

APPROVED

by resolution of the Management Board
of the JSC Ditton pievadķēžu rūpnīca,
protocol No.07/2016 dated 14.09.2016.

AGREED

by resolution No.196 of the Council
of the JSC Ditton pievadķēžu rūpnīca,
protocol No.196 dated 15.09.2016.

REGULATION OF JSC DITTON PIEVADĶĒŽU RŪPNĪCA**of 14 September 2016****on the inside information
on procedures for the management and public disclosure of the inside information
(incl. maintenance of the insider list)
on insiders dealings with financial instruments****- NEW EDITION -**

*Issued pursuant to
* Regulation (EU) No.596/2014 of the
European Parliament and of the Council of
16 April 2014 on market abuse
* Financial instruments Market Law of the
Republic of Latvia*

1. General terms

- 1.1. Regulation on the inside information, on procedures for the management and public disclosure of the Inside information (incl. maintenance of the insider list), on insiders dealings with financial instruments, hereafter – **Regulation**, regulates operation of the JSC Ditton pievadķēžu rūpnīca, hereafter – **Issuer**, with internal information of the Issuer, hereafter – **Inside information**, its formation, use, protection of confidentiality and disclosure to the public. Principles and characteristics of organization and formation of the inside information regarding the parts which are not regulated under this Regulation and which directly or indirectly are related to the Issuer and/or financial instruments of the Issuer, are defined by the Regulation (EU) No.596/2014 of the European Parliament and of the Council on market abuse, hereafter – **Regulation No.596/2014**, as well as by the Financial Instruments market Law, hereafter – **FIML**.
- 1.2. According to the Regulation No.596/2014, the Inside information comprises the following types of information:
- (1) information of a precise nature, which has not been made public, relating, directly or indirectly, to the Issuer or to the financial instruments of the Issuer, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;
 - (2) in relation to commodity derivatives - information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the Union or national level, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets.

- 1.3. The Inside information of the Issuer is deemed confidentially sensitive and recognized as a trade secret of the Issuer. Data referring to the Inside information being a trade secret are given in the Regulation of the Issuer on the trade secret.
- 1.4. Persons with an access to the Inside information of the Issuer are included into the list of holders of Inside information.

2. Procedures for disclosure of the Inside information of the Issuer

- 2.1. The Issuer ensures occasions and procedures for disclosure of Inside information determined in the Regulation No.596/2014. Only the Management Board of the Issuer as an institutional body, which represents the Issuer, is authorised to take resolution on disclosure of the Inside information.
- 2.2. Management Board discloses the Inside information of the Issuer due to order, procedures and provisions determined by the Regulation No.596/2014 and Financial Instruments Market Law. The Inside information of the Issuer is made public on the web-page of the JSC Nasdaq Riga, in the Official central system for information storage of the Financial and Capital Market Commission, and on the web-page of the Issuer www.dpr.lv.
- 2.3. The Issuer ensures, that the Inside information is disclosed in a way which would ensure quick access to this information and its complete, correct and timely evaluation. For the employees of the Issuer involved in the company management process by execution their job duties and due to ISO 9001 procedures provisions of this Regulation are included into job duties and proceedings.
- 2.4. The Issuer discloses the Inside information:
 - (a) by the resolution of the Management Board of the Issuer, or
 - (b) by request of a competent authority, or
 - (c) when the Inside information was disclosed fully or partially without authorisation of the Management board by the Issuer, its employees or third parties while formatting, processing and managing this data.
- 2.5. The open information of the Inside information of the Issuer is such information, which is publicly available and which was confirmed by Management board of the Issuer. Any other information, which was disclosed by the holders of Inside information or other employees of the Issuer or the third parties, is not recognized as the Inside information of the Issuer and due to the clause 2.3 of this Regulation the Issuer is not responsible for its content and/or misleading of shareholders or other participants of Financial Instruments Market.
- 2.6. The Issuer may on its own responsibility delay disclosure to the public of the Inside information provided that all of the following conditions are met:
 - (a) disclosure is likely to prejudice the legitimate interests of the Issuer;
 - (b) delay of information disclosure is not likely to mislead the public;
 - (c) the Issuer is able to ensure the confidentiality of the Inside information.
- 2.7. The Issuer does not inform the Financial and Capital Market Commission about delay of the public disclosure of Inside information, but at the moment, when Inside information is disclosed to the public, informs the Commission that disclosure of the information was delayed and provides the necessary explanations of how the conditions set out in the clause 2.6 of this Regulation were met.

3. Insider list

- 3.1. The Issuer draws up and updates the list of Inside information holders (hereafter - **Insider list**), as well as its Annex on persons closely associated with insiders. The Issuer maintain the Insider list and provides it to the Financial and Capital Market Commission only upon its request due to Regulation No.596/2014.
- 3.2. Under the Regulation No.596/2014 the Issuer shall include into the Insider list persons with an access to the Inside information and who are working for it under a contract of employment, or otherwise performing tasks through which they have access to the Inside information, incl.:
- (a) members of the Management Board of the Issuer;
 - (b) members of the Council of the Issuer;
 - (c) internal Auditor of the Issuer;
 - (d) secretary of the Management Board and/or Council of the Issuer who writes meeting minutes;
 - (e) employees of the Issuer (secretaries, employees of structural units of accounting, economic analysis and planning; computer maintenance and networking specialists; top-level managers and their deputies; lawyers; other specialists with an access to the aggregated financial and economic indices of the Issuer);
 - (f) other executive employees who are not members of institutional bodies given in the clause 3.2 (a), (b) and (c) of this Regulation though having at their disposal inside information which directly or indirectly refers to the Issuer and whose resolutions can effect performance and development of the Issuer;
 - (g) persons working for Issuer under a contract of employment performing certain types of tasks through which they have access to the Inside information;
 - (h) investors of the Issuer who gain access to Inside information, e.g. documents of the Issuer, due to order of the legal norms of the Republic of Latvia.
- 3.3. The Issuer shall notify the concerned persons on their inclusion into the Insider list. For the employees of the Issuer the relevant provisions may be included into the contract of employment. The person is considered as aware of being included into the list, after it has been acknowledged with this Regulation and confirmed it by own signature, but legal persons - by written notification with delivery confirmation receipt due to the law of the Republic of Latvia. For the employees of the Issuer involved into company management process their job duties and proceedings already contain provisions of this Regulation concerning their duties and ISO 9001 procedures.
- 3.4. Under the Regulation No.596/2014, the Issuer draws up a list of persons closely associated with the Insider list as an Annex and integral part of the Insider list. Persons discharging the managerial responsibilities shall be notified by the Issuer of their obligations under the Regulation No.596/2014 in writing. The Issuer ensures that persons related to Issuer's officials are added to the list and comply with all of the obligations and conditions under the Regulation No.596/2014.
- 3.5. Persons included into the Insider list have obligations as follows:
- (a) shall be aware of and comply with the norms of the FIML and Regulation No.596/2014, and this Regulation;
 - (b) in accordance with the Article 10 of the Regulation No.2016/522, if any subsequent transaction once a total amount of EUR 5 000 or the threshold of EUR 5 000 with financial instruments of the Issuer has been reached within a calendar year, what is to be made public by the Issuer promptly and no later than three business days after the

transaction is done, the persons defined in the clause 3.2 (a), (b), (c), (d) and (f) of the Regulation shall notify the Financial and Capital Market Commission and the Issuer promptly and no later than 3 (three) business days after the date of the transaction.

(c) persons discharging managerial responsibilities of the Issuer due to the clause 3.2 (a) and (b) of this Regulation, as well as person closely associated with them shall notify the Financial and Capital Market Commission on transactions with financial instruments of the Issuer in cases set by the legal norms;

(d) where an Issuer discloses any Inside information to any third party in the normal course of the exercise of an employment, profession or duties, it must make complete and effective public disclosure of that information, simultaneously in the case of an intentional disclosure, and promptly in the case of a non-intentional disclosure. This paragraph shall not apply if the person receiving the information owes a duty of confidentiality, regardless of whether such duty is based on a law, on regulations, on articles of association, or on a contract.

(e) persons discharging managerial responsibilities shall notify the persons closely associated with them of their obligations under the Regulation No. 596/2014 and this Regulation in writing and shall keep a copy of this notification.

3.6. Under the Regulation No. 596/2014 insiders shall not:

- (a) engage or attempt to engage in insider dealing (use of Inside information of the Issuer to trade with financial instruments);
- (b) recommend that another person engage in insider dealing or induce another person to engage in insider dealing;
- (c) unlawfully disclose inside information; or
- (d) engage in or attempt to engage in market manipulation.

3.7. If the insider is a legal person, prohibitions determined in the clause 3.6 refer to the natural persons involved into decision-making process and public representation of it.

3.8. Procedure on inclusion of the person into and exclusion from the Insider list:

- (a) the Management board resolves on inclusion of the person into the Insider list or on exclusion out from it;
- (b) resolution on inclusion of the person into the Insider list or on exclusion out from it is to be taken immediately as soon as provisions of the Regulation No.596/2014 enter into force. Other persons may be added to list above, if in the result of information content accessibility and general analysis it will be considered as Inside information of the Issuer.
- (c) By compiling the Insider list the Issuer acts in line with provisions of the Commission Implementing Regulation (EU) No.2016/347 on technical standards with regard to the precise format of Insider lists and for updating insider lists.
- (d) when taking a resolution on person's exclusion from the Insider list, the Management board acts due:
 - Regulation No.596/2014 and this Regulation;
 - Relevance of information the person was related to.

Under all circumstances, when the Inside information, such as Issuer's reports or other data, is made public on the website of the regulated market organizer (JSC Nasdaq Riga), who ensures public domain for the period, when the person with an access to this information is be excluded from the Insider list, it loses its relevance.

- 3.9. Under the Regulation No. 596/2014 and this Regulation, the Issuer promptly updates the Insider list, including the date of the update in case, when there is a change in the reason for including a person already on the insider list.
- 3.10. By updating or changing the Insider list, the Issuer shall specify the date and time when the change triggering the update occurred.
- 3.11. The Issuer shall retain the Insider list (incl. changes or updates) for a period of last 5 (five) years ensuring a possibility to track changes made on the Insider list.
- 3.12. Due to provisions of Regulation No. 596/2014 and FIML, the issuer shall provide the competent authority Financial and Capital Market Commission, upon request, with an insider list
- 3.13. In other cases, which are not regulated by this Regulation, the provisions of FIML and Regulation No. 596/2014 have to be applied.

4. Procedures for the management and public disclosure of the Inside information

- 4.1. The Management Board of the Issuer is in charge of procedures for disclosure of the Inside information.
- 4.2. Procedures for the management and public disclosure of the Inside information designed and applied are as follows:
 - (a) *Systematic control*, incl. the check whether all the persons having access to Inside information of the Issuer by acting within the normal course of his employment due to contractual relationships comply with provisions of the FIML and Regulation No. 596/2014;
 - (b) *Periodical control*, incl. the internal control of insiders implemented by the Issuer, e.g., their reports, as well as monitoring system of separate work stages.
 - (c) *Monitoring by Audit Committee*, incl. monitoring whether the Inside information of the Issuer is disclosed in the reports, incoming/outgoing documents, other communication processes. The monitoring is carried out by the member of the council acting on behalf of the Audit Committee in compliance with procedures for disclosure of the Inside information due to Regulation No.569/2014.
- 4.3. Procedures of systematic and periodical controls are in the competence of the Management board. Due to provisions of FIML and Regulation No. 596/2014, the management evaluates and decides on disclosure or non-disclosure of the Inside information to any third parties.
- 4.4. According to this Regulation and provisions of the Regulation of the Issuer on the trade secret, the whole Inside information of the Issuer is deemed the trade secret of the Issuer. Therefore procedures for the management and public disclosure of the Inside information are executed in compliance with the Regulation on the trade secret.

5. Civil liability

- 5.1. Considering that the Issuer has to evaluate itself whether the information is deemed Inside information, which has to be disclosed as soon as possible due to Regulation No. 596/2014, the Issuer shall act in all its action where the Inside information is used pursuant to *external normative acts* as follows:
 - (a) Regulation No.596/2014;
 - (b) Financial Instruments Market Law;

- (c) Regulations of the Cabinet of Ministers of the Republic of Latvia, of the Financial and Capital Market Commission and of the JSC Nasdaq Riga;
- (d) other legal norms of the EU and Republic of Latvia, incl. Commercial Law, Civil Law, commercial rights regulations, Labour Law;

as well as pursuant to the internal regulations of the Issuer:

- (a) this Regulation and Regulation on the trade secret;
- (b) documentation requirements of quality management system, procedure for preparation and issuance of documents;
- (c) regulation on bookkeeping and accounting, accounting method;
- (d) Internal work regulation, individual and collective labour agreements;
- (e) job regulations, resolutions and orders of the Management board of the Issuer.

- 5.2. Issuers or any person acting on their behalf or on their account, shall take all reasonable steps to ensure that any person on the Insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of the Inside information.
- 5.3. Pursuant to section 193 of the Criminal Law of the Republic of Latvia, section 148 of FIML and section 31 of the Regulation No. 596/2014, persons on Insider list bear responsibility for non-fulfilment or improper fulfilment of the duties entailed, and in case of causing harm to investors and/or Issuer compensates losses occurred due to provisions of the Civil Law and the Civil Procedure Law of the Republic of Latvia.
- 5.4. The Issuer is obliged to use the Insider list and its content only to exercise its duties. The person, who intentionally or unintentionally disclosed to the public or any individual with no right to receive the information - data comprised in the Insider list of the respective Issuer, and if this information was entrusted him or became known as shareholder, member of Management Board or Council, employee, internal audit manager of the Issuer, become subject to criminal liability as provided by law.
- 5.5. Persons, who are not on the Insider list, though the Inside information of the Issuer become accessible to them due to objective reasons by execution of their responsibilities or duties are obliged to prevent its disclosure pursuant to provisions of this Regulation and Regulation on the trade secret, and to inform the Issuer immediately about cases of the disclosure of the Inside information.
- 5.6. The Management board of the Issuer applying the Labour law, labour contracts and internal work regulation is rightful to impose penalties on employees, which are set in the norms mentioned above, incl. contract termination, if any significant non-compliance with provisions of this Regulation is verified.

6. Miscellaneous

- 6.1. This Regulation is adopted by the resolution of the Management board of the JSC Ditton pievadķēžu rūpnīca pursuant to the protocol No.07/2016 of the Management meeting dated 27.09.2016 and shall enter into force from the moment of approval hereof.
- 6.2. With this Regulation coming into force, the Regulation dated 14.01.2008 become invalid.

Done at Daugavpils, 14 September 2016