

*Approved by
the Council of AS "HansaMatrix"
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HANSAMATRIX

Inspired by your trust

Joint-Stock Company
"HansaMatrix"
SUSTAINABILITY POLICY

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Definitions

Company

AS "HansaMatrix" and Group companies/subsidiaries:
SIA "HansaMatrix Ventspils", SIA "HansaMatrix
Pārogre", SIA "HansaMatrix Innovation", SIA "Zinātnes
parks"

Company's stakeholders

Employees, Customers, Shareholders, Creditors,
Suppliers

Policy

Company's sustainability policy

1. Company

AS “HansaMatrix” Group is a Latvian high-tech company, a leader in the development of high technologies in the Baltic region.

“**HansaMatrix**” is a united **team** inspired by the **trust of its customers**, earned by the production of **innovative, high value-added** electronic products that meet the customer’s requirements and international standards.

2. Policy goals

- 2.1. Sustainable development is defined as development that meets the needs of today's society without compromising the needs of future generations.¹
- 2.2. Economic development, social development and environmental protection are interdependent and mutually reinforcing pillars of sustainable development.²
- 2.3. In 2015, the UN General Assembly adopted a resolution Transforming our World: The 2030 Agenda for Sustainable Development, or Agenda 2030, which sets out 17 sustainable development goals to achieve global poverty reduction and the world's sustainable development³:



- 2.4. The Company understands and is aware of the importance of balancing its economic development, social responsibility and environmental protection for the sustainable development and operation of the Company.
- 2.5. This policy defines the Company's goals for sustainable development and sets out the basic principles of the Company's operations by ensuring its sustainable business development and contributing to its sustainable development at the level of the Company's stakeholders, and also at a national and global level.

¹ Report of the UN World Commission on Environment and Development: Our Common Future of 1987 (also known as the Brundtland Report), paragraph 27. The Report has been widely used internationally since the UN Conference on Environment and Development in Rio de Janeiro of 1992, available at: <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>

² The Johannesburg Declaration on Sustainable Development of 04.09.2002, paragraph 5. Declaration adopted at the UN Conference on Sustainable Development in Johannesburg, South Africa, available at: https://ec.europa.eu/environment/archives/wssd/documents/wssd_pol_declaration.pdf

³ <https://www.getupandgoals.eu/gce/sdgs>

- 2.6. The Company's sustainability policy is based on contributing to achieving the UN Sustainable Development Goals referred to in paragraph 1.3 of this Policy in accordance with the core business of the Company. The Company's focus is on dialogue with the Company's stakeholders and assessment of relevancy in order to ensure that the Company makes efforts to achieve those sustainability goals that are most important to the Company's stakeholders and can make the most tangible contribution to the sustainability of the Company's business.
- 2.7. Using the framework of the UN Sustainable Development Goals, and taking into account the Company's core business in the provision of electronic products manufacturing services, the Company has set the following sustainable development goals and priorities:

| Target group | Goal |
|------------------------|---|
| Economic development | <ul style="list-style-type: none"> - Productive employment and economic growth - Innovation and infrastructure |
| Social development | <ul style="list-style-type: none"> - Good health - Employee diversity and equality - Quality education |
| Environment protection | <ul style="list-style-type: none"> - Systematic reduction of the impact on climate change |

- 2.8. The Policy is applied and binding upon all companies of the Company Group. The owner and manager of the Policy is the Management Board of AS "HansaMatrix".

3. Mission, vision and goal of the Company

- 3.1. The Company's activities are based on values – the principles of activities on which everyday life and development are based, while creating a unified identity for the Company.
- 3.2. The Company develops and implements its sustainability policy in concert with the Company's values.

| Goal of sustainability | Our values |
|-------------------------------|---|
| Economic development | Customer experience <ul style="list-style-type: none">- Quality- Costs- Trust |
| Social development | Professionalism <ul style="list-style-type: none">- Knowledge- Competences- Lifelong learning |
| Environment protection | Responsibility in relation to stakeholders <ul style="list-style-type: none">- Employees- Population (Near the Company)- Latvian society |

- 3.3. In order to achieve the goals of the Company, each employee needs a high work ethic, responsible action, demanding attitude towards themselves and their colleagues, order in the workplace, high work discipline and compliance with the work environment requirements.
- 3.4. The Company's values are integrated into the Company's management system, and are binding upon every employee. Common values promote the efficiency of the Company's operations and the achievement of the set goals more effectively.
- 3.5. The Company implements and monitors value-based long-term goals based on the process, production management and monitoring systems (e.g., LEAN, SIM, ISO, etc.).

4. Economic development

- 4.1. The Company creates economic value in Latvia by creating new jobs, paying taxes, with fair remuneration to employees, paying dividends to shareholders, and indirectly, globally, by purchasing raw materials and using the services of suppliers.
- 4.2. The Company provides electronics manufacturing services, and its competence is concentrated in the following market sectors: data networks, industrial products, Internet of Things, optics and photonics products.
- 4.3. The Company's activities must be understandable, transparent and effective. The Company operates in accordance with the Nasdaq Riga Corporate Governance Principles and Recommendations. The Company publishes an annual Corporate Governance Report.
- 4.4. Within the framework of the sustainability policy in the field of economic development, the Company's goals are as follows:
 - 4.4.1. Build a resilient infrastructure, promote an inclusive and sustainable industrialization and foster innovation.
 - 4.4.2. Promote resilient, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- 4.5. The Company promotes innovation in Latvia and globally by investing in technology research and development (R&D) to create the Company's knowledge platform for future technology needs.
- 4.6. The Company provides a motivating environment for employees and remuneration targets to boost productivity through the development of digital tools, process automation, increased productive working hours and the application of other innovations in everyday work.
- 4.7. The Company promotes the interest of schoolchildren and young people in engineering and attracts young professionals to the Company and the industry. The Company forms strategic and long-term cooperation with vocational education institutions and universities corresponding to the main activity profile by providing internship opportunities for future specialists, and supplementing academic studies with the opportunity to acquire practical work skills.
- 4.8. The Company categorically opposes any kind of corruption and conflicts of private interests with the interests of the Company and takes actions to prevent it in the Company's business. Should there be suspicion of corruption or possible conflicts of interests, any employee of the Company must inform the direct manager and/or the Management Board of the Company, who shall make a decision on further actions.
- 4.9. The Company does not cooperate with entities who are or could be involved in the illegal employment of children.

- 4.10. The Board and the Council of the Company manage the Company in accordance with the Articles of Association. The Company believes that its operations should be understandable, transparent and effective; at the same time, they should be well reflected in high-quality published information to the Company shareholders.
- 4.11. The Company has developed policy for cooperation with largest suppliers, which sets the minimum requirements for supplier compliance.
- 4.12. In 2021, the Company plans to develop and approve an ethics and anti-corruption policy.

5. Social development

- 5.1. Within the framework of the sustainability policy in the field of social development, the Company's goals are as follows:
 - 5.1.1. To ensure a healthy lifestyle and promote the well-being of society.
 - 5.1.2. Achieve gender diversity and ensure full and equal opportunities for employees.
 - 5.1.3. To ensure inclusive, fair and high-quality education, to promote lifelong learning opportunities.
- 5.2. The Company implements the necessary measures to provide employees with a work environment and conditions that meet the highest labour protection standards.
- 5.3. The Company creates a work environment that strives for work and private life balance.
- 5.4. The Company ensures compliance with the applicable international, Republic of Latvia and other human equality requirements.
- 5.5. The Company is opposed to any form of discrimination based on nationality, gender, sexual orientation, age or religion. The Company strictly observes and ensures equal treatment, in which there is no direct or indirect discrimination at every stage and aspect of the employment relationship, including in the selection of personnel.
- 5.6. No form of sexual harassment or abuse, any form of verbal, non-verbal or physical acts of a sexual nature intended to violate the dignity of a person or the result of such acts, in particular if it creates a hostile, degrading or aggressive atmosphere, shall be permitted in the work environment of the Company. Harassment and sexual harassment are considered sex discrimination and are therefore prohibited.⁴
- 5.7. Should there be any suspicion of possible unequal treatment or any form of discrimination against employees, any employee of the Company must inform the line manager and/or the Board of the Company, who shall make a decision on further actions.
- 5.8. Increasing the competence of employees and the exchange of knowledge between employees are the Company's priority. The Company's personnel management procedures provide for the determination of employees' work objectives and performance evaluation, assessment of existing and required competencies and knowledge at least once a year.

⁴ Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards to access to employment, vocational training and promotion, and working conditions, Article 2

- 5.9. Taking into account the Company's strategic development directions, the Company provides employees with an opportunity to develop the competencies necessary for the performance of work, both by promoting and ensuring the transfer of internal knowledge and skills, and by planning and providing funds in the Company's budget for employee training.
- 5.10. At least once a year, the Company tracks the following indicators of the Company's social development:
- 5.10.1. The diversity in the Company's Council and Management Board, which is determined by stating the proportion between the number of Management Board and Council positions held by women and men.
 - 5.10.2. Comparison of the median pay of men with the median pay of women in the Company as a whole and in the Company administration separately.
 - 5.10.3. The turnover of employees in the Company expressed as a percentage of the total number of the workforce.
 - 5.10.4. Gender diversity - the proportion between the number of women in the Company and the number of men in the Company.
 - 5.10.5. The ratio of injuries and deaths in the workplace to the total number of employees.

6. Environment protection

- 6.1. Within the framework of the sustainability policy in the field of environmental protection, the Company aims to take measures to contribute to the mitigation of climate change and its impact by continuously reducing the environmental impact of the Company's operations and ensuring the compliance of the Company's operations with environmental protection requirements.
- 6.2. The Company has implemented environmental protection procedures with clearly defined goals, an action programme with a defined management structure, responsibilities and provision of regular training.
- 6.3. The Company's environmental protection procedures are regularly reviewed and audited, thus ensuring their continuous improvement.
- 6.4. The Company ensures compliance with the applicable international, Republic of Latvia and other environmental requirements, and cooperates with state and local government institutions in the field of environmental requirements.
- 6.5. The Company carries out investment activities assessing the possibilities to improve the efficiency of the use of natural resources (energy resources, fuel, water, etc.).
- 6.6. The Company involves staff in solving environmental challenges and educates staff in the field of environmental protection.
- 6.7. 6.7. In relation to waste management, to the extent possible the Company follows the following key principles:
 - 6.7.1. Minimizes the generation of waste, thus ensuring the reduction of the total amount of waste generated by the Company, using technologies available and increasing the efficiency of resource use.
 - 6.7.2. Strives to ensure that the waste generated by the Company is not hazardous, or if it is hazardous then it is disposed of safely accordingly.
 - 6.7.2. Supports and promotes the increase of the Company's waste sorting, ensuring the rational use of waste as a resource and its return to economic circulation.
- 6.8. At least once a year, the Company monitors the following environmental impact indicators of the Company:
 - 6.8.1. The total direct and indirect greenhouse gas emissions in terms of CO₂ tons.
 - 6.8.2. The total energy consumption of the Company expressed in Megawatt-Hours (MWh).
 - 6.8.3. The total water consumption of the Company in cubic metres (m³).
- 6.9. At least once a year, the Board of the Company and the Boards of the Company's subsidiaries assess the dynamics of the above-mentioned environmental indicators and the possibilities to reduce the Company's impact on the environment.