

SUSTAINABILITY REPORT

2023

VALMIERA GLASS GROUP –
AS VALMIERAS STIKLA ŠKIEDRA &
VALMIERA GLASS UK Ltd.



VALMIERA®
GLASS

DEAR READERS



MR STEFAN JUGEL
Chairman of the Board



As the Chairman of the Management board, I'm excited to share our annual Sustainability report for 2023. This year has been a significant one for us as we tackle the complexities of Environmental, Social, and Governance (ESG) reporting, especially with the new legal requirements from the European Union.

Implementing the Corporate Sustainability Reporting Directive (CSRD) has certainly presented its fair share of challenges. We've had to invest in new software, engage consultants, and develop robust data collection systems. It's no small feat to ensure compliance while integrating these Sustainability metrics into our existing operations. Gathering accurate data across various departments while maintaining its integrity can feel like a juggling act, but it's a challenge we're committed to overcoming.

On the flip side, I see these challenges as opportunities. By providing precise data about our operations and their impact on society and the environment, we can build stronger relationships with our stakeholders. Transparency is key, and we want to show that we're serious about sustainability. This commitment not only strengthens our brand but also attracts stakeholders who value responsible practices in their purchasing and cooperation decisions.

However, it's important to note that throughout this journey, we have received zero support from the state for these efforts. Despite this lack of assistance, I remain hopeful that one day our dedication and hard work will be recognized by stakeholders. The value of our commitment to sustainability and responsible practices should not go unnoticed.

I also want to express my hope that our dedication to Sustainability won't hinder our competitiveness against Asian counterparts. While they may face different regulatory environments, I believe our proactive approach can set us apart in the market. By aligning ourselves with best practices in Sustainability's reporting, we can enhance our operational efficiencies and potentially lower costs in the long run.

In closing, while this journey is filled with challenges, it also brims with opportunities for growth and innovation. Our commitment to transparency and sustainability isn't just about meeting legal obligations; it's about paving the way for a more responsible and competitive future. Thank you for your continued support as we navigate this essential journey together.

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE REPORT

The following table lists all the ESRS disclosure requirements from ESRS 2 and four topical standards that are material to VALMIERA GLASS GROUP and have guided the preparation of this report. We have excluded disclosure requirements from topical standards E2, E3, E4, S2, S3, and S4 as these are below our materiality thresholds.

This table can also be used to navigate to specific disclosure requirements within the Report. In cases where information is not yet available for a particular disclosure requirement, no reference is provided.

In closing, while this journey is filled with challenges, it also brims with opportunities for growth and

innovation. Our commitment to transparency and sustainability isn't just about meeting legal obligations; it's about paving the way for a more responsible and competitive future. Thank you for your continued support as we navigate this essential journey together.

Disclosure requirement		Pages in the sustainability statement
ESRS 2 General disclosure requirements		
BP-1	General basis for preparation of the sustainability statement	1
BP-2	Disclosures in relation to specific circumstances	1
GOV-1	The role of the administrative, management and supervisory bodies	7-8, 17-9, 33-35, 40-42, 50-52
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	7, 19, 34, 41, 52
GOV-3	Integration of sustainability-related performance in incentive schemes	9, 18
GOV-4	Statement on sustainability due diligence	9
GOV-5	Risk management and internal controls over sustainability reporting	9-10
SBM-1	Strategy, business model and value chain	4-6
SBM-2	Interests and views of stakeholders	10-11
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	12-14, 17-19, 33-35, 40-42, 51-52
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	12-13
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	15-16
Disclosure requirement		Pages in the sustainability statement
ESRS E1 Climate Change		
E1-1	Transition plan for climate change mitigation	18-19
E1-2	Policies related to climate change mitigation and adaptation	20

E1-3	Actions and resources in relation to climate change policies	18-20
E1-4	Targets related to climate change mitigation and adaptation	19
E1-5	Energy consumption and mix	24-26
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	22-24
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-
E1-8	Internal carbon pricing	-
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-

ESRS E5 Resource use and circular economy

E5-1	Policies related to resource use and circular economy	35
E5-2	Actions and resources related to resource use and circular economy	34-36
E5-3	Targets related to resource use and circular economy	38, 39
E5-4	Resource inflows	35-36
E5-5	Resource outflows	37-39
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities	-

Disclosure requirement

Pages in the sustainability statement

ESRS S1 Own workforce

S1-1	Policies related to own workforce	42
S1-2	Processes for engaging with own workers and workers' representatives about impacts	10-11, 42
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	42, 55-56
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	43-48
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	41
S1-6	Characteristics of the undertaking's employees	-
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	-
S1-8	Collective bargaining coverage and social dialogue	42
S1-9	Diversity metrics	-
S1-10	Adequate wages	47-48
S1-11	Social protection	47-49

S1-12	Persons with disabilities	-
S1-13	Training and skills development metrics	45-47
S1-14	Health and safety metrics	45-47
S1-15	Work-life balance metrics	-
S1-16	Compensation metrics (pay gap)	-
S1-17	Incidents, complaints and severe human rights impacts	42
Disclosure requirement		Pages in the sustainability statement
ESRS G1 Business Conduct		
G1-1	Business conduct policies and corporate culture	52-53, 55-56
G1-2	Management of relationships with suppliers	54-55
G1-3	Prevention and detection of corruption and bribery	57
G1-4	Incidents of corruption or bribery	57
G1-5	Political influence and lobbying activities	57-58
G1-6	Payment practices	-

GENERAL DISCLOSURES

ESRS BP-1, BP-2
Basis for preparations



GENERAL DISCLOSURES

ESRS BP-1, BP-2

Basis for preparations

The purpose of this Sustainability report (hereinafter referred to as “the Report”) is to provide transparent and comprehensive information on VALMIERAS STIKLA ŠĶIEDRA, AS and its subsidiary VALMIERA GLASS UK Ltd. (hereinafter – VALMIERA GLASS GROUP or the GROUP) sustainability performance for the reporting period from January 1, 2023, to December 31, 2023.

In 2023, the GROUP started preparations to align the Report with the format and requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). However, the Report is not yet fully compliant with the CSRD and ESRS mainly due to the transition period for data acquisition and adaptation.

The GROUP will continue to work on implementing CSRD and ESRS requirements but as we prepare for the alignment with ESRS on 2025 reporting year, this year’s Report is structured as follows:

- ▶ General Disclosures: Basis for preparation, governance, strategy, and our approach to double materiality.
- ▶ Environmental Disclosures: Our actions on climate change and development of sustainable products.
- ▶ Social Disclosures: Health and well-being of our employees, including safety, adequate wages, and skills development.
- ▶ Governance Disclosures: Information on business conduct, including supplier relationship management.

CONSOLIDATION

This report encompasses the entire GROUP, unless stated otherwise, and covers our operations in both Latvia and the UK. AS VALMIERAS STIKLA ŠĶIEDRA, the GROUP’s parent company, owns 100% share capital of its subsidiary VALMIERA GLASS UK Ltd.

Therefore, the GROUP’s financial statements are prepared based on the method of full consolidation. In this method, the GROUP’s balance sheet reports both the parent’s and subsidiary’s assets, liabilities, and equity. Furthermore, all the parent’s and subsidiary’s revenues and expenses are assigned to the GROUP’s income statement, and the parent’s and subsidiary’s income statement is reported as one. In relation with the Report, the GROUP use method of summation of all metrics, except in the calculations, where cross-supply is taken into the consideration as Scope 3 calculation, for example.

FRAMEWORKS AND DATA SELECTION

The Report is prepared with reference to the ESRS issued by the European Financial Reporting Advisory Group (EFRAG). All the topics and (sub) sub-topics under E, S, and G sections have been assessed according to double materiality assessment (DMA). Please see the section “[Double materiality assessment](#)” for information on our DMA’s approach and methodology. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

TIME HORIZONS

The reporting period for the Report aligns with the financial reporting period. For planning and reporting purposes, we use the following time horizons:

- ▶ Short term: 1 year (reporting period)
- ▶ Medium term: 2-10 years
- ▶ Long term: above 10 years

SOURCES OF ESTIMATION AND OUTCOME UNCERTAINTY

When preparing the Report, we have made judgments, estimates, and assumptions that affect the disclosed information, including metrics. These estimates and assumptions are based on experience and various other factors considered reasonable. We continuously review and adjust these estimates as necessary to reflect new information and evolving conditions.

VALUE CHAIN ESTIMATIONS

In 2023, we conducted a double materiality assessment to evaluate material impacts, risks, and opportunities related to our upstream and downstream value chain. This process is detailed in the “[Double materiality assessment](#)” section, and further information on environmental, social, and governance impacts, risks, and opportunities is disclosed in the “Materiality and governance” sections of this Report.

In medium term, we plan to start a systematic assessment of these material impacts, risks, and opportunities across the entire value chain, from raw material extraction to end-of-life disposal. We aim to implement advanced tools like Life Cycle Assessment (LCA) to identify critical environmental and social impacts, including resource utilization.

The climate risk assessment started in 2023 initially focused on our operations and will be expanded to encompass both physical and transition risks across our value chain.

CHANGES IN PREPARATION OR PRESENTATION VERSUS PRIOR PERIODS

AS VALMIERAS STIKLA ŠĶIEDRA from 2017 - 2021 has prepared the Corporate social responsibility report. In 2023, we revised the preparation and presentation of the Report to align with the upcoming CSRD requirements. As a result, its content has been structured

SBM-1 Our business model and value chain

VALMIERAS STIKLA ŠĶIEDRA is a vertically integrated glass fibre manufacturing company, overseeing all stages of glass fibre production, from raw material processing to finished products. Based in Latvia, and together with its subsidiary VALMIERA GLASS UK Ltd. in the United Kingdom, these two entities form the VALMIERA GLASS GROUP.

Both companies have a rich history, with the extensive knowledge and refined skills enabling us to deliver a wide range of high-quality glass fibre products to our customers across various industries globally.

A glass fibre is an exceptional material for electrical and heat insulation fabrics, heat and sound insulation, machine building, aviation, construction, household appliances, sports equipment, and numerous other important parts and innovations that improve the quality of life. With the glass fibre, we protect people from fire and noise, create enduring structures, enable the movement of heavy objects, and support the exploration of the Earth and its oceans.

OUR BUSINESS OPERATIONS

According to the By-Laws of VALMIERAS STIKLA ŠĶIEDRA AS and the Statistical Classification of

according to ESRS thus establishing a foundation for the mandatory reporting year in 2025.

Based on the results of DMA, several new metrics have already been introduced to meet the ESRS's requirements for available metrics and targets, marking a significant enhancement compared to our previous reports.

INTELLECTUAL PROPERTY AND SENSITIVE INFORMATION

We have ensured that all relevant data necessary for a comprehensive and transparent overview of

VALMIERA GLASS GROUP's sustainability performance are included in this Report.

However, to protect our competitive position, some specific details related to ongoing innovations have been excluded. This approach aligns with Articles 19a(3) and 29a(3) of Directive 2013/34/EU, which allow the omission of certain developments under negotiation if their disclosure could prejudice our interests.

Economic Activities (NACE 2nd revision), the GROUP's main commercial activities include:

MANUFACTURING

- ▶ Manufacture of textiles (13), including preparation and spinning of textile fibres (13.10), weaving of textiles (13.20), finishing of textiles (13.30), manufacture of other technical and industrial textiles (13.96), and manufacture of other textiles (13.99);
- ▶ Manufacture of glass and glass products (23.1), including manufacture of glass fibres (23.14).

UTILITIES

- ▶ Steam and air conditioning supply (35.30);
- ▶ Water collection, treatment, and supply (36.0);
- ▶ Sewerage (37.0).

REAL ESTATE RELATED ACTIVITIES

- ▶ Wholesale of textiles (46.41);
- ▶ Buying and selling of own real estate (68.10);
- ▶ Renting and operating of own or leased real estate (68.20).

OUR PRODUCTS

- ▶ We specialize in the production of three types of glass fibre:
- ▶ E-glass with heat resistance up to 600°C
- ▶ HR-glass with heat resistance up to 800°C
- ▶ Glass with high SiO₂-content with heat resistance above 1000°C

VALMIERA GLASS GROUP's product range includes:

- ▶ Chopped glass fibre;
- ▶ Spooled and textured yarns;
- ▶ Technical, textured, coated, and laminated fabrics;
- ▶ Composite materials;
- ▶ Construction mesh or netting;
- ▶ Mats and textile membranes (Atex®).

Our quality management system complies with strict requirements across various sectors, including composite materials, thermal and technical insulation, construction, and textile architecture.

OUR PEOPLE IN NUMBERS

General employee numbers of AS VALMIERAS STIKLA ŠĶIEDRA and VALMIERA GLASS UK Ltd. are reported together in headcount as of December 31, 2023. However, due to local differences in legal requirements and our current approach, for clarity purposes

further data are disclosed separately for both companies.

Data point		2023
Number of employees (as of 31 December)		
Total number of employees		1 344
	Female	462
	Male	882
Total number of employees in Latvia		1 203
	Female	36%
	Male	64%
Total number of employees in UK		141
	Female	21%
	Male	79%

VALUE CHAIN

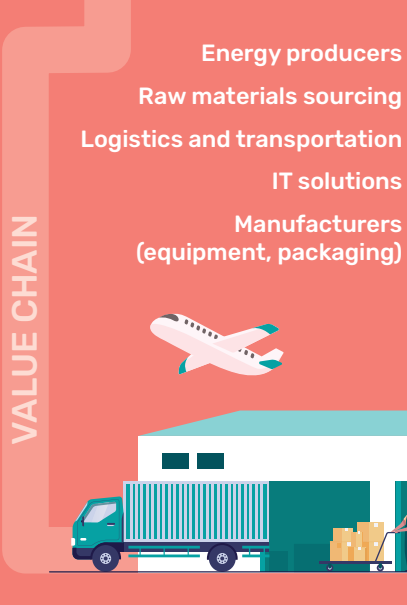
STAKEHOLDERS

ENVIRONMENT

STATE INSTITUTE

SHAREHOLDERS

R&D INSTITUTIONS



VALUE CHAIN

COMMENT* Stakeholders placed on the outline, represent stakeholders that are relevant throughout the value chain

UPSTREAM VALUE CHAIN

A glass fibre is inert material that does not cause harm to the environment and human health is produced from a quartz sand, one of the most common minerals found in topsoil. In our manufacturing process, we melt the quartz sand along with other raw materials such as kaolin, and soda in a furnace at 1580°C.

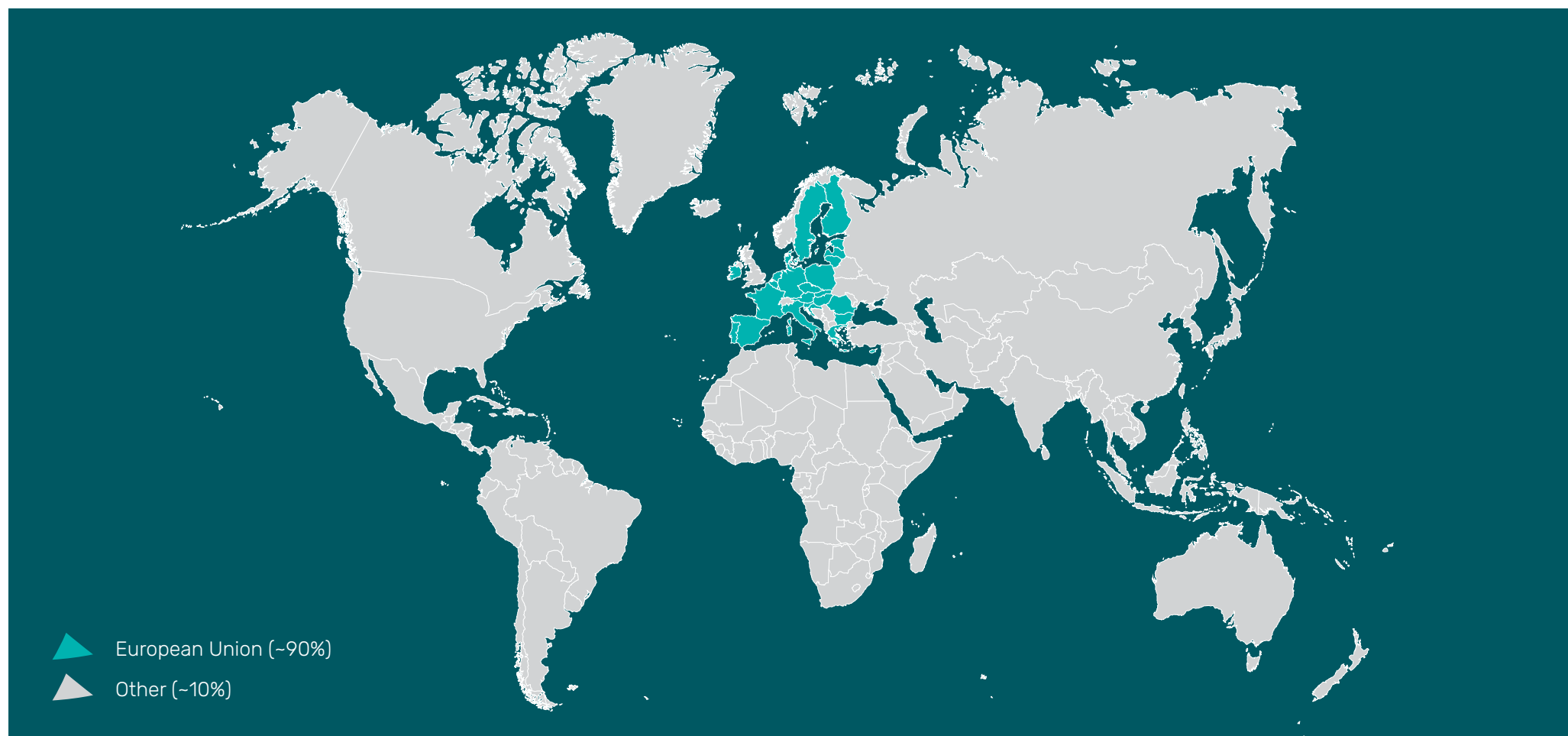
Almost all raw materials used by the GROUP are imported from European Union (~90%) and remaining 10% are sourced from other regions, including the

United Kingdom, Turkey and Asia. By sourcing most of raw materials from well-established European suppliers, we ensure a strong and reliable supply chain that supports our production needs while adhering to strict European standards.

To maintain the highest product quality, it is essential that our cooperation with suppliers becomes increasingly transparent and consistent. The GROUP has built a long-term and trustful cooperation with its key suppliers, and our procurement and quality departments

work daily to uphold the quality, service, and cost-effectiveness of raw materials.

See the section “[Management of relationships with suppliers](#)” to find out more about our approach to building strong, ethical partnerships and ensuring responsible sourcing practices throughout our supply chain.



DOWNSTREAM VALUE CHAIN

The GROUP'S products have been sold in more than 58 countries, providing a wide range of products to approximately 700 customers worldwide, making the GROUP's presence truly global. Our largest markets are the European Union (accounting for ~76% of total production) and North America (11% of total production).

GOV-1, GOV-2

Role of the management and supervisory bodies

In VALMIERA GLASS GROUP the corporate governance principles of its parent company, VALMIERAS STIKLA ŠĶIEDRA AS, are applied to ensure transparency and enhance the awareness of investors, partners, customers, and the public regarding the GROUP's operations and management.

The management structure of AS VALMIERAS STIKLA ŠĶIEDRA is formed by the Shareholders' Meeting, the Supervisory Board and the Management Board. Constructive dialogue between shareholders and management enables efficient management of the complex glass fibre business and helps mitigate risks.

The Supervisory Board serves as the supervisory authority of VALMIERAS STIKLA ŠĶIEDRA, AS, representing shareholders' interests between the meetings and ensuring that the Management Board's activities are aligned with the company's long-term development goals, statutory regulations and the articles of association.

The Supervisory Board of VALMIERAS STIKLA ŠĶIEDRA, AS consists of business professionals with considerable international experience, including Mr Peter John Bentley (Chairman), Mr Ian Jeffrey Burgess (Vice-chairman), Mr Alvaro Luis Esteban

Our customers represent various industrial sectors across the world. Most of the products we manufacture and sell are components of larger end-products, such as cars, planes, ships, buildings, household appliances, and more. The scope of application for glass fibre products is vast and versatile, including electronics, aviation and space industries, boat and shipbuilding, energy industry, automobile and machine building

Belzuz, Mr Stefan Alexander Preiss-Daimler and Mr Hugues Lambert Jacquemin.

In VALMIERA GLASS GROUP the corporate governance principles of its parent company, VALMIERAS STIKLA ŠĶIEDRA, AS are applied to ensure transparency and enhance the awareness of investors, partners, customers, and the public regarding the GROUP's operations and management.

The management structure of AS VALMIERAS STIKLA ŠĶIEDRA is formed by the Shareholders' Meeting, the Supervisory Board and the Management Board. Constructive dialogue between shareholders and management enables efficient management of the complex glass fibre business and helps mitigate risks.

The Supervisory Board serves as the supervisory authority of VALMIERAS STIKLA ŠĶIEDRA, AS, representing shareholders' interests between the meetings and ensuring that the Management Board's activities are aligned with the company's long-term development goals, statutory regulations and the articles of association.

The Supervisory Board of VALMIERAS STIKLA ŠĶIEDRA, AS consists of business professionals with considerable international experience, including

sectors, building renovation and construction, medical equipment, production of fireproof clothing, etc.

We continuously monitor market trends and work closely with our customers to improve our product assortment and tailor applications to meet specific requirements and needs.

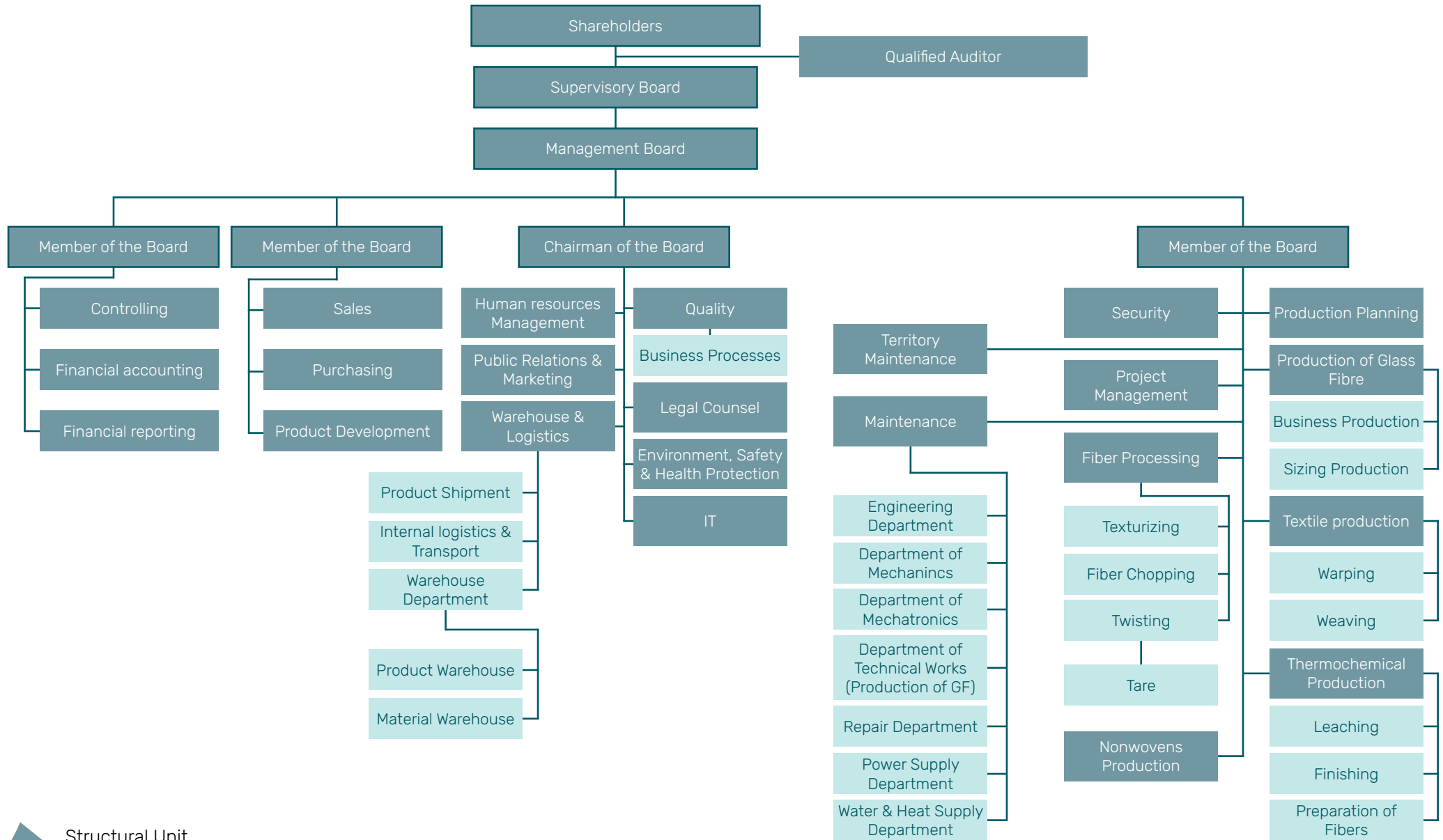
Mr Peter John Bentley (Chairman), Mr Ian Jeffrey Burgess (Vice-chairman), Mr Alvaro Luis Esteban Belzuz, Mr Stefan Alexander Preiss-Daimler and Mr Hugues Lambert Jacquemin.

The Management Board of VALMIERAS STIKLA ŠĶIEDRA, AS is responsible for the daily company's management, including the oversight of its assets and the use of its funds, in accordance with applicable laws, the articles of association, and the decisions made at Shareholders' and Supervisory Board meetings. The Management Board is composed of four members, each elected for a three-year term: Mr Stefan Jugel, Mr Ģirts Vēveris, Mr Ingo Bleier and Mr Mārtiņš Blaus.

The management structure of VALMIERA GLASS UK Ltd. consists of both Non-Executive and Executive Directors. The Executive Directors are responsible for the daily operations, guided by the company's Articles and the Management Board's decisions.

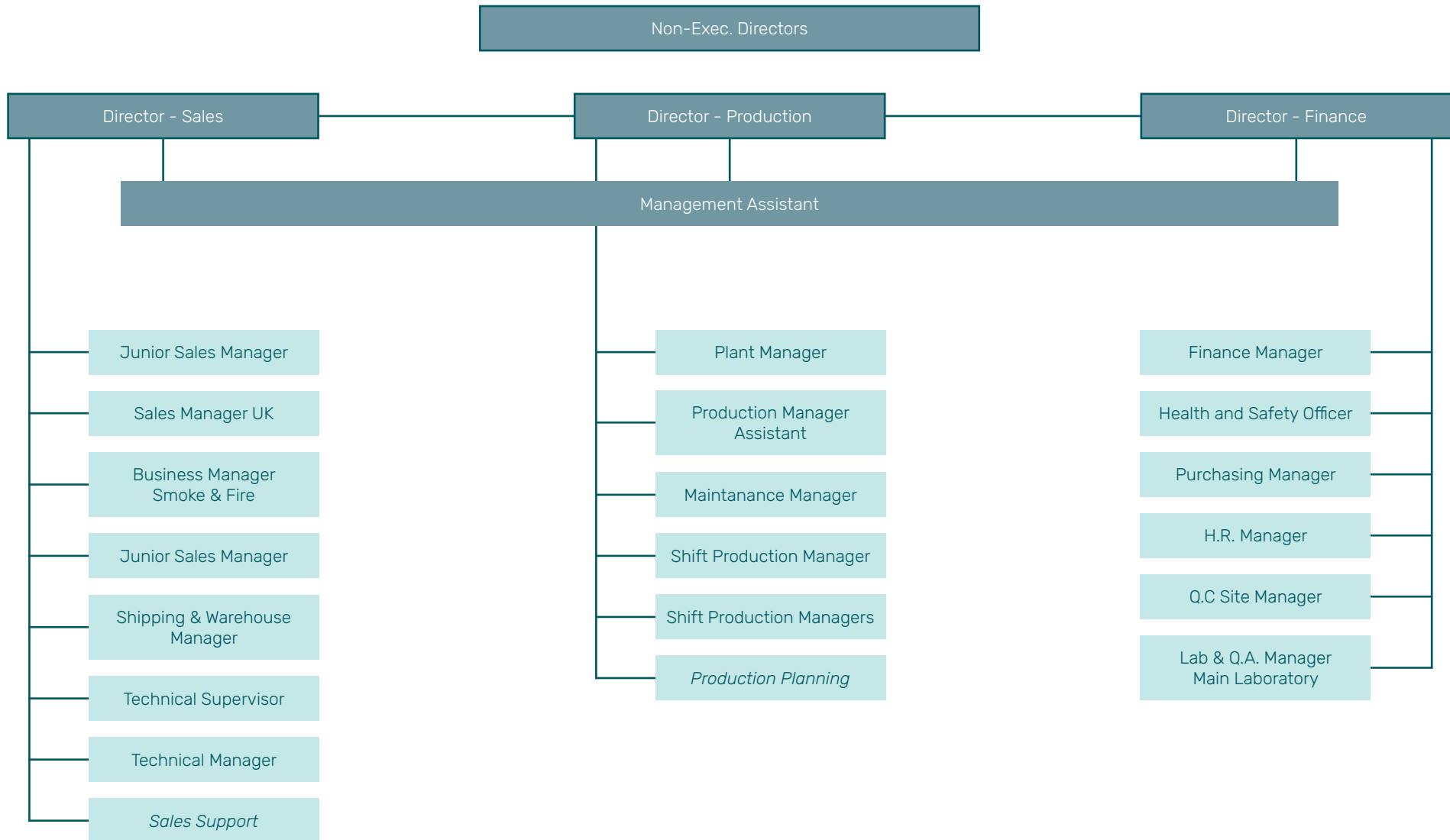
Currently, the management is led by two Executive Directors, Mr Roy Hallett Andrews and Mr Martin Blatchford, along with two Non-Executive Directors Mr Stefan Jugel and Mr Ingo Bleier executing the parent company's supervisory role.

The Management Board of VALMIERAS STIKLA ŠĶIEDRA, AS



- ▶ Structural Unit
- ▶ Sub-structural Unit

The Management Structure of VALMIERA GLASS UK Ltd.





Mr Stefan Jugel

Chairman of the Board of VALMIERAS STIKLA ŠĶIEDRA, AS;
Non-Executive Director of VALMIERA GLASS UK Ltd.



Mr Ģirts Vēveris

Member of the Board of VALMIERAS STIKLA ŠĶIEDRA, AS



Mr Ingo Bleier

Member of the Board of VALMIERAS STIKLA ŠĶIEDRA, AS;
Non-Executive Director of VALMIERA GLASS UK Ltd.



Mr Mārtiņš Blaus

Member of the Board of VALMIERAS STIKLA ŠĶIEDRA, AS



Mr Roy Hallett Andrews

Executive Director of VALMIERA GLASS UK Ltd.



Mr Martin Blatchford

Executive Director of VALMIERA GLASS UK Ltd.

Currently, 40% members of our Supervisory Board are considered independent, however, in the Management Board currently are no independent members. Members of the Management Board are remunerated in accordance with their concluded authorization

agreements, while members of the Supervisory Board, as per the shareholders' decision, are not remunerated. At present, there are no female members on either the Supervisory or Management Boards. We are committed to addressing this in medium term, as we believe

that a diverse board enhances the decision-making and drives innovation.

The Management of the GROUP

Shareholders

General Shareholders' Meeting

Sworn Auditor

Supervisory Board

Management Board

Stefan Jugel, Chairman of the Board

By definition, “sustainable corporate governance” means holistic and integrative management, control and monitoring that serves people, respects the environment and at the same time maintains a productive, long-term effective company. For an energy-intensive company like ours, this creates a conflict of interest that cannot be fully resolved in the short or medium term.

On the one hand, our products help to save energy, protect lives and safeguard assets. Our company secures the income of 10,000 people in a region with little industry and we have long tried to involve our employees in company decision-making.

On the other hand, our production processes are energy-intensive, particularly in terms of fossil fuel consumption, and rely on natural raw materials, many of which currently have no technological alternatives. In the ongoing discussions about achieving “net zero,” this raises questions whether we are acting with sufficient urgency and taking the right steps in a timely manner.

What is certain is that we want to make our contribution within the scope of our technical and financial capabilities to protect the environment and make our company more competitive.

Sustainability governance

Sustainability has long been integrated into our business development across various projects, including waste reduction, energy efficiency, employee well-being, and sponsorships. These initiatives have been spearheaded by responsible department leaders or employees, in collaboration with the Management Board.

The Management Board also sets annual performance goals, including sustainability objectives, which are

approved by the Supervisory Board. During monthly Supervisory Board meetings, the Management Board reports on the progress, potential impacts, and risks related to business development.

In 2023, the GROUP started developing its sustainability management framework to align with the upcoming CSRD and ESRS requirements for 2025. To achieve this alignment, the GROUP initiated work on a sustainability

strategy and a management plan, both of which are scheduled for completion in 2024. Looking ahead, the Group also aims to establish a dedicated Sustainability Committee in 2024, which will oversee all sustainability matters and supports the development of sustainability strategy of the Group.

GOV-3

Integration of sustainability-related performance in incentive schemes

In 2023 with sustainability-related performance-based targets were not directly included in the incentive schemes. However, starting in 2024, the Management Board

will incorporate these targets, and the details will be outlined in the Sustainability report 2024.

GOV-4 Statement on due diligence

As of now, VALMIERA GLASS GROUP does not have a formal sustainability due diligence process in place. However, we recognize the critical importance of sustainability in our business operations and are

committed to developing and implementing a comprehensive due diligence framework.

In the meantime, we have started assessing our environmental and social impacts and risks through

internal reviews and stakeholder consultations. Additionally, we have established a grievance mechanism to address any concerns raised by our stakeholders.

GOV-5 Risk management and internal controls over sustainability reporting

Currently, we have a robust system in place for operational risk management, complemented by climate risk assessments conducted by a third party in 2023. These processes enable us to identify and mitigate risks associated with our daily operations and address the potential impacts of climate change on our business.

Additionally, in 2023 we conducted a risk and opportunity assessment as a part of our double materiality

process. This helped us to identify and prioritize sustainability matters, ensuring that in strategic planning and reporting we focus on areas with the greatest impact. See the section “[Double materiality assessment](#)”.

However, we have not yet fully implemented a risk management and internal control system specifically for sustainability reporting. Developing this system is a priority for us, as it will enable us to ensure the

accuracy, reliability, and transparency of our sustainability disclosures. This will involve establishing clear processes, roles, and responsibilities and ensuring that our reporting approach meets the highest standards of quality and integrity.

SBM-2 Interests and views of stakeholders

VALMIERA GLASS GROUP’s strategic commitment extends to a meaningful stakeholder engagement. We actively seek input from our key stakeholders to better understand their expectations and concerns, integrating their insights into our business strategy.

Our key stakeholders include:

- ▶ **Customers:** Their feedback helps us to improve the product quality.
- ▶ **Employees:** We engage with our people to ensure a healthy, productive, and inclusive work environment.

- ▶ **Environment:** We consult with government institutions to ensure that our practices are aligned with environmental regulations.
- ▶ **Suppliers:** Building strong relationships with suppliers guarantees the quality and reliability of our supply chain.
- ▶ **Affected communities:** We engage with local communities to ensure that our operations benefit and respect the areas surrounding our facilities.

Stakeholder engagement at VALMIERA GLASS GROUP is managed collaboratively by various departments and the Management Board ensuring the comprehensive communication and interaction with all relevant stakeholders, addressing their concerns and promoting transparency across the company.

Currently, we mainly measure the effectiveness of employee engagement activities through various indicators, such as response rates and satisfaction levels. Moving forward, we are committed to developing and disclosing specific performance indicators for the engagement of other stakeholders.

	Affected stakeholder	Users of sustainability reporting	Key engagement lead	Type of engagement
Employees	x	x	HR	Surveys, meetings, training sessions
Customers	x	x	Sales	Surveys, meetings, customer support
Suppliers & business partners	x	x	Purchasing, Technical, Logistic	Audits, reviews, meetings, surveys
Shareholders	x	x	Legal	Annual reports, shareholder meetings
Banks	x	x	CFO	Financial reports, meetings
Capital market		x	CFO	Financial disclosures, press releases
Public institutions		x	CFO, COO, Environmental & HSE, Finance, HR	Formal communication
Educational institutions		x	HR, R&D	Partnerships, R&D collaborations
Local community	x	x	CEO, COO	Public consultations
Media, journalists		x	CEO, PR	Press releases, media briefings

We will establish management-level oversight and adopt a more systematic approach to enhance our engagement

efforts and further prioritize stakeholder engagement at the highest levels. This will ensure the meaningful integration of

stakeholder perspectives into our planning and operations, contributing directly to our decision-making process.

IRO-1, SBM-3

Double materiality assessment

VALMIERA GLASS GROUP's sustainability approach is founded on the principle of double materiality. This concept allows us to comprehensively address both impact materiality—how our own operations and value chain affect people and the environment—and financial materiality—how various sustainability topics may affect the VALMIERA GLASS GROUP's financial indicators.

In 2023, we applied the limited guidance available from the European Financial Reporting Advisory Group (EFRAG), with the support from external sustainability experts at Sustinere.

Their interpretation of the standards and scoring methodology was implemented step by step to identify our relevant sustainability topics within the context of our own business operations and the value chain.

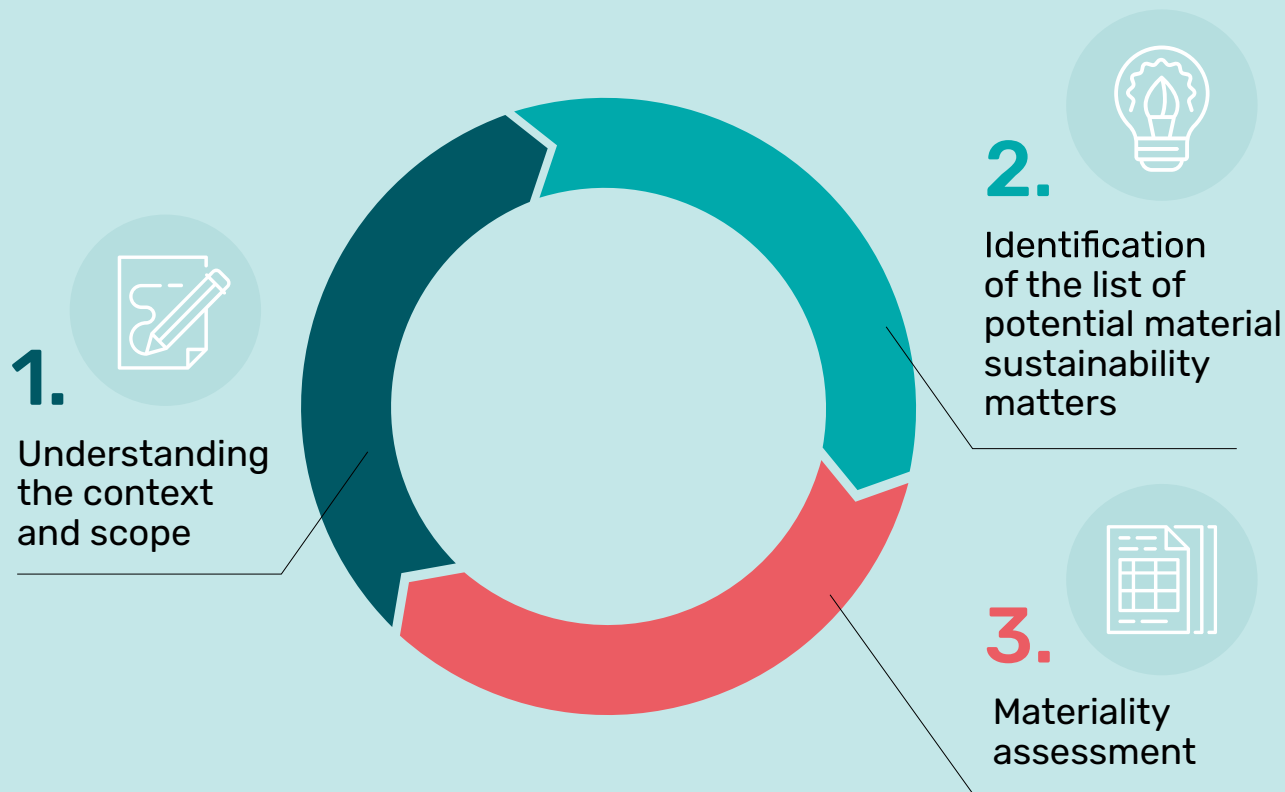
Following this initial double materiality assessment (DMA), we are committed to regularly reviewing our impacts, risks, and opportunities at least once every two years. Learnings from the 2023 process, combined with the latest guidance published by EFRAG in 2024, will help refine our process to ensure full alignment with DMA-related requirements by 2025.

The following sections provide detailed information on the results of our DMA and the methodology we applied.

APPROACH AND METHODOLOGY

Our materiality assessment process was conducted in accordance with the double materiality principle outlined in the CSRD and its standards. The process involved three key steps (see the Figure below).

DOUBLE MATERIALITY ASSESSMENT PROCESS



STEP 1: UNDERSTANDING THE CONTEXT AND SCOPE

The objective of the first step was to establish the scope and boundaries of the assessment. This involved mapping and agreeing upon the assessment parameters based on our primary business activities, value chain partners, and key stakeholders.

STEP 2: IDENTIFICATION OF THE LIST OF POTENTIAL MATERIAL SUSTAINABILITY MATTERS

In this step, a pre-assessment was performed to determine which sustainability topics (sub-topics and sub-sub-topics) listed in ESRS 1 Appendix A are irrelevant to VALMIERA GLASS GROUP and could be excluded from further assessment.

STEP 3: MATERIALITY ASSESSMENT

We conducted a materiality assessment to evaluate both the GROUP's impacts and financial materiality, including risks and opportunities that could affect our financial indicators.

The impact assessment considered the positive and negative effects of the GROUP's operations throughout the entire value chain—from acquiring raw materials through transportation and production to the end of the product lifecycle.

Each ESRS sub-topic or sub-sub-topic was score, considering the following four criteria:

- ▶ Scale (severity);
- ▶ Scope;
- ▶ Remediability (not evaluated for positive impacts);
- ▶ Likelihood (not assessed for human rights impacts, as severity takes precedence over likelihood).

The final impact materiality score was calculated by summing the scores for these four aspects, with the final score determined applying the precautionary principle, i.e., using the highest impact rating within the value chain or own activities.

As a part of our stakeholder engagement process, the GROUP'S management team identified key stakeholders to participate in a survey on sustainability topics. Twenty external stakeholders, primarily suppliers and customers, shared their expectations and suggestions for VALMIERA GLASS GROUP's approach to sustainable development, environmental and social impacts, and responsible business conduct. Additionally, sustainability topics related to our own workforce (ESRS S1) and their scoring were validated with the chair of VALMIERA GLASS GROUP's trade union.

Financial materiality encompasses risks and opportunities that can affect company's value, financial performance, and generate additional costs or income. During a VALMIERA GLASS GROUP's management workshop in October 2023, each relevant sustainability topic, sub-top-ic, and sub-sub-topic was evaluated to determine:

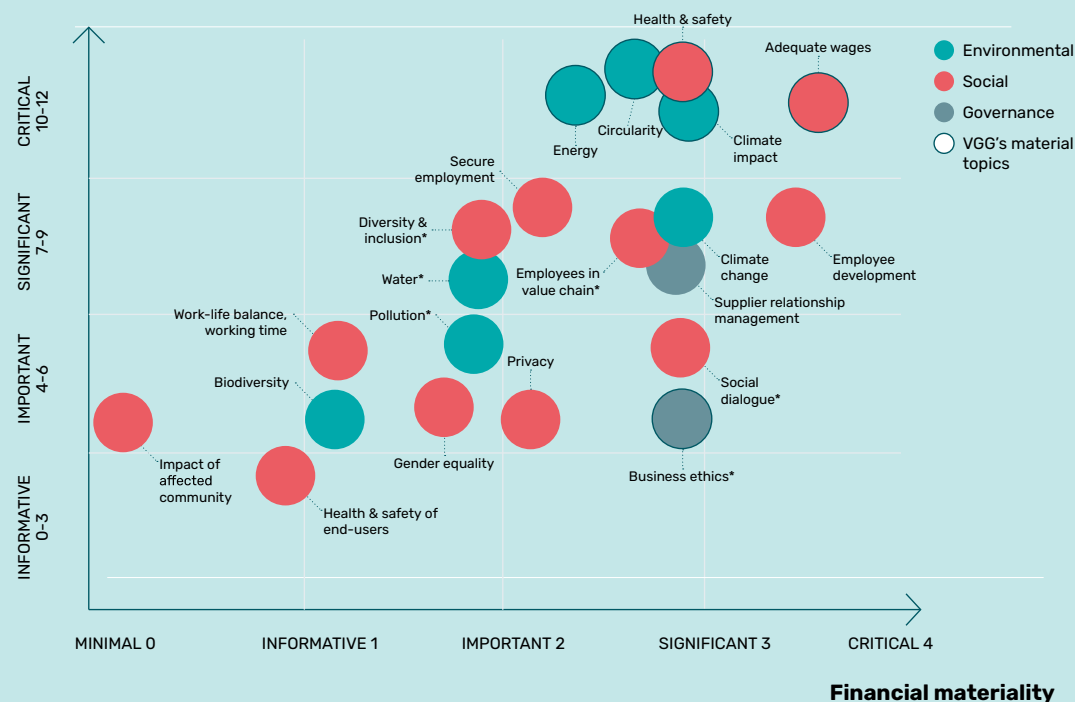
- ▶ Potential risks and opportunities affecting dependencies on resources or relationships;
- ▶ Scale of possible financial impact for identified risks and opportunities;
- ▶ Likelihood of these risks and opportunities.

DOUBLE MATERIALITY ASSESSMENT OUTCOME

Through the double materiality assessment, we identified our impacts on the environment and people (impact materiality assessment) as well as actual and potential sustainability-related risks and opportunities (financial materiality assessment).

VALMIERA GLASS GROUP's Management Board has set the materiality thresholds at "Critical." This means that impacts, risks, and opportunities scored as "critical," along with their associated ESRS topics, sub-topics, and sub-sub-topics, are considered material. This approach ensures that we focus on the most significant issues impacting both our stakeholders and our financial performance.

Impact materiality



As a result, the following topics are considered material for VALMIERA GLASS GROUP:

- ▶ Environmental: **"Energy," "Climate impact," and "Circularity"**
- ▶ Social: **"Health and safety," "Adequate wages," and "Employee development"**

In addition, we consider the interests of sustainability information users by including business conduct topics such as **"Business ethics"** and **"Supplier relationship management."**

Since all material impacts, risks, and opportunities are fully addressed within the ESRS framework and corresponding Disclosure Requirements, we currently do not provide any additional entity-specific disclosures.

When selecting information for disclosure, we adhere to the guidelines outlined in Appendix A of ESRS, which categorizes sustainability matters by topics and sub-topics. We also apply the flowchart in Appendix E to guide our decision-making on which disclosures to include.

More details on how we manage our impacts, risks, and opportunities can be found in the **"Environmental information"**, **"Social information"**, and **"Governance information"** sections of this report.

ENVIRONMENTAL INFORMATION

ESRS E1, E1-1
Climate



ENVIRONMENTAL INFORMATION

ESRS E1, E1-1

Climate

Climate change, largely driven by anthropogenic greenhouse gas (GHG) emissions, remains one of the most pressing global environmental challenges. Recognizing the urgent need to combat the climate change, we are committed to improving our operations, supply chain, energy sourcing, and product portfolio to reduce our carbon footprint. Our goal is to offer products with a lower climate footprint while building resilience to climate hazards.

To this end, we are investing in a climate-resilient infrastructure and implementing measures that prioritize both physical assets and our people. This includes preparing for emergencies and supporting employee well-being during extreme weather events, such as heatwaves.

While our current targets represent a significant step toward reducing our environmental impact, we acknowledge that they are not yet fully aligned with the objectives

of the Paris Agreement, which aims to limit global warming to well below 2°C above pre-industrial levels, with efforts to limit it to 1.5°C. In response to this gap, we are committed to progressively enhancing our climate action to meet these critical global goals as emphasized by the latest climate science.

GOV-1, GOV-3, SBM-3

Materiality and governance

Our approach to determining material impacts, risks, and opportunities is detailed in the General Disclosures section. Through our analysis, **climate change mitigation** and **energy** have been identified as material topics for VALMIERA GLASS GROUP. In addition, we provide disclosures related to **climate change adaptation**.

The manufacturing of glass fibres has a significant climate impact due to high energy consumption, primarily from fossil fuels. Like other companies in the glass fibre industry, GROUP's faces challenges inherent to the manufacturing process, particularly the long-life cycle of furnaces, which typically last several years. The production process requires energy-intensive operations, as the melting of raw materials demands sustained, stable, and precise heat - generally between 1,400 and 1,600 degrees Celsius.

Despite these challenges, VALMIERA GLASS GROUP is continuously working on technological advancements and mitigation measures aimed at improving energy efficiency. We have set a long-term goal to transition to renewable energy sources. Additionally, we recognize the growing demand for more climate-friendly products, and we are committed to investing in innovations that can reduce our

product's climate footprint. Many of our products also help customers increase their resilience to climate hazards, providing solutions that adapt to changing environmental conditions.

While market opportunities exist, the GROUP also faces pressing operational and regulatory risks. These include new legal obligations and potential restrictions under EU benchmarking standards, which could result in the shutdown of the least efficient furnaces—putting 20% of such furnaces across the EU at risk of decommissioning.

To mitigate these risks, we are investing in more sustainable manufacturing practices that enhance the energy efficiency and increase our resilience to the evolving regulatory and business landscape. We believe that a predictable framework is essential for industry transformation and innovation.

We also face challenges related to the EU Emissions Trading System (EU ETS), as rising carbon allowance prices add financial pressure. Additionally, technological hurdles in transitioning to renewable energy sources complicate our decarbonization efforts.

VALMIERA GLASS GROUP's ambition to reduce greenhouse gas (GHG) emissions has been strengthened by the Management Board's approval of our first climate-related targets. These include:

1. Reduction of Scope 1 GHG emissions per ton of glass produced by 5%.
2. Increase in green energy purchase in the GROUP's energy portfolio by 10%.

Our initial climate-related targets also include a 10% reduction in both natural gas and electrical energy consumption per ton of finished product, directly contributing to GHG emission reductions.

The climate-related targets and KPIs for Latvia and UK (where possible) are set on a voluntary basis, exceeding current legislative and regulatory requirements.

CEO Stefan Jugel is responsible for overseeing the implementation and progress of these targets, ensuring that climate action remains a priority at the highest levels of the company. The GROUP is not excluded from the EU Paris-aligned Benchmarks, further highlighting our commitment to climate action.

Stefan Jugel, Chairman of the Board

In the coming decade, or even sooner, I believe the climate change will become an increasingly urgent issue for businesses worldwide, with the growing frequency of extreme weather events and escalating regulatory demands. Companies that proactively adapt—by investing in resilient infrastructure, such as suitable working environments for employees in manufacturing, sustainable supply chains, and materials that are better suited to withstand weather conditions like wildfires—will be better positioned to succeed. Those that fail to adapt may face greater operational disruptions, rising costs, and lost business opportunities.

I envision a future where the climate adaptation is not just a competitive advantage but a necessity for a long-term survival, driving both the innovation and sustainability across industries.

Although we have climate-related KPIs and targets in place, a separate transition plan to mitigate climate change has not yet been developed. We aim to start developing a Climate transition and adaptation plan in 2025.

Energy and material-saving targets are integral to GROUP'S strategic goals and apply to all managers and

specialists, not just top management. This practice has been in place for several years. However, members of the Management Board do not receive bonuses tied to the achievement of these goals. Instead, performance bonuses are linked to individual employee accomplishments on several strategic targets. Performance bonuses for employees are capped at two times their

salary, with one salary linked to the company's overall EBITDA target and the other to individual goals.

ACTUAL POSITIVE AND NEGATIVE IMPACTS, RISKS, AND OPPORTUNITIES

Positive

- ▲ Potentially positive impact through the value chain due to durability of the manufactured products

Negative

- ▲ Actual negative impact due to energy-intensive operations and reliance on fossil fuels
- ▲ Actual negative impact due to GHG emissions resulting from both own operation and the value chain

RELEVANT POLICIES

- ▲ ESG Policy
- ▲ Energy Policy
- ▲ Environmental Policy

RESPONSIBLE

- ▲ CEO
- ▲ Members of the Management Board
- ▲ Environmental, Health and Safety Department
- ▲ Technical Department
- ▲ R&D Department

RISKS AND OPPORTUNITIES

- ▶ Regulatory risk - potential shutdown of the least efficient furnaces due to EU benchmarking standards
- ▶ Market opportunities - expanding the product portfolio by offering innovative, sustainable products that meet growing demand for environmentally friendly solutions

TARGETS AND PROGRESS

- ▶ Reduction of Scope 1 and 3 gross GHG emissions per ton glass produced, %
- ▶ Amount of products in the total product portfolio, which supports to reduce the carbon dioxide, %
- ▶ Climate adaptation plan for the GROUP's own operations and for material value chain partners (in progress)
- ▶ Recovered energy of total fossil energy consumption, %
- ▶ Locally sourced electricity produced and used locally, %

KEY ACTIONS TAKEN IN 2023

- ▶ GHG calculations of Scope 1-3
- ▶ Climate risk assessment according to TCFD methodology
- ▶ Climate-related targets set and approved

PLANNED ACTIONS FOR 2024

- ▶ Updating Procurement policy to ensure the selection and use of suppliers that are implementing sustainable business practices
- ▶ Start working on Climate transition and adaptation plan

Climate change mitigation

Since 2023, VALMIERA GLASS GROUP calculates its GHG footprint in accordance with the internationally recognized and widely used Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The assessment and reporting of GHG emissions are based on the operational control approach, meaning that emissions are accounted for

from sources and activities over which the GROUP has direct control.

VALMIERA GLASS GROUP's carbon footprint calculation includes emissions from both production and office activities, covering Scopes 1, 2, and 3 providing us with a complete understanding of our emission

sources and characteristics and enabling to set 2022 as our base year.

With this baseline, we set our first climate targets, focusing on reducing GHG emissions, setting energy consumption goals, and increasing the share of locally sourced electricity.

Approach in GHG calculations and target-setting

SCOPE 1 EMISSIONS

Scope 1 targets cover direct emissions from the production process resulting from:

- ▶ Combustion of fuel;
- ▶ Melting of raw materials in a glass melting furnace;
- ▶ Application of a reagent in the wastewater neutralization process;
- ▶ Unanticipated leaks from air conditioning systems;
- ▶ Combustion of fuel in transport vehicles used for internal logistics.

All calculations were performed according to the GHG Protocol. To ensure high data reliability, Latvian-specific calculation coefficients were used. For assessing GHG

emissions from air conditioning refrigerants, the calculations consider the refrigerant's composition and global warming potential as specified in national legislation (MK No. 42, effective from January 23, 2018). The same methodology was applied to calculate emissions from fuel combustion in vehicles.

SCOPE 2 EMISSIONS

Scope 2 targets include reducing emissions by using electricity produced from renewable resources, as well as locally produced. The purchase of "green" electricity will be certified with certificates of origin.

A market-based method was used to monitor a performance, as this method best describes the decisions made by the company. For reporting purposes, a location-based method was also applied.

For the portion of energy not covered by certificates of origin, calculation coefficients were applied in accordance with the criteria outlined in the sustainability

guidelines, with a thorough assessment of factors influencing data reliability. Data from the Association of Issuing Bodies (AIB) may be utilized as a reliable source, as this information is derived from reports submitted by EU member states.

SCOPE 3 EMISSIONS

Scope 3 targets include reducing indirect emissions associated with the procurement of raw materials, production and management processes, waste management, distribution, and product use.

Progress measurement will primarily rely on own data and data provided by cooperation partners. Recognizing that these partners may not yet have compiled the required information, we plan to use methodologies and coefficients aligned with sustainability standards if necessary, adhering to local principles and utilizing national and international reports and databases.

GHG emissions and reduction targets

	Retrospective			Milestones and target year		
	2022	2023	% 2023 / 2022	2025	2030	(2050)
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO ₂ eq) <i>Fuel combustion and raw material melting emissions</i>	29 112	27 276	1	26 669	18 842	11 595
Percentage is Scope 1 GHG emissions from regulated emission trading schemes (%) <i>Freon leakage from refrigeration equipment is not covered by the ETS scheme</i>	99.3	99.9	1	N/A	N/A	N/A
IT INCLUDES:						
Production of fiber glass	18 909	17 589	0,93	17 335	12 247	7 537
Processing of fiber glass	10 203	9 687	0,94	9 334	6 595	4 058

	Retrospective			Milestones and target year		
	2022	2023	% 2023 / 2022	2025	2030	(2050)
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO2eq) <i>Total purchased energy*</i> <i>Production mix factor for Latvia</i> <i>(0.46392 in 2022; 0.47117 in 2023)</i>	38 908	41 704	1.07	N/A	N/A	N/A
IT INCLUDES:						
Production of fiber glass	22 347	24 953	1.12	N/A	N/A	N/A
Processing of fiber glass	16 561	16 751	1.01	N/A	N/A	N/A
Gross market-based Scope 2 GHG emissions (tCO2eq) <i>Total purchased energy*</i> <i>Residual fuel mix factor for Latvia</i> <i>(0.51071 in 2022; 0.53537 in 2023)</i>	42 832	47 388	1.1	23 601	21 317	0
INCL.						
Production of fiber glass	24 601	28 353	1.15	N/A	N/A	N/A
Processing of fiber glass	18 231	19 035	1.04	N/A	N/A	N/A
Scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	71 712	Calculations in progress				
1 Purchased goods and services	64 530	Calculations in progress				
2 Capital goods	-					
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	18 167	Calculations in progress				
4 Upstream transportation and distribution	17 403	Calculations in progress				
5 Waste generated in operations	328	Calculations in progress				
6 Business traveling	170	Calculations in progress				
7 Employee commuting	1 098	Calculations in progress				

	Retrospective			Milestones and target year		
	2022	2023	% 2023 / 2022	2025	2030	(2050)
8 Upstream leased assets						
9 Downstream transportation	5 651	Calculations in progress				
10 Processing of sold products						
11 Use of sold products						
12 End-of-life treatment of sold products						
13 Downstream leased assets						
14 Franchises						
15 Investments						
Total GHG emissions						
Total GHG emissions (site-specific) (in tonnes of CO2 equivalent) <i>Gross Scope 1+ Gross Location based Scope 2+ Gross indirect Scope 3 (for 2022)</i> <i>Gross Scope 1+ Gross Location based Scope 2 (for 2023)</i>	139 732	68 980				
Total GHG emissions (market-based) (in CO2 equivalent tonnes) <i>Gross Scope 1+ Gross Market based Scope 2+ Gross indirect Scope 3 (for 2022)</i> <i>Gross Scope 1+ Gross Market based Scope 2 (for 2023)</i>	143 656	74 664				

GHG emission net income

GHG emission volume based on net income	2022	2023
Location-specific total GHG emissions per net income (CO 2 equivalent ton / monetary unit) <i>Gross Scope 1+ Gross Location based Scope 2+ Gross indirect Scope 3 (for 2022)</i> <i>Gross Scope 1+ Gross Location based Scope 2 (for 2023)</i>	0.00109	0.00058
Market-based total GHG emissions per net income (CO 2 equivalent ton / monetary unit) <i>Gross Scope 1+ Gross Market based Scope 2+ Gross indirect Scope 3 (for 2022)</i> <i>Gross Scope 1+ Gross Market based Scope 2 (for 2023)</i>	0.00112	0.00063

Our commitment to reducing our carbon footprint is reflected in our goal to decrease GHG emissions per ton of glass produced in our manufacturing processes.

GHG emission reduction targets per ton of glass produced

Indicator	2022/2023	2024	2028	2030	2035	2050
Scope 1 gross GHG emissions per ton of glass produced, %	baseline	-5	-20	-35	-55	-60
Scope 3 gross GHG emissions per ton of glass produced, %	baseline	-5	-8	-10	-12	-15

We have identified three main decarbonization levers that we plan to address in the coming years. The first key decarbonization lever for our Scope 1 and 2 emissions:

- ▶ transition from fossil energy sources to recovered energy or renewable energy sources;
- ▶ increasing energy efficiency;
- ▶ promotion of the circular economy.

To reduce carbon emissions across our value chain (Scope 3), we have identified the following decarbonization levers:

- ▶ optimization of supply chains;
- ▶ education and engagement with suppliers;
- ▶ promotion of the circular economy;
- ▶ improvements in employee commuting patterns.

Main actions and measures planned to be taken:

- ▶ **Operational excellence:** Continuing and improving energy management practices in our daily operations to reduce energy use across production, warehouses, and offices.

- ▶ **Upgrading inefficient assets:** Replacing outdated equipment such as chillers, air compressors, and furnaces with best-in-class alternatives and improving HVAC systems in our buildings and warehouses.
- ▶ **Recycling energy:** Replacing of outdated and installation of new equipment on all heat emission sources for heat recovery.
- ▶ **Product climate footprint optimization:** Substitution principle – leveraging new materials, technologies, and processes that have a lower environmental impact. Focus on R&D to innovate and design climate-friendly products.

E1-5

Energy efficiency and renewable energy transition

In 2023, we implemented 24 energy-saving measures, resulting in a total reduction of 894 MWh in energy consumption. Many of these initiatives focused on energy efficiency, including:

- ▶ Installation of LED lamps and replacement of lighting fixtures,
- ▶ Insulation upgrades,

- ▶ Replacement of less efficient equipment, such as the installation of new steam boilers,
- ▶ Precision and metering system installations to improve data management.

Additionally, we introduced more advanced measures, such as oxygen dosing for the glass melting furnaces to reduce natural gas consumption. We also implemented

on-site recycling of soft glass fibre waste and the sale of glass waste, aiming to minimize the volume of waste sent to landfills.

Our Environmental Management System, certified under ISO 14001:2015, plays a crucial role in guiding our efforts. This system, which includes risk assessments and internal audits, ensures the effectiveness of the measures implemented and supports our ongoing commitment to improving energy management practices.

Energy consumption and distribution of energy sources

Indicator	2022	2023
Total energy consumption from fossil sources (MWh)	236 377	232 485
Share of fossil sources in total energy consumption (%)	100%	100%
Energy consumption from nuclear sources (MWh)	0	0
Share of nuclear energy in total energy consumption (%)	0	0
Fuel consumption from renewable sources (including biomass) (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	0	0
Consumption of self-generated non-fuel renewable energy (MWh)	0	0
Total renewable energy consumption (MWh)	0	0
Share of renewable sources in total energy consumption (%)	0	0
Total energy consumption (MWh)	236 377	232 485
Total energy consumption per net income (MWh/eur)	0.04	0.17
Total energy consumption per net income received (MWh/eur) We assume that we receive everything and net income = net income received	0.04	0.17

Energy production

Energy production	2022	2023
Non-renewable energy produced, MWh Heat recovered from flue gases	5 711	6 713
Renewable energy produced, MWh	0	0

Fuel consumption

Fuel consumption	2022	2023
Fuel consumption from coal and coal products	0	0
Fuel consumption from crude oil and petroleum products	4 283	7 973
Fuel consumption from natural gas	140 329	145 279
Fuel consumption from other fossil sources	0	0
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	87 873	83 125

Our objective is to gradually raise the proportion of renewable energy and maximizing the use of locally produced electricity by investing in renewable energy projects and incorporating renewable energy sources into our energy mix.

This transition will require active involvement from our engineering and R&D teams to develop innovative solutions that challenge traditional energy models,

particularly when working with complex glass melting equipment and ecosystems. Collaboration with stakeholders, including energy suppliers and industry partners, will be essential in achieving this shared commitment.

By diversifying energy sources and reducing reliance on imported or centralized fossil fuel-based energy, we are also mitigating risks associated with the price

volatility, supply disruptions, and future regulations on carbon emissions.

Fuel consumption

Indicator	Country	2023	2024	2028	2030	2035	2050
Electricity produced and used locally, %	Latvia	Baseline	10%	10%	25%	30%	50%
	UK	Baseline	0%	0%	10%	30%	50%

Indicator	Country	2022	2023	2024	2028	2030	2035	2050
Recovered energy of total fossil energy consumption, %	Latvia	2%	3%	2%	12%	16%	23%	Only green energy
	UK		0%	0%	30%	35%	50%	100%

MAIN ACTIONS AND MEASURES PLANNED TO BE TAKEN:

- ▶ **Active investments** in renewable energy projects, both on-site and in our local community. This includes solar, wind, and other sustainable sources to increase our share of electricity produced and consumed locally.
- ▶ **Sustainable procurement:** Prioritize sustainability in procurement policies by selecting suppliers and partners committed to reducing their carbon footprint and enhancing energy efficiency.

CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

In 2023, we started to the work on our first Task Force on Climate related Financial Disclosures (TCFD) risk assessment, covering both physical risks and transition risks. The climate-related risks were evaluated in a short-to-long-term view, where short term was up

to year 2030 and mid-to long-term up to year 2100, depending on the available modelling data for each country.

As this was our initial step in performing a TCFD assessment, the focus was placed on the VALMIERA GLASS GROUP production facilities in Latvia and the UK, evaluated separately. The assessment did not yet include an evaluation of climate risks across the value chain, nor were financial metrics assessed regarding the potential materialization of the identified risks for the GROUP.

The assessment of impacts and climate projections were based on the best practice and the state-of-the-art science, including the Intergovernmental Panel on Climate Change (IPCC) scenarios – such as RCP4.5 and RCP8.5¹, national and regional scientific sources and relevant open-source climate projection tools and simulations. In addition, internal materials, such as Property Risk Evaluation reports and site descriptions, were used as an additional input to assess the vulnerability of VALMIERA GLASS production units to various climate hazards.

For the Latvian production unit, the analysis identified four major hazards posing high risks:

- ▶ flooding,
- ▶ heat wave,
- ▶ changing temperature,
- ▶ wildfire.

For the UK production unit, six significant hazards were identified as high risks:

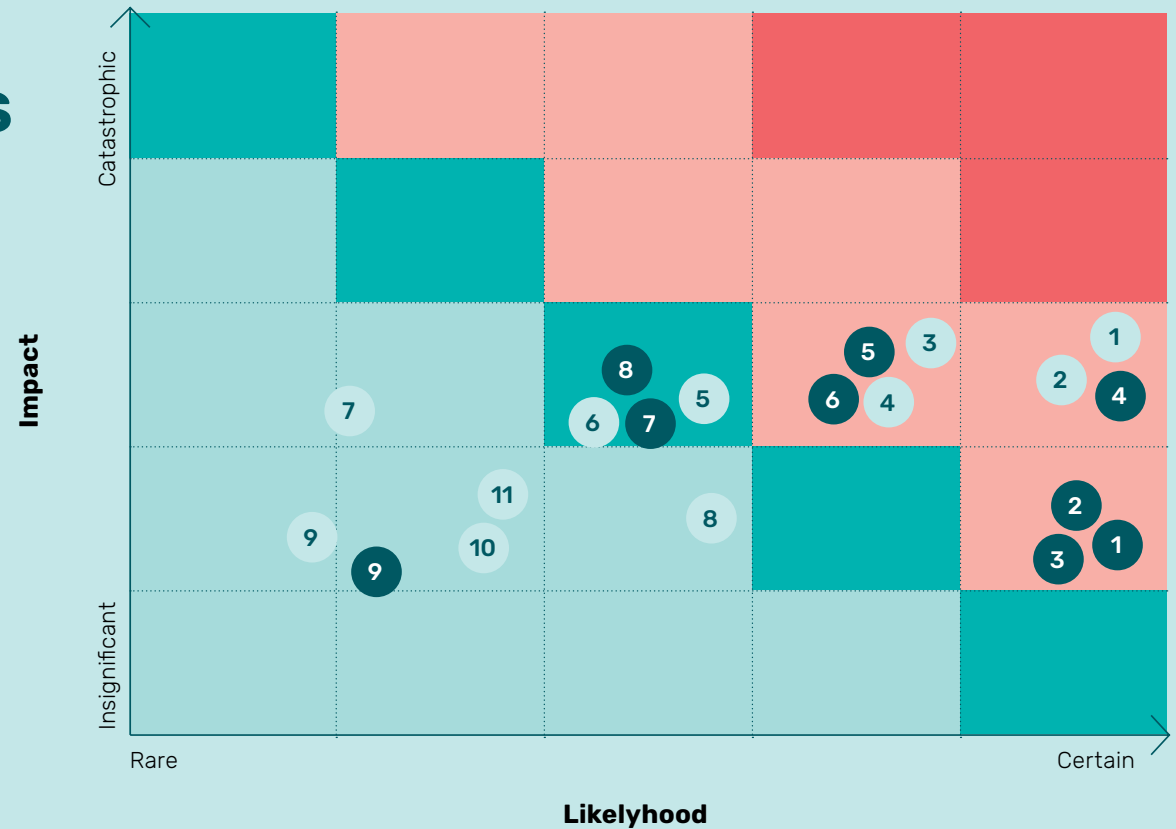
- ▶ heat wave,
- ▶ heat stress,
- ▶ changing temperature,
- ▶ water stress,
- ▶ drought,
- ▶ heavy precipitation.

¹ Representative Concentration Pathways (RCPs) adopted by the IPCC describe different climate futures depending on the volume of greenhouse gas emissions emitted in the years to come. RCP 4.5 represents an intermediate scenario where emissions peak around 2040 and then decline and RCP 8.5 represents the worst-case scenario where emissions continue to rise throughout the 21st century.

CLIMATE-RELATED HAZARDS OF VALMIERA GLASS FACILITIES IN LATVIA AND THE UK

Low Medium High Extreme

Valmiera Stikla Šķiedra, AS		Valmiera Glass UK Ltd	
1 Heat wave	7 Storm	1 Heat wave	7 Flood
2 Changing temperature	8 Heavy precipitation	2 Changing temperature	8 Storm
3 Flood	9 Cold wave	3 Heat stress	9 Cold wave
4 Wildfire	10 Soil erosion	4 Drought	
5 Heat stress	11 Drought	5 Water stress	
6 Temperature variability		6 Heavy precipitation	



In terms of climate-related transition risks, the assessment highlighted two significant risks for the VALMIERA GLASS GROUP:

- Enhanced GHG emissions regulations and policies
- Transitioning to lower emissions technologies

These transition risks present a very high risk for the GROUP as we navigate the shift toward a low-carbon economy.

ADAPTATION TO CLIMATE CHANGE

Our ambition is to transform our product portfolio by increasing the presence of climate-friendly products, thereby supporting action to reduce our carbon footprint and of our clients. Simultaneously, we are committed to integrating climate change adaptation strategies into our operations and those of our key value chain partners, ensuring resilience and sustainability across our entire ecosystem.

Developing and implementing a comprehensive climate transition and adaptation plan will enhance the

resilience of VALMIERA GLASS GROUP's operations and our value chain against the impacts of climate change, such as extreme weather events, supply chain disruptions, and shifts in regulatory landscapes.

The principle of transparency is key to our approach, ensuring we remain open about our progress, challenges, and strategies as we work to increase climate-friendly products and enhance climate resilience.

Stefan Jugel, Chairman of the Board

In the next decade or even shorter time, I believe that climate change will become a more pressing reality for businesses globally, with increased frequency of extreme weather events and growing regulatory demands. Companies that proactively adapt now—by investing in resilient infrastructure e.g. suitable working environments especially to accommodate the needs of employees that work in manufacturing environment, sustainable supply chains or materials that are more prone to different weather conditions like wildfires —will be better positioned to thrive. Those that fail to adapt may face greater operational disruptions, rising costs and losing the momentum of business potential. I envision a future where climate adaptation is not just a competitive advantage but a necessity for long-term survival, driving both innovation and sustainability across industries.

Climate adaptation targets

Target	Indicator	2022	2023	2024	2028	2030	2035	2050
Increase the number of climate-friendly products in the total product portfolio	Amount of products in the total product portfolio, which supports to reduce the carbon dioxide %	0%	Baseline	20%	25%	30%	35%	50%
Existence of climate adaptation plan for the GROUP and material value chain partners	Operations/assets covered with adaptation plan (VGG own operations and operations of material value chain partners), %	N/A	N/A	0	0.5	0.8	1	1

MAIN ACTIONS AND MEASURES PLANNED TO BE TAKEN:

► **Development of a climate adaptation plan:**

- **Asset protection:** Identify vulnerabilities and implement proactive measures to protect physical and financial assets from climate change, ensuring business continuity.

- **Employee safety and well-being:** Prioritize employee safety by developing an adaptation plan that addresses climate-induced hazards, fostering a safe working environment.
- **Consumer empowerment:** Expand climate-friendly product offerings empowering consumers to make environmentally responsible choices and extending VALMIERA GLASS GROUP's sustainability efforts into the broader community.

► **Development of climate friendly products:**

Focus on creating products that enhance our clients' resilience and strengthen their ability to mitigate the negative effects of climate change.

Climate adaptation targets

CONSTRUCTION MESH

Building insulation: Our construction mesh is used in building insulation, significantly reducing heat loss and increasing energy efficiency. This leads to lower consumption of electricity or fossil fuels, resulting in fewer emissions released into the atmosphere.

TECHNICAL FABRICS

Fire blankets: Our silicone-coated technical fabrics are used in various

types of fire blankets, including those for household use, car fire suppression, and firefighter equipment. These blankets help prevent the spread of fires, efficiently smother flames, and reduce the release of toxic gases into the atmosphere.

Turbine insulation: Fabrics used for insulating steam and gas turbines, including textured or wire-reinforced textiles, help minimize heat loss and improve the efficiency of the equipment.

Fire curtains: We offer a range of glass fibre fabric combinations, including e-glass, hr-glass, silica, technical fabrics, and felts, for use in fire curtains. Like fire blankets, these products help reduce fire spread and lower toxic gas emissions.

SILICA PRODUCTS

Fire containment: Silica products are widely used for fire containment, functioning similarly to fire blankets by helping prevent large-scale fires, suppressing flames, and reducing

the release of harmful gases into the atmosphere.

Electric vehicle manufacturing: One of the fastest-growing markets for silica products is electric vehicle manufacturing. Silica fabrics and felts are integrated into battery insulation layers, enhancing fire safety and reducing the emission of harmful substances into the atmosphere.



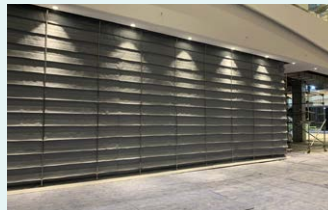
Construction mesh



Fire blankets



Turbine insulation



Fire curtains



Fire containment



Electric vehicle manufacturing

APPROACH IN TARGET-SETTING

The Management Board of VALMIERA GLASS GROUP, along with relevant department heads, set the GHG emissions reduction targets. These targets cover both the GROUP'S operations and its supply chain. Notably, external stakeholders were not involved in the target-setting process.

When setting goals, we carefully considered the risks and opportunities of the GROUP, including the operational lifespan of glass melting furnaces, the current and future potential of alternative energy sources in glass fibre production, workforce availability, and supply chain logistics.

We selected 2022 as the base year, as the effects of COVID-19 on operations had significantly subsided by

then. Additionally, 2022 serves as a relevant technological benchmark for comparing future performance and tracking progress toward our goals.

Specific reduction targets have been set for Scope 1 and 3 emissions; the reduction of Scope 2 emissions is planned by increasing the share of electricity produced from renewable resources. This can be justified by the specifics of production, because the most effective solution for Scope 1 emissions currently used is to increase the share of electric heating for the main source of emissions - glass melting furnaces, as well as the use of electricity as the cleanest source of energy in other technological processes.

We believe this approach is more transparent and responsible, ensuring that stakeholders are not misled about our true environmental performance. As

scientific advancements and new applicable technologies emerge that enable further emission reductions without increasing electricity consumption, VALMIERA GLASS GROUP will reassess the goals and adjust the strategy to reflect these developments.

Achieving these goals will be particularly challenging for the GROUP due to the GHG regulatory framework's short deadlines for emission reductions. Achieving these goals presents challenges due to the short deadlines set by the GHG regulatory framework for emissions reductions. Additionally, the rapid evolution of European Union environmental policies and the glass industry's ongoing technological transition to low-emission solutions remain in the research phase. These challenges will also impact our suppliers, who will need to adapt and engage in sustainability

processes. Investments in low-emission production processes are expected to influence product pricing, affecting both customers and the market.

To ensure reliable assessment of these goals, the GROUP will use robust methodologies that adhere to local principles. Where applicable, we will consider methods outlined in company permits, relevant legislation, and international sustainability standards. The assessments will compare progress against the base year and account for both internal and external factors.

Before establishing 2022 as the base year, VALMIERA GLASS GROUP had already made significant progress in reducing GHG emissions. Since joining the EU Emissions Trading System (EU ETS) in 2005, we have been monitoring Scope 1 emissions at our Valmiera factory. By 2022, we had achieved a 62% reduction in CO2 emissions per unit of production, driven by advanced glass fibre technologies, the use of lower-carbon fossil fuels, raw material substitutions, and various energy efficiency initiatives and projects.

APPROACH IN RESOURCE PLANNING

Our current resource planning framework includes measures that promote climate-related activities, but it does not yet have a dedicated climate-specific resource planning structure. We acknowledge the need to better organize our resource planning process to clearly demonstrate the allocation of resources toward achieving our climate goals. Addressing this gap is recognized as a critical future objective.

In the medium term, we are committed to allocating resources that support the achievement of our sustainability goals, with a focus on the following key areas:

- ▶ investing in research to develop new sustainable products, optimize production processes, and promote the circular economy;
- ▶ investments in energy efficient equipment;

- ▶ investments in equipment to promote the circular economy, especially by developing waste processing technologies;
- ▶ investments in environmental facilities that reduce the load on the environment;
- ▶ investments in the improvement of the working environment, especially focusing on the improvement of air conditioning systems;
- ▶ investing in employee education on sustainability.

Our current approach involves annual investment planning, which is carried out by each structural unit. This process includes considerations for energy efficiency improvements, such as upgrading air conditioning systems, enhancing lighting efficiency, and improving the surrounding and working environments. These plans are regularly reviewed, adjusted as needed, and ultimately approved by the Management Board.

Pārsla Dance, Head of Environmental, Health, and Safety Department

In today's world, we are increasingly confronted with the Earth's response to socio-economic growth trends, most notably seen in the form of climate change. Climate change, in turn, exacerbates other environmental and societal risks. This problem is complex and requires a unified vision to drive the implementation of innovative sustainability solutions that address the whole system—preserving both natural and social capital.

When we speak of social capital, we refer to the value that members of society bring to both the private and public sectors. This value goes beyond mere presence; it encompasses the health, knowledge, qualifications, and motivation of individuals. A company's workforce is integral to this, as businesses are not only economic value creators but also key drivers of innovative sustainability solutions.

However, to achieve meaningful and lasting sustainability outcomes, active and high-quality participation from the external socio-political structure is crucial. This includes creating a safe and supportive environment that allows companies to implement sustainable practices effectively. Reducing political and institutional barriers is particularly important, as these obstacles can hinder the successful adoption of sustainable policies at a systemic level.

RESOURCE USE AND CIRCULAR ECONOMY

ESRS E5



RESOURCE USE AND CIRCULAR ECONOMY

ESRS E5

Our vision for circularity underscores our commitment to leading the glass fibre industry towards more sustainable practices. We are devoted to transforming our product lifecycle through innovation and efficiency at every stage, from design to disposal. Our strategic objective is to maximize material recovery in our production processes and significantly reduce waste.

In addition, we recognize the potential of our glass fibre products to replace less durable alternatives by improving product design. We aim to enhance the positive impact of our value chain, offering durable, lightweight, and lower carbon footprint solutions that contribute to a more sustainable manufacturing of various kind of consumer and industry products.

One of the main challenges with glass fibre materials is the difficulty of recycling or reusing them once incorporated into composites, which limits end-of-life recycling opportunities. While immediate solutions are not available, we are committed to making considerable progress in this area.

GOV-1, SBM-3, E5-1, E5-2

Materiality and governance

Waste management is a critical environmental focus for VALMIERA GLASS GROUP, given the significant cost implications and the stringent regulatory landscape we operate within. As a leading producer of glass fibre, we are committed to aligning with the waste reduction priorities outlined by regulatory requirements.

A key daily priority of our environmental policy at the GROUP is to minimize a deposited waste across all areas, with a focus on production, which accounts for the largest share of waste, as well as used packaging, wastewater sludge, filter dust, and various types of utility, construction, large-size, and biodegradable waste.

We have identified long term perspective and directions we are going to work on in order to promote circular economy and waste reduction in the GROUP, including:

- **Material recovery and re-use** through cutting-edge research and technologies to reduce waste and recover resources in our manufacturing processes, setting new standards for environmental stewardship in the glass fibre industry.

- **Substitution principle** where we innovate in the development of sustainable materials and processes that enhance the recyclability and durability of our products.
- **Active collaboration** with stakeholders across the value chain to foster a circular ecosystem, where the waste is minimized, and resources are efficiently utilized in our manufacturing processes, e.g. reuse of packaging or use of wastewater sludge or filter dust.
- **Continuous education and empowerment of our employees** on the circularity principles.

In VALMIERA GLASS GROUP we are developing and certifying our environmental management systems under ISO 14001. This certification is enabling us to prevent waste creation in our premises even more. Moreover, ISO 14001 boosts transparency and stakeholder engagement, fostering sustainable practices and driving the innovation in the waste management, but also a product design.

The Management Board of VALMIERA GLASS GROUP, along with relevant department heads, set the

circularity and waste-related reduction targets complying with the requirements of the applicable laws and regulations. Impacts and opportunities arising from this material topic were considered when setting the target.

The Procurement Director and other responsible employees of the Company in each separate situation are responsible for identifying potential buyers for materials no longer used in business operations and preparing the transaction documents.

ACTUAL POSITIVE AND NEGATIVE IMPACTS, RISKS, AND OPPORTUNITIES

Positive

- ▶ Potential positive impact in the value chain as the properties of the products have the potential of replacing less durable and more energy intensive products

Negative

- ▶ Actual negative impact on circular economy due to high amount of waste generated, especially upstream in the value chain
- ▶ Actual negative impact due to high energy intensity, reliance of non-renewable input and lack of alternative resources available

RISKS AND OPPORTUNITIES

- ▶ Reliance on non-renewable resources poses a risk, especially in the face of scarcity and limited alternative feedstock options
- ▶ Recycling or reusing materials integrated into composites remains a significant challenge due to the difficulty of processing such materials
- ▶ Slow adaptation of national regulations to support circular economy principles in manufacturing may hinder progress in implementing more sustainable practices
- ▶ Leveraging emerging technologies can enhance material recovery, enabling the recycling of materials for internal use or sale to customers, improving resource efficiency
- ▶ By offering more durable and sustainable products than those currently available, the company can gain a competitive edge in the market, attracting customers who prioritize long-lasting and environmentally friendly solutions

RELEVANT POLICIES

- ▶ ESG Policy
- ▶ Environmental Policy

RESPONSIBLE

- ▶ CEO
- ▶ Members of the Management Board
- ▶ Environmental, Health and Safety Department
- ▶ Technical Department
- ▶ R&D Department

TARGETS AND PROGRESS

- ▶ Minimizing waste and promoting the reuse and recycling of materials throughout the product lifecycle - Glass waste ending up to landfill, %
- ▶ Initiation and continuation of multiple resource recovery projects

KEY ACTIONS TAKEN IN 2023

- ▶ Conducted research for processing coarse and soft waste on-site
- ▶ Installed zinc precipitation equipment to improve wastewater treatment
- ▶ Completed return of filter dust to the glass composition
- ▶ Partnered with waste management companies to increase waste upcycling efforts
- ▶ Enhanced packaging reuse through active collaboration with suppliers

PLANNED ACTIONS FOR 2024

- ▶ Implementation of three research projects focused on gypsum recovery and its application in both construction and agriculture
- ▶ Maintain progress on all currently initiated projects

E5-4

Resource inflows

The analysis of VALMIERA GLASS GROUP's purchased materials reveals a significant reliance on a diverse range of raw materials, packaging materials, additives, and chemicals that are essential for our production processes. The Procurement Policy, set to be developed in short term, will play a crucial role in ensuring that the sourcing of these materials is aligned with sustainable business practices. This policy's target will

be to ensure that our suppliers adhere to environmental sustainability standards/ are implementing sustainable business practices in parallel of Supplier Code of Conduct developed by the GROUP.

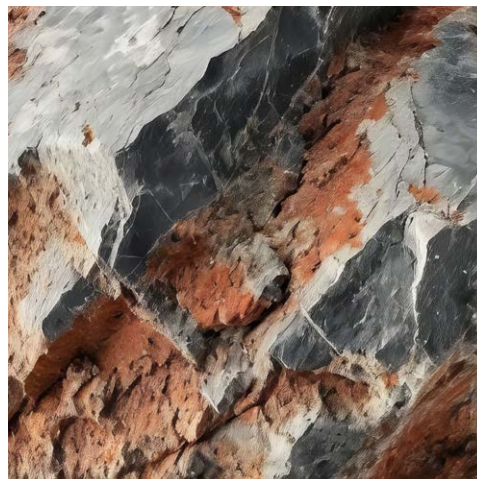
The largest inflows are raw materials mainly minerals for glass production, which dominates the inputs at 42755 t, highlighting its critical role in manufacturing

processes. Additionally, the procurement of substantial quantities of chemicals, particularly organic and inorganic compounds at 9292 t and 715 t. When it comes to inorganic compound then four types of minerals can be specifically mentioned since they take the biggest share of incoming inorganic ingredients for glass fibre production:



QUARTZ SAND

A chemically inert and relatively hard mineral, that contains at least 95% SiO_2 and less than 0.6% iron oxide.



ANORTHOSITE

An igneous rock primarily composed of plagioclase feldspar.



KAOLIN

A type of clay mineral, also known as China clay, primarily composed of the mineral kaolinite.



COLEMANITE

A borate mineral that is a source of boron.

In addition to these raw materials, packaging materials, such as pallets and plywood, are a notable part of our resource inflows, necessary for transporting and storing finished products.

We also use a range of additives, such as polyurethane and silicone, which are critical for ensuring

high-performance characteristics in our products. These additives emphasize the complexity and precision required in our production processes, underscoring the importance of integrating materials carefully to maintain both production efficiency and product quality.

In 2023, 49% of all glass fibre waste generated from production processes was recycled back into production, reflecting our commitment to improving material recovery and contributing to a circular economy.

Metrics	2022	2023
Total weight of input products and technical and biological materials, t <i>Including total weight of chemicals (inorganic + organic) used + semi-finished products purchased + purchased package + used package</i>	63 473	54 147
Share of biological materials (including biofuels used for purpose other than energy production), %	20	20
Reused or recycled components, intermediate products, and materials	4 782	6 158
Share components, intermediate or materials reused or recycled, %	8	11

E5-2, E5-3, E5-5

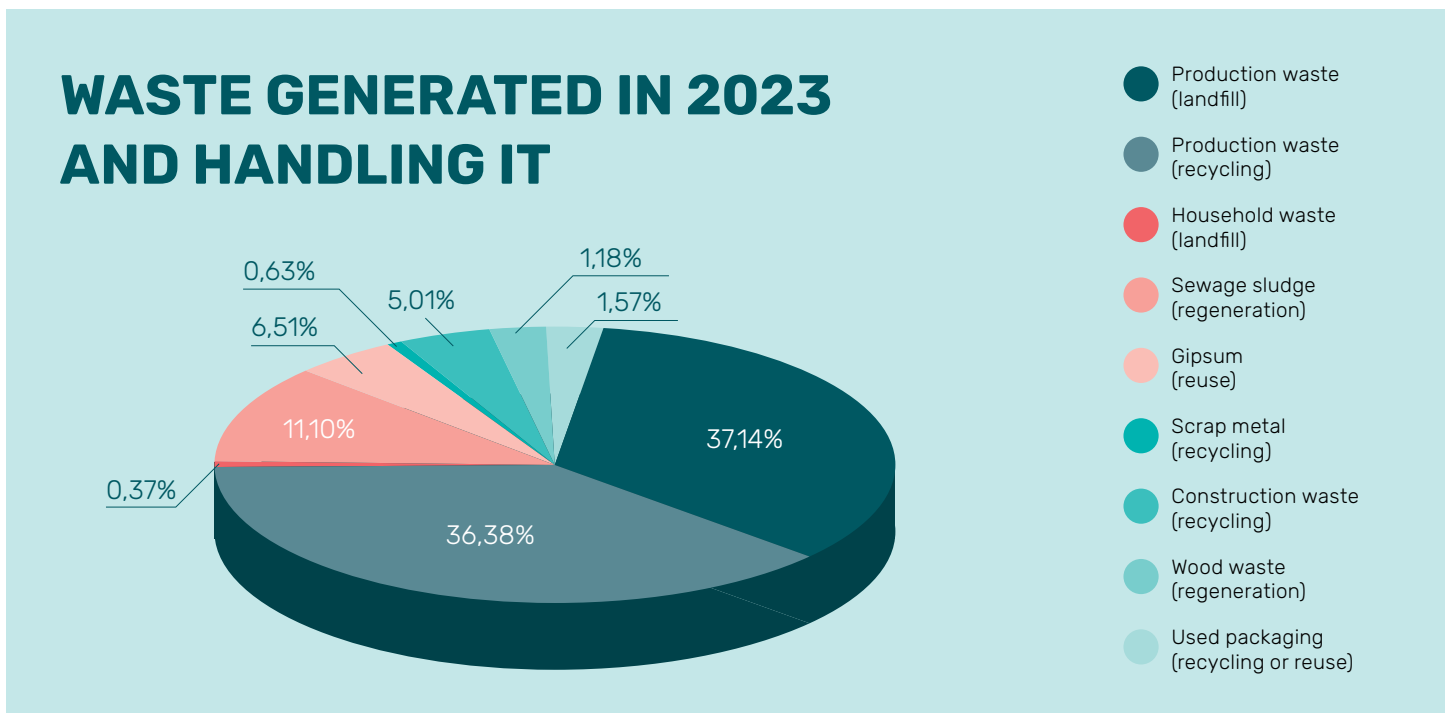
Waste

The GROUP's operations generate two general types of waste streams: waste and byproducts. Waste is generated from both the production process (coarse and fine waste) and supporting processes such as used packaging, solid waste, construction, large-size, and biodegradable waste, hazardous waste. Residues that occur during the pollution treatment process - filter dust, waste water sludge, gypsum, are classified as by-products due to their potential for reuse in other industries (e.g., gypsum in agriculture and construction, waste water sludge for biomethane production, dust in agriculture or as a raw material in glass).

Waste data is annually reported to the Latvian Environment, Geology, and Meteorology Center, and the process is supported by detailed documentation, including scale print-outs, invoices, acceptance-transfer acts, and certificates.

Production waste, used packaging, and metal scrap are weighed using the company's scales for exact measurement. The weight of solid waste, wood waste, plastic spools, large-size waste, biodegradable waste, construction waste, wastewater sludge, gypsum, and filter dust is determined through calculations.

The Procurement Director is responsible for organizing the sale of materials that are no longer used in business operations, preparing offers, and ensuring the successful execution of the sale. The Head of the relevant Department



that originally procured the materials ensures that unused materials are cleared from departmental premises. In 2023, the total amount of waste and byproducts generated

was 22,742 tons, including 3,155 tons of byproducts and 379 tons of hazardous waste. Hazardous waste accounted for less than 0.1% of the total waste generated.

Waste metrics

Metrics	2022	2023
Total amount of waste generated, t	23 026	22 742
Total amount of hazardous waste, t	15	8
Total amount of radioactive waste, t	0	0
Total amount of hazardous waste diverted from disposal, t; including:	11	2
reuse, t	0	0
recycling, t	8	2
other recovery operations, t	3	0
Total amount of non-hazardous waste diverted from disposal, t; including:	9 620	10 202
reuse, t	0	0
recycling, t	6 224	7 047
other recovery operations (byproducts, mainly sludge and gypsum), t	3 396	3 155
Total amount of hazardous waste directed to disposal, t	4	6
incineration, t	0	0
landfill, t	3	2
other disposal operations, t	1	4
Total amount of all waste directed to disposal, t	8 679	6 379
incineration, t	0	0
landfill, t	8 678	6 375
other disposal operations, t	1	4
Total amount of non-recycled waste, t	13 395	12 538
Share of non-recycled waste from all waste, %	58	55

Since 2016, VALMIERA GLASS GROUP has been pioneering innovative waste recovery solutions, conducting internal research and experimentation. A notable achievement is the installation of a new waste gas treatment filter using a deacidification process. This technology improves the efficiency of waste gas treatment by recovering material, which is then reintegrated

into the production process. As of Q4 2023, filter dust is being returned to production at a 100% rate.

Several EU-funded projects are underway, focusing on upcycling gypsum, a valuable byproduct of the company's processes. Gypsum is used in both agriculture and construction, where it improves soil quality by

enhancing calcium levels and reducing phosphorus runoff, contributing to better water quality in Latvia's water bodies and the Baltic Sea. The primary challenge lies in identifying the most energy- and cost-efficient method to prepare gypsum for use in construction materials.

Waste metrics

Category	2023
Recycling	
Construction waste + filter dust	517
Scrap metal	107
Plastic	74
Paper / card box	186
Glass package	0
Glass fibre	6 158
Mixed package	5
Other recovery operations	
Waste water sludge	1 883
Gypsum transferred to client	1 272
Total non-hazardous waste diverted	10 202

The GROUP has established a specific target for its Latvian facility, where most manufacturing processes take place, to reduce glass waste, which accounts for the bulk of our overall waste output.

This target, set in 2023, covers our own operations. It is a voluntary commitment that underscores our dedication to reducing environmental impact by aligning with statutory landfilling requirements and aiming to

become a leader in the glass fibre industry. We may extend the scope of the target or set new goals in the coming years.

Target in VALMIERAS STIKLA ŠĶIEDRA, AS

Indicator	2023 (baseline)	2024	2028	2030	2035	2050
Glass waste ending up to landfill, %	63	≤60	≤50	≤40	≤10	-1

Target in VALMIERA GLASS UK Ltd.

Indicator	2023 (baseline)	2024	2028	2030	2035	2050
Glass waste ending up to landfill, %	2023	-10%	10%	10%	10%	10%

SOCIAL INFORMATION

ESRS S1
Own workforce



SOCIAL INFORMATION

ESRS S1

Own workforce

VALMIERA GLASS GROUP is dedicated to achieving business success by promoting a sustainable and supportive working environment for the GROUP's employees. We prioritize their health, safety, and well-being by continuously improving workplace conditions and providing opportunities for personal and professional development. Our aim is to create

a positive and inclusive work culture that empowers employees to contribute meaningfully to our company's goals.

Our commitment to ethical business conduct is codified in 12 business ethics principles of the GROUP's Code of Business Ethics. It applies to all employees

and addresses critical topics such as human rights, compliance with legal standards, bribery, facilitation payments, conflicts of interest, gifts, and confidentiality to help deal with various ethical dilemmas at work, mutual contacts and in relations with authorities, non-governmental organisations and business partners.

GOV-1, SBM-3, S1-1

Materiality and governance

Our approach to identifying material impacts, risks, and opportunities is outlined in the "Double materiality assessment" section. All identified material impacts relate to our directly employed workforce, as our entire workforce consists solely of full-time and part-time employees directly employed. We do not engage self-employed individuals or workers provided by third-party employment services.

Since VALMIERA GLASS GROUP operates in low-risk countries (Latvia and the UK), we have not identified any operations at significant risk of incidents involving forced labour, compulsory labour, or child labour. We maintain stringent labour standards and fully comply with all relevant regulations that safeguard against such risks.

Through double materiality assessment, we have not identified significant differences in risk based on specific

personal characteristics such as age, gender, or other demographic factors. However, we recognize that certain roles and working conditions, particularly within manufacturing, may present higher risks due to the nature of the work involved.

Employees in our manufacturing operations, especially those engaged in manual labour or shift work, may face heightened risks related to occupational health and safety. These include physical strain, challenges with work-life balance, fatigue, and health risks due to irregular working hours.

Opportunities for professional development and skills training are available to the entire workforce. However, specialized programs such as leadership development are currently focused on managerial roles within the GROUP.

As the result of the assessment, we identified three key employee-related topics as material:

- Adequate wages;
- Health and safety;
- Employee development.

Additionally, we provide disclosures on other topics to address the informational needs of our stakeholders. These include working time, work-life balance, and social dialogue.

ACTUAL AND POTENTIAL POSITIVE AND NEGATIVE IMPACTS, RISKS, AND OPPORTUNITIES

Positive

- ▶ Actual positive impact providing long-term and full-time employment opportunities with full social protection coverage
- ▶ Actual positive impact on the welfare of employees due to salary levels that remain higher than a national average
- ▶ Potential positive impact providing paid health promotion activities
- ▶ Potential positive impact because of providing employees and their representatives with opportunities for social dialogue
- ▶ Potential positive impact on employee development due to regular and extensive training and skills development programs

Negative

- ▶ Potential negative impact as most employees in manufacturing work shifts, necessitating continuous operation
- ▶ Potential negative impact on employee health and safety due to the high proportion of manual work and chemical processes

RISKS AND OPPORTUNITIES

- ▶ Continuously high turnover rates can lead to increased recruitment and training costs as well as more frequent mistakes in occupational safety
- ▶ Difficulty in attracting new employees could hinder production capacity, slow down development plans and increase the incidence of accidents at work
- ▶ Any major incidents could negatively affect relationships with current and prospective employees, the local community, and relevant authorities

RELEVANT POLICIES

- ▶ Code of Business Conduct
- ▶ Environmental, social and governance policy
- ▶ Personnel policy
- ▶ Occupational safety policy
- ▶ Whistleblowing (Speak-Up) policy

RESPONSIBLE

- ▶ CEO
- ▶ HR Director of AS VALMIERAS STIKLA ŠĶIEDRA
- ▶ HR Manager of VALMIERA GLASS UK Ltd.
- ▶ Head of Environmental, Health, and Safety Department

TARGETS AND PROGRESS

- ▶ Strengthen employee loyalty and attachment to VALMIERA GLASS GROUP
- ▶ Maintain decent and fair employee compensation
- ▶ Enhance employee professionalism and competency
- ▶ Improve worker protection against injuries
- ▶ Improvement of the common Health&Safety protection culture and promotion of employees' understanding and involvement in it

KEY ACTIONS TAKEN IN 2023

- ▶ Leadership training program launched
- ▶ Improved work environment risk assessment process
- ▶ Higher class collective and individual protective measures are introduced
- ▶ Employee training and information is supplemented with digital tools
- ▶ Improved civil defence system

KEY ACTIONS TO TAKE IN 2024

- ▶ Finalize and sign General Labour Agreement 2024-2027
- ▶ Training of managers, employees, outsourcing and visitors for the overall promotion of the Health & Safety culture
- ▶ Employee training to improve responsiveness to emergency situations
- ▶ Introduction of technical solutions for improving Health & Safety

S1-2, S1-3, S1-8, S1-17

Processes for engaging with own workers and workers' representatives

At VALMIERA GLASS GROUP, we recognize the importance of collective bargaining and social dialogue as fundamental components of our commitment to employee rights and workplace fairness. Currently, 100% of the GROUP's employees are covered by the General Labour Agreement, negotiated, and maintained in collaboration with our trade union.

The General Labour Agreement between VALMIERAS STIKLA ŠĶĪEDRA AS and the Valmieras stikla šķiedra labour union is reviewed every three years. In 2023, the agreement for 2024-2029 was developed to be started in in summer 2024. The collaboration between the company, the trade union, and employees was crucial in updating the Labour Agreement because the new version of the collective agreement has a direct impact on the basket of employee benefits (see the section "[Adequate wages](#)").

As described in the "[Business conduct](#)" section, our SpeakUp grievance mechanism provides employees with a means to report allegations regarding compliance with our Code of Conduct and violations of applicable laws and regulations. A dedicated investigation team follows a protocol that adheres to strict principles of confidentiality, respect for anonymity, non-retaliation, objectivity, and the right to be heard.

In 2024, four complaints were filed through employee channels, including grievance mechanisms, in Latvia, while none were filed in the UK.

For concerns outside the scope of our Code of Business Conduct, employees have access to various formal and informal channels to raise issues. Formal channels include the option to lodge a formal complaint with a trade union. Informal channels encompass raising concerns with the relevant line manager, HR representative, or site manager, as well as using suggestion boxes available at various locations.

Additionally, employees can engage with management through special employee meetings with the management board, held once a year. Employees can submit questions anonymously to the highest management for these meetings using prepared templates. In 2023, we received 37 questions through this process; in 2024, we received more than 90 questions and suggestions for improvements.

By offering multiple avenues for communication and addressing concerns, we ensure that all employees feel heard and supported in maintaining a safe and ethical workplace.

	2022	2023
Employee turnover rate in Latvia*	22.60%	19.90%

	2022	2023
Employee turnover rate in UK*	10.95%	19.86%

*Number of employees leaving/with average number of employees per year*100 (%).

Dace Purmale, HR Director

Sustainability in HR and for employees represents continuity and a forward-looking mindset. It involves recognizing that the actions we take today shape the future. This concept encompasses continuous learning and development, embracing diversity and inclusion, adapting to differences, and taking care of ourselves, the environment around us, and the values we choose to live by.

S1-13 Employee development

VALMIERA GLASS GROUP is committed to providing its employees with opportunities for professional development through skill improvement, personal growth, and further education, supporting their overall training and development. Employee evaluation and retention are essential components of our personnel strategy. We utilize regular development cycles and work performance assessments, which we recognize through commendations and a variable portion of the salary.

According to AS VALMIERA STIKLA ŠĶIEDRA Personnel policy at least once a year, employees and their direct supervisor have a conversation to mutually agree on the evaluation of work performance, tasks for the upcoming period, achievable goals, and a personal development plan.

To ensure continuous professional growth and adherence to regulatory requirements, we offer a comprehensive range of training and development programs for our employees. These include:

- ▶ **Mandatory Training:** Designed to keep employees updated on regulatory changes and ensure compliance with relevant requirements and standards.
- ▶ **Skill Development:** We offer courses, training sessions, conferences, seminars, and experience exchange events to help employees advance their qualifications and improve their work organization.

We invest significant time and energy in training new employees to ensure they acquire the necessary skills for positions as production operators, in accordance with our internal training programs.

AS VALMIERAS STIKLA ŠĶIEDRA is intensifying its training efforts, launching a large-scale program for 75 first, second-level managers and shift managers/ leaders. This initiative marks a significant expansion in scope compared to previous years.

Managers play an extremely important role within the company because the level of satisfaction and the micro-climate at departmental level are largely dependent on them. It is vital that we raise the awareness of managers regarding the significance of their role and provide them with tools, information, and ideas on how they can be more professional and successful in their everyday work.

Since September 2023 managers participate in monthly training sessions covering topics such as management, leadership, team management, motivation, onboarding, effective management tools, employee development, stress and change management, and well-being.

The total cost of the training is EUR 147,800 and is implemented under the European Union structural fund project "Technological Innovation and Workforce Productivity Training for Businesses in Light Industry and Related Sectors."

	2022	2023
Average number of training hours per employee in Latvia*	49.87	37.97

	2022	2023
Average number of training hours per employee in UK	4.65	8.16

* Data includes on-boarding training for operator trainees (training according to the training program). Starting in 2024, we will begin to calculate and report training data separately for men and women.

Data point	2022	2023	Target
Share of employees that participated in regular performance and career development reviews	95%	95%	100%
Men	95%	95%	100%
Women	95%	95%	100%

BEST COLLEAGUES AWARD CEREMONY

Every employee plays a crucial role in achieving the company's objectives, each contributing through their unique responsibilities. Behind every position is an individual, and our mutual relationships and attitudes toward one another matter.

For the fifth consecutive year in Valmiera, Latvia and the second year in Sherborne, UK, we have encouraged employees to acknowledge colleagues who provided exceptional support over the past year. Recognition takes place through various categories, including Bright Beginner, Engagement Driver, Most Valuable Player, and Best Mentor/Supervisor.

In 2023, alongside slight modifications to the nominations, we introduced a special acknowledgment: the Manager's Choice award. In this category, Heads of Departments had the opportunity to recognize an employee for outstanding performance.

S1-14

Health and safety

At VALMIERA GLASS GROUP, we prioritize the physical, social, and psychological safety of everyone in the workplace. We believe that personal health and well-being are essential for living a balanced life where individuals can realize their full potential.

Our occupational safety management system, outlined in our Occupational Safety Policy, focuses on engaging every employee in enhancing the company's safety culture and continuously improving the work environment. This ensures the protection of employees, service providers, and visitors and encourages employees to take care of their own health.

The policy covers all our employees and facilities, with accountability assigned to our Head of Environmental, Health, and Safety Department. The policy currently applies to operations in Latvia.

The assessment of risks in the working environment is based on the matrix of the Finnish 5-point system, but additional methods are used for in-depth assessment of individual risks. Since 2021, the GROUP uses an additional risk assessment method based on UK experience, which ensures a more detailed identification of potential occupational safety risks. This method involves close collaboration between employees and management and includes:

Personal observation:

- Conducting assessments at the time and place of work performance

Video surveillance:

- Analysing recorded footage to identify safety risks

Surveys and interviews:

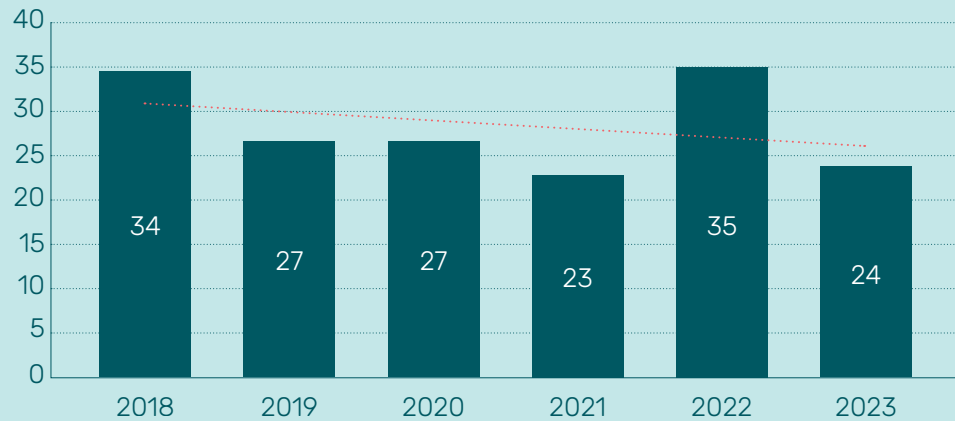
- Gathering feedback from employees and supervisors to understand potential hazards

Process analysis:

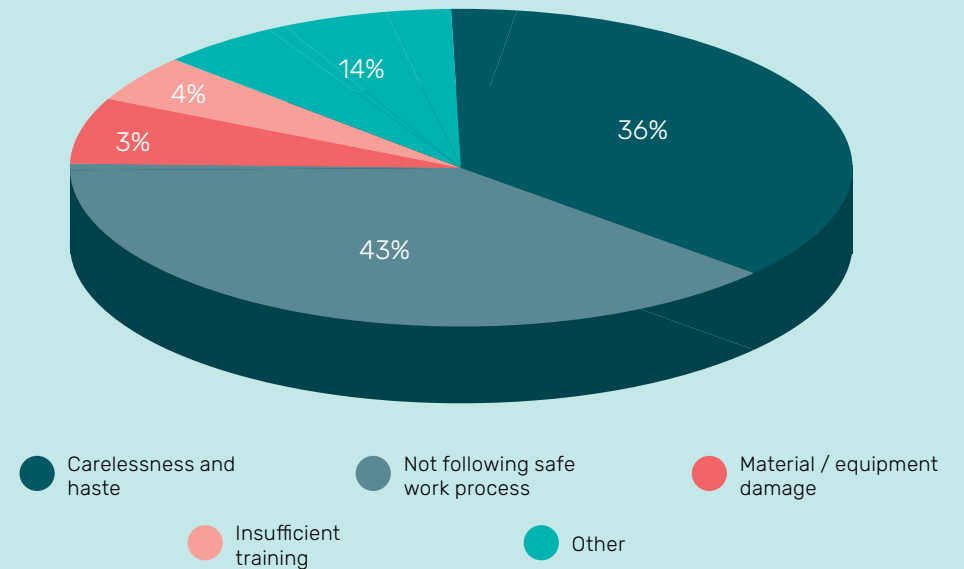
- Reviewing the processes, equipment, and materials used in operations.

This method minimizes the possibility of risks being overlooked due to uninformed or accidental omissions by ensuring comprehensive engagement and analysis.

WORK ACCIDENTS



CAUSES OF ACCIDENTS



From February 20 to March 7, 2023, AS VALMIERAS STIKLA ŠĶIEDRA employees participated in the Occupational safety risk assessment game. This event allowed us to identify occupational safety risks in a gamified setting. The Environmental, Health, and Safety Department team guided 133 employees in 33 teams through various risks, including electric shocks, falls, chemical exposure, and more, in a specially equipped room. Each team had 20 minutes to identify as many risks as possible.

Both production and administrative teams participated, with the top three teams winning prizes like cinema tickets, a bowling night, or a dinner. Participants received reflective shopping bags with the inscription "SAFETY NEVER HURTS."

The event highlighted the importance of safety education, as evidenced by the accidents reported in 2023,

mostly due to carelessness and non-compliance with safety procedures.

In December 2023, VALMIERAS STIKLA ŠĶIEDRA AS was visited by the State Labour Inspectorate (SLI) and Oļegs Sorokins, the ambassador of its campaign "Be Sure Your Job is Safe". The visit aimed to emphasize the importance of using personal occupational safety equipment, showcasing the company as an example of good safety practices.

SLI representatives praised AS VALMIERAS STIKLA ŠĶIEDRA for its exemplary preventive measures and post-accident assessments in labour protection. While the industry saw 61 extremely serious accidents and four fatalities in 2022, the company reported only one serious accident during that period and none in 2023. This success is attributed to the occupational

protection specialists work, a significant annual investment in personal safety equipment averaging EUR 436,000 (EUR 356 per employee), and the Work and Environmental Protection Coordinator movement initiated several years ago.

The company offers the opportunity to receive first aid and medical consultation, ensuring the availability of nurses on site. From 2021, it is also possible to receive a company-paid physiotherapist's consultation on site 2 times a week. In 2023, 6% of employees have already used this opportunity. Such a solution will result in the employees' own involvement in improving their health, as well as reduce the frequency or duration of incapacity for work.

Adequate wages and social protection

We recognize that compensation plays a crucial role in attracting, motivating, and retaining talented employees. In alignment with our performance-driven culture, the GROUP's compensation policy is designed to ensure fairness, transparency, and equity. Pay decisions are based on objective performance outcomes, with a balanced approach between fixed and variable compensation components.

Our compensation system consists of:

- ▶ **Fixed compensation:** Monthly salary or hourly rate appropriate for the specific position.
- ▶ **Variable compensation:** Bonuses and incentives linked to job specifics or the achievement of measurable results.
- ▶ **Social guarantees:** Monetary rewards, health insurance, and additional vacation.

To maintain competitiveness, we regularly benchmark our compensation system against regional and national standards. In Latvia, we compare our average wages with data from the Central Statistical Bureau (CSP) to ensure that our compensation remains fair and aligned with industry and regional norms.

In 2024, we participated for the first time in the General Compensation Study conducted by the salary research and management consulting firm Figure Baltic Advisory. This study allows us to evaluate how competitive our salary structure is across various positions in the labour market.

The General Agreement signed by the company confirms that we guarantee a higher minimum wage for each of the employee groups, as the minimum wage is determined by national legislation. The determined salary is fair and adequate, compared to the Latvian labor market.

In addition to competitive wages, VALMIERA GLASS GROUP is socially responsible company and for us it is important to give security for employees in life events, when they are not able to work such as illness, work-related injuries, and parental leave. Employees benefit basket is wide and also include both health insurance and accident insurance policies provided by AS VALMIERAS STIKLA ŠĶIEDRA.

- ▶ **Accident Insurance:** Renewed annually, this policy is valid globally 24/7 and covers accidents such as burns, fractures, muscle injuries, disability, or death, including those sustained during sports activities. The policy covers medical expenses and, in certain cases, provides compensation for injuries. Employees can apply to the insurer for reimbursement of accident-related costs.
- ▶ **Health Insurance:** Employees can enrol in health insurance once a year. They can either select the basic policy offered by the company or opt for additional coverage options such as dental care, outpatient care, or medication. The policy covers a range of services, including planned doctor visits, tests, and compulsory health check-ups. Employees with five years of service receive additional benefits, such as medical rehabilitation or medication support, which expands with tenure (20 years of service includes both, and from 40 years, dental care is added).

In 2023, we conducted a survey to identify which company initiatives are particularly important to employees, which benefits are most utilized, and whether certain benefits could be replaced by others. The results revealed some recurring trends and introduced new suggestions. The overall assessment indicates that we are heading in the right direction, but details

need continuous refinement. While a completely individualized solution may not be feasible, we recognize the need to be more flexible and adapt to the diverse needs of our workforce.

Overall, 55% of employees participated in the survey, with engagement rates reaching 100% in smaller units and around 50% in larger production units. 73% of respondents rated the benefits package as good or very good, with additional holidays, health insurance, and life support programs being the most valued. Extra holidays were especially well-received, with 92% of respondents identifying them as the most appreciated benefit.

SUPPORTING WORKING PARENTS

In 2023, AS VALMIERAS STIKLA ŠĶIEDRA organized STEM camps to support our employees with younger children during school summer vacations. Ninety children from grades 1 to 6 participated in week-long camps focused on science, technology, engineering, and mathematics through hands-on activities and games. The aim was to spark interest in STEM by fostering curiosity, creativity, and critical thinking.

Children worked with 3D printers and pens, learned about electronic connections and energy efficiency, and engaged in creative projects like building parachutes, robotic hands, and Newton's cradles. They also developed moving models powered by Lego motors and learned programming basics using Matatalab and Scottie Go games.

The camps also included team activities, an excursion around the factory, and a cinema visit on the final day. We secured €3,000 in co-financing from the Society Integration Fund's Family-friendly Workplace program, ensuring the only responsibility for employees was bringing their children to camp. This initiative is being continued for 2024 and even more children can participate.

CELEBRATING COMMUNITY

At the end of summer 2023, in celebration of our company's 60th anniversary, we organized events to provide our employees with a break from routine work and an opportunity to relax and have fun. AS VALMIERAS STIKLA ŠĶIEDRA hosted the BACKYARD FESTIVAL 2023, transforming its parking space into a festive venue for nearly 700 participants, including employees, their families, and guests such as former board members.

The festival offered a variety of activities, including creative masterclasses, chemistry and mechatronics experiments, virtual reality experiences, and sports competitions like towel ball, streetball, and floorball.



An event was also held for our long-time former employees, or as we call the company's "golden fund". Our long-time employees, who are now retired, always return to the company with pride, a beaming joy of reunion and an interest in how the company is doing. During the meeting, we showed a presentation about the company's current actualities, the latest implemented projects and the managers of each production department introduced with the latest projects in each department, there was an opportunity to go on a plant tour and spend time talking over tea, coffee and pastries.

VALMIERA GLASS UK Ltd. celebrated a Family Fun Day, bringing together employees, families, and friends for a memorable experience. The company prepared special attractions to make the day unique for everyone involved.

We believe that festivals and similar events foster a sense of community among employees. Participating in team activities and competitions strengthens relationships and enhances workplace collaboration. Including employees' families in company events creates a supportive environment, as family members gain insight into the company culture, further enhancing the overall sense of community.



FAMILY FRIENDLY WORKPLACE STATUS

In November 2022 we received a certificate from the Society Integration Fund recognizing us as a family-friendly workplace. The evaluation commission positively assessed the comprehensive benefits package we offer,

which is designed to support not only our employees but also their families.

The aim of the program "Family Friendly Workplace" is to promote the development of a workplace culture in

Latvia that is empathetic, humane, and understanding, while also offering tools for evaluating the existing work environment and providing financial assistance for implementing various support measures for employees.

RECOGNITION AS A TOP EMPLOYER IN VIDZEME REGION

In 2023 AS VALMIERAS STIKLA ŠĶIEDRA received recognition as one of the best employers in Vidzeme for the ninth consecutive year. Based on a survey conducted by the recruitment portal CV.lv ranked AS VALMIERAS STIKLA ŠĶIEDRA among the top three employers in Vidzeme in 2022.



This recognition is a significant achievement, particularly because our employees are our main judges. It indicates that we are moving in the right direction. Survey participants highlighted several reasons for wanting to

work at AS VALMIERAS STIKLA ŠĶIEDRA, including the company's strong reputation, engaging business sector, competitive remuneration, employee benefits, and ample opportunities for professional and personal development.

GOVERNANCE INFORMATION

ESRS G1
Business conduct



GOVERNANCE INFORMATION

ESRS G1

Business conduct

VALMIERA GLASS GROUP is dedicated to maintaining good governance and ethical business practices. We prioritize respect for human rights, compliance with laws and regulations, and the prevention of bribery and conflicts of interest. Our commitment is to conduct operations with the highest standards of integrity, sustainability, and responsibility.

To achieve this, we have integrated responsible business practices into our corporate culture, supply chain, and stakeholder relationships. Key components of our approach include transparency, accountability, and a dedication to continuous improvement. Additionally, we strive for transparent financial and sustainability reporting, ensuring that accurate and comprehensible

results are communicated to stakeholders. We adhere to transparency principles in our governance processes to foster a common understanding and awareness of our status and the steps needed to achieve our goals.

GOV-1, G1-1, SBM-3

Materiality and governance

Although the DMA did not score the impact and financial materiality of business conduct topics particularly high due to the effectiveness of our current measures, we recognize their importance to sustainability information users and believe that they form the foundation of our operations. Therefore, our report includes information on our approach to business conduct, including supplier relationship management.

Our Management and Supervisory Boards are committed to fostering an environment that prioritizes ethical behaviour and sustainability. At the GROUP level, we recognize the need to further clarify and document the roles and responsibilities of our administrative, management, and supervisory bodies regarding business conduct. This commitment includes regularly reviewing and updating our policies and practices to ensure

they remain relevant and effective. However, at the country level, clear responsibilities have already been established for each function.

By taking these steps, the GROUP aims to strengthen its commitment to ethical and sustainable business practices, ensuring that all levels of governance contribute effectively to achieving this goal.

ACTUAL AND POTENTIAL POSITIVE AND NEGATIVE IMPACTS, RISKS, AND OPPORTUNITIES

Positive

- ▶ Compliance through a shared culture of values, principles
- ▶ Prevent and report bribery and other forms of corruption
- ▶ Preventive measures via whistleblowing
- ▶ Prevent retaliation against those who raise concerns

RELEVANT POLICIES

- ▶ Environmental, social and governance policy
- ▶ Code of Business Conduct
- ▶ Supplier Code of Conduct
- ▶ Whistle-blowing (Speak-Up) policy
- ▶ Sponsoring guidelines

Negative

- ▶ Potential non-compliance with laws, regulations, as well as corporate culture policies and principles in supply chain

RISKS AND OPPORTUNITIES

- ▶ Developing long-term, mutually beneficial relationships with suppliers leading to better pricing, quality, and reliability
- ▶ Legal consequences and damage to the company's reputation

RESPONSIBLE

- ▶ Members of the Management Board
- ▶ HR Department
- ▶ Legal Counsel

TARGETS AND PROGRESS

- ▶ Ensure zero non-compliances with the law, as verified by external auditors
- ▶ Transition to equipment produced in low-risk countries
- ▶ Maintain zero confirmed incidents of corruption or bribery
- ▶ Ensure all employees are trained in business ethics

KEY ACTIONS TAKEN IN 2023

- ▶ Update of the Whistle-blowing (Speak-Up) policy

KEY ACTIONS TO TAKE IN 2024

- ▶ Update of Supplier Code of Conduct
- ▶ Update of Code of Business ethics
- ▶ Establish a Sustainability committee

G1-1, G1-3

Our Code of Business Ethics

Our ESG (Environmental, Social, and Governance) policy sets the framework for responsible business conduct principles across our entire value chain, encompassing sourcing, our own operations, and the products we sell.

Business ethics is one of the most important aspects of long-term achievements. Our commitment to ethical business conduct is codified in 12 business ethics principles of our Code of Business Ethics set for the entire GROUP. It

applies to all employees and addresses critical topics such as human rights, compliance with legal standards, bribery, facilitation payments, conflicts of interest, gifts, and confidentiality to help deal with various ethical dilemmas at work, mutual contacts and in relations with authorities, non-governmental organisations and business partners.

Currently, our policies are not aligned with the UN Convention against Corruption, but we are committed

to addressing this gap by updating our Code of Business ethics in 2024.

We aim to ensure that 30% of our total staff receive comprehensive training in business ethics by the end of 2024. This training initiative will be designed to reinforce our commitment to ethical conduct and to ensure that our employees are well-equipped to uphold our standards of integrity.

G1-2

Management of relationships with suppliers

At the GROUP, we are committed to responsible and ethical sourcing practices. We focus on establishing enduring, mutually beneficial relationships with our

suppliers, recognizing that sustained collaboration builds trust and enhances our supplier management efforts. We actively engage with our suppliers to identify

opportunities for improvement, innovation, sustainability, and to implement risk mitigation strategies.

Artis Sēja, Procurement Director

As one of the largest glass fibre producers in Europe, it's crucial for us to think and act with a long-term perspective. Sustainability has become a key factor in maintaining that long-term vision within the supply chain. We've reached a point where it's clear that we and our suppliers are in the same boat, rowing toward common standards and goals to keep the "boat" stable. As a result, the "cheapest price offer" is no longer the primary criterion in our supply chain. We prioritize a sustainable offer that meets both environmental and business standards.

We require our suppliers to adopt and confirm ethical and responsible practices in their business operations and supply chains. The Supplier Code of Conduct (SCoC), available publicly on our webpage <https://www.valmiera-glass.com/en/supplier-code-of-conduct/>, outlines minimum standards for our suppliers in addition to applicable laws and regulations. It forms an integral, mandatory part of any agreement. This includes any individual or legal entity providing goods and/or services to or on behalf of the GROUP, including sub-suppliers and sub-contractors. If there are differences between the requirements of laws and

regulations and this SCoC, or between the Supplier's own code of conduct and this SCoC, the Supplier must adhere to whichever is stricter.

The GROUP maintains a strong network of long-term suppliers. However, we continuously evaluate our supply chain risks based on experience, daily operations, geopolitical situations (including sanctions against countries and/or companies), potential transportation issues, seasonality, quality, and other factors.

We uphold an open dialogue with our suppliers, ensuring that we can address any necessary matters

to enhance our cooperation or make changes when needed. The GROUP companies conduct supplier audits to assess quality and sustainability practices, as well as to gain insight into their value chain.

For us it is crucial to work with responsible and reliable cooperation partner with equally high business principles, supporting the sustainability of the value chain and the society. We are committed to integrating higher standards of sustainability into our tendering process for suppliers. Despite market trends, we are determined to implement these standards no later than 2025.

G1-1

SpeakUp

The GROUP has established and maintains a whistleblowing system, SpeakUp, providing employees, shareholders, persons belonging to the administrative, management, or supervisory body of an undertaking, volunteers, and paid or unpaid trainees, and cooperation

partners with the possibility to report violations in a safe manner while guaranteeing their protection.

According to our Whistleblowing policy, described and available publicly on our webpage <https://www.valmiera-glass.com/en/whistleblowing/>,

we take all necessary measures prescribed by legal acts upon receiving a report from a whistleblower, whether it pertains to criminal offenses, administrative offenses, violations of legal norms (acts or omissions), or breaches of the GROUP'S ethical standards.

To ensure transparency, fairness, and accessibility, additionally to the approach established in Whistleblowing policy, the following principles have been set in our ESG policy:

- **Accessibility and anonymity:** The grievance mechanisms are easily accessible via our webpage <https://www.valmiera-glass.com/en/whistleblowing/> to all stakeholders, regardless of their location, language, or technological capabilities. We actively encourage the use of these anonymous channels to raise concerns, ensuring that stakeholders can voice their opinions without fear of reprisal.

- **Training:** It is essential that our staff involved in handling grievances understand the importance of the grievance mechanism and the GROUP'S commitments to addressing concerns promptly and responsibly. To achieve this, we provide necessary training and allocate resources to ensure that the GROUP'S team is well-equipped to manage grievances effectively.

Transparency: We are committed to treating all grievances with the utmost seriousness and respect, working diligently to investigate and resolve them in a timely manner. Our commitment to resolution extends to grievances related to environmental impact,

social responsibility, governance practices, or any other area of concern. We provide transparent information about the number and nature of grievances received, as well as the actions taken in response ensuring that our stakeholders are informed about our grievance-handling processes and the steps we take to address concerns.

In 2023, three whistleblower reports were received of which 1 was recognized as whistleblower report and was investigated, but 2 did not meet the requirements of Whistleblower policy and were terminated.

G1-3, G1-4

Prevention and detection of corruption and bribery

Any alleged violation of our anti-corruption or anti-bribery rules and procedures can be reported through our SpeakUp! process (as previously described) and is then investigated by an independent team.

In 2023 there have not been any convictions for breaching anti-corruption and anti-bribery legislation.

G1-5

Political influence and lobbying

We are firmly committed to a policy of abstaining from making direct or indirect political contributions to any political party, candidate, or organization. We firmly believe that refraining from political contributions upholds the integrity and impartiality of our business operations, aligning with our unwavering commitment to responsible corporate citizenship.

VALMIERA GLASS GROUP does not support political movements, organizations, or activities that could contribute to societal divisions or foster negative associations. We also refrain from supporting religious

movements or activities. None of the members of our administrative, management, or supervisory bodies appointed during the current reporting period held comparable positions in public administration, including regulatory bodies, in the two years prior to their appointment.

We adhere to strict Sponsoring guidelines, that govern our involvement in sponsorships and partnerships. These guidelines serve as a framework for ethical decision-making and behaviour when engaging in sponsorship activities, ensuring that our partnerships align

with our core values and ethical principles. The GROUP aims to support the overall improvement of life and the environment around us, therefore focusing on regional activities and development. Similarly, as our products improve lives for millions of people, we put our effort to support the creation and maintenance of a clean, healthy, educated, culture-rich and development-oriented environment.

The GROUP actively participates in discussions about industry standards and the regulatory framework on

topics that are material to the company, such as energy. We express our opinions and contribute to the

development of these standards through various industry associations at both international and local levels.

Key associations include:



Glass Fiber Europe
VALMIERA GLASS
GROUP



**Latvian Chamber of
Trade and Commerce**
AS VALMIERAS STIKLA
ŠKIEDRA



**Employers'
Confederation of Latvia**
AS VALMIERAS STIKLA
ŠKIEDRA



**Building Material
Producers' Association
of Latvia**
AS VALMIERAS STIKLA
ŠKIEDRA



**German-Baltic Chamber
of Commerce**
AS VALMIERAS STIKLA
ŠKIEDRA



**The Sherborne Chamber
of Commerce**
VALMIERA GLASS
UK Ltd.

Through our involvement in these associations, we ensure that our perspectives and expertise help shape industry practices and regulations, fostering a business environment that supports sustainable growth and innovation.

MEET US ONLINE:

VALMIERAS STIKLA ŠKIEDRA, AS web page: www.valmiera-glass.com
Atex @ textile membranes product page: www.atex-membranes.com
Facebook: [VALMIERA GLASS](#)
Twitter: [VALMIERA GLASS](#)
LinkedIn: [VALMIERA GLASS GROUP](#)

OFFICES:

AS VALMIERAS STIKLA ŠKIEDRA

Cempu 13, Valmiera,
LV-4201, Latvia
Phone: +371 6420 2216
E-mail: latvia@valmiera-glass.com

VALMIERA GLASS UK Ltd.

Sherborne, Dorset
DT9 3RB, United Kingdom
Phone: +44 1935 8118 22 | Fax: +44 1935 8118 22
E-mail: england@valmiera-glass.com

**CRAFTING
THE IMPOSSIBLE**



**VALMIERA[®]
GLASS**