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**Code**  
**NLB Group Code of Conduct**

**Version 1, May 2017**

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## Chronology of amendments

Version	Date	Description
1.	16.5.2017	Adoption of a new Code of Conduct in the NLB Group, replacing the existing Code of corporate compliance of NLB d.d., Version 1, april 2014, Code of ethical conduct of NLB d.d., Version 3, september 2009, Code of ethical conduct of employees in NLB Group, Version 1, december 2008.

## I. INTRODUCTION AND GOALS

### **Mission of the NLB Group**

We are committed to the culture of responsibility, act in accordance with the legislation and the rules of profession, the principles of excellence and integrity, and foster lean organisation of the NLB Group.

The confidence that we enjoy among the clients, fellow employees, shareholders and society at large gives us great responsibility. We justify this trust by working with the stakeholders for a positive change, mutual benefits and growth.

By incorporating our values into everything we do, we contribute to the positive development of our environment.

### **Purpose of the NLB Group Code of conduct**

The NLB Group Code of Conduct is a set of rules that must be understood and complied with by every employee of the NLB Group. This is the only way for us in the NLB Group to live the values and act in accordance with the ethical standards.

The Code summarises the Values and stipulates the Fundamental principles of conduct on which the operations and actions of the NLB Group are based. Thus, the Code provides directions in our everyday actions and helps us understand what is expected in the NLB Group from each employee and the other stakeholders. In this manner, it also defines what is crucial for fulfilling the long-term development strategy of the NLB Group and its responsible conduct in which we must maintain the confidence of our clients, employees, shareholders and the social environment in which the NLB Group operates.

Therefore, the Code clearly defines the expectations from each employee in the NLB Group and also lays down the standards expected in our relationship with the other stakeholders and instructions and guidance in our everyday work and the operations of the NLB Group.

The NLB Group operates in diverse ethnic and cultural environments from which the employees in the member companies of the NLB Group originate. In the spirit of cultural differences in the countries where the NLB Group operates, we strive for cooperation and exchange of different views and experiences. In the spirit of cultural and other differences in the countries where the NLB Group, we also interpret the values and principles of the desired conduct written in this Code.

The NLB Group Code of Conduct:

- represents the values and fundamental principles of conduct,
- sets out the rules that every employee in the NLB Group must understand and respect,
- defines expectations from each employee in the NLB Group and also reflects the standards that we expect in our relationship to the rest of our stakeholders.

The Code is practical to help us in our daily work. A special chapter is devoted to the leaders at all organizational levels, which have a special responsibility to implement the code in practice within the NLB Group.

The NLB Group pursues its development strategy and updates its codes which regulate the standards of desired conduct in the NLB Group in accordance with its Guidelines and by keeping abreast with the development. Thus, this Code replaces all previously applicable codes that regulated the ethical conduct and corporate compliance at the level of NLB d.d. and the NLB Group: The Corporate Compliance Code of NLB d.d., the Code of Ethical Conduct of Nova Ljubljanska banka d.d. and the Code of Ethical Conduct of the NLB Group.

## II. Using the Code of conduct and its addressees

### Employees

The guarantee for the consolidation of the confidence in the NLB Group and the key to its reputation and long-term successful performance is operations compliant with the Code. All employees of the NLB Group must understand and comply with the values, principles and rules contained in this Code of conduct.

As employees of the NLB Group, we are responsible for the reputation of each member of the NLB Group and we have to familiarize with this Code and respect it in our daily practice. The Code is practical in order to help us in our daily work.

The conduct in accordance with the rules of the NLB Group Code of Conduct can contribute to a more successful development of the entire NLB Group and all us, employees. Each of us is required to comply with the Code and should also encourage other employees and business partners to do the same.

### Leadership

This Code fully applies to members of the bodies of NLB Group. In this sense the term employee also covers managers within the NLB Group.

Managers at various levels in the NLB Group, including members of the management bodies (management board members, supervisory boards, executive directors, board members) have specific responsibilities:

- Discuss this Code with the members of your teams and make sure that all have understood it, thus promoting the ethical culture in the NLB Group.
- Make sure that our values and basic principles and rules of conduct are implemented and complied with.
- Encourage open, fair and honest relationships among the employees, without fear and vindictiveness.
- Encourage open discussions about all questions handled by this Code.
- Your conduct and behaviour should set an example embodying the values and meeting the basic principles of the NLB Group.
- You are responsible for reacting swiftly if you perceive any ethical problems in your environments.
- Do not demand any conduct from your employees which would be contrary to the legislation or other prescribed rules or this Code.

### Relationships with business partners

The NLB Group abides by the basic principles and rules of desired conduct in its operations with business partners and other stakeholders. Therefore, the NLB Group expects that all business partners and other stakeholders apply the standards at least equal to those written in this Code, including their attitude towards the employees. The NLB Group is committed to respecting all relevant interests of the parties involved in a transparent manner and in accordance with the agreements.

## III. Our values

### Responsibility

The NLB Group is responsible towards its clients, colleagues, shareholders, owners, other business partners and the social and natural environment. Understanding the clients and concerning for their positive user experience is our main responsibility. This includes the understanding of their needs and the related risks for themselves and for the NLB Group. We carefully and responsibly build partnerships with all those we enter into business relationships with. As employees we have a duty to each other and to all stakeholders to act professionally and with commitment and mutual respect in our work. We are committed to integrity, and to facing challenges with courage. With due responsibility, we take care of the reputation of the banking and broader financial activity and also meet our responsibility towards the broader social and natural environment.

### Honesty and credibility

Honesty is the basis of each responsible action, particularly in banking. We are committed to keeping promises and meeting targets. We are honest and pursue the highest ethical standards. We meet our promises, achieve and exceed the expectations of our clients, business partners, shareholders, regulatory and other competent bodies and the society at large. We cooperate in the implementation of the NLB Group strategy and we are actively committed to the fulfilment of strategic objectives in the spirit of credibility and honesty. We draw attention to challenges and encourage each other until the objectives have been met since we are aware that the Companies of the NLB Group can only be successful by combining our strengths, knowledge and experience. We are aware that we are stronger and the best when working together.

### Cooperation

Open communication and cooperation are the basis of our work. Before speaking, we first listen. Our word is our bond. We state clearly what we can and cannot do. We appreciate and actively seek feedback. We share information openly, and in a timely fashion. We give constructive criticism in a respectful and honest manner. We share knowledge for the good of the NLB Group, and learn from one another. In communications we are straightforward and unambiguous. We do not fear difficult questions and do not shift our tasks to others. We work with all stakeholders in good faith, and with professionalism.

### Focus on solutions and innovations

We find solutions and resolve problems by creating benefits and added value for our customers. We understand that each problem has at any given time multiple solutions, so we are innovative in search of the best solutions. It is how we achieve mutual benefits. We invest in the skills of our employees and the quality of the working environment, thus contributing to the overall success of the NLB Group. We monitor modern trends and we are looking for and recognize new and better methods and approaches to providing services and products to customers. Innovation is also encouraged at the level of processes, organization and internal functioning in general and at the level of integrated solutions for customers, all aimed at improving the user experience (internal and external) customers, creating added value for our products and services and improving their accessibility.

### Efficiency

One of our fundamental objectives is efficiency in everyday work. We offer our customers effective and innovative solutions and added value, to save them time and energy. We optimise our processes so that the NLB Group teams can work efficiently. This allows us more time to devote to our customers. We actively reduce complexity to allow for simple operations, pursuing the modern technological solutions and modern lifestyle.

## IV. Basic principles and rules of desired conduct

In the NLB Group, we wish to live our Values and must therefore act in compliance with certain rules of desired conduct and be aware what conduct is unacceptable. The values and fundamental principles guide us to the expected standards of conduct.

More detailed rules of conduct are written under each fundamental principle of conduct, together with practical advice to help you make the right decision.

Principle of conduct	Values	Rules of conduct
Being ethical	Responsibility Honesty and credibility	<ul style="list-style-type: none"> <li>Act with responsibility and in line with the powers of attorney</li> <li>Comply with the rules of the Code</li> </ul>
Respect your colleagues and maintain a pleasant working environment	Cooperation Efficiency	<ul style="list-style-type: none"> <li>Honesty and respect among colleagues</li> <li>Zero tolerance for discrimination</li> <li>Kind and safe work environment</li> <li>Taking care of the employees' personal data protection</li> </ul>
Respect our clients	Cooperation Focus on solutions and innovations Efficiency	<ul style="list-style-type: none"> <li>Respect the clients' interests</li> <li>Due care for protection of confidentiality of data on the clients</li> <li>Professional relationship</li> <li>Fair client complaint handling procedure</li> </ul>
Avoidance of the conflict of interest	Responsibility Honesty and credibility	<ul style="list-style-type: none"> <li>Avoidance of the conflict of interest</li> </ul>
Prevent unacceptable practices	Responsibility Honesty and credibility Efficiency	<ul style="list-style-type: none"> <li>Reject bribery and corruption</li> <li>Prevent harmful conduct</li> </ul>
Comply with the legislation and other applicable regulations	Responsibility Honesty and credibility Cooperation Focus on solutions and innovations Efficiency	<ul style="list-style-type: none"> <li>Our business is legal</li> <li>We fight financial crime</li> <li>We protect confidential and strictly confidential information</li> <li>We do not abuse inside information</li> <li>We are committed to fair competition</li> </ul>
Prudent and ethical handling of assets and property of the members of the NLB Group	Responsibility Honesty and credibility	<ul style="list-style-type: none"> <li>Protection and rational use of company assets and resources</li> <li>Intellectual property protection</li> </ul>
We are socially responsible	Responsibility Honesty and credibility	<ul style="list-style-type: none"> <li>Respect for human rights</li> <li>Care for the social environment</li> <li>Environmental awareness</li> <li>Communication in the NLB Group</li> <li>Cooperation with competent authorities</li> </ul>

## **1 BEING ETHICAL**

### **1.1 ACT WITH RESPONSIBILITY AND IN LINE WITH THE POWERS OF ATTORNEY**

Every person in NLB Group is committed to uphold the highest standards of moral integrity, professional and ethical conduct, which is beneficial not only for the NLB Group but also for its clients, internal and external, colleagues, business partners, shareholders, the financial system and the community at large. Only ethical, diligent and responsible business, which is consistent with this Code, is a guarantee for long-term strengthening of confidence in the NLB Group. Trust is the foundation of the banking activity.

Regardless of the opportunity, all employees in the NLB Group must act with complete fairness, honesty and integrity in everything we do.

Every person in the NLB Group:

- must at all times comply with the principles of ethics, fairness and expertise;
- must act in a responsible, positive and constructive manner, in line with the strategy, goals and commitments;
- must prevent and eliminate the risks of harmful conduct;
- must work according to the law, regulations and good practices.

### **1.2 COMPLY WITH THE RULES OF THE CODE**

As employees of the NLB Group, we are responsible for getting familiar with this Code and fully complying with it in our conduct.

A violation of the standards and rules of conduct defined by this Code can lead to a serious violation of work obligations of each employee and result in imposed possible measures for the elimination of the consequences of misconduct. Serious violations can result in other appropriate sanctions and other actions (including labor law), which can lead to discontinuation of further cooperation between the Group's employee and member of the NLB Group. Therefore the Code forms the basis for all other rules and instructions of operations, including organisational rules and procedures, the existing powers of attorney as well as decisions, agreements and contracts made by the NLB Group.

#### **Guidelines**

We are aware that the public identifies their work, proceedings and attitude towards the clients with the conduct of the NLB Group as a whole, with all consequences arising from such conduct.

Therefore, we must strive to always base a successful relationship with the clients on mutual trust, earned by a fair and open dialogue, understanding and freedom of choice.

We shall perform our duties by acting in accordance with the adopted principles and rules and in a way ensuring that our work and behaviour inside and outside the working environment does not damage reputation of the NLB Group or any of its members, and the banking and financial activity as such.

We are therefore responsible to:

- act in a responsible, positive and professional manner, in line with the strategy, goals and commitments, laws, rules and good practices;
- prevent and eliminate all possibilities of corruptive practices in any member of the NLB Group, as well as all violations of the applicable rules or fundamental ethical norms,

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- prevent any conduct, decisions or actions that would be contrary to the laws, internal rules, the strategy of the NLB Group and the commitments, legally permitted goals, ethical principles or values of the NLB Group, particularly if these could result in damage to an individual or any member of the NLB Group.

The management of the NLB Group, in particular, is responsible for setting up an example, so you should encourage open, fair and honest relationships between employees, without fear or revenge, and promptly take action when you see ethical problems in their environment. It is your task to promote ethical culture and not to demand any conduct from your employees which would be contrary to the legislation or other prescribed rules or this Code.

## **2 RESPECT YOUR COLLEAGUES AND MAINTAIN A PLEASANT WORKING ENVIRONMENT**

### **2.1 Honesty and respect among colleagues**

By ensuring safe, stimulating and health-friendly working environment, we are building a long-term and solid corporate culture which is an important stone in the mosaic of our success.

The NLB Group strives for good mutual relationships based on cooperation, mutual respect, politeness and assistance. Every employee respects the dignity and personal integrity of the colleagues, motivates them, helps them acquire new skills and knowledge and also contributes to their personal and career development. Every employees of the NLB Group is responsible for getting familiar with this Code and complying with it in our conduct.

The NLB Group therefore promotes the expression of opinions among the employees and open communication. We take care of the development of positive culture in the NLB Group and ensure that every individual is treated with respect and dignity, as an essential element of the NLB Group.

### **2.2 Zero tolerance for discrimination**

The NLB Group is committed to fair treatment of all candidates in all selection procedures. We judge on the basis of objective knowledge, experience and competencies. We guarantee equal opportunities for all employees in a fair and transparent manner, regardless of the gender, age, race, colour of the skin, nationality, sexual orientation, religious beliefs and other personal traits.

We at the NLB Group reject and will not tolerate any kind of discrimination, unequal and unfair treatment of employees and any violence, molestation, harassment or mobbing of individuals at their workplace.

Every individual in the NLB Group can work without fearing any such practices. We respect human rights of each individual and promote positive working environment which contributes to our success.

### **2.3 Kind and safe work environment**

We at the NLB Group take care for the development of employees because we trust in the competencies, loyalty, integrity and devotion of our employees. The care for the development of employees leads to appropriate and successful performance and development of the company.

We therefore take care of safe and kind environment and make sure that we maintain a healthy working environment and relationships based on mutual respect, and encourage employees to lead a healthy life. Employee satisfaction is very important for achieving our goals.

### **2.4 Taking care of the employees' personal data protection**

The NLB Group respects the right to privacy and interests of all the employees and therefore pays special attention to personal data protection of the employees.

Every employee is obliged to respect the right to privacy of their colleagues and handle their personal data in accordance with their internal rules and the foreseen procedures.

## **Guidelines**

Our colleagues are our internal clients. We are obliged to treat them fairly, respectfully and responsibly. Treat them as you would treat an external client. We can only be successful if we cooperate!

Good and open relationships between all employees of the NLB Group significantly contribute to business excellence. These relationships should be based on mutual cooperation, assistance and understanding. We respect the rights and duties of co-workers and also their differences. Any disagreements must not provoke incorrect conduct or infringement of the rules of operation and respectful and honest conduct.

As employees of the NLB Group we are obliged to contribute to an open and transparent mutual communication. The managerial staff is obliged to issue instructions and define tasks politely, clearly and comprehensibly. It is their responsibility to create a positive climate, to encourage co-workers to innovative thinking and to set a good example.

We have a responsibility to understand the needs of our internal clients, and respect their interests. Based on our experience and expertise, we are committed to offering advanced, innovative and modern products and services appropriate to their needs and requirements. Each of us should strive to find opportunities for a good user experience of other employees in the NLB Group, with whom he or she cooperates. The aim of each of us must be to ensure that the internal customers within the NLB Group have optimal benefit and that together contribute to efficiency and optimal user experience. Together we are better!

As employees of the NLB Group we must refrain from all types of sexual, verbal or other harassment and molestation of their co-workers. Such harassment and molestation is not tolerated in the NLB Group and is forbidden. Harassment means any undesired behaviour related to any personal circumstance the aim of which is to damage the dignity of the person or create an intimidating, hostile, humiliating, abusive or offensive environment. Therefore, you yourself are obliged to ensure that your conduct does not put others in an uncomfortable position or threaten their health and safety.

Learn about and comply with the internal rules and procedures on health at work. You are obliged to immediately report to the relevant internal organisational units about unhealthy working environment or incidents as well as any physical violence or threat to the company property.

The employees in NLB Group may not use for their own benefit or forward to any third person any confidential data specified by law and/or business secret determined as such by the member or NLB Group and entrusted or in any other way made available to an employee. Any data which could obviously cause material damage if submitted to unauthorised persons shall also be deemed business secret.

## **3 RESPECT OUR CLIENTS**

### **3.1 Respect the clients' interests**

Our clients, internal and external, are always in the centre of our attention. In order to secure their trust, the employees of the NLB Group are obliged to protect the interests of our clients and other business partners and respect all relevant provisions.

We are obliged to understand the needs of our clients and consider their interests. Based on our experience and expertise, we are committed to providing advanced, innovative and modern products and services suitable to their needs and requirements. Our wish is to contribute to the fulfilment of our clients' plans and our task is to advise them, inform them and raise their awareness about the type and level of risks related to their wishes and requirements.

Our goal is to ensure optimum benefits for the clients in relation to the products and services offered by the NLB Group and that by taking into account their interests, we carefully build partnerships and maintain trust in the NLB Group.

### **3.2 Due care for protection of confidentiality of data on the clients**

One of the basic rules is to respect the protection of obtained confidential data of the customers, clients, business partners or third persons; we protect confidential data and prevent their potential abuse and / or their disclosure to unauthorised persons. Protecting the privacy and information entrusted to us by our clients is our primary concern and in doing so we act in compliance with the valid provisions and international standards. Banks that are members of the NLB Group have additional duty to protect confidential bank data.

In our business, the NLB Group is committed to uphold the highest standards of diligence in personal and confidential data management. We only ask for and process those data we need for the fulfilment of our obligations under the applicable laws and regulations and for the fulfilment of our commitments to the clients, business partners. In this way we improve our products and services and the NLB Group governance. We are aware that this is the only way to ensure long-term trust in the NLB Group.

### **3.3 Professional attitude**

Our attitude towards the clients is professional and shown through personal appearance, tidiness of work premises and the highest ethical and professional standards in daily operations and communication with the clients in the sales and marketing of our products and services.

### **3.4. Fair client complaint handling procedure**

We treat clients fairly. The employees of the NLB Group immediately report the clients' complaints to those in charge, resolve them quickly and efficiently, for the benefit of all parties involved.

#### **Guidelines**

The clients of the NLB Group are essential for achieving our common goal - successful operation, which is why in our operations with the clients we are committed to abide by the highest standard of professional and ethical conduct. The trust of our clients is the most important for our operations.

In our everyday work, we must be aware that the interests of our clients and the Bank, as well as those of other stakeholders (owner, public in general) come first. In the pursuit of these principles every one of us is also looking for opportunities to improve the user experience with internal

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customers, other employees in the NLB Group with whom he or she cooperates - more about that in Chapter 2 Respect your colleagues and maintain a pleasant working environment.

The common goal of all employees is to ensure optimum benefits for the clients in relation to the products and services offered by the NLB Group. We have to offer innovative solutions, modern products and services and take into account their desires, needs and interests. The employees of the NLB Group must therefore know the clients well, understand their needs and act in their interest, while taking care that these interests are not in conflict with those of the NLB Group. When in doubt whether a situation is actually a conflict of interest, ask your direct superior or the compliance and integrity department.

One of the basic rules is to respect the obligation to protect the obtained confidential data and prevent their potential abuse. The duty of each employee is to know and duly apply the rules on the confidentiality of customer information and other confidential information (including banking confidential data) and business secrets. Especially employees of banks that are members of the NLB Group are committed to protecting the personal data of customers and confidential bank data pertaining to customers; we do not tolerate any events, which can result in disclosure or providing information to unauthorized persons.

The respect of the clients means that they are treated equally. This means that as an employee of the NLB Group, we must comply with the pricing policy and the authorisations for deciding in each case when determining the conditions for entering into business relationships. In no case shall the employees grant or attempt to grant especially low prices for banking products or services to persons not entitled to such prices pursuant to the applicable internal rules. Any client complaints are immediately reported to the superior, it is important that they are resolved as quickly as possible and for the benefit of all those involved, according to applicable regulations.

The complaints of our clients and business partners are resolved in a professional, ethical, fair, quick and efficient manner. In this, we pursue the internal rules and procedures for resolving complaints, take into account the client's feedback, identify the source of the problem and actively participate in the resolution of the problem in order to prevent such complaints from happening in the future.

## **4 AVOIDANCE OF THE CONFLICT OF INTEREST**

Employees of the NLB Group understand and accept responsibility for adopting the right decisions led by our business interests. The employees are obliged to identify, monitor and exclude potential conflicts of interest.

A conflict of interest arises when an employee's personal activities or their relationships from private life intertwine with the business interests of the NLB Group (its members) and thus affect the objectivity of the employee in adopting business decisions in line with the best interests for the NLB Group. A conflict of interest can also reduce the value of shares and expose the NLB Group to legal risks and/or reputation risks.

The employees of the NLB Group take great care to avoid such conflict of interest and follow our internal rules which dictate that we must recognise and appropriately and efficiently manage the conflicts of interest (business and private).

Every employee of the NLB Group must focus their attention on the detection, prevention and elimination of the conflicts of interest. In the framework of performing the tasks and adopting decisions, they must always follow the interests of the NLB Group and not their private interests.

### **Guidelines**

As employees in the NLB Group we must at all times take care to ensure that our work outside the member of the NLB Group does not interfere with the interests of the NLB Group and does not affect our decision that would be contrary to its interests and goals.

Conflict of interest can arise in the relationship between the NLB Group (its members) and the clients, other customers or business clients, between the clients of the NLB Group (its members) and/or third parties and between different business activities within the NLB Group.

On a personal level, the conflicts of interest usually occur when our private interests could prevail over the interests of the clients, suppliers, other business partners or the NLB Group (its members). Such cases arise when our interests overlap with the interests of the NLB Group or its clients or when we have a close personal or financial relationships with other employees in the NLB Group.

The employees of the NLB Group have a duty to respect internal rules about the disclosure of such activities, functions or inclusion in the business activities and other circumstances that could represent a conflict of interest. This is the only way to appropriately manage or prevent potential negative consequences of a conflict of interest in a transparent, ethical and fair manner.

The following shall be deemed conflict of interests: if an employee in the NLB Group has a personal, financial or business relationship with the client or the business partner, which could influence the process of adopting a decision on transaction. Additionally, any transactions related to financial instruments owned by the employee and all other transactions, including opening of bank accounts and performing of transactions, regardless of whether or not they are transactions performed on behalf of the employee or another person (as authorised person) shall also be considered a conflict of interests. Transactions for own account include transactions which the employee could perform for the account of his related persons.

Most common situations that can lead to a conflict of interest:

- Privately financed projects or private (business activity intertwining with the services offered by the NLB Group and development of new products (including innovations);
- Functions that could be incompatible with the interests of the NLB Group, such as membership in the management bodies of competing companies of the NLB Group members,

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- Ownership or investment in a company that is directly or indirectly connected (a key client, contractual partner, etc.) with the NLB Group.

## **5 PREVENT UNACCEPTABLE PRACTICES**

### **5.1 Reject bribery and corruption**

The NLB Group rejects all types of bribery and corruption. These forms of actions are unfair, illegal and damage the countries in which the corruptive practices take place, and the society in general.

The NLB Group offers no bribes or inappropriate incentives for any purpose whatsoever, nor does it accept them. We demand the same from our clients, business partners and third persons.

Such acts are categorically rejected and actively prevented in our business. The employees of the NLB Group thus carefully build partnerships with all stakeholders of the NLB Group and are obliged to prevent their occurrence.

Therefore, all employees of the NLB Group are subject to limitations in giving and accepting gifts, offering hospitality and otherwise influencing the conduct of the employees of the NLB Group.

### **5.2 Prevent harmful conduct**

All employees of the NLB Group are expected to understand and accept responsibility for adopting the right decisions. If they notice any conduct that could damage the NLB Group, they are obliged to immediately report their concerns and observations.

Every employee is obliged to immediately report any information on anything they believe, in good faith, could present a violation or non-compliance with the regulations or internal rules, or in the event of harmful conduct. The NLB Group encourages the reporting of conduct in cases an employee is aware that something "is amiss".

Every employee who becomes aware of a harmful conduct by a colleague, a client or a third person is obliged to report such conduct to their direct superior, and he or she to the organisational unit, responsible for compliance (such report can also be anonymous). If an employee is not convinced that a potential action has the nature of misconduct, unlawful or unethical action, they may consult their superior or directly the organisational unit, responsible for compliance.

In these cases, the NLB Group does not tolerate and do not allow any retaliation against the employees who bona fide report a suspected harmful conduct, even if it turns out that the action reported was not unfair or unlawful, but was reported bona fide. We guarantee protection of identity of the person who bona fide reports misconduct as well as those to who such reports on misconduct refer.

### **Guidelines**

If somebody offers you a benefit to influence your conduct or action, that is a bribe. If someone wants to use their position to obtain benefit for themselves, that is corruption. An employee of the NLB cannot give or accept bribe. We may not participate or allow corruption in any form at any level. We must ensure that our actions and conduct do not give the impression that we are inclined towards bribery or corruption.

The risk of corruption can occur in any activity carried out in the NLB Group, whenever we are in contact with third persons. It has many forms: in the tenders and selection of suppliers in purchasing procedures, costs, gifts, hospitality, deciding on employment, sponsorships, donations, activities of our clients, and so on. We are obliged to carefully consider which activities can be exposed to corruption risks and prevent such actions.

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Gifts that are absolutely prohibited to give or accept are rejected categorically. The NLB Group is aware that certain gifts of small value can be part of establishment or maintenance of a business relationship. If we receive such attention, the gifts or expressions of hospitality may in no way affect the business decisions we adopt.

In the case of suspicion as well as actual misconduct of our colleagues, the employees are obliged to report such actions. Only if we are aware of this can we react swiftly and prevent damage or restrict damage that the employees, Bank or other members of the Group will have difficulties remedying.

The NLB Group encourages bona fide reports, namely reports based on available information and observations that make you reasonably suspect or know of misconduct, unlawful or unethical action.

When handling and investigating individual reports, the data in the report are strictly protected, and this ensures the protection of the whistle-blower during the entire procedure of disclosure and potential sanctioning of misconduct.

To report violations, please use established whistleblowing channels in your company that ensure your anonymity, or contact the organizational unit that is in your company, a member of the NLB Group, responsible for compliance.

## **6 COMPLYING WITH THE LEGISLATION AND OTHER APPLICABLE REGULATIONS**

### **6.1 Our business is legal**

The employees are obligated to respect the legislation and other rules prescribing requirements regarding our daily business. We avoid actions that could constitute an alleged breach of prescribed rules. The employees therefore analyse and manage risks related to compliance in internal organisation, decision-making processes, disclosure policies, internal reporting and reporting to external (supervisory) institutions.

### **6.2 We fight financial crime**

The NLB Group has been conducting procedures to discover and prevent money laundering, know your customer procedures and procedures for identifying and preventing financial and other crime – the NLB Group has zero tolerance for these.

In the case of abuse resulting from money laundering and terrorist financing, in addition to loss of reputation, NLB d.d. and other members of the NLB Group could be subject to financial and regulatory sanctions. Therefore, the employees of the NLB Group are obligated to keep up to date with internal policies, rules and procedures to discover suspected money laundering and terrorist financing. We have also developed procedures and measures to respect sanctions and embargoes that prevent persons or organisations to conduct business with certain countries, groups of persons, companies, organisations and individuals, including those connected with terrorist activities, drug smuggling, nuclear weapon development and similar. The NLB Group has zero tolerance for the above.

To successfully prevent and discover suspicious transactions, every employee in the NLB Group who is faced with such transactions in the course of their work, has to act in accordance with internal acts of the NLB Group members and report such transactions to their superiors and the competent internal organisational units.

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

The NLB Group applies the highest diligence standards to managing business data and other information. This is the only way to ensure the discretion of business relationships with business partners as well as relationships with employees based on long-term trust.

Banks that are members of the NLB Group, have additional responsibility to protect confidential bank data. Employees of banks which are members of the NLB Group are especially committed to the protection of confidential bank data pertaining to customers; there is zero tolerance to all events, which can result in disclosure or providing such information to unauthorized persons.

Business secrets are crucial in the operations of the NLB Group. The NLB Group employees are obligated to comply with the internal rules and procedures to protect all information and data disclosed to them in the course of their work. This obligation applies to all communication channels, social networks, all types of media and means of communication. Every employee is responsible for and provides for the protection of confidential information received. Such information may only be used internally, for business purposes, and may not be disclosed to third parties, unless permitted by the regulations or internal rules.

The employees in NLB Group may not use for their own benefit or forward to any third person any confidential data specified by law and/or business secret determined as such by the member or NLB Group and entrusted or in any other way made available to an employee. Any data which could obviously cause material damage if submitted to unauthorised persons shall also be deemed business secret.

## **6.4 We do not abuse inside information**

The NLB Group has in place a strict ban on trading in financial instruments based on inside information and other forms of abuse of the market in financial instruments. The NLB Group is obligated to protect the confidentiality of inside information related to the company or financial instrument and uses such information only for the purposes for which it was disclosed.

Certain confidential information is deemed inside information within the meaning of regulations on financial markets. The NLB Group employees who are disclosed such information, either in the scope of their work assignments or accidentally, shall keep this information strictly confidential and shall either not trade on the basis of inside information or shall disclose such transactions. Through internal acts the NLB Group has established measures that prevent conflicts of interest, set up information barriers, ensure timely and transparent disclosure and prevent personal transactions, provide regular training in abuse of markets in financial instruments and guarantee full cooperation with the competent regulators. The NLB Group employees and other liable persons whom we cooperate with or who are included in the corporate governance system are obligated to fulfil their obligations as specified in the regulations governing personal transactions in financial instruments and to comply with the ethical standards, internal acts and rules defined in the NLB Group.

## **6.5 We are committed to fair competition**

The NLB Group is committed to fair dealing on the markets where it operates, which includes avoiding unfair sales and business practices, uncompetitive agreements or practices on the market, and abuse by companies with market power or a dominant market position. The NLB Group is aware of the risks related to safeguarding competition, which is why we operate in compliance with our obligations. It is our responsibility to keep up to date with and to act in line with the regulations on safeguarding competition and market practices and to understand how the risk of unfair competition influences our work obligations.

### **Guidelines**

All our actions and decisions have to be aligned with this Code, the legislation and other regulations applying to the members of the NLB Group, and with the applicable internal acts. We have to be well familiar with these documents and act in line with the instructions which regulate the performance of our tasks.

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

Every member of the NLB Group plays a key systemic role in the discovery and prevention of money laundering. At the NLB Group we should therefore be every day aware that money laundering and terrorist financing constitute a severe criminal act prosecuted ex officio. Thus, the front office employees have to ensure that the rules and procedures for money laundering and terrorist financing are complied with every day.

We have to identify early our considerations of potential (also future or possible) non-compliance. This is the only way to prevent violations. When in doubt we refer to our superior or the organisational unit, responsible for compliance.

Are you considering trading for own account based on the information obtained in the course of your employment? Are you planning to use your employment for personal gain? The NLB Group has in force a strict ban on insider trading and market abuse.

In the event of a (potential) breach, you should immediately report thereon to the organisational unit, responsible for compliance by use of the designated reporting channels, in line with internal acts.

## **7 PRUDENT AND ETHICAL HANDLING OF ASSETS AND PROPERTY**

### **7.1 Protection and rational use of company assets and resources**

With the aim of long-term success, the NLB Group applies the duty of rational use of assets of each member of the NLB Group, including property, plant 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.

The employees have a duty to reasonably use office supplies and other assets needed for work and in generally protect the assets of all companies of the NLB Group.

The employees are obligated to respect the rules on reimbursement of business travel expenses and other costs related to work, which regulate suitable reporting and documenting of such expenses. It is prohibited to handle the assets of the NLB Group unethically.

The employees may not use means of work or other assets for their own personal gain or to the benefit of any third parties, unless they are issued appropriate authorisation to do so. The NLB Group employees have to prevent the assets and resources to be used, either voluntarily or out of negligence, for third parties' personal gain.

### **7.2 Intellectual property protection**

We have to ensure that the intellectual property rights are regulated by contract and protected in due time. Each of us is responsible for the protection of secrecy and integrity as well as availability of information and data owned by the NLB Group, our clients, suppliers and other business partners. That is why only the persons with suitable authorisations may access confidential information and data.

Accuracy, correctness and reliability of information and data are provided by preventing unauthorised change of information and data, even if unintentional. Reliable data and information have to be accessible all the time.

#### **Guidelines**

The primary concern of the NLB Group is to preserve the trust of its clients, business partners, and the society that we operate in. Trust can only be preserved by respecting promises and commitments and by conducting all our business activities with integrity, fairly and ethically as well as in accordance with business practice.

Each employee has a duty to accept a clear responsibility for keeping promises and meeting deadlines, because everyone at the NLB Group is aware that consistent actions and decisions are crucial for preserving the trust in the NLB, the NLB Group and the financial industry in general.

Every employee of the NLB Group is obligated to prudently handle the assets and other property of the NLB Group members, to respect internal rules on cost reimbursement and the use of working tools. A good guidance is to handle the property of the NLB Group with equal care and responsibility (with due diligence) as own money and property.

We have to respect the approved budget, guidelines and restrictions on the use of assets or business premises. Strong internal controls in all members of the NLB Group have to ensure accordingly prudent and diligent handling of property of NLB d.d. and other members of the NLB Group.

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

## **8 WE ARE SOCIALLY RESPONSIBLE**

### **8.1 Respect for human rights**

We are committed to respect human rights and fundamental freedoms in the scope of our abilities, namely in the relationship to our employees, suppliers, clients and Group companies in the countries where the NLB Group is present. We are an organisation that respects and strives for long-term trust of employees, clients, business partners, supervisory bodies, external auditors, investors and the company as a whole, since the operations of the entire NLB Group have to be comprehensive, consistent with the commitments and promises made, transparent and positive. We devote special care to assessing the respect for human rights in setting criteria within our investment policy and guidelines, and with due diligence take into account direct and indirect effects on the observance of human rights in the countries where we are present, requiring all employees to do so.

### **8.2 Care for the social environment**

At the NLB Group we are aware of the role that surpasses the framework of the financial sector. In relation to employees, clients and society at large and the stakeholders, we pursue the socially and environmentally responsible policy, which regulates the issue of NLB Group's integration in society and environment. We thus demonstrate the commitment to and respect for social and environmental values, placing in the forefront individuals, the local community and the society at large in all countries where the NLB Group is operating.

So as to fulfil the obligation to adhere to its principles and the corporate principles, the NLB Group shows it is aware of its wider social role and thus joins the domestic and international public and private financial institutions and undertakings which are aware of their social role.

We carefully build partnerships with the NLB Group stakeholders, and support humanitarian and other projects that contribute to the sustainable development of companies and environments in which the NLB Group is operating.

The NLB Group remains politically neutral and supports no political organisations or activities by donations or subsidies, even if so permitted by the local legislation. The NLB Group also respects the commitments of the employees who, as citizens, wish to privately participate in public life, while they have a duty to carefully protect the reputation and credibility of the NLB Group.

### **8.3 Environmental awareness**

Without us, the employees, the NLB Group would not be successful and would not keep people's trust. To even further improve operations, each of us has a responsibility to respect the Code and abide by it in everyday work. Each employee of the NLB Group is also responsible to exercise care for the environment, that means to contribute to savings in energy, paper and other means of work, and to the best of their abilities contribute to humanitarian projects supported in the NLB Group (blood donor campaigns, sponsorships, environmental campaigns, assistance in case of humanitarian crisis and similar).

### **8.4 Communication of the NLB Group**

Communication with publics is professional and consistent with the NLB Group policies. The employees of the NLB Group have a duty to respect internal rules on public appearance and public expression of opinion that might influence the NLB Group. Outside the NLB Group we do not discuss matters that we are not authorised for. The NLB Group employees make no comments about or in

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relation to the NLB Group to the media, investors, financial or industrial analysts, external consultants, in on-line chat rooms, social media or at other public forums without specific permission.

The NLB Group systematically and actively performs corporate communication activities, at the same time building relationships with the public. During communication we always put our values first and thus strengthen the reputation of the NLB Group. We provide an example of open, respectful and responsive communication with employees, clients, owners and financial public.

### **8.5 Cooperation with competent authorities**

The NLB Group is committed to full cooperation with regulatory authorities and other competent bodies responsible for supervising and checking the compliance of the NLB Group's operations in the countries where it operates. That way we provide transparent and accurate information used by supervisory bodies, the financial sector, shareholders, clients and public at large in the countries where the NLB Group is operating.

The employees participating in the preparation of financial and other prescribed reports must always provide complete, fair, accurate, timely and understandable disclosures in reports and documents that the NLB Group submits or files with the regulatory and other competent bodies and in other public releases.

#### **Guidelines**

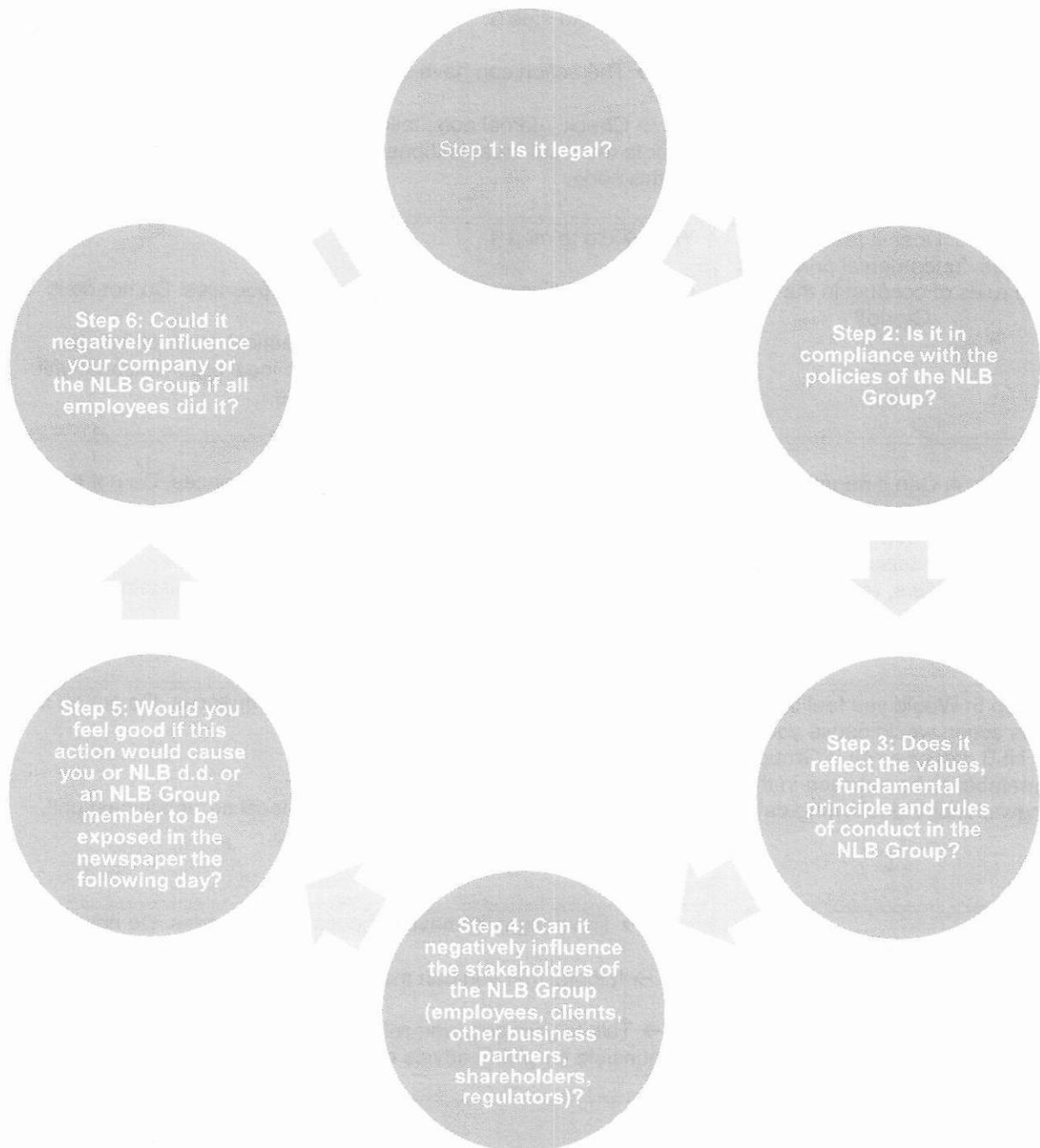
We have to respect and strive for long-term trust of employees, clients, business partners, supervisory and other competent authorities, external auditors, investors and the company as a whole. The operations of the NLB Group have to be comprehensive, consistent with the promises made, transparent and positive.

Each of us can contribute to the pursuit of these goals in everyday actions and work.

## V. Making the Right Decisions

Our success depends on our ability to make the right decisions – those that are consistent with our fundamental values.

When we face the question of how to act correctly, we follow the next steps towards adopting the right decisions and consult with others, if required, to adopt the correct decision. When you consider this, follow the next steps:



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<p>Step 1: Is it legal?</p> <p style="text-align: center;">↓</p>	<p>YES → Go to step 2.</p> <p>NO → The action can have serious consequences. Do not do it.</p> <p>? → Refer to the local organisational unit, responsible for giving advice on this code.</p>
<p>Step 2: Is it in compliance with the policies of the NLB Group?</p> <p style="text-align: center;">↓</p>	<p>YES → Go to step 3.</p> <p>NO → The action can have serious consequences. Do not do it.</p> <p>? → Check internal acts; talk to your superior for guidance or refer to the local organisational unit, responsible for giving advice on this code.</p>
<p>Step 3: Does it reflect the values, fundamental principles and rules of conduct in the NLB Group?</p> <p style="text-align: center;">↓</p>	<p>YES → Go to step 4.</p> <p>NO → The action can have serious consequences. Do not do it.</p> <p>? → Check internal acts in relation to ethical conduct; talk to your superior for guidance or refer to the local organisational unit, responsible for giving advice on this code.</p>
<p>Step 4: Can it negatively influence the stakeholders of the NLB Group (employees, clients, other business partners, shareholders, regulators)?</p> <p style="text-align: center;">↓</p>	<p>YES → The action can have serious consequences. Do not do it.</p> <p>NO → Go to step 5.</p> <p>? → Talk to your superior; refer to the local organisational unit, responsible for giving advice on this code.</p>
<p>Step 5: Would you feel bad if this action would cause you or NLB d.d. or an NLB Group member to be exposed in the newspaper the following day?</p> <p style="text-align: center;">↓</p>	<p>YES → The action can have serious consequences. Do not do it.</p> <p>NO → Go to step 6.</p> <p>? → Talk to your superior; refer to the local organisational unit, responsible for giving advice on this code.</p>
<p>Step 6: Could it negatively influence your company or the NLB Group if all employees did it?</p>	<p>YES → The action can have serious consequences. Do not do it.</p> <p>NO → It looks that you can make a decision for such action.</p> <p>? → Talk to your superior; refer to the local organisational unit, responsible for giving advice on this code.</p>

## **VI. The Code and the local and international legislation and regulations**

The NLB Group pursues its development strategy and updates its codes which regulate the standards of conduct in the NLB Group in accordance with its Guidelines and by keeping abreast with the development. Thus, this Code replaces all previously applicable codes that regulated the ethical conduct and corporate compliance at the level of NLB d.d. and the NLB Group: The Corporate Compliance Code of NLB d.d., the Code of Ethical Conduct of Nova Ljubljanska banka d.d. and the Code of Ethical Conduct of the NLB Group. The NLB Group members will in due time adjust all internal acts, rules and procedures to harmonise them and base them on this Code.

This Code defines what standards of conduct and behaviour of employees in the NLB Group as well as expectations from its business partners and other stakeholders. In the event of a conflict between the provisions of this Code and the requirements of the national legislation, the NLB Group will accordingly harmonise the Code with the local regulations and, while doing so, suitably comply with the rules stated herein, following the strictest criteria relevant in the case at hand.

The Code does not regulate all questions that we face in our daily operations in the NLB Group. It is essential to follow the purpose, spirit and text of this Code. Our objective must be to do what is "right" and not only what is permitted. More detailed guidance for the NLB Group employees is prescribed in guidelines and other internal acts of the respective NLB Group member, following the spirit and purpose of this Code and the requirements of the local regulations as well as the specifics of the cultural and social environment in which it operates.

The NLB Group operates in sectors that are highly regulated because of the urgency to ensure financial stability and preventing systemic risks. The NLB Group is aware that compliance is the foundation of its business.

Every employee is expected to be familiar with the international standards, applicable laws, rules and regulations in all areas, as well as professional standards that they have to be acquainted with in the course of their work.

Unfair business practices and similar intolerable actions have a negative impact on our clients' trust and harm the reputation of the NLB Group, and may expose us to regulatory measures, fines or other negative consequences. Therefore, all employees in the NLB Group are personally obligated and responsible to act in line with the applicable regulations, internal rules and procedures, and instructions and to follow the spirit, purpose and the rules specified herein.

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The competent body which adopted the act: Management Board of NLB d.d.

Ljubljana, 16 -05- 2017



László Pelle  
Member of the  
Management Board



Archibald Kremser  
Member of the  
Management Board



Andreas Burkhardt  
Member of the  
Management Board



Blaž Brodnjak  
Chief Executive Officer