

## **NLB GROUP ANTI-CORRUPTION AND ANTI-BRIBERY POLICY**

NLB Group is firmly committed to compliance and integrity and has zero tolerance for any form of corruption and bribery practices in the different jurisdictions where it operates.

NLB Group is aware of the importance of the fight against corruption as well as other financial crimes. Thus, NLB d.d. and other members of NLB Group actively implemented policies and procedures to follow the zero tolerance of any form of corruption, either in the public or private sector. We have established rules and procedures, guidelines and rules of conduct in this regard which are binding for all employees as well as members of the governing bodies of the NLB and NLB Group Members. We expect these standards from business partners, suppliers and other persons, which we cooperate with.

As part of our whistleblowing policy, special whistle blowing channels are available (<https://whistler.nlb.si/>) to all employees through which they may in bona fides confidentially report to respective compliance management on the committing of suspected acts of corruption or other forms of corruption risks which they become aware of during their professional activities. As part of our approach, we guarantee not only anonymity of the whistleblowers but also their protection against any form of retribution.

### **In the NLB Group, any form of corruption is strictly prohibited**

Corruption shall mean any abuse of position for private purposes. This includes obtaining financial and non-financial benefits for oneself or for others. Examples of corruption are blackmail, bribery, fraud, nepotism, facilitation payments.<sup>1</sup>

In the NLB Group, it is prohibited to use any resources of any NLB Group member for any illegal purposes or purposes that are not in compliance with the anti-corruption rules stipulated by this Policy. The employees shall be obliged to reject any corrupt conduct and immediately report it to the OU in charge of compliance.

#### *Illicit accepting and illicit giving of gifts (bribery)*

In the NLB Group it is strictly prohibited to illicitly give or accept gifts to or from anyone, whether a business partner, supplier or public servant, in order to win new business, keep the existing business or advance one's interests in a wrong way. Nobody in the NLB Group may under no circumstances promise, offer, accept or give anything that might be considered to be a bribe. Not only that this is illegal; it constitutes a criminal offence, violates the policies of the NLB Group and undermines our business integrity.

#### *Facilitation payments*

In the NLB Group, facilitation payments are prohibited. One shall not give or accept facilitation payments. Facilitation payments shall mean payments where a (low) amount of money is offered or promised to public servants or government representatives<sup>2</sup> in order to

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<sup>1</sup> Soliciting is also deemed an action of corruption – if someone promises or even gives a reward to another person in exchange for the action that has the signs of corruption. In such case, both the solicited person and the person who in fact performs the action engage in corrupt practice.

<sup>2</sup> A public servant shall mean:

ensure or accelerate routine or necessary activities that are part of ordinary (official) procedures. Usually, such payments are requested in cash. Typical examples are payments of (low) amounts to public servants to ensure a visa, passing of goods through the customs, or accelerate the process of issuing official permits (licences, building permits etc.), or end the procedures. Although in certain countries around the world such payments are requested, they constitute bribery and frequently include gifts and the like.

#### *Nepotism*

In the NLB Group, nepotism is prohibited. All employment or outsourcing procedures must be carried out transparently, using the principle of fair and equal treatment and provision of equal opportunities, in accordance with the prescribed employment or outsourcing procedures in order to recruit the best candidates and avoid conflicts of interest.

Nepotism means that the decision-maker or the person with influence on decision-making treats with preference their close family members or other persons in close personal relationship with them (personal acquaintances) without a justified and substantiated reason.

#### *Lobbying and political contributions*

Lobbying is a process in which interest groups and/or the civil society try to influence the decision-makers (usually political). The members of the management board of the NLB shall lobby and represent the interests of the NLB in accordance with the relevant regulations, respecting the principle of transparency (as unregistered lobbyists) in accordance with the legislation regulating lobbying. In exceptional cases, registered lobbyists may be used for the protection of legitimate interests upon prior approval by the management board of the relevant NLB Group member. Any other lobbying on behalf of the NLB is not allowed. Expressing interests on behalf of the NLB (or other NLB Group member) through interest associations, such as bank associations, shall not be deemed to be lobbying.

In the NLB Group, the members shall not pay any political contributions – neither direct nor indirect. Political contributions are contributions to one or more politicians, political campaign or political party. Such contributions may be considered to be an attempt to gain business advantage. The NLB Group is politically neutral, and therefore does not give financial contributions to political parties, political representatives or political campaigns. Nevertheless, any employee, regardless of their position, may freely participate in political activities or campaigns, but as an individual in their own private sphere, without using the NLB resources, networks or brand to contribute (financially or non-financially) to the activities or political parties, politicians or political campaigns.

#### *Sponsorships and donations*

A donation is a one-way transaction, a contribution intended for those who need help, and the recipient does not need to do anything in exchange for the donation. Sponsorship is a two-way transaction, where the recipient of the sponsor funds must also meet certain priorly agreed obligations, such as publicity, showing the sponsor's logotype etc. Social responsibility, which includes sponsorship and donation programmes, is one of the basic responsibilities of the NLB Group; therefore, it is necessary to respect the established transparent procedures of approving and monitoring whether the purpose of donations and sponsorships was met (including the conditions).

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- Officials or employees of any government or state authority, agency or legal person at any level (including candidates for political positions, members or political parties and employees as well as political parties)
  - Employees of state-owned companies
  - Persons exercising public authorisations for the account of the state (e.g. member of a diplomatic representative office)
  - Members of international organisations

Donations and sponsorships shall be allowed if they express or support the values of the NLB Group and are in accordance with the internal policies of the NLB Group. Every employee of the NLB Group must avoid approving donations and sponsorships in a non-transparent way to for-profit organisations, associations or organisations, or persons related to the NLB Group, or without respecting the rules established for approving donations and sponsorships.

*Standards for suppliers and/or outsourced providers*

Our purchasing processes may include goods and services that are regularly produced in countries around the world. Therefore, it is important to be aware of the risk faced by the NLB Group due to the conduct of our suppliers and outsourced providers (business partners). Responsible operations shall mean that we only ensure cooperation with suppliers that have high ethical standards that match ours. The suppliers or outsourced providers may also include subcontractors, suppliers of goods and services for any member of the NLB Group. All third persons must be appropriately checked, monitored and controlled based on risks that NLB Group members must regularly assess. The suppliers and outsourced providers must be informed in advance about the requests in the area of compliance and integrity, receive links for accessing the published Code of Conduct of the NLB Group (for public use), and the contracts with NLB d.d. and other members of the NLB Group must contain standards in the area of compliance and corruption prevention as well as appropriate legal remedies (termination of contract for failure to respect the NLB Group standards). It is also necessary to carry out due diligence of the supplier and outsourced provider, and carry out regular risk assessments of the contractual relationship during the term of the contract in accordance with the internal rules for outsourcing and purchasing procedures. To prevent corruption, all rules of this Policy, including the rules on gifts, facilitation payments and bribery shall apply mutatis mutandis to the suppliers and outsourced providers in the same way.

*Use of intermediaries*

Intermediaries are agents, advisors, real estate agents, representatives and other persons acting on behalf of and for the account of NLB d.d. or other member of the NLB Group. In certain cases, they also cooperate with public servants (e.g. when obtaining permits for constructing office buildings, obtaining other permits etc.).

In practice, corruption and bribery risk is higher (such acts are more frequent) when intermediaries are used. Since they represent the NLB Group, we are responsible for our intermediaries as if they were our own employees. Therefore, intermediaries must be informed in advance about the requests in the area of compliance and integrity, receive links for accessing the published Code of Conduct of the NLB Group (for public use), and the contracts with NLB d.d. and other members of the NLB Group must contain standards in the area of compliance and corruption prevention as well as appropriate legal remedies (termination of contract for failure to respect the NLB Group standards). To prevent corruption, all rules of this Policy, including the rules on gifts, facilitation payments and bribery shall apply mutatis mutandis to the intermediaries in the same way.

*Employment of or ordering services from former public servants, office holders or their relatives*

Public servants and office holders, their close family members and other persons closely related to them (e.g. friends, other close acquaintances) may never be prioritised because of these connections in employment procedures, or processes of service ordering or goods purchasing. The same rule applies to former public servants and officer holders for the period of the last 5 years since the termination of their employment or function. In employment procedures and purchasing processes, it must be determined whether there are corruption risks or risks of conflict of interest due to such connections in accordance with this Policy and

the policy regulating conflict of interest management. Should there be any doubt, the OU in charge of compliance shall issue an opinion.

*Contacts with high state officials*

The members of management bodies of the NLB Group members who have contacts with the government or state representatives, or the representatives of diplomatic representative offices or international organisations must, in addition to compliance with the rules on gift acceptance and giving, in order to protect the integrity and reputation of the NLB Group, take due care that in these contacts they pursue the basic objective of this Policy, namely ensure transparency of operations.

In order to protect the interests of the NLB Group and respect the rules of this Policy, it is necessary to keep records of (bilateral) meetings of the members of the management bodies (executive and non-executive committees) of the NLB Group member with government or state representatives, or the representatives of diplomatic representative offices or international organisations. The secretariat of each NLB Group member shall keep a record of such contacts with the following data: a) place and date of the meeting, b) participants of the meeting and c) purpose of the meeting.

*Contacts with other persons*

Employees in the NLB Group approached by a representative or agent of a supplier, outsourced provider, client or third person in order to try to inappropriately influence the business decisions of NLB d.d. or other NLB Group member in an inappropriate or illegal manner shall immediately disclose this to the OU in charge of compliance.

*Rules on accepting and giving gifts*

Employees in the NLB Group may not, directly or indirectly, practice any form of corruption and may not ask for or request or accept or promise any money, award, gift, other benefit or (return) favour from any customer, any (existing or potential) business partner or third person. Coverage of travel expenses and accommodation expenses, and coverage or omission of attendance fees for professional conferences, business meetings and training courses (either by the NLB Group member or a third party) shall also be deemed to be a gift.

Participation at such event is allowed when:

- the costs are justified, reasonable and in accordance with the rules on the reimbursement of travel costs;
- it is legitimate for business purposes (e.g. the given gift arises from benefits received in the scope of sponsorships and donations and is used by the NLB to strengthen partnerships with its existing or future clients);
- it does not deviate from business practices; and
- it does not give the impression that it might influence prudent business decisions and actions;
- it does not influence or give an impression of being able to influence business decisions and actions of the employee (e.g. no business negotiations in progress or planned).

The allowed forms of hospitality (e.g. entertainment, dinners, social events accompanying conferences or professional meetings) shall be those that are:

- legitimate for business purposes and available in the same form to all event participants;
- of a decent nature;
- representing a component of a professional or business meeting of reasonable duration (maximally one-tenth of the duration of the programme); and
- of a value that an individual would be willing to pay if travelling privately.

*Public servants*

When cooperating with public sector entities (including public-law entities), one must be especially careful; therefore, respect the rules that generally apply to gifts and hospitality.

**Violations of the Policy**

Any violations of the rules of this Policy shall be treated in accordance with the internal documents concerning the treatment and sanctioning of such violations. Corruption is a criminal offence and the consequences are often far reaching and may include sanctions in the form of considerable fines, putting on the black list of international organisations, prison sentences for individuals and sanctioning of legal persons. Additionally, each NLB Group member may suffer considerable damage due to loss of reputation, integrity and social responsibility. Therefore, the NLB Group deems any violation of this Policy to be a major violation of the duties of employees; and if any violations are discovered, appropriate measures shall be adopted, possibly leading to termination of employment and filing of a criminal complaint against the individual in question.

In relation to harmful actions, the NLB Group has established a standard of zero tolerance to illegal and unethical actions and disrespect for values. It has highlighted this standard as one of the fundamental principles that it pursues when conducting business.

Zero tolerance refers to all intentional actions of employees that represent harmful conduct for the NLB Group member and are as such defined by legal or implementing acts, internal legal acts, good business practice and other generally known good business practice. Zero tolerance also applies to actions of employees committed with gross negligence – circumstances when employees should be aware of the possibility that their actions might cause damage to the NLB or the NLB Group member, but failed to prevent them.

The NLB Group applies zero tolerance, according to which all actions of corruption are unacceptable. Several such minor actions also undermine law and give rise to potentially graver forms of violations.

The NLB Group has established channels for reporting suspected misconduct, through which suspected violations of this Policy can be reported (also anonymously); the NLB Group members shall provide protection of the informant and appropriate implementation of the investigation procedure and taking of appropriate measures.