

## THE BASIC ETHICAL PRINCIPLES OF *LATVENERGO* GROUP FOR COOPERATION WITH CONTRACTING PARTIES

In order to ensure a common understanding regarding the creation and maintenance of a responsible and ethical business environment in the Group and to facilitate mutually respectful and loyal relationships with business partners, *Latvenergo* Group has summarized working practices in the Code of Ethics.

**With heart, with mind, with energy and with future outlook** - the values that underpin every action in capital companies of *Latvenergo* Group. The principles followed and respected by *Latvenergo* Group are: responsibility, openness, sustainability, fairness and equal attitude.

In order to adhere to the above mentioned principles and values, *Latvenergo* Group ensures:

- Ethical communication;
- Avoiding conflict of interest;
- Forbidden corrupt activity or fraud;
- Responsibility for occupational health and safety;
- Reasonable information protection and communication;
- Protection of privacy.

Employees of the *Latvenergo* Group capital companies shall act and organize their activities in such a way as to promote compliance with the principles specified in the Code as well as generally accepted norms of morality and conduct in their occupational duties and in cooperation with business partners.

Business partners are expected to follow similar ethical values and base cooperation on good-faith.

**The three key principles are:** fair treatment, avoiding of conflict of interest situations, and full compliance in fraud and corruption prevention issues.

### **Fair treatment**

*Latvenergo* Group exercises fair treatment for employees, customers and suppliers alike, giving everyone only true and verified information. Group chooses partners who follow ethical principles and comply with rules of fair competition in their operations, not allowing situations in which certain partners gain an advantage. *Latvenergo* Group supports fair commercial practices, complies with the rules of fair competition, and does not engage in transactions that limit competition, and are corrupt or discriminatory. *Latvenergo* Group provides its employees and contractors with a safe and non-discriminatory work environment.

### **Avoiding of conflict of interest situations**

*Latvenergo* Group defines conflict of interest as a situation where an employee has to make a decision, initiate or otherwise take part in a decision-making process within the framework of his or her occupational duties, or perform other activities which are not related to work duties, and may affect the personal or material interests of the employee, his or her relatives, individuals with whom the employee maintains a joint household, or business partners.

Employees of *Latvenergo* Group companies take decisions solely in the interests of the employer. *Latvenergo* Group has developed a set of measures in order to prevent employee conflict of interest situations at work.

To reduce the risk of conflict of interest, the Code of Ethics of *Latvenergo* Group stipulates that, in fulfilling their occupational duties, employees may not accept or offer any kind of material asset, material or other benefit – including gifts, thank-you money, commission or any valuable object – as an incentive or reward. The only exceptions are representation gifts, promotional items, or other articles of negligible value.

*Latvenergo* Group partners are encouraged to act in a manner that does not cause suspicion of conflict of interest situations in cooperation with *Latvenergo* Group companies, including respecting the restrictions on accepting gifts stipulated by *Latvenergo* Group, and not to offer *Latvenergo* Group employees any material incentives as an inducement or reward.

### **Full compliance with fraud and corruption prevention issues**

Fraud shall denote receipt of undue gains, property of another person, or title to such property in one's own or another party's interest through abuse of trust or deceit.

In the interpretation of the Code of Ethics, a corrupt activity shall denote:

- directly or indirectly requesting or accepting material assets, material or other benefits or their offer for performing or omitting any activity, using one's authority in the interest of the provider of the respective benefit or any other party;
- directly or indirectly providing or offering material assets, material or other benefits to another party for performing or omitting any activity, using their authority in the interest of the party providing or offering the respective benefit or any other party.

*Latvenergo* Group does not tolerate fraud and corruption in its activities and cooperates with partners who understand the indispensability of values stated in the Code of Ethics of *Latvenergo* Group, support *Latvenergo* Group in carrying out fair business practices, and are committed to prevention of corruption and fraud.

*Latvenergo* Group partners are encouraged to prevent fraudulent and corrupt practices in their business and in cooperation with *Latvenergo* Group companies.

### **Cooperation**

The basic ethical principles of *Latvenergo* Group are followed in all procurement procedures organized by *Latvenergo* Group, during contracting procedure with business partners, as well as throughout the whole cooperation.

If business partners have reasons to suspect that *Latvenergo* Group employees violate the fundamental principles of business ethics, they are encouraged to inform us in writing: <https://latvenergo.lv/en/ceļ-trauksmi>

**Let's create together an ethical business environment!**