

SCHWENK LATVIJA SPONSORSHIP AND DONATION POLICY

Into force from 1 June, 2021

1. INTRODUCTION

SCHWENK Latvija is one of the leading building material producers in Latvia. Every year the company implements corporate social responsibility and sponsorship activities which include financial and other support to the company's primary stakeholders for implementation of various socially important projects.

Social investment is planned and defined by the Communication Strategy and the Activity Plan of SCHWENK Latvija, which are developed once a year by the Communication Department and approved by the Management Board. It is rooted in the company's values:

1. **HEALTH & SAFETY: our mission is zero harm – everyone should return home safe and sound.** We constantly work to transform corporate value of H&S practices into a personal one.
2. **COLLABORATION: respecting individuality and diversity, we collaborate for a shared value – within a team, with our customers and communities.** Collaboration goes beyond cooperation, it is co-creation, mutual trust and long-term work with the approach of shared value.
3. **GROWTH: growth and development of business, communities and individuals.** With bold, but thoroughly assessed investment and innovations we achieve continuous growth and development. We evaluate courage and initiative, which goes hand in hand with individual and corporate responsibility. We believe in regional strength, in human power and bright minds.
4. **RESPONSIBILITY: we continue with pride and build with responsibility for next generations to come.** We live the material we use – we love it and respect it. Each individually and as a company we take full responsibility for our decisions and actions. We honour our long roots and act with responsibility towards our customers, communities and planet Earth in order to build for a lifetime and leave the best legacy we can for next generations.

2. POLICY OBJECTIVE AND SCOPE

The Sponsorship and donation policy of SCHWENK Latvija applies to all sponsorship and donation projects in Latvia. The policy determines the directions to be supported, project selection criteria, project evaluation and granting procedures of support. Its aim is to ensure clear monitoring and administration of social investment within the company in accordance with the values and Communication Strategy eliminating any risks of conflict of interest and reputation.

3. TYPES OF SUPPORT / COOPERATION

SCHWENK Latvija provides support to the subjects referred to in Paragraph 6 of this policy in the form of donations and / or sponsorship, or in the form of voluntary work.

- 3.1. Within the framework of this policy, a donation shall be deemed to be financial resources or property which SCHWENK Latvija on the basis of a mutually agreed agreement transfers to the beneficiary of the donation without any obligation to perform activities of a compensatory nature. A donation with a specific purpose is a special purpose donation and it can be used only for the purposes provided for in the agreement concluded between SCHWENK Latvija and the beneficiary of the donation. A donation for which the purpose of use has not been determined shall be considered as a general donation and, when granting such SCHWENK Latvija enters into an

agreement with the beneficiary of the donation. SCHWENK Latvija grants donations in the following forms:

- 3.1.1. financial donation: financial resources for the implementation of a specific project, to a person or an organization or for support of a group of society;
- 3.1.2. material donation:
 - 3.1.2.1. a donation of materials produced by the company – cement, concrete, aggregates – for the implementation of a project;
 - 3.1.2.2. a donation of used machinery, household items, etc. for the implementation of a specific project, to a person or an organisation or for support of a group of society.
- 3.2. Sponsorship within the framework of this policy shall be considered a mutually beneficial transaction between SCHWENK Latvija and the subjects referred to in Paragraph 6 of this policy according to which SCHWENK Latvija grants financial resources or its manufactured materials (i.e. cement, concrete, aggregates) for the implementation of a specific project, to a person or an organisation in exchange for advertising and promotion of the brand of SCHWENK Latvija, manufactured goods, services provided, activities performed, as well as updating of topics important to the company in society (hereinafter – promotional activities). In the case of sponsorship SCHWENK Latvija and the beneficiary of financial resources or materials manufactured by SCHWENK Latvija conclude an agreement specifying the amount of financial resources to be granted or the financial value of the materials to be provided and the description and financial value of the promotional activities to be received. The financial value of advertising activities must be equal to the amount of financial resources granted or the financial value of the materials provided.
- 3.3. In the framework of this policy practical assistance provided by employees of SCHWENK Latvija in the implementation of a project, improvement or renovation of a place or an object, etc. is considered to be voluntary work.

4. PROJECTS AND INITIATIVES TO BE SUPPORTED / SPONSORED:

- 4.1. Projects that promote the arrangement and improvement of infrastructure, introduce various safety improvements and promote a healthy lifestyle.
- 4.2. Projects that promote the education of different groups of society on health and safety aspects, increase awareness of the respect for the principles of safe and healthy lifestyle on a daily basis.
- 4.3. Projects aimed at promoting cooperation between different groups of society – in the long term, promoting interaction between different social groups, involvement in project implementation and the use of results.
- 4.4. Projects that promote inclusion of different groups of society into the labor market, social and economic life, education, etc.
- 4.5. Projects aimed at the economic growth of the region and attracting people to the region.
- 4.6. Projects that strengthen and develop civil society, responsibility in the business environment in Latvia.
- 4.7. Projects aimed at the development of education to encourage young people's interest in the exact sciences.
- 4.8. Projects that promote responsibility for the environment and people.
- 4.9. Projects that reduce the shadow economy, promote fairness and openness, and sustainable management.

- 4.10. Projects that honor, restore and preserve the heritage of history of building materials production and community.
- 4.11. Projects that educate different groups of society on the issues mentioned above.

5. PROCEDURE FOR CONSIDERATION OF APPLICATIONS

- 5.1. Decisions on support for a specific project, organisation or initiative shall be taken by the Management Board of SCHWENK Latvija based on the recommendations of the Communications Department and the Communication Strategy.
- 5.2. All support requests submitted to any of the company's departments in any form should be directed to the Communication Department of SCHWENK Latvija by sending a message to antra.savlevica@schwenk.lv.
- 5.3. The Communication Department shall review the proposals received and take a decision on their further administration and the granting or refusal of funding and/or material values, the provision or refusal of voluntary work, based on the priorities set out in the Communication Strategy and the company's values.
- 5.4. Projects that are assessed by the Communication Department as relevant for the further progress are discussed with the Management Board of SCHWENK Latvija by taking the decision on the granting of support and its amount or refusal.
- 5.5. The Communication Department shall inform the potential beneficiary about the follow-up steps and administer the further transfer process of support.
- 5.6. Before any cooperation with the external parties, a donation agreement or a cooperation agreement on sponsorship activities depending on the nature of the project shall be signed. The contract provides for the right of SCHWENK Latvija to check the use of the granted financial resources and material values, its compliance with the purpose, to terminate cooperation and to recover the granted financial resources or the value of material values in case the other party infringes the terms of the agreement.

6. ELIGIBLE FOR SUPPORT OF SCHWENK LATVIJA:

- 6.1. Non-governmental organisations;
- 6.2. Social enterprises;
- 6.3. Commercial enterprises or associations founded by enterprises, individuals or groups of initiatives who attract funding to achievement of essential objective;
- 6.4. Companies, organizations and projects whose activities do not contradict the values, high standards of corporate governance, ethics and compliance of SCHWENK Latvija.

7. NON-ELIGIBLE FOR SUPPORT OF SCHWENK LATVIJA:

- 7.1. Political parties;
- 7.2. Religious organisations and activities aimed at promoting a particular religion. Exceptional cases may constitute support for the renovation and maintenance of certain buildings included in the Latvian Heritage List and which belong to religious communities;
- 7.3. Activities that contradict the company's values – unsafe and dangerous activities, including sports with a high risk of injury, activities that cause damage to the environment, discriminate against a certain group of society, promote aggression, spread of fake news;

- 7.4. Projects in which participate and are involved companies from sectors contradicting the values of SCHWENK Latvija (manufacturing and distribution of tobacco and alcoholic beverages, non-bank lending, gambling);
- 7.5. SCHWENK Latvija reserves the right not to grant the requested support in the financial or material form or voluntary work, based on the inconsistency of the support object with the company's strategy and other subjective factors.

8. AMOUNT OF FUNDING

- 8.1. The annual amount of social investment of SCHWENK Latvija is determined in the company's budget and can be increased only with the approval of the Management Board of SCHWENK Latvija.
- 8.2. The amount of social support in the form of financial resources, materials and voluntary work shall be approved by:
 - 8.2.1. 0 – 5 000 euros within a pre-defined budget framework: SCHWENK Latvija Communications Manager Antra Savleviča;
 - 8.2.2. 5 000 – 75 000 euros: SCHWENK Latvija Director of Human Resources and Administration Linda Šedlere;
 - 8.2.3. Over 75 000 euros, outside the planned budget frame: CEO SCHWENK Northern Europe Reinhold Schneider or Finance Director SCHWENK Northern Europe Stephan Pott.

Additional information: Antra Savleviča, SCHWENK Latvija Manager of Communications and Corporative Social Responsibility. E-mail: antra.savlevica@schwenk.lv, phone: (+371) 26422891.

Approved by:

Linda Šedlere, SCHWENK Latvija Director of Human Resources, Communication and Health & Safety, Member of the Management Board SCHWENK Latvija
Reinhold Schneider, CEO SCHWENK Northern Europe and Chairman of the Management Board SCHWENK Latvija