

**APPROVED**

AS "Eco Baltia"

13.01.2026. at the meeting of the Management Board  
(Minutes No. 01/2026)

**Procedure for the fulfilment of due diligence obligations in the field of sustainability  
and the assessment of the impact of significant transactions and projects on the  
environment and human rights  
(1st edition – effective from 13.01.2026.)**

**1. Purpose of the procedure**

- 1.1. The objective of the AS Eco Baltia Group (hereinafter referred to as the Group) is to exercise due diligence in the field of sustainability and to reduce the actual or potential adverse impact of the Group's companies on the environment and human rights.
- 1.2. Our goal is to build our supply chain with ethical partners, make investments and implement projects that promote the sustainable development of the company, society and the environment.
- 1.3. In this regard, the Group assesses the compliance of its planned significant transactions and investments with the Group's sustainability policy and objectives, the impact of the Group and its most significant supply chain partners on the environment and human rights, and, where possible, takes remedial and mitigation measures (due diligence obligation within the meaning of EU Directive 2024/1760 on corporate due diligence on sustainability and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859).
- 1.4. This procedure shall apply directly to all Group companies in which AS Eco Baltia has direct or indirect control, in Latvia and abroad, which carry out active daily economic activities.
- 1.5. The procedure sets out the order in which the Group selects transactions and partners to be reviewed, carries out, documents and reviews the assessment process, and makes appropriate decisions.
- 1.6. Depending on the significance and risk impact of each transaction or project, a different type of assessment is applied.
- 1.7. The Sustainability Manager of AS Eco Baltia (hereinafter referred to as the Sustainability Manager) is responsible for the implementation of the procedure.

**2. Application of the procedure**

- 2.1. The procedure must be implemented in relation to the following significant transactions, investments and significant transaction partners:
  - 2.1.1. **Company acquisition transactions**, regardless of which Group company implements them, assessing the target company's impact on the environment and human rights;
  - 2.1.2. **Significant investments** in the creation of new production lines, the manufacture of new products or the provision of services through partnerships with other companies;

- 2.1.3. **Significant suppliers** in the core business area, which are identified by assessing the services provided and production processes of the Group;
- 2.1.4. **Significant customers** in the core business area, which are identified by assessing the services provided and production processes of the Group.

## 2.2. Criteria for assessment:

- 2.2.1. For any **acquisition of a company**, if the transaction amount exceeds **EUR 1,500,000**;
  - 2.2.2. For **significant investments**, if the amount exceeds EUR 1,500,000 and their implementation will require an environmental impact assessment, public consultation, or is expected to have a negative impact on the environment or society;
  - 2.2.3. With regard to **significant suppliers and customers**, if they are considered important to the relevant Group company in accordance with points 2.3 and 4.1 of this procedure.
- 2.3. In the first year of assessment (i.e., 2026), the assessment in all Group companies will be carried out for ten (10) suppliers and customers identified as important, which will be selected by performing the assessment specified in section 4.1.2. In subsequent years, the principle of assessing ten (10) suppliers and customers deemed to be important shall remain in place. If any of them have already been assessed in the previous year, the next partner in terms of the amount of cooperation will be assessed instead, or other smaller suppliers or customers will be selected if their performance in the field of sustainability is considered important for achieving the Group's sustainability goals and preventing greenwashing.
  - 2.4. The assessment is not carried out for state and local government institutions and capital companies.
  - 2.5. If there is any doubt as to whether a particular transaction or partner should be subject to screening, the decision is made by the Management Board of AS Eco Baltia.
  - 2.6. For other suppliers, where possible, the contract shall include a reference to the Group's partner Code of Conduct, which is available on the Group's websites, and compliance with it on the part of the partners.

## 3. Responsible persons

- 3.1. The director of each Group company (or the chairperson of the Management Board, if there is no director) is responsible for the implementation of the procedure at the level of the specific company.
- 3.2. The practical implementation of the procedure requirements is ensured by:
  - 3.2.1. The Sustainability Manager, who selects the partners to be assessed, develops the assessment questionnaire, evaluates the questionnaires received, and assesses the implementation of improvements;
  - 3.2.2. Employees who are responsible for performing specific activities in accordance with point 4 of this procedure;
  - 3.2.3. Legal function employees who monitor compliance with the procedure and provide advice to employees.

- 3.3. Regular training in the application of the procedure is provided to Group employees involved by the Sustainability Manager. Training is provided at least once every two years or when significant changes are made to the procedure, impact factors, or regulatory requirements in this area. The training provided is recorded in the Training Register or another equivalent format, which is created and maintained by the Sustainability Manager.

#### 4. Partner categories and the assessment applicable to each category

- 4.1. Regarding the assessment of **significant suppliers and customers**, the sequence of activities is as follows:

- 4.1.1. The Sustainability Manager prepares and maintains an assessment of the areas in which the Group's companies have the greatest impact on the environment, society and sustainability (so-called *stakeholder- -mapping*). This is reviewed at least once a year by February 28 of each year and in cases where significant impact factors change.
- 4.1.2. Based on the assessment, the Sustainability Manager, together with the director of each specific Group company, selects the most important suppliers and customers for the previous year by March 31 each year from the list of significant suppliers and customers for the previous year prepared by the accounting or finance department, as well as from the list of planned significant investments, selecting those projects that will require a sustainability assessment (taking into account the significance of the cooperation, the influence of the partner, the duration of the contractual obligations, and other factors).
- 4.1.3. First, the Sustainability Manager checks whether the selected company has already completed the assessment questionnaire and its performance has been assessed positively, whether the company has published its sustainability or ESG report, and whether it has had its report audited by a third party. If so, the company is deemed compliant and no further assessment procedures are carried out, but the next partner is selected for review.
- 4.1.4. The company director indicates which employee (it must be an employee who maintains daily communication with the specific supplier/customer) should ask the relevant partner to fill out the questionnaire (customers - Appendix No. 1.1. (MIN) and for suppliers - Appendix No. 1.2. (OPT)).
- 4.1.5. After receiving the completed questionnaires, the Sustainability Manager provides his or her opinion to the company director on whether the partners' performance in the area of sustainability is sufficient to continue cooperation, taking into account the minimum criteria set out in the questionnaire (Appendix No. 1):
- 4.1.5.1. The Sustainability Manager assesses whether the questionnaire has been completed fully and correctly, whether the information provided is understandable, consistent and reliable, and, where applicable, whether supporting documents have been attached.
- 4.1.5.2. The Sustainability Manager ensures that the partner's activities do not include any activities that are not supported by the Group (commercial activities involving weapons, ammunition, military equipment, tobacco, gambling, pornography/sexual exploitation, prohibited chemicals substances) or other risks considered high, which, if detected, may result

in cooperation not being approved regardless of the number of points obtained.

- 4.1.5.3. If the total ESG assessment result reaches at least **80%** of the maximum possible number of points and no high risks identified, the Sustainability Manager will recommend approving the cooperation without additional conditions.
- 4.1.5.4. If the overall ESG assessment result is **between 60% and 79.9%**, the Sustainability Manager recommends approving the cooperation with conditions, setting specific improvement measures and deadlines for their implementation.
- 4.1.5.5. If the overall ESG assessment result is **less than 60%** or the minimum thresholds for one or more key criteria are not met, the Sustainability Manager will recommend not approving the cooperation.
- 4.1.5.6. The sustainability manager's opinion is used as the basis for the company director's decision on further cooperation.
- 4.1.6. If the partner assessment, despite a positive or partially positive opinion, identifies risks that are considered high, the Management Board or Supervisory Board of AS Eco Baltia, in accordance with the decision-making hierarchy and after assessing the significance of the partner, may decide to start or continue cooperation with the specific partner.
- 4.1.7. If the sustainability manager indicates in the opinion that the partner's performance is insufficient, the company may request additional information from the partner when the company plans to implement sustainability measures or reduce its impact on the environment or human rights, as well as offer to conduct an on-site sustainability audit or assessment of the partner, for example, according to the Ecovadis methodology.
- 4.1.8. If the partner agrees, the cooperation continues and after a year the partner is re-examined to see if it has made any improvements.
- 4.1.9. If the partner does not submit a completed questionnaire or does not agree to make the recommended improvements, or if after a year it is found that the proposed improvements have not been made, the decision on whether to continue cooperation should be made by the company's Management Board, taking into account all factors – the partner's importance from a business perspective, economic benefits, and risks, including poor performance in the area of sustainability. The Management Board may decide to continue cooperation, discontinue cooperation, or set other terms of cooperation.

#### **4.2. When evaluating a new investment and development project:**

- 4.2.1. The company director or project owner informs the Sustainability Manager on it before the project is launched.
- 4.2.2. The Sustainability Manager shall assess the sustainability of the project, involving relevant specialists from the company's employees, who shall provide information on the nature of the project and its various aspects and impacts by completing a questionnaire (Appendix No. 2) and, as a result, provide their opinion on the sustainability of the project and its impact on the environment and society. The opinion is submitted to the company's Management Board. The opinion may

be positive, negative, or partially positive with recommendations for improving the project.

- 4.2.3. The questionnaire is completed based on the available project documentation, planned technical solutions and expert assessment, providing answers to all relevant questions.
- 4.2.4. Each question is evaluated in accordance with the point counting methodology set out in Annex No. 2, and the overall project sustainability assessment result is calculated as a percentage of the maximum possible number of points. It is also assessed whether the project do not include any activities that are not supported by the Group (commercial activities involving weapons, ammunition, military equipment, tobacco, gambling, pornography/sexual exploitation, prohibited chemicals) or other risks considered high, which, if identified, may result in the project not being approved.
- 4.2.5. If the overall project sustainability assessment result reaches at least **80%**, the Sustainability Manager gives a **positive opinion** on the sustainability of the project.
- 4.2.6. If the overall project sustainability assessment result is **between 60% and 79.9%**, the Sustainability Manager will give a **partially positive opinion with recommendations**, setting out specific project improvement measures and deadlines for their implementation.
- 4.2.7. If the overall project sustainability assessment result is **less than 60%**, or if are identified significant sustainability issues, the Sustainability Manager will issue a **negative opinion** on the sustainability of the project.
- 4.2.8. The Sustainability Manager's opinion is documented and submitted to the company's Management Board.
- 4.2.9. If the project assessment, despite a positive or partially positive opinion, identifies risks that are considered high, the Management Board or Supervisory Board of AS Eco Baltia, in accordance with the decision-making hierarchy and after assessing the significance of the project, may decide to implement the project.
- 4.2.10. In other cases the decision on the implementation of the project shall be taken by the company's Management Board (or, in accordance with the Group's decision-making hierarchy, another corporate body of the Group), assessing all factors – both the significance of the project from a business development perspective and taking into account the recommendations of the Sustainability Manager and the identified risks in the area of sustainability. The Management Board may decide to implement the project as is, not to implement it, or to make various changes to the project.

#### **4.3. Regarding the acquisition of a new company:**

- 4.3.1. When a Due Diligence process of the target company is initiated, the Project Owner submits a questionnaire on the sustainability performance of the target company(ies) to the seller or their representative (Appendix No. 1.3. (MAX));
- 4.3.2. Based on the submitted questionnaire, the sustainability assessment is carried out by the Sustainability Manager, who provides opinion to the project owner. The opinion may be positive, negative, or partially positive with recommendations for improving the target company's performance.
- 4.3.3. The opinion received is evaluated together with all the company's acquisition documentation, the decision on the acquisition and the terms of the transaction

adopted by the relevant Group corporate body, providing for the target company's management to implement appropriate improvements after the acquisition.

## **5. Information processing, storage and destruction**

- 5.1. All documentation, including questionnaires received and opinions provided, shall be processed and stored electronically by the Sustainability Manager for 5 (five) years, and the relevant documents obtained in paper form shall be scanned.
- 5.2. After the storage period has expired, the documents/information shall be destroyed in a secure and confidential manner.

## **6. Consequences of violating the procedure**

- 6.1. Any violation of this procedure may be subject to disciplinary action.
- 6.2. Any violation of this procedure must be reported to the director of the specific company, who will decide on the significance of the violation and may impose disciplinary sanctions on the violator or take other measures to prevent similar violations in the future.

## **7. Other provisions**

- 7.1. The procedure is reviewed at least once every three years.
- 7.2. The Head of the Group's Legal Function is responsible for reviewing the procedure.

Appendix:

No. 1 Partner and new company performance evaluation questionnaires:

- EB\_ESG\_DD\_Appendix\_No.1.1. (MIN) Partner and new business performance evaluation questionnaire\_for clients
- EB\_ESG\_DD\_Appendix\_No.1.2. (OPT) Partner and new company performance evaluation questionnaire\_for suppliers
- Appendix\_No.1.3. (MAX) Partner and new company performance evaluation questionnaire\_M&A\_subcontractors

No. 2 New investment project evaluation questionnaire.