

JSC SAKRET HOLDINGS
ESG OVERVIEW
2023



Information about the company and the report

AS SAKRET HOLDINGS

Registration number 40103251030
Legal address “Ritvari”, Rumbula, Stopiņi Parish,
Ropaži District, Latvia, LV-2121



Companies included in the holding

SIA SAKRET (100%)
Reg. No. 40003622109,
“Ritvari”, Rumbula, Stopiņi Parish, Ropaži District, Latvia,
LV-2121

SIA SAKRET PLUS (90%)
Reg. No. 40003749392,
“Ritvari”, Rumbula, Stopiņi Parish, Ropaži District, 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

Contact information: Phone: +371 67803650,
e-mail: info@sakret.lv

Sustainability report available electronically:
on the website www.sakret.lv

Review period: January 1, 2023 - 2023, December 31

About the review

The Sustainability Report of JSC SAKRET HOLDINGS reflects the company's activities in the Baltics.

The report is based on the Nasdaq ESG guidelines and in line with the United Nations (UN) Sustainable Development Goals (SDGs) framework.

The IAM data was analyzed by internal stakeholder groups, including the Executive Board and the Supervisory Board. The analysis covered all current activities of the company - production and marketing of dry and ready-to-use building materials.

Unless otherwise stated, all information contained in the report is applicable for the year 2023.



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Management speech

For any modern and innovative company, it is also important to view performance and success in the context of sustainability, looking at performance in the context of environmental, social and corporate governance aspects. This provides a much broader insight into the company's performance.

The production and publication of SAKRET's annual ESG (Environmental, Social, and Governance) Report 2023 is a major milestone for us.

In 2023, the building materials market was characterized by high uncertainty, with, on the one hand, declining volumes caused by the repeated increase in EURIBOR rates, which significantly increased the cost of mortgage payments, and, on the other hand, various projects financed by EU funds, including the Recovery Fund program, were actively pursued. Certain building materials, which once saw particularly sharp price increases, were characterized by price falls in early 2023, such as metal and timber. This trend brought back some optimism for construction market participants. Among the Baltic countries, Estonia was the most pessimistic in terms of construction growth in 2023. Changes in sales volumes in Estonia will be directly linked to fluctuations in construction volumes in Scandinavia and EURIBOR interest rates.

In 2023, the situation from the construction industry's point of view remains very contradictory: on the one hand, construction companies have sufficient orders and work, but on the other hand, there is a drop in output with projects being postponed due to caution and uncertainty about the near future perspective.

Despite these factors, the gross profitability of the companies

of SAKRET HOLDINGS AS (hereinafter the Group) increased from 23% in 2022 to 28% in 2023. The financial result of the Group in 2023 is a profit of EUR 1,882 million. This represents an increase of EUR 0.815 million. This is an increase of EUR 8.88 million compared to 2022.

In 2023, the Group had 146 employees, 2 fewer than in 2022. Taking into account the wage trends in the Baltic market, personnel costs in 2023 have increased by EUR 0.290 million compared to 2022. EUR.

One of the group's tasks is to work with the end users of the products - builders - to introduce them to new products and to explain the features and advantages of existing products. Various handouts and videos on the applications, features and advantages of the products were prepared as explanatory materials.

In September 2023, cooperation with Riga Technical University, Kaunas University of Technology and the Slovenian National Institute of Civil Engineering started within the project "Transformation of Waste into High Performance 3D Printable Cement Composite". The project is funded by Horizon 2020, ERA-NET instrument, M-era.Net - Materials Science Activity. Funding provider - Latvian Research Council.

In 2023, the company entered into a cooperation with Riga Technical University (RTU), within the framework of which different types of 3D concrete printing mix formulations were developed, laying the foundations for the use of innovative technologies in the construction industry in the Baltics, which in turn will accelerate the introduction of modern materials in the

construction industry and increase the competitiveness of building material manufacturers and builders.

In order to reduce dependence on electricity supplied by energy companies and to promote the transition to more environmentally friendly energy production and consumption, in September 2023 JSC SAKRET signed a contract with JSC Latvenergo for the installation of a ground-mounted solar panel power plant with a capacity of up to 249 kW. SAKRET also submitted an application to Development Finance Institution Altum for participation in the program under Measure 1.2.1.2.i.1 "Increasing energy efficiency in business (including the transition to renewable energy technologies in heating)".

We would like to express our gratitude to our employees for their selfless work, as well as to our customers and business partners for their trust in the past year!

Chairman of the Council **Andris Vanags**

Chairman of the Board **Māris Kelpis**

ABOUT THE COMPANY

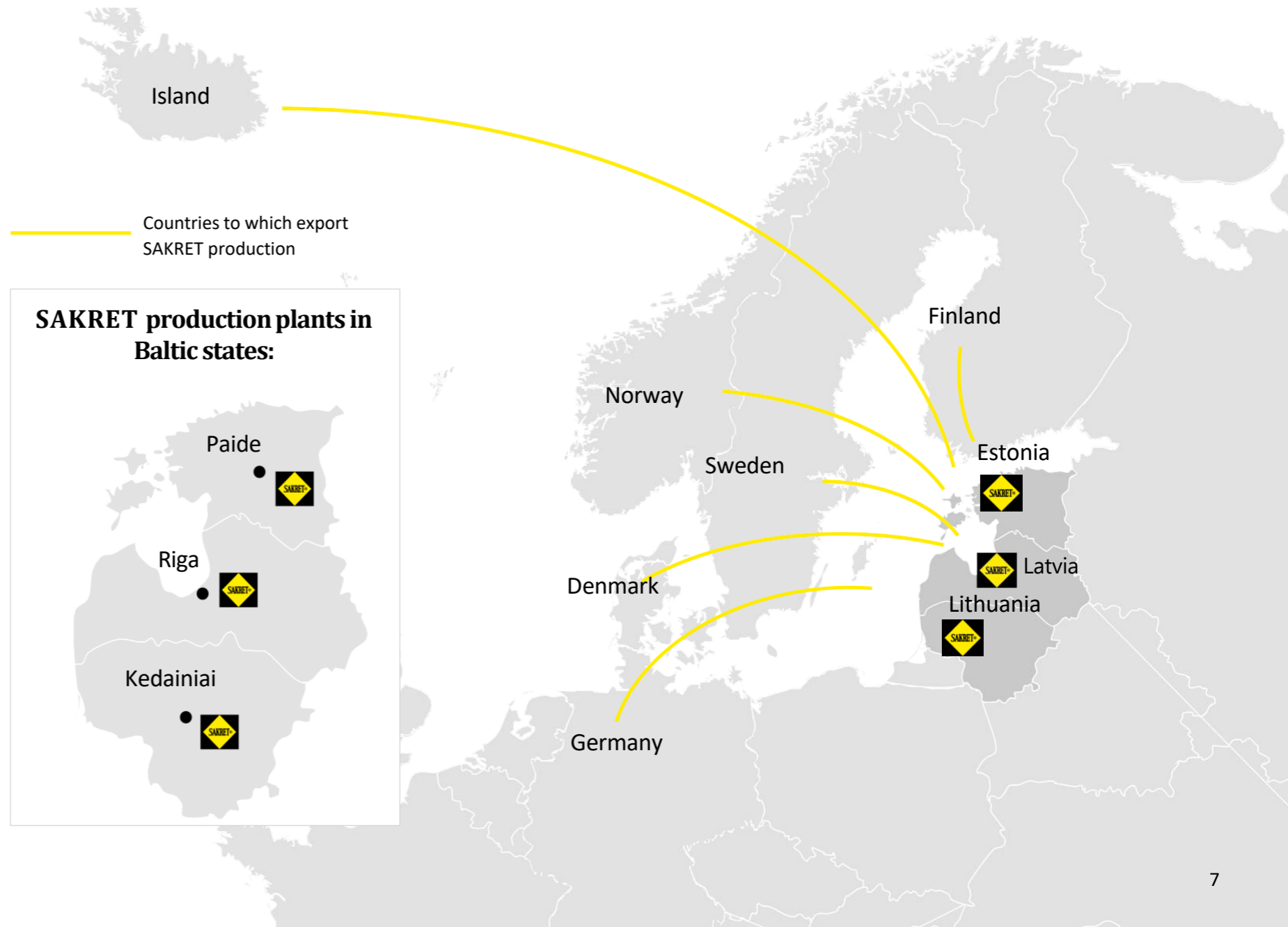
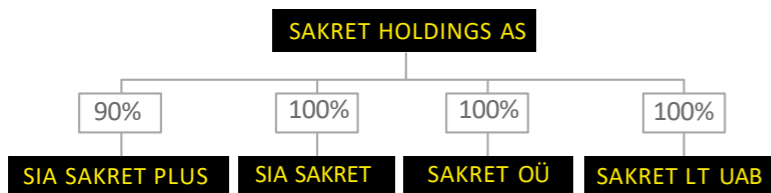


About us

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.

SAKRET structure



2023 figures and facts, AS SAKRET HOLDINGS consolidated



100 %
owned by citizens of
Latvia

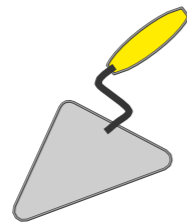
Turnover
29,7
Million euro

2023 EBITDA
3,3
Million euro

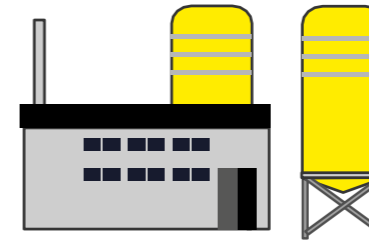


17 %

In 2023, SAKRET paid 5.4 million euro in taxes, an increase of 17% compared to 2022.



>100
SAKRET products*



SAKRET Baltic production plants realized

170 300 t construction materials in 2023, that is ...



2838 train wagons



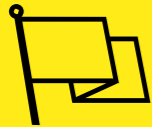
or **7095** trucks

* 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

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

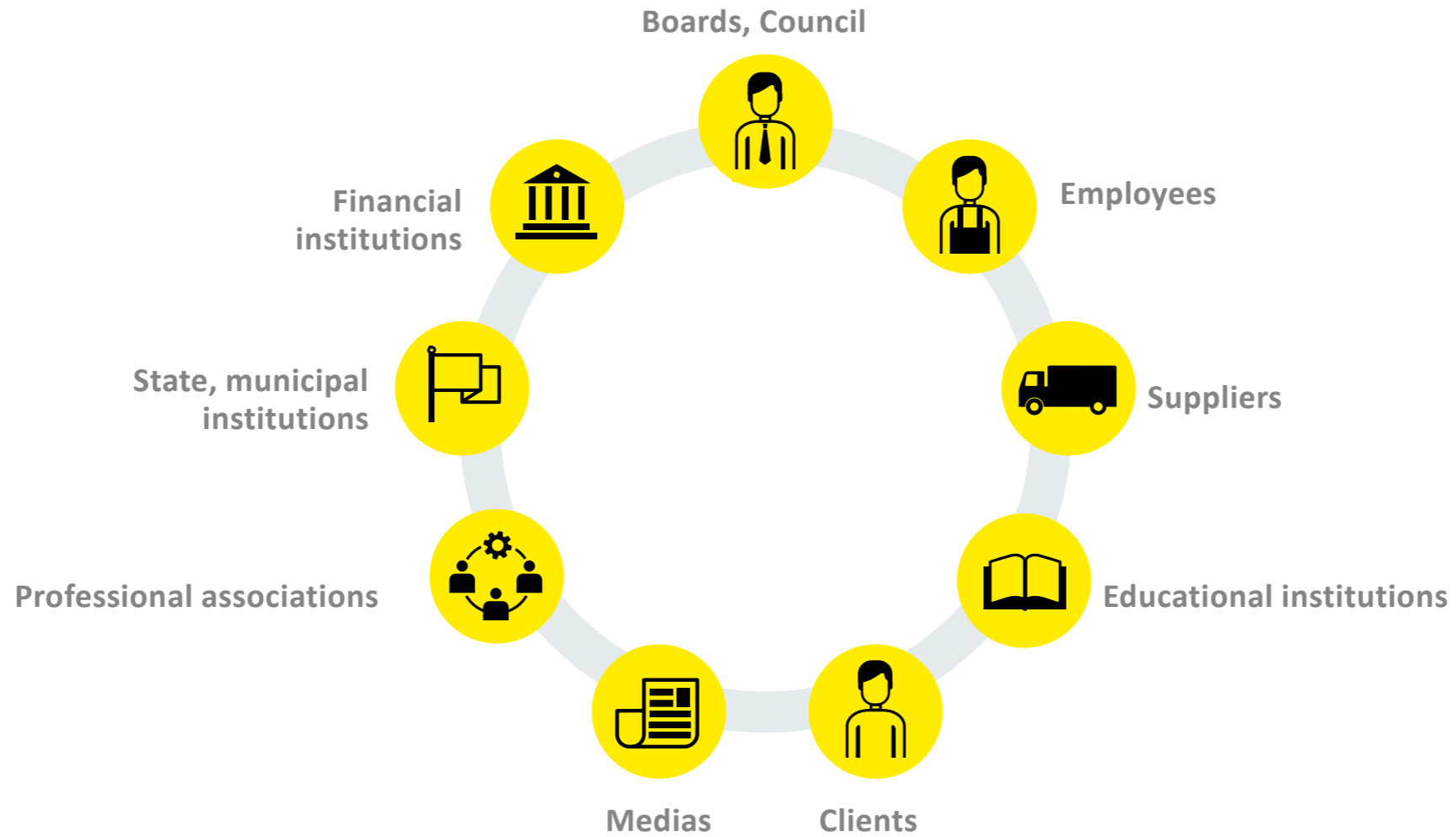
SAKRET's mission is to provide the market with high-quality, wide range and application of competitive building materials, offering not only building mixes, but also complex systems with special and additional products – to provide a full range of products for interior and exterior decoration of objects.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



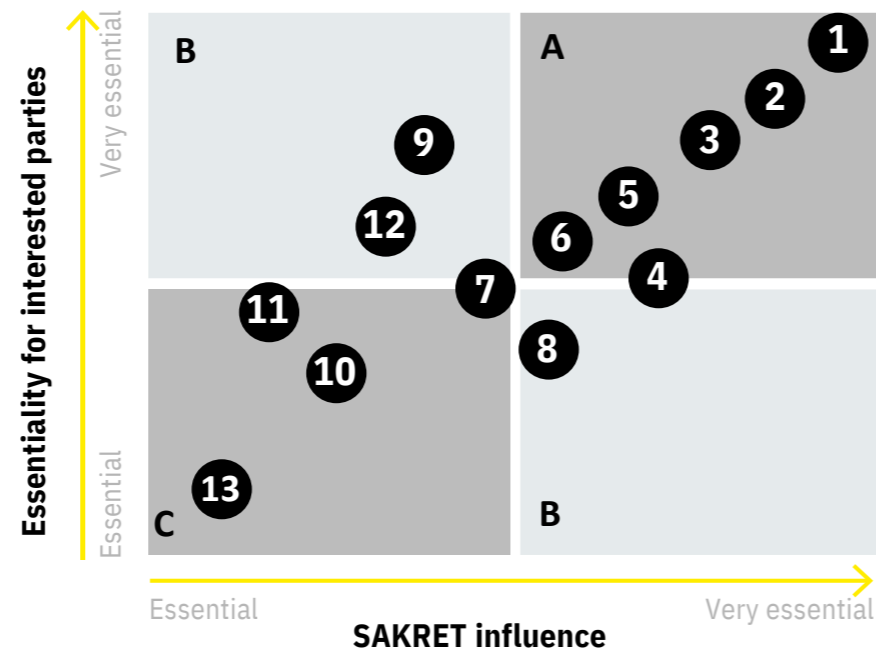
Essential sustainability aspects

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. SAKRET did not carry out a reevaluation in 2023.

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

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



Building Materials Producers
Association



Estonian Building Materials Producers
Association



Lithuanian Association
of Builders



ESTONIAN
CHAMBER OF COMMERCE
AND INDUSTRY

Estonian Chamber of
Commerce and Industry



Kaunas, Vilnius, Panevezys
Chamber of Commerce and
Industry



The Association of Latvian
Chemical and Pharmaceutical
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.

Analyzing 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.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Provide sustainable consumption and production models.

QUALITY EDUCATION

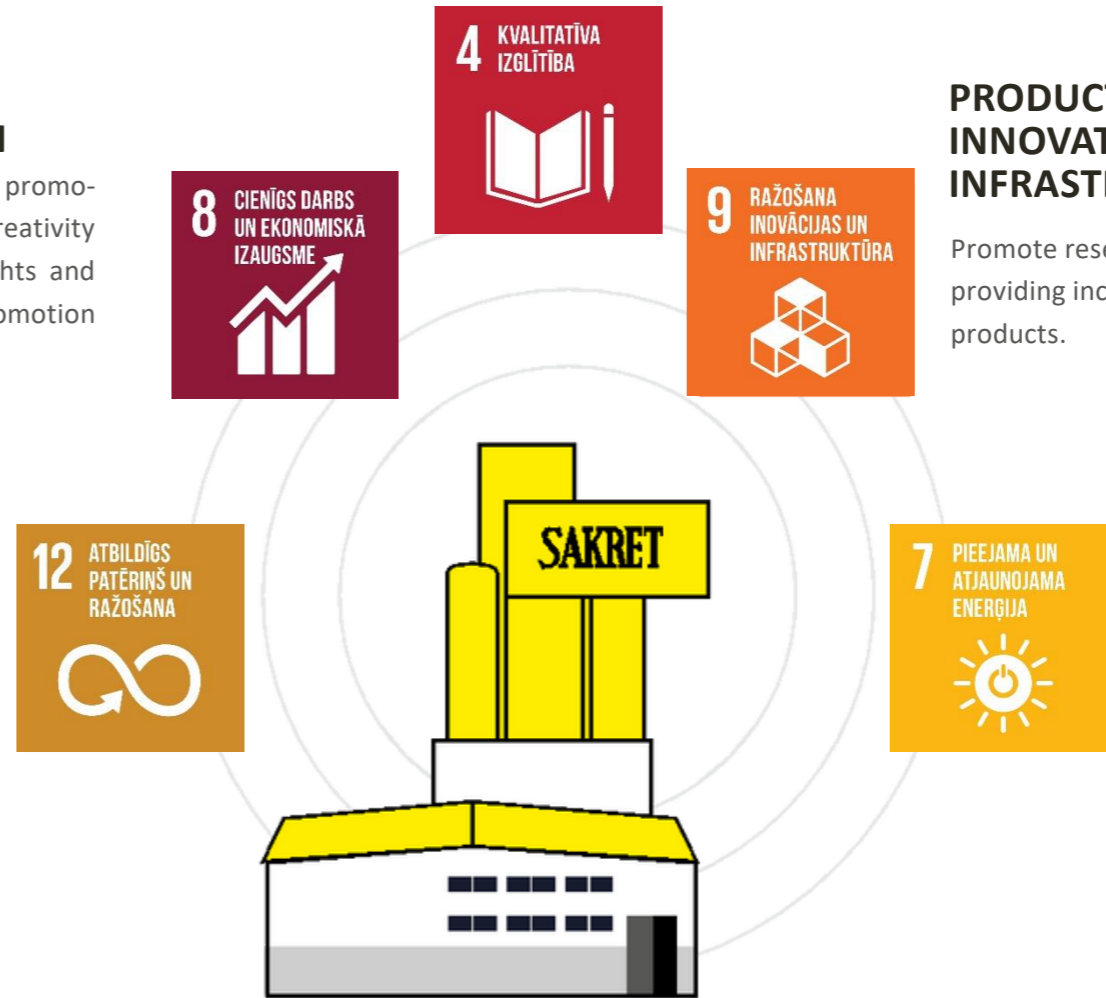
Lifelong learning opportunities for staff, as well as cooperation with vocational and higher education institutions.

PRODUCTION, INNOVATION AND INFRASTRUCTURE

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

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. Boards 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.

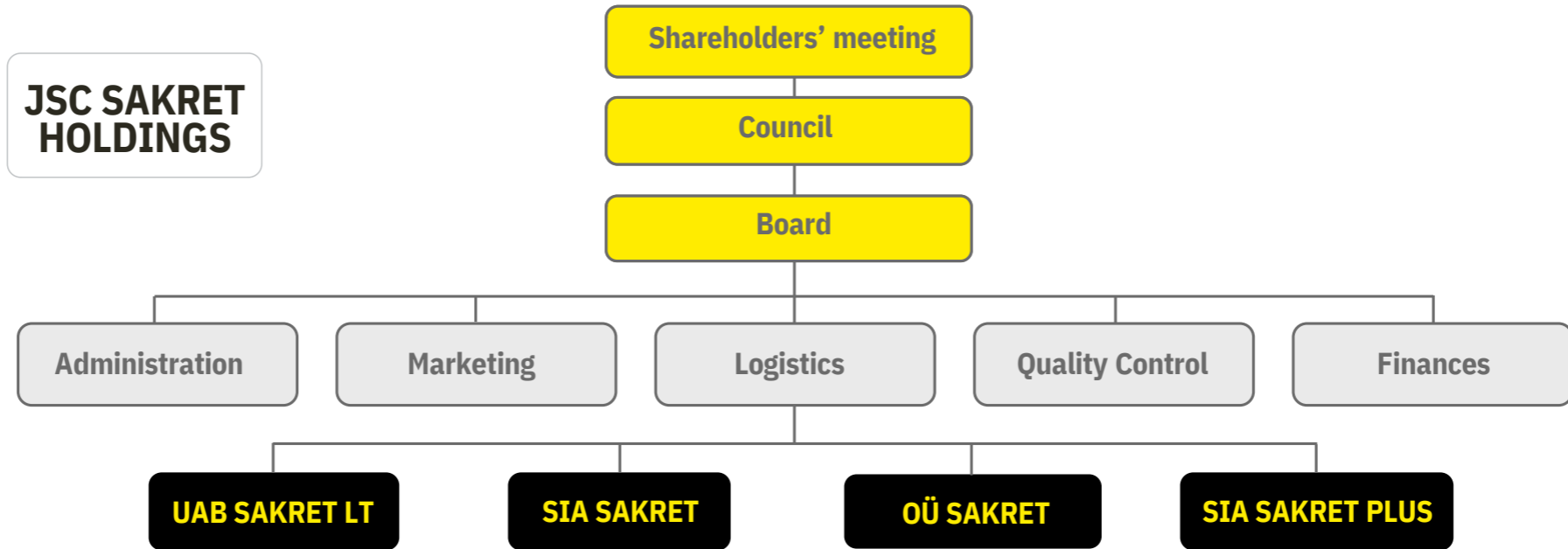
SAKRET has developed a personal data processing and protection system. The company has a responsible employee, who informs and advises on personal data matters and monitors compliance with General Data Protection Regulation.

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 2023.

SAKRET pays close attention to compliance with international and national sanctions and has a clear and thorough "Know Your Customer"

policy. The "Know Your Customer" principle aims to ensure a safe and transparent environment and to prevent the potential risks of money laundering and terrorist financing. In order to achieve this, SAKRET has developed and implemented an internal control system which sets out the basic principles of customer and business partner due diligence and verification that SAKRET employees must follow in the performance of their duties in order to ensure that SAKRET achieves its objectives and operates in an efficient, sustainable and compliant with the requirements of the legislation way. SAKRET shall provide regular training for responsible staff in courses and seminars.

SAKRET structure



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

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!"

Māris Ķelpis
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.

Compliance and ethics

In 2022, SAKRET set itself the objective of developing a Code of Ethics. We have successfully achieved this by including all the necessary information on the daily routines.

The Code of Ethics sets out the basic principles and standards of behavior to be observed by all SAKRET employees in the way they conduct their work, interact with each other and with clients, business partners, public authorities and other institutions. The principles of professional ethics contained in the Code of Conduct include acting honestly and fairly, recognizing and correcting mis-

takes, treating everyone equally and avoiding conflicts of interest. The Code of Conduct also contains basic principles on the protection of the environment and the use of natural resources, as well as information on the duty to report in the event of dishonest and unethical behavior.



0 - that's how many reports of breaches of the Code of Conduct were received in 2023.

Marketing

SAKRET is aware of the importance of brand image and customer relations for the development and future growth of the company, and therefore places great importance on marketing.

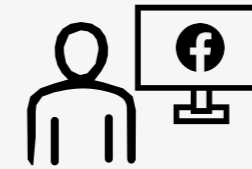
Digital marketing in particular is relevant to reach its target audience, which is why SAKRET's marketing department is learning about different applications and new opportunities.

SAKRET uses the following social network channels:

- Facebook
- Instagram
- YouTube
- LinkedIn

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
- Greetings



103 900 –
the highest number of people
reached by a Facebook post. **28%**
or **22 692** more than in 2022.



The new trend, which emerged
in 2023, has reached more than
163,000 views on *YouTube*
shorts on SAKRET channels.



SAKRET launched on *Instagram* in
early 2022 and in these two years
have become a **leader in the**
construction industry in terms of
followers and activity in Latvia.

Marketing



~ 2 million –
total number of *YouTube video views* in the Baltics



750 000 –
number of audiences reached
on *Facebook* in the Baltics



30 200 –
most people reached by an
Instagram post



383 400 views –
this is the number of views
on SAKRET's **most popular
YouTube video** about the
product - self-leveling floor
compound SAKRET BOS, its
application and properties.

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 promotion campaigns - marketing activities in traditional and new 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.



Recognitions and awards

This year SAKRET is proud to celebrate the achievement of Andris Vanags, Chairman of the Supervisory Board of JSC SAKRET HOLDINGS - receiving the honorary professor award of Turība University. Andris Vanags' years of experience and management skills indicate his constant efforts to nurture the next generation of strong and curious entrepreneurs. His passion for sharing knowledge as a teacher and mentor is inspiring, empowering young professionals to turn ideas into impactful work. This important recognition not only reflects personal achievement, but also the continuous transfer of knowledge and sharing of experience that is deeply rooted in the core of SAKRET's values.



Support

SAKRET engages in and initiates charitable activities and supports community initiatives both locally and globally. The company actively works to create dynamic change by helping and making a positive impact in the environment.

In 2023, SAKRET donated materials to help the Oncology Patients Support Society complete its long-awaited psychosocial rehabilitation center.

SAKRET contributed to the construction of the "Futurimo Riga" training center and supported RTU youth by participating in various competitions and events.

SAKRET contributed by donating a diesel generator to help ensure uninterrupted power supply to the facilities in the Ukrainian city of Boyarka.



Sustainable logistics network

SAKRET factories in the Baltics are located approximately in the middle of each country, thus optimizing delivery distances. In order to maintain the economic sustainability of SAKRET products, SAKRET products are delivered within a range of up to 250 km. To improve cost dynamics, deliveries are combined with as many value-added products as possible in each truck. During the busiest season, up to 20 trucks with 500 tons of products per day in each of the Baltic States move between SAKRET's factories and its main partners. Due to the specific nature of the products, each truck usually has a free space, which is perfectly suited for transporting the goods produced by the partners together with SAKRET's products.

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

In 2022, a Procurement Policy was developed, which sets out a common procedure for how SAKRET organizes the procurement of goods and services for all plants. In 2023, SAKRET continued to comply with the established Procurement Policy.



Social Field



Social impact assessment



65% of respondents gave SAKRET's customer service the highest rating.

33% - 4 stars.

2% - 3 stars.

CUSTOMER SERVICE

One of the most important aspects of sustainability at SAKRET is customer satisfaction and highly professional customer service. A customer survey was carried out to ensure this. Respondents representing different sectors and age groups participated in this survey. 14% were construction workers, 10% were buyers, 71% were managers and 5% were from other professions.

The results show that 65% of respondents rated SAKRET customer service with the highest rating, while 33% gave a rating of 4. Only 2% of the respondents rated the service with 3 stars and no one felt that the advice needed to be improved.

50% of respondents said they would like to see an improved product range, 31% would like to see improved delivery times, but no one thought that advice needed to be improved. SAKRET is pleased that the consultants have been able to meet the needs of the customers and provide a quality consultancy experience.



BAK was the highest rated product.



For **52%** of respondents, the first association with SAKRET is construction, for 24% the color yellow, and for 19% a specific employee.



All respondents had a positive opinion of the consultation and none felt it needed improvement.

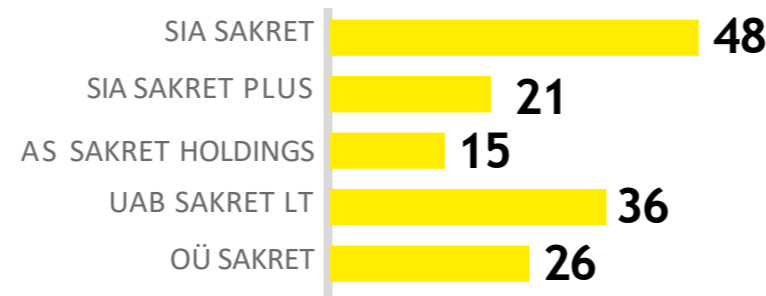
Social impact assessment

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, color, 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.

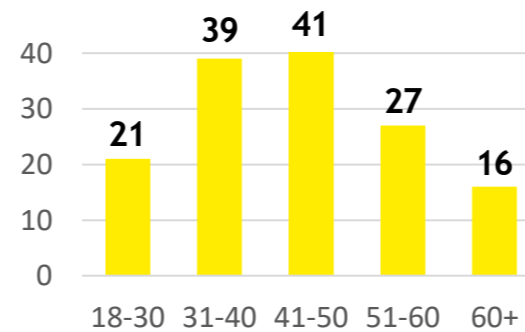
In 2023 SAKRET employed 146 employees, of which 27% women, 73% men.

NUMBER OF EMPLOYEES

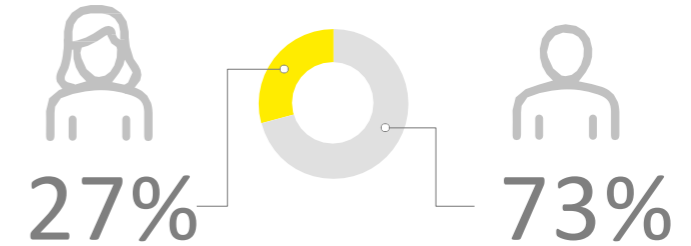
146



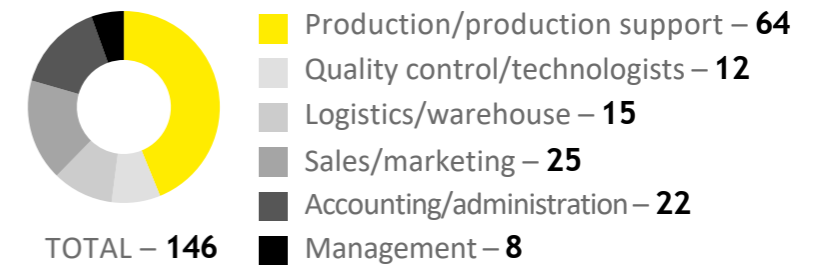
DISTRIBUTION BY AGE GROUPS



GENDER RATIO

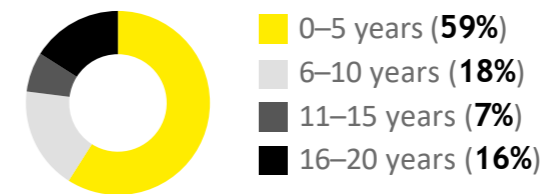


DISTRIBUTION BY POSITION GROUP



TOTAL – 146

LENGTH OF SERVICE IN THE COMPANY



Social impact assessment

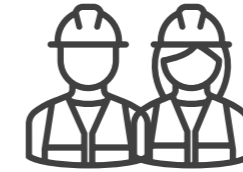
EMPLOYEE SATISFACTION

SAKRET set a target to conduct an employee satisfaction survey in 2022 and report on it in the 2023 Sustainability Report.

The satisfaction survey was carried out by surveying the company's employees. After the survey data was collected, the results were analyzed and discussed by managers in their teams to understand further improvements needed.

The SAKRET team includes a wide range of professions, from production workers and office staff to warehouse and administration professionals.

Employee satisfaction is the foundation for a company's sustainability.



80% of employees believe they have access to all the information they need to do their job, while 19% believe they have some access.

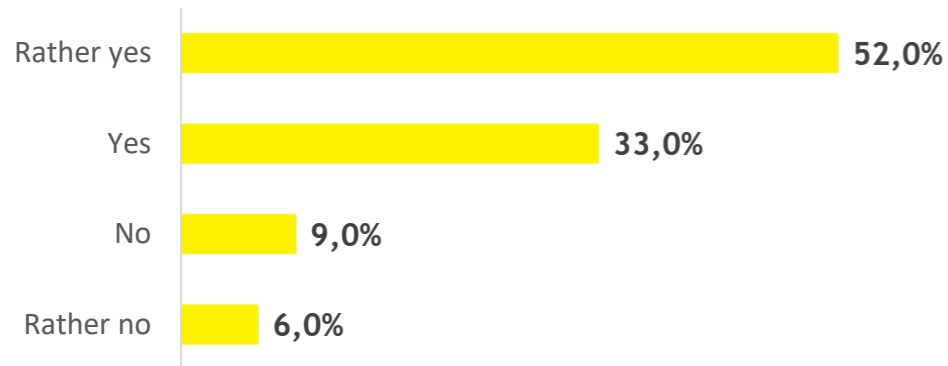


98% of employees rate communication with their manager as positive.

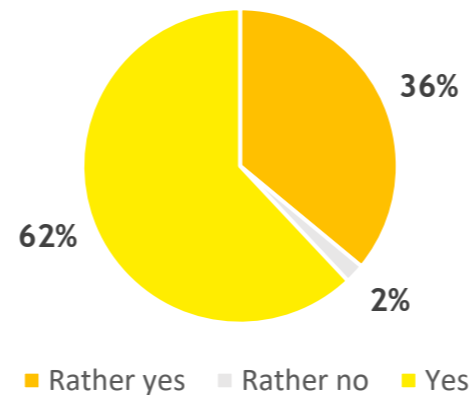


100% of employees rate communication with colleagues as positive and successful.

Do you feel valued and important as an employee?



Do you like working for SAKRET?



Social impact assessment

EXECUTIVE COMPENSATION INDICATORS MATCH

In 2023, 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

In 2022, 39% of employees have been with the company for more than 5 years; in 2023, 41%. SAKRET's labor turnover ratio in 2023 was 0.54. In 2023, all advertised vacancies were filled. The filling of vacancies depends on the national situation, the unemployment rate and the season. For example, in summer, when the number of construction vacancies increases, it is more difficult to find production workers.

SAKRET PURPOSE:

1. By 2025, reduce turnover of highly skilled workers by 10% compared to 2022.



23%
of employees have been working in the company for more than 10 years

PROPORTION OF TEMPORARY WORKERS

The proportion of temporary staff demonstrates the organization's staffing structure to implement its strategy. It also provides insight into the organization's business model and the stability of its work. SAKRET does not practice the employment of temporary staff. One employee is hired each year for the summer season. Accordingly, the proportion of temporary staff to total staff is below the 1% mark.

TRAINING FOR EMPLOYEES

SAKRET is proud of its investment in the growth and development of its employees. In 2023, around 10 TEUR was invested in employee training to help develop a skilled and strong workforce. Training consisted of information and education for sales staff, skills training for production staff, such as forklift training. SAKRET Group companies belong to various associations, so employees benefit from the opportunity to attend various seminars free of charge. SAKRET believes that giving its employees the opportunity to continuously learn and improve not only promotes individual success, but also strengthens the resilience of the company as a whole.

Social impact assessment

SAFETY 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.

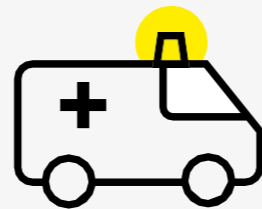
As of September 2022, Latvian SAKRET companies have contracted an external service provider to provide both physical and electronic briefings. In the e-environment, employees read all the briefings required for the job, the risk assessments and, after reading all the safety information, take a test to confirm that they have read the most important information. At the start of their employment, employees are provided with all the personal protective equipment necessary for their work. Each employee is

provided with special work footwear and work clothing appropriate to the requirements of the job.

At OÜ SAKRET, the person responsible for occupational safety is a qualified internal employee who has obtained the relevant qualification. This allows for staff briefings, safety checks and to ensure that staff have passed their annual health check.

UAB SAKRET LT cooperates with an external service provider that advises on occupational safety issues, while internally the company's occupational safety processes are supervised by employees with the appropriate qualifications.

In 2023, SAKRET invested more than 50 TEUR in occupational safety.



In 2023, there have been 3 accidents.

TRAUMA IN THE WORKPLACE

In 2023, three accidents were recorded in SAKRET Group companies - one in SIA SAKRET, two in OÜ SAKRET. No accidents were recorded in other companies. All three accidents resulted in employees being unable to work for more than three days, with the longest period being less than two months.

The SAKRET team responded quickly and thoroughly to each incident, carrying out a comprehensive analysis and assessing all factors that could have influenced the incidents. Through this process, a number of potential risk factors were identified and measures were developed to mitigate or eliminate them altogether.

SAKRET is committed to taking all necessary measures to ensure occupational safety and to prevent similar accidents in the future, ensuring that the company's operations are not only efficient but also completely safe for everyone involved.

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.

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.



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



Motivational measures

<p>To ensure favorable 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.

SAKRET support for creative ideas – 3D concrete printing

To promote the use of innovative technologies in construction in Latvia and the Baltics, Riga Technical University, in cooperation with SAKRET, have established a **3D concrete printing laboratory** from 2021. The aim of the laboratory is to bring together the knowledge and technological base in the Baltics to enable both scientists to develop their own research projects and industry to develop new products.

In September 2023, SAKRET started participating in the project, together with Riga Technical University, Kaunas University of Technology and the Slovenian National Institute of Civil Engineering. As part of the project, scientists are studying SAKRET's dry concrete mixes (which use industrial waste). They are testing how printer parameters affect material properties, how high objects can be printed and how to create free-form structures. Scientists are also testing how much load the printed structures can withstand after curing.

In 2023, the first 3D concrete environmental object in the Baltics, the cosmonaut "LabLabs", was unveiled, exceeding two meters in height. The 3D concrete object was created by students of Riga Technical University. It was created in RTU's 3D concrete printing laboratory, using a mix developed by SAKRET in collaboration with RTU scientists, who thoroughly tested its durability. This project demonstrates the technology's ability to print complex geometric shapes with minimal material consumption and care for the environment.

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.



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

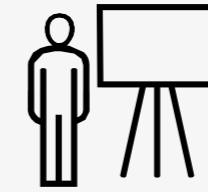


Investments in the development of the industry

Despite construction being a fast-growing sector, the Baltic there is a shortage of highly skilled workers with the professional knowledge and skills to build safe and high-quality buildings and to finish them using the latest sustainable technologies.

SAKRET Estonian, Latvian and Lithuanian companies cooperate with educational institutions, both by providing training in educational institutions and hosting trainees. OÜ SAKRET has established cooperation with SAKRET LT has established partnerships with Kaunas Technical University, Kaunas Technical College, Jonavos polytechnics school, Kupiškio technology and business school and other educational institutions.

SAKRET Ltd. started cooperation with a training center in 2021 BUTS in 2010 and this cooperation is continuing successfully in 2023. SAKRET provides the training center not only with a full range of building materials for practical training (tile adhesives, concrete, etc.) and the necessary ancillary equipment and tools, but also with knowledge.



144 hours

SAKRET staff spent in 2023 **training young professionals and contributing to the professional development of the sector.**



~ 85 000 EUR SAKRET

investment for young construction specialists, for the provision of raw materials necessary for training in the Baltic States

In 2023, SAKRET was actively involved in promoting education and professional development by organizing a series of seminars for both young professionals and experienced builders. At the Rezekne and Jelgava technical colleges, the company's experts gave in-depth lectures on building insulation systems, while at the Latgale Industrial Technical College, issues related to restoration materials and systems for historic buildings were discussed. In addition, a seminar on restoration practices for historic buildings was held at Krustpils Castle, a site restored using SAKRET materials, in cooperation with the Latvian Association of Architects.

SAKRET is committed to continuing to educate young talent and provide further training opportunities for industry professionals, promoting the exchange of knowledge and skills in the construction sector.



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

ENVIRONMENT



Environmental impact assessment

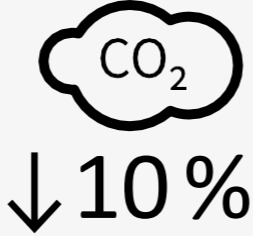
Greenhouse effect gas emissions and their intensity

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 2023 created 2091.28 CO₂/t.¹

Evaluating the year 2023, the intensity of greenhouse effect gas emissions, which generated during the sand drying process, was 0,070 kg for each circulated euro.

In 2022, SAKRET purchased a high-precision moisture meter, which provides operational and qualitative information, making it possible to reduce the temperature for drying sand. In 2023, such moisture meters were also purchased for OÜ SAKRET and UAB SAKRET LT.

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%

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 11 124,35 MWH. But indirect energy consumption consists of electricity consumption – 1113,40 MWH, which is 16% less than last year.

The energy management system includes a continuous energy consumption assessment process to monitor and self-report energy consumption in SAKRET.

For the energy consumption assessment, SAKRET's 2023 turnover and direct energy consumption figures were used as a basis. The energy intensity for 2023 was 0.000413 MWH for each euro of turnover.

In 2023 SAKRET implemented various energy efficiency measures: optimization of fan operation by installing an automation solution to ensure that the air circulation only runs during the working process, modernization of the lighting in the sand storage area, modernization of the site lighting and change of the mode of the motion sensors, as well as the creation of additional electricity monitoring points in the production process with remote online access. SAKRET also provided energy efficiency training to employees in the previous year. The energy efficiency measures implemented in SAKRET's Latvian operations are expected to save 28,840 MWH per year.

Main sources of energy

This indicator shows the main sources of energy production used. In 2023, SAKRET reduced its total energy consumption by 13% compared to the previous year.

Energy resource/ consumption	In 2022/MWH	In 2023/MWH
Diesel fuel	2 670,11	4 427,98
Petrol	652,64	543,07
Natural gas	9 458,06	6 091,09
Propane gas	57,47	62,21
Electricity	1 291,06	1 113,40
TOTAL	14 129,34	12 237,75

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 2023 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 has 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.

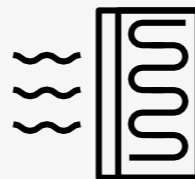
SAKRET factories are evaluating options to reduce gas/diesel fuel consumption. SIA SAKRET has purchased a moisture meter, which provides prompt and qualitative information, resulting in possibility to reduce the temperature for sand drying. The conditions are being developed at what temperature it is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

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 2023 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.

Environmental impact assessment

SOLAR PANELS

Climate change is one of the greatest challenges of our time. SAKRET believes that action is needed to create a healthier environment and strong business performance. SAKRET pays special attention to environmental sustainability issues and makes sure that the amount of harmful emissions into the atmosphere is reduced.

On World Sustainability Day 2023, SAKRET launched a major sustainability project - a solar panel park in Stopiņi municipality, on the company's production site. The company will use the green energy from the solar panels for production purposes, providing up to 50% of the electricity needed for this purpose, effectively



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

reducing the need for other energy sources and reducing the impact on the environment. The 518 solar panels installed are expected to generate an average of 256,000 kWh per year.

SAKRET is actively working towards sustainable development, using local resources and renewable energy, increasing its energy independence and generating green electricity from solar panels as part of its long-term strategy.

PURPOSE:

To reduce the amount of electricity purchased by SAKRET by 30%.



Comfortable and environmentally friendly – mobile silo

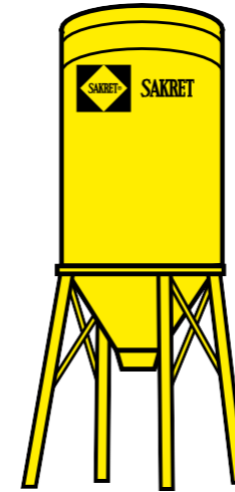
Mobile silos are containers that are filled with finished products and are used directly in construction sites. SAKRET has been using mobile silos for storage and processing of dry mixes in combination with a horizontal mixer or plastering machine since 2005.

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)

146 520
paper bags



In the 2023 SAKRET Baltic States packed and sold 3663 tons of finished products in mobile silos. If this volume were packaged in 25 kg paper bags, then 146 520 paper bags would be used

11,7 t
of paper



so many tons of paper were saved in 2023, by filling SAKRET production in mobile silos

281
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

NEW PRODUCTS

In 2023, after careful planning and product testing, SAKRET launched several new products, demonstrating its commitment to offering high quality and innovative building materials.

SAKRET places particular emphasis on innovation and sustainability, investing significant resources in research and development. The company's team of professionals - from technologists to sales specialists - worked in close collaboration to ensure that each of the new products met both market trends and the high demands of customers. This demonstrates SAKRET's commitment to value creation and innovation in the building materials industry.



KFF – ready-to-use lime paint with linseed oil.

It is particularly suitable for the restoration of historic buildings and the conservation of cultural monuments and ensures high water vapor permeability of the building elements.



BAK-H – hydrophobic reinforcement and bonding mortar.

Hydrophobic adhesive suitable for plastering plinths and damp areas, and particularly suitable for bonding and reinforcing XPS polystyrene sheets in the plinth area.



P1 Plus – cement-lime plaster.

All-purpose mortar for exterior and interior work, with special hydrophobic additives and plastic properties during application, as well as for plastering walls and ceilings in one or more layers.

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.

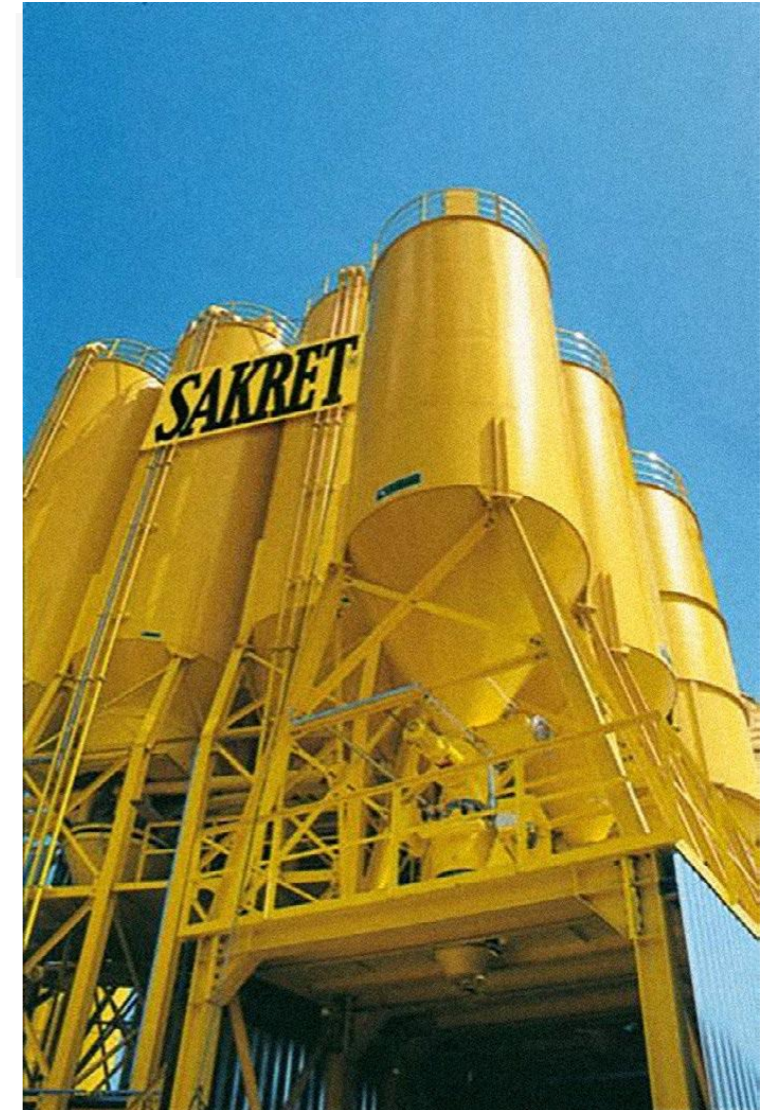


16 - in so many products burnt shale ash is used

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. In 2023, 2237,96 tons of fly ash were used.



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.

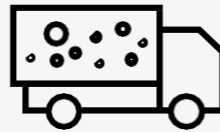
SAKRET assortment also includes heat-insulating and acoustic mortars, that get their properties because of glass spheres. Recycled glass is transformed into white granules or spheres of various diameters during the granulation process. Ground glass is mixed with foaming agents and then melted at extremely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



8 – in so many products glass spheres are used

GLASS SPHERES:



Easily transportable



Easy to prepare



Excellent and persistable quality

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



Year 2023 in pictures



Showroom opening in cooperation with Albau, Lithuania



Support for RTU Freshers' Camp "Bekufest 2023"



Participating in the World Carp Angling Championships in France



Organization of the fishing competition "Ķelpja Cup 2023"



Participation in RTU Career Days 2023

Year 2023 in pictures



Baltic Days 2023 team building event



Organization and conduct of seminars on **facade systems** at Rezekne Technical School



Participation in the Ukraine ReBuild Forum "ReBuild Ukraine 2023"



Participation in the kick-off meeting of the European project "Transforming waste into high-performance 3D printable cementitious composite"



Support for the creation of the **Futurimo Riga** Curiosity Centre and participation in the opening event

Goals and targets for 2024

Governance

1. Continue the development of the logistics and document management modules in 2024.
2. In 2024, automated production planning will be introduced and work will continue on the development of a warehouse workflow module.

Social Field

1. The marketing aims to strengthen the brand's position in B2B, raise its profile in B2C and create simple, modern communication, achieving an annual increase in social media followers of 10% compared to the previous year.
2. By 2025, reduce turnover of highly skilled workers by 10% compared to 2022.

Environment

1. By 2025, achieve a reduction in the share of packaging costs in the total price of a product, compared to 2021.
2. Reduce sand drying process CO₂ emissions till year 2025 by 10%.
3. To reduce the amount of electricity purchased by SAKRET by 30%.

SAKRET®