

## **LATVENERGO GROUP CODE OF ETHICS**

### **1. Explanation of Terms Used in the Code of Ethics**

- 1.1. Employer – Latvenergo Group capital company – an employee’s employer as well as other capital companies of Latvenergo Group, if an employee is involved in provision of support or other services of the Group to these companies;
- 1.2. Employee – a natural person, who has concluded an employment agreement and has entered into employment legal relations with the Employer;
- 1.3. Family Member – an employee's spouse or child;
- 1.4. Code – Latvenergo Group Code of Ethics;
- 1.5. Group – Latvenergo Group in general as well as each capital company of Latvenergo Group separately;
- 1.6. Relative – an employee's parents, grandparents, children, grandchildren, brothers, sisters.

### **2. Purpose and Scope of the Code of Ethics**

- 2.1. The purpose of the Code is to establish a unified set of standards for ethical conduct, ensuring respect, trust and loyalty in the operation of the Group.
- 2.2. The Code shall specify the basic principles of conduct and set of ethical standards for the Group, employees and business partners.
- 2.3. Each capital company within the Group as well as each employee of the Group shall be responsible for observance of the Code. The Group shall select such business partners that observe in their operations the basic principles of conduct and set of ethical standards specified in this Code.
- 2.4. Managers and employees of the Group shall observe all binding laws and regulations, including international legislation, applicable to the fulfilment of their occupational duties.
- 2.5. Observance of the standards of the Code shall be one of the criteria for assessing an employee and it shall be taken into account when considering an employee's competitive advantages in internal personnel selection activities and continuation of employment relations.
- 2.6. The management of the Group capital companies shall promote observance of the Code by their own example and through work organisation.
- 2.7. In regard to the distribution system operator, this Code shall be applied to the extent that it does not contradict the capital company independence provisions specified in the applicable legislation.

### **3. Obligations of the Group Capital Companies**

3.1. The activities in the Group capital companies are organised so as to achieve observance of the principles specified in the Code and general norms of morality and conduct.

#### **3.2. The values and principles observed and respected by the Group companies in organising their activities:**

- 3.2.1. Responsibility, efficiency and openness – the values, that are the basis of achievement of the Group goals:
  - 3.2.1.1. Responsibility – we can be relied on;

- 3.2.1.2. Efficiency – we strive for excellence;
- 3.2.1.3. Openness – we are honest and open for new ideas.

- 3.2.2. Sustainability – achieving of the Group objectives and efficient resource management, providing services and producing products for improvement of the public welfare.
- 3.2.3. Fairness – the Group shall be fair in relations with its employees as well as customers and suppliers, providing accurate and verified information. The Group shall choose cooperation partners that observe in their activities the ethical principles specified in this Code, comply with fair competition rules and do not cause situations where certain partners gain an advantage. No employee's involvement, either direct or indirect, in activities that restrict competition, are of corruptive nature or discriminatory, shall be supported regardless of their position.
- 3.2.4. Equal treatment to employees – the Group employees may fully apply their abilities in working for the Group; all employees shall be ensured equal opportunities and equal treatment, regardless of sex, race, ethnic or national affiliation, age, disability, religious, political or other conviction, social origin, material or marital status, sexual orientation, or any other circumstances.

**3.3. In order to observe the established principles and values, the Group shall ensure:**

- 3.3.1. Improvement and rational use of creative potential and professional ability – the Group shall support such work organisation that utilises and enhances the creative potential of each employee as successfully as possible to allow more efficient fulfilment of their occupational duties.
- 3.3.2. Ethical mutual communication – the Group shall support and promote respect, trust and sound relations in communications among employees, regardless of their position, and provide an ethical corporate environment.
- 3.3.3. No conflict of interest – in its activities, the Group shall not allow any conflict of interest situations. See section 5 of the Code: Prevention of Conflict of Interest.
- 3.3.4. No corrupt activities or fraud – the Group shall create an ethical business environment and prevent fraudulent or corrupt activities. See section 6 of the Code: Prohibition of Corrupt Activity and Fraud.
- 3.3.5. Occupational health and safety – the Group shall provide its employees and contractors with a safe work environment.
- 3.3.6. Reasonable information protection and communication – the Group shall protect information available to it, avoiding disclosure of commercial secret as well as any other information not intended for public access, including the personal data. The Group shall promote constructive dialogue, observing the principle of transparency in communication, insofar as it does not contradict the information protection restrictions specified within the Group.
- 3.3.7. Protection of privacy – the Group shall not disclose employees' data and other personal information and it shall respect employees' privacy and shall not restrict employees' private activities outside working hours, insofar as they are not associated with the Group.

**4. Obligations of Employees of the Group Capital Companies**

4.1. Employees of the Group capital companies shall act and organise their activities in such a way as to promote observance of the principles specified in the Code as well as generally accepted norms of morality and conduct.

**4.2. Employees of the Group shall observe and uphold the following values and principles:**

- 4.2.1. Fairness – employees shall act fairly in relations with their employer and other employees of the Group as well as customers and suppliers, and shall not become

- involved in activities that restrict competition, are of corruptive nature or discriminatory. See section 6 of the Code: Prohibition of Corrupt Activity and Fraud.
- 4.2.2. Professionalism and responsibility – employees shall apply their best work experience and know-how, continually enhance and update their competencies, treat their occupational duties and all resources of the Group with care, and shall take responsibility for their work before colleagues and management.
- 4.2.3. Equal attitude to employees – employees shall apply the equal treatment principle and treat all employees with respect regardless of sex, race, ethnic or national affiliation, age, disability, religious, political or other conviction, social origin, material or marital status, sexual orientation or any other circumstances.
- 4.2.4. Transparency and truthfulness – each employee shall be entitled to their own opinion. In expressing their personal opinions at work and outside of work as well as in protecting their interests, employees argue using true, provable facts and shall not spread rumours.
- 4.2.5. Ethical mutual communication – employees shall maintain mutual respect, trust and business-like behavior, care for the work environment and not impair the work environment of other employees with their activities, acting responsibly.
- 4.2.6. Prevention of conflict of interest – in fulfilling their occupational duties, employees shall not allow any conflict of interest situations. See section 5 of the Code: Prevention of Conflict of Interest.
- 4.2.7. Careful attitude towards the property of one's employer and other capital companies of the Group – employees shall be sparing, careful and expedient in treating the tangible and intangible property and resources of their employer and other capital companies within the Group:
- 4.2.7.1. Employees shall treat the assets, resources and other property (including, but not limited to cash, business plans, customer data, intellectual property, software, etc.) of their employer, the Group and suppliers in a sensible, careful and diligent manner.
- 4.2.7.2. The resources and other property of the employer and the Group (including, but not limited to information, know-how, software, the internet, etc.) may not be used for personal needs, unless there is a separate agreement thereof.
- 4.2.7.3. Any information reflecting the activity of the employer and other Group capital companies, or the know-how and information gathered by the employer and other Group capital companies, including documents that are created based on such information, shall be the property of the employer or other Group capital companies and shall be stored in observance of applicable laws and regulations.
- 4.2.7.4. Employees may not use the trade names of their employer and/or other Group capital companies for personal gain.
- 4.2.7.5. Employees may express their opinions on behalf of the employer and/or other Group capital companies only if they have received the appropriate authorisation from a member of the Management Board of the respective Group capital company.
- 4.2.7.6. Employees shall respect the trade names, logos and emblems of their employer and other Group capital companies and handle objects bearing the relevant logos or emblems with due dignity.
- 4.2.7.7. Employees may not perform any actions that may negatively affect or damage their employer, other Group capital companies, or the entire Group (including damage to reputation).
- 4.2.8. Information protection of the Group:
- 4.2.8.1. An employee shall take care to protect information available to him or her regarding his or her employer or the Group, act in good faith and observe confidentiality of any Group information at his or her disposal.
- 4.2.8.2. An employee shall not be entitled to disclose information received and obtained during fulfilment of his or her occupational duties (which is not publicly available) to third parties as well as publicly discuss such information.

- 4.2.8.3. Any information available to the employee regarding his or her employer, its customers, business partners or the entire Group may be used solely for fulfilment of his or her direct occupational duties. The employee shall be entitled to believe that information requested by another employee is required for fulfilment of his or her occupational duties and to rely on the recipient of the information to use it solely for fulfilment of his or her occupational duties and observe the information protection measures specified by the employer.
- 4.2.8.4. An employee shall be responsible for any action or omission as a result of which information received for fulfilment of his or her occupational duties has become disclosed to third parties, including his or her family members, relatives, acquaintances, the media as well as employees of Group capital companies who do not need it for fulfilling their occupational duties.
- 4.2.9. Privacy – the Employer shall not restrict the employee's activities outside working hours and, outside working hours, the employee is entitled to take part in political or social activities, join associations and establish foundations, use social networks etc. (hereinafter in this section – the employee's private activities), however:
- 4.2.9.1. The employee shall be obliged to evaluate the impact of his or her private activities on the name and image of the Group and ensure that all adequate measures are taken so that such private activities would not have a negative impact on the name and image of the Group.
- 4.2.9.2. The employee shall not be entitled to relate his or her off-work private activities with the employer or the entire Group. The employee shall be obliged to take all the adequate and necessary measures so that such off-work private activities would not be associated with the employer or the entire Group, including, but not limited to using or wearing of recognisable signs of the Group (brand, logo, etc.), using of the employer's information, which is not publicly available, in private activities, etc.

## 5. Prevention of Conflict of Interest

- 5.1. A conflict of interest is a situation where an employee has to make a decision, initiate or otherwise take part in a decision-making process within the framework of their occupational duties, or perform other occupational activities which affect or may affect the personal or material interests of the employee himself or herself, his or her family members or relatives, individuals with whom they maintain a joint household, or business partners.
- 5.2. A conflict of interest may express itself in three ways: as an actual, potential or apparent conflict of interest.
- 5.2.1. **Actual conflict of interest** – the employee is in fact in a conflict of interest, i.e. private interests affect the employee's decisions and actions in fulfilling occupational duties, or fulfilment of occupational duties affects private interests.
- The employee shall not be allowed to perform his or her occupational duties in a situation of actual conflict of interest. In such case, the employee's direct supervisor shall be notified, to evaluate the situation and make a decision on ways of avoiding the conflict of interest and ensuring timely and proper performance of the employee's duties.
- The employee shall not be sanctioned in the case of reporting an actual conflict of interest, although sanctions may be applied if occupational duties are performed in an actual conflict of interest situation.
- 5.2.2. **Potential conflict of interest** – a situation where actual conflict of interest has not yet occurred at a given point but will probably occur in the future.
- In the event of a potential conflict of interest, the employee's direct supervisor shall be notified, to evaluate the situation and make a decision on removing the employee from performance of certain activities or fulfilment of certain duties, assigning such to another employee or ensuring employee rotation.
- 5.2.3. **Apparent conflict of interest** – a situation where an outside observer believes or may believe that the employee is having a conflict of interest. There is or may be an

appearance that the employee will be unable to make a decision objectively or fulfil their occupational duties in good faith.

An apparent conflict of interest may negatively affect trust in the employee and the company. In the event of an apparent conflict of interest, the employee's direct supervisor shall be notified, to evaluate the situation and make a decision on further action, either allowing the employee to perform a certain task, or assigning it to another employee, or choosing a different course of action.

**5.3. Group capital companies and employees shall act in such a way as to prevent conflict of interest situations:**

5.3.1. Employees shall evaluate not only their commercial activity outside the Group but also the commercial activity of their family members, relatives and persons who have joint household with the employee for at least one year, if it is closely related to the Group operations, and shall report any such situations to their employer.

5.3.2. Employees shall take care so that their activity outside the Group, including non-commercial activity, would not negatively affect their fulfilment of duties within the Group.

5.3.3. Employees shall inform the employer about their participation in meetings or talks with third persons, who might influence employee's decisions from the point of view of a conflict of interest when fulfilling job duties at Latvenergo Group. For providing the information employees shall use the reporting channels or information provision tools defined by the employer.

5.3.4. Employees shall make decisions solely in the interest of their employer.

5.3.5. Without the employer's written consent, employees may not occupy job positions at other commercial companies or their subsidiaries, public or local government authorities and otherwise enter into employment legal relations with another employer or provide services outside Latvenergo AS, using any type of cooperation. Only the employer may provide such consent in writing after evaluating:

5.3.5.1. whether combining duties in this specific case would not cause a conflict of interest;

5.3.5.2. whether combining duties would not contradict the employer's ethical standards or impair fulfilment of the employee's direct occupational duties.

The provisions concerning combination of duties shall apply to all positions held and all work performed by employees, including outside the working hours of the principal work.

5.3.6. If the employee changes his or her position within one capital company, the employer shall reassess the provided conditions for combining of duties. If the employee moves to another capital company of Latvenergo Group, the employee's obligation is to repeatedly perform the determined procedures for coordination of combining of duties.

5.3.7. If an employee's job duties change or scope of work increases, the employer shall re-evaluate the coordinations provided for combining of duties. The direct supervisor may ask the employee to submit a new Application for combining of duties.

5.3.8. If, in fulfilling his or her occupational duties, an employee encounters or might encounter a conflict of interest, the employee shall notify his or her direct supervisor by submitting a filled-in free-form application describing the conflict of interest situation in the Delta system. The direct supervisor shall be obliged to prevent the employee from having a conflict of interest, and, in the event of a conflict of interest, issue a written decision to assign the tasks to a different employee.

5.3.9. Managers of all levels and managing specialists, experts, project managers, Procurement and Logistics employees and other employees, who take part in decision-making within the framework of their occupational duties (including vetting of draft decisions, statements on delivery and acceptance of works, etc.), shall, once per year until 31 March of the following calendar year, submit a Conflict of Interest Declaration in the Delta system for the previous calendar year. The Conflict of Interest Declaration shall be approved by the employee's direct supervisor, making a decision on conflict of interest prevention measures if necessary.

- 5.3.10. Upon commencing work, new employees of the Group capital companies shall provide the Human Resources Management with a Declaration of Averting Conflicts of Interest in Employee's Activities.

## **6. Prohibition of Corrupt Activity and Fraud**

### **6.1. In the interpretation of the Code of Ethics, a corrupt activity shall denote:**

- 6.1.1. directly or indirectly requesting or accepting material assets, material or other benefits or their offer for performing or not performing any activity, using one's authority in the interest of the provider of the respective benefit or any other party;
  - 6.1.2. directly or indirectly providing or offering material assets, material or other benefits to another party for performing or not performing any activity, using their authority in the interest of the party providing or offering the respective benefit or any other party.
- 6.2. Fraud shall denote acquisition of undue gains, property of another person or rights to such a property in one's own or another party's interest through abuse of trust or deceit.

### **6.3. In order to mitigate/prevent the risk of corruption and fraud:**

- 6.3.1. In fulfilling their occupational duties, the employee may not accept (either directly or with the mediation of other parties) any kind of material asset, material or other benefit – including a gift (but excluding advertising objects, representation gifts or other objects of negligible value that generally bear a corporate logo), thank-you money, commission or any valuable object – as incentive or reward.
- 6.3.2. The obligation specified in section 6.3.1 shall also apply in reverse: in fulfilling their occupational duties, the employee may not offer material assets, material or other benefits specified in section 6.3.1.  
In Latvenergo AS representation items shall be presented only for the purpose of ensuring the prestige of Latvenergo AS. They shall not be presented to business partners with whom cooperation agreements have been concluded and to representatives of local governments and state institutions, unless the business partner celebrates a corporate anniversary or organises a special event, assessing and deciding on each such case separately.
- 6.3.3. If the employee has or should have doubts regarding the correspondence of an offered gift to the provisions of section 6.3.1, the employee should not accept the gift. If, in a certain situation, the refusal to accept a gift might offend the gifting party, the employee should accept the gift and act in accordance with the provisions of section 6.3.4 of the Code once it is accepted.
- 6.3.4. If there are or should be doubts regarding the correspondence of an accepted gift to the provisions of section 6.3.1, the employee shall notify his or her direct supervisor about the acceptance of the gift. If, after the gift is received, it is established that there is no correspondence to the provisions of section 6.3.1, the gift shall be handed over to the Group.
- 6.3.5. Acceptance of invitations to entertainment, cultural and other hosted events as well as meals and hosting, may be acceptable if an activity is related to the cooperation between the Group and the inviting or invited company, and is common business practice in the relevant sector. The employee's direct supervisor shall be notified about attending such events. Hosting expenses shall be commensurate to the situation. Travel and accommodation expenses incurred by employees of the Group as a result of hosting shall be covered by the Group.
- 6.3.6. If, upon receiving a hosting invitation, there is or should be suspicion of a potential conflict of interest or requesting of reciprocal services, the employee shall not accept the invitation.

### **6.4. In order that employees of the Group would not commit any corrupt activities or fraud, the following prohibitions shall also apply in addition to the provisions of section 6.3:**

- 6.4.1. Unauthorised use or disclosure of internal information in order to derive a personal gain, cause harm to the employer or the entire Group or inform a third party about the internal documents, events, activity of the employer or other Group company, etc.
- 6.4.2. Action within the framework of procurement procedure in order to derive a benefit for oneself or another party or give an unjustified advantage to any third party.
- 6.4.3. Intentional concealment of information in one's own or another party's interest.
- 6.4.4. Other fraudulent activity where the employee uses or abuses their position and authority to derive an unearned benefit for themselves or for other parties.
- 6.5. The Employer shall conduct informative activities, make improvements to internal normative documents and take other measures in order to keep employees informed and aware of the consequences of their actions, as well as avoiding corrupt or fraudulent activities and accepting or offering of unauthorized gifts and services.

## **7. Responsible Business Practices**

- 7.1. The Group shall cooperate with partners, suppliers and other contractors who understand the relevance of the values set forth in the Code of Ethics and support Latvenergo Group in establishing fair cooperation, and undertake to prevent corruption and fraud in their activities.
- 7.2. In order to implement ethical principles in cooperation with Latvenergo Group, upon signing cooperation agreements, Latvenergo capital companies shall ask their contractual partners to provide confirmation of adherence to the high ethical principles in mutual cooperation.
- 7.3. When organising their work and carrying out cooperation with Latvenergo Group capital companies, the contracting partners of Latvenergo Group, including their subcontractors, are encouraged:
  - 7.3.1. to comply with the rules of fair competition and not to create situations where competitive advantages for the partner or other persons or legal entities related to the partner may develop;
  - 7.3.2. to prevent conflict of interest situations in mutual cooperation;
  - 7.3.3. to prevent fraud, misappropriation or money laundering;
  - 7.3.4. to prevent corrupt activities, including to respect the restrictions on the acceptance of gifts set in Latvenergo Group and not to offer material assets as incentive or reward to Latvenergo Group employees;
  - 7.3.5. to comply with labour law requirements;
  - 7.3.6. to comply with the legal requirements for the payment of taxes and fees equal to taxes;
  - 7.3.7. to carry out activities in accordance with environmental and occupational health and safety regulations.
- 7.4. Latvenergo Group, in cooperation with its contractual partners, requests careful storage of information about Latvenergo Group capital companies that is not intended for public access.
- 7.5. Latvenergo Group, in cooperation with its contractual partners, requests them, during the effective period of the cooperation contract, not to enter into contracts of employment or other civil contracts for specific work with an employee of Latvenergo Group, including with an employee of a company located in a foreign country and being under the decisive influence of Latvenergo AS. The contractual partner may enter into contracts of employment or other civil contracts for specific work with an employee of Latvenergo Group, including with an employee of a company located in a foreign country and being under the decisive influence of Latvenergo AS, only if written consent of the employer of the respective employee is received.
- 7.6. Latvenergo Group does not cooperate with such contractual partners which have been declared guilty or to which an enforcement measure has been applied for the following criminal offences:

- 7.6.1. establishment or management of a criminal organisation, involvement therein or in an organised group therein or in any other criminal formation or participation in criminal offences committed by such an organisation;
  - 7.6.2. terrorism, terrorist financing, incitement to terrorism, terror threats or recruitment or training of persons to carry out acts of terrorism;
  - 7.6.3. human trafficking.
- 7.7. Latvenergo Group does not cooperate with such contractual partners on which international or national sanctions or major sanctions by a member state of the European Union or NATO affecting the interests of the financial and capital market that may affect the implementation of the cooperation contract have been imposed.
- 7.8. In order to promote fair and reliable cooperation based on successful results, Latvenergo Group capital companies shall also request their contractual partners to provide declarations of adherence to the conditions for performance of the cooperation contract, stating that:
- 7.8.1. all possible costs related to the rendering of services are included and will be included in the tender price submitted within the procurement procedure and in the price during the performance of the contract;
  - 7.8.2. the contractual partner has the necessary professional, technical and organisational skills, personnel, financial resources, equipment and other physical infrastructure and resources required to fulfil the obligations of the potential contract.
- 7.9. If a business partner or a customer of Latvenergo Group capital companies or any other third party suspects violations of ethical requirements in the Group, the person may submit a report using the anonymous reporting link, which is publicly available on the Latvenergo website: <https://latvenergo.lv/lv/cel-trauksmi>.
- 7.10. When using the reporting site referred to in section 7.9, the whistleblower has the opportunity to leave his or her contact details so that the responsible employees of the Group may contact him or her and inform about the status of the report examination.

## **8. Observance of the Provisions of the Code and Whistleblowing**

- 8.1. Each employee of the Group shall be responsible for observance of the requirements specified in the Code of Ethics. The obligation of management at all levels shall be to acquaint their subordinates with the requirements of this Code and to ensure that they observe them during fulfilment of their duties.
- 8.2. If an employee has suspicions of violation of the provisions of the Code of Ethics, he or she shall notify his or her direct supervisor. The employee shall be entitled to turn directly to the Latvenergo AS Human Resources Management or Compliance Control to report established violations.
- 8.3. If an established violation is related to fraud or dishonest action by employees, the employee shall notify the Compliance Control using the anonymous reporting link, which is publicly available on the Latvenergo website: <https://latvenergo.lv/lv/cel-trauksmi>.
- 8.4. Any employee of Latvenergo Group may report or be a whistleblower on a potential violation if the employee considers this information to be true and it has been obtained during the performance of his or her duties or from other sources. Deliberate provision of false information, personal disagreement or complaints shall not be considered as whistleblowing.
- 8.5. When reporting a potential violation, the whistleblower shall act responsibly and prudently and shall provide reasonable information, outlining the circumstances that point to a potential violation.
- 8.6. The report shall contain at least the following information:
- 8.6.1. a description of the potential violation, indicating specific facts;
  - 8.6.2. if available, information about the employee/employees of Latvenergo AS in regard whom it is reasonable to believe that he/she/they is/are involved in committing a particular violation.



- 8.7. Latvenergo AS shall protect (shall not disclose) the identity of the employee who has reported potential violations of the Code of Ethics or other illegal activities.
- 8.8. The report received, the evidence attached to it and the case investigation records shall be restricted access information. When a whistleblower's report is received, the applicant's personal data shall be pseudonymised.
- 8.9. Latvenergo AS shall protect (shall not disclose) the identity of the employee/employees referred to in the received report in regard to whom the whistleblower has reported the potential violations. That information may be presented to the person or authority that requires it for the purpose of examining the whistleblower's report or the case of violation initiated on its basis.
- 8.10. It is forbidden to penalise the whistleblower, dismiss him or her from employment or remove him or her from office, downgrade him or her or cause him or her any other adverse consequences directly or indirectly because the mentioned employee has reported a potential violation in good faith.
- 8.11. In the event of a violation of the Code of Ethics, the employee and his or her supervisor may be subject to a disciplinary penalty. Serious violations may incur administrative or criminal liability.