

**Code of Conduct**

**in NLB Group**

5th edition, June 2023

For all that is to come.

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|  |  |  | . |  |  |  |
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**I. Introduction and purpose**

**NLB Group Mission**

NLB Group employees are committed to a culture of responsibility, accountability to clients, achieving

the planned business results and care for the environment and a healthy lifestyle. We operate in accordance with the legislation and rules of the profession, according to ethical principles and good business practices as well as the values of the NLB Group.

The trust we enjoy among clients, associates, owners and the society in which we operate, imposes on us

a great responsibility. We justify this trust by working with actors on positive changes, mutual benefit and growth.

By embedding our values in everything we do, we contribute to the positive development of our environment.

**Meaning of the Code**

NLB Group Code of Conduct is a set of basic principles, values and rules that every employee in the NLB Group must understand and adhere to. It is the only way for us at NLB Group to operate in accordance with ethical standards.

The Code sets out the basic principles of conduct on which the business and operations of the NLB Group are based. In this way, the Code gives us guidelines for everyday behaviour and helps us understand what is expected in the NLB Group from each employee and other stakeholders. In this way, it is determined what is crucial for the fulfilment of the long-term strategy of the NLB Group and its responsible behaviour by which we must preserve the trust of our clients, employees, shareholders and the wider social environment in which NLB Group operates.

The Code clearly defines the expectations from each employee of the NLB Group and prescribes the standards to be applied in relation to other actors, as well as instructions and guidelines for everyday work and operations of the NLB Group.

The NLB Group is present in a wide range of different national and cultural environments in which employees of

individual members of the NLB Group work. In the spirit of cultural differences in the countries where NLB Group operates, we pursue cooperation and exchange of different opinions and experiences. With this Code, we express the values and principles of the desired behaviour in the spirit of cultural and other differences in the countries where NLB Group operates.

The Code of Conduct of the NLB Group:

* represents the values and basic principles of behaviour,
* sets out the rules that the members of the bodies and each employee of the NLB Group must understand and respect,
* defines expectations from each employee of the NLB Group and reflects the standards we expect in our

relation to other actors.

The code is structured in a way that it is practical to help us in our daily work.

A special chapter is dedicated to leaders and leadership at all levels of the organization, with a special

responsibility in transposing the Code into practical use within the NLB Group.

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**II. Scope of the Code and persons bound by the Code**

**Employees**

The business, which is in line with this Code, is a guarantee to strengthen trust in the NLB Group and the key to its

reputation and long-term successful business. All NLB Group employees must understand and respect the values,

principles and rules contained in this Code of Conduct, taking them into account when following the current

values of the Bank.

As NLB Group employees, we are responsible for the reputation of each member of the NLB Group and we must all become familiar with this Code and comply with it in daily use. The Code is structured to represent a practical

assistance in daily work.

Conduct in accordance with the rules of the NLB Group Code of Conduct can contribute to an even more successful development of the entire NLB Group and all of us, the employees. Each of us is obliged to comply with this Code and should encourage our colleagues and business partners to do the same.

Employees of NLB Banka d.d., Sarajevo (Bank) sign a Statement that they are familiar with the adopted standards

of corporate culture, the Bank's values and risk culture, risk appetite and ability to tolerate risk, and the Code of Ethics and Rules for the Prevention of Conflicts of Interest in the Bank, which are contained in the Bank's acts.

**Management**

The Code is fully applied by the employees and members of the managing bodies of the NLB Group members. To that effect, the concept of employee within the NLB Group is also construed.

Managers at various levels in the NLB Group, including members of managing bodies (members of the management board, supervisory board, executive directors, board members) have a special responsibility:

* to discuss the Code with members of their team and make sure that everyone understands it, thus promoting

ethical culture in the NLB Group,

* to ensure that the basic principles and rules of conduct are applied and respected;
* to ensure that the Bank's values are realized in the light of the set principles and rules of conduct;
* to foster an open, fair and honest relationship among employees, without fear and revenge;
* to encourage open dialogue on all matters covered by this Code;
* to set an example with their behaviour and actions that combines values and meets basic principles

of the NLB Group;

* to be responsible for timely action if they notice ethical problems in their environment;
* never to require employees to behave in a manner that would not be in accordance with legal regulations, other

prescribed rules or this Code.

**Relations with business partners**

The NLB Group respects the basic principles and rules of proper conduct in relations with business partners

and other actors. Therefore, the NLB Group expects its business partners and other stakeholders to apply

standards at least equal to those of this Code, including attitude towards employees. The NLB Group

is committed to respecting the interests of all relevant parties involved in the mutual relations, in

a transparent manner and in accordance with the arrangements and agreements.

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**III. Basic principles and rules of desired behaviour**

Ethics is a set of moral principles. Thus, it represents the norms and values of each ethical individual, defined

by honesty and good intentions towards other people. The basic ethical issues are: what is good, what should

I do, what kind of person I should be and how to behave.

The NLB Group employees adhere to basic principles and rules and are aware of behaviour that is unacceptable.

The basic principles guide us to the expected standards of behaviour.

More detailed rules of conduct are written according to individual basic principles of conduct, together with

practical advice to help everyone make the right decision.



|  |  |
| --- | --- |
| **Basic principles** | **Rules of conduct** |
|  |  |
| Ethical-responsible behaviour | • We act responsibly according to authority |
|  | • We abide by the rules of the Code |
| We respect our associates | • Honesty and respect among co-workers |
| and maintain a pleasant working | • Zero tolerance for discrimination |
| environment | • Pleasant and safe working environment |
|  | • Care for the protection of personal data of employees |
| We respect our customers | • Respecting the interests of clients |
|  | • Care to protect the confidentiality of customer information |
|  | • Professional approach |
|  | • A fair process for resolving customer complaints |
| We avoid conflicts of interest | • Exclusion from the process of preparing proposals, adopting materials and decision-making procedures |
|  | with related parties (e.g. relatives, personal acquaintances) |
|  | • Obtaining prior approval to perform functions or activities outside the NLB Group |
| We prevent unacceptable | • We reject bribery and corruption |
| practice | • We prevent and report harmful behaviours and harmful actions |
| We comply with the legislation | • We operate legally |
| and we do business | • We prevent cases of money laundering and terrorist financing |
| lawfully | • We protect confidential and strictly confidential information and data |
|  | • We do not abuse inside information |
|  | • We are committed to fair competition |
| Fair and ethical disposition | • Protection and rational use of funds, assets and resources |
| of assets | • Intellectual property protection |
| Let us be socially responsible | • Respect for human rights |
|  | • Caring for the social environment |
|  | • Environmental awareness |
|  | • The NLB Group communication |
|  | • Cooperation with the competent authorities |
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**1 ETHICAL – RESPONSIBLE BEHAVIOR**

**1.1 Let us act responsibly according to authority**

Everyone in the NLB Group in their business is committed to the highest standards of moral integrity, professional and ethical behaviour, which is beneficial not only to the NLB Group, but also to our external and internal clients, colleagues, business partners, shareholders, the financial system and the wider community. The only guarantee for long-term strengthening of trust in the NLB Group and the key to its reputation and long-term successful work is ethical, diligent and responsible business in accordance with the Code. Trust is the basis of banking activities.

The NLB Group is accountable to its clients, colleagues, stakeholders, owners, business partners and the social and natural environment. Understanding clients and taking care of their positive customer experience is our core responsibility. This includes understanding their needs and related risk to them and to the NLB Group. We carefully and responsibly build partnerships with everyone we enter into business relations. As employees, we are obliged to each other and all interested parties to act professionally, with dedication and mutual respect.

Regardless of the circumstances, all NLB Group employees must act with complete honesty, sincerity and

integrity in everything they do and face challenges responsibly. We take due care of reputation of banking and wider financial activity, but we also fulfil our responsibility to the wider social and natural environment.

Each employee of the NLB Group shall:

* adhere at all times to the principles of ethics, honesty and professionalism;
* act in a responsible, positive and constructive manner, in accordance with the strategy, objectives and commitments;
* prevent and eliminate the risk of harmful actions;
* operate in accordance with the law, regulations and good practices.

**1.2 We observe the rules of the Code**

As employees of the NLB Group, we are obliged to get acquainted with and fully comply with the rules of this Code in our behaviour.

Violation of the standards and rules of conduct established by this Code may lead to a serious violation of the working obligations of each employee and result in the potential introduction of measures to eliminate the consequences of poor behaviour. The consequences of serious infringements may be other appropriate sanctions and other measures (including the Labor Law), which may lead to the termination of further cooperation between the NLB Group employees and a member of the NLB Group. The Code is also the basis on which all other business rules and instructions are based, including organizational rules and procedures, existing powers of attorney, as well as decisions, agreements and contracts concluded in the NLB Group.

**Guidelines**

We are aware that the general public identifies our work process and attitude towards clients with the NLB Group's behaviour as a whole, with all the consequences resulting from such conduct.

In our work, we strive to ensure that a successful relationship with clients and employees is always based on mutual trust, which creates a fair and open dialogue, mutual understanding and freedom of choice.

We will carry out our tasks acting in accordance with the adopted principles and rules and in a manner that ensures

that our work and behaviour inside and outside the work environment does not harm the reputation of the NLB Group or any of its members, and thus the reputation of banking and financial activities as a whole.

So, we are responsible for this:

* to behave responsibly, positively and professionally, in accordance with the strategy, goals and obligations, and

laws and rules of good practice,

* to prevent and eliminate any possibility of corruption in the NLB Group, as well as violations of existing rules or

basic ethical norms,

* to prevent any conduct, decisions or actions that would conflict with the law, internal rules,

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NLB Group strategy and obligations, legally permissible objectives, ethical principles or values of the NLB

Group, especially if they may cause damage to either an individual or one of the members of the NLB Group.

Management in the NLB Group should be an example, and therefore should encourage open, honest and serious

relationships among employees without vindictiveness, and should act quickly in the event of a perceived ethical case in their surroundings. Management promotes an ethical culture and does not require any employee behaviour which would be contrary to legislation or other prescribed rules or this Code.

**2 WE RESPECT OUR ASSOCIATES AND MAINTAIN A PLEASANT**

**WORKING ENVIRONMENT**

**2.1 Honesty and respect among co-workers**

Honesty is the basis of all responsible actions, especially in banking. The NLB Group employees should be honest

and follow the highest ethical standards. Establishing a safe, stimulating and health-friendly working

environment, we build a long-term and solid corporate culture that is an important stone in the mosaic of our success.

In the NLB Group, we strive for mutual relations based on cooperation, mutual respect, kindness

and assistance. Each employee respects the dignity and personal integrity of co-workers, motivates them, helps them acquire new skills and knowledge and supports them in personal development and advancement. Each employee of the NLB Group is responsible to act in accordance with the best standards of professional and responsible conduct.

In the NLB Group, we promote the expression of opinions among employees and open communication with each other.

Open communication and cooperation are the basis of our work. Before we speak, we listen first. Our

word is our obligation. We clearly state what we can and cannot do. We value and actively seek

feedback. We share information openly and on time. We give constructive criticism in an honest and fair manner.

We share knowledge for the benefit of the NLB Group and learn from each other. In communication, we are direct and unambiguous. We are not afraid of difficult questions and do not transfer our tasks to others. We work with all stakeholders in good faith and professionally.

We take care of the development of a positive culture in the NLB Group and ensure that each individual is treated with respect and dignity, because every employee is an indispensable part of the NLB Group.

**2.2 Zero tolerance for discrimination**

In the NLB Group, we are committed to the fair treatment of all candidates in all employee selection procedures .

The assessment is carried out on the basis of objective knowledge, experience and competencies. We guarantee equal opportunities for all employees, in a fair and transparent manner, regardless of gender, age, race, skin colour, nationality, sexual orientation, religious beliefs and other personality characteristics.

In the NLB Group, we condemn and will not tolerate any discrimination, unequal and unfair relationship

to employees, as well as any type of violence, harassment, bullying or harassment of individuals

in the workplace.

In the NLB Group, everyone can do their job without fear of such practice. We respect the human rights of every

individual and promote a positive working environment that contributes to our success.

**2.3 Pleasant and safe working environment**

In the NLB Group, we are committed to staff development because we believe in competence, loyalty, integrity and commitment of our employees. Care for the development of personnel leads to the proper and successful operation and development of the bank.

That is why we take care of a safe and friendly working environment and strive to maintain a healthy

working environment, respect-based relationships, and we encourage employees to lead healthy lives. Satisfaction

of employees is extremely important for achieving our goals.

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**2.4 Care for the protection of personal data of employees**

In the NLB Group, we respect the right to privacy and the interests of all our employees, so special attention is paid

to the protection of personal data of employees.

Each employee is obliged to respect the right to privacy of their co-workers and to access to their personal data

in accordance with internal rules and prescribed procedures.

**Guidelines**

Our co-workers are our internal clients. We are obliged to treat them fairly, respectfully and responsibly.

We treat all co-workers in the same way as our external clients. We can only be successful if we work together!

A good and open relationship among all NLB Group employees contributes significantly to business excellence. These relationships are based on mutual cooperation, respect, support and understanding. We respect the rights and obligations of co-workers, as well as their differences. Divergent opinions must not cause unacceptable behaviour or violations of the rules of business, and must not affect fair and honest behaviour.

As the NLB Group employees, we are obliged to contribute to open and transparent communication with each other. Management is obliged to give instructions and define tasks for employees in a friendly, clear and understandable way. Their responsibility is to create a positive atmosphere, encourage employees to think innovatively and to

set a good example.

We are obliged to understand the needs of our internal clients and to consider their interests. Based on our experience and expertise, we are committed to providing advanced, innovative and modern products and services

tailored to their needs and requirements. Each of us strives to find opportunities for a good user

experience of other NLB Group employees with whom they cooperate. The goal of each of us must be to ensure that clients within the NLB Group benefit in one optimized way in order to contribute together to the efficiency and

optimized user experience.

We are better when we work together!

As employees of the NLB Group, we must refrain from all forms of sexual, verbal or other harassment

and bullying of co-workers. Such harassment or maltreatment in the NLB Group shall not be tolerated and shall be prohibited. Harassment is any undesirable behaviour, related to any personal circumstance, aimed at or with the intention to adversely affect the dignity of a person or to create a frightening, hostile, humiliating, offensive, degrading, or embarrassing environment. Therefore, you yourself are obliged to act in such a way that your conduct does not put other employees in an uncomfortable situation or endanger their health and safety.

We follow and comply with internal rules and procedures regarding safety at work. Unhealthy working environment

or incidents, as well as physical violence or threat to property must be immediately reported to the competent internal organizational units.

The NLB Group employees must not use for personal benefit, nor disclose to a third party any confidential

information or in any other way disclose information that is prohibited by law or is a business secret

which is defined as such by a member of the NLB Group, and which is entrusted or otherwise becomes

available to employees. A business secret is also considered to be information, which obviously could

cause material damage if the unauthorized persons were aware of it.

**3 WE RESPECT OUR CLIENTS**

**3.1 Respecting the interests of clients**

Our clients, both internal and external, are at the centre of our attention. In order to preserve their trust, the employees of the NLB Group are obliged to protect the interests of our clients and other business partners, respecting all relevant regulations.

The NLB Group employees fulfil our promises, realize and meet the expectations of our clients, business

partners, shareholders, regulatory and other competent authorities and the society as a whole. We cooperate in the implementation

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of the NLB Group strategy and we are actively committed to meeting strategic objectives in a spirit of credibility and fairness. We draw attention to challenges and encourage each other until goals are met because we are aware that companies of the NLB Group can only be successful by combining our strengths, knowledge and experience. We know we are stronger and the best when we work together.

We are committed to our customers' needs; we understand them and we take their interests into account. Based on our experience and expertise, we are committed to providing advanced, innovative and modern products and services tailored to the needs and requirements of clients. Our desire is to contribute to the fulfilment of their plans, and our task is to advise and inform them and raise their awareness of the nature and magnitude of the risks associated with their wishes and requirements.

We find solutions and solve problems by creating benefits and added value for our clients.

We understand that any problem can have several solutions at any given time, which is why we offer innovative

solutions. This achieves mutual benefit. We invest in the skills of our employees and the quality of the working environment, which contributes to the success of the entire NLB Group. We follow modern trends and seek and identify new and better approaches to provide services and products to our clients. Innovation is also encouraged at the level of processes, organization and internal functioning in general, as well as at the level of comprehensive solutions for clients, all in order to improve user experience of (internal and external) clients, creating added value of our products and services and improving their availability.

One of our basic goals is efficiency in everyday work. We offer our clients efficient solutions and added value. In this way, we save clients time and energy. We optimize our processes to enable the NLB Group teams to work efficiently, which allows us to devote more time to our clients.

We follow the latest technological solutions and modern way of life, thus reducing the complexity, to enable simple operations.

Our goal is to ensure that clients benefit optimally from the products and services offered by the NLB Group, taking into account their interests, carefully building partnerships and maintaining trust in the NLB Group.

**3.2 Care of clients' data confidentiality**

As one of the basic rules is to respect the protection of confidential information, about users, clients, business

partners or third parties, and protecting confidential information and preventing its possible misuse and/or their disclosure to unauthorized persons. Protection of privacy and information entrusted to us by our clients, is our primary concern and in doing so we operate in accordance with applicable regulations and international standards. Members of the NLB Group have an additional duty to protect the bank's confidential data.

In its operations, the NLB Group is committed to adhering to the highest standards of value in handling of personal

and confidential information. We request and process only those data that are necessary to fulfil our obligations under applicable regulations and of obligations to customers and business partners and the regulator.

In this way, we improve our products, services and management of the NLB Group. We are aware that this is the only way to ensure long-term trust in the NLB Group.

**3.3 Professional relationship**

We have a professional relationship with our clients, which we express through personal tidiness, tidiness of the workspace and demonstrating the highest ethical and professional standards in day-to-day business and communication with customers in selling and offering our products and services.

**3.4 A fair process for resolving customer complaints**

We treat our clients fairly. The NLB Group employees immediately report all client complaints to the competent authority, resolve them quickly, efficiently, for the benefit of all parties involved.

**Guidelines**

The NLB Group clients are the key to achieving our common goals - successful business, so that in our activities with clients, we advocate the highest standards of professional and ethical behaviour. What is most important for our business is the trust of our clients.

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In our daily work, we must be aware that the interests of our clients and the bank, as well as the interests of

other interest groups (owners, general public) come first. In pursuit of these principles, each of us is also looking for an opportunity to improve the user experience with their internal clients, i.e. other employees of the NLB Group,

they collaborate with - more on this in Chapter 2 - We respect our co-workers and maintain a pleasant working environment.

The common goal of all employees is to ensure that customers have the optimum benefit in relation to the offer of products and services of the NLB Group. We must offer them innovative solutions, modern products and services, and take into account their desires, needs and interests. The NLB Group employees, therefore, must know their customers well, understand their needs and act in their interest, taking into account that these interests do not conflict with the interests of the NLB Group. When in doubt as to whether there is actually a conflict of interest in a situation, ask your direct supervisor or organisational unit in charge of business compliance.

One of the basic rules is to respect the obligation to protect classified information and prevent its possible misuse.

It is the duty of each employee to know the rules of confidentiality of clients' and other confidential

information (including confidential banking information) and business secrets and to apply them in their work.

Employees of banks that are members of the NLB Group are committed to protecting the personal data of clients and confidential banking data relating to customers. There is zero tolerance for any events which can lead to

leakage or transmission of information to unauthorized persons.

Respect for the client implies that they are treated equally. This means that as employees of the NLB

Group we must adhere to the pricing policy rules and decision-making powers in each case where terms of the business relationship are determined. Under no circumstances will employees approve or attempt to approve a product and services at particularly low prices, or to provide banking products and services to persons who are not entitled to them in accordance with the applicable internal rules. Each client's complaint is immediately reported to the superior, and it is important that the same are dealt with as quickly as possible and for the benefit of all parties involved, in accordance with applicable regulations.

Complaints of our clients and business partners are handled in a professional, ethical, fair, prompt and efficient manner. In this process, we apply internal rules and procedures to resolve complaints, taking into account feedback from customers, identifying the source of the problem and actively participating in problem solving in order to prevent such complaints from recurring in the future.

**4 WE AVOID CONFLICTS OF INTEREST**

The NLB Group employees understand and accept responsibility for making the right decisions guided by our business interests. We are obliged to identify, monitor and eliminate possible conflicts of interest.

Conflict of interest arises when the personal activities of employees or their relationships from private life are intertwined with business interests of individual members and NLB Group and therefore affect the objectivity of the employee in making business decisions in the best interest of the NLB Group. Conflict of interest can reduce the value of shares and expose the NLB Group to legal and/or reputational risks.

The NLB Group employees take strict care to avoid this type of conflict of interest and adhere to internal rules that require us to identify and properly and effectively manage conflicts of interest (business or private).

Each employee of the NLB Group must focus attention on the detection, prevention and elimination of conflicts of interest. Within the scope of their duties and decision-making, the employees must always follow the interests of the NLB Group, not their private interests.

**Guidelines**

As employees of the NLB Group, we must at all times take care that our work outside the NLB Group member

does not conflict with the interests of the NLB Group, and does not interfere with our decisions being contrary to its

interests, values and goals.

At work, there may be a conflict of interest in relations between the NLB Group (its members) and clients, other

clients and business partners, between the NLB Group clients and/or third parties, as well as between different business activities within the NLB Group.

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Conflicts of interest at the personal level usually occur when our private interests may outweigh the interests

of clients, suppliers, other NLB Group business partners. Such a situation occurs when our interests overlap with the interests of the NLB Group or its clients or when we have a close relationship or financial connection

with other employees of the NLB Group.

The NLB Group employees are required to comply with internal rules on the disclosure of such activities, functions or engagements in business activities and other circumstances that could constitute a conflict of interest. Only in this way is it possible to properly manage or prevent possible, negative consequences of conflict of interest in a transparent, ethical and fair way.

Conflict of interest is considered to be: if an employee of the NLB Group with a client or business partners achieves personal, financial or business relationships that may affect the decision-making process of the business relationship or other business decisions. Conflict of interest is considered to be the realization of transactions in its financial instruments and all other business, including opening accounts and executing transactions, whether or not it is business on behalf of an employee or on behalf of another person (as an authorized person). Own business is also considered to be a job performed by an employee on behalf of related parties.

The most common situations that may lead to conflicts of interest:

* financing of private projects or private (business) activities that are intertwined with the services offered by the

NLB Group as well as the development of new products (including innovations);

* functions that could be incompatible with the interests of the NLB Group, such as membership in management

bodies of companies that are competitors of members of the NLB Group;

* ownership or investment in a company that is in any way directly or indirectly related to (key

clients, contractors, etc.) the NLB Group.

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**5 WE PREVENT UNACCEPTABLE PRACTICES**

**5.1 We reject bribery and corruption**

In the NLB Group, we condemn and reject all types of bribery and corruption. These forms of action are unfair, illegal and harmful to the countries where corruption takes place, and to society as a whole.

In the NLB Group, we do not offer or accept bribes or unfair incentives for any purpose. We also expect and demand the same behaviour from our clients, business partners and third parties.

We categorically reject such behaviour and actively prevent it in our business. The NLB Group employees herefore carefully build partnerships with all the NLB Group stakeholders and are obliged to prevent their emergence.

All employees of the NLB Group are subject to restrictions in receiving and giving gifts, expressions of hospitality and any other influence on the behaviour of the NLB Group employees.

**5.2 We prevent and report harmful behaviours and harmful actions**

In addition to bribery and corruption, the NLB Group also identifies as harmful behaviour fraud, abuse, counterfeiting and any other actions that could lead to regulatory sanctions, criminal liability, reputation or integrity, which are committed to the detriment of an individual or all members of the NLB Group or their employees, clients and business partners.

We at the NLB Group believe that responsible corporate governance is more than just compliance with laws, regulations and standards. Integrity and transparency of operations is also an important part of our business.

In the NLB Group, we expect all employees to understand and accept responsibility for making the right decisions.

Preventing any other harmful behaviours is the obligation of all employees. Employees are obliged to immediately report their concerns and observations in cases where they notice harmful behaviours that could harm the NLB Group.

Each employee is required to promptly report any information about anything that they believe may constitute violation or non-compliance with regulations or internal rules, or in case of harmful behaviour and harmful actions. In the NLB Group, we encourage reporting of behaviour in the event that any of the employees knows that "something is wrong".

It is an obligation of any employee who is informed of harmful actions by a co-worker, client or third party to report the harmful actions immediately to their direct superior (unless there is a suspicion that the immediate superior is a participant in such harmful behaviour or if informing the superior could adversely affect the further course of investigation of such conduct due to the prescribed legal deadlines for conducting proceedings in the field of labour law regulations, who forwards the case to the organizational unit in charge of business compliance. The employee submits the report through one of the available communication channels established for the purpose of reporting suspected harmful behaviour (such reports may also be anonymous). If the employee is not sure that any behaviour is harmful, illegal and unethical, they can consult with the superior or organisational unit in charge of business compliance.

In these cases, we at NLB Group do not tolerate and do not allow reverse actions against employees who report

harmful conduct and harmful actions in the event that they acted in good faith, even if it is proven that the reported

conduct is not an example of harmful or unlawful conduct, but has been reported as such. We provide protection

of the identity of the person who reports the harmful actions in good faith, as well as of those whose harmful behaviour is reported.

**Guidelines**

If someone offers you a service that will affect your behaviour or actions, they are offering you a bribe. If anyone wants to use their position to gain benefits for themselves, that is corruption. The NLB Group employees are not allowed to accept or give bribes. We cannot participate in or facilitate the implementation of corruption in any form and at any level. We must ensure that our actions and our behaviour do not give the impression that we tend to

bribery or corruption.

The risk of corruption may arise in connection with any activities in the NLB Group, whenever we are in contact with third parties. It can appear in different forms: in tenders, in the selection of suppliers, in

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public procurement procedures, costs, gifts, hospitality, when making employment-related decisions,

sponsorships, donations, activities of our clients, and so on. We are obliged to carefully consider which

activities may be exposed to the risk of corruption and to prevent them.

Gifts, for which there is an absolute ban on acceptance and giving, are unconditionally refused. We in the NLB Group are aware that certain gifts of lower value may be part of establishing or maintaining a business relationship.

If we receive such a token of appreciation, gifts or expressions of hospitality must not in any way affect our making of business decisions.

In case of doubt, as well as in case of actual harmful behaviours of employees, clients, business partners and

other persons, employees are obliged to report such acts. Only if we are aware of this, can we react timely to prevent damage or limit the occurrence of more difficult to repair damage to employees, the bank or other

members of the NLB Group.

At NLB Group, we encourage reports in good faith, especially reports that are based on available information

and observations that you reasonably suspect or know relate to harmful behaviours.

When we analyse and investigate individual reports, the data in the report is absolutely protected, which ensures

protection of the reporting person during the entire procedure of detection and possible sanctioning of harmful behaviour. To report anomalies, use dedicated channels if you wish to ensure anonymity, or contact the organisational compliance unit.

**6 WE OPERATE IN ACCORDANCE WITH THE LAW**

**AND WE FOLLOW THE RULES**

**6.1 We do business legally**

The NLB Group employees are obliged to comply with the laws and other rules that prescribe the conditions of our daily business. We avoid conduct that could lead to an alleged or actual violation of prescribed rules.

The NLB Group employees therefore analyse and manage the risks related to business compliance

in the internal organization, decision-making processes, information disclosure policies, internal reporting and

reporting to external (supervisory) institutions.

**6.2 We prevent money laundering and terrorist financing**

At NLB Group, we implement procedures to detect and prevent money laundering, procedures to know our clients ("know your customer" principle) and procedures to detect and prevent financial and other crime

– in relation to which the NLB Group has zero tolerance.

In the event of misuse resulting from money laundering and terrorist financing, in addition to loss of reputation, a member of the NLB d.d. or the entire NLB Group may be subject to financial and regulatory sanctions. Therefore, employees of the NLB Group are obliged to get acquainted with internal policies, rules and procedures for detecting suspected money laundering and terrorist financing. We have developed procedures and measures that respect sanctions and embargoes that prevent persons or organizations to conduct business with individual countries, groups, companies, organizations and individuals, including those related to terrorist activities, drug smuggling, development of nuclear weapons and the like. The NLB Group has zero tolerance to the above.

In order to successfully prevent and detect suspicious transactions, any employee of the NLB Group, who comes into contact with such transactions in the course of their work, should act in accordance with the internal acts of the NLB Group and report such transactions to their superiors and competent internal organizational units.

**6.3 We protect confidential and strictly confidential information and data**

In the NLB Group, we guarantee the highest standards in handling of confidential business data and other information for individual members of the NLB Group, the entire NLB Group, employees, clients and business partners. That is the only way to ensure the discretion of business relationships with business partners and clients, as well as relationships with employees based on long-term trust.

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Employees of banks that are members of the Bank and other members of the NLB Group are committed to the protection of confidential information, top secret information and business secrets; there is zero tolerance for any events that may result in leaking or forwarding of such information, data or business secrets to unauthorized persons.

The NLB Group employees are obliged to comply with internal rules and procedures in order to protect all information and information they become familiar with during work. This obligation applies to all channels of communication, social networks, all types of media and means of communication. Each employee is responsible and ensures the protection of confidential information, data and business secrets with which they become acquainted during their work.

Such information may only be used internally, for the employer's business purposes and may not be disclosed to third parties, unless permitted by regulations or internal rules.

We, the employees of the NLB Group, may not use confidential information for our own benefit or forward it to a third party, which are determined by law and/or business secret, and which as such have been determined by a member of the NLB Group and entrusted to employees or otherwise made available to them. Business secret is considered to be any information which can obviously cause material damage if delivered to unauthorized persons.

**6.4 We do not abuse inside information**

In the NLB Group, all employees are subject to a strict prohibition on trading in financial instruments based on

inside information and other forms of misuse of financial instruments. We in the NLB Group are obliged to protect the confidentiality of internal information of the NLB d.d. or other issuers and to use such information

solely for the purpose for which it was published.

Certain confidential information is considered inside information within the meaning of the regulations on the prevention of market abuse. The NLB Group employees who are aware of such information, either within the scope of their work assignments or accidentally, are required to keep this information strictly confidential and will not trade on the basis of inside information. Through internal acts in the NLB Group, we have measures in place that prevent

conflict of interest, establish protection of information, ensure timely and transparent disclosure of inside information of the NLB d.d., establish control over the conduct of personal transactions, provide regular training on abuse of financial instruments market and guarantee full cooperation with the competent regulators. The NLB Group employees and other persons with whom we cooperate or who are involved in the internal management system, are obliged to fulfil their obligations as stated in the acts governing personal transactions with financial instruments and to adhere to ethical standards, internal acts and rules that we apply in the NLB Group.

**6.5 We are committed to fair competition**

In the NLB Group, we are committed to fair relationships in the markets in which we operate, which includes avoiding unfair sales and business practices, avoidance of restrictive agreements, unfair competition, and

abuse of potential dominant positions in the market, In the NLB Group, we are aware of the risks related to protection of competition, which is why we operate in accordance with our obligations. It is our responsibility to be

aware of and to act in accordance with the regulations on the prevention of restriction of competition and that we understand how the risk of unfair competition affects our work obligations.

**Guidelines**

All our activities and all decisions must comply with this Code, laws and regulations that apply to the members of the NLB Group, as well as with the applicable internal acts. We need to be well aware of these documents and to act in accordance with the instructions governing the performance of our tasks.

It is our duty to provide accurate and comprehensive documentation of all our business activities.

Each member of the NLB Group plays a key systemic role in detecting and preventing money laundering. In the NLB Group we should therefore bear in mind every day that money laundering and terrorist financing are serious

criminal offences prosecuted ex officio. Employees who perform tasks with clients are obliged to ensure that rules and procedures for money laundering and terrorist financing are in place on a daily basis.

We need to recognize our suspicions of potential (and future or possible) non-compliances early on. This

is the only way to prevent violations. When in doubt, we address our superior or

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the organizational unit that is internally responsible for business compliance.

Are you thinking of trading for your own benefit based on data obtained during your employment?

Do you intend to use your work for personal gain? The NLB Group applies strict bans on trading in insider

information and market abuse.

In the event of a (possible) breach, inform immediately the organisational unit in charge of business compliance

using the defined reporting channels, in accordance with internal acts.

Information is key to preserving our competitive advantage. The NLB Group employees are responsible for protecting secrecy and integrity, as well as the availability of information and data owned by members of the NLB Group, our clients, suppliers and other business partners. Therefore, you must comply with all internal rules and procedures and act so that this information and data is properly protected.

**7 PRUDENT AND ETHICAL DISPOSITION OF ASSETS**

**7.1 Protection and rational use of funds, assets and resources**

With the aim of long-term success in the NLB Group, we are obliged to rationally use the assets of each member of the NLB Group, including tangible assets, inventories and equipment, technological equipment, intellectual property, financial assets, trademarks in the NLB Group and relations with clients and business partners of the NLB Group, and the reputation of the NLB Group.

Employees have a duty to use office supplies and other resources required for work and in general to protect the assets of all members of the NLB Group.

Employees are obliged to comply with the rules on reimbursement of business travel expenses and other expenses related to work, which are regulated by the appropriate reporting and documentation of these costs. Unethical handling of the assets of the NLB Group is forbidden.

Employees may not use the means of work or other assets for their own benefit or for the benefit of any third party.

The NLB Group employees are obliged to prevent any unauthorized use of assets and inventories of the Group members, for the personal benefit or benefit of third parties, whether or not the assets and/or inventories are used in an unauthorized manner voluntarily or out of negligence.

**7.2 Intellectual property protection**

Intellectual property protection is an essential element of a successful internal market, as it is important not only to accelerate innovation and creativity, but also to develop employment and improve competitiveness. The NLB Group employees are obliged to ensure without delay that the intellectual property rights are regulated by the contract and protected. Intellectual property rights include e.g.: patents, business names/brands, certificates, models, trademarks, geographical indications, copyright and similar rights.

The subject of such a right may not be commercially exploited without the permission of a member of the NLB Group who has the intellectual property rights.

The NLB Group employees are obliged to respect the copyright and intellectual property of third parties (authors, providers, etc.).

In this regard, we ensure that the copyrighted work and intellectual property are used only in accordance with the intended purpose or with the consent of the author of such copyrighted work. Furthermore, in our work we use only those tools for which the Bank has obtained the appropriate licenses.

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**Guidelines**

The primary concern of the NLB Group is to maintain the trust of its clients, business partners and the society in which we do business. Trust can only be preserved by honouring promises, commitments, and carrying out all business activities with integrity, fairly and ethically, as well as in accordance with business practice.

Each employee is obliged to accept clear responsibility for keeping promises and meeting deadlines, because

everyone in the NLB Group is aware that consistent actions and decisions are crucial to maintaining trust in the NLB Group and financial branch in general.

Each employee of the NLB Group is obliged to handle carefully the inventories and other assets of the members of the NLB Group, to comply with internal rules on reimbursement of costs and use of means of work. A good guideline is to use the assets of the NLB Group with the same care and responsibility (due diligence) as its own resources and assets.

We must comply with the approved budget, guidelines and restrictions on the use of assets or business premises. Strong internal controls in all members of the NLB Group must ensure the prudent and careful handling of assets

of the NLB d.d. and other members of the NLB Group.

**8 WE ARE SOCIALLY RESPONSIBLE**

**8.1 Respect for human rights**

The NLB Group strictly respects and protects nationally and internationally recognized human rights and fundamental freedoms that are harmonized with the highest international standards.

In line with the NLB Group's mission, special attention has been paid to respecting human rights and fundamental freedoms. We are an organization that strives to maintain the long-term trust of employees, clients, business partners, supervisory authorities and the bank as a whole, which is why we work transparently, in accordance with the undertaken obligations and the made promises.

In the NLB Group, we value our employees and want to be a good employer. We create for our employees

an appropriate and safe work environment, in which the dignity and integrity of employees in the workplace are respected and protected. We encourage personal and professional growth and development of our employees. We strive to create a work environment which respects personal, sexual, religious, racial, national, ethnic, cultural, social, geographical, family, physical, age and any other individual characteristics or beliefs of employees.

We believe that a fair relationship with customers must be based on shared values and fundamental principles, including respect for human rights in all banking products and services offered. The NLB Group only deals with clients it can trust, and therefore expects its clients to adhere to and strive for compliance with applicable regulations and standards in the field of human rights, operate in accordance with the principles of business ethics and with an appropriate level of honesty in communication.

We in the NLB Group strive to respect human rights throughout the entire supply chain, which is why suppliers and their subcontractors are carefully selected and required to respect human rights.

We pay special attention to the assessment of respect for human rights in setting criteria within our investment policy and we take due account of the direct and indirect effects on respect for human rights in the countries where we are present, which must be respected by all employees.

**8.2 Caring for the social environment**

In the NLB Group, we are aware of the role that goes beyond the framework of the financial sector in which we operate. In relation to employees, clients and society as a whole and other actors, we follow a socially and environmentally responsible policy, which regulates the issue of integration of the NLB Group into society and the environment. This is how we show commitment and respect for social and environmental values, bringing to the forefront the individuals, the local community and society at large in all countries in which the NLB Group operates.

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The Bank pays special attention to knowledge and lifelong learning. Key pillars of socially responsible

operations of the NLB Group, in addition to employee care, include integrity protection, mentoring, support to professional and youth sports, humanitarian activities and protection of cultural heritage.

In order to fulfil the obligation to respect their principles and social principles, the NLB Group shows that it is aware

of its wider social role and thus joins the circle of domestic and international public and private

financial institutions and businesses, which are aware of their social role.

The NLB Group remains politically neutral and does not support any political organizations or activities through donations or subsidies, even if local legislation allows it. The NLB Group also respects the activities of employees

who, as citizens, wish to participate privately in public life, in addition to being obliged to carefully protect reputation and credibility of the NLB Group.

**8.3 Promoting sustainable economic activities and financing**

The NLB Group supports and promotes the transition to a sustainable low-carbon economy that will

use resources in a more efficient manner and commits to contribute positively to a financial system that will

support sustainable growth. It is committed to supporting financial products and services to ensure the environmental protection and social well-being. In the NLB Group, we promote sustainable economic activities to improve quality of life and secure a better future for the entire region, and we support our clients in their plans and

activities in the field of climate protection.

**8.4 Environmental responsibility and awareness**

Our commitment is to improve the quality of life in the environment in which we live. Environmental responsibility

means protecting the environment in which we live in two ways:

* By changing our business model and developing banking products and solutions that have a positive impact

on the environment, using digitization and technological development, which allows us to offer our clients

fully digitized packages, and by financing projects that together create a society and an economy focused

on reducing carbon levels.

* By changing our behaviour. This means that we take into account direct and indirect environmental aspects and

aspects of our business decisions, and we act to make our impact on the environment as positive as possible.

The NLB Group employees are committed to caring for the environment by contributing to the savings of energy, paper and other assets. As far as possible, we also participate responsibly and actively in projects that strengthen our common responsibility towards the environment.

**8.5 Communicating in the NLB Group**

Communication with the public is professional and aligned with NLB Group policies. The NLB Group employees are obliged to comply with internal rules on public appearance and public expression of opinion that may affect the NLB

Group. Outside the NLB Group, we do not discuss issues for which we are not authorized. The NLB Group employees do not comment on or in connection with the NLB Group before media, investors, financial or industry analysts, external consultants, online chat rooms, social networks or other public forums without special permissions.

The NLB Group systematically and actively performs corporate communication activities, while building relationships with general public. Whenever we communicate, we always put our values first and thus strengthen

reputation of the NLB Group. We give an example of open communication, respectful and two-way communication with employees, clients, owners and the financial public.

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**8.6 Cooperation with the competent authorities**

The NLB Group is committed to full cooperation with regulatory authorities and other competent authorities responsible for supervising and verifying the compliance of the NLB Group's operations in the countries in which it operates. In this way, we provide transparent and accurate information used by supervisory authorities, the financial sector, shareholders, clients and the overall public in the countries in which the NLB Group operates.

Employees involved in the preparation of financial and other prescribed reports must always provide

complete, accurate, timely and understandable information in reports and documents that the NLB Group

submits or delivers to regulatory and other competent authorities and in other public notices.

**Guidelines**

We must respect and strive for long-term trust of employees, clients, business partners, supervisors and others

competent authorities, external auditors, investors and the bank as a whole. The NLB Group's operations must be comprehensive, in line with values and promises, transparent and positive.

Each of us can contribute to achieving these goals in our daily activities and work.

**IV. Values in the NLB Group**

Every goal starts with a clearly set path. After looking at the process, our strengths and opportunities

for improvement, and with the aim of improving the organizational climate in the NLB Group, we sought values and behaviours through which we can live our mission and realize our vision. Diverse group of employees, with strong support of management, found 3 main values and 5 key behaviours needed to implement each of these values. The values of the NLB Group are achieved and lived taking into account the fundamental principles, written in this document.



|  |  |
| --- | --- |
| **Value** | **Key behaviours** |
|  |  |
| We develop | • Gain and share knowledge |
|  | • Constantly strive for continuous improvement |
|  | • Offer support in learning and improvements |
|  | • Collaborate to achieve a common goal |
|  | • Speak honestly and listen actively |
| We promote entrepreneurship | • See everything through the prism of digitization |
|  | • Always take another step forward |
|  | • Improve our agreements and promises |
|  | • Suggest innovative and simple solutions |
|  | • Strive for empowerment and accountability |
| We improve lives | • We stand up for and use sustainable practices |
|  | • We show interest and understanding towards each other |
|  | • Each of us leads to change |
|  | • We take care of our personal impact on the environment |
|  | • We promote change |
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**V. We make the right decisions**

Our success depends on our ability to make the right decisions - ones that are consistent with our core

principles and values.

When faced with the question of how to do the right thing, we follow the next steps towards making the right decision and, if necessary, consult with others in order to make the right decision. In consideration, please follow the following steps:



**Step 1: Is it**

**legal?**



**Step 6: Could that**

**adversely affect**

**the Bank or NLB Group**

**if done by all**

**employees?**



**Step 5: Would you**

**feel good**

**if this procedure**

**would make you,**

**NLB d.d. or one of**

**members of the NLB Group**

**exposed at**

**newspapers the next**

**day?**

**Step 4: Can it**

**adversely affect**

**the NLB Group stakeholders**

**(employees, clients,**

**other business**

**partners, shareholders,**

**regulators)?**

**Step 2: Is that in**

**line with policies**

**of the NLB Group?**



**Step 3: Does it**

**reflect**

**values, basic**

**principles and rules**

**of conduct in**

**the NLB Group?**

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**Step 1: Is this legal?** YES » Go to step 2.

NO » The activity can have serious consequences. Do not do it.

* » Contact the organisational unit responsible for providing advice

about this Code.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Step 2: Is this in line with policies** | YES | » | Go to Step 3. |  |
| **of the NLB Group?** | NO | » | The activity can have serious consequences. Do not do it. |  |
|  |  |

* » Check internal acts; talk to your supervisor or contact

the organisational unit responsible for providing advice on this Code

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| --- | --- | --- | --- | --- |
| **Step 3: Does it reflect values,** | YES | » | Go to Step 4. |  |
| **basic principles and rules of conduct** | NO |  | The activity can have serious consequences. Do not do it. |  |
| **in the NLB Group?** | » |  |

* » Check internal acts related to ethical behaviour;

speak to your supervisor for guidance or contact

the organisational unit responsible for providing advice on this Code

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| --- | --- | --- | --- | --- |
| **Step 4: Can this adversely affect** | YES | » | The activity can have serious consequences. Do not do it. |  |
| **the NLB Group stakeholders (employees, clients, other** | NO |  | Go to Step 5. |  |
| **business partners, shareholders, regulators)?** | » |  |

* » Contact your supervisor for advice; contact the organizational

unit in charge of providing advice on this Code

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Step 5: Would you feel good if** | YES | » | Go to Step 6. |  |
| **this procedure led to the fact that you, NLB d.d.** | NO |  | Activities can have serious consequences. Do not do it. |  |
| **or one of the members of the NLB Group is exposed** | » |  |
| **in the newspaper the next day?** |  |  |  |  |

* » Consult your supervisor; contact the organizational

unit responsible for providing advice on this Code.

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| --- | --- | --- | --- | --- |
| **Step 6: Could this adversely affect** | YES | » | The activity can have serious consequences. Do not do it. |  |
| **a member or the NLB Group if done by all** | NO |  | It looks like you can make a decision about this activity. |  |
| **employees?** | » |  |

* » Consult your supervisor; contact the organizational

unit responsible for providing advice on this Code.

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**VI. The Code and local and international legislation**

The NLB Group follows its development strategy and complements its codes that regulate standards of conduct in the NLB Group in accordance with its orientation and following the step with the development. Therefore, this Code supersedes the previously applicable Code regulating ethical behaviour and corporate compliance at the level of NLB d.d., NLB Groups and members.

The NLB Group members shall timely harmonize all internal acts, rules and procedures with this Code.

The NLB Group members are obliged to regularly (at least once a year) conduct training of all employees in the field of the Code as well as to regularly and actively promote, raise employee awareness, educate and inform employees on the content of the Code and to provide explanations regarding its use in specific situations

faced by employees.

This Code defines the standards of conduct and behaviour of NLB Group employees, as well as expectations from business partners and other stakeholders. In the event of a conflict between the provisions of this Code and the requirements of national legislation, the NLB Group will accordingly harmonize the Code with local regulations and, in doing so, appropriately adhere to the rules stated herein, respecting the most stringent ethical criteria relevant in the specific case.

The Code does not regulate all the issues we face in our day-to-day operations in the NLB Group. The key is

to follow the purpose, spirit and text of this Code. Our goal must be to do what is "right", not just what is

permitted. More detailed guidelines for employees of the NLB Group are prescribed in the guidelines and other internal acts of each member of the NLB Group, following the spirit and purpose of this Code and the requirements of local regulations, as well as the specifics of the culture and the social environment in which it operates.

The NLB Group operates in an area that is significantly regulated due to the importance to ensure financial stability

and prevent systemic risks. The NLB Group is aware that compliance is the basis of its business.

Each employee is expected to be familiar with international standards, applicable laws, rules and regulations in all areas and professional standards with which he must be familiar during their work.

Unfair business practices and misconduct adversely affect our clients' trust and damage the reputation of the NLB Group, and may expose us to regulatory measures, fines or other negative consequences. Therefore, all NLB Group employees are personally obliged and responsible to act in accordance with the applicable regulations, internal rules and regulations and instructions and to follow the spirit, purpose and rules listed here.

**VII. Transitional and final provisions**

The Code shall enter into force and apply from the date of its adoption and shall be published in the application Bank's Acts.

The Code shall be published in appropriate form and content on the Bank's website http://nlbnet-sarajevo/

The Bank shall review the act at least once a year and, if necessary, revise it.

The Compliance Function is obliged to regularly, and at least once a year, report to the bodies of the Bank on compliance with the Bank's code of ethics, including identification of potential breaches and reporting on non-compliance issues.

On the date of application of this Code, the NLB Group Code of Conduct, 4th edition number I-500-7-

6.5/22 of 27 October 2022 shall cease to apply.

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**VIII. Reference documents**

* Law on Banks of the FBiH
* Decision on the internal management system in the Bank
* EBA Guidelines on Internal Governance (EBA/GL/2021/05)

**SUPERVISORY BOARD**

**Sarajevo, 28 July 2023** **CHAIRMAN**

**OF THE SUPERVISORY BOARD**

**Peter Andreas Burkhardt, d.s.**

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