



Approved by:

CEO of the company Linas Karzinauskas
Dated 01-02-2023

KG CONSTRUCTIONS GROUP, UAB CORPORATE SOCIAL RESPONSIBILITY POLICY

I. Purpose and Applicability

- 1.1. The purpose of this Corporate Social Responsibility (hereinafter – **CSR**) Policy is to ensure that KG Constructions Group, UAB (hereinafter – the **Company**) and its subsidiaries: 1) KG Energija, UAB, 2) KG TRANSPORTAS, UAB; 3) KG Constructions, UAB; 4) Lignas, UAB; 5) KG Service, UAB; 6) KGC Sweden AB; 7) KGC Denmark, ApS; 8) KGC Facades UK Ltd; 9) KGC Switzerland AG; 10) KGC Norway AS; 11) Lignas Sweden AB (hereinafter – the **Group**), affiliates, and associated companies in Lithuania and internationally, consistently operate in a responsible manner. This Policy promotes socially responsible conduct by integrating CSR management best practices and processes and outlining CSR related risks within our daily operations.
- 1.2. This Policy covers a range of areas that are important for enhancing corporate social responsibility. For KG Constructions Group, we will endeavour to take all these matters into consideration and implement appropriate measures. In particular, we seek to utilize our expertise and core competencies to focus on the following specific objectives:
 - 1.2.1. Community – equipping students and youth with skills and resources;
 - 1.2.2. Environment – incorporating environmentally friendly considerations into sustainable business;
 - 1.2.3. People – positioning ourselves as a staff friendly employer with a view to attracting and retaining talented individuals to sustain a diverse and vibrant workforce.
- 1.3. This Policy is applicable to all directors, officers and employees of the Group. All contractors, subcontractors and individuals acting in any capacity for or on behalf of the Group should be made aware of this Policy.
- 1.4. The Group companies, which are established outside the Republic of Lithuania, may hold their own Policy as required under local law.

II. Management Approach

- 2.1. Our approach to CSR is to achieve sustainability without creating adverse impact on our profitability. This requires recognizing the seven principles of socially responsible behaviour: accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour and respect for human rights. It also



involves managing stakeholder expectations and perspectives while contributing to sustainable development in an environmentally and socially considerate manner.

2.2. CPR governance

Through our HR, the Group endeavours to maintain consistent management of our social responsibilities. Through various internal and external means, the Group continuously seeks to determine the most efficient and effective ways of positively contributing to the communities and environment in which the Group functions.

This Policy establishes requirements and guidelines for our management team, employees and relevant stakeholders to effectively drive our CSR activities, initiatives and commitments, while managing related risks. It is part of the overall KG Constructions Group enterprise risk management framework demonstrating the KG Constructions Group's high level of suitable regulatory, fiscal and market mechanisms that encourage responsible governance and continuously create shareholder value. Meeting these commitments is an important management objective and the individual and collective responsibility of all of the Group employees.

2.3. Stakeholder identification and engagement

Policy scope includes shareholders, our organization (employees), the people we serve (customers), the communities in which we primarily operate (communities), those with which we conduct business (suppliers and business partners) and those who oversee our products and services (investors and regulators).

Stakeholder engagement is one of the key drivers to the continuous improvement of our CSR performance and we endeavour to provide stakeholders and all interested parties with clear information about our approach to environmental, social and governance (ESG) issues.

III. The Environment

3.1. KG Constructions Group is committed to addressing environmental issues and reducing our environmental impact. We seek to utilize our products, services and expertise to assist in the development of solutions to environmental problems. Our objectives are to assess, avoid, reduce and mitigate environmental risks and impacts associated with our activities and to continuously improve the environmental performance of the Group. We are ISO 14001:2015 certified.

3.2. To meet our objectives, we:

- 3.2.1. work with the local community to support local and international initiatives that advocate for environmental responsibility (if possible);
- 3.2.2. communicate our commitment to environmental responsibility to stakeholders including shareholders, customers, employees, suppliers, contractors, business partners, governments and non-government organizations by creating awareness and inspiring support for environmental efforts across the Group and our sphere of influence;
- 3.2.3. continually improve the Group's environmental performance by setting targets as well as monitoring and measuring the progress against those targets;



- 3.2.4. ensure that the operations of all business and functional units comply with relevant environmental legislation and mandatory standards;
 - 3.2.5. develop and promote products and services that are energy efficient, environmentally friendly and can be reused, recycled or disposed of safely;
 - 3.2.6. minimize waste by applying the waste management hierarchy (avoidance at source, reuse, recycling and reprocessing, proper waste treatment and responsible waste disposal) throughout our operation;
 - 3.2.7. identify and implement waste and pollution prevention measures, and ensure proper management of unavoidable pollution including responsible disposal of non-recyclable and hazardous materials;
 - 3.2.8. take measures to protect biodiversity and local ecosystems when developing and decommissioning infrastructure.
- 3.3. The environment is important to us and we look forward to implementing the Sustainability Strategy by 2026. In order to implement the Sustainability Strategy, our goals are:
- 3.3.1. to work with suppliers who meet the Company's environmental and social criteria. This is going to be reached by:
 - 3.3.1.1. submitting to the suppliers to fill in the "Supplier Questionnaire" by April 2022. In case supplier's score is under 50% - to find alternative suppliers or negotiate an agreement to introduce environmental and CSR commitment standards for existing ones;
 - 3.3.1.2. by requiring major suppliers to submit EPD declarations for essential materials (glass, metal, aluminum).
 - 3.3.2. to ensure cyber security;
 - 3.3.3. to reducing the amount of CO2 produced by the Company's activities, i.e., to reduce CO2 Autonomous gas heating in a plant and install solar panels in a new plant to produce 80 percent of the electricity consumed;
 - 3.3.4. responsible and efficient use of resources, achieved by installation of automatic power off lines in the new plant. Saving through habit formation;
 - 3.3.5. to control industrial waste emissions, optimize the process by meeting with masters, improve sorting.

IV. Employment and Labour

- 4.1. We are committed to providing a motivating and rewarding working environment that encourages collaboration and offers our employees opportunities to learn, grow and succeed at work and in life. Our HR mission is to build a productive and motivating workplace that delivers high level business performance. We achieve this by focusing on targeted talent acquisition and retention, providing proactive training and by motivating them.
- 4.2. The HR helps strengthen communications and enables employees' better understanding of the Company's policies and decisions, promotes team spirit, improves the overall efficiency and productivity of the Company, enhances services to customers, and encourages increased level of engagement and well-being for employees.
- 4.3. It is our objective to provide equal employment opportunities, and to establish a diverse and inclusive workplace and culture by ensuring that all our activities respect, promote and advance



human rights. Through various policies and procedures, the Group provides a framework to help ensure a positive working environment.

4.4. To meet our objective, we:

- 4.4.1. ensure individuals performing work for our Group do so based on a constructive employment relationship within an appropriate legal and institutional framework, or are legitimately self-employed and that no forms of child or forced labour, slavery and human trafficking are taking place in any of part of our business;
- 4.4.2. provide our employees with labour protection (i.e., in compliance with laws and regulations that govern work including wages, working time, and health and safety), help employees in the event of accidents, family problems, and provide social recognition programs to inspire employee creativity, improve productivity and lower staff turnover;
- 4.4.3. provide employees a safe and harassment-free working environment and encourage a healthy lifestyle; regard workplace safety as a Company priority. We maintain and ensure a high standard of health and safety in all company activities and ensure work done by all employees on our behalf is performed in a healthy and safe working environment. We are ISO 45001:2018 certified;
- 4.4.4. require employees to follow all workplace safety practices at all times and ensure that they follow proper procedures should an accident or injury occur;
- 4.4.5. attract, motivate and develop our people to reach their fullest potential and provide a working environment that supports professional and personal development;
- 4.4.6. provide staff at various stages of their career with access to skills development and training for career advancement, on an equal and non-discriminatory basis;
- 4.4.7. to attract students, encourage continuous development, studying, education, provide practical knowledge and aim to keep students working for us after their studies. We feel responsible for the younger generation and we help them to gain experience, taking into account how difficult it is to get a job when the person does not have any work experience. We have set up scholarships for the most talented students.

4.5. In order to ensure safe working conditions and strengthen employee motivation we plan to:

- 4.5.1. organize quarterly meetings with employee representatives from each department on occupational safety issues (if representatives are in the company);
- 4.5.2. transfer the safety documentation of all Company groups to the electronic document management system;
- 4.5.3. change the work schedule, annual salary review, providing feedback to employees, evaluation for good work results;
- 4.5.4. organize challenges, education of employees on health lifestyle issues;
- 4.5.5. carry out the psychosocial research of the Company, to participate in the "Mental Strengthening Program".

V. Supply Chain Management

- 5.1. KG Constructions Group upholds the highest ethical and professional standards when dealing with suppliers and contractors. It is our objective to reduce environmental and social risks in our supply chain. The Group has in place the Code of Business Conduct and Ethics to facilitate and communicate



with our suppliers and contractors regarding their compliance with labour, health and safety, and environmental regulations.

5.2. To meet our objective, we:

- 5.2.1. share our CSR policy and Code of Business Conduct and Ethics with our suppliers and contractors, and encourage them to adopt sustainable initiatives aligned with these policies;
- 5.2.2. ensure that our goods and services are procured from environmentally and socially responsible suppliers and contractors as far as practicable;
- 5.2.3. identify supply chain risks by conducting due diligence, especially to ensure that slavery and human trafficking are not taking place in any part of our supply chain;
- 5.2.4. protect and empower workers throughout our supply chain by requiring supplier commitments that uphold the basic rights of workers as set out by local and international guidelines, and as clearly indicated in our Code of Business Conduct and Ethics;
- 5.2.5. raise the awareness among suppliers and contractors of KG Constructions Group's compliance to minimizing the potential environmental impacts by providing energy efficient products and services to our customers;
- 5.2.6. minimize hazardous substances generated from our products by engaging in discussions with equipment suppliers, requiring them to take action on the reduction of hazardous substances;
- 5.2.7. monitor supplier performance and conduct performance reviews yearly, targeting major suppliers and contractors, and communicate unsatisfactory ratings for rectification and improvements.

VI. Customers and Marketplace

- 6.1. We adhere to applicable laws protecting individual privacy and commercially sensitive information, including those that relate to materials used in our products, advertising and labelling. We meet prescribed government and/or statutory body requirements under relevant legislation and laws.
- 6.2. As our services and products are known for clients, we are committed to serving them to the best of our ability by continually elevating our level of service excellence. We are ISO 9001:2015 certified. It is our objective to gain customer confidence in our products and services, and to provide sufficient information to them for making informed choices.
- 6.3. To meet our objectives, we:
 - 6.3.1. continuously improve customer experience, riding on our well-developed customer relationship management systems and by ensuring that our products and services are high quality, safe and environmentally friendly;
 - 6.3.2. ensure product safety and service reliability, and those of third-party suppliers and manufacturers;
 - 6.3.3. view privacy and security of personal data as a key operating principle, which covers the delivery of location-based services and advertising, and actively protect our customers and employees by following our own guidance on management of physical records containing personal data storage;



- 6.3.4. safeguard and protect intellectual property by maintaining relevant standards and protocols and by disclosing practices relating to intellectual property rights to relevant stakeholders.

VII. Community

- 7.1. Our objective is to be a good corporate citizen to our communities. We are committed to supporting the community through a diverse range of initiatives such as providing sponsorships of worthy educational initiatives and offering volunteer services.
- 7.2. To meet our objectives, we:
- 7.2.1. ensure that the communities in which we primarily operate are informed in a timely manner of, and are involved in, any organizational developments which may affect them;
 - 7.2.2. seek to communicate with representative community groups when determining priorities for social investment and community development activities;
 - 7.2.3. are respectful of vulnerable, discriminated and under-represented groups and ensure our activities respect local and internationally recognized principles for community empowerment in a culturally and diversity sensitive manner;
 - 7.2.4. partner with other organizations, including governments, businesses or NGOs to maximize synergies and make use of complementary resources, knowledge and skills;
 - 7.2.5. promote and support education at various levels and engage in actions that improve the quality of and access to education;
 - 7.2.6. mobilize our employees to be corporate volunteers and to dedicate their time and skills for community services;
 - 7.2.7. serve our communities and foster positive relationships by providing in-kind and financial donations, including those considered through community requests. We have an annual budget for this.
- 7.3. We have an annual budget for charitable activities, support for local companies, environmental clean-up campaigns, etc.

VIII. Stakeholder Communication

- 8.1. We take stakeholders' viewpoints into consideration when making business decisions, and may make changes according to KG Constructions Group's business priorities and CSR focus areas. We endeavour to supply our stakeholders with clear information about our approach to CSR issues.
- 8.2. It is our objective to shape our stakeholder engagement approach to be more collaborative and partnership-oriented to identify opportunities, focusing on improving how we incorporate stakeholder viewpoints into business decisions. To ensure we meet this objective for all our stakeholders, namely shareholders, customers, employees, suppliers, contractors, business partners, government and non-government organizations, we try:
- 8.2.1. To identify and understand material areas and communicate progress made with regard to our CSR performance on our website;



- 8.2.2. To disclose our material information to appropriate regulators, stakeholders and the public in a timely, accurate and verifiable manner;
- 8.2.3. To be transparent about our actions and are accountable to our stakeholders for our planning
- 8.2.4. To ensure interactive communication with all stakeholders, recognize their rights to be heard, and duly respond to legitimate stakeholder claims through our existing communications channels.

