

# Annex No. 3 to the PATA Code of Conduct

## Anti-Corruption and Conflict of Interest Prevention Policy

Pursuant to the Civil Law Convention on Corruption<sup>1</sup>, corruption represents a major threat to the rule of law, democracy and human rights, fairness and social justice, hinders economic development and endangers the proper and fair functioning of market economies. The United Nations Global Compact<sup>2</sup> stipulates that businesses should work against corruption in all its forms.

Following the principles enshrined in the United Nations Global Compact and being aware of the negative implications of corruption on society, and with an aim to foster good corporate governance, the PATA group has drawn up its Anti-Corruption and Conflict of Interest Prevention Policy (hereinafter the “Policy”), which the PATA group follows itself and asks its suppliers and business partners to follow, thus ensuring the application of the principles of this Policy across the whole supply chain.

### Aim of the Policy

The aim of this Policy is to describe the principles of the PATA group in exercising zero tolerance toward corruption and corrupt practices and ensuring the prevention of conflict of interest.

### Corruption

Corruption<sup>3</sup> means requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behaviour required of the recipient of the bribe, the undue advantage or the prospect thereof.

Under this Policy, bribery is defined as requesting, offering, giving or accepting, directly or indirectly (for example, through a third party), “anything of value” (financial or non-financial) with an aim to improperly influence any action or decision to secure an undue advantage for the PATA group.

The PATA group defines bribes as “anything of value”—any type of benefit which includes, but is not limited to, the following:

- cash or cash equivalents (for example, gift cards / certificates), loans, gifts or rewards;
- job offers or future employment promises (to the person or their relatives);
- favourable terms for goods or services or their discounts;
- entertainment or hospitality (payment of travel, hotel, catering, subsistence, or trip costs);
- discount or free tickets to events;
- political or charity donations.

The PATA group employees or third parties acting on behalf of PATA shall never, directly or indirectly, promise, offer, give, receive or authorise a bribe or anything of value to anyone to improperly influence any action or decision, ensuring an undue advantage for the company. This Policy sets minimum standards, and they must be followed at all times. Offering a bribe without an actual transfer of it shall also constitute a violation of this Policy.

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<sup>1</sup>Civil Law Convention on Corruption, available at: <https://m.likumi.lv/doc.php?id=214030>

<sup>2</sup>United Nations Global Compact, available at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

<sup>3</sup>Civil Law Convention on Corruption, available at: <https://m.likumi.lv/doc.php?id=214030>

## Corporate gifts and hospitality

Under this Policy, corporate gifts are defined as anything of value given or received to maintain business relations, while hospitality includes payment of lunch, drink, travel, and subsistence costs.

The PATA group employees are allowed to offer or receive gifts or invitations only if they are symbolic (of small value) and do not raise concerns about the giver's honesty or recipient's impartiality. When in doubt about a gift, an employee must report it to the direct manager. If the acceptance is not approved, the employee must return the gift, politely explaining the PATA group policy with respect to this matter.

If a PATA group employee offers or receives a gift or an invitation, it must be ensured that:

- ▶ the recipient does not feel obliged to perform particular actions;
- ▶ the gift does not affect business decisions or does not create a particular advantages to the giver of the gift;
- ▶ the acceptance of the gift is legitimate and functions as an expression of courtesy.

The PATA group employees do not give gifts to state or municipality officials unless the appropriateness of such gifts is previously coordinated with the PATA group's legal department.

The PATA group employees do not give or accept gifts at the time of an on-going tender procedure, where one party is a contracting authority and the other—a supplier.

The PATA group employees who have received an invitation to a particular event may accept the invitation only if there is a clear link with their direct work duties. Any gift- or hospitality-related expenses may not be related to entertainment.

## Facilitation payments

Facilitation payments are illegal or unofficial payments that are made in exchange of services which the payer is legally entitled to receive without making such payments. Usually, they are unofficial payments made to expedite state or municipal processes.

Given that facilitation payments are a type of bribery, the PATA group employees do not make such payments.

## Charity donations and sponsorship

The PATA group companies ensure that charity donations and sponsorship are not used to disguise bribery and are made in compliance with relevant laws and regulations.

The PATA group companies exercise extra caution when making donations to organisations which work with political persons or their relatives, friends, and business partners.

## Donations to political parties

The PATA group companies do not make direct or indirect donations to political parties, party officials, organisations or persons involved in politics with an aim to gain advantage in business deals. All political donations must be transparent and made in compliance with relevant laws and regulations.

## Prevention of conflict of interest

Under this Policy, a conflict of interest is defined as a situation in which a PATA group employee, when performing their work duties and making work-related decisions, encounters self-interest.

The PATA group employees are obligated to report on a potential conflict of interests to their direct manager, indicating:

- ▶ the nature of the potential conflict of interest;
- ▶ information on all parties involved;
- ▶ financial or non-financial gain that the employee might make.

The PATA group employees or their family members may not use confidential information on the PATA group companies, clients, or suppliers to make any financial gain.

## Application of Policy Principles

This Policy applies to all PATA group companies as well as their suppliers and business partners. All our suppliers are to adhere to the PATA's Code of Conduct, which includes provisions on prevention on corruption and conflict of interest.

To make sure we enforce this Policy, the PATA group:

- ▶ adheres to all relevant laws and regulations tackling corruption and prevention of conflict of interest;
- ▶ recognises the significance of the issue and takes a strong stance on it publicly;
- ▶ educates its staff on the issues raised in the Policy and encourages the staff to report on corruption or conflict of interest risks if they see or suspect them;
- ▶ ensures that all potential violations of this Policy at the PATA group companies, if such violations have taken place, are properly investigated by authorised and competent persons in compliance with the internal whistleblowing and grievance procedure;
- ▶ informs its suppliers and other business partners of the company's Policy and makes sure that agreements stipulate that this Policy is complied with as an integral part of the PATA Code of Conduct;
- ▶ carries out supplier and business partner audits on the Policy enforcement.



The Policy is reviewed and, if required, amended or supplemented once a year. The enforcement and review of the Policy is performed by the boards of the PATA group companies.