



CODE OF ETHICS



Speech of the Chairman of the Board

Kalceks is one of the oldest pharmaceutical companies in the Baltic States, whose history began in 1920. The company's activities include the development, production, registration and distribution of finished dosage forms. During the long development, the company's legal form and name has changed, but immutable is the historically accumulated experience for successful operation in today's changing world. Our mission is to make high-quality specialized pharmaceutical products available to people around the world. We are actively expanding our product range and international recognition. We operate with high sense of responsibility and take care of the patients' health. We also ensure that employees are provided with a safe and modern work environment where everyone feels good. I believe that a strong family or team is impossible without real chemistry. I am still very proud every day that I am a part of Kalceks - a Latvian pharmaceutical company with deep historical roots, great values, and achievements. Why is our team so successful? Because it is based on loyalty, respect, professional attitude toward each other, perseverance, clear goals, and a love of pharmacy and science. We are united by a missionary awareness that our work helps save lives.

The Code of Ethics is a written set of ethical principles, values and norms. It is a clear and precise statement of ethical standards, and it is the responsibility of every employee to follow the fundamental ethical principles to keep the Company at a high level and remain an excellent place to work.

Respectfully,
Kaspars Kuprevics,
Chairman of the Board of AS "Kalceks"



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Preamble

The purpose of the Code of Ethics is: to create a common understanding of the fundamental principles of activity and ethics in AS "Kalceks" (hereinafter "Company"), so that the employees would have clear understanding of the actions to be taken in daily work in accordance with the mission and vision of the Company, general norms of ethics, as well as good habits and requirements of the regulatory enactments, and to achieve the sense of community in the Company, to create an open, welcoming and responsible team of the Company. The task of the Code of Ethics is to encourage the employees of the Company to be **reliable and just, to perform one's responsibilities in good faith and in responsible manner, to comply with the guidelines of the Code of Ethics at work, in interpersonal communication and personal behaviour.**

The Code of Ethics is based on the following main corporate values, which shall be complied with both in inside culture and are related to our external image and product:

Purposefulness - We are united, motivated and positively ambitious team that is able to operate alongside the world's leading companies in our industry.

Reliability - Based on the accumulated knowledge and experience since 1920, proving ourselves in Latvian and international markets, we enjoy the earned trust of our state and foreign partners.

Flexibility - We are able to adapt to the strictest requirements of the market and distributors.

Responsive communication - We are working to further develop a positive, fast and responsive communication at all levels.

The Code of Ethics includes principles regulating the cooperation with colleagues, cooperation and business partners, as well as cooperation with customers and consumers of our products.



1. General Principles

Each employee and manager of the Company shall in his/her work:

- 1.1. be aware of the mission of the Company, encourage international recognition of the Company in the world and promote its prestige, encourage its positive image and strengthen its reputation, shall not permit actions that embarrass the Company;
- 1.2. not use the name of the Company or cooperation partner of the Company for gaining personal benefit;
- 1.3. hold harmless, save and protect the property, items and resources of the Company (including but not limited to business plans, customer information, intellectual property, computer software, etc.);
- 1.4. treat the name, logo and symbols of the Company and its cooperation partners with respect;
- 1.5. oppose injustice, dishonesty, immoral behaviour and evil;
- 1.6. act professionally, productively, keep one's given work and perform one's responsibilities, promises and obligations in good faith;
- 1.7. maintain decent, respectful, kind, helpful, reliable, honest, open, but at the same time business-like mutual relations, prevent ridicule, slandering, arrogance, intimidation, mobbing against each other;
- 1.8. express and defend one's opinion, thoughts, freedom of speech, but shall avoid misusing it for selfish or abusive purposes and spreading rumours;
- 1.9. admit one's mistakes, remedy them, be responsible for one's actions and the consequences thereof;

- 1.10. prevent situations or actions, when free access to information is being manipulated, denied or prevented, misleading the colleagues, shall prevent lies and fraud;
- 1.11. not allow manifestations of corruption and corrupted activities, dishonest competition by oneself, and shall report the Company management of the manifestations of corruption and corrupted activities, or unfair competition of the partner or customer;
- 1.12. when expressing critics, do this constructively and openly, indicating faults, avoiding rudeness and insults to dignity and honour, base his/her interpretation and argument on specific facts;
- 1.13. not permit settling personal relations, namely, shall not use intrigues and hypocrisy as means of settling mutual relations or ensuring career or revenge as response to justified critics;
- 1.14. not misuse unawareness and mistakes of other colleagues, especially junior colleagues, and on the opposite – shall encourage their successful integration in the team;
- 1.15. continuously expand knowledge and develop one's skills in the field of professional activity, ethics and communication with peers;
- 1.16. act and organize one's work so as to encourage compliance with the principles specified in this Code of Ethics and generally accepted norms of behaviour and moral.



2. Professional Ethics of Employees

- 2.1. **Loyalty** – The employee shall be loyal to the Company, shall comply with its objectives and core values, also, when representing the Company outside the working hours, refrains from publicly criticising the Company. The employee must not disseminate negative, false or unverified information of the Company, its products, employees, customers and cooperation partners, third parties and/or in the Internet portals and social networks. The employee shall act so as to preserve and encourage the trust of the customers, cooperation partners and other persons in the Company.
- 2.2. **Professionalism and responsibility** – The employee shall perform his/her obligations in a professional manner, with maximum devotion and sense of responsibility, accurately and honestly, in compliance with the work performance deadlines. Everyone shall be customer-oriented in their work. Everyone shall be responsible towards colleagues and management at work. The employee shall inform the colleagues and share experience on professionally current issues, which might be of use to other employees. The employee shall not disturb other colleagues during performance of their job responsibilities with discussing such matters, which do not concern job responsibilities, goals and functions to be performed.

- 2.3. **Honesty** – The employee shall use the trust granted to him/her only for the interests of the Company and shall not use his/her position to unfairly benefit himself/ herself or another person. The employee shall refrain from any action that could harm his or her professional integrity, objectivity, neutrality, as well as refrain from engaging in any activity that may be contrary to the interests of the Company or that may interfere with the performance of the employee's duties. The employee shall not highlight his/ her success at the expense of others and shall not pass on his/her guilt to the colleagues.
- 2.4. **Collegiality** – The employees shall support each other. Only work relations are permitted during work. The employees may share and encourage only positive example and experience among themselves. The employee shall not permit and support any un-collegial relations, shall attempt to prevent such situations, if he/she notices signs of such relations among colleagues – intrigues, mood swings, rumours, slander, hypocrisy and vanity. The employee shall not permit humiliation, ignorance or other kind of harm to the prestige of colleagues or the Company. The employee shall take care of successful integration of new colleagues in the Company work and shall not deny advice and practical assistance.
- 2.5. **Confidentiality** – In all his/her activities the employee shall respect confidentiality and take care of the protection of information at all levels of the Company's operations. The employee is obliged to observe the protection of information, not to use confidential information for purposes not intended for it, for his or her own benefit or for the benefit of any other person, not to copy it, not to disclose it to other persons or use it other than to fulfil obligations specified in the employment contract.

3. Company's corporate and managerial responsibility in advancement of professional ethics

3.1. Human rights

- 3.1.1. The Company respects internationally recognised human rights standards.
- 3.1.2. The Company guarantees that it has not engaged and will not engage in human rights violations and makes every effort to ensure that sufficient controls are in place to prevent such violations.

3.2. Child labour

- 3.2.1. Under no circumstances does the Company employ children who are younger than the minimum age for the employment of children set by laws and regulations.
- 3.2.2. Children who have reached the age permitted for employment by the laws and regulations shall not be employed in dangerous work or in work that could be harmful to the health, personal growth, morals and development of the child.

3.3. Forced labour

- 3.3.1. Under no circumstances does the Company use forced labour.
- 3.3.2. Forced labour means any work or service to which a person is compelled by any threat of punishment and to which the person has not voluntarily consented.
- 3.3.3. Employees have the right to freely terminate the employment relationship by giving prior notice to the employer within a time limit laid down by law or agreement.



3.4. **Non-discrimination clause**

- 3.4.1. The Company treats its employees with respect and provides equal working conditions.
- 3.4.2. Any form of direct or indirect discrimination is prohibited, in particular discrimination based on race, colour, sex, age, disability, religion or political opinion, national or social origin, sexual orientation, marital status, pregnancy, etc. Threats of violence, punishment, physical or psychological abuse and unlawful harassment in any form are prohibited.

3.5. The Company management shall act and organize the work so as to implement compliance with the principles specified in this Code of Ethics and generally accepted norms of behaviour and moral.

3.6. The head of the unit or the Board shall consider any received complaint, including, but not limited concerning a colleague, any process, cooperation partner, whether or not it has been expressed verbally or in writing, and to the extent possible verify whether it is objective, by involving another party – a colleague, cooperation partner (if possible), to give an opinion of the particular situation.

4. Work Environment and Labour Protection

Considering that the Company has created a labour protection system compliant with the form of commercial activity and the Company maintains a safe, protected and healthy work environment, each employee:

- 4.1. shall comply with the principles of safety, health and environmental protection in his/her daily work;
- 4.2. shall promote work environment so as to mitigate the adverse risk effect of the work environment and eliminate its causes;
- 4.3. to the extent possible shall use and improve environmentally friendly technologies, ensuring compliance with the environmental protection requirements and standards;
- 4.4. to the extent possible shall significantly reduce consumption of various natural resources, rationally using the available resources and optimizing various commercial activity processes;
- 4.5. shall be obligated to get involved in and contribute to these environmental and resource economy processes.



5. Conflict of interest

- 5.1. A conflict of interest is a situation, where within the framework of performance of job responsibilities an employee must make a decision, initiate or otherwise participate in decision making or perform other activities related to his/her position, which affect or may affect the personal or material interests of the employee himself/herself, his/her relatives, persons with whom he/she shares a household or business partners.
- 5.2. The conflict of interest may manifest in three manners: real, potential and alleged conflict of interest.
 - 5.2.1. **Real conflict of interest** – the employee is actually within a situation of conflict of interest, i.e., the private interests affect the decisions and actions of the employee upon performance of job responsibilities or performance of job responsibilities affects the private interests. The employee is prohibited to perform job responsibilities in situation of real conflict of interest. In the event of real conflict of interest it is necessary to inform the direct manager of the employee, who then will evaluate the situation and make the decision on how to eliminate the conflict of interest and ensure timely and qualitative performance of the job to be performed by the employee. Sanctions may not be applied to the employee, if he/she informs of real conflict of interest, but these are possible to be applied for performance of job responsibilities in situation of real conflict of interest.

- 5.2.2. **Potential conflict of interest** is a situation, where real conflict of interest has not yet occurred at particular moment, but it is probable that it might occur in the future. In the event of potential conflict of interest it is necessary to inform the direct manager of the employee, who then will evaluate the situation and make the decision for the employee to refrain from performance of particular activities or performance of obligations, by assigning them to another employee or by ensuring rotating of employees.
 - 5.2.3. **Alleged conflict of interest** is a situation, where it seems or may seem to the outside observer that the employee may appear to be in a conflict of interest. It gives or may give the impression that the employee might not be objectively able to make a decision or perform his/her job responsibilities in good faith.
 - 5.2.4. An alleged conflict of interest may negatively affect the trust in the employee or the Company. In the event of alleged conflict of interest it is necessary to inform the direct manager of the employee, who then will evaluate the situation and make the decision on how to proceed, allowing the employee to continue the particular task, assigning it to another employee or handling it otherwise.
- 5.3. The employee, while performing job responsibilities, may not make a decision or participate in making of a decision, or undertake other job related activities, if he/she:
- 5.3.1. is in a kinship up to the third degree or in an in-laws relationship up to the second degree, or in a business relationship with any of the parties involved;
 - 5.3.2. is personally directly or indirectly interested in the outcome, or if there are other circumstances, which cause reasonable doubt of his/her objectivity.



6. Implementation and Performance of the Code of Ethics

- 6.1. In order to comply with the defined principles and values, the Company shall ensure:
- 6.1.1. **Encouraging of creative potential, improvement of professionalism and rational activity.**
The Company shall support such organization of work in order to use the creative potential of each employee as productively as possible and to improve it for more efficient performance of job responsibilities.
 - 6.1.2. **Mutual ethical communication.** The Company shall support and promote respect, trust and business relationships in mutual interaction between employees regardless of position, as well as ensure an ethical business environment.
 - 6.1.3. **Prohibition of conflict of interest.** The Company shall in its activity prevent situations of conflict of interest.
 - 6.1.4. **Prohibition of corruptive activities and fraud.** The Company shall create an ethical business environment and prevent fraudulent or corruptive activities.

- 6.1.5. **Responsibility in work safety and health protection.** The Company shall ensure safe work environment to its employees and contractors.
- 6.1.6. **Reasonable protection of information and communication.** The Company shall protect the information being at its disposal, not disclosing confidential information as well as any other information, which has not been intended for public access. The Company shall encourage constructive dialogue, observe the principle of openness in communication to the extent that it does not contradict the information protection restrictions applied in the Company.
- 6.1.7. **Protection of Privacy.** The Company shall not disclose the employee data and other personal information, and shall respect the privacy of the employees, and shall not restrict the private activities of the employees outside the working hours to the extent that these are not associated with the Company.
- 6.2. This Code of Ethics shall be binding to each employee and it shall be considered as an integral part of the Rules of work procedure. Therefore, a violation of the Code of Ethics shall be deemed as violation of the Rules of work procedure.
- 6.3. The Code of Ethics is available on the electronic document management system My Process and Workzone, as well as on the Company's website. Each employee must confirm acquainting themselves with the Code of Ethics.
- 6.4. If the employee has unclear questions about the Code of Ethics and the actions resulting from it, or the employee has detected a possible violation of the provisions of the Code of Ethics, the employee must first contact their direct manager or Head of the Office and Communication, but if it is not possible due to objective circumstances, then the Company's Chairman of the Board.
- 6.5. Compliance with the norms of the Code is one of the criteria for evaluation of an employee and shall be taken into account when considering the advantages of the employees in previous recruitment competitions and maintenance of employment relations.

- 6.6. If an employee or manager in their mutual communication with other colleagues notices a violation of this Code of Ethics, he/she may directly refer to this Code of Ethics and decently, respectfully and collegially note, explain to the colleague the violation of the clause of the Code of Ethics committed by the colleague in the opinion of the employee or the manager.
- 6.7. If for any reason this situation is not resolved or is resolved without any result or cannot be resolved (for example, in the opinion of the employee, the violation of this Code of Ethics has been committed by the head of the unit), the employee has the right to complain to the Head of the Office and Communication regarding the violation of the Code of Ethics.
- 6.8. The implementation and application of the provisions of the Code of Ethics are monitored by the Chairman of the Board or Head of the Office and Communication of the Company.

