



**JSC SAKRET
HOLDINGS
ESG OVERVIEW**

Information about the company and the report

JSC SAKRET HOLDINGS

Registration number 40103251030

Legal address "Ritvari", Rumbula, Stopiņu parish,
Ropaži district, Latvia, LV-2121



Companies included in the holding

SIA SAKRET (100%)

Reg. No. 40003622109,
"Ritvari", Rumbula, Stopiņu Parish, Ropaži County, Latvia,
LV-2121

SIA SAKRET PLUS (90%)

Reg. No. 40003749392,
"Ritvari", Rumbula, Stopiņu Parish, Ropaži County, Latvia,
LV-2121

UAB SAKRET LT (100%)

Reg. No. 300598522,
Biochemikų g. 2, LT-57234, Kėdainiai, Lithuania

OÜ SAKRET (100%)

Reg. No. 11196147,
Mäo küla, Paide vald, 72751 Järvamaa, Estonia

Sustainability report: The 2022 annual report has been prepared according to *Nasdaq's* ESG Guidelines

Contact information: Phone: +371 67803650,
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Sustainability report available electronically:
on the website www.sakret.lv

Review period: January 1, 2022 – 2022, December 31

Content

ABOUT US

SAKRET 20 years	4
Management speech	5
About us	6
Figures and facts	7
Core values	8
SAKRET influence parties	9
Essential aspects of sustainability	10
Membership in associations, unions and societies	11
UN Sustainable Development Goals	12

GOVERNANCE

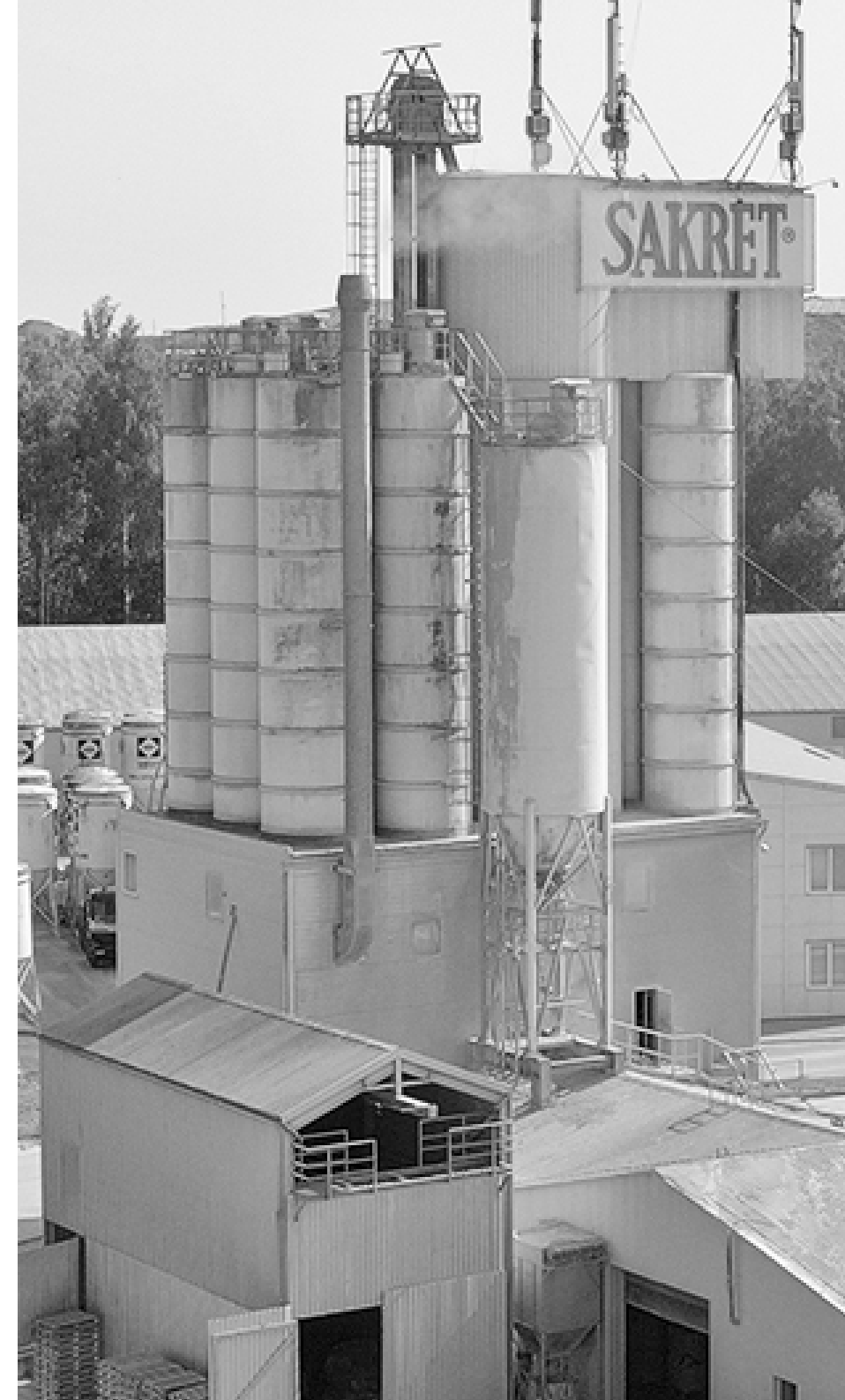
SAKRET administration and structure	14
SAKRET structure	15
Strategy	16
Marketing	17
AS SAKRET HOLDINGS Council	19
SAKRET Board	20
Sustainable logistics network	21

SOCIAL FIELD

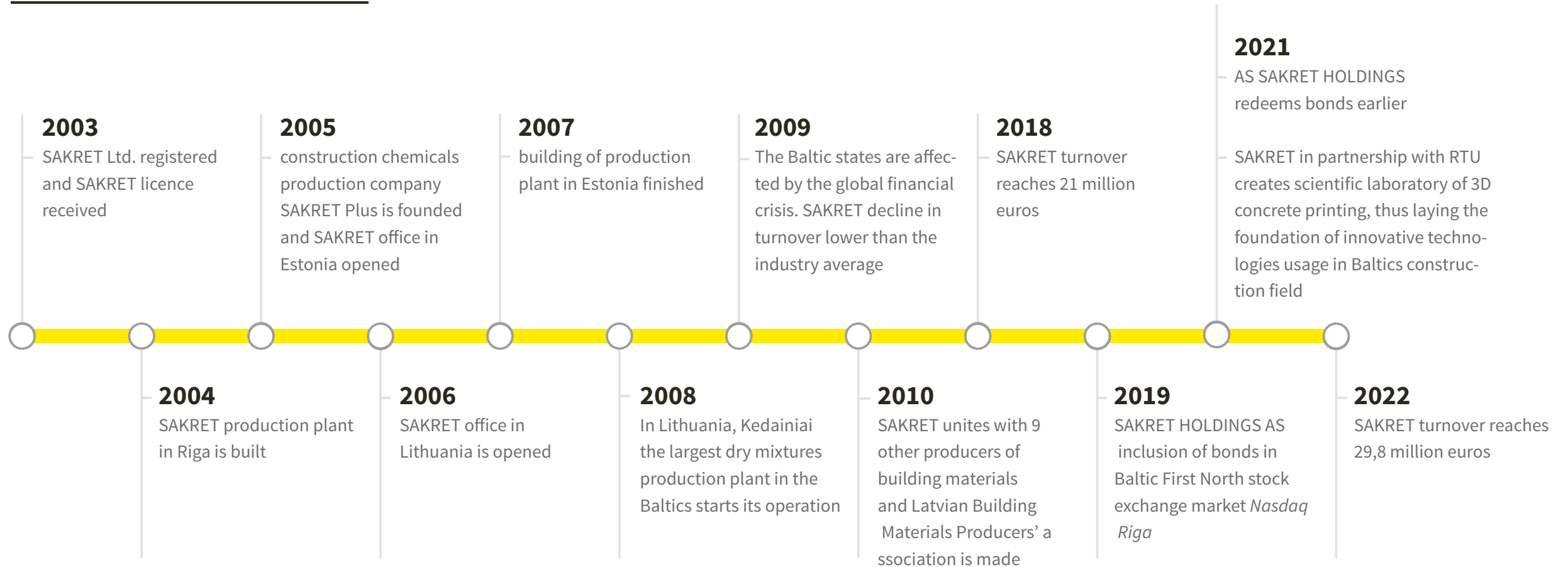
Social impact assessment	23
Motivational measures	27
2022 in pictures	28
SAKRET support for creative ideas – 3D concrete printing	31
Investments in the development of the industry	32

ENVIRONMENT

Environmental Impact Assessment	34
Sustainable energy – green electricity	36
Convenient and environmentally friendly – mobile silo	37
Sustainable products and circular economy	38



SAKRET 20 YEARS



Management speech

Results and success for every company must also be seen in the context of sustainability when evaluating performance indicators combined with environmental, social and corporate governance aspects. Thus, it is possible to gain a much broader insight into the company's activity.

SAKRET's first ESG (Environmental, Social, and Governance) report's creation and publication on the 2022 environment, social and corporate governance issues, is an important event for us.

Since 2020, circumstances are changing in the Baltics and around the world. Price escalation made year 2022 especially challenging in the world energy market, as well as high inflation, which in general affected costs and services.

At the beginning of the year, it was planned that in 2022 construction material market will be relatively active. Despite the fact that the Covid-19 pandemic had undermined the usual supply chains that caused instability affecting raw material prices, however, mastering the EU Recovery fund, implementation of EU structural fund projects, the state

programs for improving the energy efficiency of buildings, as well as the beginning of Rail Baltic infrastructure construction, promised a significant increase in the construction market. Unfortunately, with the start of the war in Ukraine, and in addition the uncertainty in the raw material market, a significant price

jump for metal structures, reinforcement and timber appeared, and there was also a shortage of certain materials on the market, e.g., thermal insulation materials and building blocks. Additional retarding factor was the lack of labor when, after the start of the war in Ukraine, part of the Ukrainian migrant workers returned to their homeland to participate in war. Access to the Baltics for the workforce of Belarus national labor market was limited. Current situation, from the point of view of the construction industry, still remains very controversial – on one hand, construction companies have sufficient orders and works volume, but on the other hand, in the construction sector, production drop in volume can be observed due to postponement of projects, because of caution and uncertainty about the near future perspective.

All these factors created a situation that affected execution of the already concluded construction contracts, which mostly resumed in the spring of 2022, and therefore many entrepreneurs were unable to comply with obligations according to the estimates specified in the contracts. If the first quarter of 2022 showed an increase in sales of building materials in the Baltic States, in practically all product groups, further some caution can be observed – in 2022, SAKRET's net turnover reached 29.8 million EUR (2021: EUR 24.7 million), by EUR 5.1 million EUR or 21% exceeding the turnover of 2021. Basic products (dry and ready-to-use construction mix) sales volumes in monetary terms increased by 20%, while decreased in terms of tons by 2% compared to 2021. EBITDA in 2022 was 1.9 million EUR, which is by 0.3 million. less than in 2021. SAKRET's financial result in 2022 is a profit of 1.07 million EUR, which is by 0.44 million EUR more than in 2021. The main factors, which negatively affected the net profit result in 2022, is the rise

in prices of raw materials and increase in the cost of energy resources, and also high inflation which generally affected all kinds of costs and services.

Considering the difficult economic conditions and essential price increase both in the field of raw materials and in the field of energy resources, in 2022, SAKRET focused its activities on the production process provision, cost optimization. On the other hand, evaluating economic effect in 2022, instead of gas in production plants in Estonia partially liquefied gas was used and diesel fuel partially started to be used in Latvia and also the process of rebuilding the gas burner in Lithuania was started.

In 2022, SAKRET continued cooperation with Riga Technical University (RTU), business school Turība, Kaunas Technology University and Latvian University of Biosciences and Technologies, both providing students with internships and leading development of bachelor's and master's papers. In the framework of cooperation with RTU, 3D concrete printing mix is developed and tested, laying the groundwork for an innovative use of technologies in construction in the Baltics, which in turn will promote a faster entry of modern materials into construction industry and will promote the building material producers' and builders' competitiveness.

We would like to express our gratitude to our employees for their selfless work, as well as to the customers and cooperation partners for the trust in last year's difficult conditions!

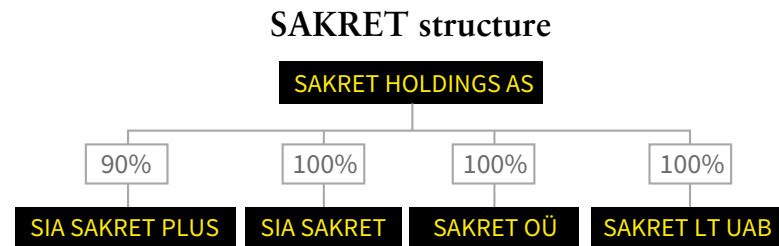
Chairman of the Council **Andris Vanags**

Chairman of the Board **Māris Kelpis**

About us

JSC SAKRET HOLDINGS and its subsidiary company (hereinafter SAKRET) economic activity is related to production and sale of dry and ready for use construction mixes. SAKRET is one of the leading manufacturers of building materials in the Baltic States. SAKRET offers a wide range of building materials for various construction processes, including dry construction mixes produced on cement base – thermal insulation adhesives, concrete, masonry and repair compositions, plaster mortars, tile adhesives, decorative plasters, and other types of production. SAKRET also offers ready-for-use construction mixtures – decorative plasters, primers, construction chemicals, paints, as well as other types of production. The concern provides services and ensures a more convenient type of packaging that facilitates production development – rental of mobile silos, mixers, plastering machines.

SAKRET has 4 production plants – in Latvia, Lithuania and Estonia.



2022 figures and facts, AS SAKRET HOLDINGS consolidated




100 %
owned by
citizens of Latvia

Turnover
29,8
Million euro

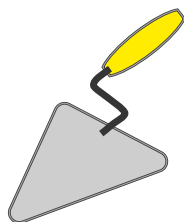
2022 EBITDA
1,9
Million euro

Profit
1,07
Million euro


20 %

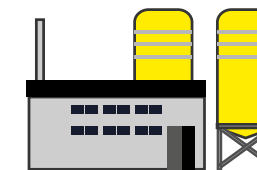
Basic products (dry and ready-for-use mixes) sales volumes in monetary expression increased by 20% in comparison with 2021.

The amount of paid taxes
4,6 Million EUR
in 2022



>100
SAKRET products*

* SAKRET produces more than 100 products and is proud of the realized projects. Some of the largest projects using SAKRET products, can be found on the SAKRET website www.sakret.lv, www.sakret.ee, www.sakret.lt



SAKRET Baltic production plants realized

192 189 tons
construction materials in
2022, that is ..



3203
train wagons

or **8007**
trucks



Core values



Cooperation



Innovations



Leadership

Our three core values are the base of the company's identity: how we treat each other, how, based on experience and knowledge, we provide value to our interested parties and implement an innovative approach, achieving constant development.



VISION

By providing the widest range of construction materials, ensure accurate delivery, execution and consistent quality – to strengthen our position as the leading and most modern producer of building materials and supplier in the Baltic Sea region.



MISSION

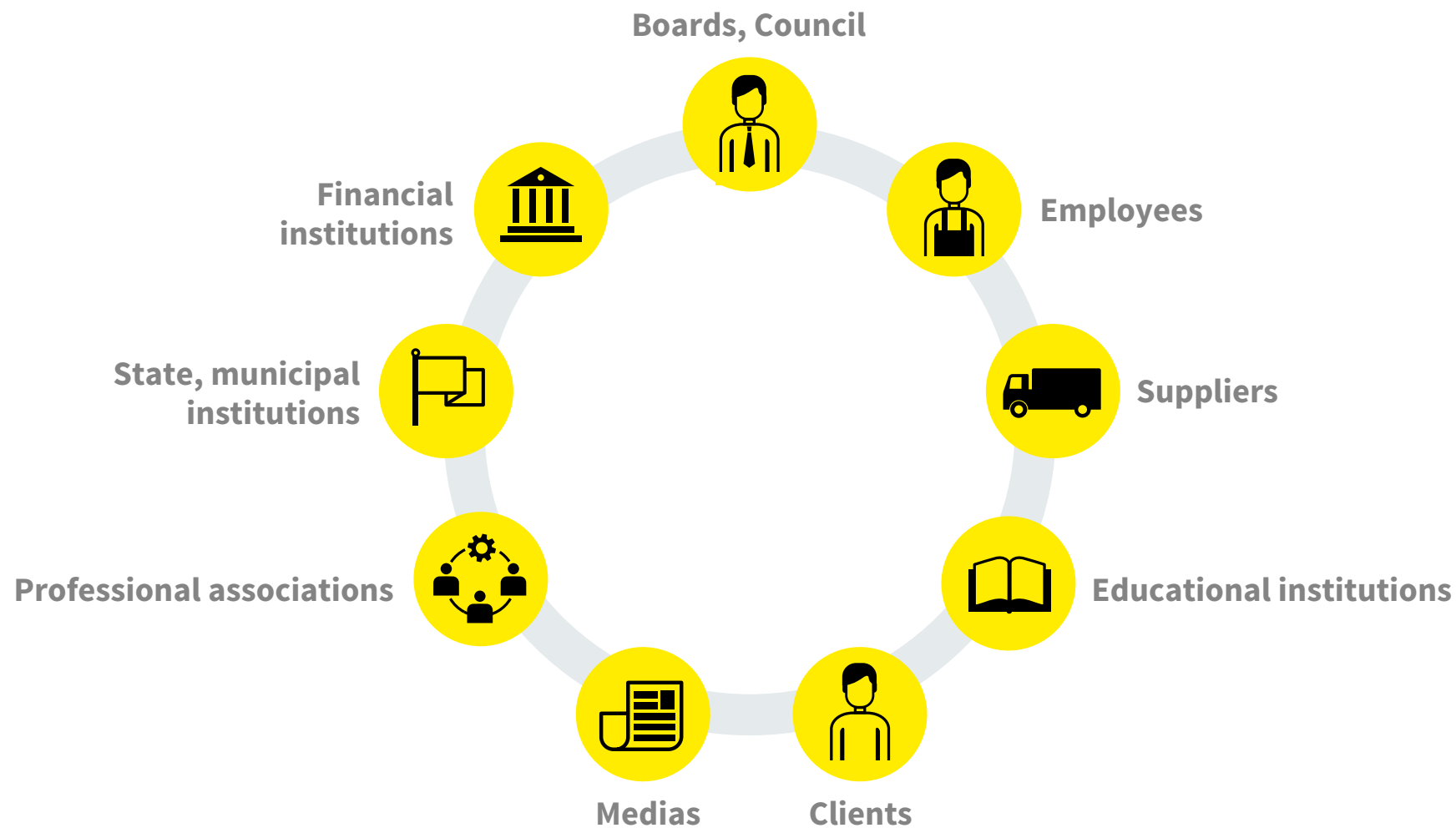
SAKRET's mission is to provide the market with high-quality, wide range and application of competitive building materials, offering not only building mixes, but also complex systems with special and additional products – to provide a full range of products for interior and exterior decoration of objects. Promote public demand for high-quality products that meet EU standards.



THE AIM

By maintaining consistently high quality of SAKRET products and its “added value”, to ensure sustainable and profitable development.

SAKRET parties of influence



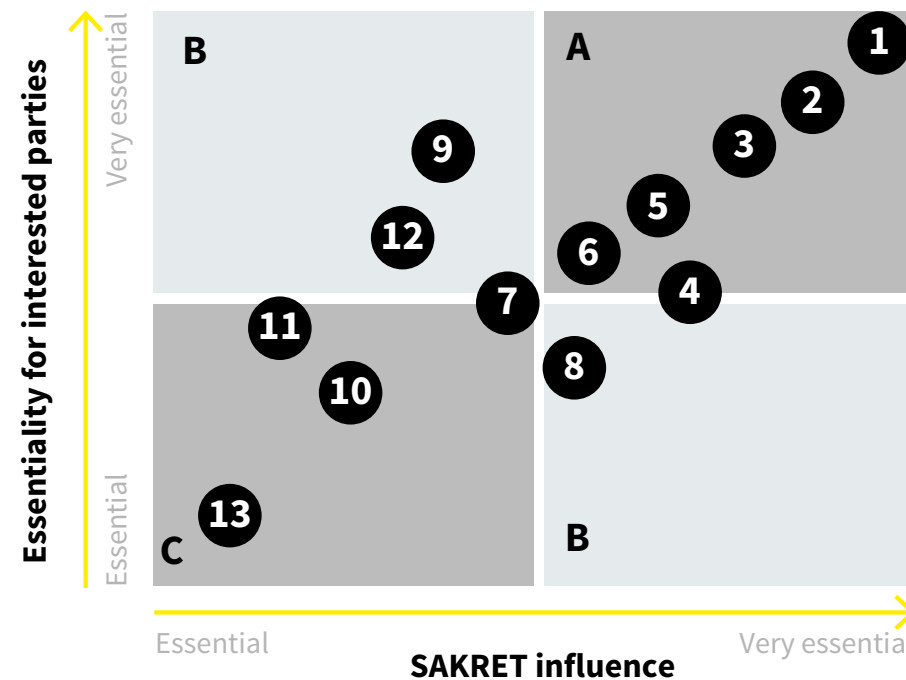
Essential sustainability aspects

In 2022, within the framework of SAKRET management group, essential sustainability evaluation of aspects was carried out. Totally 42 potentially important sustainability aspects were valued of which 13 most essential were selected.

The UN sustainable development objectives were analysed for the development of essentiality matrix, interviews of the interested parties and online survey were organised.

The content of the ESG report is made according sustainability aspects that are essential for the interested parties.

ESSENTIALITY MATRIX



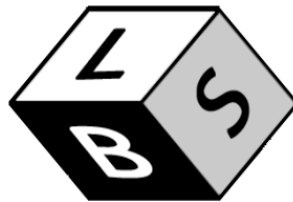
1. Product development and quality
2. Professional customer service, customer satisfaction
3. Resource usage efficiency
4. Development and innovation
5. Sustainable supply chain, logistics network
6. Marketing
7. Attracting and retaining of talented employees that are appropriate for the company's internal culture
8. Development of working environment, personnel and their competencies
9. Health and safety
10. Cyber security
11. Information circulation in the company
12. Use of environmentally friendly technologies
13. Support for the local community

- A. SAKRET's primary areas of influence – aspects that provide SAKRET's continuity
- B. SAKRET's essential aspects in which one's own positive influence should be promoted
- C. Aspects with high SAKRET's future potentials positive influence.

Membership in associations, unities and societies



Latvian Chamber of Commerce and Industry



Latvian Concrete Association



Kaunas, Vilnius, Panevezys Chamber of Commerce and Industry



Estonian Building Materials Producers Association



Building Materials Producers Association



The Association of Latvian Chemical and Pharmaceutical Industry



Lithuanian Association of Builders



Estonian Chamber of Commerce and Industry

UN Sustainable development goals

SAKRET aims to promote and provide achievement of strategic goals, implementing a responsible approach to environmental, social accountability, good governance and economic issues.

Analysing the UN Sustainable Development objectives, SAKRET business model focuses on four of the seventeen sustainable development challenges.

GOOD JOB AND ECONOMIC GROWTH

Decent quality jobs' creation, promotion of entrepreneurship, creativity and innovation. Employee rights and safe working environment promotion for all employees.



PRODUCTION, INNOVATION AND INFRASTRUCTURE

Promote research and innovation, providing increase of added value to products

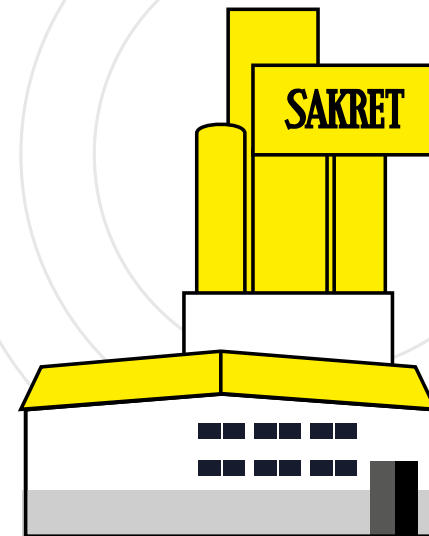
RESPONSIBLE CONSUMPTION AND PRODUCTION

Provide sustainable consumption and production models



AVAILABLE AND RENEWABLE ENERGY

Investments in energy efficiency improvement





Management

SAKRET Management and Structure

The management of SAKRET is carried out by the council and boards based on external regulatory enactments, company statutes, shareholders meeting decisions, mid-term operational strategy and business plan, goals and budget. Performing management duties for the council and the board in full composition, SAKRET has not created separate committees.

SAKRET Council and Board members are appointed on the criteria of professionalism and competence. Board members' experience, education, qualifications and reputation ensure the professional performance of duties in the interests of SAKRET.

SAKRET supports fair business practices based on ethics principles and observes zero tolerance policy in its work against corruption and other illegal activities. SAKRET professional standards apply to all employees of the company.

Relations with cooperation partners are based on responsiveness, honesty and trust principles.

SAKRET has developed a personal data processing and protection system. The company has a responsible employee, who informs and advises on personal data matters and monitors compliance with General Data Protection Regulation.

To ensure the requirements of the EU Whistle-blower Directive, legal, honest, open and transparent company operations and ensure employees' right to freely express their opinion – SAKRET has developed a whistle-blowing mechanism. No Whistle-blower report is received in year 2022.

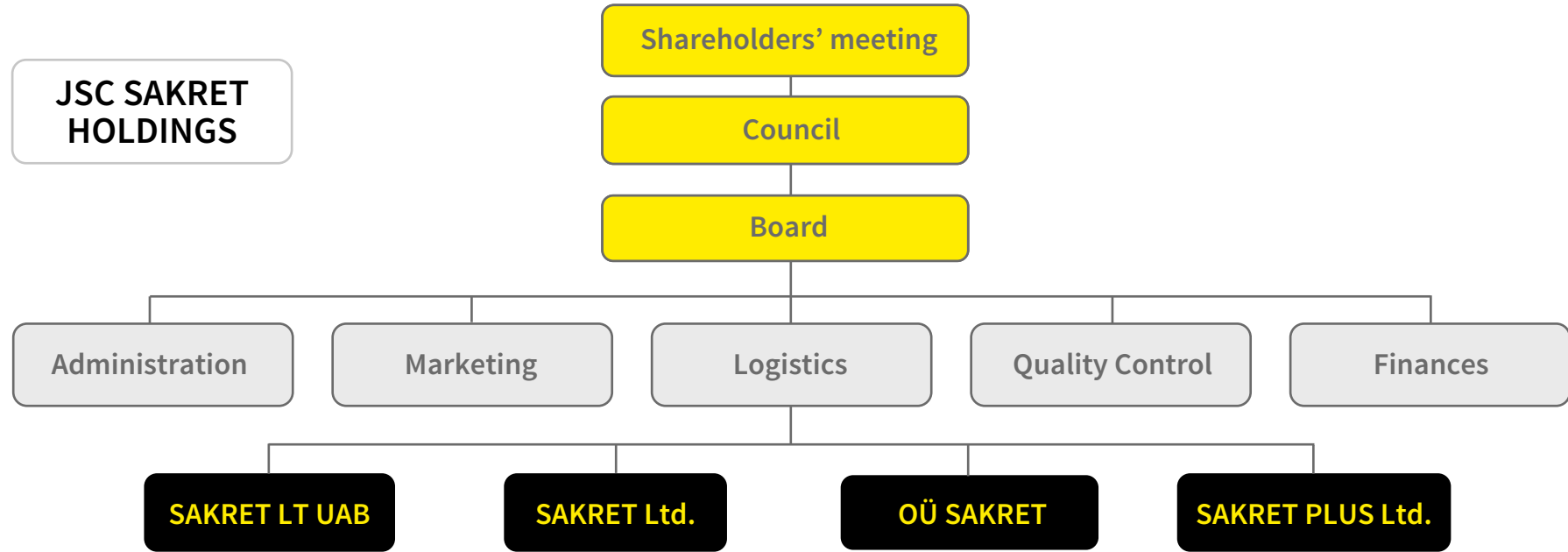
AS SAKRET HOLDINGS pays a lot of attention to International and National Sanctions Law of the Republic of Latvia, as well as Criminal money laundering and terrorism and proliferation financing prevention (NILLTPFN) measures, prescribed by law implementation and enforcement. AS SAKRET HOLDINGS has been developed and an internal control system has been implemented to manage the risk of sanctions and for ensuring of the NILLTPFN law requirements, with the aim of ensuring compliance with the requirements of regulatory acts, comply with the best

international standards practices of money laundering and terrorism and 14 proliferation financing (NILLTPF) risk prevention and the risk of international and national sanctions of the Republic of Latvia assessment. The internal control system defines the basic principles, which must be observed by AS SAKRET HOLDINGS employees when performing their job duties to manage NILLTPF and sanctions risks and would not allow the involvement of AS SAKRET HOLDINGS in NILLTPF and sanctions violation. AS SAKRET HOLDINGS provides regular responsible personnel training courses and seminars.

ESG progress reporting – this is the first SAKRET ESG report on the principle of environmental, social responsibility and corporate governance implementation (in accordance with Nasdaq's ESG reporting guidelines).

SAKRET's goal in 2023: to develop a Code of Ethics and Donations policy.

SAKRET structure



	Sales	Administration	Logistics and warehouse	Quality control	Accountancy	Production
SAKRET Ltd.	X	X	X	X	X	X
SAKRET PLUS Ltd.	X		X	X		X
OÜ SAKRET	X	X	X	X	X	X
SAKRET LT UAB	X	X	X	X	X	X

Strategy

Product development

Modern, created for market needs, environmentally friendly and appropriately labelled products. The goal of SAKRET is to develop product systems, providing wider application of the products spectrum, as well as to ensure a full construction cycle support.

Procurement and delivery logistics

By 2025 the goal of SAKRET is to achieve reduction of the packaging cost share in the total price of the product against 2021.

Information technology

Individual business processes or their parts in full or partial digitization/automation. The purpose of SAKRET in 2023 is to continue the development of the logistics module, warehouses module automation and Personnel management module implementation in the company.

Marketing and communication

SAKRET's goal: strengthening the brand's position in B2B, recognition raising B2C and simple modern communication formation by achieving annual social network followers increase by 10%, compared to the previous period



Marketing

A special role and one of the essential aspects of SAKRET is marketing. SAKRET is aware of the importance of brand image and relationship with customers in the company's development and further growth.

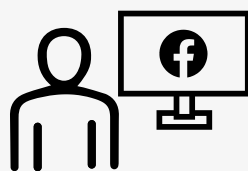
The *Covid 19* pandemic encouraged already underway digital transformation and SAKRET had to adapt to the new order – find new ways to not only address customers online, but also to talk with them in the same language.

SAKRET uses the following social network channels:

- Facebook
- Instagram
- YouTube (regularly published videos, 3 campaigns in two years)

Categories by which SAKRET social posts are created in networks:

- Application of products, their properties
- Engagement news
- Reference object news
- Local news (about the company, news, etc.)
- Recommendations from the masters
- Holiday greetings



81 208 –
the greatest number
of people reached with
Facebook published
record



7655 –
the largest audience
engagement rate that
is reached by post on
Facebook



Marketing



458 000 views – so many times **most popular product video viewed**, posted on YouTube – tile adhesive KAKRET FFK, properties and applications



14 523 – number of *Facebook followers in Baltics*



~ 1 million – total number views of videos posted on *YouTube*

The main goals set in the field of marketing are brand and loyalty strengthening b2b as well as promoting recognition b2c.

SAKRET organizes and provides:

1. Educational seminars – the opportunity to meet with clients and present the current product in the range, as well as answer to questions of interest to customers about SAKRET product application in construction process.
2. Product sales promotion campaigns – marketing activities in the media.
3. Brand activities in retail – store shelves presentation, highlighting the unique advantages of the products.
4. Support for various events that promote the company's recognition.



JSC SAKRET HOLDINGS Council



Andris Vanags

Chairman of the Board

Andris has worked in building materials companies that produce cement, concrete and other products. Andris has a doctor degree in management science, obtained at the Business School “Turība”, as well as master’s and bachelor’s degree in engineering, Riga Technical University at the Faculty of Chemical Technology. Andris is Latvian Chamber Commerce and Industry Boards adviser to the chairman, State JSC “Maintainer of Latvian Highways” council member and RTU council’s chairman.



Artis Grīnbergs

Deputy Chairman of Council

From 2004 to 2021, Artis worked in various public sector positions related to the policy of national economic sectors issues and macroeconomics. In the period from 2010 to 2014, Artis consulted and led the business development segment of UK-based subsidiary of the company “Pryor” Ltd in Latvia. Artis graduated Business and Management faculties and studies of the University of Latvia and continues in the doctoral program at the University of Banking. Since 2018, Artis Grīnbergs has been JSC SAKRET HOLDINGS Board Member.



Andis Ziedonis

Council Member

Andis graduated from Riga Technical University in engineering economics faculty. He has been working in the SAKRET group of companies since 2006. He is a member of the board of AS SAKRET HOLDINGS, before that he was a member of the board and financial director in subsidiary companies of the SAKRET group. Before joining the SAKRET team, he worked in JSC “Preses nams” as a financial director and in the board. His first job is related to the banking sector – Rīgas Komercbanka.

SAKRET Board



SAKRET's top management has technical education in the fields of chemistry, engineering, mechanics, combined with education in the relevant area of responsibility. This combined with extensive industry experience allows senior management to proactively respond to business significant changes. Māris Ķelpis, Andris Vanags and Juris Grīnvalds have been the core of the company since its foundation. Management meets regularly to discuss long-term strategy, evaluate performance, market changes and decide on necessary improvements. The management team is located in Riga, but together with the regional (Lithuania, Estonia) directors is directly responsible for SAKRET activities in Estonia and Lithuania.

Māris Ķelpis is the chairman and founder of the board of SAKRET. He owns a controlling stake in SAKRET since its foundation.

"The team is the best investment! SAKRET has built a strong team over the years, moving towards a common goal!"

Maris Kelpis
Chairman of the board of SAKRET



Laura Miķelsone

Member of the Board

Laura has been working at SAKRET since 2007, when she started working as chief economist. In 2020, she becomes the financial director and member of the board of AS SAKRET HOLDINGS group companies. Laura has a bachelor's professional degree from the Banking University – economist qualification.



Juris Grīnvalds

Member of the Board

Juris worked in a Danish paint company SKALFLEX from 1996 to 2003. Joined SAKRET in early 2003 as Sales Director. Juris coordinates SAKRET sales in the Baltics and Scandinavian countries. Juris graduated from Latvian Agriculture University Faculty of Civil Engineering. Currently, he is also the chairman of the Council of the Association of Building Materials Manufacturers.

Sustainable logistics network

SAKRET factories in the Baltics are located approximately in the middle of each country, thus optimizing delivery distances. With the aim of keeping SAKRET economic sustainability of products, SAKRET products are delivered within a range of up to 250 km. To improve cost dynamics, deliveries are combined with as many products as possible, with added value in each of the trucks. During busiest seasons each of the Baltic countries move up to 20 trucks per day with 500 tons of products between SAKRET factories and its main cooperation partners. Due to the specifics of the products, each truck usually has a free space that is perfect for transporting of goods produced by partners together with SAKRET production.

To ensure that SAKRET receives the best prices, available on the market, the market situation is regularly evaluated.

In 2022, a procurement policy was developed, which defines a united procedure, how SAKRET organizes the procurement of goods and services for all factories.





Social Field

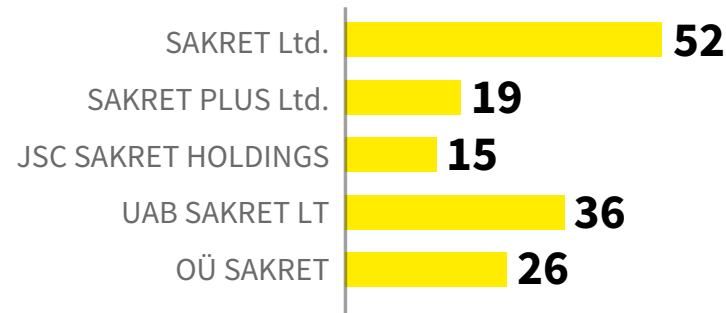
Social impact assessment

Employees are the value of SAKRET and the main precondition for successful achievement of goals. SAKRET, when establishing employment legal relations and also during the existence of employment legal relations, observes the prohibition of different treatment established in the regulatory acts regulating labor law. Employees, regardless of their race, colour, religious, political or other beliefs, gender, age, disability, national or social origin, property or family status, sexual orientation or other circumstances, are provided with safe and healthy working conditions, fair, for the labor market adequate, salary determined according to unified principles.

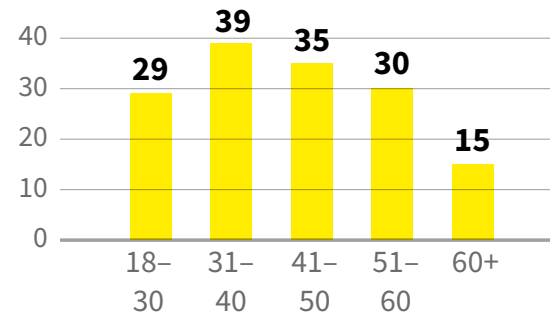
In 2022, SAKRET employed 148 employees, of which 29% women, 71% men.

NUMBER OF EMPLOYEES

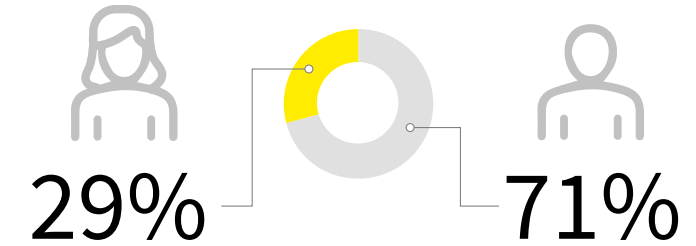
148



DISTRIBUTION BY AGE GROUPS



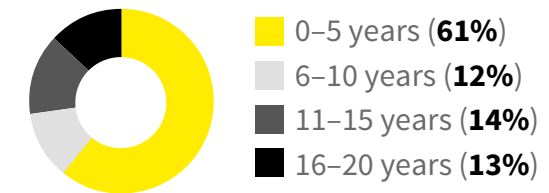
GENDER RATIO



DISTRIBUTION BY POSITION GROUP



LENGTH OF SERVICE IN THE COMPANY



Social impact assessment

EXECUTIVE COMPENSATION INDICATORS MATCH

In 2022, the total amount of the average salary of the board members against the average salary of other full-time employees was 3:1.

EMPLOYEES' SALARY INDICATORS

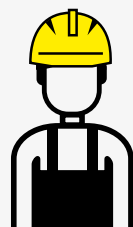
This indicator shows the observance of gender equality in the company – shows the ratio of the median total salary of women and men in the company. The difference between the average salary of women and men consists of the variety of positions held by SAKRET employees. Employees in the group – mid-level managers – who lead from 1 to 5 employees, the salary for women is 9% higher.

WORKFORCE ROTATION

39% of employees have been working in the company for more than 5 years. The turnover ratio of SAKRET's workforce in 2021 was 0.71, while in 2022, 0.47. In 2022, all announced vacancies were filled, employees found. Filling vacancies depends on the situation country, unemployment rate and season. For example, in summer, when the number of works offers in construction is increasing, it is more difficult to find production employees.

SAKRET PURPOSE:

1. Conduct an employee satisfaction survey in 2023
2. By 2025, reduce employee turnover by 10% vs 2022 indicator



27%
of employees have been
working in the company
for more than 10 years

PROPORTION OF TEMPORARY WORKERS

The proportion of temporary employees demonstrates the organization's personnel structure to implement own strategy. It also provides insight into the organization's business model and job stability. SAKRET does not employ temporary employees – only 1 temporary employee was employed in 2022. Accordingly, the proportion of temporary employees to the total number of employees does not reach the 1% mark.

Social impact assessment

TRAUMA IN THE WORKPLACE

Work safety at SAKRET is provided by an external service provider, who evaluates the risks of the work environment and provides proposals for risk prevention and for mitigation, prepares referrals to Mandatory Health inspections, advises on work safety issues and recommends the best solutions.

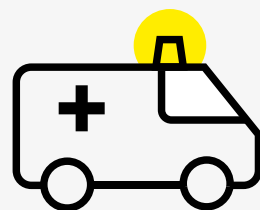
SAKRET's employees undergo work safety and fire safety briefings every year.

Starting from September 2022, Latvian SAKRET companies have concluded a contract with a company that provides briefings both physically and electronically. In e-environment employees get to know all the instructions required for the position, risk

assessments of the working environment, and after familiarizing themselves with all the work safety information, take the test, thus certifying that they know the most important information. When starting employment legal relations, employees are provided with all the personal means of protection, necessary for work. Each employee is provided with special work shoes and work clothes, in accordance with work requirements.

During the Covid –19 pandemic, all national regulations precautions were carefully followed. All client meetings and employees'

meetings took place remotely, using internet platforms. For employees, if it was necessary for the fulfilment of the duties, hybrid work was ensured – performing work duties both in person and remotely, planning the work while working in the office so it would be possible to respect the distance of 2 meters and the permissible person number in premises. The specifics of the work of the employees involved in the production process do not allow them to work from home, therefore, to take care of the immunity of the production employees, SAKRET provided fruit, ginger and honey.



In the period from 2019 to 2022 (inclusive), there have been 3 accidents – without serious consequences

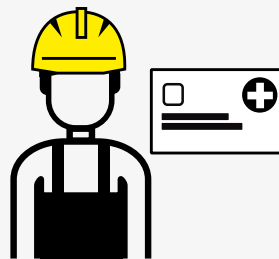
Social impact assessment

HEALTH POLICY

At the start of employment legal relations, every employee is introduced and confirms with his signature that he is familiar with the rules of internal order and work safety. Every year, SAKRET provides fire safety training to its employees. In Latvia, health insurance policies are granted to employees who have worked for the company for six months. Also, the company buys accidents event insurance for sales, production and warehouse employees.

CHILD EMPLOYMENT AND FORCED LABOR

SAKRET complies with all the National legislations and the restrictions set in the laws and regulations in force regarding the employment of children and does not practice forced labor.



In Latvia, health insurance policies are granted to employees who have worked for the company for six months.

RESPECT FOR HUMAN RIGHTS

SAKRET complies with the protection of European Human Rights and Fundamental Freedoms human rights enshrined in the Convention, the European Social Charter, which ensures that SAKRET does not violate human rights.



Motivational measures

<p>To ensure favourable working conditions*:</p> 	 <p>Health insurance policies (for employees who have worked for at least half a year)</p>	 <p>Accident insurance (for all production, warehouse and employees of sales structures)</p>	 <p>Co-financing for the purchase of eyeglasses or contact lenses</p>
 <p>Hybrid work (for employees of the administrative block)</p>	 <p>Work car (for employees who need it to perform their duties)</p>	 <p>Annual sports games/ social events</p>	 <p>Annual nominations and awards for SAKRET employees</p>

*The SAKRET bonus basket is different in Latvia, Lithuania and Estonia. The differences are determined by each country's policy regarding the provision of health services to employees in the country.

Year 2022 in pictures



Baltic SAKRET collective fishing competition “Kelpis cup”



15th anniversary of SAKRET factory in Estonia



Construction industry grand prize 2022 ceremony! SAKRET has also been participating as one of the supporters for many years and warmly congratulates industry specialists for the awards they have won



SAKRET supports the RTU freshman camp “Run in studies”



Latvian Forest Days celebration in Tērvete

SAKRETI®
SAUSIE MAISIJUMI



Year 2022 in pictures



SAKRET support for **Ukraine**



SAKRET welcomes participants of **Shadow Days**



SAKRET support for the **Latvian professional construction education institutions** for the skills competition of industry students



SAKRET support for the first 3D concrete printing competition, in which a **multifunctional 3D concrete bench** was the winner

SAKRET support for creative ideas – 3D concrete printing



3D concrete printing is an innovative science and technology development direction that is rapidly developing in the world

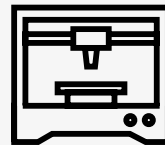
To promote the use of innovative technologies in construction in Latvia and the Baltics, Riga Technical University, in cooperation with SAKRET, created a **3D concrete printing laboratory**. The purpose of the laboratory is to combine knowledge and technological base in the Baltics, so that scientists would have the opportunity to create their scientific projects, and for industry – to develop new products.

In the laboratory, scientists use SAKRET dry concrete mix (the composition of which uses industrial waste), test how printer parameters affect the properties of the material, check how high objects can be printed, how to create free-form objects. Scientists also test how much load the printed structures can withstand after hardening.

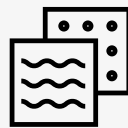
3D concrete printing:



1. Less amount of waste – maximum use of material

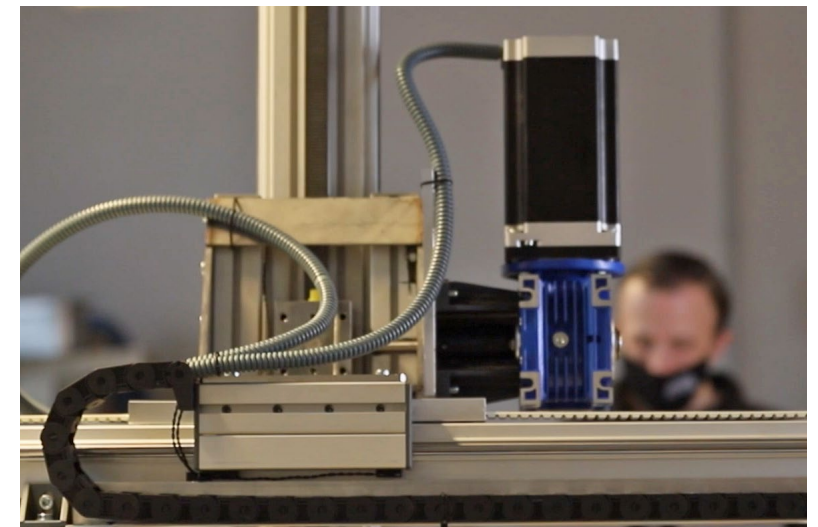


2. Reduction of human presence in the process, robots' involvement



3. Building materials of the future

The goal of SAKRET when starting cooperation with the RTU 3D laboratory: promote a faster entry of modern materials into the Latvian construction industry, which will increase the Latvian construction materials producers' and builders' competitiveness on an international scale.

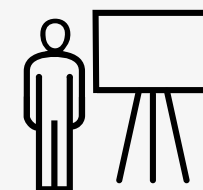
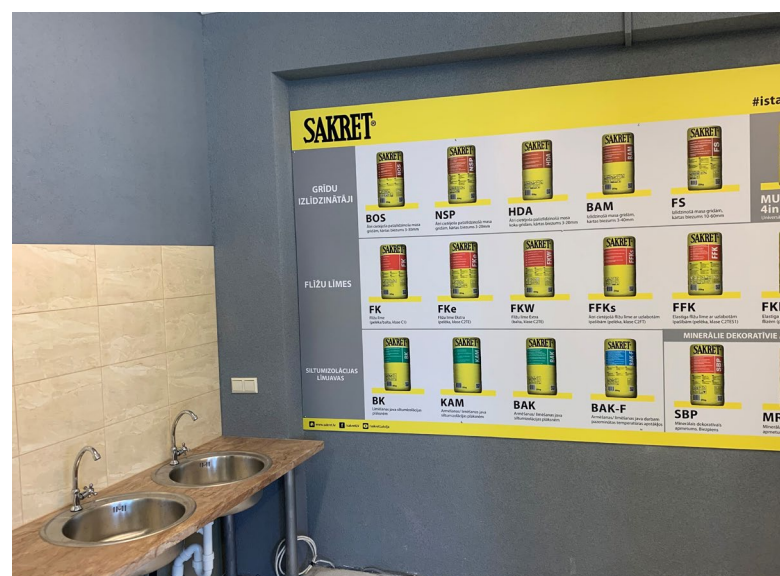


Investments in the development of the industry

Despite the fact that construction is a rapidly growing industry in the Baltics, there is a lack of highly qualified workforce, that, with its professional knowledge and skills, constructs safe and high-quality buildings and also performs finishing works according to the latest and sustainable technologies.

SAKRET Estonian, Latvian and Lithuanian companies cooperate with educational institutions, both by conducting training in educational institutions and taking on trainees. OÜ SAKRET has established cooperation with Tallinn Technical University and professional educational institutions *Järvamaa kutshehariduskeskus* and *Rakvere Ametikool*, but UAB SAKRET LT – with Kaunas Technical University, Kaunas technical college, *Jonavos politechnikos* school, *Kupiškio technologijos* building school and other educational institutions.

SIA SAKRET started cooperation with the training centre BUTS in 2021. SAKRET provides the training centre not only with complete building materials range for practical lessons (tile adhesives, concrete, etc.) and the necessary auxiliary equipment and tools, but also with knowledge.



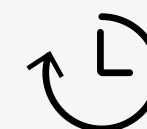
In 2022, SAKRET employees **spent 40 hours** training young BUTS specialists



~ 85 000 EUR **SAKRET investment** for young construction specialists, for the provision of raw materials necessary for training in the Baltic States

Within the cooperation SAKRET supports the training of specialists in four professional development programs of the training centre “BUTS” – “Finishing works and room repair”, “Decorative finishing elements application in the interior of the apartment”, “Dry building installation”, as well as “Building insulation technology”. Knowledge in these professional improvement programs is possible to get not only in Riga, but also Liepāja, Cēsis, Daugavpils, Gulbene, Jelgava, Jēkabpils, Rēzekne and Saldus.

With the support of SAKRET and other cooperation partners a modern classroom was created in the training centre for practical lessons, with viewing materials.



205 hours of time was spent by SAKRET staff **conducting learning practices**



Environment

Environmental impact assessment

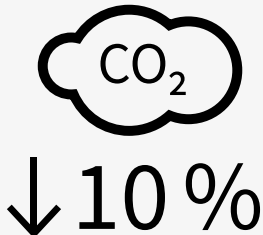
Greenhouse effect gas emissions and their intensity

CO² gas emissions have the greatest impact on climate change in the world. The main generators of CO² emissions in SAKRET are the consumed natural gas and diesel fuel for drying sand, which in 2022 created 2368.22 CO²/t.¹

Evaluating the year 2022, the intensity of greenhouse effect gas emissions, which generated during the sand drying process was 0.079 kg for each circulated euro.

SAKRET factories are evaluating options to reduce gas/ diesel fuel consumption. SIA SAKRET has purchased high precision moisture meter, which ensures operational and high-quality information, as a result it is possible to reduce the temperature for drying sand. The conditions, at which temperature it is necessary to dry sand in order to ensure quality requirements, are being developed. In

¹ Calculations made for 2 levels (SCOPE) emissions: Level 1 (SCOPE 1) emissions (combustion of fossil energy, transport) level 2 (SCOPE 2) emissions – indirect emissions related to electricity supply. The calculations were made in accordance with the Cabinet of Ministers 23.01.2018. regulations no. 42 "Greenhouse effect methodology for calculating gas emissions".



GOAL:
to reduce sand drying process CO² emissions till year 2025 by 10%

2023, a decision will be made on the purchase of moisture meters for OÜ SAKRET and UAB SAKRET LT.

Direct and indirect energy consumption and intensity of energy use

Direct energy consumption in 2022, in SAKRET, consisted of natural gas, diesel and gasoline consumption, as well as thermal energy, in total amounting to 12,837 MWH. But indirect energy consumption consists of electricity consumption – 1291 MWH.

Within the framework of the energy management system, a continuous process of evaluating energy consumption is carried out, in order to control and reduce energy consumption in SAKRET.

When evaluating energy consumption, the SAKRET 2022 turnover and direct energy consumption indicators were taken as a basis. Evaluating the year 2022, the energy intensity was 0.000474 MWH for each circulated euro.

Main sources of energy

This indicator depicts the main used energy production sources. The main energy sources of SAKRET are presented in the table.

Energy resource/ consumption	in 2022/MWH
Diesel fuel	2 670,11
Petrol	652,64
Natural gas	9 458,06
Propane gas	57,47
EElectricity	1 291,06
TOTAL	14129,34

Planned energy efficiency measures until 2024:

1. Optimize fan operation. When installing automatics solution, it will be ensured that the air circulation works only during the work process (palletizing).
2. Modernization of lighting in the sand storage shed, modernization of area lighting and change of mode of motion sensors
3. Creation of additional electricity production monitoring points in process (with remote online access)
4. Training of all SAKRET employees in the field of energy efficiency
5. Evaluate the possibilities for electricity production from renewable sources and installation of solar panel systems in SAKRET

Environmental impact assessment

WATER CONSUMPTION

Water is a vital resource. SAKRET uses water for production, in cleaning and hygiene processes.

The company records water consumption. The biggest water quantity, 80% of the total consumption, is consumed by liquid building mixes production. The total water consumption in 2022 is 2407 m³.

CLIMATE MONITORING

SAKRET is constantly working on environmentally friendly technologies process research, implementation and development. One of the main raw materials of SAKRET products is cement. SAKRET is aware that a significant amount of CO² is produced in the cement production process, so it works on sustainable solutions and created an opportunity to reduce the amount of cement in SAKRET products, partially replacing them with burnt shale ash

from Narva, Estonia. Thus, the compliance with the principles of the circular economy is ensured – second life is given for industrial waste – ash.

The mobile silos offered by SAKRET are environmentally friendly, filled in the factory with, for example, masonry or reinforcing mortar and transported to the facility. The use of one silo replaces 720 SAKRET dry mix paper packages.

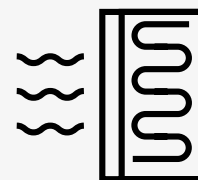
SAKRET factories are evaluating options to reduce gas/diesel fuel consumption. SIA SAKRET has purchased a moisture meter, which provides prompt and qualitative information, resulting in possibility to reduce the temperature for sand drying. The conditions are being developed at what temperature it is necessary to dry the sand to ensure quality requirements. A decision will be made in 2023 for the purchase of moisture meters in OÜ SAKRET and UAB SAKRET LT.

SAKRET has carried out inspections of its own and other manufacturers' products (thermal insulation, reinforcing mesh, dowels,



more than 3 million – so much m² in 2022 have been insulated using SAKRET products

protective profiles) according to EOTA (European Organization of Technical Approvals) developed certification document ETAG 004. SAKRET heating systems, which are certified for 25 years of operation and allow to reduce environmental pollution and save up to 70% of energy resources. SAKRET has not found any violations of environmental regulations or standards (state, international) attributable to the company and no penalties have been applied to it.

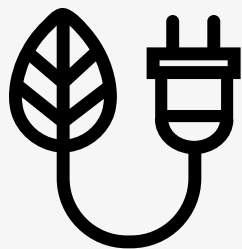


up to 70% savings can be achieved by using SAKRET certified heating systems

Sustainable energy – green electricity

Climate change is one of the biggest challenges of our time. SAKRET believes that action is needed to create a healthier environment and strong business performance.

SAKRET is proud that Latvian companies use 100% green electricity, pays special attention to environmental sustainability issues, and also ensures that environmentally harmful emissions volumes are reduced in the atmosphere.



Green electricity is produced from sources that are sustainable and naturally renewable, such as wind power, solar power and hydropower.

The certificate features the 'elektrum' logo at the top left and a central logo of a green leaf inside a lightbulb shape with the text 'POWERED BY GREEN' below it. The main text reads: 'Sabiedrība ar ierobežotu atbildību "SAKRET" Reģ. Nr. 40003622109'. Below this, it states 'lieto Latvijā ražotu 100% zaļu elektroenerģiju'. At the bottom left is the circular 'LATVENERGO' logo, and at the bottom right is a signature and the text 'AS "Latvenergo" komercdirektors Dmitrijs Juskovics'. A small disclaimer at the very bottom explains the 'POWERED BY GREEN' certification process and validity date (01.10.2022).



Comfortable and environmentally friendly – mobile silo

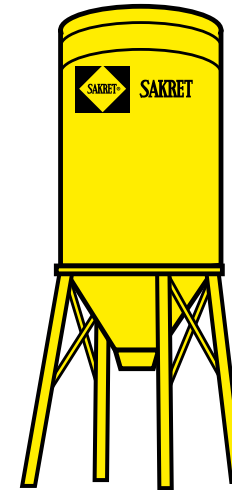
Mobile silos are containers that are filled with finished products and are used directly in construction sites. SAKRET has been using mobile silos for storage and processing of dry mixes in combination with a horizontal mixer or plastering machine since 2005.

ADVANTAGES OF SILO:

lower costs
(possibility of purchasing a larger quantity of the product without the need for bags)



easy to use



safe storage



unlimited dry mix storage **time**



protection against **weather conditions**
(tanks are hermetic)

233 400
paper bags



In the 2022 SAKRET Baltic States packed and sold 5,835 tons of finished products in mobile silos. If this volume were packaged in 25 kg paper bags, then 233,400 paper bags would be used

18,6 tons
of paper



so many tons of paper were saved in 2022, by filling SAKRET production in mobile silos

446
trees



were not cut down, because SAKRET products were filled in reusable mobile silos instead of paper packaging

Sustainable products and circular economy

One of the company’s priorities is stable and high quality production of products, meeting customer requirements.

Each new product is a unique opportunity to showcase SAKRET progress and innovation in the field of sustainability. SAKRET invests many resources in research and development of new products.



2–3 years - the time required for the development of one product

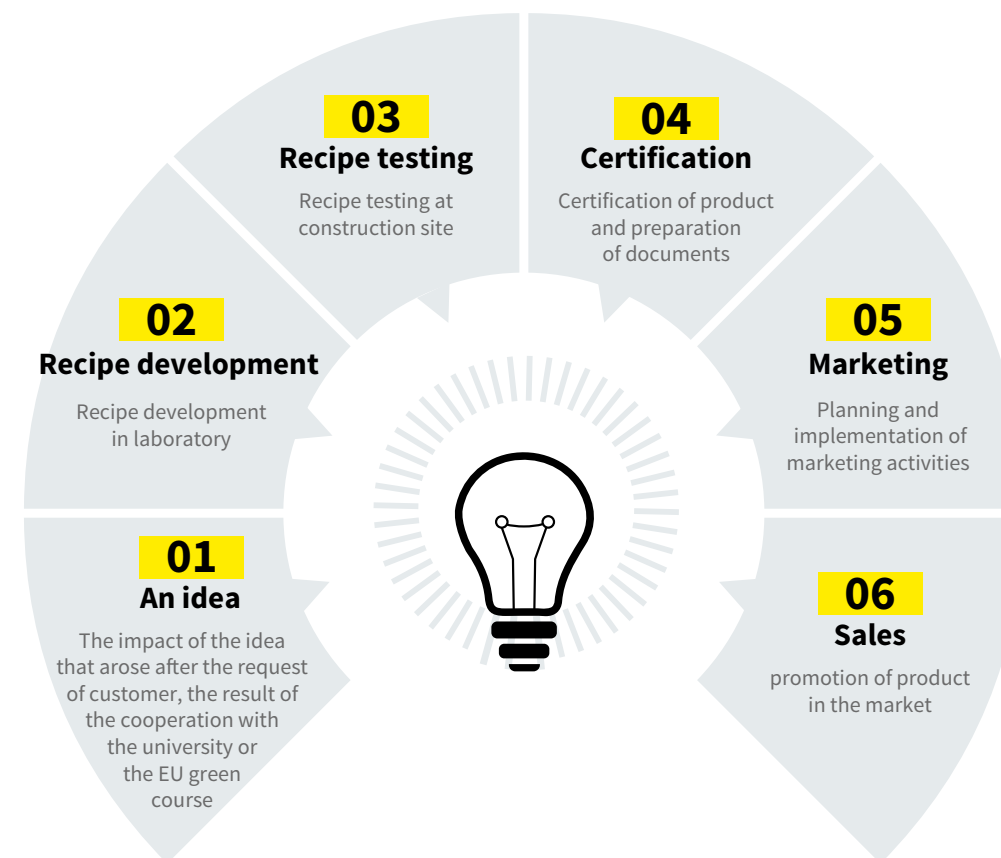
It takes an average of 2–3 years to go from an idea to a finished product. Ideas for new products arise at the request of the customer, market research in the Baltic and export countries, participation of technologists and SAKRET employees in seminars and conferences, cooperation with universities, under the influence of the EU green course, etc. This is followed by recipe development in the laboratory and testing at the construction site.

The quality of SAKRET products is ensured by professional and experienced technologists, who perform product testing in accordance with regulations, acts and internal factory procedures. Testing takes place at all stages of the production process – raw materials, intermediate products and finished products. After certification is completed, development of marketing plan is underway and activities are being implemented.

SAKRET product certificates

Harmonized standards:

- EN 13813 Clone materials and clone floors - Clone materials - Properties and requirements
- EN 998-1 Specifications for masonry. Part 1: Plaster mortar
- EN 998-2 Specifications for masonry. Part 2: Masonry
- EN 12004 Tile adhesives. Part 1: Requirements, conformity assessment, classification and designations
- EN 13242+A1 Mineral materials for unbound and hydraulically bound mixtures for building and road constructions
- EN 1504-2 Products and systems for the protection and repair of concrete structures – Definitions, requirements, quality control and conformity assessment – Part 2: Concrete surface protection systems
- EN 1504-3 Products and systems for the protection and repair of concrete structures. Definitions, requirements, quality control and conformity assessment. Part 3: Repair of bearing and non-bearing structures



- EN 1504-7 Products and systems for the protection and repair of concrete structures. Definitions, requirements, quality control and conformity assessment. Part 7: Protection of reinforcement against corrosion
 - EN 15824 Specifications for external and internal plastering mortars based on organic binders
 - EN 14891 Liquid-applied waterproof underlays for use under adhesive ceramic tiles. Requirements, test methods, conformity assessment, classification and designations
 - EN 934-2+A1 Additives for concrete, construction mortar and injection mortar. Part 2: Admixtures for concrete. Definitions, requirements, compliance, marking and labeling
- European Technical Assessments**
- ETAG 004 External thermal insulation composite systems (ETICS) with plaster
 - EAD 040635-00-1201 Thermal insulation and/or sound insulation based on bonded polystyrene foam

Sustainable products and circular economy

By replacing part of the cement with recycled resources, environmental and health impacts are minimized, maintaining the performance of SAKRET products.



SAKRET does not produce by-products in the production process. In cases where a substandard product is produced, it is returned to the production process. The quality of the final product is not affected by reproduction of inappropriate products.

SAKRET has created an opportunity to replace part of the cement with burnt shale ash, which is left over after the use of burnt shale in thermal station.

Ash is added to the composition of the mixtures, thereby replacing part of the cement with ash.



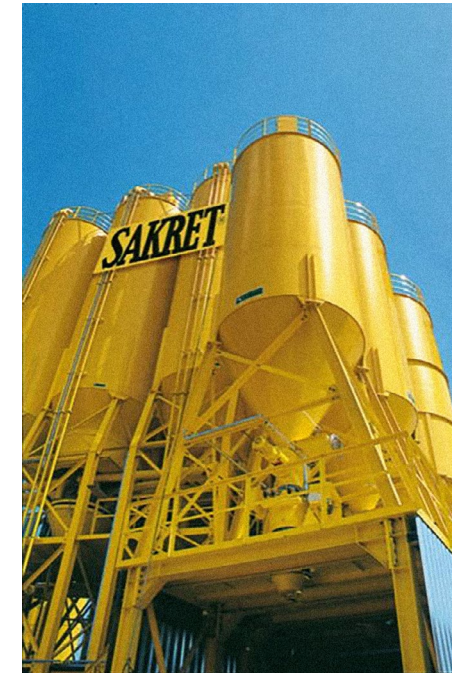
16 - in so many products burnt shale ash is used

Benefits of adding burnt shale ash to cement:

- A greener approach – reuse of industrial waste;
- Preservation of product quality;
- Reduction of the CO² footprint in the product.

As a result of the increase of total production volume and number of products in which SAKRET uses the ashes, the total amount of ash utilization is also increased. Since 2018 burnt shale ash consumption in SAKRET has increased by 13%.

13% ↑ burnt shale ash consumption growth since 2018



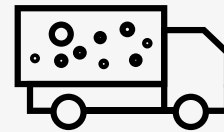
Sustainable products and circular economy

SAKRET also uses recycled foam polystyrene balls in its products. SAKRET produces a binder, which together with polystyrene foam balls, is used as a heat insulator material. This combination of materials is certified as a system and SAKRET holds the corresponding certificate ETA 22/0112. Such material system allows to return to circulation already used polystyrene foam, which would otherwise have to be deposited in a waste landfill or burned. The processing of such material is much more efficient from the labor point of view, compared to the initial laying of polystyrene foam sheets.

SAKRET assortment also includes heat-insulating and acoustic mortars, that get their properties because of glass spheres. Recycled glass is transformed into white granules or spheres of various diameters during the granulation process. Ground glass is mixed with foaming agents and then melted at extremely high temperatures. During production, glasses of different granule sizes are produced.

It is an innovation that allows the reuse of used household glass waste. Due to its porosity, it keeps the air closed inside the granules. This technology contributes to high thermal and acoustic performance. Quality studies show that Stiklopora foam glass outperforms the largest part of the products in their market¹.

GLASS SPHERES:



Easily transportable



Easy to prepare



Excellent and persistible quality



8 – in so many **products** glass spheres are used



¹ <https://stikloporas.com/expanded-gla>

