

Approved
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by decision of the Council Meeting of AS HansaMatrix
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HANSAMATRIX
Inspired by your trust

SUSTAINABILITY POLICY
of AS "HansaMatrix"
Version 2.0

OGRE
effective as of 5 March 2024

TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. SCOPE OF THE POLICY.....	3
3. POLICY OBJECTIVES.....	3
4. HANSAMATRIX VISION AND GOALS.....	4
5. ECONOMIC DEVELOPMENT	5
6. SOCIAL DEVELOPMENT	6
7. ENVIRONMENTAL PROTECTION	7
8. GOVERNANCE	8
9. REPORTING PRINCIPLES.....	9

1. INTRODUCTION

In frame of this Policy, **HansaMatrix** is a group of companies which includes AS HansaMatrix and its subsidiaries and affiliated companies SIA HansaMatrix Ventspils, SIA HansaMatrix Pārogre, SIA HansaMatrix Innovation.

HansaMatrix is one of the leading manufacturers of electronic systems and components in Northern Europe, driven by customer trust earned through the production of innovative, high value-added electronics products that meet customer demands and international standards.

HansaMatrix provides electronics manufacturing services, with its expertise focused on the sectors of data networks, industrial products, Internet of Things, and optics products.

2. SCOPE OF THE POLICY

This Policy covers the fundamental sustainability principles and considerations which are integrated into HansaMatrix long-term strategy and decision-making processes.

HansaMatrix ensures more precise regulation of each factor in scope of environmental, social and governance with separate internal regulatory acts, such as codes, regulations, and rules, which in accordance to Articles of association and principles of corporate governance are approved by shareholders, the Council, or the Board.

The Board ensures implementation of and adherence to internal regulatory acts and reviews them if any changes in statutory regulations or priorities in the relevant period, but at least once every three years.

HansaMatrix ensures monitoring of defined development indicators, in scope of environmental, social and governance, and publishes the collected data once a year in a non-financial report of the group with the purpose of recording and assessing its commitment dynamics towards sustainable and responsible business practices.

The Policy applies to and is binding on all companies in HansaMatrix Group. The owner and administrator of Policy is the Board of AS HansaMatrix.

3. POLICY OBJECTIVES

- 3.1. HansaMatrix supports the belief that mutually interacting pillars of sustainable development are economic, social progress and environmental protection¹, which, in turn, can be ensured by responsible governance.
- 3.2. In 2015, the United Nations adopted the **UNIVERSAL SUSTAINABLE DEVELOPMENT GOALS**, also known as the **UNIVERSAL GOALS**, as a global call to end poverty, ensure lasting protection of the planet and enable all people to enjoy peace and prosperity by 2030:

¹ Article 5 of the Johannesburg Declaration on Sustainable Development of 04.09.2002. The Declaration was adopted at the UN World Summit on Sustainable Development, which took place in South Africa, and is available at https://ec.europa.eu/environment/archives/wssd/documents/wssd_pol_declaration.pdf



3.3. HansaMatrix considers it imperative to conduct its operations in such a manner that helps achieve these goals and has identified areas where HansaMatrix activities and sustainability priorities coincide with these universal goals.

3.4. Within the framework of the UN sustainable development goals, HansaMatrix has set out the sustainable development principles that are essential for its business:

Target group	Purpose
Economic development	<ul style="list-style-type: none"> - Decent work and economic growth - Innovation and infrastructure
Social development	<ul style="list-style-type: none"> - Good health - Reduced inequality - Quality education - Peace and justice
Environmental protection	<ul style="list-style-type: none"> - Climate action - Responsible consumption

4. HANSAMATRIX VISION AND GOALS

4.1. HansaMatrix implements its Sustainability Policy in close connection with its values, creating a unified HansaMatrix identity:

Sustainability target	Our values
Economic development	Customer experience <ul style="list-style-type: none"> - Quality - Partnership - Trust
Social development	Professionalism <ul style="list-style-type: none"> - Knowledge - Competencies - Continuous learning
Environmental protection	Responsibility to stakeholders <ul style="list-style-type: none"> - Employees - Stakeholders - Environment

- 4.2. To achieve HansaMatrix goals, every employee should have a strong work ethic, to act responsibly, be demanding yet respectful of themselves and their colleagues, and maintain a cleanliness in the workplace, high work discipline and strict compliance with environmental requirements, which are the principles and actions set forth in the *Ethics and Anti-corruption Policy*.
- 4.3. These values are incorporated in the corporate governance system of HansaMatrix, which is binding to all employees.
- 4.4. Unified values promote HansaMatrix efficiency in achieving its goals, which are implemented, supervised, and continuously improved based on process and production management and monitoring systems such as LEAN and ISO.

5. ECONOMIC DEVELOPMENT

- 5.1. HansaMatrix creates economic value in Latvia:
- 5.1.1. directly – by creating new jobs, and paying taxes and fair wages to its employees and dividends to its shareholders;
- 5.1.2. indirectly – by maintaining and using a diverse supplier network to procure raw materials for production from different suppliers in different countries to achieve the common goal of delivering a finished product to customers in the most efficient way and with the required quality. Our extensive supplier base and risk management ensure fair competition and diversification.
- 5.2. HansaMatrix economic development goals:
- 5.2.1. to maintain stable and independent infrastructure (manufacturing facilities);

- 5.2.2. to promote inclusive and sustainable industrialisation and foster innovation;
- 5.2.3. to promote steady, inclusive, and sustainable economic growth, as well as full, productive, and good-quality employment for everyone.
- 5.3. HansaMatrix provides its employees a motivating environment along with compensation goals, to promote productivity through the development of digital tools, product automation, increasing productive work hours, and implementing other innovations in daily work.
- 5.4. HansaMatrix builds strategic and long-term cooperation with corresponding professional educational institutions and universities, offering future professionals internship opportunities to enrich their academic knowledge with practical skills.
- 5.5. HansaMatrix strongly opposes any form of corruption, conflicts of private interests and HansaMatrix interests, and takes action to prevent them as outlined in the *Ethics and Anti-corruption Policy*.
- 5.6. HansaMatrix does not cooperate with any entities that use illegal child labour.
- 5.7. HansaMatrix developed a policy for cooperation with major suppliers, stipulating the minimum supplier responsibility requirements.
- 5.8. In 2022, HansaMatrix developed its *Ethics and Anticorruption Policy*, which was approved in 2023.

6. SOCIAL DEVELOPMENT

- 6.1. HansaMatrix social development goals are:
 - 6.1.1. to promote well-being in the community on the road to the UNIVERSAL GOAL of healthy life;
 - 6.1.2. to achieve gender equality in all job functions where possible and provide equal opportunities to all employees;
 - 6.1.3. to ensure inclusive, equitable and quality education, to promote life-long education;
- 6.2. HansaMatrix ensures:
 - 6.2.1. a safe working environment and working conditions that satisfy the strictest health and safety standards;
 - 6.2.2. a working environment where work-life balance is possible;
 - 6.2.3. compliance with international, Latvian, and other applicable human rights requirements;
 - 6.2.3. equal treatment without any direct or indirect discrimination at every stage and in every aspect of the employment relationship when hiring staff.

- 6.3. HansaMatrix stands against any discrimination based on ethnic background, gender, sexual orientation, race, or faith.
- 6.4. Any sexual harassment or abuse, verbal, non-verbal or physical violence of a sexual nature with the aim of violating a person's dignity, if this creates a hostile, humiliating or aggressive atmosphere, will not be tolerated in the workplace.
- 6.5. HansaMatrix protects the rights of its employees to safely report to management on any suspicions on potential unequal treatment or discrimination of employees and has implemented the *Whistle-blower System*.
- 6.6. Improvement of employee competences and knowledge sharing knowledge between employees is a priority. HansaMatrix HR management procedures include definition of employee work targets and performance reviews, as well as competence and knowledge assessment at least once in a year.
- 6.7. Considering strategic development priorities of HansaMatrix, it is ensured that employees develop the skills they need for work performance by promoting and facilitating internal knowledge and skill exchange and planning and allocating a budget for employee training.
- 6.8. HansaMatrix promotes students' and young people's interest in the engineering sciences to attract young professionals to HansaMatrix and the industry.
- 6.9. HansaMatrix ensures monitoring of social development indicators and draws up a report once in a year on:
 - 6.9.1. The gender ratio in the Council and the Board.
 - 6.9.2. A comparison of salary median between women and men in the company as a whole and in management.
 - 6.9.3. Percentage turnover of employees (% of the total workforce).
 - 6.9.4. Gender diversity – the number of women vs. men in the company.
 - 6.9.5. The number of accidents or deaths in the workplace vs. total employees.

7. ENVIRONMENTAL PROTECTION

- 7.1. The aim in purpose of environmental protection is to take measures to help mitigate climate change and its impact by continuously reducing environmental influence and ensuring compliance of business activities with environmental protection requirements.
- 7.2. HansaMatrix has put in place an environmental protection procedure with clear goals, an action plan and management structure, responsibilities, and regular training.
- 7.3. Environmental protection procedures are regularly reviewed and audited to ensure their continuous improvement.
- 7.4. HansaMatrix:

- 7.4.1. Ensures compliance with international, Latvian, and other applicable environmental regulations and works with state and local authorities on issues of environmental protection.
- 7.4.2. Makes investment activities by assessing opportunities to improve the efficiency in the use of natural resources (energy resources, fuel, water, etc.). Does not maintain any excessive stock of products/raw materials and controls both internal monitoring procedures and upstream supply chain status and changes, involves staff in solving environmental challenges and educates staff on environmental protection.
- 7.5. In waste management, HansaMatrix adheres to the following principles:
 - 6.7.1. Minimisation of waste, thus ensuring reduction of generated waste by using available technologies and increasing efficiency of resource use.
 - 6.7.2. Ensuring that manufacturing process waste is handed over for utilization to companies licensed to carry out such activities.
 - 6.7.3. Promotion of waste sorting to ensure sustainable use of waste as a resource and its return to the circular economy.
- 7.6. HansaMatrix ensures monitoring of environmental indicators and reports once in a year on:
 - 7.6.1. Total direct and indirect CO₂ emissions in tonnes.
 - 7.6.2. Total power consumption in megawatt hours (MWh).
 - 7.6.3. Total water consumption in cubic metres (m³).
- 7.7. The management Boards of HansaMatrix group companies assess the aforementioned indicator trends and possibilities for reducing their impact on the environment annually.

8. GOVERNANCE

- 8.1. The main governance framework of HansaMatrix is the company's articles of association which outline the hierarchy, rights and duties of the shareholders' meeting, the Council, and the Board. The document serves as an essential framework of rules and practices ensuring accountability, integrity, and transparency both in the company's operations and its communication with stakeholders.
- 8.2. HansaMatrix has integrated corporate governance principles and recommendations into its activities and publishes a Corporate Governance Report annually.
- 8.3. HansaMatrix considers that its operations should be understandable, transparent, and effective while also being well-reflected in high-quality publicly available information for its shareholders.

9. REPORTING PRINCIPLES

- 9.1. HansaMatrix reports on UN sustainable development goals in accordance with the Nasdaq ESG Reporting Guide.
- 9.2. HansaMatrix has reviewed all the economic activities described in the European Commission's Delegated Regulation (EU) 2021/2139 of 4 June 2021 (hereinafter - the Delegated Regulation) related to Taxonomy, where the focus is on economic activities and sectors with the highest potential to contribute to the objectives of mitigating climate change. After careful review, it has been concluded that current HansaMatrix activities are not described in the Delegated Regulation.
- 9.3. HansaMatrix is fully committed on continuous improvement not only of its sustainability contribution and initiatives, but also, it is reporting capabilities.