THE COMPLIANCE MANAGEMENT POLICY

PURPOSE	The establishment of a uniform Compliance Management model of the Group allowing to ensure compliance with the Requirements applicable to the Companies, identification of risks related to Compliance and mitigation of the probability of their occurrence/negative impact, and promotion of the development of the Compliance Management culture within the Group.
SCOPE OF APPLICATION	To all Companies

1. Terms and abbreviations used

1.1. The following terms or abbreviations are used in this Policy with the meanings specified:

Compliance	Adherence to internal and external requirements.
Compliance Audit	One of the Compliance Monitoring actions, which assesses whether Compliance is ensured within the function, business process, field of activity, unit, etc., selected for audit.
Compliance Management	A set of processes specified in the Policy designed to ensure Compliance with the Requirements and promote a culture of Compliance Management.
Compliance Expert	An employee appointed to assume responsibility for Compliance Management at the Company.
Compliance Risk	A risk of violation of the Requirements, the realisation of which may result in disruption of the Company’s activities, negative financial consequences or damage to the Group and/or the Company’s reputation.
Case of Non-compliance	A case of the act or omission resulting in violation of the Requirements, therefore it may cause or have caused negative financial consequences or damage to the Group and/or the Company’s reputation, and/or disruption of the Company’s activities.
Trust Line	An internal channel for reporting violations which is used to provide information about possible cases of Non-compliance or other irregularities.
Policy	This Compliance Management Policy of the EPSO-G UAB Group of Companies accompanied with all annexes, amendments and supplements (if any).
Requirements	Requirements of legal acts, the Company’s internal documents, other legally binding documents and best practices and industry standards.

Investigations	Investigations and inspections started and conducted internally (in accordance with the internal legal acts of the Company of the Group) or by supervisory authorities in respect of the Company.

1.2. The Policy also uses the terms as defined in Annex No. 1 “List of Terms Used in the Group Level Policies” of the Corporate Governance Policy of the EPSO-G UAB Group of Companies.

2. Principles of Compliance Management

2.1. The following principles are applied to ensure effective Compliance Management within the Group:

2.1.1. **The principle of accountability**: Compliance is ensured by every employee in daily processes that he/she manages/executes;

2.1.2. **The principle of application of the risk-based approach**: Compliance Management is conducted in such a way that resources allocated to ensure Compliance are adequate to respond to emerging risks relating to Compliance;

2.1.3. **The principle of sustainability**: The aim is to ensure that Compliance Management contributes to the governance principles set out in the Group’s strategy that are focused on a sustainable future;

2.1.4. **The principle of integrity**: Compliance Management forms part of daily operations which is related to risk management and is inseparable from other processes effective at the Companies, and is based on operational policies of the Group and other documents regulating the internal processes, as well as on values of the Group;

2.1.5. **The principle of activity documentation and traceability**: The main actions of Compliance Management must be properly recorded and stored, thus creating preconditions for the traceability, control of the actions performed and the improvement of the Compliance Management processes;

2.1.6. **The principle of independence of Compliance Management**: Compliance Management is an independent activity that is independent of other functions. The combination of the Compliance Management function with other functions may be acceptable, provided that it does not create a conflict of interest and does not impair the effectiveness of the Compliance Management function.

2.2. Compliance Management is organised at the Group to ensure that resources allocated to Compliance Management are adequate to respond to risks relating to Compliance emerging at the Companies.

3. System of Compliance Management

3.1. The Group’s Compliance Management System consists of the following processes that promote the Compliance Management culture and are implemented by the Companies:

3.1.1. **The identification of requirements of external legal acts and monitoring of changes thereto**. Each Company draws up and periodically reviews a list of requirements of external legislation applicable to it and monitors changes in the legal acts specified in the list in order to identify and adequately respond to changes;

3.1.2. **The identification and management of Compliance related risks**. The Companies regularly assess the Compliance risks that arise from the performed activities and applicable Requirements, monitor and manage these risks as provided for in the Risk Management Policy of the EPSO-G UAB Group of Companies and the Risk Management Methodology of the EPSO-G UAB Group of Companies;

3.1.3. **The performance of Compliance monitoring**. The Compliance monitoring actions (Compliance Audits, Investigations, etc.) are implemented at the Companies in order to identify possible cases of Non-compliance. Cases of Non-compliance are eliminated/resolved in a timely and proper manner;

3.1.4. **The performance of training.** If necessary, trainings related to Compliance Management are organised at the Companies, during which employees receive educational material regarding the Requirements that are applied in accordance with the functions they perform and the positions they hold and how they must implement them;

3.1.5. **The provision of information, consultations.** The provision of targeted information is carried out at the Companies in implementing and promoting the Compliance Management culture;

3.1.6. **The provision of notices on possible cases of Non-compliance**. The Companies create conditions for reporting possible cases of Non-compliance through the Trust Line or directly to the Compliance Expert appointed by the Company and ensure a proper and fair process of examination of such notices.
3.1.7. **The establishment of a three-year Compliance Management Programme at the Group**. This programme establishes the main priorities for the Compliance Management activity for the period of three years. The implementation of the Compliance Management Programme is implemented by the annual Compliance Management Actions Implementation Plans drawn up by the Companies, which are focused on the priorities of Compliance Management of the Companies in the current year and on the management of the identified Compliance Risks.
3.2. The reports on the implementation of annual compliance management actions are submitted to the Heads of the Companies, the Group's Compliance Management Reports are submitted to the Audit Committee of EPSO-G UAB and the Board of EPSO-G UAB twice a year.
3.3. The implementation of Clauses 3.1.– 3.2. of the Policy is established under the Compliance Management Methodology of the EPSO-G UAB Group of Companies.

4. Compliance Management participants and their functions

4.1. At the Group, Compliance Management is conducted using the Three Lines Model:
4.1.1. The First Line identifies the Requirements in the activities performed, ensures Compliance of the activities performed with the Requirements, manages the risks relating to Compliance, eliminates cases of Non-compliance;
4.1.2. The Second Line includes the Group's Compliance Management function and the Compliance Experts who support the Compliance Management system defined in the Policy, oversee how the First Line ensures Compliance, perform Compliance monitoring actions, provide consultations, conduct training and promote the Compliance Management culture at the Companies. Taking into consideration the context and size of the activities of the Companies, the Compliance Experts may also perform the functions of the First Line;
4.1.3. The Third Line comprises the internal audit that oversees how the First and the Second Lines supervise Compliance, and provides recommendations on the improvement of the Compliance Management System.
4.2. The functions of the Compliance Management participants under the Three Lines Model are distributed as follows:

The Board of EPSO-G (is not included in the Three Lines Model)	• Ensures the effective functioning of the Compliance Management processes at the Group level.
The Board of the Company (is not included in the Three Lines Model)	• Ensures the effective functioning of the Compliance Management processes at the Company.
The Audit Committee (is not included in the Three Lines Model)	• Oversees the effectiveness of the Compliance Management processes at the Group level.
The Head of EPSO-G	• Appoints the Head of the Compliance Management Function of the Group; • Approves the Group's Compliance Management Programme, methodology (if the competence of the approval of the Group's compliance management methodology is not assigned to the Head of the Function); • Performs other functions specified in the Policy assigned to the Head of the Company.

The Head of the Company	• Ensures that the allocated financial, human, information technology and other resources are distributed to ensure the effective implementation of the Compliance Management processes; • Appoints the Compliance Expert; • Approves the annual plan on the implementation of Compliance Management Actions.
The Head of the Compliance Management Function of the Group	• Assumes responsibility for the effective functioning, monitoring and continuous improvement of the Group's compliance management function; • prepares the Group's Compliance Management Programme, participates in the preparation of annual draft plans on the implementation of the Compliance Management Actions of the Companies; • prepares documents regulating Compliance Management; • advises and provides methodological assistance to the Compliance Experts; • initiates the assessment of the maturity level of Compliance Management as needed; • submits the Compliance Management reports specified in internal legal acts; • draws up the Group's compliance management communication plan, advises the Companies on the implementation of compliance management monitoring actions; • performs other functions specified in internal legal acts. The Head of the Compliance Management Function of the Group may also perform the functions of the Compliance Expert.
The Compliance Expert	• Assumes responsibility for the effective functioning, monitoring and continuous improvement of Compliance Management at the Company; • Prepare the annual plan on the implementation of the Compliance Management Actions and the report on the implementation of the plan; • Initiates the compilation of the list of legal acts regulating the Company's activities and ensures its relevance; • Initiates the identification of the Compliance Risks; • Organises the Compliance Management training, advises employees on the Compliance Management issues; • Conducts Compliance Management actions; • Coordinates the elimination of cases of Non-compliance; • Provides targeted information in implementing and promoting the Compliance Management culture;
Employees	• Ensure proper compliance with the Requirements in their daily activities; • Monitor changes in the Requirements, plan and organise actions to ensure that the newly adopted requirements/provisions of legal acts are properly and timely implemented; • Participate in the organised Compliance Management training; • Immediately inform the Compliance Expert or report through the Trust Line any noticed cases of Non-compliance;

	• At the request of the Compliance Expert, provide the necessary information; • Submit proposals to the Compliance Expert on the improvement of Compliance Management processes; • Eliminate/resolve cases of Non-compliance; • Identify and control Compliance Risks.
Internal Audit	• Provides recommendations on the improvement of Compliance Management; • Oversees the effectiveness of the Compliance Management processes.