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BUSINESS ETHICS OF THE COMPANIES OF THE VMG GROUP

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PREFACE

Business ethics can be termed as a set of moral principles that govern the actions of an individual or a group. It deals with truth and justice and public expectations such as fair competition, social responsibility and team behaviour.

The Business Ethics of the Companies of the VMG Group specify the rules that apply to employees working in the companies of the VMG Group. The success of activities of the companies of the VMG Group is determined not solely by a good strategy, optimal structure and precisely organised processes but by business ethics as well. For the organisational activities to be successful, it is very important to shape and foster internal organisational ethics. As a connecting link, it unites the efforts of all employees based on moral and cultural values of the people in achieving the common goals of the organisation. Business ethics exists to unite people, create a common understanding and promote the improvement and development of an organisation.

Fair and purposeful business ethics improves overall collaboration and assistance to one another, as well as helps to create good relationships with customers, all of which enables us to move forward continually improving.

TERMS, ABBREVIATIONS AND DEFINITIONS

- **'VMGco'** means VMGcorp, UAB, a company of the VMG Group that, directly and/or indirectly, has a majority of votes or can, directly or indirectly, have a decisive influence on the companies of the VMG Group.
- **'Employee'** means an employee of a company of the VMG Group.
- **'Company or company of the VMG Group'** means a Company included in the List of Companies of the VMG Group approved by the Strategic Council.
- Definitions of other terms are specified in the laws of the Republic of Lithuania.

1. WHAT IS EXPECTED OF EMPLOYEES

1.1. What is expected of each employee

Relationships within the Company:

- Employees do not restrict each other's rights;
- Employees do not grant privileges based on gender, origin, language, social status, religion, age, beliefs or opinions;
 - In performing assigned tasks and instructions, employees provide colleagues from their own and other departments with information known within the scope of their job function, do not interfere with the work of colleagues and do not create situations where a colleague is forced to provide incorrect information or disclose information to unauthorised persons;
 - Employees adhere to the principles of goodwill and make effort to establish relations of mutual trust;
- Harassment, discrimination, or other ill-treatment in the workplace is not tolerated.

In relations with colleagues, the employees shall refrain from:

- Humiliating or insulting a person;
- Publicly discussing the character and specific qualities of an employee;
- Degrading the employee's work or property;
- Gossip, slander and defamation of character;

- Inciting discord through job-related or psychological advantage;
- Demonstration of negative emotions.

In case of doubt, the following persons can be contacted for assistance:

- Line manager;
- Employee of the HR Department of the Company;
- If, in the opinion of the employee of the Company, his/her line manager or an employee of the HR Department of the Company are unable to assist with the problem or are directly related to the problem, the head of the Company may be contacted.

1.2. What is expected of managers

Heads of the companies and structural subdivisions of the VMG Group are to promote the principles of business ethics and adherence to them. They have to:

- Be respectful and contained in communication with their subordinates: all instructions, assignments, remarks to subordinates have to be given in correct manner only;
- Strive to create for the team managed by them an efficient and friendly working environment that respects the dignity of employees;
- Prevent conflicts, eliminate the causes of disagreements;
- Not express publicly personal likes and dislikes concerning their subordinates and other employees;
- Evaluate objectively the job characteristics and performance of subordinates;
- Set an example of appropriate behaviour at all times
- Make sure that the people they manage understand their responsibilities in terms of business ethics and know the internal rules applicable in the Company (Rules of Procedure, Regulations of Administration Work, etc.);
- Provide opportunities for discussing ethical standards and the importance of adhering to them and strengthening them together with employees;
- Create an environment where employees can express their concerns/opinions without fear of retaliation;
- When evaluating employees, examine their behaviour in line with business ethics and the internal rules of the Company;
- Not tolerate violations of business ethics or the laws.

2. ETHICS OF INTERNAL PROCEDURES

2.1. Business and financial documents

Employees of the Companies have to ensure the completeness and accuracy of the information provided in the business and financial documents of the companies of the VMG Group and the correctness of the documents. The said documents include not only financial statements but also quality reports, records of seniority, cost statements and other documents. Responsible handling of documents and reports and timely fulfilment of legal and regulatory obligations have a positive impact on the Company's reputation and credibility.

Obligations:

- To always register and classify documents in the relevant accounting and department;
- Not to delay or to rush to register revenue and expenditure in order to achieve budgetary targets;

- To deal with business and financial issues in accordance with the procedures in force in the companies of the VMG Group;
- To ensure that all reports submitted to controlling authorities are correct, timely and comprehensible;
- Not to falsify any documents;
- Not to distort the true nature of any transaction;
- Not to tolerate tax evasion and intentions to violate the business ethics of the Company or the internal rules of the Company.

2.2. Company's assets

Employees of the companies of the VMG Group have to protect the Company's assets and use such assets in accordance with the internal rules in force in the companies of the VMG Group:

- Not to use the assets of the Company for their personal gain or that of other persons;
- Not to abuse the privileges provided by the Company.

The internal rules of the companies of the VMG Group may allow use of certain assets, such as the Company's car or communication devices, additionally.

The use of the assets of the companies of the VMG Group outside the Company, as well as the use of a product of the Company's activities in another company or the use of the Company's assets (e.g., equipment) to satisfy personal interests, requires the prior written consent of the head of the Company.

2.3. Use of information

Employees of the companies of the VMG Group have to protect confidential information of the companies of the VMG Group: starting with the information about contracts and prices and up to the information concerning marketing plans, technical specifications and information on employees. It is prohibited to disclose confidential information of the Company to any unauthorised person, including family and friends, except when the information needs to be disclosed for business purposes. However, even in such cases appropriate measures, e.g., the conclusion of confidentiality agreements, have to be taken to prevent the misuse of the information provided. Confidential information of the companies of the VMG Group may not be disclosed to other persons in the Company unless they need to know it for commercial reasons.

Employees of the companies of the VMG Group have to protect confidential information of the Company at all times, i.e., outside the Company, during non-working hours and even after termination of the employment relationship, as well as to safe-keep or destroy the Company's documents, depending on the nature of the information contained therein and the instructions on how to deal with it after it becomes invalid, as provided for in the internal procedures or other legal acts of the companies of the VMG Group.

If in doubt about the confidentiality of information, employees can always consult their line manager or lawyer.

3. AVOIDANCE OF CONFLICTS OF INTEREST

An employee of a company of the VMG Group have to act for the benefit of the Company. A conflict of interest arises when employee's personal interests conflict with the interests of the Company. Family-based relationships and friendships of the employees of the companies of the VMG

Group may not influence their decisions in the performance of job duties. When choosing suppliers, the purchase process or procedure in force in the Company has to be observed at all times.

It must be ensured in all cases that all business decisions are based on objective and professional decision-making. If, for any reason, it is considered that to act objectively in favour of the Company is not possible, the line manager has to be notified immediately.

3.1. Harassment and intimidation

All employees have the right to work without harassment or intimidation in their workplaces. Prevention of the latter at work is an element of improving working relationships and avoiding social alienation.

Harassment and intimidation are behaviours that have undesirable and harmful effects:

- Create an intimidating and unfriendly atmosphere at work;
- Cause stress;
- Reduce motivation and productivity;
- Create preconditions for not coming to work, resigning, etc.

If an employee feels intimidated or harassed in the Company, it is necessary to seek help by contacting the following persons:

- Line manager;
- Employee of the HR Department of the Company;
- If, in the opinion of the employee of the Company, his/her line manager or an employee of the HR Department of the Company are unable to assist with the problem or are directly related to the problem, the head of the Company may be contacted.

3.2. Discrimination

Discrimination at work can be faced by anyone, therefore, it is important to recognise any instances of discrimination at work and to know and exercise one's rights. Arbitrary and unjustified restriction, deprivation or extension of rights of a person or a certain group of people or impediment to the exercise of one's rights not only violates human rights but also oversteps the norms of business ethics. The companies of the VMG Group do not tolerate any discrimination on the following grounds:

- Gender;
- Age;
- Sexual orientation;
- Disability;
- Race or ethnicity;
- Religion, beliefs, opinions or views;
- Social status;
- Origin;
- Language.

An employee who is discriminated in terms of at least one of the above points is advised to contact the following persons:

- Line manager;
- Employee of the HR Department of the Company;

- If, in the opinion of the employee of the Company, his/her line manager or an employee of the HR Department of the Company are unable to assist with the problem or are directly related to the problem, the head of the Company may be contacted.

3.3. Relatives and friends

Some employees of the companies of the VMG Group may have relatives or friends who work for other companies or who have invested in customers or suppliers of another company.

When working with such a customer or supplier, it is necessary to ensure that the respective friendship/kinship will not affect the ability of the employee of the company of the VMG Group to act for the benefit of the Company and the employment relationship. All decisions of the employees have to be made impartially and fairly, acting for the benefit of the company of the VMG Group. Work-related decisions have to be made based on qualifications, performance indicators, skills and experience. If an employee is unsure whether a friendship may cause any problems in performing his/her tasks, the employee has to consult with the line manager.

3.4. Gifts, meals and entertainment

Giving and accepting gifts, meals and invitations to attend events on particular occasions has always to be in line with reasonable business objectives of the Company and strengthen business relationships. However, if gifts, entertainment, or travel are given too often or are unreasonably costly, a suspicion may arise that there is an actual or potential conflict of interest or that a bribe is offered. A bribe can take tangible or intangible forms: things (including money), services, savings by not paying or paying less for a service, gaining an advantage in a competitive struggle, disclosing a trade secret, making promising connections, etc. Therefore, gifts should never be used to gain influence improperly and the gifts received should not affect the ability to make decisions impartially and objectively.

3.4.1. Gifts

In the performance of their duties, employees of the companies of the VMG Group may not accept gifts, cash or gratuitous services, exclusive benefits or discounts. This prohibition does not apply when gifts offered are merely symbolic signs of attention and respect: low-value souvenirs, items related to promotional activities, flowers and other gifts that cannot influence the decisions of a gift recipient.

Employees need to be precautionary when accepting gifts from suppliers or customers. If employees doubt whether accepting a gift is appropriate or not, they have to consult with their line manager.

3.4.2. Meals and entertainment

Occasional meals or entertainment may be accepted from customers or suppliers if the customer or supplier attends these events, and the prices are in line with local business lunch and entertainment prices. For example, regular business lunches or local sporting events can be attended. The cost of the meals or entertainment may not exceed the value specified in the local normative acts of the companies of the VMG Group.

Meals or entertainment offered by customers or suppliers shall not be accepted in the following cases:

- If it may compromise the ability of employees of the companies of the VMG Group to make objective business decisions in favour of the Company;
- If the meals or entertainment is for personal gain, regardless of their value.

If employees doubt whether accepting the offered meals or entertainment is appropriate or not, they have to consult with their line manager.

3.4.3. Travel and Premium events

If the customer or supplier invites to an event that takes place outside the city, includes accommodation or to a Premium event, it is necessary to evaluate the following:

- Whether this does not violate the norms established by business ethics; and
- Whether this will not affect the labour/collaboration relationships to the detriment of the Company.

If there is a possibility that any issues listed in the items above take place, it is necessary to act in line with the provisions established by Section 3.5 below (Refusal of gifts, meals or entertainment).

3.5. Refusal of gifts, meals or entertainment

If an employee of the companies of the VMG Group is offered a gift, meals, or entertainment in excess of the value specified in the local normative acts of the companies of the VMG Group, he/she should politely refuse, explaining the requirements of the internal rules of the companies of the VMG Group. If refusing a gift may offend the giver or the circumstances are no longer appropriate for returning a gift, the gift may be accepted but the line manager has to be notified accordingly and the resulting situation discussed.

4. ETHICS OF WORKING WITH EXTERNAL FACTORS

4.1. Interaction with public authorities and civil servants

Due to the overall nature of the business of VMGco and the companies of the VMG Group, it is often necessary to communicate with various public authorities and civil servants or persons equalling civil servants. Transactions with public authorities are governed by special legal norms and differ from business transactions with private parties. In case of doubt, it is necessary to consult the Company's lawyer to make sure that the norms are understood and complied with. Offering things, either directly or indirectly, in order to find favour with a civil servant or persons equalling civil servants is unacceptable.

4.2. Fight against bribery

The companies of the VMG Group comply with corruption prevention laws and regulations. It is unacceptable for company employees to be involved in bribery under any circumstances. No employee of the Company may participate, directly or indirectly, in offering, promising, giving, encouraging giving or accepting a bribe. A bribe is defined as an unjustified reward received or sought unlawfully, the purpose of which is to influence, or which may reasonably influence the decision-making of an employee.

The companies of the VMG Group value their partnership with customers, suppliers and business partners. Business ethics requires:

- To act honestly and communicate respectfully at all times;

- Not to engage in fraudulent, deceptive and/or misleading activities;
- To always provide comprehensive and complete information on the products/services of the companies of the VMG Group
- Not to offer, promise or give anything to a customer or supplier in exchange for an unlawful advantage.

It is expected that the suppliers and business partners of the companies of the VMG Group will not act contrary to the principles of the business ethics of the VMG Group.

4.3. Prevention of child labour

The companies of the VMG Group do not accept and do not tolerate child labour or related activities that would be contrary to the laws of the country in which the Company is located. The companies of the VMG Group comply with child labour prevention regulations and local laws/applicable legal acts.

4.4. Interaction with competitors

The companies of the VMG Group support fair business practises and competition and do not try to prevent other companies from competing freely with them.

The companies strive to compete fairly, in accordance with principles of business ethics and in compliance with applicable laws. The Company strives to win the competition by streamlining management, increasing productivity and reducing costs. The companies of the VMG Group do not publicly comment on the activities of competitors.

The companies of the VMG Group encourage employees to collect, share and use information about competitors, however, only in a lawful and ethical manner. In other words, the data, facts, and processes of other companies have to be respected in the same way as own, Company's, confidential information is valued and protected. It is permitted to collect information about competitors using publicly available information or ethical surveys, i.e., using various social media and media channels, the Internet, etc.

5. SUMMARY

The Business Ethics of the Companies of the VMG Group is designed to coordinate the actions of the employees of the companies of the VMG Group inside and outside the Company, ensuring consistency in the business processes of the organisation. Compliance with the rules set out in the Business Ethics shall be based on the self-consciousness and conscience of the Company's employees.

The Business Ethics may be amended as necessary or in the event of change in the internal rules in the companies of the VMG Group.