

## Environmental, Social and Governance Policy

JSC Litnaglis - Žlibinų rd. 8, Glaudžiai, Plungė dist, LT-90107, Lithuania

Version: 1.0

Approved by: General Manager Mindaugas Bondauskis  
Date of approval: 29/07/2026  
Annual Policy owner: Project Manager Jūratė Grigutienė

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### 1. Purpose and scope

JSC Litnaglis ("Litnaglis", "the Company") manufactures steel nails at its production facility in Plungė, Lithuania. The Company has operated for more than 20 years, employs approximately 270 people and supplies distributors, wholesalers, pallet manufacturers and retail chains across the European Union and the United States.

This Policy sets out the environmental, social and governance principles that guide how the Company operates. It applies to all Litnaglis employees, officers and directors, to all Company operations, and — through the Litnaglis Supplier Code of Conduct — to the Company's suppliers, subcontractors and service providers.

This Policy is a statement of principle and commitment. It does not replace applicable law. Where local law imposes a stricter standard than this Policy, the stricter standard applies.

### 2. Frameworks

This Policy is aligned with the principles set out in:

- The United Nations Global Compact and its ten principles
- The Universal Declaration of Human Rights
- The core conventions of the International Labour Organization, including Convention No. 29 on Forced Labour, Convention No. 138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour
- The OECD Guidelines for Multinational Enterprises
- The United Nations Sustainable Development Goals
- Regulation (EU) 2016/679 (General Data Protection Regulation)

Litnaglis is not a signatory to the United Nations Global Compact. This Policy is aligned with its principles.

### 3. Governance of this Policy

Responsibility for this Policy sits with Company management. The policy owner is responsible for:

- Communicating this Policy to all employees and to suppliers
- Reviewing the Policy at least annually and after any material change in operations or applicable law
- Recording and investigating reports of non-compliance
- Reporting to management on performance against the commitments in Section 5

Litnaglis operates a quality management system certified to ISO 9001:2015, certificate number GKLT-0250-QC, valid until 2 March 2029. Product conformity and testing obligations are managed within that system.

Litnaglis is a member of STAFDA (Specialty Tools & Fasteners Distributors Association), EPAL (European Pallet Association) and NWPCA (National Wooden Pallet & Container Association).

#### **4. Social responsibility — our people**

Litnaglis respects and protects human rights and fundamental freedoms in all of its operations.

Employment and fair treatment. Every employee receives a written employment contract in Lithuanian setting out their duties, working hours, remuneration and terms of employment before work begins. The Company provides equal opportunity and equal treatment in recruitment, remuneration, training and promotion regardless of sex, age, family or social status, nationality, race, sexual orientation, disability, pregnancy or maternity, political or religious belief, or any other characteristic not related to job requirements.

Prohibited practices. Litnaglis does not use and does not tolerate:

- Forced, bonded or compulsory labour in any form, including modern slavery and human trafficking
- Child labour. The Company does not employ any person below the minimum age set by ILO Convention No. 138 and Lithuanian law, and does not employ any person under 15 years of age
- Physical punishment, psychological violence, direct or indirect harassment, discrimination, or any other exploitative conduct in the workplace
- Retention of identity documents, deposits, or recruitment fees charged to workers

Wages and working time. Remuneration, benefits, working hours, overtime, rest breaks, sick leave and annual leave meet or exceed the requirements of the Lithuanian Labour Code.

Freedom of association. Employees are free to join or form organisations and trade unions of their choosing and to bargain collectively, without fear of retaliation, intimidation or disadvantage. No trade union or works council currently operates at the Plungė site and no collective agreement is in force. This reflects employee choice; the Company neither discourages nor obstructs organisation.

Health and safety. Manufacturing steel nails and wire involves machinery, moving parts, noise and material handling. The Company:

- Complies with all applicable occupational health and safety legislation
- Provides employees with the personal protective equipment and tools required for their work at no cost to the employee
- Conducts risk assessments of work activities and takes preventive action against occupational illness and work-related accidents
- Investigates accidents and near-misses and implements corrective measures
- Provides health and safety instruction and training to all employees annually

Reporting concerns. Litnaglis operates a dedicated reporting channel — [anonimas@litnaglis.com](mailto:anonimas@litnaglis.com) — through which employees can report breaches of work discipline, unsafe working conditions, discrimination, harassment or other violations. Reports are treated confidentially and are reviewed by the HR Manager, who is responsible for proper assessment of the information received, confidentiality, appropriate decision-making and feedback to the person reporting.

The Company protects any person who makes a report in good faith, and any person who assists an investigation, from retaliation, hostile treatment or adverse consequences.

Privacy and data protection. The Company respects the privacy of its employees, customers and business partners. Personal data is processed in accordance with Regulation (EU) 2016/679 (GDPR) and the Lithuanian Law on Legal Protection of Personal Data, and technical and organisational security measures are implemented in accordance with Article 32 of the GDPR.

## 5. Environment

Litnaglis conducts its operations in compliance with applicable environmental legislation and works to reduce the environmental impact of its manufacturing. The Company does not make environmental claims it cannot evidence.

On-site renewable generation. Litnaglis operates a 1 MW solar installation at its Plungė site, which covers approximately 7% of the site's annual electricity consumption. The balance is drawn from the national grid.

Energy measurement. Electricity consumption is recorded monthly. The Company does not currently publish greenhouse gas emissions figures and does not make claims about its carbon footprint. The documentation and measuring practices are in implementation process and should be finished in the mid 2027.

Material efficiency. Steel is permanently recyclable. Steel scrap and nail offcuts generated in production are sold to licensed operators and re-enter the steel production loop rather than being discarded. No production steel is sent to landfill.

Manufacturing processes. Production at Plungė comprises wire drawing and electro-galvanizing. The Company is documenting its waste streams, process water treatment and discharge arrangements.

Packaging. Products are packed using cardboard, wooden pallets and plastic strapping and stretch film. Pallets supplied to the European market meet EPAL specification; pallets supplied to the United States are heat-treated in accordance with ISPM 15. Both new and reused pallets are used, and pallet reuse is preferred where product and customer requirements allow.

Commitments. Litnaglis commits to:

1. Extend energy measurement beyond electricity to cover fuel and heat consumption, as the basis for a full energy baseline
2. Calculate Scope 1 and Scope 2 greenhouse gas emissions for the Plungė site
3. Maintain and, where commercially viable, expand on-site renewable generation
4. Reduce packaging material use and increase the share of recyclable and recycled-content packaging
5. Include environmental criteria in supplier selection, as set out in the Litnaglis Supplier Code of Conduct

6. Provide employees with training on environmental responsibility relevant to their role

Progress against these commitments is reviewed annually by management and reflected in future versions of this Policy.

## 6. Business ethics and governance

Fair competition. Litnaglis competes on the merits of its products, price, quality and service. The Company complies with all applicable competition and antitrust law and does not enter into cartel arrangements of any kind, including agreements on prices, market allocation or customer allocation with competitors.

Anti-corruption and anti-bribery. It is the policy of Litnaglis to prohibit corruption in all its forms, including bribery, kickbacks, facilitation payments and gratuities, whether offered, promised, given, accepted or requested, and whether direct or through a third party acting on the Company's behalf. This applies in Lithuania and in every market where the Company operates. Employees and agents may not offer or accept anything of value intended to influence, or that could reasonably appear to influence, a business decision.

The Company sells into jurisdictions with extraterritorial anti-bribery legislation, including the United States. Employees and agents must comply with those requirements.

Business entertainment and commercial gifts are intended to build sound business relationships based on goodwill, not to secure an unfair advantage in dealings with customers or suppliers.

This section applies to all employees of the Company, to members of their families, and to any third party acting on the Company's behalf.

Employees are prohibited from offering, giving, receiving or accepting gifts or entertainment unless all of the following conditions are met:

- they are given without prior arrangement;
- they are not in the form of cash or a cash equivalent, including vouchers, gift cards, loans, personal discounts or securities;
- they are consistent with customary and acceptable business practice;
- their value is not excessive, and in any event does not exceed EUR 100 per gift, or EUR 300 in aggregate from or to any single business partner within a calendar year;
- they cannot be construed as a bribe or as any other unlawful or prohibited payment;
- they are given or received without any obligation or commitment attaching to them;
- they are not given in order to induce the performance of particular work, to reward the improper performance of duties or activities, or to obtain or retain business or secure a business advantage;
- they are given without breach of applicable laws or regulations.

Public officials. No gift, hospitality, travel, accommodation or thing of value may be offered or given to a public official, a candidate for public office, or an employee of a state-owned entity, without the prior written approval of the General Manager. This applies irrespective of value and irrespective of local custom. The Company sells into



jurisdictions with extraterritorial anti-bribery legislation, including the United States, and this restriction applies in every market in which the Company operates.

Timing. No gift or hospitality may be offered to or accepted from a counterparty while a tender, contract negotiation, price review, audit, inspection or dispute involving that counterparty is in progress.

Declaration and record. An employee who receives a gift that does not meet the conditions above must notify their manager in writing, for example by e-mail, without delay. Where a gift cannot reasonably be refused or returned, it must be surrendered to the Company. The Company maintains a register of gifts and hospitality declared under this section, recording the date, the counterparty, the nature and estimated value of the gift, and the action taken. The register is reviewed by management at least annually.

Conflicts of interest. Employees must avoid situations in which personal interests conflict, or could appear to conflict, with the interests of the Company, and must disclose any such situation to management.

Anti-money laundering. Litnaglis is not involved, directly or indirectly, in money laundering in any form, and takes appropriate measures to prevent and detect illegitimate payments.

Sanctions and trade compliance. Litnaglis does not knowingly trade with parties subject to international sanctions imposed by the Republic of Lithuania, the United Nations, the European Union or the United States, and is not itself owned or controlled by any sanctioned entity. The Company does not source materials from sanctioned jurisdictions and does not enter into business that would benefit sanctioned parties. Decisions on counterparty acceptance are taken at chief executive level. The Company complies with applicable export control, customs and origin declaration requirements in the markets it serves.

Origin and traceability. Litnaglis obtains mill test certificates from its wire rod suppliers evidencing the country of origin of the raw material and wire it purchases. The Company's products are manufactured in Lithuania, this is stated in its supply contracts, and mill certificates are available to customers on request.

Counterparty checks. Before entering into a commercial relationship, the Company verifies that the counterparty is a legitimate operating business and reviews its creditworthiness.

Sanctions screening. The Company screens customers and suppliers by name against the consolidated sanctions lists published by the European Union and the United States before entering into a commercial relationship. Customer checks are recorded in the Company's CRM system and supplier checks in a maintained register, in each case recording the date and outcome.

Records and reporting. The Company maintains accounting records in accordance with applicable legislation and reports on its activities as required by law.

## 7. Supply chain

Litnaglis expects its suppliers, subcontractors and service providers to uphold standards consistent with this Policy. These expectations are set out in the Litnaglis Supplier Code of Conduct, which the Company communicates to its suppliers and which forms part of the Company's purchasing process.

The Company gives preference to suppliers who can evidence responsible labour, environmental and business ethics practices, and reserves the right to request information, evidence and site access to verify compliance.