



AS Citadele banka

# **CODE OF ETHICS**

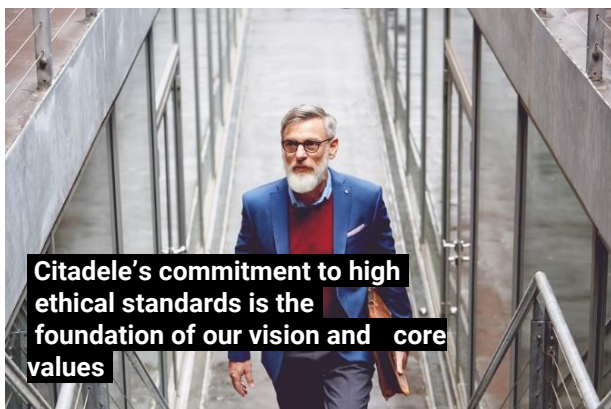
**EXTRACT FROM THE CODE OF ETHICS**

## INTRODUCTION

### The purpose and scope of Code of Ethics

The purpose of the Code of Ethics is to determine the principles of professional ethics across the Group, to determine the core values and approaches to specific ethical situations and to determine the principles for the management of conflict of interest.

The policy is binding on all the Employees of the Group, and upon the Group of AS "Citadele banka" which includes AS "Citadele banka", its branches, representative offices, direct and indirect subsidiaries, wherever located, subject to consolidation, to the extent this Policy does not contradict with the legislation of the country of their registration.



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### Definitions

**Applicable legal framework** – laws and regulations applicable and binding to the Bank and the Group's companies; codes of professional conduct and best practice standards, issued by self-regulatory authorities binding to the Bank and the Group's companies; internal documents of the Group companies.

**Bank** – AS "Citadele banka", including its foreign branches.

**Business gift** – any material or other kind of benefit (souvenir, the Group's promotional gift, any other gift which is given to the Bank's client to promote the Group's recognition and show good intentions including a business meal with the Group's client / business partner within the framework of business relationships with the Group whose direct or indirect acquirer is a Third party.

**Code** – this Code of Ethics.

**Employee** – a person who has established employment legal relationships with the Group's company based on an employment contract as well as an official of the Group company (Supervisory Board member, Management Board member) acting on the basis of (i) an agreement regarding the performance of the relevant job/position responsibilities and/or (ii) applicable law, Articles of association, other internal documents of the Group and decision of appointment of the member.

**Financial interest** – entitlement to receive financial benefits such as dividends, royalties, other similar payments. Financial interest may also imply the desire to substantially reduce one's own financial expenses or those of Near relatives or Related legal entities misusing the benefits of the position.

**Gift or gratitude** – any tangible or intangible asset received by Employee, having material value as well as loans, discounts, services, entertainment events, lotteries, winnings, transportation, meals, lodging.

**Group** – The Bank, including foreign branches, and Group companies subject to consolidation.

**Near relative(s)** – Employee's children and parents, spouse, brothers, sisters.

**Personal interest** – a person's specific interest related to its wishes, needs, objectives, values or opinions differing from the needs and objectives of the Bank/the Group's companies.

**Third party** – a private individual, state institution / public official, services provider, business partner or other Third party.

## CORE ETHICAL PRINCIPLES OF THE GROUP

Citadele Group's commitment to high ethical standards is the foundation of the Company's vision and core values. The Group's vision 'To be the Baltic banking champion' represents the main purpose of Group's existence.

The Group's core values are:

**Aspire** – We aspire for excellence for every client and the entire Baltic economy. We take care of clients, consistently deliver high quality service and expertise to clients and demonstrate excellence in everything we do.

**Innovate** – We set the standard with innovative products. We think 'outside the box', take personal actions to innovate, modify practices and support the changing environment. We inspire others and act as a role model for the team in complying with integrity and ethics norms.

**Personalize** – We see people first and add human touch to banking. We work together, treat all team members in a respectful, courteous and professional manner. We understand the external environment, banking sphere and apply new trends and best practices to daily work.

**Act** – We create our own opportunities and deliver on promises. We lead by example and empower others, trust and be trustworthy. We are accountable for our team.

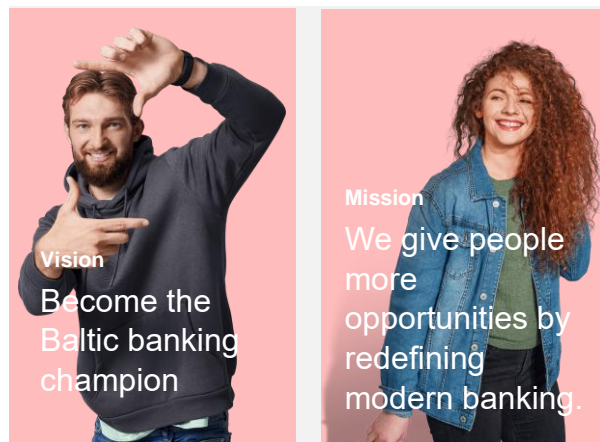
Demonstrating the Group's core values every day through real words and actions is how Citadele Group strengthens its ethical culture, delivers a superior customer experience and elevates the Company's brand.

Employees shall consider that their failure to comply with this Code may incur damage to the Group, as well as the Group's interests and reputation.

The Group shall facilitate and maintain such working environment which:

- Supports ethical conduct.
- Actively ensures an open dialogue on ethical conduct.
- Is free from any discrimination, prejudice, harassment in the workplace, abuse of powers and undignified attitude.

Employee shall perform obligations to the Group and its clients decently, fairly and professionally. To ensure decent working environment and maintain employment relationships Employees shall behave with respect to any and all persons.



Core values

**ACT**

We create our own opportunities and deliver on promises.

**ASPIRE**

We find solution for every client to support local economy.

**INNOVATE**

We set the standard through innovative experience.

**PERSONALIZE**

We see people first and add human touch to banking.

## CORE ETHICAL VALUES AND ETHICAL DECISION TAKING



Employees' professional conduct is based on generally accepted ethical values which the Group and Employee shall comply with in all their acts and transactions such as:

**Honesty**, i.e., performance of any acts and transactions honestly, fairly and decently.

**Trust** (loyalty), i.e., loyalty to the Group in the performance of job responsibilities.

**Integrity**, i.e., permanent and uniform application of the Applicable legal framework to:

- Avoid the abuse of powers.
- Guarantee a working environment free of unjustified decision taking and favouritism.
- Ensure equal, just treatment toward the Group's owners, clients and Employees.

**Tolerance**, i.e., respect for other cultures and persons with different opinions, the performance of job responsibilities without any prejudice, without discriminating persons with different features such as nationality, race, gender, religion, age, sexual orientation, appearance, social status and political affiliation.

**Impartiality**, i.e., fair and professional conduct, the performance of job responsibilities and decision taking which do not have any impact on or without any suspicion that the foregoing might have been influenced by Employee's personal values, wishes, relations, Financial interests, political affiliation or national peculiarities.

**Prudence** and due diligence, i.e., careful and duly weighted acts to:

- Ensure nondisclosure of confidential information which has become known to Employee during the performance of his / her job responsibilities.
- Avoid such acts or public announcements which may compromise or create suspicions about compromising the Group's operation or damage the Group's reputation, inter alia on publicly available sites, e.g. in social networks it is not allowed to place information and photos which insult other persons or which are in contradiction with the generally accepted moral norms in the society and it is not allowed to use the name of the Group in photos and announcements of the Group's Employee that are not related to the activities organised by the Group.
- Refrain from activities that are incompatible with the prudence and reasonableness principles. Such activities may harm Group reputation.

**Professional conduct** i.e., use of all the resources available to Employee in order to provide quality services to the client.

### GUIDELINES FOR TAKING ETHICAL DECISIONS

When performing his / her job responsibilities including decision taking Employee shall always consider whether or not his / her conduct and / or decisions are in contradiction with the core ethical values or other requirements set out in this Code.

Employee shall consider the following aspects to take decisions aligned with this Code

- The key facts a decision is based on
- Whether the decision to be taken involves ethical issues
- Whether the Group's Applicable legal framework provides a specific procedure for proper resolving of the matter.
- Alternative types of conduct

When choosing an alternative type of conduct Employee shall answer the following questions:

- Is my act legal (complies with the Applicable legal framework)?
- Is my conduct professional (competent)?
- What kind of losses or benefits may the Group, its owners, clients, prospective clients incur?
- Does my conduct correspond to the core ethical values set out in the Code?
- Having analysed the kinds of an alternative conduct, Employee shall take a decision most in line with the requirements specified in this Code.

## CONDUCT IN SPECIFIC SITUATIONS

To ensure due performance of this Code, creation and maintenance of open and reliable working environment is important.



For this purpose, Employee shall comply with the following principles in his / her conduct and attitude:

- Fair, respectful, business-oriented and impartial attitude to all Employees.
- Maintenance of the environment free of any discrimination, prejudice, harassment of any nature, disrespectful attitude, intimidation or any violence.
- Intolerance regarding the abuse or exceedance of powers.
- Inadmissibility of any coercive practice, which aims, by intimidation or threats, to compel or prevent a person from performing or refusing to perform actions to which that person has a legal right.
- Intolerance of any collusive practice, which is an agreement between two or more parties designed to achieve an improper purpose.
- Assuming responsibility for any matter related to the scope of responsibilities assigned.

## RELATIONSHIP WITH CLIENTS

Upon performance of his / her responsibilities Employee on behalf of the Group renders services to the clients **honestly, fairly** and **professionally meeting the clients' interests**.

Employees shall respect the basic principles of protecting clients' interests in their day-to-day work and communication with clients or prospective clients.



Employee shall treat clients or prospective clients positively, kindly and tolerantly regardless of the financial position of the client or the prospective client, the type of service/ product used, transaction volume or Employee's personal attitude to the client or the prospective client.

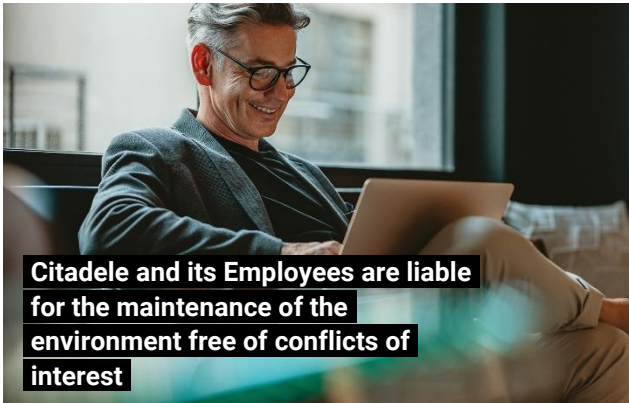


Employee shall provide to the client or prospective client clear, accurate, true, explicit, reliable, complete and non-misleading information about the Group and its services/products revealing to the client or prospective client all material risks enabling the client or prospective client to have a good understanding of the service / product offered.



Preventing conflicts of interest that might adversely affect interests of clients or prospective clients is a part of Group's culture.

## CONFLICT OF INTEREST



A conflict of interest may occur if Employee's Personal interests compete with or impede the performance of Employee's obligations to the Group, its owners and clients.

The Group and its Employees are liable for the maintenance of the environment free of real, potential or seeming conflicts of interest. In order to achieve this target Employees shall avoid the situations causing a conflict (or suspicions about a conflict) between Personal interests and obligations to the Group.

Employee shall inform his / her direct manager prior to the occurrence of the possible conflict of interest and promptly disclose internally any matter that may result or has already resulted in a conflict of interest. Upon receipt of such information the direct manager of Employee shall assess materiality and nature of the conflict-of-interest situation, including whether it is a permanent conflict of interest or a situation that occurred unexpectedly regarding a single event and whether and how it can be prevented. If appropriate, Employee's direct manager may ask advice from compliance function and escalate the matter internally. The members of the Supervisory Board and the Management Board, and key function holders of the Bank and the Group's companies shall inform the Supervisory Board about the situations where a conflict of interest of this Supervisory Board or the Management Board member or key function holder may occur directly or indirectly or has already occurred. If there is no Supervisory Board then the Management Board members and key function holders shall inform the Management Board.

If the Group's interests collide with the interests of the Supervisory Board, Management Board member of the Bank or the Group's company or the interests of his / her spouse, relative or brother-in-law counting kinship to the second degree (children, parents, grandchildren, sisters, brothers, half-brothers, half-sisters) and affinity to the first degree (spouse's parents, spouse's children (not in common with the Management Board member)), then the Supervisory Board, Management Board member has no voting rights in the adoption of the relevant decision and this fact shall be recorded in the minutes of the Supervisory Board / Management Board meeting. The Supervisory Board, Management Board member shall report on these interests and recuse from consideration and voting on any matter where the member has or may have a conflict of interest or where his / her objectivity or ability to properly fulfil duties to the Group may be otherwise compromised.

Depending on the type of conflict of interest Employee shall take the necessary steps to eliminate it.



**A real conflict of interest** occurs if Personal interests of Employee as decision taker affect the decision to be taken. In this case Employee contradicts values as loyalty, decency, integrity, impartiality and prudence. If a real conflict of interest occurs there are grounds to consider that the Employee does not act in the Group's interests anymore, but exclusively in his / her own Personal interests thus jeopardising the Group's reputation, the property of its owners and clients.



**A potential conflict of interest** occurs when the current conditions show that Personal interests of Employee as decision taker may affect the decision to be taken. Employee shall consider the following aspect when assessing the circumstances indicating about the potential conflict of interest:

- Key facts
- Ethical issues applicable to the situation
- Core ethical values related to the specific situation
- Applicable legal framework related to the specific situation
- Alternative types of conduct



**A seeming conflict of interest** occurs when other persons (clients, owners, colleagues, public authorities and the public) have an impression that Employee has a conflict of interest. A seeming conflict of interest may be as serious as real conflict of interest since it may damage the Group's reputation.

## Conflict of interest

Conflicts of interest may arise in the following forms, incl.:



Conflicts with Employee's personal views



Conflicts of interest adversely affecting interests of clients or prospective clients



Financial conflicts



Conflicts of interest occurring due to relationship with spouses / Near relatives



Conflicts of interest related to Gifts and gratitude



Conflicts of interest related to work at the Group and for the benefit of another employer



### Conflicts with Employee's personal views

Employee shall perform his / her job responsibilities pursuant to his / her employment contract (authorisation) and binding laws and regulations, including if they do not correspond to his / her personal views.

Employee is entitled to express his / her opinion within the Group and request his / her direct manager to inform about his / her opinion the Group's management body having the competence over the relevant issue.

Under specific conditions Employee may refer to his / her direct manager requesting to dismiss him / her from the performance of such responsibilities which are in contradiction to Employee's personal, religious or moral views.



### Conflicts of interest adversely affecting interests of clients / prospective clients

**Conflicts may occur** where Employee or the Group:

- Is likely to make an inappropriate financial gain or avoid loss at the expense of a client or prospective client.
- Has an interest in the outcome of services provided or products sold to the client that is different from the client's interests (benefits from the poor outcome of products).
- Receives inappropriate incentives to favour the interests of one client or group of clients over the interests of another client.
- Benefits from selling products that are not in the best interest of the client.

**To prevent occurrence of conflicts of interest with clients or prospective clients Employee must:**

- Act with care and requested degree of independence in judgements and daily tasks.
- Provide information to clients or prospective clients in line with this Code.
- Refrain from handling activities where Employee may have a conflict of interest due to family or other relationship with the client or prospective client and inform direct manager.
- Respect personal data protection principles, keep client data and entrusted business secrets confidential.
- Not exchange information with other Employees and business units where exchange of information is not necessary within their professional duties.



### Financial conflicts

Financial conflict is based on Employee's personal Financial interests.

Employees may freely handle their personal financial matters unless they are in contradiction with the binding laws and regulations and this Code.

Employee shall not take decision, participate in consideration and/or vote, nor perform transactions (incl. lending transactions) where Employee personally or his / her Near relatives, or Related entities have Financial interest.

Employee must not misuse information available to him / her in the course of professional activities in Group.

Employees' personal transactions within financial instruments are executed pursuant to the requirements of the Financial Instrument Market Law of Latvia and the Applicable legal framework based thereon.

## Conflict of interest



### Conflict of interest related to work at the Group and for the benefit of another employer or a similar legal relationship, for

example, rendering paid services for a third party:

Working at the Group and with another employer or performing of particular tasks on a contractual basis, a conflict may arise between the Group's interests and Employee's Personal interests.

Potential conflict of interest may occur if Employee intends to work for a third party who Competes with the Group.



### Conflict of interest caused by the relationships with Near relatives

The Group has prudent attitude to employment of Employee's Near relative at the Group.

Employee should not work under direct or indirect subordination of a Near relative.

If Employees under direct subordination become Near relatives after the establishment of employment legal relationships with the Group company, then if possible one of them should be moved to another position in order to avoid direct subordination.

Employee shall refrain from decision taking or voting on the issues related to his / her Near relative including appointment to a position, job appraisal, assignment of bonuses etc.



### Conflict of interest related to Gifts or gratitude

The acceptance of Gifts or gratitude may create a suspicion about Employee's decency, impartiality, integrity and professionalism; therefore a Gift or gratitude may be accepted only in cases when it does not affect the Employee's objectivity and attitude towards the donator, and it shall be within the limits set out in this Code.

Business gifts may not be served to influence any business decisions, therefore, the giving of Business gifts to a Third party is permitted if it is conducted for the purpose of promoting the brand awareness of the Group's products and services and if the principles set out in this Code are followed.



### Conflict of interest related to the transactions of the delivery of goods and services

Employee who is involved in a transaction of the delivery of goods and services for the needs of the Group or any other similar transactions and who has a direct or indirect Financial or any other kind of interest, which may create conflict of interest with the Group's interests shall recuse themselves from consideration, decision taking and/or voting regarding the purchase of the said goods or services.

If Employee who is involved in a transaction of the delivery of goods and services is aware that his / her Near relative is employed by the supplier or is otherwise interested in this transaction, then Employee shall recuse from consideration, decision taking or voting on the purchase of the said goods or services.

- Employee should abstain from decision making or other professional activity on any matter where this Employee has or may have a conflict of interest and where his / her objectivity or ability to properly fulfil duties to the Group may be otherwise compromised.
- All identified actual and potential conflict of interest situations, including those reported by Employees under this Code, should be assessed, as well as decisions and actions for their prevention, management and mitigation should be documented.



## Management of conflict of interest

Where the conflict of interest cannot be prevented the Group manages conflicts of interest in view of the following:

### The type of a conflict of interest.

**Employees to which the specific types of a conflict of interest refer to** (e.g., persons related to the Group; categories of staff whose professional activities have a material impact on the risk profile, key function holders, members of procurement committee etc).

Whether a conflict of interest persists and needs to be managed **permanently or with regards to a single event** (e.g., single transaction, selection of a service provider etc.) and can usually be managed with one-off measures case by case. In all circumstances, interests of the Group (and not Personal interests) should be central to decisions taken.

Whether by an assessment of **materiality of an identified conflict of interest** situation it is classified as a substantial conflict of interest. For the management of conflicts of interest certain thresholds and limits should be considered, including limits prescribed in:

- "Giving and acceptance of gifts and entertainment" section of the Code
- Relevant procurement procedures.
- Policies for the donation and sponsorship activities of the Group.
- The Credit Institution Law of Latvia, as well as limits for transactions with related parties stipulated in the annual risk strategy of the Group and single transaction limits as per credit rules for individual counterparty / transaction risk underwriting, related party transactions policy, other internal policies, and procedures of the Bank/Group.

For the management of a conflict of interest the specific internal regulatory framework (regulations, rules, procedures) is established, or current regulations are supplemented, and appropriate measures and controls are implemented.

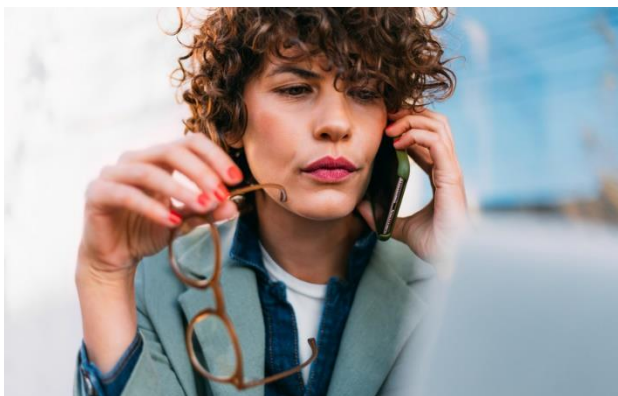
## Internal regulatory framework, measures and controls for management of a conflict of interest

- Elimination of Employee's conflict of interest during the performance of his / her job responsibilities including in specific cases widening the scope of persons to be attributable to the Near relatives and determining tougher requirements than those specified in this Code.
- Ensuring appropriate division of duties, tasks and responsibilities of officials, key function holders and other Employees likely to create conflicts of interest. Considering entrusting Employee's duties to another appropriate person within the Group company where a conflict-of-interest situation persists.
- Elimination of conflicts of interest between units e.g., units involved in activities where a conflict of interest may arise are managed by different persons, there are information barriers between such units or functions aiming to restrict the transfer of sensitive information so that only Employees in charge of certain activities have access to the information.
- Entrusting conflicting activities within the processing of transactions or provision of services to different persons and ensuring that one business unit usually does not execute all phases of transactions, e.g., four eyes principle.
- Ensuring that remuneration policies and practices are designed in such a way so as not to create a conflict of interest to the detriment of the client (e.g., preventing profit-sharing directly linked to the success of a single transaction, ensuring that incentive programs are designed to avoid conflicts and prevent mis-selling practices).
- Training of employees.
- The terms and conditions of the bank's services rendered to persons related to the Bank (in the meaning of the Credit Institution Law of Latvia except the Group's companies) are not more favourable than those of similar transactions for other clients of the Bank, do not contradict the interests of the Bank / its depositors / investors, are in line with the applicable regulatory and internal exposure limits/thresholds as well as made in accordance with all internal control procedures. Articles of Association and/or other internal documents of the Bank/Group may require prior approval of the Supervisory Board of the Bank for the transactions providing more favourable terms and conditions to related persons than those available to the general public and/or clients of the Bank/Group. An analogous requirement is attributable to the Group's companies regarding their related persons in the meaning of this Clause and the services rendered by the company.
- The Group has developed measures in accordance with the Applicable legal framework for transactions with related parties, by requiring transactions to be conducted at arm's length, requiring that all relevant internal control procedures fully apply to such transactions and limiting their exposure.
- Each Employee at the request of the Group shall provide a written acknowledgement that he / she is not involved in such acts or transactions which are forbidden by this Code.

Employee shall provide true and reliable information in his / her acknowledgement.

The Group's Related Party Transactions Policy and/or other internal policies and procedures of the Bank/Group entities may provide more detailed rules for approval, execution, performance and monitoring of related party transactions, as well as management of conflicts of interests at the Bank's/Group's Supervisory Board, Management Board, officials and key function holders level.

## Handling of information



Information to the Group or about the Group shall be reported in line with the Applicable legal framework, the core ethical values and the following provisions:

Employee shall provide the Group with true, reliable and timely information referring to the performance of his / her job responsibilities or disclosure of information pursuant to the Applicable legal framework.

Employee shall not make any public announcements regarding the Group or its operation unless he / she is specifically authorised to make such announcements.

Only Employee specifically authorised by the Group is entitled to make announcements to the press or other mass media about the Group or its operation. Upon making such announcements Employee acts pursuant to instructions given by the Group and avoids from voicing his / her personal opinion or comments.

Employee uses the information entrusted to him / her in connection with the performance of his / her job responsibilities for the benefit of the Group pursuant to this Code and other regulations binding on the Group.

Employee may use for personal purposes such information about the Group, which is available to the broad public, e.g., the press, other mass media or the website of the Group.

## Confidential information



Any information which is controlled by the Group, and which is not publicly available shall be regarded as confidential information. The employment contracts entered into by the Group and Employee and / or internal rules, and other internal regulations provide for more detailed regulatory framework for confidential information.



Disclosure of confidential information may harm the Group's owners, clients, business partners, Employees and damage the Group's reputation.



If confidential information is disclosed contrary to the procedure stipulated in Group's internal regulations Employee breaches the core ethical values such as loyalty, prudence, due diligence and professionalism.



Disclosure of confidential information to unauthorised personnel or other unauthorised persons as well as the use of such information in R&D or training practice (training practice reports, course papers, presentations, graduation papers etc.) without a specific permit of the Group shall also be regarded as unauthorised disclosure of confidential information.

## Handling of property

The Group's property, in the meaning of this Code: the Group's premises, firm name and trade names, equipment, consumables, hardware and other technical support, software, electronic mail, internet access, utilities (incl. electronic facilities), technical facilities (telephone, fax etc.), data carriers, equipment and other tangible assets.

### Employee shall:

- Safeguard and preserve the Group's property as well as other property entrusted to him / her by the Group.
- Use the Group's property pursuant to the employment contract (authorisation), the Group's Applicable legal framework and this Code.
- Use the Group's property economically and rationally.
- Not permit unauthorised persons to use the Group's property.
- Not use the Group's internet, telephone communications and similar resources for the purposes unrelated to the performance of job responsibilities.

Employee shall not misuse the Group's tangible assets.

Any illegal acts or unethical behaviour which may cause doubt about integrity, damage the Group's reputation or interests incl. the creation downloading, viewing, saving, copying or forwarding electronic documents having explicitly violent or sexual character, or supporting or depicting any kind of discrimination shall be regarded as misuse of the Group's property.

Employees shall not act as intermediaries in advertising or propaganda of political parties, public organisations or persons involved in the politics using the Group's funds, including the Group's property.

If Employee fails to comply with the provisions of this Code regarding the handling of the Group's property it is regarded as the breach of the core ethical values such as integrity, due diligence and professionalism.

## Conduct in the workplace

The Group shall support and maintain the working environment where Employee relationships are based on mutual respect.

No differential treatment or harassment is permitted. No obscene words or abuses are allowed in daily business communication (oral or written).

In view of the foregoing Employees shall establish and maintain business-like relationships free of prejudice, discrimination and harassment.

Employees shall pay attention to and respect any person who is at the Group's premises or who receives the Group's services.



Sexual harassment means unwelcome sexual harassing behaviour, request for sexual favours or other verbal or physical conduct of a sexual nature, when:

- Conformity to such behaviour is a condition of person's recruitment, such condition being expressed explicitly or implicitly.
- Decision on person's further recruitment is based on conformity / non-conformity to such behaviour.
- Such conduct results in creating threatening, unpleasant, intimidating, working environment.
- Such behaviour has other negative impact on person's career opportunities.

Sexual harassment may include explicit or implicit types of behaviour involving same-sex persons or persons of different genders; depending on the situation sexual harassment may find its expression as follows (including, but not limited to):

- Sexual harassing behaviour or request for sexual favours.
- Sexual jokes, indirect innuendos, comments etc.
- Oral insult of a sexual character.
- Staring, whistling, touching or other unwanted physical contact.
- Insulting or dirty comment or gesture.
- Placement and distribution of sexual pictures or other objects in the workplace.
- Other physical, verbal or explicit behaviour of a sexual character impeding the performance of job responsibilities and /or creating a hostile or offensive work environment.

No harassment is permitted based on personal characteristics of another person. Such behaviour may find its expression as a physical or verbal behaviour abusing or showing hostility or dislike to an individual (his relatives, friends, acquaintances) due to personal characteristics whose target / consequences are as follows:

- To create a threatening, hostile and unpleasant working environment.
- Interference with a person's job responsibilities.
- Other kind of negative impact on a person's career opportunities.

Unwelcome sexual advances find their expression as follows including (but not limited to):

- Epithets, unclear, ambiguous or abusive expressions or negative stereotypes.
- Threats or hostile acts.
- Abusive jokes as well as placement and distribution in the workplace of materials showing hostility or dislike to another person
- Bullying, including various physical or verbal insults or other kinds of conduct aimed at person's isolation or humiliation.
- Abusive, insulting comments on a person's views, religion, values or ideology.

## Whistleblowing

Timely information on Employee's misconduct allows proper identification, investigation and prevention of the breach provisions of the Applicable legal framework and thus prevents threats to the Group's reputation.



Employees must report inter alia anonymously in accordance with provisions of the Code when they have information on criminal offenses (such as corruption, fraud, money laundering, embezzlement) committed by Group Employees.

The Employees are encouraged and entitled to report the information inter alia anonymously on actual and potential breaches of the Applicable legal framework (including to report breaches of this Code, inform on the deficiencies in the internal control system and make suggestions for their prevention, report conflict of interest situations, illegal or unethical transactions and conduct, as well as any other breaches) committed by Group Employees or observed in the activities of the Group.

Internal reporting channels are freely available to all Employees who wish to report actual and potential breaches, without any discrimination and regardless of the position of Employees.

The Group shall ensure confidentiality of the source of information as well as anonymity of an Employee who has reported on the breach, if the Employee has chosen an anonymous way of reporting. The protection of the identity of a whistleblower and the persons specified in his / her report is ensured in accordance with the procedure set out in the Code. Persons, having information on the whistleblower's identity which has become known to them within the framework of their job responsibilities, performance, are responsible for nondisclosure of the whistle-blower's identity to Third parties inter alia Employees of the Group. The whistle-blower's identity may be disclosed only when and to extent required by the binding laws and regulations.

The Bank in accordance with the personal data protection regulations shall protect personal data of the whistle-blower as well as personal data of persons potentially involved in the breach.

Whistleblowing which may be performed by Employees in accordance with this Code, shall not be considered as violation of non-disclosure obligations specified in an employment contract, any other contract or any binding regulations and Employee shall not be held liable for such reporting.

If Employee reporting on the breach has chosen to disclose his / her identity the Bank shall ensure that no sanctions, repressions or other negative consequences are allowed with respect to the Employee who has provided the respective report, and this Employee shall not be subject to discriminatory or other unfair treatment as a result of such reporting.

Every Employee whose breach has been reported on is entitled to a fair and unbiased investigation of the matter and decision taking in this regard as well as provision of comments on the information set forth in the report received.

Certain types of breaches, if observed in the activities of the Bank / Group company, may be reported not only internally, but also directly to the competent authorities via reporting channels established by the competent authorities:

- Breaches that may harm interests of society (e.g., corruption, fraud, competition law violation, tax evasion and human rights violation) may be reported by Employees in accordance with the Whistleblowing Law.
- Breaches of financial and capital markets sector regulations, anti-money laundering regulations, market abuse and certain other breaches may be reported by Employees in accordance with the financial and capital markets regulations (e.g. in accordance with the Credit Institution Law of Latvia applicable to the Bank).
- Group companies shall inform their Employees on internal reporting channels, as well as, if applicable to the Group company, on available reporting channels of the competent authorities.
- When assessing the need to report breaches to competent authorities directly, Employee should consider in advance whether the breach can be prevented by the involvement of the Bank / Group company, first reporting the breach via internal reporting channels established by this Code, and thus reducing the possibility of disclosure of personal data, details of transactions and other confidential information.

## GIVING AND ACCEPTANCE OF GIFTS AND ENTERTAINMENT

### Giving of Business gifts to clients and business partners

Business gifts are element of entrepreneurship and are not unacceptable or illegal, insofar as such acts do not create a conflict of interest inter alia only a seeming conflict of interest or suspicion of deriving unearned income for the Group through Business gifts.

Business gifts are meant only for raising Group's recognition and showing good intentions rather than having impact on any business decisions or ensuring transactions.

Prior to taking a decision on giving a Business gift the Employee shall check whether the selected Business gift meets the requirements of the Group's internal regulations inter alia the requirements of this Code.

The restrictions set forth in this Code with respect to Business gifts do not refer to marketing or advertising activities organised by the Group centrally where a great number of clients / business partners participate, and which are not targeted at an individual client as well as the cost of lunch or dinner with a partner.

Upon giving a Business gift one should avoid from any actions which could be treated or might create an impression that the Business gift in any way has impact on the Group's attitude to a Third party.

If Employee has any doubts regarding the compliance of giving a Business gift with this Code Employee shall immediately refer to the Head of the Compliance Department to receive explanations on the concrete situation.






### Acceptance of gifts and gratitude from clients and business partners



**Gifts with an aim to influence business decisions are prohibited**

Employee may not accept Gifts or gratitude or discounts of any kind or meals, transport services etc. from one person or a person related to such person in excess of EUR 70 during the performance of his / her or her job responsibilities as well as using his / her or her connection with the Group. Acceptance of Gifts or gratitude shall not be permitted even within the limits of the mentioned amount if it affects or may affect (or cause suspicion that it may affect) the results of a business transaction, the Employee's decision or action.

#### Giving Business gifts is permitted if the following conditions are met:

-  Long-term cooperation with a Third party or likelihood of cooperation is regarded as significant.
-  A Business gift is accepted within the framework of a centralised decision of the Group's management (e.g. Christmas gifts).
-  In cases where decision on giving a specific Business gifts (other than a gift referred to above) is taken by the head of the Group's unit having the appropriate signature authority if giving of such gift has sound grounds, e.g., due to the region whose resident is the Group's client.
-  Business gift meets the criteria of the value (price) - the value of a Business gift shall not exceed EUR 70 (seventy euro) for a private individual quarterly.
-  Business gift whose value exceeds the value prescribed in the Code can only be given subject to previous confirmation with the Head of the Compliance Department and shall be included in the compliance report confirmed by the Management Board.

If the refusal to accept a Gift or gratitude may result in resentment of the giver of a Gift or gratitude, or even represent harm to interests of the Group, the acceptance of a Gift shall be considered by the Ethics and Disciplinary Matters Committee of the Management Board of the Bank or a company of the Group respectively.

Being aware of the fact that participation of the Employees in marketing or training activities paid by clients or business partners may affect the objectivity of the Employees, participation in such activities shall be permissible only in cases, when they are related to the business of the Group, without prejudice to the impartiality of the decision-making and within limitations set forth in this Code with regard to receipt of the Gifts and gratitude.

## Performance of the Code of Ethics, explanations, breaches



Failure to comply with the principles and norms prescribed in the Code of Ethics or undue compliance therewith shall be regarded as breach of the Group's internal rules regardless of the position of the person who has committed a breach and whether or not such breach has caused financial damages to the Group. A disciplinary penalty may be imposed for the aforesaid breach.

The breaches of the Code are reviewed in the same way as a breach of norms of the Applicable legal framework binding on the Employee (e.g., breach of internal rules) or employment contracts in line with the laws and external regulations, and the Group's Applicable legal framework for review of the breaches of internal rules and imposition of disciplinary penalties.

The Bank's Ethics and Disciplinary Matters Committee of the Management Board of the Bank provides explanations regarding the application of the provisions of the Code within 20 (twenty) business days as of the day of receipt of Employee's written request including from Employees of the Group's companies.

The composition of the Ethics and Disciplinary Matters Committee of the Management Board of the Bank and the Terms of Reference thereof are approved by the Bank's Management Board.

In urgent cases explanations regarding the application of the Code are provided by the Bank's Compliance Department at the Employee's request as soon as practicable.

A decision in each specific situation is taken by the Employee himself in view of the provisions of this Code and the explanations regarding the Code provided by the Ethics and Disciplinary Matters Committee of the Management Board of the Bank or the Bank's Compliance Department.

### Contact us

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