurance contact:
-

GENERAL FINANCIAL INFORMATION

11. Bank details for wire transfer
 12. Your payment terms
 13. What is your annual financial period
 14. Turnover for previous financial period
 15. Please indicate your current financial status
-

CERTIFICATIONS

16. Please specify any third party certification to formal quality systems held
-

QUALITY MANAGEMENT/SUPPLY CHAIN MANAGEMENT

17. Do you audit your suppliers?
 18. Do you have a documented supplier selection process?
 19. Do you have a documented vendor performance monitoring system
 20. Do you maintain traceability throughout your supply chain
 21. Are there any risks to supply continuity associated with supplies of raw materials
If answer to question 21 is Yes, please provide more details:
 22. Do you have an internal audit process?
 23. Would ZTS personnel be allowed access to your business to undertake a quality assessment
-

HSE

24. Do you have a health and safety policy?
 25. Are all employees trained in this policy?
 26. Do you have a site specific Health and Safety Officer?
 27. Do you have an environmental policy?
 28. Are all employees trained in this policy?
 29. Do you have a site specific Environmental Officer?
-

OTHERS

Please specify any holidays or days off at your company during the year.

Please try to answer all of the questions and send the completed questionnaire to the following email address: purchasing@zts.borets.com. Paper signed copy of the completed questionnaire is also required. Please print the completed questionnaire, sign it where indicated and return to: ZTS-KABEL, Areal ZTS 924, 018 41 Dubnica nad Vahom, Slovak Republic. If available, please include with your response electronic copies of your Quality Certificates, General Terms and Conditions.

Schedule 7

Default Information to be requested of Counterparties

I. Corporation

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the ownership of the company and its shareholders, including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Memorandum and Articles and certificate of incorporation duly certified by the Secretary or General Director/General Manager of the company
- Copy of extract from applicable commercial registry attesting to the fact that the corporation is duly existing
- Full address of the corporation and contact details of the Borets Company's primary contract at the corporation

II. Partnership

- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date
- Information concerning the partners of the partnership and their beneficial owners/shareholders including identification of the ultimate beneficial owner(s), percentage ownership and a copy of his or her passport or passports.
- Copy of the partnership agreement duly certified by the general partner of the partnership
- Copy of extract from applicable commercial registry (if the partnership is registered) attesting to the fact that the partnership is duly existing
- Full address of the partnership and contact details of the Borets Company's primary contract at the partnership

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- Copy of its [audited] balance sheet and profit and loss account for its most recent reporting date, if one is separately prepared for the joint venture or consortium
- If not, copies of the balance sheets for the most recent reporting date for each joint venture or consortium participant
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- Copy of Joint Venture or Consortium Agreement
- Full address of the joint venture or consortium and contact details of Borets Company's primary contract at the joint venture or consortium

IV. Individual

- Financial documentation, as appropriate given the nature of the contract and the Counterparty's obligations pursuant to the contract
- Copy of current passport title page
- Full address and contact details of the individual as evidenced on an address confirmation from a utility company (e.g. gas or electricity bill), a bank or a government office.

VII. Other

- A copy of any license or other governmental consent or approval, or waiver or third-party consent, if on account of the Counterparty's existing obligations it requires a waiver or consent from a third party in order to enter into an agreement or transaction with the Borets Company.
- Annex [C] - End user form

Annex A

Monitoring signs of Anti-Money Laundering (AML) when applying KYC Policy

The Borets Group is committed to **Anti-Money Laundering (AML)** compliance and fulfilling international standards as detailed in the recommendations of the Financial Action Task Force (FATF)

The Borets Group should monitor its Counterparties to permit identification of patterns of unusual size, volume, pattern or type of transactions, geographic factors or any of the “red flags” identified below.

Red Flags

Red flags that signal possible money laundering include, but are not limited to:

- The Counterparty exhibits unusual concern about the Borets Group’s or a Borets Company's compliance with government reporting requirements and AML policies, particularly on his or her identity, type of business and assets, or is reluctant, or refuses to reveal any information concerning business activities, or furnishes unusual or suspect identification or business documents.
- The Counterparty wishes to engage in transactions that lack business sense or apparent strategy, or are inconsistent with the Counterparty's stated business or strategy.
- The information provided by the Counterparty is false, misleading, or substantially incorrect.
- The Counterparty (or a person publicly associated with the Counterparty) has a questionable background, or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The Counterparty appears to be acting as an agent for an undisclosed principal, but declines, or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The Counterparty requests that a transaction be processed to avoid the Group’s or Company's normal documentation requirements.
- The Counterparty exhibits a lack of concern regarding risks or transaction costs.
- The Counterparty engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid government reporting requirements (if such exist), especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- The Counterparty has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

It is evident that the above stated Red Flags are unlikely to be completely addressed through an ordinary review and analysis of counterparty documents. An aggregate of document surveying, results of communications with the Counterparties, analysis of media and other public sources, personal impressions, judgement and professional skepticism should be in place when monitoring the Counterparties.

Monitoring signs of bribery and corruption when applying KYC Policy

The Borets Group has developed a clear policy outlining its anti-bribery and corruption general standards and principles. The detailed document ensures that these standards are implemented into day-to-day business.

The objective of the policy is to ensure that bribery and corruption risks identified by the Borets Group are appropriately mitigated.

Should the Country Manager, Business Development Manager or/and any employee responsible for implementation of this aspect of the KYC Policy have any questions, he or she should first refer to the anti-bribery and corruption provisions of the Group's Code of Conduct and then, should the issue remain unresolved, to the Compliance Officer.

Politically exposed person (PEP)

A politically exposed person (PEP) is defined by the Financial Action Task Force (FATF) as an individual who is or has been entrusted with a prominent public function, as well as their immediate family and their close associates (either socially or professionally).

Due to their position and influence, it is recognized that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (ML) offences and related predicate offences, corruption and bribery and other illegal actions. Such actions constitute serious threats to business reputation and activities of the Borets Group and its individual Borets Companies.

Questions to ask when deciding on whether a Counterparty is a PEP:

- Official responsibilities of the individual's office
- Nature of the title (e.g., honorary or salaried)
- Level and nature of authority or influence over government and quasi-government activities or other officials
- Access to significant government and quasi-government assets or funds.

Examples of Counterparties who can be considered as PEPs:

- Heads of State or of government,
- senior politicians,
- senior government, judicial or military officials,
- senior executives of state owned corporations,
- important political party officials,
- members of senior management or individuals of international corporations and organizations who have been entrusted with equivalent functions, i.e. directors, deputy directors and members of the board or equivalent functions.

The PEP could be the customer or the beneficial owner of a legal entity that is a Counterparty of any Borets Company.

Examples of sources of information about PEPs:

- Internet and media searches
- Commercial databases
- Open government related sources

- In-house databases and information sharing
- Assets, income, tax disclosure systems and requirements
- Self-declarations
- Information sharing by competent authorities

The Borets Group and each Borets Company does not unconditionally refrain from dealing with PEPs, although the PEPs are always considered higher risk Counterparties. A Country Manager, Business Development Manager and any other person referred to herein should notify senior management of any proposed transaction with a PEP before entering into the transaction, discuss the circumstances and then follow procedures agreed with the Compliance Officer and the KYC Policy in all respects.

Related parties and their affiliates

For the purpose of this KYC Policy a “*Related Person*” is any Director of any Borets Company, any “Senior Manager”, any nominee for a Director, any shareholder owning in excess of 5% of the total equity of the Borets Group or a Borets Company and any “Immediate Family Member” of any such person.

“*Senior Manager*” includes any individual who has been appointed an officer of a Borets Company and/or who is a member of operational/management bodies of a Borets Company.

“*Immediate Family Member*” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a Related Person, any other person who is related by blood or marriage and any other person (other than a tenant or an employee) sharing the household of such person.

Borets Companies are not prohibited from dealing with the Related Persons and their affiliates. However, a Country Manager, Business Development Manager and any other person referred to herein should notify the Compliance Officer of any potential transactions with A Related Person and their affiliates before entering into such transaction discuss the circumstances and then follow the any procedures agreed with the Compliance Officer and the KYC Policy in all respects.

Annex B
Certification Relating to Beneficial Ownership

[Insert name of Borets Company]

[Address]

[Address]

[date]

Dear Sirs,

Confirmation of legal compliance of stakeholders/beneficial owners with US and EU export control sanctions

I, _____ hereby confirm the following as true and currently valid:

1. _____ is a company registered on _____ (date), under number _____ and currently existing under the laws of _____ whose main business address is at: _____ (hereinafter “_____”).
2. The stakeholders/beneficial owners of _____ (hereinafter the “**Stakeholders**”) have no criminal record in _____ and are not on the US list of specially designated nationals or denied persons list or on any other blacklist or other list of international organizations and/or national state agencies that limit their legal capacity or which would limit the legal capacity of Borets to enter into the contemplated commercial arrangements with _____.
3. The Stakeholders are not in violation of any US and EU economic sanctions.
4. The Stakeholders are not politically exposed person (PEP) as defined by the Financial Action Task Force (FATF) as an individual who is or has been entrusted with a prominent public function, as well as their immediate family and their close associates (either socially or professionally).

This letter is being given at the request of Borets _____ and for its sole use in strict confidence.

Signature: _____

Print Name: _____

Annex C
End-User Form

Date: _____

CUSTOMER NAME: _____

ADDRESS: _____

THE MATERIAL ON THIS ORDER IS BEING SHIPPED TO WHAT COUNTRY?

WILL YOU, THE CUSTOMER, RE-EXPORT THE MATERIAL? (If Yes, please provide name of country)

YES _____ COUNTRY _____ NO _____

MATERIAL IS BEING USED ON/IN: _____

THE MATERIAL FOR THE ABOVE REFERENCED PURCHASE ORDER WILL BE USED FOR:

_____ CIVIL-USE _____ MILITARY-USE

PLEASE PROVIDE NAME AND ADDRESS OF THE END-USER (If different from Customer)

The information contained herein will be used solely for the purpose of determining compliance with U.S. and EU Export Regulations and applicable sanctions.

Signature: _____

Print Name: _____