

Code of Professional Ethics and Standards of Conduct

Tbilisi
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Article 1. General Provisions

1.1 The Code of Professional Ethics and Standards of Conduct (hereinafter "**the Code**") describes the system of values and standards of conduct of JSC Basisbank (hereinafter "**the Bank**"), which the Bank uses as guidance in its activities.

1.2. The Code introduces the traditions of corporate conduct and internationally recognized standards into the practice of the Bank's daily activities, which also implies considering not only legal requirements, but also generally recognized moral rules and ethical standards in the decision-making process. The Code helps the Bank's shareholders/members of the governing body, administrators and other employees (hereinafter "**Employees**") to conduct their daily activities in compliance with professional ethics and rules of conduct in areas not regulated by laws, by-laws and corporate procedures, as well as in areas where conflicts of interest may potentially arise.

1.3. The Code, together with the Bank's charter, by-laws and other internal legal acts, is part of the Corporate Governance framework and it is mandatory for every Employee of the Bank, including top management, regardless of the position, the type of contract (employment, labor, internship or service) and the duration of the contract (lifetime, term, temporary). For the persons mentioned in this paragraph, the Code is a part of the labor regulations and the labor contract.

1.4. The requirements of the Code also apply to agents, consultants, external service providers, volunteers and other persons associated with the Bank or the Bank's subsidiaries, as well as those individuals and legal entities who provide services to the Bank/subsidiaries.

1.5. The basic values and general principles defined by the Code are mandatory for the Bank's subsidiaries. In addition, subsidiary companies are authorized to be guided by all other principles and standards established by the Code or to set such principles/standards themselves.

Article 2. Core Values

2.1 The Bank's mission is to be a leader in the delivery of financial services and create high value for customers, employees, shareholders and other stakeholders, while remaining as consistent, clear and transparent as possible in this process, demonstrating the highest ethical standards, focusing on long-term relationships based on trust and contributing to the establishment of a sustainable and responsible banking system.

2.2. All persons within the scope of the Code must protect the interests of customers, employees, shareholders and other stakeholders.

Article 3. Principles of ethics and standards of ethical conduct

3.1. General Principles

Persons included in the scope of the Code, within the range of their activities, are guided by the following principles:

- Acting honestly, competently, and in full compliance with standards of attention, respect, and ethics towards the public, customers, employers, employees, the banking sector, and other participants of the financial market.
- Prioritizing banking professional honesty and customer interests over personal interests.
- Acting with reasonable professional care and independent judgment in professional activities.
- Acting ethically and conscientiously, and encouraging others to do the same, which will positively impact them and the financial sector in general.
- Promoting the integrity and sustainability of the banking sector and the financial market for the common public benefit.
- Taking care to maintain and improve the professional competence of oneself and others.

3.2. Professionalism

Persons within the scope of the Code are expected to maintain the following standards of professionalism:

- Knowledge of the legislation: They should be fully familiar with and comply with the standards and requirements established by existing legislation. They should not knowingly violate, participate in, or facilitate violations of the law and should strictly disassociate themselves from any such practices.
- Independence and objectivity: They should use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. They should not accept any offer or solicitation, or offer/request/accept any kind of gift, benefit, or compensation that would jeopardize their independence and objectivity or that of others.

- Misleading practices: They should not deliberately mislead other persons in carrying out their professional activities or providing information.
- Unacceptable conduct: They should not engage in practices that involve dishonesty, fraud, intentional misrepresentation, or any other conduct that reflects negatively on their professional reputation, competence, or integrity.

3.3. Integrity

Persons within the scope of the Code are expected to adhere to the following minimum standards of integrity:

- Material non-public information: They should not give, use, or facilitate the inappropriate transfer of insider or other material non-public information to other persons, nor should they use such information themselves. This includes information that affects or may affect the financial market, including the banking and securities market, internal processes, transactions, and decisions of the sector.
- Manipulation of the financial market: They should not engage in securities market manipulation or other manipulative practices that unfairly change prices (interest, fees, etc.) or artificially increase the volume of transactions to mislead market participants.
- Restriction of competition: They should not engage in practices that aim to restrict, disallow, or prohibit competition, or hinder free financial activity or the free offer of financial products. They should not give or receive an undue advantage in the financial market, including in relation to other participants in the banking sector.
- Concentration in the sector: They should not engage in practices that promote the growth of concentration in the sector for the purpose of unfairly restricting competition.

3.4. Obligations towards consumers and employers:

Persons within the scope of the Code have the following minimum obligations towards consumers::

- Loyalty, prudence, and care: They are required to exercise loyalty, care, and good judgment towards their customers.
- Fair treatment: They must always maintain fairness and objectivity in their professional activities and consulting.
- Compliance: When consulting with a customer or making an offer, they are obliged to:
 - Conduct a reasonable and thorough investigation of the customer's financial and other information necessary to make a reasonable and best decision for the customer. This information should be subject to constant verification and updating.
 - Evaluate, before implementing the offer, how it aligns with the customer's financial situation and whether it is in accordance with their goals, needs, limitations, asset and liability structure, and financial capabilities.
 - When performing fiduciary operations, both advisory and specific transactions, and making decisions, they should comply with the limitations of the structure of the user's assets and liabilities and the declared goals.
- Presentation of information: When providing information, including advertising information, or informing customers of the results of their professional activities, they must ensure that the information presented is clear, complete, accurate, and reliable. When providing advertising information, they must ensure that the recipient is informed about the advertising nature of the information provided.
- Protection of confidentiality: They are required to protect the confidentiality of information held about customers and former customers unless:
 - The information relates to the customer's illegal activity, and the Bank has an obligation established by the legislation of Georgia to disclose the information to the relevant investigative body, court, and/or the National Bank of Georgia.
 - Disclosure of information is mandatory by law.
 - The customer gives permission to disclose the information.

Employees have the following obligations towards their employers:

- Loyalty and confidentiality: Employees are required to act in the best interests of the employer, utilizing their skills and competencies while maintaining confidentiality and avoiding harm to the employer. Any non-public

information about the Bank is considered confidential, and employees are responsible for its protection. Information regarding the Bank's work and plans should only be disclosed to organizations where it is deemed "necessary information" for the performance of their duties towards the Bank or in cases defined by law. If an employee is unsure about what constitutes "necessary information," they must consult with their immediate supervisor.

- Agreements on additional compensation: Employees should not accept gifts, benefits, or compensation that are contrary to the interests of the employer or may cause harm or create a conflict of interest with the employer, unless they have written consent from the employer. The principles and rules regarding the giving and receiving of gifts, business dinners, or other forms of hospitality, as well as charitable support and sponsorship, are regulated by the Bank's anti-bribery and anti-corruption policy.
- Obligations of persons employed in managerial positions: Individuals in managerial positions must regularly check and ensure that the activities of each person under their supervision comply with existing legislation, rules, regulations, this Code, and the internal standards of the Bank. The middle management members are expected to perform these checks on a routine basis, with frequency determined by the needs and nature of the work being supervised. The exact frequency may vary depending on factors such as the complexity of the tasks being supervised, the level of risk involved, and any relevant legal or regulatory requirements.

3.5. Principles of professional activity

Persons within the scope of the code must adhere to the following minimum standards of professional activity:

- Care and reasonable grounds: When performing professional actions, they should act with appropriate care, independence, and thoughtfulness. Their actions should be based on reasonable and adequate grounds, supported by appropriate research and analysis.
- Communication with customers:
 - Provide customers with information about the basic format of the activity and the general principles/main features of the banking product. Also, immediately disclose information to customers about all material changes that may affect the format and principles of their activity or related to the product.
 - Provide customers with information about the risks, restrictions, and limits related to the product or transaction. Ensure that this information is updated and disclose relevant changes to customers.
 - Use reasonable judgment to identify factors that may be relevant in the context of their professional activity or decision-making by the customer, and disclose these factors to the customer.
 - When communicating with customers, offering banking products, presenting their activities, and in general, when carrying out professional activities, they should sharply separate personal opinion from established fact.
 - In compliance with applicable legislation, keep appropriate records when communicating with customers.

Article 4. Conflict of Interests

4.1 The Bank takes all measures to ensure that conflicts of interest are identified, avoided and managed;

4.2. All individuals covered by the Code must carry out their duties in a manner that avoids any actual or potential conflict of interest with the Bank and/or does not harm the Bank's reputation and integrity. This includes refraining from misleading individuals or improperly using the Bank's status or one's own position.

4.3. All individuals covered by this Code shall adhere to the following standards:

- a) Management and Disclosure of Conflicts of Interest – Persons within the scope of the Code shall take all measures to ensure that conflicts of interest are identified, avoided and managed. When conflicts of interest cannot be avoided, they must fully and fairly disclose all matters that may jeopardize their independence and objectivity or interfere with their duties to customers and employers. Such disclosure must be made clearly, in understandable language and by providing relevant information;
- b) Prioritization of transactions – advance trading is prohibited. With respect to personal transactions, priority shall be given to transactions for consumers and employers;

- c) Third-party fees and bonuses – all individuals covered by this Code must disclose to employers and consumers in advance information about any kind of compensation or benefits to be received and/or be given to them from third parties for the provision of specific activities/services;
- d) General standard of conduct for individuals covered by this Code: An individual covered by this Code should not damage the reputation and integrity of the Bank or the financial market. Additionally, they should not pose a threat to the financial stability and security of the financial sector;
- e) Using the status of the Bank or one's own position: Individuals covered by this Code should not mislead others or improperly use the status of the Bank or their own position.

4.4. In addition to this document, other internal legal acts are in force in the Bank that regulate the prevention of conflicts of interest concerning persons related to the Bank. The provisions of this article are applied concurrently with these internal legal acts. In case of contradiction, the principles and requirements established by the said internal legal act(s) shall prevail.

Article 5. Compliance with Current Legislation and Internal Legal Acts

- 5.1. The Bank's objective is to conduct its operations in accordance with the relevant legislation governing banking activities and the internal legal acts of the bank.
- 5.2. Individuals covered by the Code are required to act within the framework of the legislation and, within their authority, to stay informed about changes in the regulatory framework related to the banking sector.
- 5.3. Individuals covered by the Code must carefully adhere to the Bank's internal legal acts.
- 5.4. The Bank's Corporate Compliance Policy is approved by the Bank's Supervisory Board.

Article 6. Whistle-blowing; Accountability;

- 6.1 The Bank ensures the detection, investigation, and appropriate response to instances of non-compliance, violations, unethical behavior, and criminal activities. This is governed by the regulatory framework of the whistleblowing system, approved by the bank's Supervisory Board.
- 6.2. Following the investigation and review of incidents involving non-compliance, violations, unethical conduct, or criminal activities by the Bank, the relevant department makes decisions in accordance with the principles and norms of general ethics, including equality and impartiality.
- 6.3. All individuals in managerial positions are responsible for ensuring that the principles of this Code are followed by their subordinates.
- 6.4. It is the responsibility of all individuals covered by the Code to promptly report any violations of the Code or the occurrence of any of the said actions to their immediate supervisor, any member of the Bank's top management, or the head of the Compliance Department. Reports can be made with full confidentiality protection.
- 6.5. In the event of a violation of the principles and standards defined by the Code, appropriate measures will be taken based on the significance of the violation. These may include disciplinary sanctions in accordance with Georgian legislation and/or internal bank regulations, up to and including termination of employment.

Article 7. Other important principles

The principle of equality and provisions prohibiting discrimination

The Bank, as an employer, firmly opposes discrimination in both labor and pre-contractual relations. It upholds the principle of equality and reflects this in its activities, as outlined in the Bank's labor regulations.

Prevention of money laundering, financing of terrorism, and compliance with international sanctions

The Bank maintains robust systems to prevent money laundering and terrorist financing. It regularly updates internal policies and procedures, stays informed about the latest developments, and provides ongoing training to its staff.

Protection of banking secrecy and other data

Information related to transactions, payment operations, accounts, and balances is considered bank secrets and is only disclosed to the parties involved in the transaction. Disclosure to third parties is permitted only as defined by current legislation. Personal data processing is conducted in accordance with applicable law, ensuring the protection of human rights and freedoms, including privacy. The Bank protects the confidentiality and integrity of banking secrets, personal data, trade secrets, and other sensitive information through its internal policies, procedures, and agreements.

Protection of consumer rights, transparency, and fairness

The Bank aims to deliver high-quality services to customers with a fair, transparent, and customer-centric approach. It adheres to consumer rights protection rules and principles, ensuring consistent provision of complete, necessary, understandable, accurate, and up-to-date information. The Bank also commits to addressing and resolving customer complaints within a specified timeframe. Consumer rights are regulated by applicable legislation, the Bank's internal policies and procedures, banking service terms, and other agreements.

Fair lending practices

The Bank's lending decisions are based on principles of objectivity, fair financing, and anti-discrimination. It strictly follows regulations established by the National Bank of Georgia, develops its policies and procedures accordingly, and ensures these documents align with principles that prevent customer over-indebtedness.

Sustainable and efficient business operations:

The Bank is dedicated to operating as a transparent and sustainable business. It ensures transparency by regularly publishing various financial and non-financial statements, as well as disclosing sustainability information on its website and other sources.

Code of Conduct

The Bank Management shall develop the internal by-law and inform all employees thereof. The by-law comprehensively governs the employer-employee relationship, alongside the labor contract, this code, and other internal legal acts approved by the Bank. The by-law adheres to international labor standards and Georgia's organic law - the Labor Code, emphasizing key principles such as legality, non-discrimination, equality, mutual respect, trust, good faith, timely fulfillment of obligations etc.

Article 8. Final Provisions

8.1. Matters that are not regulated by this Code are regulated in accordance with the legislation of Georgia and the policies and procedures in place at the Bank;

8.2. Amendments and/or additions to this Code are made based on the decision of the Bank's Supervisory Board;

8.3. This Code enters into force on the date of its approval by the Bank's Supervisory Board and is valid for life.

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