Rules on the Protection of Persons, Reporting Information, or Publicly Disclosing Information about Breaches

2023

Content:

Preamble

"Investbank" AD (the Bank, Investbank) aims to create and encourage corporate culture, marked by integrity and openness, where everyone has the opportunity to report potential violations that could lead to financial or reputational loss at the earlies possible stage, without fear of retaliatory actions and with confidence that the employees be treated fairly and their concerns will be investigated. The Bank's internal control mechanisms and operating procedures aim to prevent and deter all violations, however, even the best control system cannot provide absolute guarantees against irregularities. In this sense, information reporting is one of the effective techniques used to prevent and detect violations. It mobilizes employees and contractual partners to communicate their suspicions and reasonable doubts to management about malicious activities without fear or prejudice.

These Rules on the Protection of Persons, Reporting Information, or Publicly Disclosing Information about Breaches ("the Rules") are adopted in relation to the requirements of Act on Protection of Persons, Reporting Information, or Publicly Disclosing Information about Breaches (Whistleblowers Protection Act) promulgated with the State Gazette No. 11 of February 2, 2023 and in force from 04.05.2023, taking into account the norms of European legislation (2019/1937 - EU Directive on the protection of persons who report breaches of Union law), as well as international standards and principles of corporate governance.

These Rules are intended to provide an internal regulatory framework for whistleblowers to express their concerns about any suspicious or undesirable events/activities that are contrary to the law, the Bank's rules or may have an adverse impact on the Bank's business or reputation.

Chapter one "Definitions"

Art. 1 Pursuant to these Rules:

p.1. **"Breaches"** are acts or omissions of such, that are:

a) illegal and related to the Bulgarian legislation or the acts of the European Union in the areas, specified in Art. 3 from Whistleblowers Protection Act, or

b) contradict the subject or purpose of the rules in the acts of the European Union and the areas, specified in Art. 3. from Whistleblowers Protection Act.

p.2. **"Breach information"** is information, including reasonable suspicions, of actual or potential violations, that have occurred or are likely to occur in the organization, in which the whistleblower works or has worked, or in another organization, with which he or was in contact during the course of his work, as well as for attempts to cover up breaches.

p.3. **"Work context"** is current or past work activities in the public or private sector through which, regardless of their nature, individuals receive information about breaches and within which such individuals may be subject to retaliatory retaliation, if they report such information.

p.4. **"Affected person"** is a natural or legal person, who is identified in the filing of the report or in the public disclosure of information as the person, to whom the breach is attributed or with whom that person is connected.

p.5. **"Feedback"** means providing the reporting person with information about the action, that is intended or has already been taken as a follow-up action, as well as the reasons for the follow-up action in question.

p.6. **"Rejection"** is an action or inaction with the aim of isolating the person, who sent a report or publicly disclosed information about a breach from the professional environment.

p.7. **"Persons, related to the information reporter"** are third parties, who may be subject to retaliatory retaliation in a work context, such as colleagues or relatives without limitation in degrees.

p.8. **"Repeated"** is the breach, committed within one year from the entry into force of the criminal decree, by which the person was punished for the same type of breach.

p.9. **"Retaliation"** is any direct or indirect action or omission of such, that occurs in a work context, is triggered by internal or external signal reporting or public disclosure, and that causes or may cause adverse consequences to the reporting person's detriment.

p.10. **"Follow-up action"** means any action, taken by the person receiving the report or by a competent authority to assess the accuracy of the allegations, presented in the report and, where appropriate, to address the reported breach, including through actions, such as internal inquiry, investigation, prosecution, actions to secure funds or closing the procedure.

p.11. **“Sufficient data“** is data, from which a reasonable assumption may be made about a breach, that falls within the scope of this Act.

p.12. **“Obviously minor breach“** is present when the committed breach reveals a clearly insignificant degree of public danger in view of the absence or insignificance of harmful consequences.

p.13. **“Serious breach”** is present, when the committed breach has or could have a significant and long-lasting negative impact on the public interest.

p.14. **“Durable media“** is any carrier of information, enabling the obliged entities under Art. 12, Para. 1 or the Commission to store information, that allows its easy use in the future for a period, corresponding to the purposes, for which the information is intended and that allows the unchanged reproduction of the stored information

p.15. **“Privacy of personal life“** is any interference with personal space within the meaning of Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 on the processing of personal data and the protection of the right to privacy in the sector of electronic communications (Directive on privacy and electronic communications) (OJ L 201/37 of 31 July 2002).

Chapter two “Scope“

Section one “Personal scope“

Art. 2 These Rules apply to whistleblowers who have acquired information about violations in work context, including the following:

1. persons with the status of "employees" or with the status of "self-employed persons"; shareholders and persons belonging to an administrative, management or supervisory body, including non-executive members as well as volunteers and paid or unpaid interns;
2. all persons working under the supervision and direction of contractors, subcontractors and suppliers.

(2) The rules also apply to whistleblowers where information about violations was acquired during employment relationships that have ended, or individuals whose employment relationships are pending in cases where the information was obtained during the recruitment process or other pre-contract negotiations.

Art. 3 Whistleblower protection measures apply where appropriate and to:

1. third parties who are related to the whistleblower and who may suffer retaliatory actions in a work context such as colleagues or relatives;
2. legal entities with which the whistleblower is connected in a work context;

3. persons who help the reporting person in the process of filing a report.

(2) By signing an employment contract and job description with the Bank, all newly hired employees acknowledge that they are familiar with the contents and provisions of the Bank's internal rules and procedures, including these rules on whistleblower protection, and will strictly comply with all of their requirements. A copy of the employment contract signed by both parties shall be kept by the Human Resources Management Directorate in the personnel file of the newly recruited employee.

Section two "Material scope"

Art. 4 The Rules set out common minimum standards for the protection of whistleblowers reporting violations of the law or the Bank's policies, rules and procedures.

Section three "Out of scope"

Art. 5 These Rules are not intended to call into question financial or business decisions made by the Bank and should not be used to review other matters that have already been considered under other Bank procedures, rules or regulations.

(2) Where specific internal policies, rules and/or procedures are in place to deal with a particular type of breach, these Rules shall not apply.

Chapter three "Protection measures"

Art. 6 When enforcing these Rules, and in all cases of whistleblowing within the meaning of Whistleblowers Protection Act, Investbank will follow and implement reasonable and adequate measures to protect individuals.

Art. 7 Whistleblower protection will apply under the following conditions:
a) Whistleblowers are eligible for protection under Whistleblowers Protection Act

b) The whistleblowers had reasonable grounds to believe that the information about the reported violations was correct at the time of the report and that this information fell within the scope of the Whistleblowers Protection Act and these Rules.

(2) Whistleblowers who have made an anonymous report of wrongdoing but are subsequently identified and are victims of retaliation are eligible for the protections provided by law and the Rules, in case they meet the requirements set forth in the Rules.

(3) Protection of individuals shall also apply when they report an infringement to EU institutions, bodies, offices or agencies.

Art. 8 Investbank AD takes the necessary measures to prohibit any form of retaliatory actions against the persons, specified in Art. 5, having the nature of repression and putting them in a disadvantageous position, as well as threats or attempts of such actions shall be prohibited, including in the form of:

p. 1 removal, demotion or suspension of promotion, as well as suspension of training;
p. 2 a negative performance evaluation or job recommendation;
p. 3 imposing or enforcing any disciplinary measure, reprimand or other penalty;
p. 4 coercion, intimidation, harassment, discrimination or unfair treatment;
p. 5 non-conversion of a temporary employment contract into a permanent one, when the worker had a legitimate expectation that he would be offered a permanent job;
p. 6 non-renewal or early termination of a temporary employment contract;
p. 7 harms, including to the person`s reputation, in particular in social networks, or financial losses, including loss of business and loss of income;
p. 8 inclusion in a list, drawn up on the basis of a formal or informal agreement, in a sector or in an industry, which may result in the person not being able to start working or not being able to supply a good or service in that sector or industry (blacklist);
p. 9 early termination or cancellation of a contract for the supply of goods or services.

Chapter four "Reporting channel"

Art. 9 (1) With these Rules Investbank creates an internal information reporting channel, that meets the following requirements:

1. it is managed in a way, that ensures the completeness, integrity and confidentiality of the information and prevents unauthorized persons from accessing this information.

2. enables the storage of information, recorded on a durable medium for the needs of the investigation of the information and for further investigations.

Chapter five "Reports"

Section one "Lodging whistleblowing reports"

Art. 10 (1) The report may be lodged in writing, including by e-mail, or orally, and it has to be addressed to the Director of the Directorate „Compliance". The report shall contain at least the following data:

1. the sender`s full name, address and telephone number, as well as an email address, if any;
2. the names of the person, against whom the report is filed and his workplace, if the report is filed against specific persons and they are known;
3. specific details of a breach or of a real danger, that it will be committed, the place and period of the breach, if it was committed, a description of the act or the situation and other circumstances, as far as these are known to the information reporter;
4. date of reporting the information;

5. signature, electronic signature or other identification of the sender.

(2) Verbal reporting may be done by telephone, other voice communication systems, and at the request of the reporting person - through a personal meeting in a suitable time, agreed between the parties.

(3) The written information shall be submitted by the sender by filling a form (Appendix № 1).

(4) The verbal report shall be documented by filling in a form by the employee in charge of handling reports.

(5) The Director of the Directorate "Compliance" designates the person within the Directorate who should deal with the whistleblowing report according to its nature.

(6) Persons handling a whistleblower report shall maintain strict confidentiality and shall not disclose information regarding the identity of the whistleblower unless it is contrary to legal requirements.

(7) The persons responsible for dealing with whistleblowing reports shall not have a conflict of interest with regard to the case assigned to them for consideration.

Section two "Handling whistleblowing reports"

Art. 11 Employees of Investbank who are responsible for handling whistleblowing reports should:

(1) receive the information and confirm their receipt within 7 days after receipt;

(2) ensure, that the identity of the whistleblower and any other person, named in the information will be properly protected and take the necessary measures to limit access to the information by unauthorized persons;

(3) maintain contact with the whistleblower, requesting additional information from him and third parties if necessary.

(4) provide feedback to the reporter of the signal about the actions, taken within a period of no longer, than three months after confirming the receipt of the signal.

(5) provide the persons, wishing to file a report with clear and easily accessible information about the procedures for external reporting of information to the competent national authority, and when appropriate - to the institutions, bodies, services and agencies of the European Union.

(6) provide the affected person with all the collected evidence and give him the opportunity to object to it within 7 days, subject to the information reporter's protection.

(7) provide an opportunity for the affected person to present and indicate new evidence to be collected in the course of the investigation

(8) if the facts presented in the whistleblowing report are confirmed:

a) organize the taking of follow-up actions in connection with the report, and for this purpose they may require the assistance of other persons or units in the structure of Investbank;

b) offer taking specific measures with the aim of stopping or preventing the violation in cases, where it has been established or there is a real danger of its imminent commission;

c) direct the whistleblower to the competent authorities, when his rights are affected;

Chapter six "Register of information"

Art. 12 (1) Investbank, in its capacity as obliged person within the meaning of Whistleblowers Protection Act, shall create and maintain a register of reports of breaches, (Appendix № 2), which shall not be public.

(2) The register shall contain information about:

1. the person, having received the information;
2. the date of reporting the information;
3. the affected person, if such information is contained in the report;
4. summary data on the alleged breach, such as place and period of commission of the breach, description of the act and other circumstances, under which it was committed;
5. the connection of the submitted report with other information after its establishment in the report processing process;
6. information, provided as feedback to the person, who filed the report and the date of its provision;
7. follow-up action taken;
8. the results of the check on the report;
9. the report storage period.

(3) The information, entered in the register shall be stored in a way, that guarantees its confidentiality and security.

Transitional and concluding provisions

§1 These Rules have been adopted in compliance with the requirements of the Whistleblower Protection Act, promulgated by Government Gazette No. 11 of February 2nd 2023 and effective since May 4, 2023.

§2 For cases not covered by these rules, the provisions of the Whistleblower Protection Act shall apply.

§3. These Rules have been adopted by a resolution of the Management board of Investbank AD under Minutes No. 19/19.05.2023.