



GASO

**GĀZES APGĀDES SISTĒMAS
OPERATORS**

Business Code of Conduct

Joint Stock Company "Gaso"

Place of registration	Riga, Latvia
Registered on	December 1, 2017, Commercial Register
Registration number	40203108921
Address	Vagonu iela 20, Riga, Latvia, LV-1009
Website	www.gaso.lv

Abbreviations

Joint Stock Company "Gaso"	GASO
United Nations	UN

Document

Registration No. 1.1/39

Version No.1: approved at the Board meeting of GASO held on April 27, 2018, minutes No.19 (2018)

Version No.2: amendments at the Board meeting of GASO held on May 22, 2019, minutes No.17 (2019)

Publication of the document

The Business Code of Conduct is published on the website www.gaso.lv under the section "Par uzņēmumu".

Example of the reference to be included in cooperation agreements

The Parties commit to observe the core principles on human rights, labour rights, environment protection and anti-corruption, recognised and defined by the UN. GASO in its operations abides by the values defined by the UN *Global Compact* and follows the Business Code of Conduct of GASO available on the website of GASO under the section "Par uzņēmumu".

Whistleblowing

GASO has set up its own whistleblowing system in compliance with the Whistleblowing Law. Whistleblowing means reporting a violation that is beyond infringements of personal interests and concerns broader interests of GASO or society, with the whistleblower receiving protection against punishment for reporting and guaranteed anonymity. The whistleblowing system of GASO may be used by GASO employees, customers, partners and other persons. Whistleblowing reports are to be submitted to the contact person specified in the code of conduct who may also be contacted for further information about whistleblowing at GASO.

Contact person

Vinsents Makaris
Head of Corporate Governance and Compliance
phone +371 67 369 144, vinsents.makaris@gaso.lv

Dear customers, partners, employees and other parties who we deal with in our work,

We have compiled this Business Code of Conduct to ensure our compliance with good business practice and to protect our reputation. This code of conduct supplements the national, European Union, authority and internal regulations governing our operations.

Along with the Business Code of Conduct, GASO has implemented other measures, such as assessment based on the corporate social responsibility guidelines of the UN *Global Compact*, a separate employee-oriented code of conduct, and other activities representing our attitude towards business.

We realise that GASO is a socially and economically important company in Latvia by virtue of the range of services provided, the potential environmental and safety impact, and the number of people employed. Hence, GASO strives to be socially responsible.

We expect all the cooperating parties of GASO to observe the general values in respect of human rights, labour rights, environment and anti-corruption defined by the UN *Global Compact* (see at the end of the document). At the same time, we expect our partners to respect the business principles defined by ourselves in this document.

The Business Code of Conduct may also be used as a legally binding commitment by including a reference to this document in mutual contracts upon initiative of GASO or partners. The management and employees of GASO and any person representing the interests of GASO is subject to mandatory adherence to the Business Code of Conduct.

We realise that this code of conduct does not cover all situations, but it serves as guidelines for a general ethical approach and our values. If you encounter violations of the principles stated in the code of conduct, please report to GASO in order for us to remedy such violations.

The Board of the JSC "GasO"

GENERAL PRINCIPLES

Principle 1

GASO in its operations observes the values¹ on human rights, employment, environment and anti-corruption defined by the UN corporate social responsibility programme *Global Compact* and conducts a regular compliance assessment², with publication of an annual progress report³, as well as promotes the dissemination of the values defined by the UN among employees, customers, owners, partners, and other related parties.

Principle 2

GASO expects its customers and partners to observe the values defined by the UN *Global Compact* and the principles stated in the Business Code of Conduct, and GASO reserves the right not to deal with partners and customers who breach these values and principles, without prejudice to the Law On the Procurement of Public Service Providers and the Energy Law.

Principle 3

The employees of GASO observe not only the principles of the Business Code of Conduct but also the requirements of the Employee Code of Conduct⁴ which lays down, among others, the principles of professional conduct and respectful treatment.

HUMAN RIGHTS

Principle 4

GASO is opposed to any discrimination⁵ against people by their race, gender, sexual orientation, age, marital status, disability, language, religious, political or other conviction, national or social origin, financial situation.

¹ The list of values is appended at the end of the document

² Many of the risks of non-compliance with the principles stated in the Business Code of Conduct, the measures taken, and the assessments are detailed in the Corporate social responsibility report of GASO

³ The annual corporate social responsibility report is published together with the annual accounts and is available on the website of GASO www.gaso.lv under the section "Par uzņēmumu" and on the reports database of the UN *Global Compact* www.unglobalcompact.org

⁴ Specific employee-oriented ethical requirements are included in a separate document targeted to employees

⁵ Under the Labour Law and the Official Language Law, employees are subject to specific requirements in respect of age, command of language, and incapacity for work due to ill health

Principle 5

When developing the natural gas distribution infrastructure, GASO takes into account the environmental requirements and residential needs and strives not to hinder people's access to other public utilities and infrastructure.

Principle 6

Being aware of the importance of natural gas for heat supply in the climatic conditions of Latvia and the role of natural gas in electricity production, industry and other fields, GASO maintains a stable supply of natural gas.

Principle 7

GASO realises the potential danger of natural gas and therefore takes care of the safety and quality of the natural gas distribution system, actively engages in the drafting of regulatory documents, ensures the prevention of accidents, and actively educates people.

Principle 8

In the event of improper use of natural gas or improper equipment, GASO prioritises the protection of human life and health and the protection of property over an individual consumer's right to use natural gas.

LABOUR RIGHTS

Principle 9

The interests, obligations and guarantees of GASO and its employees are covered by the collective agreement.

Principle 10

GASO ensures and supports the employees' rights to unite in and join trade unions and collectively discuss matters of employees' interests.

Principle 11

GASO guarantees a legitimate employment of all employees, fully meets and in some areas exceeds the requirements of labour law regarding salary, working hours and absences, thus ensuring the availability of state social protection mechanisms.

Principle 12

Given the potential danger of natural gas, GASO provides employees with appropriate labour safety and health protection measures and training.

Principle 13

GASO is firmly opposed to forced and illegitimate use of child labour.

PRIVACY AND DATA PROTECTION

Principle 14

GASO takes care of the protection of the personal data of employees, customers, partners and other parties in line with the national and European Union regulations.

Principle 15

The employees of GASO protect the business secrets of the company, its customers and partners.

ENVIRONMENTAL IMPACT

Principle 16

GASO is aware of the aggravating impact of natural gas or methane upon the greenhouse effect and therefore uses human knowledge, processes and technologies to limit the release of methane in the atmosphere to the extent possible.

Principle 17

GASO is as environment-friendly as possible in its business activity, ensures waste sorting, makes use of the possibilities offered by technologies for the conservation of the environment and resources, and assesses the effectiveness and potential environmental impact of planned decisions and measures.

NON-DISCRIMINATORY MARKET CONDITIONS

Principle 18

GASO treats all natural gas traders equally⁶, which includes ensuring equal access to market information and publishing all the information to be publicly disclosed about the natural gas distribution system and services on the website.

⁶ Pursuant to the Energy Law, with the owner of GASO, the JSC "Latvijas Gāze", being active in natural gas trading, GASO has introduced a compliance programme of non-discriminatory conduct and annually

Principle 19

The installation of new natural gas connections is judged against the technical capabilities of the system, the documentation prepared by the customer, the overall situation of the building in terms of heat supply, and the cost-effectiveness of the project, whilst not hindering the installation if the customer bears the costs beyond cost-effectiveness parameters⁷.

ANTI-CORRUPTION

Principle 20

GASO condemns and opposes bribery and extortion.

Principle 21

In order to ensure transparency in decisions regarding procurements and customer service, GASO involves multiple employees in taking major decisions and sets restrictions on the liability of persons.

Principle 22

In respect of public procurement, GASO observes the legislative requirements applicable to public utilities. Minor procurements are arranged under a detailed internal regulatory framework.

Principle 23

The employees of GASO do not accept gifts in relation to transactions of GASO and consider participation in events financed by other parties from the ethical and anti-corruption perspective.

GENERAL COMMERCIAL PRACTICE

Principle 24

GASO ensures the payment of all applicable taxes and does not engage in tax evasion schemes.

publishes a report on compliance with the independence requirements on the company's website (available under the section "Par uzņēmumu"), reports on the protection of commercial information, the independence of officials, the company's self-sufficiency and other measures, as well as has appointed a person in charge of compliance with the independence requirements

⁷ Resolution No.233 by the Council of the Public Utilities Commission dated July 16, 2008 *Regulations of connection to the natural gas system and Joint Stock Company "Latvijas Gāze" methodology of determination of the total cost of connection of natural gas consumers' gas supply systems to natural gas distribution pipelines and increase of permitted load*

Principle 25

GASO observes the principles of good business practice and the regulatory framework of Latvia and the European Union, and resolves conflicts within the regulatory framework.

Principle 26

GASO does not use the services of intermediary companies and hires advisors and agents for clear purposes defined in mutual contracts.

Principle 27

The management of GASO avoids conflicts of interest⁸ and does not engage in hidden transactions with itself or related parties⁹.

Principle 28

In cooperation agreements of GASO, the actual purpose of cooperation is always recorded in writing.

Principle 29

The management of GASO does not manipulate with information about GASO, the natural gas market and the industry, and does not use inside information for own benefit in securities markets.

CORPORATE GOVERNANCE

Principle 30

GASO keeps high standards of corporate governance by operating strictly in compliance with the legislative requirements, the Articles of Association, and the internal regulations of GASO.

Principle 31

GASO ensures equal treatment of all shareholders¹⁰.

⁸ This includes compliance of the officials of GASO with the independence requirements which prohibit senior officials from being employed by the parent company of GASO

⁹ The members of the Board and Council of GASO disclose to GASO transactions with related parties and, under the Law On the Annual Financial Statements and Consolidated Financial Statements, disclose material transactions and transactions not under normal market conditions in the financial statements

¹⁰ At the time of approval of the Business Code of Conduct GASO had one shareholder, but this approach is in place regardless of the number of shareholders

Principle 32

GASO observes high financial reporting standards and its financial activity is audited by internationally recognised independent auditors.

Principle 33

GASO follows the principle of transparency by publishing on the website information about the company's owners and management, governance documents, materials of shareholders' meetings, financial reports, and other corporate governance information.

POLITICAL NEUTRALITY AND LOBBY

Principle 34

GASO does not engage in political activity and does not use its resources to finance political activity.

Principle 35

Towards the protection of its interests, GASO acts on its own behalf or joins public organisations which have common goals with GASO, and does not engage in illegal lobby activities.

10 values of UN *Global Compact*

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

UN *Global Compact*:

www.unglobalcompact.org