

HUMAN RIGHTS POLICY

INTRODUCTION

CEWOOD has successfully taken over and continues developing wood wool (fibrolith) production traditions dating back more than 50 years in Latvia. We are proud to be a 100% Latvian company and one of the most sought-after employers in Alūksne region, providing jobs for more than 100 people.

CEWOOD strives to treat everyone equally and with respect. All CEWOOD employees, board members and owners of CEWOOD business take into account and support the protection of human rights, and this also applies to the conduct of our business partners, as well as suppliers and external service providers, as defined by the International Charter of Human Rights and the UN Guiding Principles on Business and Human Rights. When implementing the proper management of business aspects related to human rights, CEWOOD takes into account the eight fundamental conventions of the International Labour Organization, which cover topics considered as fundamental principles and fundamental rights at work: freedom of association and the right to collective bargaining, the elimination of all forms of forced or compulsory labour, child labour prohibition, as well as prevention and elimination of discrimination in relation to employment and profession. CEWOOD assesses and manages risks in accordance with the regulations on a regular basis.

In cases where national legislation and international human rights standards differ, the highest of the standards must be followed, and if they conflict, CEWOOD (or a supplier or a business partner thereof) undertakes to respect internationally recognized human rights as much as possible.

There is no doubt that the fundamental strength of CEWOOD is its employees, therefore we rely on each of them to adhere to CEWOOD value principles, because only together can we ensure high quality of goods and services and earn the trust of customers, cooperation partners and other interested parties.

CEWOOD believes it is essential to treat all parties involved in our activities with respect, including customers, suppliers, subcontractors, as well as state institutions and local government. We must not forget to show mutual respect amongst employees.

The human rights are comprehensive human rights to live a dignified life without fear, without deprivation and to be free to express one's personal views. These rights apply equally to all persons regardless of their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status.

We stand against violations of human rights in our economic activities; the employees have a right to a safe and healthy workplace, working hours and wages set by the law, where the determined wage must meet the cost of living. CEWOOD expects the same from all parties involved, including supply chains and cooperation partners. We will take seriously any reports of possible human rights violations in our company, as well as in the business activities of our cooperation partners.

The human rights policy is governed by CEWOOD's Collective Labour Agreement, Rules of Procedure and Occupational Safety Rules.

1. PREVENTION OF DISCRIMINATION. Employees are at the heart of CEWOOD success, and our company complies with all applicable international and national employment laws to ensure fair, safe and humane working conditions.

CEWOOD aims to provide equal opportunities to its employees and prevent discrimination of employees based on such characteristics as race, religious beliefs, age, nationality, gender, sexual orientation, political opinions, membership in trade unions, marital status or disability and other personal characteristics. CEWOOD is against discrimination in the workplace.

CEWOOD believes the diversity of employees is a great asset, and employees with their unique professional and life experiences make a significant contribution to CEWOOD's growth and success.

CEWOOD hires and promotes employees solely based on their professional qualifications and experience in

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the performance of the relevant work duties, and we do not allow our decision to be influenced by the above-mentioned personal features. We terminate employment strictly in line with the applicable legislation in the field of employment, and not based on subjective, unjustified considerations.

2. PREVENTION OF HARASSMENT AND ABUSE. CEWOOD never supports abusive attitudes and behaviour in the workplace. Abusive attitudes and behaviour are any unwanted, insulting, or discriminatory conduct that creates a hostile, degrading work environment. Examples of abusive attitudes and behaviour include sexual harassment, bullying, offensive comments or jokes, and threats of any kind. Likewise, deliberate spreading of rumours, slander and social isolation in the workplace are not allowed.

3. PREVENTION OF ALL FORCED OR COMPULSORY LABOR. CEWOOD stands against violations of human rights in economic activity, employees have a right to a safe and healthy workplace, working hours and wages set by the law, where the set wage must meet the cost of living.

A written employment contract is concluded with all CEWOOD employees, specifying their place of work, and including a description of the terms and conditions of employment.

CEWOOD has zero tolerance against coercion, forced (including debt slavery), slavery or human trafficking, threats, force, coercion, kidnapping or fraud for the purpose of work performance or service delivery. The freedom of employees, freedom of movement on the territory and premises of CEWOOD is not restricted without a valid reason.

4. PROHIBITION OF CHILD LABOR. Children are not employed in the economic activity of CEWOOD – any person younger than 15 years or who continues to acquire basic education until reaching the age of 18 years. Employees under the age of 18 may not perform work that may endanger their safety or health, including night shifts and overtime.

5. PREVENTION OF EXCESSIVE WORKING TIME. CEWOOD is convinced that employees' workload is closely related to reduced productivity, employee turnover, and more frequent injuries and incapacity for work. CEWOOD ensures the Employees' working week does not exceed 56 hours per week, including overtime, except for emergency or unforeseen situations. All overtime is voluntary. The employees are provided with at least one day off every seven days.

6. FREEDOM OF ASSOCIATION AND ENTERING INTO COLLECTIVE LABOUR AGREEMENT. CEWOOD does not infringe the employees' right to freedom of association, privacy, a possibility to enter into a collective labour agreement for a salary appropriate to the work duties to be performed and the market situation.

At CEWOOD, it is important that employees have a working environment in which they feel free to communicate with other colleagues and express their opinions and ideas, thus realizing their full potential, keeping mutual respect in their daily work. CEWOOD recognizes the fundamental right of employees to freedom of speech and supports the right of employees as individuals to participate in the political process, including donating to political parties, in accordance with applicable laws, however, it is very important to separate public activity and expression in a capacity of a CEWOOD employee from personal public activity and expression.

7. SAFE AND HEALTHY WORKING ENVIRONMENT. CEWOOD takes care to minimize the adverse impact of industrial operations on public, environment, and natural resources, while protecting public health and safety, as well as essentially preserve natural resources used in the production. Chemicals, wastes, and other

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materials that pose a threat to people or the environment are identified, ensuring safe processing, handling, storage, use, recycling or reuse and disposal. CEWOOD aims to improve energy efficiency and minimize energy consumption. CEWOOD takes care of a safe and healthy working environment. It is essential to educate employees about occupational safety, existing and possible risks in the workplace, thus reducing occupational safety violations and early identification of harm to health and safety at the workplace. CEWOOD provides pregnant and nursing mothers with working conditions that are not associated with a high degree of risk, eliminates, or reduces hazards of the working environment.

- a. Access to water, sanitation, and hygiene.** The employees have access to hygienic premises, drinking water and eating facilities, as well as food preparation and storage facilities. CEWOOD's premises are cleaned daily, complying with hygiene requirements, and keeping them clean and safe. Employees are also provided with disinfectants.
- b. Emergency preparedness and response.** Potential emergency situations, as well as their impact on CEWOOD's working environment are identified and assessed on a regular basis. Response to an emergency situation is defined in CEWOOD's Civil Defence Plan. CEWOOD maintains free and unobstructed exits to its premises. Employees have free access to information about emergency services and the evacuation plan.
- c. Hazardous material handling procedures.** Exposure of workers to chemical, biological and physical agents has been identified, assessed, and controlled. Potential hazards and opportunities to eliminate and/or reduce potential hazards are evaluated. CEWOOD takes care of the health and safety of employees by providing them with personal protective equipment free of charge. Hazardous materials are processed and disposed of in accordance with legislation.
- d. Management systems that prevent health and safety risks.** CEWOOD is committed to protecting the health and safety of its employees and the environment. Energy management solutions increase the energy efficiency of buildings, vehicles and equipment, help preserve natural resources, and reduce the impact of everyday life on the environment.

CEWOOD employees are provided with comprehensible information about health protection and safety in the workplace, trainings are conducted in a language understandable to the employee, the information is available to all employees, its location is accessible to the employees.

- e. Appropriate construction design, electrical safety, and fire safety.** CEWOOD buildings are built according to the approved construction designs. Electrical safety and fire safety are provided in accordance with the national laws and regulations. Their condition is regularly evaluated for a safe working environment.

- 8. PROVISION OF STATUTORY MINIMUM WAGES AND ALL STATUTORY BENEFITS.** Salary of CEWOOD employees is calculated in accordance with the contract and other external and internal regulatory acts, taking into account the minimum wage, overtime work and statutory benefits. The employees receive a timely and understandable pay statement for each pay period that includes sufficient information to ensure accurate compensation for the work performed. The employee has a right to annual leave, in accordance with the legislation. Employees are rewarded, recognized, and thanked in a non-discriminatory manner.

CEWOOD provides its employees with a competitive salary compared to the industry and local labour markets, as well as ensures legal working hours, overtime records and social guarantees. CEWOOD has concluded a collective labour agreement with its employees, which provides additional benefits to the employees.

- 9. MEETING THE COST OF LIVING.** In order to ensure a decent standard of living for employees and their families, CEWOOD undertakes to provide employees with a sufficient salary that corresponds to the cost of living determined in the country.

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10. PRIVACY. CEWOOD takes care of the protection of personal data, complies with the requirements of privacy and information security laws and regulations – collecting, storing, processing, transferring, and processing the data of employees and cooperation partners.

11. FAIR AND ETHICAL BUSINESS PRACTICES. CEWOOD business is based on honest attitude, justice, and transparency in all economic activities, including cooperation with partners, municipalities, and state institutions. Fair treatment of intellectual property rights is observed. CEWOOD is committed to complying with the highest ethical norms, standards of business ethics, and not to engage in covert transactions. CEWOOD condemns and shows zero tolerance against corruption, bribery, and extortion. CEWOOD ensures the payment of all taxes imposed by the country. Municipal initiatives and other activities are supported by providing financial, material or product support, donations and involving employees in these projects.

CEWOOD employees have an opportunity to express their opinion in the form of a complaint or suggestion (whistleblowing), guaranteeing that no personal restrictive actions are taken against the employee for expressing an opinion.

Member of the Board Ingars Ūdris

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Member of the Board Rihards Volfs

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