

**APPROVED**

by resolution of the Management Board  
of JSC Ditton pievadķēžu rūpnīca on the 14.09.2016.  
(Protocol No.07/2016)

by resolution of the Council  
of JSC Ditton pievadķēžu rūpnīca on the 15.09.2016.  
(Protocol No.196)

## **REGULATION OF THE JSC DITTON PIEVADĶĒŽU RŪPNĪCA**

**on the trade secret**

- NEW EDITION -

*Adopted pursuant to the section 19  
of the Commercial Law of the Republic  
of Latvia and provisions of the Internal  
work regulations*

### **§ 1. General provisions**

1. This Regulation on the trade secret (hereafter – Regulation) defines a list of key issues of economic, technical and administrative nature and in writing or otherwise fixed data, which have a status of commercially sensitive information of the Joint stock company Ditton pievadķēžu rūpnīca (hereafter - Company).
  - 1.1. The Regulation refers to all employees of the Company, as well as to the persons who execute their duties for it and who are or have been employed under labour contract.
  - 1.2. The Regulation applies to other natural and legal persons (their representatives), if there is a direct reference due to legal relationships based on the contract that it is necessary to comply with confidentiality requirements concerning data, to which they gain access within cooperation process and which belong to the trade secret of the Company.
  - 1.3. Regulation amended and supplemented is prepared (2) two weeks before it shall enter into force and notified to the persons set in the clause 1.1. Once the contractual relationship is concluded, the amendments mentioned above refer to persons set in the clause 1.2. upon condition that they are acknowledged with these amendments.
  - 1.4. Any person is considered as aware of commercially sensitive and the Regulation on the trade secret with consequences arising out of it, if:
    - person confirmed with signature being acknowledged of the Regulation;
    - there is a direct reference to confidentiality of the commercially sensitive (trade secret) of the Company in the contract concluded with this person (incl. labour contract);
      - this person objectively has access to the key issues defined in the clause 1 due to particular work and/or cooperation circumstances or it was disclosed by other persons in duty status and this person is warned of it whether in writing or verbally.The persons set in this section hereafter are called as holders of the trade secret of the Company.
2. Key issues of the trade secret set in this Regulation keep their status until their disclosure to public due to provisions of the European Union, of the Republic of Latvia, as well as internal regulations

of the Company. Disclosure of the information on key issues and data of the trade secret, which are concerned as commercially sensitive, doesn't repeal responsibility and restrictions, which are applied to the holders of the trade secret of the Company according to this Regulation.

**§ 2. The status of the trade secret in the Company have the following groups of data:**

**1. Data on financial activity:**

- 1.1. Financial situation of the Company, such as debts, current assets value, geography of payments, cash flow on the current accounts of the Company etc.;
- 1.2. Debtors and creditors of the Company;
- 1.3. Information about credit (incl. credit conditions) used by the Company;
- 1.4. Data on amount of labour payment fund, employees` wages, calculation methods of extra charges and bonuses, and sums;
- 1.5. Company credits provided to the employees; financial relations of the Company with other employees;
- 1.6. Incomes and expenditures of the Company from realization of goods and services;
- 1.7. Calculations of prime costs of Company`s goods and services;
- 1.8. Any information on analytic summary about the Company, which includes financial assessment.

**2. Data on market and development prospects:**

- 2.1. Marketing researches made by the Company, incl. obtained results;
- 2.2. Actions contributing to attraction of prospective customers to the provided services and produced goods;
- 2.3. Company`s database on customers and partners;
- 2.4. Plans on goods and services promotion in accordance with market shares;
- 2.5. Measures for protection and promotion of the Company`s brand and trade mark;
- 2.6. Existing and potential risks of the Company (incl. started and potential court proceedings).

**3. Data on production, work performance and services delivery:**

- 3.1. Particular nature of the provided services;
- 3.2. Sales volumes of Company`s goods and services;
- 3.3. Technologies and organisation of the production process applied by the Company;
- 3.4. Special business offers (data) of the Company to the particular firms and plans of the Company to participate in competitive tenders;
- 3.5. The main components and provisions (prices, terms, discounts etc.) of all legal transactions and/or contracts concluded by the Company;

3.6. Structure, main factors and principles of the pricing.

**4. Data on developments and projects:**

4.1. Principles, methods and approaches of manufacturing process organisation and management;

4.2. Company`s plans on goods and service development, prospective projects and developments;

4.3. New business areas (commercial ideas and business projects);

4.4. Technology competency of the Company (know-how, patents, inventions).

**5. Data on material and technical support system:**

5.1. Data on composition of customers, suppliers, representatives and agents;

5.2. Data on materials, raw stuff, constructions, equipment accessories and parts required;

5.3. Supply sources;

5.4. Company`s demand for transport means and energy;

5.5. Technical equipment of the Company (level, performance capabilities, perspectives, new developments, technologies).

**6. Data on management principles of the Company:**

6.1. Data on applied and prospective production management methods;

6.2. Data on facts and themes of Company`s negotiations and consultations with the third parties, on issues and aims of the meetings and conferences of management bodies;

6.3. Data on Company`s business plans regarding expansion of work performance, service delivery and production;

6.4. Conditions of merger, joining, partition and amalgamation of the companies related with the Company;

6.5. Data on projects, which includes the information about increase of fixed assets (stock issue), rotation of members of the Council or Management board, change of manager of the structural units;

6.6. Information on other Company`s restructuring projects, changes in activities, administration or trust agreement.

**7. Other data:**

7.1. Personal data on other employees;

7.2. Important details on codes and procedures to security systems and information network access, logins and passwords, as well as open access to computers used by the Company and its employees;

7.3. Company`s principles on protection of commercially sensitive and trade secret;

7.4. Software of the Company;

7.5. Contents of the Company's internal, incoming and outgoing documents.

### **§ 3. Provisions for use and disclosure of the trade secret**

1. Under sections 301-303 of the Commercial Law of the Republic of Latvia, regulation and disclosure of Company's trade secret is within the purview of the Management board.
2. The persons stated in the clause §1 (1.1) of the Regulation are obliged to comply with the following provisions and requirements:
  - 2.1. According to provisions of labour contract, which is concluded between the Employee and the Company (hereafter – Employer), during the term of the labour contract, as well as after its termination, the Employee is obliged to comply with strict confidentiality requirements regarding information recognized as trade secret of the Employer.
  - 2.2. The Employee is obliged to make sure that the trade secret, directly or indirectly, does not become accessible to third parties.
  - 2.3. The Employee is entitled to operate with the key issues of the trade secret due to the clause §1 (1.1) on workplace and by carrying out his job duties. Without special written permit of the Employer, the Employee has no rights to use the trade secret for his own purposes, to transfer it to the third parties or to disclose it in any other way.
  - 2.4. The Employee is obliged to comply with his competence principles. The Employee is not eligible have rights to represent the Company, incl. giving any information about the Company by the interaction with the third parties, incl. state and municipal administrative authorities without permit of Company's Management Board, which due to the Commercial Law has exclusive Company's representation rights. Breach of the competence is equal to intentional disclosure of Company's trade secret.
  - 2.5. The Employee is obliged to inform the Council immediately on any written or oral request from the third parties, incl. state and municipal administrative authorities, about the Company and information associated to it.
3. The Persons stated in the clause §1 (1.2.) of the Regulation use the confidentially sensitive of the Company (trade secret) only within the concluded contractual relationships and they are not entitled to make it accessible to third parties without notification and written acceptance of the Company.
4. Pursuant to definitions of the Financial Instruments Market Law and Regulation (EU) No 596/2014 of the European Parliament and of the Council, a trade secret of the Company is also an inside information of the Company as a public joint stock company, which shares are included and quoted in the regulated financial instruments market. Whereas:
  - 4.1. Holders of the trade secret of the Company are also the holders of the internal information of the joint stock company (Issuer). Furthermore, the illegal actions against it may cause losses to investors and participants of the financial instruments markets, as well as contribute to market manipulations;
  - 4.2. The Management board of the Company draws up and updates list of holders of the trade secret of the Company, who are also the holders of the internal information of the issuer. The persons recorded are obliged to comply with provisions of the European Union and the Republic of Latvia, as well as with internal regulations of the Company when dealing with the internal information of the Company.

- 4.3. Due to Issuer`s procedures for disclosure of internal information, the information to be disclosed, which is given in public reports or on the web-sites of the Financial and Capital Market Commission and JSC Nasdaq Riga in form of the particular Issuer`s report, loses the status of the trade secret proportional to the amount of information reported or disclosed. However, it does not give rights to persons, to whom it became accessible by carrying out their duties or due contractual relationships, to infringe other provisions of this Regulation and procedures while working with this trade secret.

#### **§ 4. Legal regulation of the trade secret**

1. Legal relations between the owner of the trade secret and its user are regulated by the Commercial Law, Civil Law, Financial Instruments Market Law, other regulations of the Republic of Latvia, this Regulation, Internal work regulations of the Company, internal regulations and provisions of contractual relationships.
2. If the Employee abuses the confidentiality requirements of the trade secret, the Employee is obliged to reimburse the losses caused to the Employer by this infringement in full amount.
3. Herewith the Employee is acknowledged that in case he violates confidentiality requirements of the trade secret he can be called to the civil liability due to the Laws of the Republic of Latvia in force.
4. The Employee is discharged from any liability if the trade secret referable to him due to his entitlement and duties is used for:
  - when providing explanations to the competent administrative authorities in cases specified by the law if he is requested to give explanation as an independent (private) suing person;
  - when providing explanations to the Employer or to the third parties according to the direct instruction of the Employer.

*Note: without inquiry by the Employer, the competent authorities mentioned above **are not entitled** to determine on their own the competence of the employee requested and/or his level of access to Company`s information to give the explanation regarding the Company. By giving explanation the employee is obliged to consider this condition and principles of his competence (§ 3 of this Regulation), as well as possible liability for giving false, misleading and/or due to incompetency of the employee wrongly evaluated information affecting the interests of the Company.*

5. Under the Financial Instruments Market Law and the Regulation (EU) No.596/2014 of the European Parliament and of the Council, the persons included into the list of holders of the internal information shall take into consideration that the data comprising the trade secret is deemed solely inside information of the Company due to the legal norms. Therefore persons mentioned before bear responsibility for illegal activity with the inside information due to legal norms pointed above, incl. on request of controlling authorities (the Financial and Capital Market Commission, police), of the Company as Issuer and of other participants of the financial instruments market (legal claims).
6. Disputes between the Company and persons stated in the clause §1 (1.2) of this Regulation are settled in compliance with grounds, procedures and right of claim determined by the provisions of the contractual relationship and legislation of the Republic of Latvia.