

## APPROVED BY

Management Board of AS “Eco Baltia”  
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# CODE OF CONDUCT

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## 1. INTRODUCTION

- 1.1. The Code of Conduct is a standard of professional activity of JSC (AS) “Eco Baltia” and its group companies (hereinafter referred to as – the Group).
- 1.2. Purpose of the Code of Conduct is to ensure business practice based on the principles of ethical management and the Group values in all the areas of the Group activity.
- 1.3. The Code of Conduct shall apply to all the employees of the Group, including directors, Board Members and Members of the Supervisory Board in performance of professional duties, mutual communication, as well as in relations with public, municipal and non-governmental institutions, customers and correspondence partners.
- 1.4. The Code of Conduct shall stipulate the minimum mandatory requirements. If the applicable internal or external regulatory enactments provide for stricter conditions or requirements in any of the situations, the stricter requirements must be complied with.
- 1.5. Introduction of the Code of Conduct and compliance of the activity of the company with the requirements thereof shall be the responsibility of the Board of the respective Group company.

## 2. THE GROUP’S MISSION, VISION AND VALUES

- 2.1. The Group’s activity is based on such **values**, as purposefulness, creativity, manager’s attitude, ability to see and use the opportunities, as well as courage and initiative.
- 2.2. The Group’s **vision** is to be a global leader that promotes circular economy focusing on sustainable environment development for entire community.
- 2.3. **Mission** – to find value in each thing.

### 3. PREVENTION OF BRIBERY AND CORRUPTION

- 3.1. The Group has determined zero tolerance to any activities related to bribery and corruption or referred thereto.
- 3.2. Employees of the Group are forbidden to give, offer, request, demand or accept, directly or indirectly, anything that may be considered as a bribe and affect the objectivity of its recipient in the decision-making process.
- 3.3. It is prohibited within the Group, to make any settlements with its business partners - legal and natural persons - in cash, regardless of the amount and justification of such settlements.
- 3.4. The following shall be considered as bribery and corruption in the Group: any activities related to bribe-taking, bribe-giving, embezzlement of bribe, mediation in bribery and any other action of the persons, who have been entrusted the responsibility in the private or public sector and who violate their duties, as well as perform activities aimed at obtaining undeserved advantages for himself/herself, other persons or the Group.
- 3.5. Corruption is also a form of so-called facilitation payments – small bribes or gifts given to receive or expedite an activity in favour of the giver – and favouritism where access to resources or services is given priority to people being in family or friendship relations with decision makers.
- 3.6. Bribe may be any material or immaterial benefit or favour.
- 3.7. The Group has identified certain factors, which, taking into account the companies' field of activity, may foster the risk of corruption. They are:
  - 3.7.1. Situations of the conflict of interest;
  - 3.7.2. Gifts and hospitality;
  - 3.7.3. Lobbying activities;
  - 3.7.4. Support and sponsorship;
  - 3.7.5. Political participation;
  - 3.7.6. Procurements and selection of co-operation partners.
- 3.8. In order to assess potential risk of corruption within the Group, function of Internal Audit updates assessment of the Group's risk of corruption on a regular basis.
- 3.9. For the purposes of reduction of the risk of corruption, the Group has developed a programme for reduction of the risk of corruption, which is revised and updated on regular basis by the Group's Chief Legal Officer.
- 3.10. The implementation of the programme for reduction of the risk of corruption is based on procedures adapted to the specificity of the region where Group's activities are performed.
- 3.11. Duty to comply with the requirements of the procedures shall be mandatory and non-negotiable.
- 3.12. In case of any uncertainty, an employee is invited to consult with the Group's Ethics Commissioner.

#### **4. AVOIDING THE SITUATIONS OF THE CONFLICT OF INTEREST**

- 4.1. The conflict of interest shall mean a situation, when personal and property interests of an employee may be different or are different from those of the Group, and the decisions made or actions taken by the employee may harm the Group.
- 4.2. Situation of the conflict of interest may arise between:
  - 4.2.1. The Group and its employee;
  - 4.2.2. The Group and its cooperation partner;
  - 4.2.3. Employee and the Group's cooperation partner;
  - 4.2.4. Employees.
- 4.3. For example, the following cases may be considered as the conflict of interest:
  - 4.3.1. Establishing personal labour relations – situations, when a person has a close tie or kinship tie, or any other tie creating personal benefit with a hiring person or line manager is hired or employed under direct subordination.
  - 4.3.2. Special favour / gifts – situations, where the cooperation partner enjoys special favour in exchange for a personal benefit. For example, receipt of cash, material gifts, delivery of goods or services at a reduced price in case of a decision favourable to the supplier.
  - 4.3.3. Promotion of personal financial interests – situations, when an employee or his/her family members gain personal benefit from the business opportunities to which the Group is entitled, or situations, when an employee uses the business information, which is at his/her disposal, for his personal benefit, and not in the interests of the Group.
  - 4.3.4. Parallel employment – situations, when, additionally to the employment at the Group, an employee is employed by other company without a written permit of the employer or acts in the interests of any other company on the basis of authorisation as a shareholder, participant or on a voluntary basis, except when a certain Group company has authorised the employee to represent its interests in other company.
  - 4.3.5. Suspicious transactions – situations, where seemingly unfavourable swapping transactions involving goods or services indicate gain of financial or other benefit by an employee, or situations where an employee cooperates with companies, organisations or other legal entities and formations, which are directly or indirectly related to his/her family members.
- 4.4. Management of situations of the conflict of interest shall be organised in compliance with the following basic principles:
  - 4.4.1. A Group employee shall be obliged to be loyal in relation to the employer and its interests.
  - 4.4.2. Employees shall be able to recognise situations of the conflict of interest and avoid them to the extent possible.

- 4.4.3. Avoiding situations of the conflict of interest may not always be possible (or useful) for the employees. In such cases, the employee shall be obliged to declare (disclose) situation of the conflict of interest to its line manager, company's manager of the Ethics Commissioner.
- 4.4.4. Situation of the conflict of interest shall be declared as soon as an employee has a slightest suspicion regarding possibility of such a conflict, and, as much as possible – before any involvement in such a situation.
- 4.4.5. New employees of the Group shall be obliged to declare the potential situations of the conflict of interest within the framework of the trial period so that it can be appropriately discussed with the responsible representatives of the company.
- 4.4.6. The Group shall rely on the fairness of the information provided by the employees.
- 4.5. Any situation of the conflict of interest must be declared in writing.
- 4.6. In case of uncertainty, an employee may consult with the Ethics Commissioner.
- 4.7. More information on the Group's the management of situations of the conflict of interest is available in the Procedure for the Management of the Situations of the Conflict of Interests. LV LT CZ

## 5. GIFTS AND HOSPITALITY

- 5.1. Gift is any valuable item given or offered for personal benefit of an employee or his/her family members free of charge or for a charge, which is lower than the actual value thereof.
- 5.2. Hospitality is any offer of a trip, accommodation, food or drink, or invitation to any event (for example, a concert or sports event in the capacity of a viewer or participant) from any cooperation partner, customer or third-party company, received by a Group employee or offered thereto in relation to his/her employment with the Group.
- 5.3. Any gift or hospitality presented, received or offered in relation to any of the Group companies or on behalf thereof, **MUST BE**:
  - 5.3.1. A legal, justified business courtesy, which must not be directly or indirectly related to gaining any advantages or other benefits from third parties;
  - 5.3.2. Presented openly;
  - 5.3.3. With a clear purpose, without an impression that the employee or the company shall provide or receive something in return;
  - 5.3.4. Honest and proportionate, without prejudice to limitations of value;
  - 5.3.5. Accounted and approved according to the requirements of this procedure.

- 5.4. Any gift or hospitality **MUST NOT**:
- 5.4.1. Affect or give an impression that it affects independence of the recipient thereof in adoption of decisions;
  - 5.4.2. Be presented, received or offered to a cooperation partner, customer during business negotiations or entering into a contract if it may potentially affect the company's decision or negotiations;
  - 5.4.3. Include cash or equivalents thereof, for example, commemorative coins, coupons, payment or gift cards, companies' shares (stock), etc. regardless of the amount;
  - 5.4.4. Look luxuriously, offensively or inappropriately or violate the generally accepted norms of ethics.
- 5.5. When receiving a gift, hospitality or relevant offer, each employee shall evaluate the received or provided gifts, hospitality or relevant offers in accordance with these requirements and in case of doubts restrain from giving or reject those.
- 5.6. In case of uncertainty, the employee may consult with the Ethics Commissioner.
- 5.7. In any cases when:
- 5.7.1. A nominal value of a gift is equal to or greater than **EUR 75.00** (with VAT);
  - 5.7.2. A value of a hospitality service per 1 employee (except for representatives of a Group company) is equal to or greater than **EUR 75.00** (with VAT),  
and a provided, received or rejected gift or hospitality does not correspond to the exemptions subject to clause 5.8., the employee shall be obliged to notify the Group's Ethics Commissioner.
- 5.8. The obligation to inform is not applicable to:
- 5.8.1. Private gifts and hospitality among the Group employees or employees and the Group (for example, on birthdays, at Christmas and New Year parties, Sports Games etc.);
  - 5.8.2. Low value representation items of certain type – gifts containing the trademark, logotype of the Group or some Group company or other information (for example, pens, calendars, T-shirts, mugs and other souvenirs);
  - 5.8.3. Hospitality of certain kind intended for the guests, cooperation partners and customers of the Group companies and presented on the Group's premises (for example, drinks, snacks, candy presented to the customers in the waiting room, during a meeting or joint event).
- 5.9. In cases, when gifts and hospitality are provided to the employees and fully or partially financed by the Group, requirements of the Accounting Policy must be complied with.
- 5.10. It is forbidden to offer or present gifts and hospitality, including any benefit of material or other kind, for example, services, granting or transfer of rights,

release from a duty, waiver from any right and other activity, whose direct or indirect beneficiary is a public official, and which may result in gaining company and/or personal benefit.

- 5.11. More information on the requirements to the provision, receipt and accounting of gifts and hospitality is available in the Group's Procedure for the Gifts and Hospitality. LV LT CZ

## 6. LOBBYING ACTIVITIES

- 6.1. Lobbying is an intentional and systematic communication with public and municipal authorities with the intent to impact the decision-making process for the implementation of interests of certain business sectors or segments.
- 6.2. Lobbying may be performed in public and municipal institutions and authorities, which, by way of performance of functions of public administration and law making, adopt regulatory enactments and decisions or approve policy planning documents, as well as in the institutions, which prepare these documents, and in business associations and societies, and in European Union authorities and associations. Subject of lobbying may be both adoption of decisions and refusal to adopt decisions.
- 6.3. Lawful lobbying is legal, and it is also desirable, since it may give positive effect to all the involved parties.
- 6.4. Employees of the Group companies shall be obliged to comply with the following basic principles in the lobbying process:
- 6.4.1. When performing the activities of lobbying, no unjustified benefit is provided to officials of public and municipal authorities, their relatives, societies, companies and political parties related thereto or to their relatives, no other political support is provided, no trade in influence is supported or no corruptive actions of any kind are performed;
  - 6.4.2. Lobbying shall take place in an open, ethical and transparent manner; it is formal, without jeopardising rights of other interested parties to equal treatment;
  - 6.4.3. Goals and gains of the particular lobbying activity in the interests of the Group companies and the general public are always clear and justified;
  - 6.4.4. Group companies do not make political donations on behalf of the Group companies and do not demand to do so from its employees and their family members;
  - 6.4.5. If any of the employees of the Group companies or relatives thereof is related to public or municipal officials, who are involved in adoption of decisions with regard to any of the Group companies, he/she shall be obliged to notify the management of his/her respective company and further act according to the requirements of the Group's Procedure for the Management of Situations of the Conflict of Interest.

- 6.5. In case of doubt regarding the compliance of the lobbying activities with the requirements of regulatory enactments, the procedure or the Code of Conduct, the Group's Ethics Commissioner or Chief Legal Officer must be consulted before implementation of such activities.
- 6.6. Lobbying activities shall be coordinated by the employee, whose professional duties include such a function.
- 6.7. More information on planning, approval and performance of lobbying activities is available in the Group's Lobbying Procedure. LV LT CZ

## 7. DONATIONS AND SPONSORING

- 7.1. Donation is property or funds, which a person (donor) transfers to an organisation for the achievement of goals specified in the Articles of Association without remuneration on the basis of mutual agreement and without a duty to perform any actions that may be regarded as remuneration, and which are subject to tax relief.
- 7.2. Sponsoring is a mutually favourable transaction between an organisation, which receives funds, and a company, which provides support to the organisation in question from its marketing or advertisement budget. Sponsoring results in promotion of the company. No tax relief is provided for in case of sponsoring.
- 7.3. The following basic principles must be complied with in the process of assessment and provision of donations and sponsoring:
  - 7.3.1. When making a donation or sponsoring, no unjustified benefit is gained, no political support is provided or corruptive activities performed;
  - 7.3.2. Employees do not make political donations on behalf of the Group companies;
  - 7.3.3. Donation or sponsoring is not provided to employees and officials of the Group companies or their relatives, except within the framework of the social activities approved by the Group (for example, by supporting employees or their relatives, talented athletes), or if any of these persons has been affected by an accident and a decision has been made to provide support.
  - 7.3.4. If any of the employees of the Group companies or relatives thereof are related to the beneficiary of the donation or sponsoring, he/she shall be obliged to notify the management of the respective company thereof and further act according to the requirements of the Group's Procedure for the Management of Situations of the Conflict of Interest;
  - 7.3.5. The process must be transparent, fair, socially responsible and ethical;
  - 7.3.6. Donation or sponsoring must comply with the requirements of the regulatory enactments;



- 7.3.7. Donations or sponsoring activities must be coordinated with the Ethics Commissioner.
- 7.4. Donations or sponsoring may be provided in two ways:
  - 7.4.1. According to the plan, by determining guidelines and criteria for donations, marketing support and advertising for Group companies;
  - 7.4.2. Upon request, when a request is received from an organisation or individual to provide a donation or to support arranged events or initiatives.
- 7.5. The Group's Marketing function shall be responsible for the performance of donation and sponsoring activities and their relevant agreement and approval.
- 7.6. More information on planning, evaluation, agreement and performance of donation and sponsoring activities is available in the Group's Procedure for the Donations and Sponsoring. LV LT CZ

## 8. POLITICAL PARTICIPATION

- 8.1. Regardless of the ban to provide political support and/or political donations on behalf of the Group, the Group shall not restrict rights of its employees to engage in political activity privately upon prior notice to the manager of the respective Group company and/or Ethics Commissioner.
- 8.2. Political activity shall mean joining by employees of the Group companies political parties and the political activities stipulated in regulatory enactments that govern activities of political parties in relevant countries, in which the Group company is present, including the following:
  - 8.2.1. participation in the election campaign,
  - 8.2.2. nomination of candidates,
  - 8.2.3. participation in the election of the Parliament or local governments or activities thereof,
  - 8.2.4. Involvement in the establishment of authorities of public administration.
- 8.3. Political activities must be performed outside business hours or, if it is not possible, during the business hours upon agreement with the line manager.
- 8.4. In case of doubt regarding the compliance of the intended activity with the requirements of the Code of Conduct, the Group's Ethics Commissioner or Chief Legal Officer must be consulted before commencement of such activities.

## 9. PROCUREMENTS AND EXAMINATION OF COOPERATION

- 9.1. In order to ensure efficient use of resources and reduce the risks relating to cooperation partners, reputation and financial risks, the Group has developed definite unified basic principles procurement.
- 9.2. The basic principles of procurement apply to all employees of the Group and all procurements made between any of the Group companies and other individuals or legal entities, as well as participation in public procurements organised by state or municipal institutions and business companies.
- 9.3. The procurement process must meet the following criteria:
  - 9.3.1. The procurement process must be transparent, fair, objective and seek to attract the widest and most diverse range of tenderers possible;
  - 9.3.2. No corrupt or illegal actions in the selection of tenderers or participation in public procurement are allowed;
  - 9.3.3. Procurement must comply with good business practice, considering the interests and experience of the company;
  - 9.3.4. The procurement must comply with the requirements of regulatory enactments;
  - 9.3.5. Procurement must be in line with socially responsible, diverse and ethical business practice;
  - 9.3.6. The selection of applicants is based on transparent and objective criteria that are not related to the personal interests, bias, political influence or other factors of any employee of Group companies;
  - 9.3.7. The content of an agreement has been agreed with the Group's Legal function's employees prior to signing or a standardised form of contractual provisions pre-approved by a lawyer is used;
  - 9.3.8. The procurement process does not involve cash transactions.
- 9.4. In order to be able to commence business relations with or eligible to participate in tenders or price inquiries of Group companies, a supplier must meet the requirements set out in the Group's Procedure for Assessing Counterparty and Transaction Risks, including, but not limited to:
  - 9.4.1. a counterparty is not insolvent, not under liquidation or legal protection, its business activities have not been suspended;
  - 9.4.2. it has no registered considerable tax debts;
  - 9.4.3. it has all necessary permits and all technical and material resources to fulfil taken or planned liabilities;
  - 9.4.4. a counterparty, its managers and beneficial owners are not subject to national and international sanctions.
- 9.5. With regard to participation in public procurement, companies are bound by additional requirements, including the prohibition of any communication with competitors, coordinating participation and information to be submitted, as well as unforeseen communication with procurers.

- 9.6. For more information on the procedure for the organisation of procurement and participation in public procurements, see the Group's Procurement Procedure.

## 10. DUTIES AND LIABILITY

- 10.1. Every employee of the Group depending on official duties, responsibility and decision-making authorities shall be divided into two risk groups:
- 10.1.1. High risk group, including managers of the Group companies, Management Board and Supervisory Board Members, shareholders as well as other employees exposed to high risks of being involved in considerable violations of the Code of Conduct, e.g. employees related to sale and purchase of goods and services, important decision-making.
  - 10.1.2. Low risk group, including other employees of the Group.
- 10.2. A designated HR specialist of the company is responsible for the classification of employees into these risk groups and notification.
- 10.3. Every Group employee shall be obliged to:
- 10.3.1. Comply with the duties and requirements stipulated in the Code of Conduct and related procedures;
  - 10.3.2. Notify immediately of any known, possible or observed violation of the Code of Conduct, support procedure thereof, or any other applicable regulatory enactment, which has become known.
- 10.4. Every manager of a Group company shall be obliged to provide:
- 10.4.1. The widest possible circulation of the Code of Conduct within the company and beyond promoting awareness of the employees, customers and cooperation partners on the entrepreneurship practice implemented by the Group;
  - 10.4.2. The necessary resources, systems and reporting opportunities for proper implementation of the duties and requirements stipulated in the Code of Conduct;
  - 10.4.3. Appropriate and regular training of employees improving their knowledge and understanding on the Code of Conduct;
  - 10.4.4. Regular exchange of information among employees and the company's management regarding matters, which affect or may affect the field of application of the Code of Conduct.
  - 10.4.5. Completeness, correctness and availability of the documentation related to the Code of Conduct for internal and external verification.
- 10.5. Employees are familiarised with the Code of Conduct in accordance with the requirements of the Group's Personnel Management and Procedures, including:
- 10.5.1. Each employee, regardless of an assigned risk group, is obliged to get acquainted with the Code of Conduct and its amendments in accordance

with the procedure specified in the Internal Working Regulations (e.g. via Intranet or e-mail);

- 10.5.2. New company's employees shall be familiarised with the Code of Conduct upon commencement of labour relations at the Group;
  - 10.5.3. The Personnel specialists shall inform the employee if he / she is included in the high risk group;
  - 10.5.4. Depending on the risk group, the employee may be subject to additional training and regular knowledge tests.
  - 10.5.5. Further communication regarding the Code of Conduct and changes thereto shall take place in accordance with general procedures – in the course of employee training, company's internal meetings, Group's share websites etc.
- 10.6. The Code of Conduct in various areas of application thereof shall be supplemented also by other (not mentioned in the Code) detailed internal Group companies' procedures, available in the Group Intranet or otherwise. Every employee shall be obliged to access and acquire them independently and comply therewith in his/her work.

## 11. REPORTING PROCEDURE

- 11.1. Employees, who have information or suspicion regarding violation of the Code of Conduct, support procedure thereof, or any other applicable regulatory enactment, are encouraged to report thereon immediately.
- 11.2. There are several reporting channels available. Usually the employee's line manager or manager of the Group company in question will be in the best position to provide the necessary support, but, if this is not the case, the employee is encouraged to approach (at his/her choice):
  - 11.2.1. Company's next management level, or
  - 11.2.2. Notify the Group's Ethics Commissioner (email: [etika@ecobaltia.lv](mailto:etika@ecobaltia.lv)), or
  - 11.2.3. Internal Audit Manager.
- 11.3. Upon receipt of such a report, any manager shall be obliged to inform the Group's Ethics Commissioner immediately on nature of the report.
- 11.4. Depending on the availability of support in the relevant region of Company's activities, the employee may provide report in any form in writing and/or verbally, with self-identification or anonymously.
- 11.5. Any employee, who will provide such information, will receive undivided support of the Group management, and regardless of whether the information included in the report will be confirmed or not, the employee in question will not be subject to any sanctions or other restrictions.
- 11.6. Nothing of the aforementioned shall limit rights and possibilities of the employees to report through the Group's internal whistleblowing system or approaching directly to the relevant public authorities.

## 12. CONSEQUENCES OF VIOLATION

- 12.1. Any violation of the Code of Conduct or support procedures thereof may be subject to disciplinary sanction, including termination of the employee.
- 12.2. The following actions may be considered as non-compliance with the Code of Conduct:
  - 12.2.1. Violation of the Code of Conduct, support procedure thereof, or any other applicable regulatory enactments, stimulation of such a violation or encouragement thereof;
  - 12.2.2. Imposition of sanctions or other restrictions on the employee, who has expressed concern or reported a possible violation;
  - 12.2.3. Failure to notify of a known or possible violation;
  - 12.2.4. Avoidance of investigation of the violation;
  - 12.2.5. Inability in the capacity of a manager to ensure compliance of the activity of the company or structural unit with the requirements of the Code of Conduct.
- 12.3. Reports on actual or possible violations of the Code of Conduct, support procedure thereof, or any other applicable regulatory enactments shall be summarised by the Group's Ethics Commissioner.
- 12.4. Upon receipt of a report on potential violation, the Group's Ethics Commissioner shall conduct fact-finding and, if necessary, organise proper investigation, during which the information set forth in the report is verified as well as, if needed, notify the Group's management board and supervisory board on the violation and necessary corrective or preventive measures.
- 12.5. The procedure of internal investigation in the Group companies is determined by the Internal Investigation Procedure.
- 12.6. If information on the violation is confirmed, the Ethics Commissioner shall recommend to the Board of the respective company to impose a disciplinary sanction on the violator or implement other activities to prevent similar offences in the future, or direct the offence for further adjudication at the meeting of the Supervisory Board.
- 12.7. The Supervisory Board may make a decision on the gravity of violation and instruct the management of the relevant Group company to apply a disciplinary sanction or dismiss the violator and/or take other actions to eliminate similar violations in the future.

### **13. OTHER PROVISIONS**

- 13.1. The Code of Conduct shall be revised at least on an annual basis.
- 13.2. Revision of the Code of Conduct shall be the responsibility of the Group's Ethics Commissioner.
- 13.3. Changes to the Code of Conduct shall be coordinated with the Group's management board and approved in the meeting of the Group's Supervisory Board.