

REGULATION

PREVENTION OF CORRUPTION, CONFLICTS OF INTEREST AND IRREGULARITIES

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Revision	Issue Date	Author	Issue purpose	Description of changes
1.0	13.10.2022.	Māris Dzelme	First issue	The new Regulation is developed to determine requirements, conditions and procedures in order to reduce probability of occurrence of corruption, Conflicts of Interest and other irregularities.
2.0	01.01.2023.	Māris Dzelme	Amendments	Amendments to the document have a formatting nature - the new version of the document is prepared using the valid template of documents.

CONTENTS

1	Introduction.....	7
1.1	Purpose.....	7
1.2	Application	7
2	Prevention of Conflicts of Interest.....	9
2.1	Conflicts of Interest prevention procedure.....	9
2.1.1	Collegial Body	9
2.1.2	Employee.....	9
2.2	Restrictions on combining positions.....	10
2.3	Alignment for combining positions.....	11
2.4	Engaging in commercial activities (Restrictions on commercial activities).....	12
2.5	Related Party Transactions	12
3	Anti-corruption clause	13
3.1	Restrictions on acceptance of Gifts and other benefits	13
4	Self-declaration.....	15
4.1	Acknowledgement	16
4.2	Acknowledgement template.....	16
4.3	Procedure for submission of the Acknowledgement.....	16
4.4	Assessment and verification of the information provided in the Acknowledgement.....	17
4.5	Retention and destruction of the information provided in the Acknowledgement	17
5	Control.....	18
6	Use of information	18
7	Implementation.....	18
8	Supervision	19
	Annex 1 Notice of acceptance of a Gift.....	21
	Annex 2 Acknowledgement.....	23

ACRONYMS AND ABBREVIATIONS

A full list of acronyms and abbreviations can be found in RBR Glossary of Abbreviations. The following acronyms and abbreviations are used throughout this document:

Abbreviation	Definition
EDMS	An Electronic document management system used in the RBR for corporate purposes
HRM	Human Resource Management
HRMD	HRM and Administration Department of RB Rail
RBR	RB Rail and Branches thereof
RBGP	Rail Baltica Global Project

DEFINITIONS

The following terms are used throughout this document:

Term	Definition
Acknowledgement	As defined in Section 4.1.
Branches	RB Rail branches in Lithuania (registration number: 304430116), Estonia (registration number: 14168654) and Latvia (registration number: 40203254781).
Collegial Body	In the meaning of this Regulation the collegial body is the Supervisory Board, the Management Board, commission, committee, working group, reference group, etc. that are authorised to take binding decision.
Combining position	Supplementary Employment to the main work performed by the Employee in RBR.
Commission	Permanent RBR Commission established for the purposes of evaluation of gifts and the disposal and write-off of movable property.
Conflicts of Interest	<p>Conflicts of Interest arises where the Official or the Employee have personal interests which may affect the independent and impartial performance of their duties.</p> <p>There is a direct or indirect financial, economic or other personal interest of an Employee who holds the position of member of the public procurement commission which may be considered as compromising their impartiality and independence in the context of the procurement procedure, i.e., information that in any way compromises the impartiality and independence of the person concerned is sufficient.</p> <p>A situation in which an Official or Employee, in the performance of his or her duties, is required to make or participate in a decision or take other action related to the Official's or Employee's position that affects or may affect the personal or pecuniary interests of the Official or Employee, his or her relatives or business associates or the personal or pecuniary interests of the Employee, his or her relatives or business associates.</p> <p>A situation of Conflicts of Interest (indirect Conflicts of Interest) shall be deemed to be a circumstance where an Official or Employee, by combining a position with the Other Employer,</p>

	<p>the objectives and interests of RBR Conflicts or could Conflicts with the objectives or interests of the Other Employer.</p> <p>Holding a position in the national infrastructure managers or national ministries by members of Supervisory Board per se shall not be deemed as creating Conflicts of Interest or competition for business of RBR.</p>
Employee(s)	Employee(s) of RB Rail or its Branch, as well as in the meaning of the Regulation also Head(s) of Branches and Procurators.
Employer	RB Rail or any of Branches.
Gift	<p>Any Material or other type of benefit, (including services, assignment of rights, transfer, release from an obligation, waiver of any rights, or other actions that result in a benefit), to which the Employee or Official is the beneficiary.</p> <p>Gifts include not only tangible or intangible goods, such as goods or money, but also transactions of any kind in which the Employee or Official receives a benefit or advantage. Such benefits could include, for example, an expenses-paid trip abroad, tuition fees for the Employee/Official or his/her relative or spouse, renovation of an apartment or construction of a building, payment of a debt or credit obligation or waiver of a right to a debt, sale of a product or lease of real estate at a reduced value, which is not a general market offer, waiver of a competition in which the Employee/Official or his/her relative or spouse also participates, etc.</p>
Management Board	Management Board of RB Rail AS.
Member States	Estonia, Latvia and Lithuania implementing RBGP.
Official	<p>An Official within meaning of this Regulation is:</p> <ul style="list-style-type: none"> - Members of Supervisory Board, - Members of Management Board, - An Employee who holds the position of member of the public procurement commission, <p>Any person who is a public official within the meaning of the law On Prevention of Conflicts of Interest in Activities of Public Officials of the Republic of Latvia.</p>
Other Employer	Organization such as company, association or foundation or any other institution where the Official or Employee performs the duties of his office or employment.
Position	Work or civil or military service within the scope of specified authorisation in an institution of a public person; in a public, private, political, or religious organisation or in a commercial company.
RB Rail	RB Rail AS, reg. No 40103845025, a public limited liability company registered in the Republic of Latvia.
Regulation	This Regulation on Prevention of Corruption, Conflicts of Interest and Irregularities.
Restriction of Competition	Restriction of professional activities so that the Official or the Employee would not create competition to RBR or a collision of interest (clash).
Security Department	Respective structural unit of RB Rail.
Shareholders	The shareholders of RB Rail.
Supplementary Employment	Management or supervisory body member status and/or employment agreement in a commercial company; paid activity in an association or foundation that is performed within the framework of the established legal relations (within the powers specified by law, contract, order or other documents).

Structural Unit	Structural unit of RB Rail or Branch.
Supervisory Board	Supervisory Board of RB Rail AS.
Supervisory Board Regulation	Supervisory Board Regulation approved by Supervisory Board in force during the application of Regulation.

1 Introduction

1. It is important:
 - 1.1. To ensure that the actions of Officials and Employees are in the public interests by preventing the influence of a personal or financial interest of any Official and Employee, his or her relatives or counterparties on the actions of the Official and Employee,
 - 1.2. To promote openness of the actions of the Officials and Employees and their public accountability, as well as the public confidence in the actions of Officials and Employees.

1.1 Purpose

2. The purpose of the Regulation is to determine the requirements, conditions and procedure for implementation of organizational measures in order:
 - 2.1. To ensure undisturbed operation of RBR, the implementation of the objectives of the RBGP and the tasks of RBR set out in legal enactments and other documents (including agreements) binding on RBR, i.e., to reduce the probability of occurrence of corruption, Conflicts of Interest and other irregularities,
 - 2.2. To ensure that the actions of Officials and Employees are in the RBR and RBGP interests by preventing the influence of a personal or financial interest of any Official and Employee, his or her relatives or counterparties on the actions or inaction of the Official and Employee, to promote openness of the actions of the Official and Employee and their public accountability.
3. This Regulation shall be considered as an integral part of the Personal Risk Management of RBR¹.
4. The objective of personal risk management is to limit unauthorised or unlawful activities, to mitigate potential risks of corruption and Conflicts of Interest, risks of waste, inefficiency and ineffective use of property and financial resources, risks of unauthorised disclosure of information, as well as other objectives set out in the Regulation on Security Risk Management of RBR, in order to minimise the impact and/or damage to the operations of RBR and the national security interests of the Member States.

1.2 Application

5. The Regulation is directly applicable and binding to all Officials and Employees. The Regulation applies to Supervisory Board members to the extent unless Supervisory Board Regulations provides otherwise.
6. In carrying out their duties, the Official and the Employee shall comply with the requirements of the legislation of the Republic of Lithuania, the Republic of Latvia or the Republic of Estonia in the field of Conflicts of Interest and prevention of corruption considering the location of the respective Employer and applicable jurisdiction.
7. Officials when they are considered as state officials in the sense of Latvian law are bound by the restrictions and requirements set by Latvian regulatory enactments applicable to state officials.
8. Where this Regulation imposes stricter requirements on an Official or an Employee than those imposed by the legislation referred to in Paragraph 6 and 7 of this Regulation, the requirements of this Regulation shall apply.

¹ Regulation on Security Risk Management of RBR, Section 5, approved by Management Board on June 28, 2021.

9. The Regulation has been issued pursuant to the Security Management Policy of RBR and observing (i) the Law on Prevention of Conflicts of Interest in Activities of Public Officials and (ii) the Labour Law of the Republic of Latvia.
10. The Regulation is subject to regular review to respond to changes throughout the lifecycle of RBR and may be updated to meet new demands. For queries or to provide feedback related to the application of Regulation please contact Security Department by sending an e-mail to security@railbaltica.org.

2 Prevention of Conflicts of Interest

11. The Official and the Employee shall avoid situations which create or may create Conflicts of Interest and shall not take advantage of the position, including by influencing the performance of the duties of other Officials and Employees, for personal interests.
12. The Official and the Employee shall refrain from performing the duties of his/her position or from combining the functions of a public official in all cases where, for ethical reasons, the impartiality and neutrality of his/her action could be called into question.
13. The Official and the Employee has an obligation to act loyally towards the Employer, i.e., he/she must avoid all such actions which Conflicts with the benefit of the Employer.
14. An Official and Employee who, prior taking Official's position or entering into an employment relationship with RBR, was an Employee, a member of a supervisory body, a member of executive body or controlling body of a commercial company, after becoming an Official and Employee and terminating his employment or other civil law relationship with the respective commercial company, shall not carry out any activities including adoption of any decisions with respect to that commercial company for two years after the signing authorization or employment agreement with RBR, or being elected as Supervisory Board member.

2.1 Conflicts of Interest prevention procedure

15. The Official and the Employee shall promptly disclose any Conflicts of Interest in the performance of an activity under entered employment or authorization agreement, and/or prescribed by legal enactments.

2.1.1 Collegial Body

16. Members of a Collegial Body of RBR shall provide the information referred to in Paragraph 15 of this Regulation at a meeting of the Collegial Body prior to the consideration of the matter and shall not participate in the consideration of a matter and the adoption of a decision which affects the personal interests of a member of the Collegial Body concerned. An entry shall be made on it in the minutes of the meeting of the Collegial Body.
17. If due to Conflicts of Interest a member of the Collegial Body does not participate in the consideration of the issue and the adoption of a decision and as a result the collegial institution does not have the quorum and decision-making power established by legal enactments, to ensure the adoption of a decision:
 - 17.1. The Supervisory Board acts in accordance with the procedures set out in the Supervisory Board Regulation,
 - 17.2. The Management Board acts in accordance with the procedures set out in the Management Board Regulation,
 - 17.3. A procurement commission acts in accordance with applicable national law and internal legal enactments,
 - 17.4. When possible, the member of Collegial Body shall be temporary or permanently replaced with another Employee,
 - 17.5. All members of the Collegial Body participate in the adoption of a decision, and an entry of this shall be made in the meeting minutes of the Collegial Body to that effect. The decision must be made in the interests of RBR. The provision of this Paragraph shall apply only if Paragraph 17.3 of this Regulation cannot be applied.

2.1.2 Employee

18. Employees shall provide the information referred to in Paragraph 15 of this Regulation:

- 18.1. To the head of the Employee's Structural Unit or,
 - 18.2. To CEO if Employee is not part of a Structural Unit,
 - 18.3. A head of a Structural Unit within a Division – to the respective head of Division.
19. The CEO, head of the Structural Unit or Division shall consider the information referred to in Paragraph 15, and, if necessary, shall assign a specific task or duty to another Official or Employee.
20. If Conflicts of Interest requires the permanent assignment of a task to another Employee, the Chairperson of the Management Board shall issue an order to prevent Conflicts of Interest in the activities of the Employee and to appoint the replacing Employee.

2.2 Restrictions on combining positions

21. Conflicts of Interest shall be prevented by imposing restrictions on the combination of the position or work of RBR with the Supplementary Employment.
22. An Official and an Employee have the right to combine a position or work in the RBR with another position or work, if any of following precondition are met:
- 22.1. This Regulation or applicable national law does not provide for restrictions on combining the Position of an Official and an Employee,
 - 22.2. The combining of Positions does not interfere with the quality performance of work tasks and duties in the RBR,
 - 22.3. It is not contrary to the legitimate and protected interests of RBR,
 - 22.4. It is not detrimental to the operation and/or reputation of RBR or RBGP,
 - 22.5. It does not create competition with RBR's business activities, taking into account RBR's classified information available to the Official and the Employee,
 - 22.6. The Supplementary Employment is not potentially related or will not be related to any of RBR's areas of activity and/or will not create Conflicts of Interest for the Official and the Employee as a member or expert of a public procurement committee, as a preparer of procurement documents or as an expert and will not be related to a candidate who has submitted an application and/or a tenderer who has submitted a tender and/or its sub-contractors,²
 - 22.7. Does not contravene RBR's ethical standards and/or ethical standards binding on the Official and the Employee,
 - 22.8. If such combining does not result in Conflicts of Interest.
23. An Official and Employee may combine the Position only with another Position when written permit has been received in accordance with Section 2.3 of this Regulation.
24. The restriction on combining the Position or Supplementary Employment (including the restriction on competition) applies to the field of activity in which the Official and the Employee are employed during the term of the employment relationship, authorization agreement, fulfilling tasks under other contractual arrangement or legal enactment.

² The condition does not apply to Supervisory Board members in cases specified by Paragraph 25 of the Supervisory Board Regulation.

2.3 Alignment for combining positions

25. For the purpose of obtaining an authorization to combine positions:
- 25.1. The Employee shall submit to the Chairperson of the Management Board a written application to combine the position or work at the RBR with the Position or Supplementary Employment, specifying in the application what position or Supplementary Employment the Employee wishes to perform (duties, scope of the institution or legal entity), what additional legal relationship he/she wishes to establish and with whom, as well as the motivation for combining the Positions and/or Supplementary Employment,
 - 25.2. The member of Management Board shall submit the written application on combining positions to the Chairperson of the Supervisory Board for the review at the Supervisory Board meeting,
 - 25.3. The member of Supervisory Board the combining positions of Supervisory Board member and other Position(s) shall align with the Shareholder who nominated the respective member for Supervisory Board membership and inform Supervisory Board on such alignment.
26. The direct manager, the Management Board member responsible for the operations of the relevant Structural Unit, the Head of HRM and Administration and the Head of Security shall evaluate whether the conditions specified in Paragraph 22.1– 22.7 or other legal and factual circumstances that prevent the Employee from combining the post or Supplementary Employment outside RBR and report the findings to the Chairperson of the Management Board.
27. The conditions specified in Paragraph 22.1– 22.7 in the application of a member of Management Board shall be evaluated by the Supervisory Board and the respective decision on the combining shall be adopted.
28. On combining Positions or Supplementary Employment, RBR and the Employee conclude a written additional agreement, which shall be an integral part of the employment contract, specifying the additional Position or Supplementary Employment, duties, institution or legal entity at which the Position or Supplementary Employment will be performed, the field of activity of the institution or the legal entity, the type, extent, place, time and other related information of combining position or Supplementary Employment as well as restrictions (if any). Management Board members and Supervisory Board members are responsible for the alignment of the combined positions as per Regulation.
29. The agreement to combine the Positions or the Supplementary Employment shall remain in force until Conflicts of Interest is established or until the employment or other civil relationship is terminated.
30. In case of any significant changes of supplementary Position and/or Supplementary Employment (e.g., scope, duties, etc.):
- 30.1. The Employee shall be obliged to inform the Chairperson of the Management Board immediately, in accordance with the procedure set out in Paragraph 25.1 of this Regulation,
 - 30.2. The member of Management Board shall be obliged to inform the Chairperson of the Supervisory Board immediately, in accordance with the procedure set out in Paragraph 25.2 of this Regulation,
 - 30.3. The member of Supervisory Board shall inform the Shareholder who nominated the respective member for Supervisory Board membership.
31. Obtaining the authorization as per Paragraph 25 of Regulation shall not be necessary:
- 31.1. To perform gratuitous work for an association (foundation),
 - 31.2. To perform duties for a trade union,
 - 31.3. To serve in voluntary units of the national armed forces (Zemessardze, Kaitseliit, Krašto apsaugos savanorių pajėgos),

- 31.4. To perform economic activities by managing real estate owned by an Official or Employee,
- 31.5. To perform the work of a teacher, academic lecturer or researcher, scientist; to be involved in agricultural production, forestry, fishing, rural tourism; to act as professional athlete or creative worker, also pursuing economic activities above as a registered individual entrepreneur or a performer of commercial activity,
- 31.6. To perform activities in a social enterprise, political party, association of political parties or religious organization.
32. The Employee shall electronically (via e-mail) inform his/her Head of the Structural Unit (the Employee not included in the Structural Unit and the Head of the Structural Unit – the Chairperson of the Management Board) and the Head of HRMD on the position, Supplementary Employment or service referred to in Paragraph 31 before commencing it, except for gratuitous work for a trade union, of which the Employee need not inform the Employer.
33. The Official and the Employee do not need to obtain the permission of the Chairperson of Management Board, but Supervisory Board members shall not be required to inform the Supervisory Board of the exercise of any authority (e.g., under power of attorney) under which the Official and Employee acts on behalf of a relative or spouse, provided that this does not give rise to Conflicts of Interest.
34. The Official and the Employee shall be aware as to the capacity in which he/she performs the additional functions and Supplementary Employment referred to in Paragraph 22 of this Regulation and shall, where appropriate, make this known to others, indicating whether he/she performs the functions and work and expresses his/her views as an individual or as a representative of RBR.
35. The signatory Official shall have the power to decide that the requirements of Section 2.2 and 2.3 shall not apply to an Employee whose contract of employment is for a fixed period by assessing the risks of Conflicts of Interest.

2.4 Engaging in commercial activities (Restrictions on commercial activities)

36. An Official and an Employee shall, when engaging in commercial activities, take care of the reputation of RBR and shall organise his commercial activities in such a way as not to give rise to any suspicion of Conflicts of Interest or unlawful use of information available to him in connection with the performance of his/her duties for RBR.
37. Members of the Management Board shall be prohibited from participating, directly or indirectly, in commercial activity without the approval of the Supervisory Board unless authorization agreement provides otherwise.
38. Officials and Employees shall be prohibited from participating, directly or indirectly, in any commercial activity which, on grounds of morality and reciprocal fairness, may adversely affect the performance of the Official's and Employee's duties in good faith.
39. An Official and an Employee may not be a Shareholder, representative of the executive body and beneficial owner of a capital company that participates in public procurements announced by RB Rail AS.
40. The holding/ownership of stocks (without voting rights) in a limited liability company shall not be deemed to be engaging in commercial activity for the purposes of this Regulation.

2.5 Related Party Transactions

41. Related parties are Shareholders, members of the Management Board and members of the Supervisory Board of RB Rail, and close members of the families of any individual referred to previously, and entities over which these persons exercise significant influence or control.

42. The Governments of Latvia, Estonia and Lithuania, including ministries and state agencies, as well as state-controlled capital companies, public service providers are not considered as related parties within the meaning of the Regulations.
43. In accordance with the Annual Reports and Consolidated Annual Reports Act of the Republic of Latvia (the Latvian Law), RB Rail is obliged to disclose in its annual reports the amounts of advances, loans or guarantees issued to members of the Management Board and Supervisory Board (by position groups, not for each person separately), indicating interest rates, significant conditions and amounts repaid, written off and repayable.
44. In accordance with International Financial Reporting Standards and the Latvian Law, RB Rail discloses in its annual reports the transactions with related parties, the amounts and details regarding terms and conditions of such transactions, outstanding balances and related allowances for doubtful debts, commitments and the Management Board and Supervisory Board compensation in total and by category.
45. RB Rail will obtain information for disclosure of related party transactions from Annual Statement (*Apliecinājums*) filed by the Management Board and Supervisory Board members.

3 Anti-corruption clause

46. The purpose of this anti-corruption clause is to prevent bribery or any other conduct by an Official or Employee aimed at obtaining an undeserved advantage for himself or others by using his official position, his authority or exceeding it. Corruption consists in the omission by an Official or Employee, the taking of bribes, bribery (accepting or giving benefits of material, pecuniary or other nature), influence peddling, and the unlawful solicitation and acceptance of benefits.
47. Anti-corruption identifies corruption risks, assesses the likelihood of their occurrence, taking into account the controls in place, and assesses the impact (consequences) should the risk occur. If the control mechanisms set out in this Regulation are insufficient, additional measures to mitigate the risk of corruption shall be established.

3.1 Restrictions on acceptance of Gifts and other benefits

48. The Official and the Employee shall be prohibited from accepting, directly or indirectly, Gifts in the performance of their duties, except as provided in Paragraph 50 of this Regulation.
49. The Official and the Employee may also be an indirect beneficiary if the Gift is received or used by someone personally related to him/her, such as his/her relative or spouse.
50. The Official and the Employee shall be authorised to accept, in the performance of their duties:
 - 50.1. Flowers,
 - 50.2. Souvenirs, books or representational items, if the total value of the souvenirs, books or representational items received from one person in monetary terms during one calendar year does not exceed one minimum monthly salary set in Latvia,
 - 50.3. Diplomatic Gifts (Gifts presented by a foreign delegation or official to the Official or the Employee in accordance with diplomatic protocol),
 - 50.4. Gifts presented during official or working visits to Latvia or abroad, except for the Gifts exceeding amount referred to in Paragraph 50.2 of this Regulation,

- 50.5. Gifts presented to the Official or the Employee as representative of RBR on public holidays, commemorations and days of remembrance,
- 50.6. Gifts and awards presented by RBR,
- 50.7. Awards, prizes or distinctions provided for in external laws, regulations or administrative provisions (other awards are subject to the approval of the Commission),
- 50.8. Any benefits and guarantees provided by RBR to the Official or the Employee in the performance of their duties, in accordance with the procedure laid down by the laws and regulations,
- 50.9. Publicly available services and publicly available discounts of various kinds.
51. The Gifts referred to in paragraphs 50.3 to 50.7 of this Regulation shall be the property of RBR.
52. The Official and the Employee shall refuse to accept the Gift referred to in Paragraph 50 of this Regulation if:
- 52.1. The acceptance of the Gift referred to in paragraph 50.1 or 50.2 of this Regulation gives rise to a suspicion that the performance of the duties of the Official and the Employee's work tasks is thereby affected, or gives rise to a suspicion as to the impartiality and neutrality of the actions of the Official and the Employee or RBR,
- 52.2. The Gift may create obligations towards the donor and affect the performance of obligations later on,
- 52.3. The value of the Gift referred to in paragraphs 50.3 – 50.6 of this Regulation exceeds the value of the Gifts generally accepted in such cases.
53. If the Official or the Employee are not sure whether the Gift may be accepted, they shall refuse to accept the Gift.
54. If the Official or the Employee cannot, at the time of acceptance of the Gift, refuse the Gift the acceptance of which does not comply with the requirements of this Regulation, they shall hand over the Gift to the Commission in accordance with the procedure set out in Paragraph 57 of this Regulation. The composition of the Commission shall be determined by a written order of the Management Board.
55. The Official and the Employee may accept an invitation to attend a conference, seminar, presentation, cultural or other event, whether on or off duty, if accepting such an invitation is compatible with the duties of the job, is in the interest of RBR or does not call into question the impartiality and neutrality of the Official, the Employee or RBR's activities or Conflicts of Interest. The Official and the Employee shall be entitled to accept an invitation to an event referred to in this paragraph, provided that it does not exceed the generally accepted hospitality.
56. If the invitation does not comply with the requirements referred to in Paragraph 55 of this Regulation, the Official and the Employee shall decline to accept the invitation, informing the inviter, if necessary, of the legal framework in this area.
57. The Official and the Employee shall, within five working days of accepting the Gift referred to in paragraphs 50.3 to 50.6 of this Regulation, submit to the Commission a notification in accordance with the form set out in **Annex 1** and deliver the Gift or inform the Commission of its whereabouts. If for objective reasons (e.g., travel, leave, illness) the notification and Gift cannot be submitted within the time limit set out in this Paragraph, the Employee shall submit it to the Commission immediately after the end of the objective reasons in question.
58. The Commission shall examine the notification received in accordance with the procedure established in Paragraph 56 of this Regulation, register the Gift and determine the value of the Gift at the time of its valuation, as well as assess whether the Gift may have artistic or cultural-historical value. The Commission shall determine the value of the Gift in accordance with market prices, if necessary, by engaging an expert, and shall draw up a deed of valuation of the Gift. The act of valuation of the Gift shall be approved by the Chairperson of the Management Board or, if the recipient of the Gift is the Chairperson of the Management Board, by two members of the Management Board.

59. If the Commission considers that the Gift may be of artistic or cultural-historical value, it shall submit an application to the Ministry of Culture, requesting the opinion of the Ministry of Culture.
60. If the Ministry of Culture gives an opinion that the Gift has artistic or cultural-historical value, the Commission shall take a decision on the transfer of the Gift to the museum specified in the opinion of the Ministry of Culture.
61. If the Gift has no artistic or cultural-historical value or the opinion of the Ministry of Culture does not specify the museum to which the Gift is to be transferred, the Commission shall, in the order set out below, decide on the use of the Gift:
 - 61.1. Return for redemption to the Official or Employee who received the Gift,
 - 61.2. Use for RBR purposes,
 - 61.3. Transfer for gratuitous use to another state or local authority,
 - 61.4. Return for redemption to another Official or Employee who has expressed a wish to redeem the Gift.
62. Within five days of the decision, the Commission shall notify the Chairman of the Management Board, who shall ensure that the decision is implemented, and the Official or Employee who received the Gift.
63. If the Commission finds that the Gift cannot be used in any of the ways referred to in Paragraph 60 of this Regulation because of its specific characteristics, it shall decide that the Gift shall be destroyed.
64. The Commission shall ensure that the Gifts and activities involving Gifts are registered in a register established for that purpose, with the following particulars:
 - 64.1. Registration number,
 - 64.2. The Official or the Employee who received the Gift,
 - 64.3. Type of the Gift,
 - 64.4. Gift description,
 - 64.5. Place and date of acceptance of the Gift,
 - 64.6. The giver,
 - 64.7. The location of the Gift, if the Gift is not attached to the notification,
 - 64.8. The date of the decision on the use of the Gift and the manner of use of the Gift or an indication of the destruction of the Gift,
 - 64.9. An indication of the redemption of the Gift.
65. If the Gift has been transferred for use by RBR, the Official or the Employee who has received the Gift shall be entitled, until the expiry of his/her duties or termination of employment or within three months thereafter, to submit to the Commission a request for the redemption of the Gift.
66. The Employee shall transfer the fee for the Gift to be redeemed in accordance with the value determined by the Commission at the time of redemption of the Gift to RBR current account specified by the Commission. The Employee shall receive the Gift upon payment.

4 Self-declaration

67. The Official's and Employee's self-declaration system is a hedging measure aimed at assessing and mitigating the risks associated with the Official's and the Employee's position and strengthening the Official's and the Employee's understanding of the restrictions and prohibitions of the position, as well as obtaining information

on transactions with related parties to be disclosed in the RBR annual reports in accordance with the Law on Annual Accounts and Consolidated Accounts of the Republic of Latvia and International Financial Reporting Standards.

68. The Employee's self-declaration system includes:

- 68.1. A template of the Acknowledgement form (Annex 2),
- 68.2. A voluntary Acknowledgement submitted by the Official or the Employee,
- 68.3. Procedure for submission of the Acknowledgement, and
- 68.4. The procedures for assessing and verifying the information provided in the Acknowledgement.

4.1 Acknowledgement

- 69. The Acknowledgement is a standardised declaration form in which the Official and the Employee voluntarily provide information about themselves to the RBR.
- 70. By submitting an Acknowledgement, the Official and the Employee certify that, in the performance of their duties, they act in accordance with the external and internal legislation applicable to them and comply with the principles and requirements set out in the certification form.
- 71. The information contained in the Acknowledgement shall form an integral part of the Official's and Employee's personnel file, which shall be accessible to the Head of HRMD, the Security Department, the Management Board and, if necessary, the Head of the Employee's Structural Unit.

4.2 Acknowledgement template

- 72. The Acknowledgement template shall consist of the following content:
 - 72.1. The purpose of the Acknowledgement,
 - 72.2. The conditions for protecting the information contained in the Acknowledgement,
 - 72.3. The procedure to be followed for the submission of the Acknowledgement,
 - 72.4. The name, surname, Structural Unit and position of the Official or the Employee,
 - 72.5. Statements/declarations about:
 - 72.5.1. Compliance and avoidance of the situations of Conflicts of Interest,
 - 72.5.2. Appropriate use of information,
 - 72.5.3. Conducting personal financial transactions and preventing corruption,
 - 72.5.4. Due care and diligence,
 - 72.6. Field for additional information,
 - 72.7. Signature area (applicable to the paper format of the Acknowledgement).

4.3 Procedure for submission of the Acknowledgement

- 73. The HRMD shall organise the submission of the Acknowledgement.

74. The Official and the Employee shall submit the Acknowledgement once a year on the basis of a separate decision of the Management Board, and with respect to members of the Supervisory Board – on the basis of the respective decision by the Supervisory Board. The decision of the Management Board and Supervisory Board shall be recorded in the EDMS by automatically sending the work order for submission of the Acknowledgement to the Official and the Employee.
75. The Official and the Employee shall complete and submit the Acknowledgement electronically by filling in a special online form. The electronic form of the Acknowledgement is linked to each Employee's RBR IT infrastructure user profile. With regard to the Supervisory Board members, the Acknowledgement is managed by Company Secretary.
76. The electronic form of the Acknowledgement shall be completed and submitted by the Official and the Employee in the EDMS.
77. The deadline for submission of the Acknowledgement is within 5 (five) working days of receipt of the assignment.
78. The Official and the Employee who is absent shall submit the Acknowledgement within 5 (five) working days of their return to work.

4.4 Assessment and verification of the information provided in the Acknowledgement

79. The HRMD shall monitor the implementation of the Acknowledgement submission of Employees.
80. The Head of HRMD, the Head of Security Department and the Head of Legal Department shall, within 14 (fourteen) working days of the deadline for submission of the Acknowledgement, conduct an assessment of the Acknowledgement received from the Official (other than a Supervisory Board members) and Employees. The Supervisory Board collectively reviews and adopts a decision on the Acknowledgement forms submitted by members of the Supervisory Board and ensures availability of the Acknowledgements to Shareholders.
81. The Security Department shall, if necessary or at its discretion, verify the information provided in the Official's (other than a Supervisory Board member) or Employee's Acknowledgement.
82. The Head of the Security Department shall report the results of the assessment and verification to the Management Board.
83. In the event of the identification of risks related to the position held by an Official or an Employee, including a breach of the Regulation on restrictions and/or prohibitions of office, the Management Board shall request the Official (other than a Supervisory Board member) or the Employee to provide a written explanation.
84. The Head of HRMD, the Head of Security Department and the Head of Legal shall inform the Corporate Risk Manager on identified risks and prepare and submit to the Management Board for its consideration risk mitigation measures.

4.5 Retention and destruction of the information provided in the Acknowledgement

85. The Acknowledgement and the information contained therein are RBR trade secrets classified as limited access information. The circulation (including storage), protection and destruction of limited access information shall be carried out in accordance with the RBR's "[Regulation on Information Security Management](#)", the RBR's "[Regulation on the Security Management of Information Technologies](#)" and the requirements of Chapter 5 of the RBR's "[Regulation on Security Management](#)".

5 Control

86. If an Official or an Employee suspects or has information about possible breaches of the law, including possible Conflicts of Interest, corruption offences, irregularities and breaches of the requirements of this Regulation, he/she shall notify of it by sending a notice in the manner set out in the [Whistleblowing Policy](#) or informs his/her direct manager or contacts the Security Department by email security@railbaltica.org.
87. Checks on compliance with Conflicts of Interest and anti-corruption requirements regarding restrictions and prohibitions shall be carried out as necessary. The decision to carry out an inspection shall be taken by the Chairperson of the Management Board, or upon the decision of the Supervisory Board.
88. The Management Board shall report to the Supervisory Board on the identified risks of Conflicts of Interest and corruption of the Official or the Employee, including the risks of the position a member of the Management Board as well as taken measures to mitigate the risks.

6 Use of information

89. Officials and Employees shall use information obtained in the performance of their duties or work tasks only for the purpose of ensuring the operation of RBR and the performance of their duties or work tasks and shall not allow such information to be used for any personal benefit, including the potential benefit that third parties may derive from the information disclosed.
90. With regard to the information which is not in the public domain and is or has been directly or indirectly accessible to the Official or the Employee in the performance of his/her official duties or tasks, the Official or the Employee shall:
 - 90.1. Not disclose such information to Employees who do not need it for the performance of their duties and to third parties,
 - 90.2. Not use it, by providing recommendations to or encourage third parties, including relatives and counterparties, to take any action.
91. The Official and the Employee shall be prohibited from using or disclosing information which is not in the public domain and which is or has been accessible to them directly or indirectly in the performance of their duties or employment, even after their duties or employment have ceased.
92. The Official and the Employee shall ensure that information which is or has been made available to him/her in the performance of his/her official duties or tasks is used, stored and protected in accordance with the level of classification of the information concerned and the requirements of the law.

7 Implementation

93. This Regulation shall be implemented by the Management Board.
94. The Management Board shall ensure that the HRMD, in cooperation with the Security Department and the Legal Department, shall advise Officials and the Employees on the application of the provisions of this Regulation.

95. The Management Board shall ensure that educational activities are organised for the Officials and the Employees, creating awareness among the Officials and the Employees of personal risks, the objectives of personal risk management, and the necessary involvement and participation of the Officials and the Employees in mitigating risks.
96. In implementing this Regulation, the Official and the Employee shall be required to comply with the requirements of this Regulation and to cooperate with the Management Board.
97. An Official and Employee can be held disciplinarily liable and also criminally liable for violation of the requirements set by law and this Regulation or civil liability can be imposed in the event of the loss caused.

8 Supervision

98. The Supervisory Board shall supervise the implementation of this Regulation. The Management Board shall report to the Supervisory Board on the implementation of the Regulations on an annual basis.

PROCESS CONTROL

99. Process control is set out in the Section 7 and 8 of this Regulation.

REVIEW AND UPDATE OF THE DOCUMENT

100. Management Board is responsible for ensuring timely and proper review, update, and amendment of the Regulation.

101. Management Board is required to review the Regulation at least once in three (3) years and amend if necessary.

REFERENCES

Ref:	Document Number:	Document Title:
Internal Governance Documents		
1.	1.11/10/7	Regulation on Security Management
2.	1.11/10/8	Regulation on Security Management of Information Technologies
3.	8/26/2019	Regulation on Information Security Management
4.	2/43/2019	Whistleblowing Policy
Quick Reference Guide		
5.	RBGL-CRS-TPL-Z-00001	Internal Governance Document template

Annex 1 Notice of acceptance of a Gift

Annex 1 to the REGULATION ON PREVENTION OF CORRUPTION, CONFLICTS OF INTEREST AND IRREGULARITIES

Notice of acceptance of a Gift

1. Gift recipient

(position, given name, surname)

2. Gift description

3. Place and date of
accepting the Gift

4. Value of the Gift, if known

(expressed in *euro* at the foreign exchange rate on the date of the transaction)

5. Reason for giving the Gift

6. The giver (tick the box):

☐ not known

☐ natural person

(name, surname, position)

☐ Legal entity

(name)

☐ foreign delegation

(name of the delegation)

7. It is not possible to add a Gift due to its specific characteristics*:

☐ it may reduce the value of the Gift;

☐ the cost of storing the Gift may exceed its value;

☐ it would have to be moved from another populated area;

☐ other reason

8. Location of the Gift _____

9. I would like to redeem the Gift (tick the box):

☐ Yes

☐ No

10. I would like to receive the Commission's decision on the use of the Gift electronically (tick the box):

☐ Yes

☐ No

11. Please find attached a digital photograph of the Gift

(signature)

(date)

Annex 2 Acknowledgement

Annex 2 to the REGULATION ON PREVENTION OF CORRUPTION, CONFLICTS OF INTEREST AND IRREGULARITIES

Acknowledgement

The Acknowledgement of the Official/Employee is required to assess and mitigate the risks associated with the Official's and Employee's position within RB Rail AS risk management framework. At the same time, the aim is to strengthen Officials and Employees' understanding of the restrictions and prohibitions on positions in RB Rail AS.

The information provided in the Acknowledgement of the Official/Employee is an integral part of the Employee's personnel file and will be accessible to a very limited range of Officials and Employees of RB Rail AS as determined in Section 4.4 of Regulation on Prevention of Corruption, Conflicts of Interest and Irregularities of RB Rail AS.

The Acknowledgement of the Official/Employee is restricted information of RB Rail AS.

I hereby:

First name, last name of the Official/Employee	
Structural unit	
Position	

certify that, in the performance of my duties, I act in accordance with the external and internal legislation binding on me, including compliance with the following principles and legal requirements:

[1] COMPLIANCE AND AVOIDANCE OF CONFLICTS OF INTEREST SITUATIONS

1. In the performance of my duties, I have not made or taken decisions, exercised supervisory, control, investigative or enforcement functions, entered into contracts or performed other acts in which I, my relatives or business partners have a personal or pecuniary interest.
2. I have complied with the restrictions on my association with RB Rail AS and external legislation and with the restrictions or prohibitions imposed on me by law on engaging in commercial activities, membership of a society or foundation and on financial transactions (if any).
3. I have not accepted gifts or other benefits from third parties, including a potential client, service provider or supplier of goods of RB Rail AS, a person related to such persons or a business partner, the acceptance of which is not permitted by law.
4. In accordance with the provisions of the Regulation on Prevention of Corruption, Conflicts of Interest and Irregularities of RB Rail AS, I have provided full disclosure to RB Rail AS in relation to Conflicts of Interest, combining of positions, acceptance of gifts and other benefits and the risk of corruption.

[2] APPROPRIATE USE OF INFORMATION

5. I have not used the information made available to me in the course of my office or employment for any purpose other than the operation of RB Rail AS and the performance of my duties. I have not used the information for any personal gain, nor have I provided it to foreign national security or similar authorities. I have not provided information to third parties, including relatives and counterparties, recommendations, urging them to take or refrain from taking any action, transactions for a personal or pecuniary interest.

6. I have not disclosed any non-public, classified information which is or has been made available to me in the course of my office or employment to any Official, Employee, third party or Shareholder³ of RB Rail AS who does not need to know such information in the course of his or her office or employment or to any other person.

[3] CONDUCTING PERSONAL FINANCIAL TRANSACTIONS AND PREVENTING CORRUPTION

7. I have arranged my personal financial affairs in such a way as not to give rise to any suspicion of Conflicts of Interest or unlawful use of information available to me in connection with the performance of my duties, and I have taken care to meet my financial obligations, including those of my household, and I declare that I am able to meet the financial commitments entered into.

8. I have not been involved in any bribery or any other solicitation or offer of any other unauthorised advantage.

[4] DUE CARE AND CAUTION

9. I have not committed any act that is punishable by law or that may bring RB Rail AS into disrepute, affect its reputation or its business (including outside working hours and outside the performance of my official duties or functions), and I have not been the subject of any criminal proceedings, prosecution or conviction.

10. I have not engaged in any activity that exposes me and therefore RB Rail AS to operational (including security) risks, including gambling, alcohol, drugs, psychotropic or toxic substances or other forms of addiction.

11. There have been no threats or other incidents of threats or attempts against me or against persons in my household or my relatives, and I have no knowledge of any circumstances that could be used against me or my relatives.

12. I have handled the property and financial resources of RB Rail AS carefully and in accordance with the legal framework.

[5] RELATED PARTY TRANSACTIONS

This section is applicable to and must be completed by the members of the Management Board and the Supervisory Board of RB Rail AS.

I am aware that:

- I and my close family members, and entities over which I and my close family members exercise significant influence or control, are deemed related parties for RB Rail AS under the Annual Reports and Consolidated Annual Reports Act of the Republic of Latvia (the Latvian Law) and the International Financial Reporting Standards (the IFRS);
- RB Rail AS is obliged to disclose transactions with related parties in its annual reports;
- In the annual report prepared in accordance with the Latvian Law, any advances, loans or guarantees issued to me by RB Rail AS will be disclosed as related party transactions. Interest rates, significant conditions and amounts repaid, written off and repayable will be indicated. This information will be disclosed by position groups, not for each MB or SB member separately;
- In the annual report prepared in accordance with the Latvian Law and the IFRS, all transactions between RB Rail AS and entities over which I and/ or my close family members exercise significant influence or control will be disclosed, including the amounts and details regarding terms and conditions of such transactions, outstanding balances and related allowances for doubtful debts and commitments.

I hereby disclose that I and/ or my close family members exercise significant influence or control over the following entities:

³ Applies to a member of the Supervisory Board only.

- Via holding interest in the share capital of respective entities of 25% or more: [company name, registration number, registered address]
- Via holding the position of the member of the Management Board or supervisory board, or similar body: [company name, registration number, registered address]

If you are unable to provide assurance on compliance with any of these principles and/or legal requirements, please indicate the relevant paragraph number in the box below and provide explanations and additional information:

[6] COMBINING POSITIONS

In the context of Conflicts of Interest risk management, the updated information on your combining positions are needed. Please provide information for the last year up to now:

6.1. In addition to work at RB Rail, do you work as a self-employed person? If yes, please provide information on the field in which you carry out your economic activity. If no, please enter "No":

6.2. In addition to work at RB Rail, do you work for another employer? If yes, please indicate the name and registration number of other employer and the title of your job position. If no, please enter "No":

6.3. Do you hold the position of a representative of an executive body (e.g., a member of a Management Board or supervisory board) in a capital company? If yes, indicate the name and registration number of the capital company. If no, please enter "No":

6.4. Are you a shareholder of a limited liability company or a stockholder of a stock company? If yes, indicate the name and registration number of a limited liability company or/and a stock company. If no, please enter "No":

6.5 Please provide any other information that may be relevant to the assessment of the risk of Conflicts of Interest, such as your status as a member or representative of executive body in an association or foundation, political party, other organization. Please indicate the name and registration number of the relevant institution. If you do not have an information to provide, please enter "Not applicable". If you do not want to answer this question, please provide a reason.

I certify that the information given is true and includes all the facts known to me at the time of making the certification.

_____/_____
(name, surname) (signature)

[date]