



PATVIRTINTA
Akcinės bendrovės „Klaipėdos nafta“
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PRIVATE INTEREST MANAGEMENT POLICY

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Contents

PURPOSE	3
SCOPE.....	3
REFERENCES.....	3
BASIC PRINCIPLES OF INTEREST MANAGEMENT	5
MEASURES OF CONFLICT-OF-INTEREST MANAGEMENT.....	6
REQUIREMENTS FOR THE INTERESTED PERSONS.....	8
REQUIREMENTS FOR THE RELATED PERSONS OF THE COMPANY	9
PREVENTION AND MONITORING OF THE MANAGEMENT OF INTERESTS.....	9
ASSESSMENT OF THE INDEPENDENCE OF COLLEGIAL BODIES.....	10
DATA CONTROL	11
IMPLEMENTATION AND CONTROL.....	11

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PURPOSE

1. *The purpose of the Private Interest Management Policy* (hereinafter referred to as the *Policy*) is to establish the principles and measures for the prevention of public and private conflicts of interest of the KN Group to ensure proper functioning of the conflict of-interest prevention system and to create an environment unfavorable to corruption and increase confidence.

SCOPE

2. *The policy of management of private interests applies and is binding on all employees of the KN Group and governing and supervisory bodies.*

REFERENCES

3. *The policy requirements are implemented in accordance with the following legal acts of the Republic of Lithuania and documents regulating the activities of the KN (with subsequent amendments):*

[Law of the Republic of Lithuania on Prevention of Corruption](#) - sets the main principles, objectives and tasks of the civil service and the private sector, corruption prevention measures and the legal framework for the prevention of corruption as well as their rights and obligations in the field of prevention of corruption.

[Law of the Republic of Lithuania on the Reconciliation of Public and Private Interests](#) - creates conditions for disclosing the private interests of persons working in the public service and persons treated as such (all declaring persons), ensuring that public interests are given priority in making decisions and preventing conflicts of interest and spread corruption.

[Anti- Corruption Policy POL003](#) - sets out the basic principles and requirements for the prevention of corruption in the KN and defines the main guidelines for their observance.

[Standard of conduct POL012](#) - defines the general principles of treatment of other employees of KN employees, the responsibilities of employees and managers, the values to be observed, the conduct of business and the protection of KN assets, and the treatment to be given when irregularities are identified.

[Guidelines on the processing of personal data GAI010](#) - regulates the processing and legal protection of personal data in the KN, to establish the purposes and means of the processing of personal data.

[Personal data privacy policy POL013](#) – regulates personal data processed by KN.

[Guidelines on Related Party Transactions GAI021](#) - establishes requirements for the supervision and disclosure of related parties transactions in the KN to identify and manage the risks associated with such transactions and the potential adverse consequences for the KN.

[Rules of Procedure](#) - defines the rules of procedure, establishes the main rights and obligations of KN employees and the Employer, responsibilities related to the employment relationship in the KN, work and rest regime.

[Corporate governance policy POL014](#) - establishes the principles of corporate governance, management structure, accountability and system of supervision and control of activities, to promote the efficient operation of the company's governing and supervisory bodies.

[Procedure for Declaration of Private Interests and Management of Conflicts of Interest PRC029](#) - defines the requirements for declaring private interests to the interested parties of the KN, regulates the methods of control of submitted data and management of conflicts of interest of the KN.

[Procedure for organizing the selection of collegial supervisory and management bodies, the head of the company PRC072](#) [Procedure for organizing the recruitment of collegial supervisory and management bodies and the Chief Executive Officer of the company PRC072](#) - provides the recruitment process of the independent supervisory and management bodies of the KN, as well as of the CEO in accordance with the principles of objectivity, impartiality, non-discrimination, transparency, fairness and integrity, zero tolerance for nepotism and chronicity opportunities for all candidates.

[Recruitment procedure PRC053](#) - provides the process of selection of KN personnel and ensures efficient and effective organization of selection of KN personnel definitions and abbreviations.

Law on the Legal Protection of Personal Data of the Republic of Lithuania, Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC (General Data Protection Regulation), additional legislation and instructions, guidelines and recommendations of controlling authorities.

4. Terms and abbreviations used in this Policy:

Close relatives - the spouse, cohabitant, partner of the *Interested person*, where the partnership is registered in accordance with the law, as well as their parents (adoptive parents), children (adopted children), siblings, grandparents, grandchildren and their spouses, cohabitants or partners. General Data Protection Regulation (GDPR) - Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC.

Subsidiaries– companies that are controlled by KN.

The group of companies is understood as KN and its directly and indirectly controlled legal entities.

A conflict of interest is a situation in which a person, in the performance of his or her duties has to make or participate in a decision or order relating to his or her private interests and his or her family, emotional, moral, economic a relationship or other type of common interest between him and the natural or legal person in respect of whom the act or decision in question is being made and / or who has an interest in the performance of that act or decision.

Collegial body – the Company's collegial supervisory and management bodies: the Supervisory Board (hereinafter - the SC), the Audit Committee (hereinafter - the AC) and the Board.

NASDAQ Corporate Governance Code – the Corporate Governance Code for companies listed on the NASDAQ OMX Vilnius (valid name NASDAQ Vilnius).

Interested persons – the directors (Chief Officers/executives) of the KN and of the Group of companies and the members of their collegial management and supervisory bodies, all employees of the KN and of the Group of companies who perform any duties related to the KN and the Group of companies, make decisions, carry out orders, provide advice or information or perform other activities, which may affect the rights and obligations of the Group of companies.

Related parties – means a natural or legal person as defined in International Accounting Standard (IAS) 24:

- a) An individual or a close member of an individual's family is related to the KN if that person:
 - 1) controls or jointly controls the KN.
 - 2) has a significant effect on the KN.
 - 3) is one of the chief executives of the KN.
- b) A legal entity is linked to the KN if any of the following conditions apply:
 - 1) this legal entity and the KN belongs to the same group (meaning that each parent company, subsidiary and joint venture is related to each other).
 - 2) one legal entity is an associate or joint venture of another legal entity (or an associate or joint venture of a group to which another legal entity belongs).
 - 3) both legal entities are joint ventures of the same third party.
 - 4) one legal entity is a joint venture of a third party, and the other legal entity is an associate of a third party.
 - 5) the legal person is controlled or jointly controlled by an individual referred to in paragraph);
 - 6) an individual referred to in paragraph 1a has significant influence over the legal person or is one of the key management personnel of the legal person (or the parent undertaking of the legal person);
 - 7) A legal entity is the operator of a post - employment benefit plan for employees of the KN or an affiliated legal entity. If the KN is itself the executor of such a plan, the sponsoring employers are also linked to the KN.

Parent company or KN - AB Klaipedos Nafta.

Private interests - are the interests of an individual (or a person close to him / her), personal property or non-material benefits, moral debt of the person (or a person close to him / her), moral obligation or other interest of a similar nature in the performance of duties.

- 5. **The public interest** is the public interest in ensuring that all decisions are taken impartially and fairly by Stakeholders. Other terms related to the Policy shall be understood as they are defined in the legal acts of the Republic of Lithuania provided in Chapter III and in the documents regulating the activities of the KN.

BASIC PRINCIPLES OF INTEREST MANAGEMENT

- 6. In order to effectively manage private interests and to ensure the interests of conflict prevention, The group of companies guides the following principles:

6.1. **The principle of impartiality** - in the event of circumstances that may cause a conflict of interest between the individual and the Group of Companies, *the interested person* must withdraw himself/herself from participation in the preparation, consideration or decision-making and to inform the responsible persons about it in accordance with the procedure established in the Group of Companies.

6.2. **The principle of priority of interests** – potential situations of conflict of interest must always be avoided, but in cases where a situation of conflict of interest cannot be avoided, priority is always given to the interests of the Group of Companies. Therefore, the interested person must withdraw himself/herself from performing any action that may cause a conflict of interest.

6.3. **The principle of compliance and application of good practice** - the implementation of any of the provisions of this *Policy* must comply with both the obligations imposed on the duties of a person and the rules of conduct established by good practice.

6.4. **Transparency and accountability** - the processes for reconciling interests and avoiding conflicts of interest must be as transparent as possible, and the circumstances that may give rise to conflicts of interest, known to the widest possible circle of persons to the extent permitted by the applicable legislation.

6.5. **Activity and integration into everyday business principles** - Reconciliation of interests and prevention of conflicts of interest are a daily part of the activities of each *Related party* in the Group of Companies and the performance of the activities and responsibilities of the Related Person, and each of them must take active steps to prevent conflicts of interest not only with himself or herself but also a conflict of interest of other persons involved.

7. KN, acting as the parent company, shall establish and undertake by all employees of the Group to establish and maintain a system of public and private interest management within the Group which is consistent with best practice and ensures that decisions are taken objectively and impartially.
8. In implementing the provisions of this Policy, KN Subsidiaries established outside the Republic of Lithuania shall, with their own resources, prepare the procedures necessary for the management of conflicts of interest and ensure their implementation. A responsible person or appropriate structural unit must be appointed to perform the functions performed by Corporate Security Manager in the KN in accordance with the provisions of this Policy.
9. KN, acting as the parent company, ensures periodic supervision and control of the implementation of this Policy in KN Subsidiaries.
10. The execution of the Policy for the candidates for the position of a member of the Collegial body, as well as for the position of the CEO is provided in the procedure for organizing the recruitment of collegial management and supervisory bodies and the Chief Executive Officer of Public Limited Liability Company "Klaipėdos Nafta".

MEASURES OF CONFLICT-OF-INTEREST MANAGEMENT

11. Measures of conflict-of-interest management applied in the group of companies are the following:
 - 11.1. **Disclosure of potential conflicts of interest.** *Interested persons* must disclose all information on a possible *conflict of interest* by submitting declarations of private interests in accordance with the established procedure before performing the functions assigned in connection with the activities of the *Group of Companies*. This requirement applies to all *companies of the Group*, including those established outside the Republic of Lithuania. Following the declaration of interests, the data provided by the *Interested person* shall be used for the prevention of conflicts of interest in order to determine and assess whether there is a probable or actual conflict of interest and the impact of the potential conflict on the activities of the Group of the companies.
 - 11.2. **Declaration of private interests.** *Interested persons* who are required to submit declarations of private interests in accordance with the procedure established by the *Law on the Coordination of Public and Private Interests of the Republic of Lithuania* (hereinafter referred to as the SPD) or other legal acts must submit declarations of private interests in accordance with these legal acts. In agreement with the *Central Commission for Official Ethics* (CCOE), the CEO of the KN may include to the list other positions of the KN and the *Group of Companies* for those who must submit declarations. *The companies of the group* established outside the Republic of Lithuania

ensure the implementation of the process of declaring private interests independently. The KN carries out regular monitoring and control of the declaration of private interests.

11.3. Implementation of the obligation to withdraw. *The interested person* must withdraw himself/herself from participation in the preparation, deliberation or adoption of decisions which give rise to or may give rise to a conflict of interests. If circumstances arise that may give rise to a Conflict of Interest, *the interested person* must report to the line manager or other appointing authority of his or her withdrawal from the preparation, deliberation or adoption of decisions that give rise to a real or potential conflict of interest.

11.4. Advanced written recommendation - Based on the information provided in the declaration of private interests, the Corporate Security Manager of the KN or a person holding a relevant position in other companies of the Group shall prepare a written recommendation to the *interested person* indicating the performance of duties, preparation, consideration, or adoption of decisions *the interested person* must withdraw from.

11.5. Other tools of conflict-of-interest management are the following:

11.5.1. Informing the *interested persons and the related parties to the activities of the Group of Companies* about the requirements and the obligations applicable to them related to the reconciliation of *interests* and prevention of *conflicts of interest*.

11.5.2. Ongoing consultation of the interested persons and related parties to the activities of the Group of Companies on reconciliation of interests and prevention of conflicts of interest.

11.5.3. Analysis of the information collected from the *Interested persons providing* declarations of private interests and advise *them*.

11.5.4. Involvement of members of Collegial bodies in decision-making when it is necessary to decide on the resignation or withdrawal of a sole member of the company's Collegial body if there is sufficient reason to believe that his or her participation is related to his or her private interests and may cause a *conflict of interest*.

11.5.5. Additional control of decisions of the interested persons of the *Group of companies* and *persons related to the interested persons*.

11.5.6. Analysis, monitoring and management of situations where the *Interested persons* may find themselves or find themselves in *interest conflict* situation.

11.5.7. Other measures specified in the internal documents of the *Group of Companies*, which are not mentioned in this *Policy*.

12. The requirements for declaring private interests and managing conflicts of interest applicable to the KN, including the requirements for collegial bodies of the KN, are set out in the Procedure for Declaring Private Interests and Managing Conflicts of Interest.
13. The CEO of KN must be always informed about the identified cases of interests of conflict in the Group of Companies.

14. In the event of a conflict of interest in which the CEO of KN or other chief executive of the group of companies find themselves, the Board of KN shall always be informed.
15. In the event of a conflict of interest in which a member of the Board of the KN finds himself/herself, the Supervisory Board of the KN shall always be informed.
16. Data on the resignation of the CEO of the KN from the performance of actions that may lead to a conflict of interest shall be published on the KN's website and submitted to the CCOE in accordance with the established procedure.
17. Data on the decision not to accept the declared withdrawal shall be submitted to the CCOE in accordance with the procedure and terms established by it.
18. KN, acting as the Parent Company of the Group, provides methodological assistance to the companies of the Group in matters of coordination of interests, management of conflicts of interest and other matters related to the scope of this Policy. The companies of the Group ensure the coordination of interests and the implementation of this Policy independently with their own resources.

REQUIREMENTS FOR THE INTERESTED PERSONS

19. All the Interested persons of the Group of companies in their daily activities must comply with the following requirements:
 - 19.1 perform their duties impartially, fairly, and properly.
 - 19.2 not seek benefits for themselves or their *close persons*, other *interested persons*.
 - 19.3 avoid *conflicts of interest* and act in such a way that there is no doubt that such a conflict exists.
 - 19.4 refrain from any action in the performance of its functions which could give rise to a conflict of interest.
 - 19.5 take only objectively justified decisions that meet *the needs of the Group of Companies best*, in accordance with the laws, other legal acts and the principle of equality for all the persons.
 - 19.6 Should not use and allow others to use (report possible violations through the notification channels provided by the *Group of Companies*):
 - 19.6.1. position, employment status for personal gain.
 - 19.6.2. non- public or confidential information related to the activities of the Group of Companies for personal or other benefit.
 - 19.6.3. the property of the Group of Companies, assets and rights managed for non-employment activities and other than in the interests of the Group of Companies and in accordance with the established procedures.
 - 19.6.4. immediately notify the line manager or other appointing authority of a conflict of interest or situations in which pre-existing conflicts of interest may materialize.
20. The head of the group of companies or his/her deputy who has accepted the offer for another job must immediately inform the line manager or the entity that has appointed him or her, or a person authorized by him or her, in writing. The immediate supervisor or the person who appointed the person, or a person authorized by him, who has established that the person is closely connected with the prospective employer, shall immediately take measures to eliminate the risk of a conflict of interest.
21. Actions (decision-making, submission of conclusions, etc.) that the Interested person has refrained from in order to avoid a possible conflict of Interest shall be continued only if the relevant Collegial

Body, the CEO of the Company or the interested person's direct manager adopts a reasoned written decision assessing the Interested person's notice of withdrawal. Non-acceptance can only be applied in exceptional cases (criteria set by the COEC for non-acceptance of a person's resignation: the circumstances indicated by the person requesting the resignation are not a sufficient basis for a conflict of interest; services used by the person or persons close to him). Each case of acceptance (non-acceptance) of withdrawal must be considered individually, taking into account all the presented circumstances that may lead to a conflict of interest.

22. All notifications of the withdrawal of the Interested person (non-acceptance of the withdrawal) shall be submitted to the Head of Prevention or to persons holding relevant positions in other companies of the Group.
23. The Head of Prevention of KN and persons holding relevant positions in other companies of the Group shall ensure that Interested persons are able to receive consultations on issues related to compliance with the requirements and procedures specified in this Policy on time.

REQUIREMENTS FOR THE RELATED PERSONS OF THE COMPANY

24. All Related Persons of the Group of Companies must comply with the following requirements in their activities:
 - 24.1. perform their duties impartially, fairly, and properly, take only objectively justified decisions that meet *the needs of the Company and the Group of Companies best* and ensure the requirements of legal acts.
 - 24.2. withdraw from the preparation, consideration or adoption of decisions that may give rise to a conflict of interest.
 - 24.3. immediately notify the line manager or other appointing entity of a conflict of interest related to *the activities of the Group*.
 - 24.4. not take advantage for himself/herself and other persons of office or working position, activity related information within *the group of companies*, assets or rights of *the group of companies* for the personal or other unlawful benefit other than those provided for by law or contractual obligations.(report potential violations is possible by a reporting channels: e-mail SpeakUp@kn.lt or anonymous form www.kn.lt/pranesk/2570)
25. If circumstances arise that may give rise to a Conflict of Interest in connection with the activities of the Group, the related party must immediately refrain from any action in the performance of their functions, could give rise to a Conflict of Interest, and immediately submit a written free-form notice(or declare orally, noting accordingly in the minutes of the meeting) of the withdrawal / abstention from taking any appropriate action that may give rise to a conflict of interest.
26. The requirements for the supervision and disclosure of related party transactions in the KN are set out and managed in accordance with the Related Party Guidelines.

PREVENTION AND MONITORING OF THE MANAGEMENT OF INTERESTS

27. The managers of the companies of the group of companies or their authorized persons control and supervise the compliance with the requirements of this Policy and other relevant legal acts, carry

out the management and monitoring of the risk of conflicts of interest and implement preventive measures.

28. The public and private interests of the KN Group are monitored and controlled by the Corporate Security Manager.
29. The monitoring and control of the public and private interests of the subsidiaries of the KN established outside the Republic of Lithuania is performed by the persons holding the respective positions, who submit annual reports to the Corporate Security Manager of the KN.
30. In the group of companies, the list of positions the persons of whom are obliged to declare private interests shall be approved in accordance with the procedure established by legal acts.
31. In the group of companies, the declaration of private interests and the management of conflicts of interest are ensured during the initiation, organization and execution of public procurements.
32. A group of companies shall inform persons admitted and appointed to position as well as persons whose private interests must be declared on other grounds, of the obligation to make a declaration when applying, accepting, appointing or acquiring the status of a declaring person.
33. The group of companies may establish internal declaration procedures and adopt internal legal acts implementing them, which would be applied in addition to the declaration of private interests provided for in the legal acts regulating public and private interests of the Republic of Lithuania.
34. The Group of Companies ensures the protection of personal data obtained in the course of prevention, monitoring and control of public and private interests in the Group of Companies in accordance with the procedure established by legal acts.
35. The Group of Companies provides training for employees, as well as information and advice to the related parties in the field of declaration of private interests and management of public and private conflicts of interest.

ASSESSMENT OF THE INDEPENDENCE OF COLLEGIAL BODIES

36. In order to ensure the objectivity of the decisions made, the corporate governance policy of the KN Group provides for the inclusion of Independent members of the collegial bodies in the Collegial Bodies.
37. The independence of the members of the collegial bodies is assessed:
 - 37.1. During the appointment of a member of a collegial body. The assessment of independence shall be performed by the body electing or appointing a member of the Collegial Body duly provided for in the procedure procedure for organizing the recruitment of collegial management and supervisory bodies and the Chief Executive Officer of Public Limited Liability Company "Klaipėdos Nafta"
 - 37.2. Periodically once a year or if any changes occurred in circumstances that may have resulted in the loss of independence of the respective Independent Member of the Collegial Body.
38. Periodic and current evaluations shall be performed by the collegial body upon receipt of information on the lost or potentially lost independence of a member of the Collegial Body.
39. A member of the Collegial Body must constantly assess whether he / she can make independent (impartial) decisions and whether he / she can be considered an Independent Member of the

Collegial Body. He must immediately inform the Collegial Body to which he belongs, the appointing body and the company, in writing about any change in the status of independence or situations where it is not unambiguously clear or the status of independence is lost.

40. The Collegial Body, assessing the criteria of independence, the self-assessment of the Collegial Member and other circumstances known to the Collegial Body, shall decide whether the Collegial Member may be considered an Independent Member of the Collegial Body.

DATA CONTROL

41. While implementing this Policy, KN ensures compliance with the principles described in Article 5 of the GDPR regarding the processing of personal data and the ability to demonstrate compliance with them.
42. The collection and processing of personal data and the peculiarities of its processing while implementing this Policy is regulated in KN's Procedure for Declaration of Private Interests and Management of Conflicts of Interest PRC029.
43. Interns and governing and supervisory bodies shall be informed of the processing of their personal data for the purposes provided in this and the above-mentioned policy in accordance with the Personal data privacy policy for candidates for positions as employees, interns and governing and supervisory bodies.
44. KN shall take appropriate measures to ensure the data subject's rights under the BGDPR and to keep the data subject informed of the progress of his request to exercise his rights. Any request or instruction related to the processing of personal data may be submitted by the Interested Persons in the manner and procedure of the Personal Data Privacy Policy POL013.
45. KN shall implement appropriate technical and organizational measures to ensure and demonstrate that the processing of data of the data subjects is carried out in accordance with the GDPR and / or additional data protection provisions that are in force in that country and are applicable to KN.
46. KN registers the processing activities related to the personal data of the interested persons, for which the Head of Prevention is responsible.
47. Employees of the KN Group of Companies, governing and supervisory bodies must immediately notify Data Protection Officer and the Head of Prevention of any suspicious situation that may endanger the security of the personal data of the interested persons.

IMPLEMENTATION AND CONTROL

48. The Group publishes the Policy on its website in order to make this Policy available to the related parties and to ensure that the provisions of the Policy are complied with.
49. The declaring person is responsible for the accuracy of the information provided in the Declaration of Private Interests and the submission of the declaration.
50. The policy provisions are reviewed every 2 (two) years or earlier if the need arises, and its review is initiated by the Corporate Security Manager of KN.
51. The Corporate Security Manager is responsible for the implementation and application of the Policy in the Group of Companies, collection and submission of information to the Head of the KN and members of the Collegial Bodies at least once a calendar year.

Private interest management policy

52. The policy is approved, amended or revoked by the CEO of the KN with the approval of the collegial management and supervisory body.
53. In the event of a breach of the provisions of this Policy or other legal acts related to the coordination of public and private interests, the Interested persons shall be held liable in accordance with the procedure established by legal acts.
54. Conflicts of interest between private individuals and the Group of Companies or other misconduct are requested to be reported by e-mail SpeakUp@kn.lt or in the anonymous form www.kn.lt/pranesk/2570.