

AS Merko Ehitus CODE OF BUSINESS ETHICS

Employees and board members of AS Merko Ehitus group companies shall act in an honest, ethical and law-abiding manner and protect the good name and reputation of Merko.

The Code of Business Ethics seeks to guide employees and board members (hereinafter 'Employees') on how to conduct themselves when acting in the name of AS Merko Ehitus and its subsidiaries and related companies (hereinafter 'Merko').

In situations for which this Code does not provide any specific principles of behaviour Employees shall rely on their judgment and consult with their immediate superior.

In addition to this Code, matters of business ethics are also addressed in Merko companies' internal documents and training.

Conflict of Interest

Employees shall make professional decisions with Merko's interests in mind and avoid any situation that could cause a conflict between their personal and/or financial interests and interests of Merko.

A conflict of interest means a situation where the interests of an Employee or a person connected to them (for instance, family members, relatives, friends and acquaintances) may make it hard for the Employee to perform their work at Merko in an impartial and productive manner.

Becoming involved in a conflict of interest is not as such a violation of this Code of Business Ethics, however an Employee is in breach if they fail to inform their employer of a possible conflict of interest.

A conflict of interest may arise from several usual situations at work – for example, if a person connected to an Employee works for Merko's subcontractor, supplier, client or competitor. A conflict of interest also arises if an Employee of Merko or a person connected to them has a holding (e.g. shares) in a company that could possibly provide a service or supply to Merko.

An Employee of Merko is prohibited from working for a competitor, subcontractor or supplier as a consultant or a board member or in any other capacity and likewise it is prohibited to provide a competitor, subcontractor or supplier with assistance or services not related to Merko's business activity, free of charge or for a charge, if the Employee of Merko has not been given a permission to that effect beforehand by their employer's management board or a person authorised thereby.

An Employee of Merko who finds themselves in a conflict of interest or who suspects that a conflict of interest has occurred or may occur shall promptly inform their immediate superior thereof. An Employee may not take part in negotiations or discussions or adoption of decisions related to a transaction that serves as a basis for a conflict of interest, or try to sway the above.

All employees of Merko companies are required to inform their employer of a possible conflict of interest. Board members and key persons designated by the management board of AS Merko Ehitus and its important subsidiaries shall also inform their immediate superiors of outstanding liabilities, assets and holdings in other businesses or of working for them as a board member or a member of a controlling body or in any other capacity.

Merko's subsidiaries may impose additional and more specific requirements for preventing a conflict of interest.

Confidentiality

A duty of confidentiality applies to Merko's business secrets and other protected information – company's operation, technology, patents, financial situation, budgets, forecasts, employees, existing and potential clients, suppliers and partners.

All information that Employees of Merko become aware of while performing their usual duties shall be deemed as confidential, except if disclosure thereof is permitted or prescribed by legal provisions.

Disclosure of any information referred to above to persons not connected to Merko is not permitted without permission granted beforehand by the management board of the relevant Merko company.

Inside Information

As a publicly traded company, Merko is required by law to comply with requirements arising from legislation and the rules and regulations of NASDAQ QMX Tallinn (Tallinn stock exchange) as to sharing of price sensitive information. Instructions as to disclosure of information gained while working at AS Merko Ehitus and its subsidiaries and related companies can be found in "Procedure for Disclosure of Information".

Rules and regulations concerning inside information and making transactions on the basis of inside information are set out in "Internal Rules for Maintaining and Disclosing Inside Information and Transacting on the Basis of Inside Information". Employees who possess inside information may not transact with Merko's shares on the basis of inside information or make recommendations to that effect.

Data Protection

We comply with the rules of protection of personal data. We collect, use, retain, process, transfer and disclose personal data according to applicable law and we expect the same from our partners, suppliers and subcontractors.

Bribe and Corruption

Merko has zero tolerance towards all forms of corruption. We do business fairly, which means that we refrain from all forms of corruption, we comply with anti-corruption laws in every country where we are present and we do not promote corruption in any form in any way.

Employees of Merko never offer, give or accept money, gifts or remuneration that could in any way be associated with an intent to influence business decisions or an opportunity to influence such decisions. The range of customary hospitality is addressed in a separate paragraph in this Code of Business Ethics.

No Employee is to give, offer or promise money or hand over anything of value, including provide services or make gifts, to government employees or other officials or persons or entertain them for the purpose of inappropriately gaining or maintaining business transactions or for pursuing any other inappropriate goal.

Merko does not give financial support to political parties or groups or individual politicians. Furthermore, contracts with consultants, brokers, sponsors, representatives or other agents may never be used to mediate or pass on money to a third party.

We engage in sponsorship and charity only in regards to our social responsibility. Merko is liable for its decisions and activities that affect our Employees, clients and partners and, on a wider scale, local communities. Merko supports exercise and recreational sport, culture and education. The principles of and procedure for Merko's sponsorship are developed and approved by the management board of AS Merko Ehitus.

Hospitality and Gifts

Hospitality and gifts in terms of business relationships serve the purpose of creating goodwill and smooth working relationships, not attempts to influence clients, partners, subcontractors or suppliers to unjustifiably favour Merko. Gifts may also not influence decisions when choosing subcontractors or suppliers. In connection with Merko's business activities Employees are prohibited from providing exceptional discounts or benefits or giving something of value in order to gain or maintain a business transaction or a business advantage.

No Employee of Merko may themselves or through another person offer, give or accept on behalf of Merko any gifts or hospitality, unless:

- it is without an ulterior motive;
- it is not a monetary gift;
- it is in accordance with usual business practices;
- it is not of great value;
- it cannot be interpreted as a bribe;
- it is given or accepted without expecting anything in return;
- it is not intended for enticing misuse of official position or commission of an illegal act or for gaining or maintaining business transactions or a business advantage;
- it is not in conflict with applicable legislation.

Additional guidelines on gifts and hospitality are addressed in the principles established in a specific country or Merko company. If an Employee is unsure as to whether or not a gift or hospitality is appropriate, they must consult with their immediate superior or the company's lawyer or board member.

Anti-money Laundering

We abide by anti-money laundering laws, we keep an eye on possible suspicious financial transactions and we refuse transactions that may aim to hide criminal proceeds. Transactions that could carry risks of money laundering or terrorist financing are, for instance:

- Requests for payments to a new or different bank account or that of a private individual;
- Supplier's request for a prepayment to an offshore account or a tax haven;
- End customers informing Merko that a payment is made through a third party.

Competition Requirements

Merko promotes fair and open/transparent competition on all markets. Any breach of fair competition by an Employee is in clear conflict with Merko's principles of operation.

For example, illegal price agreements, illegal market sharing and other activities that hinder, restrict or distort competition are in conflict with competition laws. Violation of the competition

requirements may result in large fines being imposed on the perpetrator as well as Merko and also in claims for damages against Merko.

Any and all exchange of information and discussions with competitors, agreements or joint operation concerning participation in procurements, submission of tenders, offer prices, volumes or other elements of competitive behaviour, but also division of areas, markets, regions, clients or offers, restrictions on production or collective boycotts are all unlawful.

Any commercially sensitive information that could affect business decisions (including prices, volumes, margins, price formation) may not be obtained from or shared with competitors. Distance yourself and promptly and proactively remove Merko from any improper conduct of competitors (e.g. illegal discussion at a professional association meeting).

Equal Treatment

Merko treats all Employees equally and does not tolerate discrimination of any kind, including on the basis of nationality (ethnic origin), race, sex, colour, religion or beliefs, age, disability or sexual orientation. Merko also applies the principles of equal treatment to cooperation with clients, subcontractors, service providers and other cooperation partners, including choice thereof, establishment of payment and other terms and other aspects of cooperation.

Protection and Proper Use of Merko's Property

Employees shall ensure protection and intended use of Merko's property. Thefts, negligence and waste have a direct impact on Merko's business results. Any suspicion of fraud or theft must be reported without delay to the immediate superior or the company's board member to allow an investigation into the matter.

Merko's technology, equipment or other resources may not be used for purposes not related to the company, unless allowed by conditions applicable in the company or by agreement with immediate superior.

Employee's duty to protect Merko's property also includes information covered by the company's business secret (intellectual property, business secrets, patents, trade marks, copyrights, business and marketing and service plans, engineering and production ideas, systems, software, projects, databases, documents, information on wages, undisclosed financial data and reports). Unauthorised use or dissemination of such information violates Merko's rules, it may be illegal and result in civil or criminal punishment.

Environment and Sustainability

We promote and advance sustainable development and environmental protection and we meet requirements imposed by environmental laws. The environmental management system of group companies meets the requirements of ISO 14001. We develop and build apartments by using energy-saving and long-term solutions but we also try to reduce waste and use of dangerous substances and save water and energy in attempts to prevent causes and effects of climate change. We assess the environmental impact of our projects and we engage in waste handling at construction sites by paying attention to collection of waste by type and to delivering waste only to businesses who hold relevant handling licences.

Reporting Illegal or Unethical Behaviour

Behaviour at Merko that definitely or possibly goes against business ethics can be reported by Employees, cooperation partners and all other persons through the relevant form available on our [website](#), by calling our hotline or sending an e-mail or informing the head of the company or the audit committee of the company.

Reports are looked into by our professional and independent cooperation partner who complies with the system of reporting and information analysis, thereby ensuring the safety, confidentiality and, if so requested, anonymity of the whistleblower in every stage of the process. The cooperation partner provides Merko with solely a summary of the content of a report that requires investigation, with no reference to the source of information. Such information is also kept confidential and used only for the purpose of resolving the matter by Merko's managers and audit committee, should a report be filed with them.

Compliance

Supervision over compliance with the Code of Business Ethics is the liability of each company's management along with a duty to report a breach to Merko's audit committee.

Merko's Employees are required to ensure the consistent application of all measures to prevent and identify violations of the requirements of the Code of Business Ethics. Since it is impossible to describe each and every situation that may arise, it is important to address every new issue or a possible problem comprehensively and thoroughly.

Every issue or possible problem subject to an ethical assessment must be weighed based on no less than the following basic steps:

- **Make sure you have facts.** A right decision requires as much information as possible.
- **Ask yourself:** What exactly am I asked to do? Does it seem unethical or inappropriate? This allows you to concentrate on the specific issue at hand and on your choices.
- **Use your sound judgment.** If something feels unethical or inappropriate, consult with your immediate superior before taking any action.
- **Make sure you understand your role and responsibility.** Responsibility is mostly shared. Has your superior been informed? Sometimes it helps to discuss the matter with your immediate superior or co-workers.
- **Always ask first and act later.** If you are unsure about what to do in a particular situation, consult with your immediate superior before taking any action.
- **You can report a violation confidentially without having to be afraid or fear retaliation.** Merko does not allow Employees to be punished in any way for having reported a violation in good faith.

Confirmation

Every Merko Employee is required to read through and comply with the Code of Business Ethics. Going against the requirements and principles of the Code of Business Ethics may result in punishments as set out in applicable laws, including termination of employment relationship.

The management boards of companies shall ensure compliance with the Code of Business Ethics and formulate detailed principles on the areas addressed if local laws set out specific requirements.