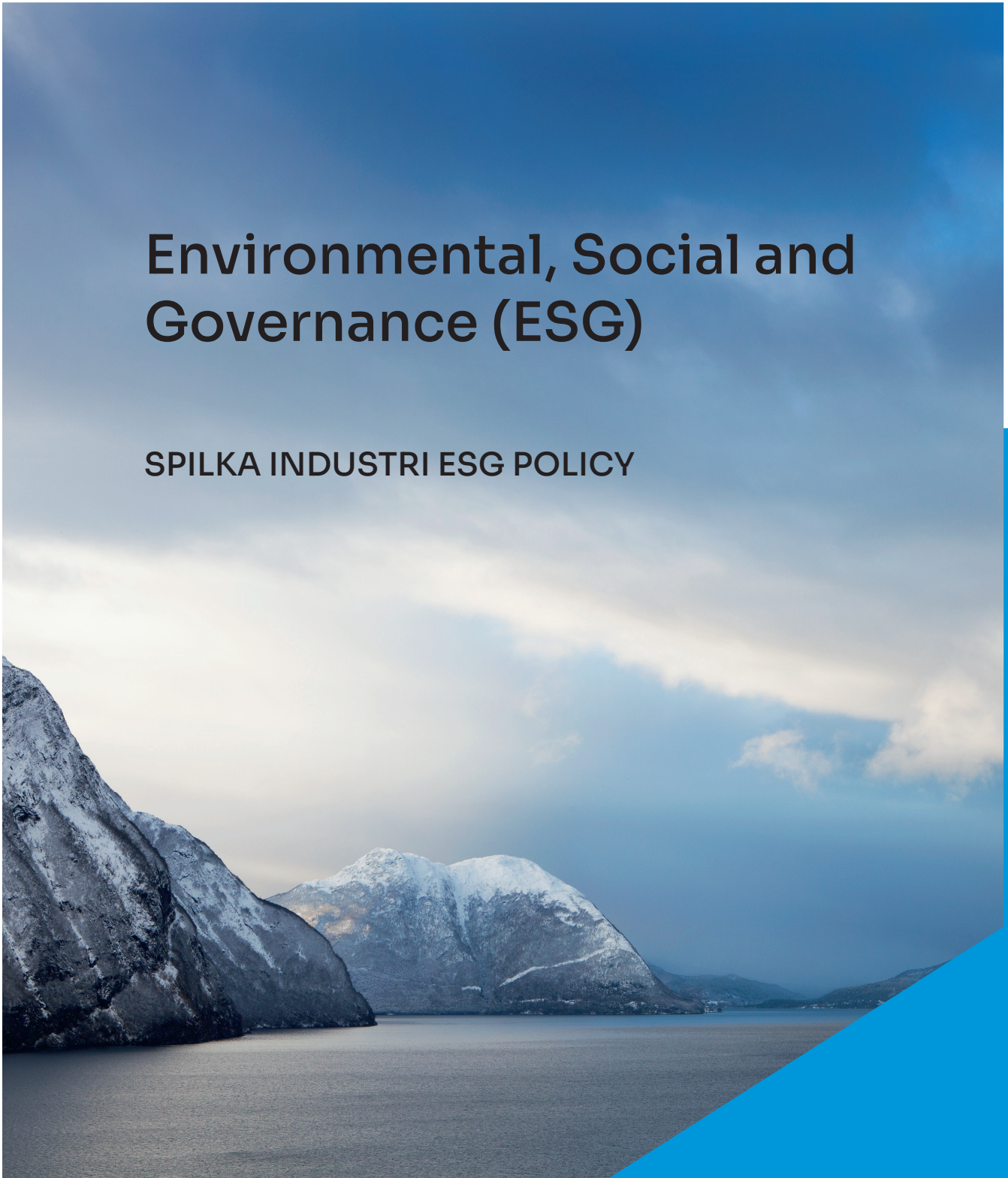


Environmental, Social and Governance (ESG)

SPIILKA INDUSTRI ESG POLICY



ESG Policy Spilka Industri

Approved by the Board of AS Spilka Industri on 06. October, 2021.

Applies to all companies and subsidiaries in AS Spilka Industri.

1. Introduction

This document provides an overview of AS Spilka Industri's (Spilka) approach to integrate environmental, social and corporate governance (ESG) factors into our business.

Spilka believes there is a strong correlation between long-term profitability and socially and environmentally responsible business practices.

The Board should discuss the company's compliance with its ESG policy at least annually. This theme should also be covered in the company's annual report.

2. ESG Commitment

Spilka believes that responsible value creation ultimately provides the best returns. Having sound procedures for ESG (Environmental, Social and Corporate Governance) work, is an important part of Spilka's strategy of maintaining a focus on this area – both in investment decisions and in terms of the company's daily operations.

Furthermore, Spilka is committed to adhering to and complying with fundamental environmental, social and governance principles. The Company is dedicated to sustainable growth and value long term profitability that correspond with proper environmental behaviour, social justice and corporate citizenship. To ensure sustainable growth the Company must consider its performance and impacts on three key issues: environmental, social and governance issues (ESG issues).

In addition, focusing on key ESG issues may have important effects on the company's business;

Companies with stronger environmental performance may carry less risk, achieve greater efficiencies and are better positioned to take advantage of opportunities in a global marketplace that is increasingly sensitive to environmental impact.

Companies with strong employee relations and workplace practices may enjoy higher productivity, higher morale, lower turnover and absenteeism, and are therefore better positioned for growth than their less enlightened competitors.

Companies with better corporate governance practices may be less likely to have "blow-ups" or other surprises, financial or otherwise.

Companies with a specific focus on environmental technologies and solutions may be better positioned to benefit from environmental legislation or regulation in areas such as climate change, energy efficiency and green jobs initiatives.

3. ESG Objectives

Spilka has identified three main objectives that form the foundation and strategy of our work in the area of environmental, social and corporate governance:

Thorough ethical guidelines that are actively communicated internally and externally.

Integration of the ethical principles in the company's investment processes and daily operations, raising persistent ESG awareness in our own organization.

Continuing dialogue with the company's managers regarding implementation of ESG in operations, as well as monitoring and reporting (quarterly and annual).

4. ESG Fundamentals

UN Global Compact

In addition to the company's ethical guidelines, the principles of the UN Global Compact are placed at the core of the company's activities. The UN Global Compact is based on ten principles related to human rights, employment standards, the environment and anticorruption.

"The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere." (<https://www.unglobalcompact.org/About-TheGC/index.html>)

The ten core principles of the UN Global Compact are as follows:

Human rights

Businesses should:

Principle 1: support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses.

Labour standards

Businesses should uphold:

Principle 3: the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: the elimination of discrimination in employment and occupation.

Environment

Businesses should:

Principle 7: support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote environmental responsibility;

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anticorruption

Businesses should:

Principle 10: work against corruption in all its forms, including extortion and bribery.

Spilka supports these principles and uses them as the basis for its operations. It is important for Spilka as an international company that «third party» (including agents, suppliers, distributors) also conversant with these principles and base their activities on them. This is Spilka's aim in its monitoring and dialogue with third parties.

Ethical Guidelines

Spilka has ethical guidelines, which are periodically reviewed. The guidelines include the statement:

"In its daily operations Spilka shall integrate considerations targeted on good corporate governance, the environment and society at large".

Spilka's ethical guidelines are available on the company's website. (Appendix A)

5. ESG Strategy

1. Thorough ethical guidelines that are actively communicated internally and externally.
2. Integration of the ethical principles in the company's investment processes and daily operations, including raising persistent ESG awareness in our own organisation.
3. Continuing dialogue with the company's managers regarding implementation of ESG in operations as well as monitoring and reporting (quarterly and annual).

6. ESG Reporting

The Environmental, Social and Governance checklist (attached) forms the basis of a reporting system that enables the Company and its stakeholders to identify, respond and communicate on important ESG issues.

The ESG checklist is to be completed by the CEO of the Company every quarter and sent to: The board of directors of the Company.

In addition, the key areas within the ESG area are to be processed consecutively in board meetings during the year.

Spilka works systematically on ESG and on the further development of the company's processes in this area. Spilka also prepares an annual report on its ESG work, which is approved by the Board and is available on the company's website.