

## LIBERTY BANK ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

JSC Liberty Bank (the “**Bank**” or “**Liberty Bank**”) is committed to ethical business. The Bank recognizes that corruption increases uncertainty in business and in the costs of transactions. It restricts international trade and reduces investment, and therefore growth, both within a region and globally, undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish. The Bank’s policy is never to offer, pay, request, solicit and/or receive bribes, or to facilitate and/or assist in any offer or payment of bribes and to refuse any request to pay them.

Liberty Bank is committed to conduct the business in accordance with the highest ethical standards and in full compliance with all applicable domestic and international anti-bribery and anti-corruption laws and best market practices. Bank’s Anti-Bribery and Anti-Corruption Policy is based on Georgian laws and regulations, as well as, international standards, including but not limited to Anti-Corruption Guidance issued by the Wolfsberg Group and the United Nations Convention against Corruption, OECD Anti-Bribery Convention, US Foreign Corrupt Practices Act and recommendations from the Basel Committee on Banking Supervision.

Bribery may expose Liberty Bank to criminal or regulatory investigations that may result in prosecution, fines and costs to our business. Bribery may also expose the Bank to legal action from competitors or third parties. Individuals engaged in corrupt behavior are likely to face criminal prosecution personally.

### 1. Definitions:

- **Bribery** is an act that involves the promise, offer/acceptance or transfer of the financial or other advantage, including the provision of a service or anything of a value, either directly or indirectly, in order to induce or reward the improper performance of a function or an activity. It may occur in a commercial arrangement (so called commercial bribery) or involve the misuse of public office or public power for private gain in order to obtain, retain or direct business or to secure any other improper advantage in the conduct of business. A bribe may include financial payments, whether in cash or cash equivalents (such as gift certificates), or non-cash benefits in kind such as gifts, services, loans, travel, meals, lodging valuable security, property or any interest in property of any description, protection from penalties, the release from any obligation. A bribe may also include the provision of anything of value for inadequate

consideration. The provision of an advantage will be a bribe where there is an intent to induce improper conduct by the recipient or another person, or to influence a public official (improperly or otherwise) in the performance of his/her official duties.

- **Corruption** refers to the state or situation resulting from providing, soliciting, authorizing or offering a bribe.
- **Public Official** shall mean any person holding a legislative, executive, administrative or judicial office of a State Party, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority; any other person who performs a public function, including for a public agency or public enterprise, or provides a public service; any other person defined as a "public official" by the law of Georgia; Foreign public official - any person holding a legislative, executive, administrative or judicial office of a foreign country, whether appointed or elected; and any person exercising a public function for a foreign country, including for a public agency or public enterprise; it also includes official or agent of a public international organization;

## 2. **Values of Liberty Bank in context of Anti-Bribery and Anti-Corruption Policy**

Values of the Bank in context of Anti-Bribery and Anti-Corruption Policy includes the following:

- **Finance Responsibly** – conduct that is transparent, prudent and dependable.
- **Trust the Team** – great teams are built on mutual trust, shared ownership and accountability.
- **Empower People** – help employees meet their full potential, by encouraging them to take more responsibility for their work, providing them with the necessary skills and resources to do their job.
- **Promote Arm's Length Principle** – create condition, where parties to a transaction are independent and on an equal footing.
- **Earn and Maintain Trust of Stakeholders** – build trust and increase confidence, by effectively allocating and making appropriate investment of resources, acting reliably under conditions of risks, building distinctive managerial and technical competencies.

## 3. **Prohibited Behavior**

3.1 Liberty Bank acts with integrity, which is its one of the core principles. With these values in mind, the Bank has no tolerance for bribery and corruption. Liberty Bank's anti-bribery and anti-corruption program prohibits offering or giving anything of value to – and

soliciting or accepting anything of value from - anyone for a corrupt purpose, such as improper payments or benefits to public officials or private parties for a business advantage. Prohibition includes making of facilitation payments. Liberty Bank emphasizes that books and records must be fair and accurate and reasonably detailed;

3.2 This Policy prohibits both the offer, promise or payment of bribes (directly or indirectly) or assisting in, abetting or facilitating any such conduct (the "**Active Bribery**") and the request, solicitation, agreement to accept or receipt of bribes (directly or indirectly) (the "**Passive Bribery**");

3.3 The Bank employees and any related parties to the Bank:

- i. May not engage in any bribery, active or passive, or in corrupt practices in any form, whether direct or indirect; the prohibition against the provision of anything of value for a business advantage applies to public officials, clients, suppliers and other stakeholders or other potential contractors of the Bank;
- ii. May not make facilitation payments. Facilitation payments are payments, large or small, made to government officials to secure or expedite routine or necessary official action, either more promptly or at all. For the avoidance of doubt, facilitation payments do not include legitimate documented fees paid to government entities which are required under relevant law, rules or regulation;
- iii. Shall conduct appropriate due diligence and effective monitoring of the third parties engaged directly or indirectly in with business activities of the Bank, ensure adequate supervision and control by the Bank of the transactions with related parties, for the conduct of transactions according to arm's length Principle, for the purpose of averting conflicts of interest as much as possible;
- iv. Maintain accurate books and records of any kind of donations. Ensure all the appropriate limitations are applied in accordance with the existing rules and regulations, monitoring and reporting is performed;
- v. Obtain compliance review and apply appropriate controls before accepting/offering/giving anything of value from/to the third parties (subject to certain thresholds relating to gifts and business hospitality);
- vi. Facilitate corruption-sensitive recruitment by ensuring a fair and merit-based employment process and by keeping with the stringent hiring standards applied for all employees;

vii. Leverage on-going anti-bribery monitoring and confidential reporting processes, assess and mitigate bribery risks that emerge, implement independent testing processes.

3.4 Employees who engage in or facilitate bribery, or who fail to comply with all applicable anti-bribery and anti-corruption rules and regulations, or with any of the Liberty Bank's related policies, will be subject to disciplinary action up to and including dismissal as per the terms of the respective individual employment agreement and the laws of Georgia.

3.5 Liberty Bank's risk-based approach to assess its activities, products and services, facilitates an establishment of the effective anti-bribery and anti-corruption procedures and measures within the Bank. Bank's Senior Management is committed to establish a culture in which bribery and corruption is strictly prohibited and all of the employees corporate-wide adhere to high standards of integrity;

3.6 The Bank is an apolitical organization and donations (financial or in kind) to political parties, individuals or campaigns are not permitted. Employees are not permitted to make any political contributions on behalf of the Bank. Any exception is a matter for consideration by the Supervisory Board;

#### **4. Communication of this Policy**

4.1 All relevant employees of the Bank are required to undertake a training course on anti-bribery and anti-corruption. Training will be given to all relevant existing and new employees and agents of the Bank;

4.2 A copy of this Policy is available to any employee of the Bank and can be accessed on the website of the Bank;

4.3 This policy may be disclosed to our customers, suppliers, sub-contractors, agents or intermediaries;

4.4 If any person becomes aware of or suspects a breach of this Policy by an employee or associate of the Bank or a third party undertaking business on behalf of the Bank, this must immediately be reported to the compliance officers;

4.5 Employee shall not at any time destroy any material that might be of use to an investigation of a breach of this Policy, or make any disclosure to any person that might be prejudicial to such investigation;

4.6 Any such abovementioned report will be treated confidentially by the Bank and will be investigated promptly and thoroughly;

4.7 The Bank may liaise with external parties, including law enforcement authorities and make reports to those authorities if considered necessary;

4.8 The reporting of suspected breaches of this Policy is within the scope of the Bank's Whistleblowing Policy;

## 5. Responsibility for Anti-Bribery and Anti-Corruption

5.1 Responsibility for this Policy rests with the compliance officers of the Bank;

5.2 The individuals responsible for implementation of this Policy are required to provide information to management on its implementation on a quarterly basis;

5.3 The compliance officers may refer to the internal audit of the Bank in order to conduct periodic compliance audits of the operations of the Bank in order to prepare the quarterly reports and participate in such procedure. The compliance officers also have the authority to conduct internal investigations into reports of non-compliance with this policy and applicable laws;

5.4 This Policy may be amended and revised from time to time to take into account the evolving risks faced by the Bank, as well as changes in applicable laws and international standards. Where material changes occur, the amended policy will be submitted for approval to the Supervisory Board of the Bank.