

Approved on 17 September 2019 by decision of the APB Apranga Board

CODE OF ETHICS AND CONDUCT

INTRODUCTION

Apranga Group¹ is the retail clothing leader in the Baltic States, so we understand that we are responsible for our actions that affect our employees, customers, shareholders, the public, and the environment around us. In all of the markets where we operate, we shall conduct our business in an honest, transparent and responsible manner, and comply with all applicable legislation and high standards of business ethics. The Group shall pay all of the taxes established by law and manage its finances in good faith.

Honesty, transparency and accountability are the core values that we shall base our activities on and that best reflect our approach to business.

This Code of Ethics and Conduct (hereafter referred to as the **Code of Ethics and Conduct**) establishes, entrenches and explains the basic principles of ethics and conduct that we shall adhere to in order to ensure honesty, transparency and accountability within the Apranga Group of companies, and which must be followed by all employees of the Apranga Group companies (hereinafter, each Apranga Group company shall be individually referred to as a **Company** and collectively – as the **Companies**).

Application

Each Company must adhere to the Code of Ethics and Conduct. Every employee of the Company in all markets, areas and countries in which the Company operates, as well as persons providing services to the Company (contractors, subcontractors and suppliers), independent partners, intermediaries and consultants, shall be responsible for proper compliance with the Code of Ethics and Conduct.

The Code of Ethics and Conduct shall be reviewed and updated regularly taking legislative changes and international best practice into account, including, but not limited to, in the area of corruption prevention. We shall undertake to review the Code and update it as needed at least every two years.

¹ The Apranga Group of companies consists of: APB Apranga, UAB Apranga LT, UAB Apranga BPB LT, UAB Apranga PLT, UAB Apranga SLT, UAB Apranga MLT, UAB Apranga HLT, UAB Apranga OLT, UAB Apranga Ecom LT, SIA Apranga, SIA Apranga LV, SIA Apranga BPB LV, SIA Apranga PLV, SIA Apranga SLV, SIA Apranga MLV, SIA Apranga OLV, SIA Apranga Ecom LV, SIA Apranga HLV, OÜ Apranga, OÜ Apranga Estonia, OÜ Apranga BEE, OÜ Apranga PB Trade, OÜ Apranga ST Retail, OÜ Apranga MDE, OÜ Apranga HEST, OÜ Apranga Ecom EE. The Group does not have associated enterprises or other enterprises that are not publicly disclosed.

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I. THE VALUES THAT WE ADHERE TO IN OUR ACTIVITIES, AND COMMITMENTS

RESPECT

We shall behave and interact with our colleagues, customers, partners, suppliers and other stakeholders in a respectful, ethical and business-like manner, regardless of their nationality, culture, race, religion, political opinion, material status, education, age, sexual orientation, marital status, gender, appearance, or physical and intellectual abilities.

We shall not tolerate discrimination, humiliation, harassment, violence or insult with respect to our employees or other persons related to our activities.

We shall understand that our activities are subject to a wide range of national and international legislation, with which the failure to comply may have significant consequences and adverse effects on our image; we shall therefore strive to ensure that our actions are consistent with national and international legislation.

We shall respect our employees' right to privacy and comply with all personal data protection requirements applicable to the personal data of employees. We shall also strive to ensure that our employees properly protect all confidential information available to them at work about our customers, partners, suppliers and other stakeholders.

While we recognise our employees' right to freedom of expression and right to participate in political activities, stand for election, lead an election campaign, and raise funds or otherwise contribute to the activities of a party, any employee involvement in political activities must be clearly separated from their professional activities and accountability. The Company management, in participating in political activities or supporting political organisations, shall undertake to disclose these interests publicly in a declaration of interests. Employees, in participating in political activities, must ensure that their political position is understood as their own personal opinion and not that of the Company. This requirement shall also apply to employees publicly expressing any other personal opinion.

We shall refrain from commenting on the activities of our competitors, and we shall not speculate or comment on market rumours. We shall know that only specially appointed representatives may speak publicly on behalf of Apranga Group or any of the Companies that belong to it. In all cases, employees must avoid any situation that could damage the image of Apranga Group or any of the Companies that belong to it.

ACCOUNTABILITY

We shall always be ready to take personal responsibility for the consequences of our actions, decisions or operating results. If necessary, we shall be able to explain and justify our decisions

or actions and be accountable for our activities to our direct manager. We shall fulfil our commitments properly – we shall deliver on what we have promised and shall not promise what we will not deliver. We shall also understand that we are responsible for the information given to us as well as for the proper use and confidentiality of documents and data.

LOYALTY AND RELIABILITY

We shall understand loyalty, first and foremost, as an understanding of the Company's objectives and obligations to its shareholders and their proper implementation. In adhering to the principle of loyalty and reliability, the Company's employees shall execute the lawful instructions of the managers in good faith and properly perform their duties and assignments, and shall protect the interests of the Company, their colleagues, and the Company's customers, suppliers, partners and other stakeholders. As loyal and responsible employees of the Company, we shall properly report, without delay, any cases of corruption or other criminal activity that have been noted.

The employees of the Company shall protect the trade secrets of the Company and its business partners, as well as all other business-related confidential information which becomes known in the activities of the Company, and shall observe the principle of confidentiality and refrain from using this information for their own personal gain or that of others. We shall be aware that confidential documents containing business information and trade secrets that are disclosed to persons who have no legitimate reason to obtain them may have adverse consequences for the activities of both the Company and the owners of this confidential information, and may cause losses, leading to the Company losing the trust of partners and the public.

EFFICIENCY

We shall only use assets belonging to the Company, resources entrusted by business partners, and other resources for legitimate purposes; we shall not squander them, and shall constantly strive for maximum operational efficiency. We shall understand that all of the Company's assets and resources, including, but not limited to, intellectual property, buildings and facilities, vehicles, office equipment, and other assets, are intended to support the Company's day-to-day operations and long-term goals and results. We shall therefore take care of these assets and resources, use them responsibly and efficiently, and refrain from using them for any unlawful or unethical purposes or activities.

As part of the Company, we shall understand that our operating results and efficiency depend on us, so we shall constantly strive to improve and augment the Company's activities, and make suggestions related to the improvement of operational efficiency.

In pursuit of efficiency, we shall also comply with all competition laws, since we understand that the best market results can only be achieved in a fair competitive environment. In compliance with the above provisions, we shall decline to share any pricing information, other information that may affect competition, customers, or markets, with our competitors. We shall also not

discuss prices, pricing methods, costs, marketing or other strategies, as this may lead to anticompetitive situations. In order to analyse the activities of our competitors, we shall only collect publicly available information about them and use it for lawful and fair purposes.

PROFESSIONALISM

We shall be professionals in our field and understand that in order to be the best, we need to continually improve and be open to innovation.

We shall strive to quickly understand the needs of our customers, suppliers, partners and other stakeholders and provide the right solution. We shall be knowledgeable about our field of activity, and shall constantly improve our qualifications, deepen our professional knowledge, and take an interest in innovations. We shall perform our duties in a timely, quality, efficient and diligent manner, in accordance with the requirements of laws and other legislation and the provisions of this Code of Ethics and Conduct.

DUTY TO AVOID CONFLICTS OF INTEREST

Conflict of interest – a situation where the personal or family interests of the Company’s employees or members of its bodies conflict or may conflict with the interests of the Company and its customers.

In working and cooperating, we shall do our best to avoid any conflict of interest, and if there is even the slightest doubt, we shall report and ascertain whether such activities will be in conflict with the material or intangible interests of the Company or damage its reputation.

Situations where a conflict of interest may arise:

- Seeking to obtain personal gain or benefit for a family member or avoid losses at the employer’s expense (including, but not limited to, cases where the employee directly or indirectly pursues personal or family interests in transactions with the organisation or between the organisation and any supplier or customer);
- Maintaining personal relationships with business partners or colleagues;
- Paying personal expenses using the job position;
- Using the Company’s assets, name or reputation to perform duties other than those of the job;
- Having a job or interests in companies that are in competition with, supplying goods or services to, or have other business relationships with the Company;
- Working for the benefit of other companies, institutions or organisations during working hours at the Company;
- Engaging in activities that, in terms of competition, could be detrimental to the Company or create a conflict of interest;
- Other situations where the employee’s personal interests may be in conflict with

the Company's interests.

All assignments must be performed in the best interests of the Company and in a manner that avoids conflicts of interest. In all cases where a conflict of interest may arise, we shall report the situation to our direct manager or by e-mail: teisininkai@apranga.lt. An employee's involvement in the activities of any entity that may have a connection to the Company in any legal form without the express written consent of his or her direct manager is incompatible with the employment relationship within the Company.

In order to establish potential conflicts of interest, the Company's employees and members of its bodies must inform the Company in writing of their relationships with persons whom they are related to through blood or marriage by completing the Declaration of Interests, which must be updated at least every two calendar years or whenever there are changes that could result in a conflict of interest.

Declaration of interests – a document that provides (discloses) information to the Company about circumstances that could cause a conflict of interest for the person submitting the declaration.

HONESTY AND TRANSPARENCY

We shall be honest and sincere; we shall not lie or mislead, and shall adhere to the principle of transparency. In carrying out our activities, we shall not tolerate unfair competitive practices or unlawful practices, such as: the dissemination of misleading information about competitors or their activities, corruption or bribery for the purpose of obtaining favourable business conditions or decisions or harming competitors, or the falsification of financial documents or tax evasion.

Corruption – any behaviour on the part of persons working in civil service (state politicians, judges, public officials, civil servants and other persons treated as such) or in the private sector which is not in line with the powers conferred upon them or the standards of conduct established by legislation or internal company rules, and which is meant to benefit them or others, thus undermining the interests of the state or of individual natural or legal persons.

Bribery is one form of corruption.

Employees of the Company who suspect that any third party (customer, colleague, etc.) is attempting to engage or use them in entering into an illegal transaction must report this to their direct manager or by e-mail: teisininkai@apranga.lt.

In order to prevent corruption in the Company's activities, the following rules shall be followed:

- Employees of the Company shall not be entitled to offer, give, solicit, accept or receive – either directly or indirectly – any bribe, payment or **other form of benefit** to or from a customer, supplier or any person involved in the business of the Company. It shall be forbidden to incite any receipt of benefit at the Company;

Benefits can take many forms: gifts, loans, tax benefits, awards, discounts, positions, employment, transactions, services, support, maintaining a commercial relationship, and so on.

- Employees of the Company shall undertake to avoid any situation where their personal, family or financial interests may be in conflict with the interests of the Company;
- Employees of the Company shall be prohibited from conducting any business transactions which facilitate payments or other actions falling within the definition of “trading in influence”;
- The Company and its employees may not offer, give or accept gifts which are worth more than **EUR 50** and which create conditions to gain favour with decisions made in relationships with others. Hospitality and the acceptance of gifts offered may be acceptable if they are related to a specific business purpose, are not in conflict with the provisions of the Code of Ethics and Conduct, and meet the following conditions:
 - the value of the benefit received does not exceed EUR 50;
 - the benefit received will not affect the operating results or decisions of the recipient;
 - the recipient will not feel indebted to the giver;
 - the recipient can discuss the benefit received openly and without reservation;
 - the nature and value of the benefit received are such that turning it down would be considered unfriendly or impolite;
- Employees are strictly prohibited from rewarding customers, business partners, representatives of the state, municipality or public institutions, or other third parties with whom the Company is related to through business matters, for favourable decisions taken or not taken with expensive gifts or any other form of illegal payments, services or other reward. Receiving, offering or giving a gift or any other benefit of substantial value is considered a form of corruption and is subject to liability as provided for in legislation;
- Employees of the Company should turn down invitations to eating or entertainment venues that are too frequent. In order to avoid misunderstandings and not lose objectivity in carrying out the Company’s activities, managers or employees may accept such invitations by agreeing that they will be allowed to answer in kind or pay for themselves;
- Before accepting or giving a gift, Company employees shall consider the value of the gift, its periodicity, intentions and the circumstances surrounding the gift, as well as whether any obligations will arise to them or the person receiving the gift after the gift is accepted or given;
- The employees of the Company shall understand that adverse consequences, including prosecution, may also arise in cases where bribery or other forms of corruption are perpetrated through third parties, and shall therefore not engage in such unlawful acts, either themselves or through third parties;

- The Company shall not support – either directly or indirectly – any political parties, individual politicians or other political organisations. The Company shall not contribute to the funding of election campaigns of any parties or candidates;
- The Company may provide charity or support, but only after making sure that the recipient of the charity or support is not related to any entity that may make decisions concerning the Company's interests.

II. COMMITMENTS THAT WE HOLD TO AS THE EMPLOYER AND PART OF THE COMMUNITY

ENSURING SAFE WORKING CONDITIONS

We shall strive to create safe and healthy conditions at the workplace and continually improve them; we shall ensure the safety of work processes, take health and safety hazards in the work environment into account, and implement preventive measures. We shall pay special attention to the physical working conditions of the employees, a positive work environment, and continuous employee development and professional growth. We shall strive to develop the competencies of our employees and encourage their continuous development, so we shall periodically organise seminars and training aimed at the comprehensive development of our employees.

By properly adhering to this Code, each employee also contributes to the creation of an attractive and safe workplace. It is therefore essential that cases where colleagues do not properly comply with the requirements of this Code be reported in the procedure set out in Chapter III of this Code.

ENVIRONMENTAL PROTECTION

In our activities, we shall use the latest technologies and implement technological processes that comply with ecological standards and help to reduce the negative impact on the environment; we shall also promote the rational management and use of resources. We shall seek and encourage the sole use of solutions that are safe for our customers, employees and the environment, and shall introduce trade innovations that contribute to energy cost savings. In carrying out our activities, we shall follow the principles of sustainable business. We shall understand the importance of protecting and conserving the environment, so we shall contribute to public campaigns that focus on environmental issues.

III. ENSURING THE EFFECTUALNESS OF THE CODE OF ETHICS AND CODE OF CONDUCT

Each employee is encouraged to report potential violations of the Code of Ethics and Conduct. If you have questions about what kind of event may constitute a violation of this Code, or if you are unsure about how the requirements of this Code should be applied, you can always contact your direct manager or e-mail teisininkai@apranga.lt. We value and respect the reasoned opinions, observations and legitimate doubts of our employees, so we encourage you to contact us to ask questions about the application of the requirements of this Code or to report suspected violations. We will guarantee that any employee who reports potential violations of this Code of Ethics and Conduct will not be threatened with dismissal, prosecution, stifling or other adverse consequences.

Who should be notified about a violation of the Code of Ethics and Conduct?

Any employee must report a violation of the Code of Ethics and Conduct to:

- His or her direct manager;
- or
- E-mail: teisininkai@apranga.lt.

If you wish to remain anonymous or you are not an employee of the Company but have substantiated information regarding violations of this Code, you may also submit information about the potential violation by sending an anonymous letter to the Company's registered address at Ukmergės g. 362, Vilnius. In cases where it is established that an employee of the Company acted in a manner inconsistent with the provisions of the Code of Ethics and Conduct or legislative requirements, appropriate action shall be taken after assessing the circumstances surrounding the violation (e.g. reprimand, warning, demotion or dismissal). The violation may also be reported to the relevant authorities.

Every employee of the Company must be properly acquainted with the Code of Ethics and Conduct. The Company's Code of Ethics and Conduct is also made publicly available on the Company's website so that all existing or potential partners of the Company can become acquainted with it.