



Version: 1

Approved by Supervisory Board
of AUGA group, AB on 28
November 2018.

POLICY ON PREVENTION OF CORRUPTION AND CONFLICTS OF INTEREST

1. GENERAL PROVISIONS

- 1.1. This Policy on prevention of corruption and conflicts of interest (the **Policy**) applies to all employees, members of management and supervisory bodies of AUGA group, AB (**AUGA**) and its subsidiaries (**AUGA group**) and persons acting in the interests of AUGA group on the basis of services, advice or other agreements (the **Employees**).
- 1.2. Purpose of the Policy is to establish general provisions and principles for the prevention of corruption and conflicts of interest, management of interest of AUGA group, as well as the main guidelines for their implementation and resolution of potential conflicts of interest.
- 1.3. The Policy has been prepared in accordance with the recommendations of the Anti-Corruption Handbook¹ for Business by the Special Investigation Service of the Republic of Lithuania.
- 1.4. The definitions used in this Policy shall have the following meanings:
 - (a) **Close person** – Employee's spouse, cohabitee, parents (adoptive parents), children (adoptees), brothers (stepbrothers), sisters (stepsisters), grandparents, grandchildren and their spouses, cohabitees, as well as a legal entity where the Employee or the persons referred to above are members of the management or supervisory body or directly or indirectly control at least 50 % of the capital or votes at the meeting of the participants of the legal entity concerned, or with whom the Employee or any of the persons referred to above have a relationship based on the pursuit of common objectives or the pursuit of joint activities;
 - (b) **Gift** – any item, service, or other benefit of any value (such as items, money, drinks, tickets, services, travels, etc.);
 - (c) **Interest** – material or non-material interest that may affect the performance of delegated duties, decisions being executed, tasks being performed or other actions being performed;
 - (d) **Conflict of interest** – a situation when Employees have to choose between the performance of their duties and / or performance of delegated functions to the maximum benefit of AUGA group companies and private Interest of their own or a Close person;
 - (e) **Corruption** – an abuse of the power entrusted by AUGA group in order to gain the personal benefit for himself / herself or another person. Corruption also includes all corruption-related offences as defined in the applicable legal acts of the Republic of Lithuania;
 - (f) **Bribe** – any offering, giving, permission to give, request, acceptance or receipt, expressed in the form of any material or other personal benefit to himself / herself or another person (material or non-material, having economic value on the market or not having such value), for a desired lawful or unlawful act or omission of a person in the exercise of his / her powers.
 - (g) **Support** – a voluntary and unremunerated provision of support items by AUGA group with the exception of the recipient's obligations permitted under the Article 8² of the Law on Charity and Sponsorship of the Republic of Lithuania.

¹ Access through the Internet: <http://avv.stt.lt/>

² The following obligations of the recipient to the provider are permitted during the provision of support: (1) to publish information about the provider; (2) report to the provider on the use made of the support received, the activities of the recipient; (3) to use the subject matter of support in accordance with the procedure referred by the provider.

2. PROHIBITION OF CORRUPTION AND BRIBERY

- 2.1. AUGA group does not tolerate Corruption in any form and provision / receipt of a Bribe and undertakes to take preventive measures in order to prevent the manifestation of Corruption and fight with it.
- 2.2. Having noticed signs of Corruption in AUGA group or having received a request to offer or offer to accept a Bribe, the Employee must immediately inform his / her direct manager and manager of the Legal and Corporate Affairs Department of AUGA.

3. POLICY OF GIFTS AND REPRESENTATION

- 3.1. AUGA group accepts and provides only gifts and hospitality that do not go beyond normal business relations and transparency standards. AUGA group does not tolerate any gifts, payments or hospitality that encourage or reward the decision or are intended to gain benevolence or exclusive appreciation in any activities related to AUGA group. In order to assess whether gifts and hospitality are accepted, the Employee must assess each offer in accordance with the questionnaire provided in the Annex No. 1.
- 3.2. Employees are required not to solicit Gifts directly or indirectly in connection with their duties in AUGA group from third persons. Gifts or corporate hospitality must be offered or accepted only if it is done in accordance with the legislation and Policy.
- 3.3. The Employee cannot accept or give the Gifts if this may cause the Conflict of interest. This restriction does not apply to the Employees who have received Gifts in accordance with international protocol or traditions customarily associated with the Employee's duties, as well as with Gifts for representation (companies', organizations', institutions' and other symbolism, calendars, books and other informative prints), of a value not exceeding 30 euros. If the value of the specified Gift exceeds 30 euros, this Gift shall be considered as the property of AUGA group and its receipt shall be notified to the manager of the Personnel Department of AUGA, who shall indicate in each case to whom to transfer such Gift, or, if he received the Gift – to the general director of AUGA.
- 3.4. In any case, the Employees are prohibited from accepting or giving Gifts in monetary terms, including gift cheques, gift vouchers and etc.
- 3.5. Invitations to paid events and entertainment may only be accepted by the Employees if it is related with the business reasons or if the Employees contribute to the organization of such events (for example, participating as speakers), however, in this case, the Employee shall assess the effect of such gift in accordance with the questionnaire provided in the Annex No. 1. Related costs of travel or accommodation shall be paid by AUGA group. However, the Employees should refuse invitations to catering facilities or entertainment that are too frequent to avoid complications or losing objectivity in the performance of the activities of AUGA group. If it is disrespectful to refuse an invitation, the Employee may accept it, agreeing that he / she will be allowed to respond the same or to pay by himself / herself / at the expense of AUGA group.
- 3.6. The Employees are expected that before accepting any gifts or attending events they assess whether such actions are intended to have an unlawful impact, whether the issues in question and attendance at events will have a negative impact on the image or reputation of AUGA group. In case of doubt as to the value of the Gift or the purpose of its giving, the Employee should seek consultation from his / her direct manager or the manager of the Personnel Department of AUGA regarding the acceptance or return of the Gift.
- 3.7. Except in exceptional cases, where the general director of AUGA decides otherwise, any form of Gifts to officials of Lithuania or foreign states, employees of municipalities and their subordinate authorities, auditors and so forth, shall be prohibited in AUGA group in order to avoid any preconditions for doubts about the transparency and integrity of the activities of AUGA group.

- 3.8. In order to improve image, reputation, openness of AUGA group and to contribute to social initiatives, AUGA group's position may be represented through associations or other similar unifications whose purpose is to represent their interests, but in all cases without prejudice to the objectives of the activities of AUGA group, the requirements of existing legislation, avoiding incompatibility with the provisions of the Policy.

4. NEPOTISM AND CRONICISM

Any patronage of Close persons, relatives, friends and other related persons of the Employee, as well as any relationship of direct subordination or control of such persons are not tolerated in AUGA group. The Employees shall be selected in a non-discriminatory, transparent and fair manner, on the basis of their competences and according to legislation.

5. PROVISION OF THE SUPPORT

- 5.1. AUGA group does not tolerate any form of influence, whether direct or indirect, against politicians or political parties, nor does it sponsor or otherwise support politicians and political parties, their representatives and their candidates and election campaigns.
- 5.2. The decision to grant support shall be made by the general director of AUGA. Before making such a decision, he / she should consult in order to ensure that the recipients of the charity or support are not in any way related to politicians, authority representatives or other entities having the authorization to make decisions on the interests of AUGA group.
- 5.3. The support provided shall be publicly available on AUGA group website.

6. CONFLICT OF INTEREST

- 6.1. The Employees must avoid Conflicts of interest and behave in such a way that there is no doubt that such conflicts exist. Business transactions must be conducted in the best interests of AUGA group.
- 6.2. The Employee is prohibited from participating in deliberations or adoption of decisions that cause or may cause a Conflict of interest. Prior to the commencement of the procedure for the preparation, consideration or adoption of such a decision or during the procedure itself, the Employee must inform his / her direct manager (in the case of managers of subsidiaries – the general manager of AUGA) and persons involved in the procedure about the existing Conflict of interest, withdraw himself / herself and not participate in any way in the further preparation, deliberation or adoption of the decision.
- 6.3. Participation in any legal form (including investment in such an entity or any financial interest from such an entity) in the activities of another entity competing with AUGA group must be notified in writing by the Employee to his direct manager and manager of the Personnel Department of AUGA.

7. ASSET PURCHASE AND SALE

- 7.1. AUGA group conducts all buying and selling procedures in the maximum fair and transparent manner in accordance with the legislation. In cases where the activities and conduct of representatives of third parties are found to be in breach of the provisions of the Policy, the Group shall have the right to take actions, including termination of contractual obligations.
- 7.2. Assets belonging to AUGA group by the right of ownership shall not be sold to the Employees or Close persons without the prior written permission of the general director of AUGA.

8. PROCEDURE FOR THE IMPLEMENTATION AND CONTROL OF THE POLICY

- 8.1. The Policy shall be made publicly available on AUGA group's website so that each business

partner, service providers, consultants of AUGA group and other third parties with whom the representatives of AUGA group deal and the person acting on their behalf, could get familiar and comply with.

- 8.2. The managers of each structural division and subsidiary of AUGA are responsible for familiarizing Employees subordinated to them and accountable persons with the Policy.
- 8.3. AUGA group provides the possibility to report breaches of the Policy and obtain the relevant information regarding its enforcement by sending an e-mail to a mailbox created for this purpose: etika@auga.it. AUGA group shall take all measures to protect Employees reporting breaches of the Code from any negative consequences: only the manager of the human resources department of AUGA, who undertakes not to disclose to other Employees or third parties the identity of the Employees who have reported, has access to the specified mailbox.
- 8.4. All reports of potential violations must be properly investigated by individuals appointed by the manager of human resources department of AUGA. Disciplinary action shall be taken immediately if any non-compliance with the provisions of the Policy is detected, including temporary suspension from ongoing duties or termination of employment or termination of contract with a third party. If indications of a criminal offence are identified, AUGA group informs the competent law enforcement authorities.

9. FINAL PROVISIONS

- 9.1. This Policy shall be approved and, if necessary, adjusted by supervisory board of AUGA.
- 9.2. Any person shall inform, explaining the need and circumstances thereof, of the possible need to adjust the Policy the manager of Legal and Corporate Affairs of AUGA, who shall, after consideration of the notification received and decision that the adjustment would be recommended, make appropriate recommendations to the supervisory board of AUGA.
- 9.3. No later than the end of January, the manager of the human resources department of AUGA shall provide the manager of Legal and Corporate Affairs with a summary of notifications, inquiries, and complaints received under this Policy during the previous calendar year. The manager of Legal and Corporate Affairs of AUGA shall prepare a report to the supervisory board of AUGA on the implementation of this Policy and the need to adjust it (if any) based on the information received / collected during the year and shall submit it for consideration to the meeting of the supervisory board no later than the relevant annual general meeting of shareholders of AUGA.

Annex No. 1

The following questions should be answered before deciding whether or not to accept a gift:

1. Why is the gift being given and why is it being given to me?
2. Can the place, time or method of giving the gift call doubts on purposes of giving the gift?
3. Whether the value of the gift is not higher than would normally be expected from the relationship with the person giving the gift?
4. Are gifts not received too often?
5. What are the intentions of the person giving the gift (does he do it out of courtesy or respect, or maybe with the intention of influence future decisions in a self-positive way, or expressing gratitude, directly or indirectly, for present or past decisions)?
6. Is the person providing the gift not being treated ambiguously, allowing him to have the misconception that the gift (thanksgiving) is waited and expected from him?
7. Does accepting a gift not mean any possible obligations to the person giving the gift?
8. Will the fact of receiving (giving) the gift cause any discomfort or psychological discomfort if it becomes publicly known to everyone (colleagues, partners, media, general public)?