

SCHWENK LATVIJA SUSTAINABILITY REPORT

For reporting year 2024

SUSTAINABILITY THAT WORKS.

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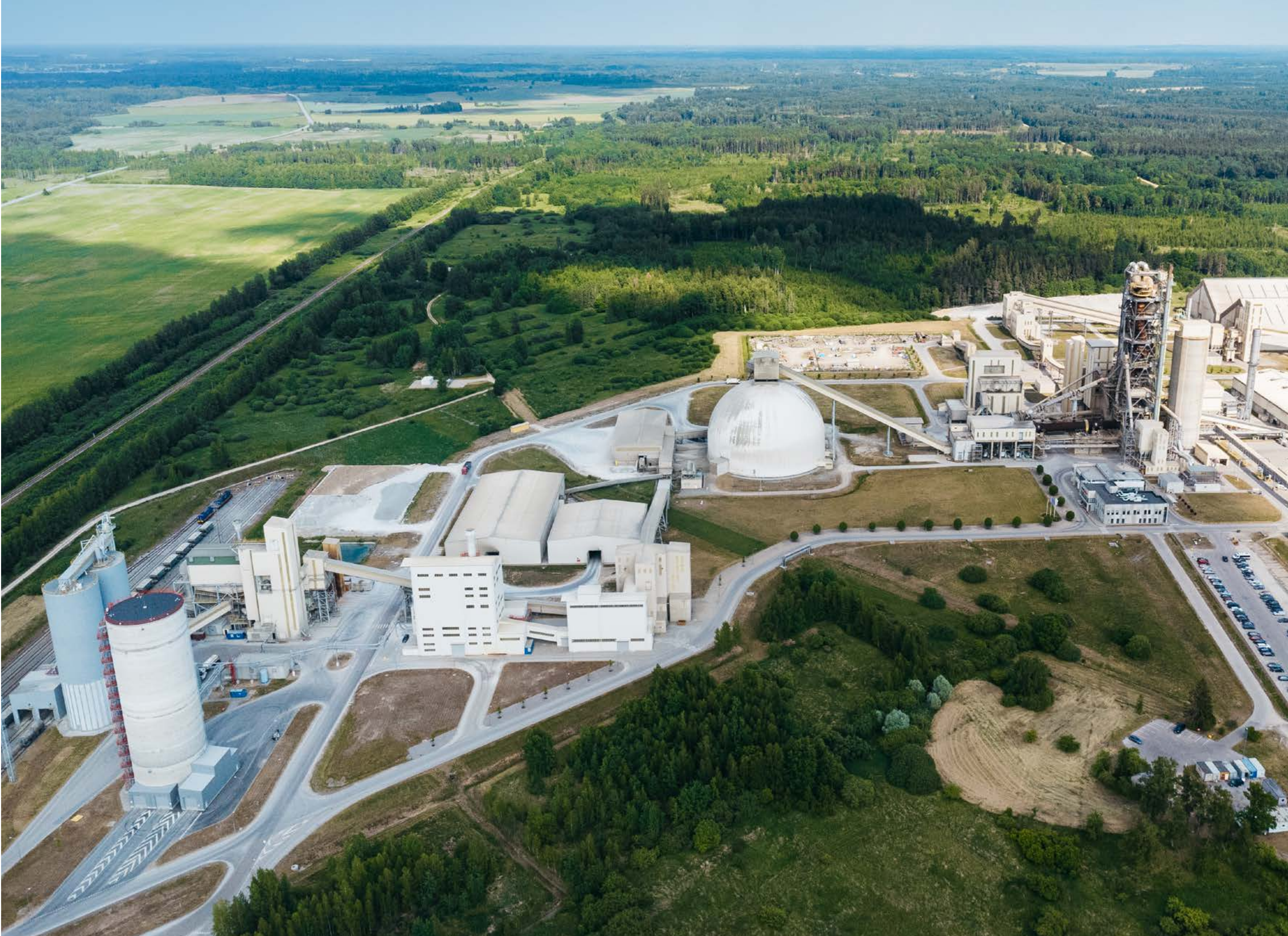
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ABOUT THE REPORT

SCHWENK Latvija SIA (also referred to as SCHWENK Latvija and the Company) sustainability report covers performance of all SCHWENK operations in Latvia. For some key performance indicators (KPIs) the reference is made to SCHWENK Northern Europe.

The report has been developed by expert and management team of 20 people, based on Global Reporting Initiative (GRI) guidelines, contributing to prioritized United Nations Sustainable Development Goals (SDGs), and advancing towards requirements of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). Reported KPIs are defined based on the Company’s relevant operational areas and sustainability issues, risks and opportunities.

Unless stated otherwise, all information included in this report refers to a full year of 2024, based on annual financial reporting cycle.



MESSAGE FROM THE CEO



2024 – two steps ahead

Dear stakeholders,

One of our values is two steps ahead. For us it means becoming better day by day, improving performance by constant research and innovation and striving for more sustainable solutions.

As a family-owned company for almost 180 years, we have always heard stories about how different generations before us faced global challenges, trying to make the Company better

for their children and future. Our task is now to do the same. With all the turbulence in the global arena, we should keep our focus on not only thinking about today, but about years ahead.

One of the main challenges in cement production is climate impact, and I am happy to say that in 2024 SCHWENK Latvija made a big step towards climate neutrality. After extensive

and thorough research since 2020, in 2024 we were ready to commit for the first carbon capture onsite test in Broceni cement plant aiming to launch full scale carbon capture in 2030. Even more - our team's strong commitment and engagement gave solid foundation for Broceni becoming a central test base in SCHWENK Group for onsite testing of various carbon capture technologies in 2025. This not only shows serious commitment to decarbonize cement production in the nearest years but also is a recognition of Latvia's plant being a state-of-the-art facility in European scale. During 2025 at least three different carbon capture technologies are planned to be tested in real-life conditions. This is significant achievement and will generate a deep know-how, help us better prepare for future full-scale carbon capture and boost Latvian economy by creating demand for many services and green jobs. We are in a unique moment of time – not only witnessing but being part of a new era, where carbon dioxide transforms from exhaust gas to a resource. I see huge opportunities in using this momentum to develop our economies and countries, increasing our strength and resilience.

As always, our people are the most valuable part also in this journey and health and safety is remaining our priority in adapting new technologies and developing new value chain. Our effort towards zero harm to people is constantly improved and extended. In 2024 SCHWENK Group started a new harmonization initiative within its Companies in various countries to align health and safety practices and establish joint system for risk management, incident reporting and experience exchange. Although we didn't manage to maintain zero accidents at our locations in 2024 and results stayed at approximately the same level as a year before, our improvements and growth in this area are unstoppable. I am happy to see our national initiative Mission Zero growing wider and by the end of 2024 covering already 115 organizations and 60 500 employees, which represents 7% of all people employed in Latvia.

As a part of the community, we strive to be a good neighbor and partner. In 2024 we have continued our effort in various professional organizations to improve Latvian business environment, fight shadow economy and adapt green economy principles.

Within SCHWENK Latvija community support program we supported four community projects in Saldus region, covering a variety of society groups. Since SCHWENK entered Latvian market in 2019, 31 projects have been supported , covering areas of education, environmental, health, wellbeing, and safety improvements, community engagement and gatherings, developments of smart city concepts as well as fostering capacity of NGOs and different community groups.

We recognize the importance of collaboration with our suppliers and subcontractors. In 2024, we strengthened our partnerships by extending informative and educational initiatives to strengthen sustainability practices all over the value chain.

Looking ahead, our goals for 2025 are ambitious yet attainable. We aim to continue reducing our environmental footprint, fostering innovation, and enhancing our community engagement efforts. Scale-wise our main challenge and focus remains further development of carbon capture in Broceni cement plant. Our sustainability performance will remain a cornerstone of our long-term strategy as we work towards creating lasting value for all our stakeholders.

Thank you for sharing our journey,

Sincerely,
Reinhold Schneider
Chairman of the Management Board SCHWENK Latvija
CEO SCHWENK Northern Europe



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SCHWENK AT A GLANCE

SCHWENK Latvija is the only cement producer and one of the leading building materials' producers in Latvia offering its customers high quality cement, aggregates, ready-mix and concrete. We are part of the SCHWENK Building Materials Group, with headquarters in Ulm, Germany.



AGGREGATES

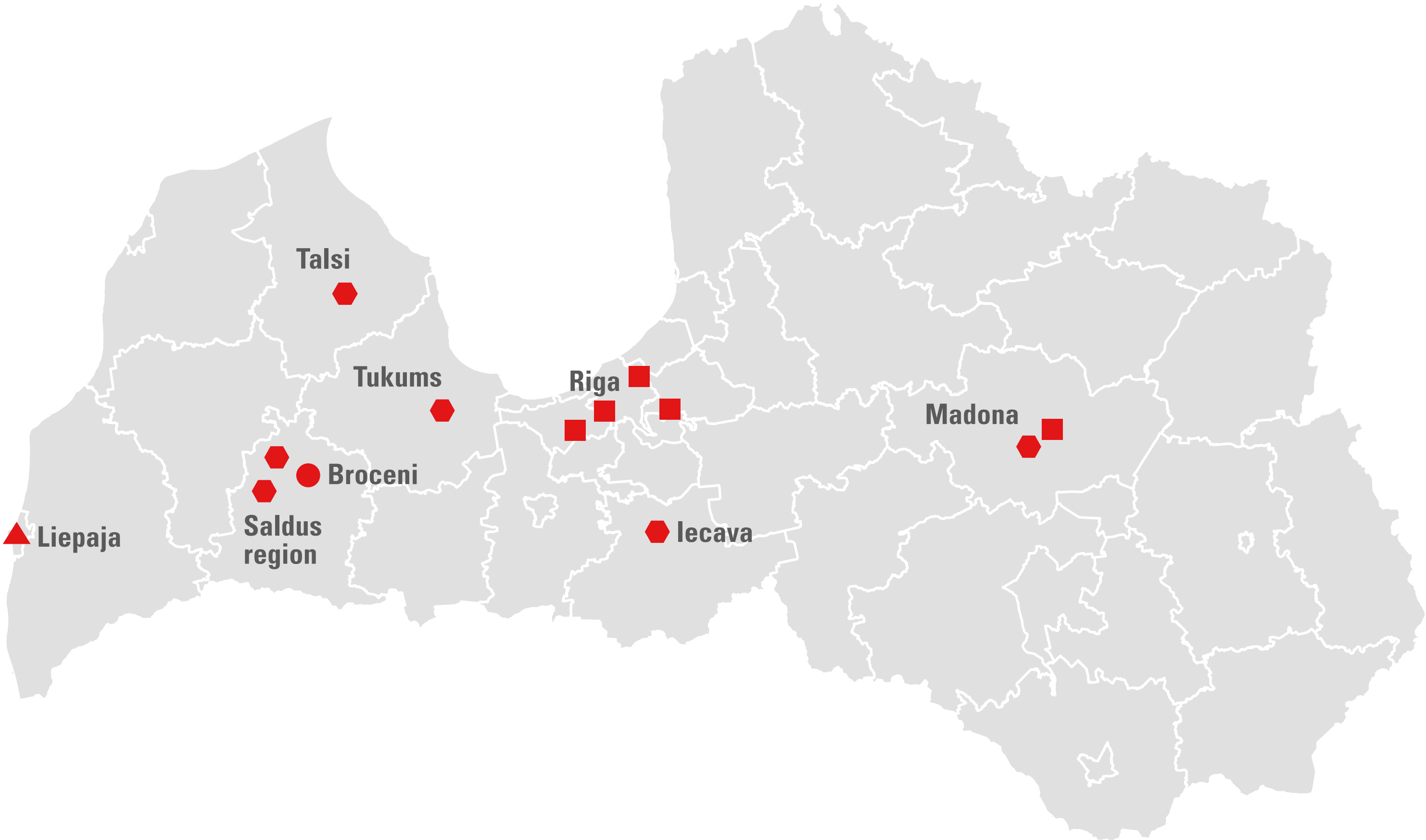


CEMENT



CONCRETE

In Latvia, we produce cement in Broceni cement plant, ready-mix in five plants in Latvia and aggregates in six quarries. Our assets also include a seaport terminal in Liepaja and two raw material quarries: the largest limestone quarry in Latvia, Kumas, and the clay quarry, Caunes.



1 ●

Cement
plant

1 ▲

Seaport
terminal

5 ■

Ready-mix
plants

6 ◆

Material
quarries



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AS ONE OF THE MAIN EMPLOYERS IN KURZEME REGION, WE PROVIDE MORE THAN 350 DIRECT WORKING PLACES IN LATVIA AS WELL AS FOR MORE THAN 650 SUBCONTRACTOR'S EMPLOYEES THROUGHOUT THE VALUE CHAIN.



> 350
directly employed



> over 650
subcontractors' employees

Geographical distribution





OUR VALUES, MISSION AND VISION

Mission

Combining excellent people with innovative technology, developing net-zero CO₂ products and processes with our partners.

Vision

Sustainable building solutions for generations to come

Values



- Zero harm to human health and safety
- Zero harm to the environment and climate
- Continually monitor and optimize our processes
- Ensuring technology and equipment are always state of the art



- Recognize and participate in social changes
- Anticipate customer requirements
- Drive innovation and growth
- Focus on the research and development of new products and processes with partners and universities
- Encourage professional curiosity in our everyday work



- Respecting individuality and diversity
- Collaborate as a team with our customers, stakeholders, and communities
- Foster the growth and development of our people
- Sharing knowledge and best practices within the Building Materials Group



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REVENUE

2024 €

139 M

INVESTMENT

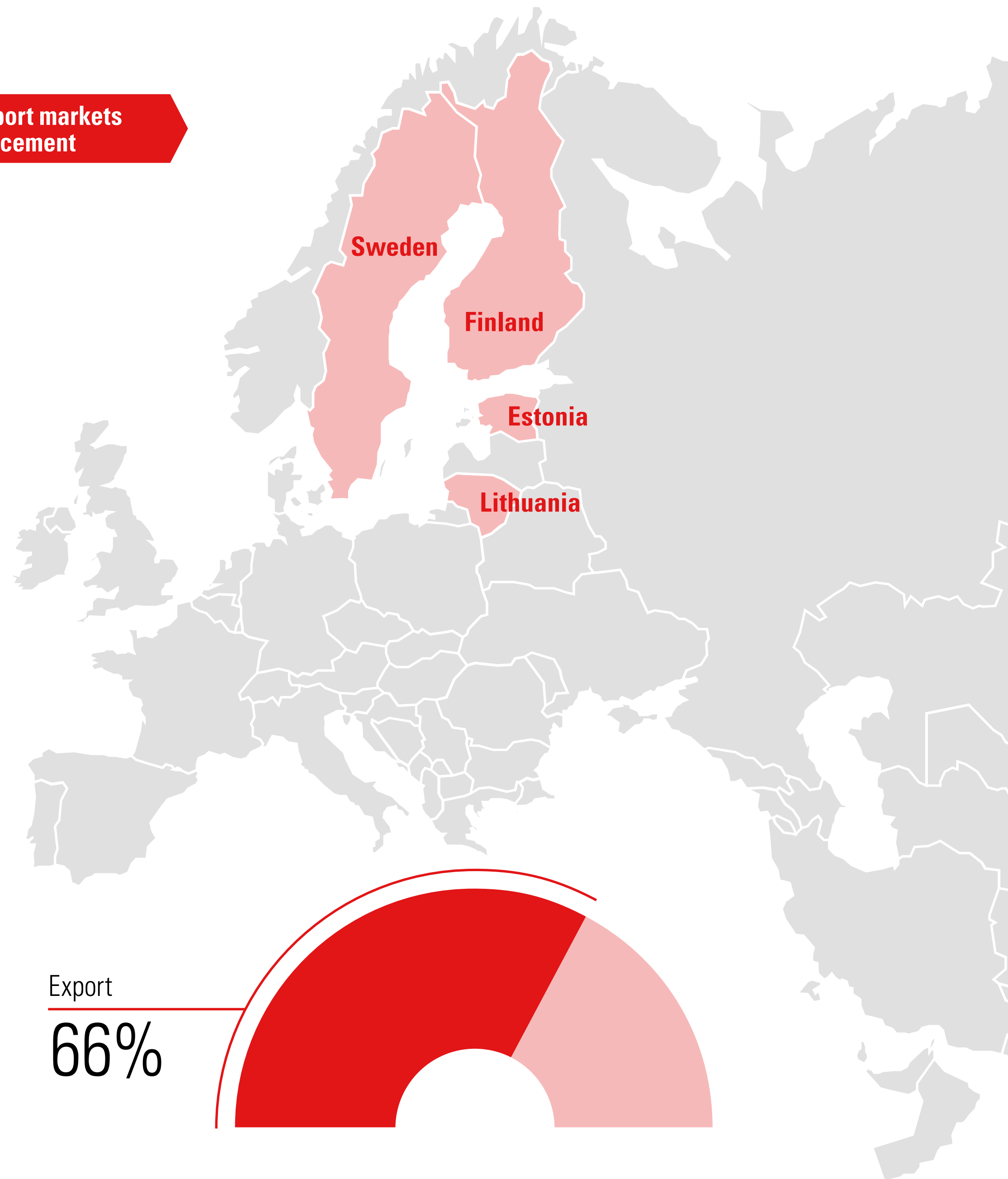
2024
in Latvia €

10.1 M

2019 – 2024
in Latvia €

80.4 M

Export markets
for cement



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SUSTAINABILITY PERFORMANCE: KEY INDICATORS

ENVIRONMENT

Clinker produced with continuous monitoring of main emissions (SO₂, NO_x, dust, TOC, Hcl, HF, NH₃), %

	fact	goal
2025		100%
2024	100%	100%
2023	100%	
2022	100%	

Quarries with rehabilitation and restoration plan

	fact	goal
2025		100%
2024	100%	100%
2023	100%	
2022	100%	

Environmental incidents with soil contamination

	cement		ready-mix		aggregates	
	fact	goal	fact	goal	fact	goal
2025		0		0		0
2024	0	0	0	0	0	0
2023	0		0		0	
2022	0		0		0	

Water intensity

	cement l/ton		ready-mix l/m ³		aggregates l/ton	
	fact	goal	fact	goal	fact	goal
2025		49		160		NA
2024	49	40	163.23	190	52.36	NA
2023	42.8		207.93		86.98	
2022	37.49		232.11		54.19	

Water recycled and reused, %

	cement		ready-mix m ³		aggregates m ³	
	fact	goal	fact	goal	fact	goal
2025	NA	NA		28%		90%
2024	NA	NA	21%	28%	90%	90%
2023	NA	NA	18%		90%	
2022	NA	NA	28%		90%	

CLIMATE

CO₂ emissions Scope 1, (t CO₂ per ton of clinker)

	fact	goal
2025		0.693
2024	0.698	0.694
2023	0.696	
2022	0.690	

CO₂ emissions Scope 2, (CO₂ t per ton of cement)

	fact	goal
2025		0.06
2024	0.005	0.06
2023	0.007	
2022	0.02	

CO₂ emissions Scope 2, (CO₂ t per ton aggregates)

	fact	goal
2025		0.006
2024	0.006	0.0001
2023	0.0001	
2022	NA	

CO₂ emissions Scope 1, (CO₂ t per ton of cement)

	fact	goal
2025		0.545
2024	0.546	0.580
2023	0.590	
2022	0.601	

CO₂ emissions Scope 3, (CO₂ t per ton of cement)

	fact	goal
2025		0.03
2024	0.03	Extend data collection
2023	0.04	
2022	NA	

CO₂ emissions Scope 2, (CO₂ t per m³ concrete)

	fact	goal
2025		0.002
2024	0.002	0.00015
2023	0.00015	
2022	NA	

Number of cement types with EPD

	fact	goal
2025		7
2024	6	7
2023	5	
2022	5	

Clinker factor

	fact	goal
2025		80.61
2024	83.6	83.3
2023	84.8	
2022	84.7	

AF substitution rate

	fact	goal
2025		97%
2024	97%	96%
2023	95.5%	
2022	94.6%	



LOCAL COMMUNITIES

Stakeholder dialogues

	fact	goal
2025		1
2024	1	1
2023	1	
2022	0	

Voluntary work,
human hours

	fact	goal
2025		500 h
2024	370 h	500 h
2023	550 h	
2022	310 h	

People engaged
in voluntary work,
% from all employees

	fact	goal
2025		20%
2024	15%	20%
2023	21%	
2022	6.5%	

People directly positively
affected by social
investment programs

	fact	goal
2025		70 000
2024	63 500	50 000
2023	49 000	
2022	10 500	

Social protests and
legal claims against
the Company

	fact	goal
2025		0
2024	0	0
2023	0	
2022	0	

CONSUMERS AND END-USERS

Claims resolved, %

	fact	goal
2025		100%
2024	100%	100%
2023	100%	
2022	100%	

Claims received

	fact	goal
2025		0
2024	57	0
2023	43	
2022	45	

NPS score

	cement		ready-mix		aggregates	
	fact	goal	fact	goal	fact	goal
2025		70		70		70
2024	85	70	87	70	86	70
2023	91		NA		80	
2022	80		NA		65	

Customer satisfaction rate

	cement		ready-mix		aggregates	
	fact	goal	fact	goal	fact	goal
2025		9.1		NA		9.1
2024	9.2	9.1	NA ¹	9.1	9.1	9.1
2023	9.1		NA		9.1	
2022	9.1		NA		9.1	

1 Different survey methodology used, results are not comparable; described in more detail in page 65.

HEALTH AND SAFETY

LTI's

	employees		contractors	
	fact	goal	fact	goal
2025		0		0
2024	1	0	1	0
2023	1		0	
2022	5		0	

Non-LTI employees

	employees		contractors	
	fact	goal	fact	goal
2025		0		0
2024	3	0	0	0
2023	4		1	
2022	2		1	

Fatalities

	employees		contractors	
	fact	goal	fact	goal
2025		0		0
2024	0	0	0	0
2023	0		0	
2022	0		0	

Traffic incidents involving product and
raw materials transportation

	Light (blameworthy)		Major (blameworthy)		Lethal (blameworthy)	
	fact	goal	fact	goal	fact	goal
2025		0		0		0
2024	13 (8)	0 (0)	4 (2)	0 (0)	1 (0)	0 (0)
2023	12 (7)		0 (0)		0 (0)	
2022	13 (7)		4 (2)		1 (0)	

PEOPLE: OWN AND
CONTRACTED WORKFORCE

Diversity

Gender, %

	male	female	other
2024	82%	18%	0
2023	83%	17%	0
2022	83%	17%	0

Age groups, %

	Under 30	30-50	Over 50
2024	6%	64%	30%
2023	6%	64%	30%
2022	7%	64%	29%

Ratio of lowest base salary for entry worker
over applicable benchmark salary in the country

2024	1.3
2023	1.3
2022	1.28

Attrition rate – voluntary leaves

2024	3.1%
2023	3.3%
2022	4%

Employee Commitment Index

	fact	goal
2025		81 index points
2024	81 index points	75 index points
2023	75 index points	
2022	75 index points	





RECOGNITIONS AND ACKNOWLEDGEMENTS

We strongly believe that sharing ideas and best practices makes us all stronger. SCHWENK Latvija actively participates in events, seminars and conferences on corporate governance, environment protection and climate, health & safety to share knowledge and learn from others. In 2024, our best practices are acknowledged by several industry awards.

- > Diamond category in the Latvian Sustainability Index
- > Latvian Employers' Confederation award in the category "Excellence in Business 2024" in the subcategory "Contribution to the well-being of the company's employees"
- > Gold status Employer Open to Diversity 2024 from the Society Integration Foundation of the Republic of Latvia
- > Family-friendly workplace recognition from the Society Integration Foundation of the Republic of Latvia
- > ESG Transparency Award 2024/25 (Germany)



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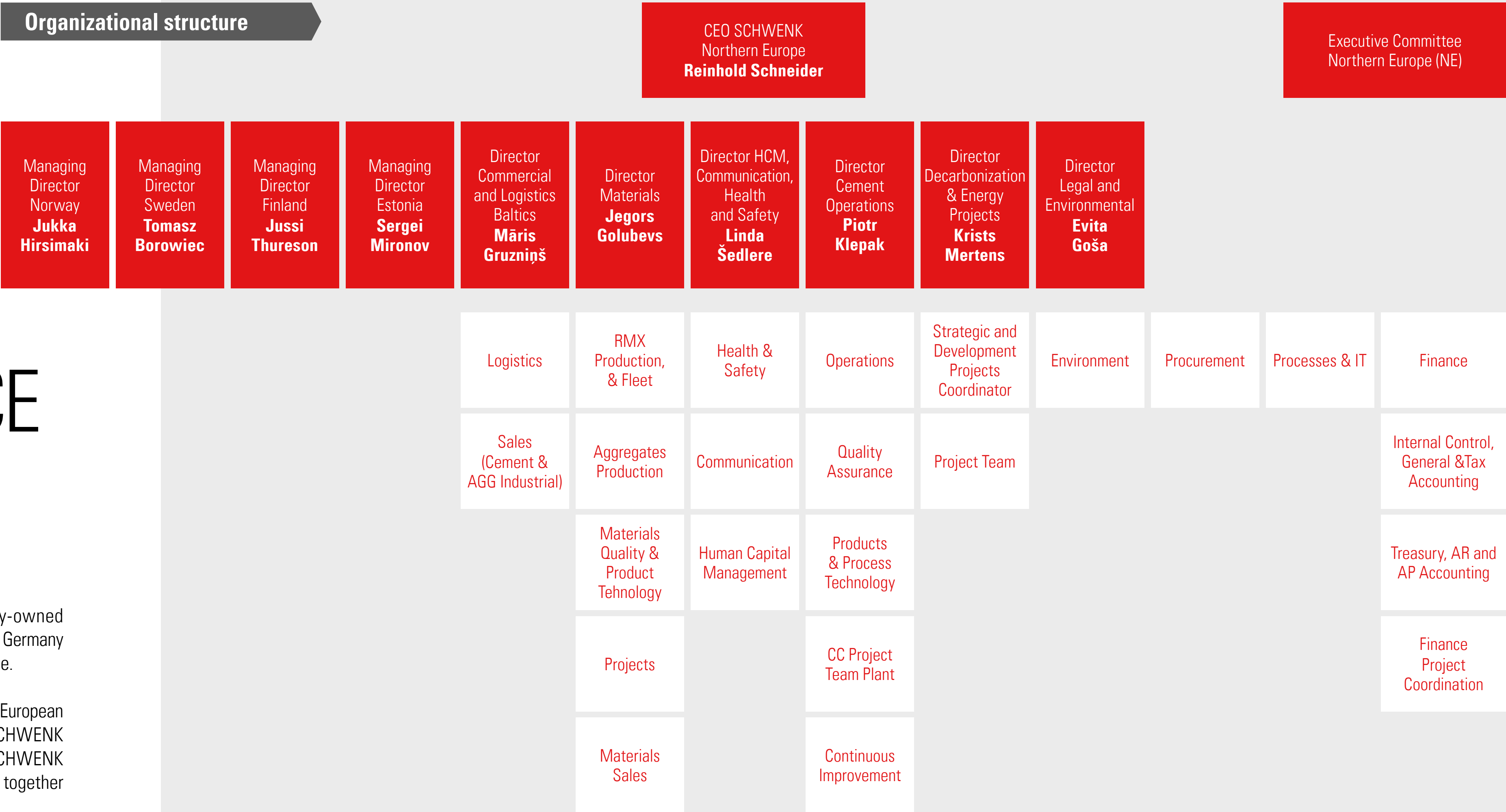
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GOVERNANCE STRUCTURE

Building materials producer SCHWENK is a family-owned company, established by Eduard Schwenk in 1847 in Ulm, Germany and since then evolved into a European-wide enterprise.

SCHWENK Latvija is a part of the SCHWENK's Northern European network, covering also SCHWENK Eesti in Estonia, SCHWENK Suomi in Finland, SCHWENK Norge in Norway and SCHWENK Sverige in Sweden. The region is managed by the CEO together with Management Boards in each respective country.





Reinhold Schneider

SCHWENK Latvija Chairman of the Management Board
CEO SCHWENK Northern Europe

Joined the team of SCHWENK Latvija and Northern Europe right after the Company’s launch in the region – in June 2019. Has more than 25 years professional experience in the building materials production sector in Europe. Holds an Engineering degree in Physics from Munich University.

- > **The main focus in the context of sustainability:** sustainability strategy
- > **Representation of the Company in industry and business platforms:** President of German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania; Chairman of Executive Board Foreign Investors’ Council in Latvia.



Māris Gruzniņš

SCHWENK Latvija Member of the Management Board
Director Commercial and Logistics Baltics

In the Company since 2005, in 2007, he joined the Management Board. Has gained wide experience in logistics, export, and commercial areas. Actively represents the Company in various professional associations – Association for Building Materials Producers and Saldus Entrepreneurs club. Holds a master’s degree in engineering and business administration.

- > **The main focus in the context of sustainability:** industry, consumers, end-users
- > **Representation of the Company in industry and business platforms:** Member of the Supervisory Council of Building Materials Producers Association, Member of Talsi Entrepreneurship Club, Member of Saldus Business Society, Member of Supervisory Council of Saldus Region Entrepreneurs’ Advisory Board



Jegors Golubevs

SCHWENK Latvija Member of the Management Board
Director Materials

In the Company since 2006, in 2013, he joined the Management Board. Previously he has been the manager of cement production technology and project departments, as well as the concrete and aggregates production manager. Before that he gained experience in various production and mechanical engineering companies in Latvia. Holds a bachelor’s degree in mechanical engineering and a master’s degree in transport and logistics.

- > **The main focus in the context of sustainability:** environment, industry
- > **Representation of the Company in industry and business platforms:** Member of Latvia’s Ready-mix Union, Member of industry council in Latvian Chamber of Commerce and Industry (LCCI), Member of CPR Acquis Work Group for cement, building limes and other hydraulic binders.





Linda Šedlère

SCHWENK Latvija Member of the Management Board
Director Human Capital Management,
Communication, Health and Safety

In the Company since 2006, in 2013, she joined the Management Board. From 2016 – Director HCM and Administration, previously has worked also in concrete production and planning departments and held managerial positions in financial controllership and human resources. Has gained experience in various companies in the production and service sectors, as well as worked in the State Revenue Service. Holds a master’s degree in business administration. In 2022 she started the National social initiative Mission Zero, promoting health and safety awareness among employers in Latvia.

- **The main focus in the context of sustainability:** own workforce, workers in the value chain, communities, industry, governance
- **Representation of the Company in industry and business platforms:** Foreign Investor’s Council in Latvia, Member of Labor force and re-qualification work group, Initiator of national social initiative Mission Zero, Labor force work group leader in Saldus Business Society.



Evita Goša

SCHWENK Latvija Member of the Management Board
Director Environment and Legal

In the Company since 2008 and joined the Management Board in 2018. Before that she practiced business law in several leading law firms in Latvia. She has studied law in Estonia (bachelor’s studies in European Union law at Concordia International University Estonia) and Germany (master’s studies in business law at University of Mannheim).

- **The main focus in the context of sustainability:** governance, climate, environment, industry
- **Representation of the Company in industry and business platforms:** Foreign Investor’s Council in Latvia, Leader of Shadow Economy Combatting work group and member of Energy and Green Economy work group; Chairperson of the Supervisory Council of Transparency International Latvia; Chairperson of Swedish Chamber of Commerce in Latvia; the European Climate Pact Ambassador.



Piotr Klepak

SCHWENK Latvija Member of the Management Board
Director Cement Operations

Has extensive experience in the cement industry since 2003, working in various operational fields. From 2005 to 2007 was involved in a project team for the construction of the Broceni cement plant and worked in various positions until 2011. From 2011 to 2020 worked in cement production in the UK, then joined the SCHWENK Latvija team in 2020. Holds master’s degree in engineering from the University of Science and Technology in Krakow, Poland.

- **The main focus in the context of sustainability:** climate, industry



SUSTAINABILITY MANAGEMENT

Sustainability management forms the core of the Company’s strategy and is deeply integrated across all operations, business sectors, and organizational levels. Each sector's director bears accountability for defining, assessing, executing, and controlling sustainability-related targets.

Sustainability aspects are embedded within personal targets for all employees across the following organizational levels – executive, management, specialist, and expert – which collectively represent 31% of all employees.

In 2022, SCHWENK Latvia established a sustainability task force comprising 20 experts, managers and executives from relevant operational areas to advance towards compliance with the Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards (ESRS). The task force encompasses the following areas: procurement and production, commercial and trade, insourcing, supply and deliveries, environment, human capital, health and safety, communication and corporate social responsibility, governance, and compliance. In 2024, the task force continued developing the Company’s reporting practices by extending the ESG reporting scope and scale.

Committees and working groups with integrated sustainability aspect:

GENERAL INFORMATION		Environment and CO ₂ reduction	Health and safety committee	Energy efficiency committee	Sustainability	Process & Quality	Process and Product Technology	Integrated management	Transport and logistics	Ethics and Compliance	Carbon capture and storage / utilization	ESG risk management
	Number of participants	9	24	20	20	25	9	12	9	4	9	10
	Most senior management level included	CEO	CEO	Board Member	Board Member	CEO	CEO	Board Member	Board Member	CEO	CEO	CEO
	Meeting calendar	Bi-monthly	Bi-monthly	Monthly	Bi-monthly	Weekly	Daily	Annually	Bi-monthly	Upon need	Monthly	Quarterly
SUSTAINABILITY AREAS	Climate	X		X	X	X	X	X	X		X	X
	Environment		X	X	X	X	X	X			X	X
	Own workforce		X	X	X			X	X	X	X	X
	Workers in the value chain		X		X			X	X	X		X
	Communities		X		X			X				X
	Consumers and end-users		X		X	X	X	X	X		X	X
	Industry	X	X	X	X	X	X	X			X	X
	Governance	X	X		X			X	X	X	X	X



ETHICS AND COMPLIANCE

As a family-owned company operating for six generations we are confident that there is a direct correlation between high ethical standards, sound business principles and sustained growth and success. Our goal is to provide the highest quality building materials to customers while simultaneously reducing environmental impact and implementing responsible business practices throughout the value chain. SCHWENK Latvija operations comply with several industry standards and corporate policies, many of which are also applied throughout our supply chain.

The Company Management Board is directly responsible for implementing corporate governance in accordance with the highest standards and best practices. To ensure clear and transparent governance processes, SCHWENK Latvija has developed and maintains policies, procedures, instructions, and guidelines covering all operational areas. These are published on the Company’s internal information platforms and are available for all employees. Governance aspects are included in all Management Board meetings and management meetings held monthly.

SCHWENK Latvija operates in accordance with applicable laws and standards. Beyond this, the Company has defined numerous internal policies that establish higher requirements than external regulations.

SCHWENK Latvija has implemented and maintains integrated management system, including four certified management systems: Quality Management System ISO 9001:2015, Environmental Management System ISO 14001:2015, Occupational Safety and Health Management System ISO 45001:2018 and Energy Management System ISO 50001:2018 (Production and sales of cement). The Company maintains policies and procedures covering all operational areas. These are published on the Company’s internal information platforms and are available to all employees.



SCHWENK Latvija Management System Compliance Certificates



- > Quality Management System ISO 9001:2015
- > Environmental Management System ISO 14001:2015
- > Occupational Safety and Health Management System ISO 45001:2018



- > Energy Management System ISO 50001:2018 (Production and sales of cement)



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Governance


REPORTING SYSTEM AND WHISTLEBLOWING

SCHWENK Latvia implements a wide range of reporting mechanisms that encourage employees to report any risks and violations, as well as suggest improvements in various areas.

In 2007, the Company launched its Code of Ethics, which serves as our core policy – equivalent to a constitution for a country. It defines our values and principles across all aspects essential to ensuring highly responsible operations in accordance with applicable laws and ethical standards. The Code establishes principles for our professional collaborations and decision-making process, both internally and externally, helping to avoid failures, violations, and other negative consequences. The values and requirements of the Code of Ethics apply to both SCHWENK operations and our value chain. It serves as a roadmap that outlines the principles guiding daily work at SCHWENK. Over the years, it has helped to strengthen our responsible corporate culture, enhance responsibility at all levels and in cooperation with all stakeholders, and increase employees' sense of security.

Among other aspects, the Code of Ethics also defines the framework of the Company's internal reporting mechanism – an effective tool for ensuring fair working conditions and support in resolving ethical dilemmas and issues. Within this mechanism each employee or external party is encouraged to report potential unethical behavior or any violations of the Code of Ethics. All

SCHWENK
NORTHERN EUROPE
CODE
OF ETHICS



THE CODE OF ETHICS
IS PUBLICLY AVAILABLE
ON OUR WEBSITE:

<https://schwenk.lv/en/about-schwenk/ethics-compliance/>

reports are reviewed by the Ethics Committee, which consists of three permanent members and, when applicable, one or more ad hoc members. The permanent members of the Ethics Committee are the CEO and Directors of HCM and Legal areas. Other Directors may become ad hoc members of the Ethics Committee. The review of reports is carried out in a confidential, diligent, professional, objective, comprehensive, timely and lawful manner. No retaliation against a reporter is tolerated by the Company. Reports regarding potential breaches of the Code of Ethics by any Directors are reviewed by the CEO. Reports regarding potential breaches of the Code of Ethics by the CEO are sent to the Managing Director of SCHWENK Building Materials Group.

In addition to the aforementioned reporting mechanism, SCHWENK Latvia also supports the employees' right to report unlawful or unethical conduct by the Company or its employees through the whistleblowing mechanism in accordance with Whistleblowing Law.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

SCHWENK Latvia has a well-established process for risk and opportunity management, including enterprise risk and opportunity analysis and crisis management plan. The enterprise risk and opportunity agenda is coordinated by the Strategic Project Coordinator and updated at least annually through direct interviews with executives, managers, experts, and specialists, as well as based on socio-economic, geopolitical developments. The process includes identifying the top 10 – 12 risks and rating them by probability and impact, examined from a double materiality perspective, along with mitigation strategies. The Company also maintains a Crisis Management process, which is updated at least every two years – and lists main sites, responsible persons for crisis handling, procedural aspects, and external contacts. Major risk updates are discussed at monthly management meetings.

In 2023, SCHWENK Latvia extended the practice begun in 2022, focusing on ESG risk and opportunity management. To identify Company's negative and positive impacts, the first general external stakeholder dialogue was organized in Spring 2023. Its results

are reflected in the materiality matrix on page 27 of this report. In 2024, the Company organized another stakeholder dialogue, presenting its sustainability performance to various stakeholder groups. The Company also organized five targeted working groups with the goal of identifying main impacts, risks, and opportunities in the areas of environment and climate, own and contracted workforce, customers and end-users, industry and governance, and neighboring communities. The results of working group meetings were further analyzed by the Management Board, which decided on action steps for impact and risk mitigation.

In 2024, SCHWENK Latvia began further extending its risk and opportunity assessment to include main suppliers and subcontractors. The process started with educational meeting and dialogue, introducing supply chain members with Company's sustainability approach, targets, impacts and risks, as well as further sustainability reporting agenda. In 2024, the Company developed a questionnaire, covering a wide range of sustainability related questions. Supplier survey is scheduled for the second half of 2025.



STRATEGY AND VALUE CREATION

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BUSINESS STRATEGY AND OUTLOOK

SCHWENK is a family-owned company, that builds its strength on responsibility towards people and nature across generations, efficiency and high-quality building materials designed to last a lifetime.

Our **core market is Europe** – we focus our strength in the region and strive to provide high-quality solutions primarily for customers in Europe.

We unify our experience by combining our divisions for cement, concrete, sand & gravel, and pumps into one **vertically integrated value chain**.

With thoroughly assessed investment in research and development, our goal is to be an **innovation leader in the industry**. We collaborate with universities and science centers to develop future production and climate neutrality technologies, while constantly investing in our production sites to adopt the latest technologies, increase efficiency, and achieve climate goals.

We build and maintain **trustworthy and open relationships** with communities and stakeholders, placing great emphasis on human capital and motivated employees as core assets for growth.

VALUE CHAIN

Cement in Broceni is produced from primarily locally sourced raw materials – limestone, clay and sand. Only specific additives like iron oxide, slag, and opoka are imported from other European countries.

Cement clinker

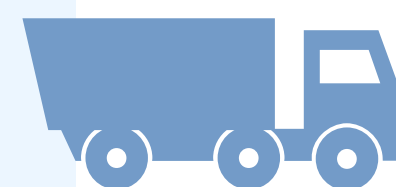


RAW MATERIALS:

The main raw material for cement production is limestone – extracted with responsibility and in accordance with the highest environmental standards at SCHWENK Latvija limestone quarry Kumas, located approximately 30 km from the cement plant. Clay, which comprises 15% of clinker composition, is extracted at SCHWENK Latvija clay quarry Caunes, located approximately 5 km from the cement plant. Sand and iron oxide are outsourced based on material availability, quality, and geography.

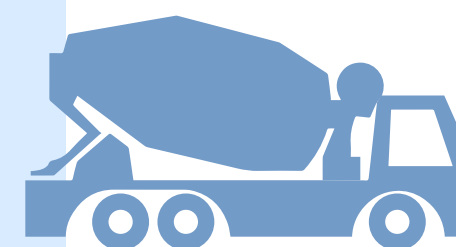
SOURCING:

SCHWENK Latvija works with approximately 1000 suppliers, of which over 70% are local. Nearly all sourcing is EU based, except in very rare situations, when products are available only in specific markets. For example, spare parts for tire shredder equipment and limestone quarry stacker are sourced from the United States of America. In 2023, only two suppliers were based in China. SCHWENK follows the highest procurement and sourcing practices in cooperation with all suppliers. All agreements include annexes defining compliance with high standards of human and labor rights, environmental protection, anti-bribery principles, fair business practices, and human safety. We place great emphasis on supplier evaluation, education, and development.



OPERATIONS:

The heart of cement production is the clinker kiln – 54 meters long with a diameter of 4,6 meters and temperatures of 1500 – 2000°C – where the mixture of limestone, clay, sand and iron oxide is burned to produce the main component of cement – clinker. After cooling, clinker is ground in cement mills together with specific additives based on cement type. A crucial part of clinker production is the use of alternative fuel (AF) as the main energy source for clinker kiln. More extensively use of AF is described on page 36. Ready-mix concrete is produced in three ready-mix plants in Riga and one in Madona, as well as one mobile plant used for production directly on construction sites. Mineral resources are extracted from six quarries, including cement raw materials and aggregates quarries.



DISTRIBUTION:

Our products are delivered to customers using approximately 217 vehicles – bulk cement cisterns, aggregate trucks, and ready-mix mixers. Our fleet also includes 10 ready-mix pumps for use at construction sites. In addition to truck deliveries, we also use railway transport to move cement from Broceni plant to sea-port terminal in Liepaja, as well as to customers in Riga and Daugavpils. For export to Sweden and Finland, we use maritime transport.

SALES:

SCHWENK Latvija cement is available to customers in Latvia, Estonia, Lithuania, Sweden, and Finland. In Latvia, we distribute both bulk and bagged cement. For bulk cement, the main markets are producers of cement-containing products and construction companies. Bagged cement is distributed through retail stores, with the main markets being individual users, small producers, and construction companies. Our limestone product SCHWENK Agro is sold directly to farmers. SCHWENK Latvija ready-mix concrete is available to customers in Latvia, primarily in the Riga region and Madona. The main market for aggregates is also domestic, with small amounts exported to Sweden and Finland.

CUSTOMER RELATIONS:

We maintain ongoing relationships with all B2B customers – producers, construction companies, retail stores, and farmers. Our access to individuals and businesses who have purchased cement in retail stores is restricted due to data protection regulations. Information about contacting SCHWENK, usage instructions, and safety regulations are available on all cement packaging. Customers are invited to contact SCHWENK Latvija also through various online platforms. All possible claims are managed in accordance with Company-defined procedures.



SUSTAINABILITY STRATEGY

SCHWENK Latvia stands for sustainable business practices throughout all aspects of our operations and the entire value chain. Our sustainability strategy is built on the concept of Mission Zero – zero harm to people, zero harm to the environment, and zero tolerance for corruption and non-compliance.



Based on the Company's and industry's specifics, as well as internal and external stakeholder perspectives, our sustainability priorities are divided into six directions, each having seven sub-directions:

CLIMATE

- C1** Reduction of CO₂ emissions from cement production
- C2** Reduction of CO₂ emissions in transport
- C3** Reduction of CO₂ emissions in the value chain
- C4** Carbon capture and storage infrastructure
- C5** Use of renewable energy
- C6** Promotion of energy efficiency
- C7** Use of alternative fuels and raw materials in cement production

ENVIRONMENT

- E1** Responsible extraction of natural resources
- E2** Responsible consumption of natural resources in production
- E3** Responsible water consumption in production
- E4** Zero waste production
- E5** Conservation of biodiversity and ecosystem (monitoring programmes, rehabilitation of natural resources, etc.)
- E6** Circular economy in the construction value chain
- E7** Pollution control and reduction

LOCAL COMMUNITY

- LC1** Company-related transport participation in traffic
- LC2** Direct impact of production on neighbours (environmental aspects, infrastructure)
- LC3** Support for implementation of community projects
- LC4** Support for specific community groups
- LC5** Participation in urban planning and improvements
- LC6** Volunteering (mentoring, practical support)
- LC7** Promoting dialogue with local communities

WORKFORCE

- W1** Attracting skilled labour and families to the region
- W2** Sustainable employment in the company (H&S, fair pay, human rights, etc.)
- W3** Sustainable employment in the value chain (H&S, fair pay, human rights, etc.)
- W4** Strengthening engineering capacity in primary educational institutions (schools)
- W5** Strengthening engineering education in secondary education (technical schools)
- W6** Strengthening engineering education in higher education (universities)
- W7** Strengthening social dialogue

INDUSTRY

- I1** Participation in combating the shadow economy
- I2** Participation in preventing environmental violations
- I3** Participation in establishing and applying unified national sustainability standards
- I4** Cooperation within the value chain in implementing sustainability principles/standards
- I5** Development of sustainable products and their integration into building materials standards
- I6** Promoting responsible consumption of building materials
- I7** Promoting the reuse of building materials

GOVERNANCE

- G1** Ensuring compliance in all activity directions (anti-corruption, competition law, licences, permits, emission controls, etc.)
- G2** Corporate culture, governance model and policies (Code of conduct, reporting/whistleblowing mechanisms, etc.)
- G3** Financial management (accounting, terms of payment, etc.)
- G4** Supplier management (conformity checks, cooperation conditions, uniform standards)
- G5** Identifying and measuring the impact of company, setting and fulfilling goals
- G6** Transparency, data-based integrated reporting and publishing
- G7** Management of the integrated management system



CONTRIBUTING TO UN SUSTAINABLE DEVELOPMENT GOALS

As a family company with deep roots and long-term vision of a better planet for our children, we recognize our responsibility to contribute to the UN Sustainable Development Goals. Through our daily operations, approach, and culture, as well as our sustainability agenda, we have prioritized seven SDG’s. The description below includes main initiatives, approaches, and activities towards each goal.



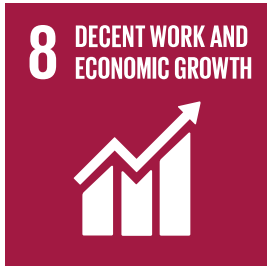
GOOD HEALTH AND WELL BEING

- Mission Zero – our goal is zero harm to human health and safety. To maintain this, extensive educational, culture-shaping, and continuous improvement programs are in place. In 2022, SCHWENK Latvija initiated a national level social initiative called Mission Zero, joining with other employers to work jointly towards improving health and safety for people employed across the country and various industries.
- Our approach to health and safety maintains the same high standards for both employees and subcontractors, including requirements for personal and group protective equipment, education and training for daily work, additional information campaigns, and engaging activities for general physical and mental health aspects, as well as family health.
- We maintain risk assessment and continuous improvement systems for employee feedback and risk identification.



RESPONSIBLE CONSUMPTION AND PRODUCTION

- Developed processes for enhancing circular economy through closed production cycle in the cement plant.
- Responsible and high standard operations.
- New product development for sustainable construction.
- Continuous development of production personnel, experience sharing, and education of external stakeholders.
- Responsible raw material extraction, sourcing, and usage.
- Ongoing quality assurance for all raw materials, fuel, and products.



DECENT WORK AND ECONOMIC GROWTH

- Extensive programs and investment in employee wellbeing and a safe work environment.
- Support for strong local communities through projects that enhance education, self-respect, economic growth, collaboration, and inclusiveness.
- Projects to support those in need and encourage voluntary work, peer-to-peer support programs.
- Voluntary work and social investment contributing to the economic growth of local communities.
- Programs and initiatives to improve the employment environment in Latvia.



CLIMATE ACTION

- Ambitious roadmap towards climate neutrality by 2030, with major investments, R&D, and ongoing improvements to achieve annual CO₂ emission decreases.
- Participation in projects for future technologies, such as testing carbon capture.
- Research towards a wider range of alternative raw materials.
- Alternative fuel as the main fuel in cement production, with investment and R&D to increase the ratio of use.
- Energy efficiency initiatives and investment.
- Experience sharing with various stakeholders.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Ongoing investment and innovation programs for reaching climate goals and achieving zero pollution.
- Engagement in R&D partnerships for sustainable innovations in technology, infrastructure, and products.
- Active involvement in developing technologies for carbon capture and storage (CCS) / carbon capture and utilization (CCU).



LIFE ON LAND

- Quarry rehabilitation and biodiversity programs.
- Engagement with stakeholders for future quarry rehabilitation initiatives.
- Participation in nationally significant environmental projects, such as cleaning the Incukalns acid tar goudron ponds.



PARTNERSHIPS FOR THE GOALS

- Education and support for young engineers and technicians, including scholarships.
- Collaboration with industry partners and STEM education institutions – universities and technical schools.
- Support to scientific and technical creative work.
- Contribution to sector development at national and regional levels, including fighting the shadow economy.
- Public advocacy for improving industry ethical and compliance standards.



STAKEHOLDER ENGAGEMENT

Relationships and open dialogues with internal and external stakeholders are important parts of our culture and daily operations. We do everything necessary to develop sustainable and open dialogue and collaboration among employees, with our neighbors, local communities, industry partners, suppliers, municipalities, and state institutions. We stand for honorable, honest and equal collaboration among all involved parties.

Our stakeholders & how we engage

Stakeholder groups		EMPLOYEES	CUSTOMER AND PARTNERS	NEIGHBORING COMMUNITIES	LEGISLATORS AND STATE INSTITUTIONS	MUNICIPALITIES	NGOS
Collaboration directions		<ul style="list-style-type: none">• Health & safety• Ethics, human and labor rights• Professional development• Training and education• Engagement• Dialogue and feedback	<ul style="list-style-type: none">• Human health and safety• Climate action• Product quality and safety• Responsible consumption• Product development	<ul style="list-style-type: none">• Direct impacts from Company operations, including transportation• Support for community wellbeing• Strengthening STEM education• Health and safety	<ul style="list-style-type: none">• National standards for sustainability, climate action, and fair market conditions• Combatting shadow economy, corruption and environmental violations• Development of infrastructure• Workforce and education• Taxation• Competitiveness in export markets• Circular economy• Waste management	<ul style="list-style-type: none">• Workforce and education• Environment protection• Infrastructure• Social investment	<ul style="list-style-type: none">• Sustainability• Raising industry, overall employment, and production standards in Latvia• Environment protection and climate action
	Ways of engagement	<ul style="list-style-type: none">• Bi-annual online and on-site open dialogues for all• Regular open dialogues for each business direction• An engagement survey once every two years• Activities and events• Engaging employees in content creation, joint initiatives and voluntary work• Online and offline systems for expressing opinions, whistleblowing, and suggesting LEAN, H&S and other improvements• WhatsApp group including all employees, monthly newsletters, digital screens in all locations, and quarterly print magazines• Ongoing collaboration with the trade union• Ongoing development activities• An extensive bonus system and a wide range of collective agreement benefits	<ul style="list-style-type: none">• Surveys• System for claim management• Quarterly events for various customer groups• Online and offline educational events and initiatives regarding health and safety, sustainability, and business ethics, among others• Joint initiatives and projects	<ul style="list-style-type: none">• Stakeholder dialogues• Community support projects• Community engagement in Companies events and activities• Events and visits to Company locations• Scholarships for engineering and technical studies• Voluntary work• Material donations• Educational projects	<ul style="list-style-type: none">• Active participation in industry associations and expert groups• Direct engagement of experts in specific advisory and working groups• Maintaining open dialogue• Experience sharing events and activities, visits to the plant	<ul style="list-style-type: none">• Open dialogues and on-going interaction• Visits and meetings in Company locations• Support and cooperation for community projects and municipality institutions	<ul style="list-style-type: none">• Dialogue on issues important for the whole sector• Memberships in business and trade organizations• Active engagement in corporate governance, and the ESG agenda in Latvia• Experience sharing, education, and growth



IMPACTS, RISKS AND OPPORTUNITIES

ENTERPRISE RISKS

The Company risk and opportunity agenda includes five main directions, and these are covered and analyzed in the Enterprise Risk Management and Crisis Management Plan and Guidelines.



LABOR FORCE CHALLENGES

Due to various developments in the education and industry sectors in Latvia over the last couple of decades, there is a significant lack of engineers and highly skilled technical workforce, especially in regional areas. The cause is rooted in the primary and secondary educational system and the lack of STEM teachers; therefore, we actively engage in promoting and supporting technical and engineering science education among schoolchildren and young adults.



ROAD INFRASTRUCTURE

Road infrastructure is widely used for ensuring inbound and outbound material flows. The conditions of state and municipal roads have a strong effect on safe logistical processes, with the least possible impact on neighboring communities.



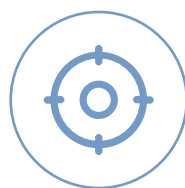
ELECTRICITY AND FUEL COSTS

High electricity costs in Latvia compared to other EU countries negatively affect competitiveness in export markets.



SHADOW ECONOMY AND UNFAIR COMPETITION

Building materials production, and specifically quarrying, should be treated with great care and responsibility towards nature. For each of the SCHWENK Latvija quarries, we have a rehabilitation plan in place. The proportion of shadow economy in Latvia's concrete and aggregates markets reaches 30% and that poses a great risk for all the companies working in accordance with all local and European legal acts and standards.



WAR EFFECTS

After the beginning of Russia's full-scale invasion of Ukraine, companies in Latvia, along with other companies based in the EU, faced significant challenges due to skyrocketing costs of fuel and electricity, as well as effects from globally disrupted supply chains. A negative impact is also felt through a decrease in private investment in construction projects.



HEALTH & SAFETY

Industrial production is a high-risk industry and requires strong and extensive health & safety measures. Accidents or violations of H&S measures pose risks to human life, the environment, and operational continuity.



SLOW DEVELOPMENT OF CIRCULAR ECONOMY AND WASTE MANAGEMENT

Almost 100% of the fuels used in the SCHWENK Latvija Broceni cement plant's clinker kiln are alternatives – solid recovered fuel, used tyres, and neutralized polluted soil. The poor availability of high-quality fuel in Latvia and poor habits of waste sorting negatively affect sourcing, availability and stability of local material. In a broader context – due to increasing demand for alternative fuel in Europe, new challenges regarding the availability of high-quality fuel emerge.



About the Report

Message from the CEO

Company Overview

Governance

Strategy and Value Creation

Sustainability Performance in 2024:

Climate

Environment

People – Own and Contracted Workforce

Impact on Local Communities

Consumers and End Users

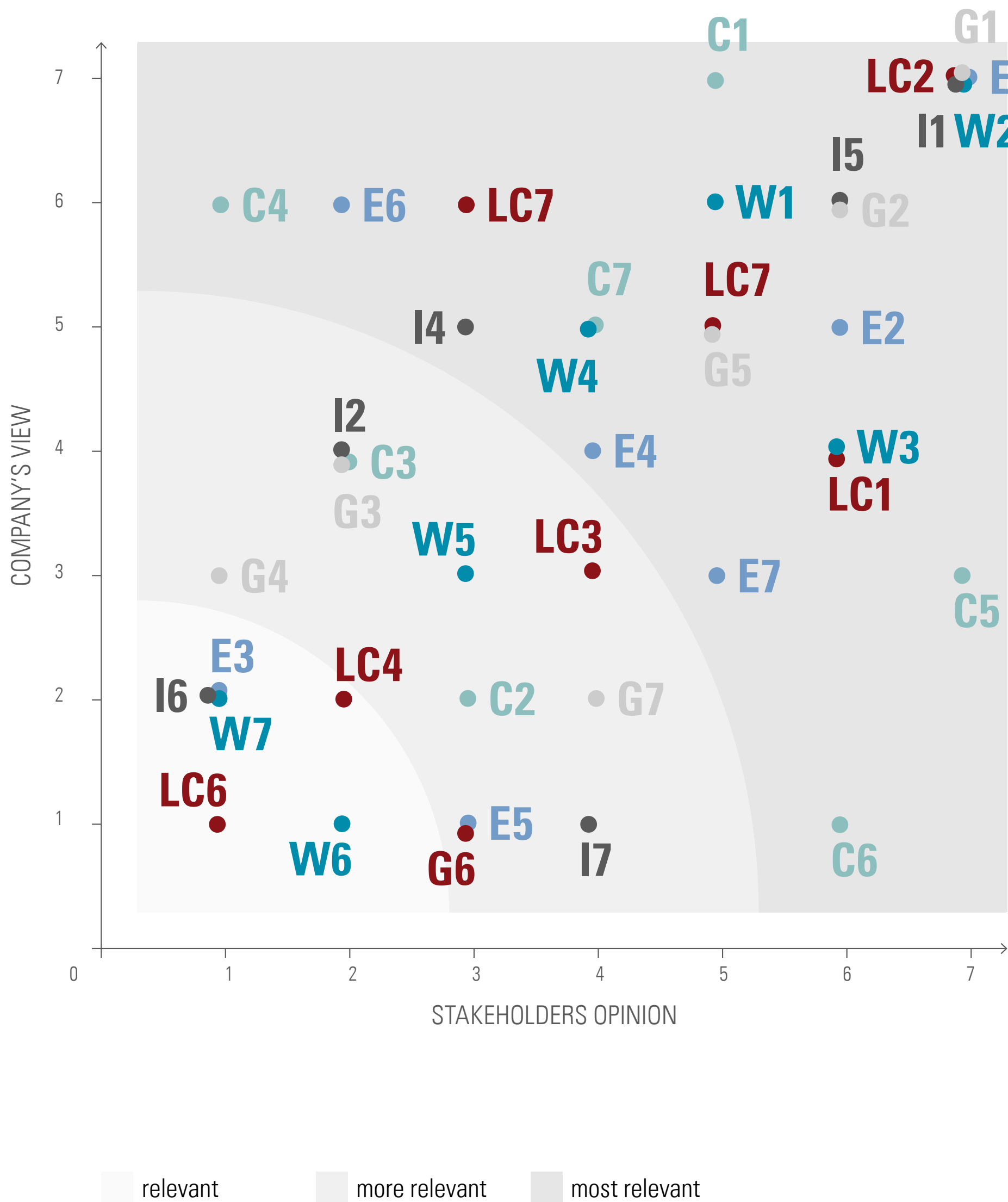
Industry and Supply Chain

Governance

MATERIALITY MATRIX

The materiality matrix is the result of a holistic analysis of sustainability issues, risks and opportunities in the context of industry, Company operations and impacts, stakeholder views and priorities. Relevant sustainability areas, risks and opportunities have been defined and rated through online and on-site surveys and discussions.

In April 2023, SCHWENK Latvija organized its first on-site stakeholder dialogue for external and internal stakeholders. Approximately 50 people from all stakeholder groups first participated in ranking the Company’s defined sustainability directions by importance according to each stakeholder’s specifics, then discussed in working groups the Company’s performance and opportunities in the most important sustainability areas.



- CLIMATE**
 - C1 Reduction of CO₂ emissions from cement production
 - C2 Reduction of CO₂ emissions in transport
 - C3 Reduction of CO₂ emissions in the value chain
 - C4 Carbon capture and storage infrastructure
 - C5 Use of renewable energy
 - C6 Promotion of energy efficiency
 - C7 Use of alternative fuels and raw materials in cement production
- ENVIRONMENT**
 - E1 Responsible extraction of natural resources
 - E2 Responsible consumption of natural resources in production
 - E3 Responsible water consumption in production
 - E4 Zero waste production
 - E5 Conservation of biodiversity and ecosystems (monitoring programmes, restoration of natural resources, etc.)
 - E6 Circular economy in the construction value chain
 - E7 Pollution control and reduction
- WORKFORCE**
 - W1 Attracting skilled labour and families to the region
 - W2 Sustainable employment in the Company (H&S, fair pay, human rights, etc.)
 - W3 Sustainable employment in the value chain (H&S, fair pay, human rights, etc.)
 - W4 Strengthening of engineering capacity in primary educational institutions (schools)
 - W5 Strengthening of engineering education in secondary education (technical schools)
 - W6 Strengthening engineering education in higher education (universities)
 - W7 Strengthening social dialogue
- LOCAL COMMUNITY**
 - LC1 Company-related transport participation in traffic
 - LC2 Direct impact of production on neighbours (environmental aspects, infrastructure)
 - LC3 Support for implementation of community projects
 - LC4 Support for certain community groups
 - LC5 Participation in urban planning and improvements
 - LC6 Volunteering (mentoring, practical support)
 - LC7 Promoting dialogue with local communities
- INDUSTRY**
 - I1 Participation in combating the shadow economy
 - I2 Participation in the prevention of environmental violations
 - I3 Participation in the establishment and application of unified national sustainability standards
 - I4 Cooperation within the value chain in implementing sustainability principles/standards
 - I5 Development of sustainable products and their integration into building materials standards
 - I6 Promoting responsible consumption of building materials
 - I7 Promoting the re-use of building materials
- GOVERNANCE**
 - G1 Ensuring compliance in all directions of activity (anti-corruption, competition law, licences, permits, emission controls, etc.)
 - G2 Corporate culture, governance model and policies (Code of conduct, reporting/whistleblowing mechanisms, etc.)
 - G3 Financial management (accounting, terms of payment, etc.)
 - G4 Supplier management (conformity checks, cooperation conditions, uniform standards)
 - G5 Identifying and measuring the impact of the Company, setting and fulfilling the goals
 - G6 Transparency, data-based integrated reporting and publishing
 - G7 Management of the integrated management system



ESG RISKS AND OPPORTUNITIES

Along with the external stakeholder dialogue, SCHWENK Latvija organized five targeted working groups with internal experts to identify main impacts, risks and opportunities in the areas of environment and climate, own and contracted workforce, customers and end-users, industry and governance, and neighboring communities. The results of working group meetings were further analyzed by the Management Board, which decided on action steps for impact and risk mitigation.

ESG risks

1. CLIMATE RELATED RISKS

Risk type	Timeframe	Description	Potential financial impacts	Mitigation and management
Transition risks				
Policy & legal				
Inconsistent and changing regulatory framework of green transition	Short-medium term	Changing and unstable political environment and regulatory framework will increase challenges for enterprises to plan long-term investment for green transition	Increased costs, decreased income due to losing competitiveness, non-compliance	Ongoing monitoring of regulatory framework developments, active engagement in elaboration of legal framework
Inconsistent adaption of green transition regulation into Latvian market	Short-medium term	Inefficient application of EU regulatory framework at the national level will negatively affect competitiveness of companies operating in Latvia	Increased costs, decreased income due to losing competitiveness, non-compliance	Ongoing monitoring of regulatory framework developments, active engagement in adaption of EU law and elaboration of local legal framework
Inefficient implementation of CBAM	Short-medium term	Ensuring level playing field for third country and EU enterprises is crucial for reduction of global emissions and economic viability of EU	Decreased income and carbon leakage	Close monitoring of efficient control procedures
Technology				
Adaption of technologies for carbon capture, transportation, storage and utilization	Medium – long term	Decarbonization of cement production is possible mainly through carbon capture at cement plants and further value chain. Development of these technologies involve many stakeholders, is investment and knowledge intensive, requires strategic long-term planning approach and adapted regulatory framework	Large-scale investment	Early planning, consistent and continuous research, implementation and development of new technologies and work methods
Technological advancement of human capital	Short – medium term	Succesful implementation of new technologies is to a great extent dependent on human competences, knowledge and technological capabilities	Education and training programs, infrastructure and equipment, technologies	Early planning, continuous development, adoption of new work methods, knowledge transfer



Risk type	Timeframe	Description	Potential financial impacts	Mitigation and management
Market risks				
Customers' resistance & technical challenges towards transition to sustainable products	Short – medium term	Transition to more supplementary cementitious materials in cement affects the whole outbound value chain and end-products	R&D costs, decreased income, claim management	Investment to adapt new cement types into the market with technological and technical support, education
Supply chain resistance and practical challenges towards transition to more sustainable business and green economy	Short – medium term	Holistic transformation of business practices and transparency in supply chain is important for efficient integration of sustainability practices	Increased costs for supplies, non-compliance	Education, data collection and control mechanisms, supplier diversification
Insufficient availability of supplementary cementitious materials and alternative fuels	Short – medium term	SCMs and alternative fuels are important part of reducing impact on climate from cement production; development of green economy will affect their availability in EU	Research and tests of new materials, investment to introduce them into production, storages	Constant research & development, new technology adaption
Reputation risks				
Lack of awareness among stakeholders about importance of transition to green economy	Short – medium term	Transition to green economy involves new infrastructure, large-scale investment, new knowledge and skills; as in any sizeable change, it is important to engage all stakeholders in the process, educate and implement timely and open communication	Decreased income, increasing investment in stakeholder relations	Open and constant stakeholder dialogue and engagement, education and awareness rising, change management
Challenges to provide smooth transition process to green economy for customers	Short – medium term	Development of new products includes tests and mistakes in the process; it is crucial to mitigate any potential negative impact on customers	Decreased income, increased R&D costs, claim management	Active collaboration with customers in adoption of new products, technical and technological support
Physical risks				
Acute risks				
Increased severity and frequency of extreme weather conditions (wind, hail, flood, extreme temperature changes within 24h)	Short-medium term	These conditions directly affect work environment conditions, increase health and safety, as well as fire safety risks for people and environment	Preventive measures, adjustments and crisis management	Extension of risk management, organizational and infrastructural changes, additional equipment.
Chronic risks				
Sustained higher temperatures	Medium – long term	Rapidly increasing temperatures affect human health and working capacity, poses heating and fire safety risks in operations	Increased costs to adapt to new circumstances and minimize negative impact, changes in organizational and operational processes	Close monitoring and measurements, early planning and adjustments
Spread of invasive species and bacteria	Medium – long term	More frequent and severe spread of unknown diseases and migration of invasive species will negatively affect human health and safety, operational efficiency and economic viability	Preventive measures, adjustments and crisis management	Close monitoring and measurements, early planning and adjustments



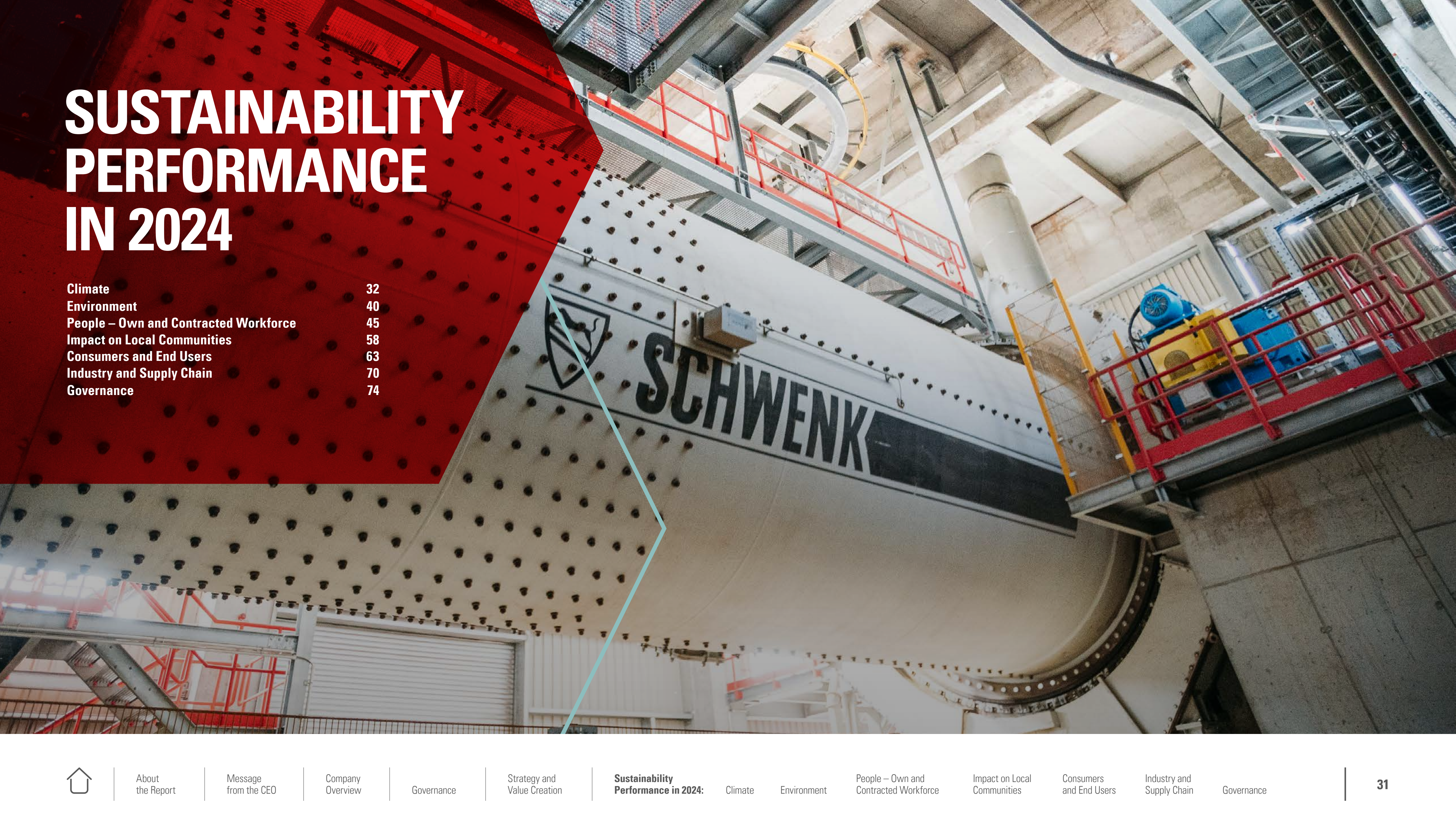
2. SOCIAL RISKS

Risk type	Timeframe	Description	Potential financial impacts	Mitigation and management
Human rights and employment standards over the value chain	Ongoing	Maintaining highest human rights and employment standards is an ongoing task and requires close attention	Ongoing investment to maintain the standards	Constant investment in employee programs, work environment, governance, etc.
Health and safety risks in operations	Ongoing	Production environment poses increased physical and psychological health and safety risk to people; unknown future impacts from new materials, technologies and external environment require even more closer monitoring, early adjustments and prevention	Preventive measures, education, crisis management	Holistic approach to ensuring high standard of health and safety, ongoing education, development and support programs.
Shortage of future workforce in the region	Short – medium term	Decreasing population in Latvia, lack of national immigration policy and uneven spread of inhabitants among regions, as well as undeveloped STEM education increase the risk of employee shortage	Increased human capital costs	Maintaining high standard of employment, ensuring supportive measures for employee education and development
Lack of STEM education capacity nationwide and in the region	Short – medium term	Cement production requires specific technical and technological skills and knowledge; long-term challenges in science education in Latvia put great pressure on companies in need for STEM professionals	Increased human capital costs	Close collaboration with educational sector, employee education and training, attracting highly qualified foreign experts

3. GOVERNANCE RISKS

Risk type	Timeframe	Description	Potential financial impacts	Mitigation and management
Challenges to comply with increasing requirements	Short – medium term	Dynamics of green transition, uncertainties in development of regulatory framework and complexity of adapting future technologies put great pressure on companies	Large-scale investment in uncertain environment and changing requirements	Ongoing monitoring of regulatory framework developments, active engagement in elaboration of legal framework
Non-compliance in supply chain	Short – medium term	Lack of awareness, Companies' scale and abilities affect capacity to invest in transition to green economy and sustainable business practices	Increased sourcing costs, non-compliance, education and awareness raising	Close monitoring and control, awareness raising and education, practical support





SUSTAINABILITY PERFORMANCE IN 2024

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SUSTAINABILITY PERFORMANCE IN 2024: **CLIMATE**



GENERAL OVERVIEW

Cement production is one of the most emission-intensive industries in the world. According to the latest (year 2022) data², approximately 7% of Latvia’s CO₂ emissions come from cement production. Therefore, reduction of climate impact and CO₂ emissions is among our top priorities.

In the cement production process, there are two main drivers of CO₂ emissions – fuel-determined emissions and raw material determined emissions. The fuel-based emissions constitute one-third of the emissions and emerge from using fossil and alternative fuel in the kiln. Two-thirds of CO₂ emissions are raw material-determined. They are bound in limestone and are released during burning processes. While SCHWENK Latvija has achieved almost 100% alternative fuel rate, thus annually improving its performance in reducing the fuel-based emission rate, reducing other two-thirds is a very complicated and challenging task, as limestone is still one of the core materials used in cement.

SCHWENK Latvija’s cement plant in Broceni is one of the modern industry examples in Europe where 97% of the fuel used in 2023 is alternative. Its use significantly reduces CO₂ emissions and contributes to enhancing the principles of the circular economy. 1500°C-2000°C temperature in the kiln prevents any waste and harmful emissions from going into the environment and air. All emissions from the main stack are monitored online – showing

real-time emission results for 11 parameters. Thus, data is available to relevant controlling institutions, municipalities, and other stakeholders.

SCHWENK Latvija implements a wide program of activities to reduce consumption of non-renewable natural resources and decrease environmental impact. We perform constant improvements to processes and technologies, heat and modernize buildings, increase the efficiency of logistics and use of alternative fuel. We put great emphasis on the implementation of circular economy principles in all production areas and restoration of biodiversity around our quarries.

In 2023, SCHWENK Latvija reviewed its KPI lists in accordance with ESRS standards and extended data collection under Scope 2 and launched the system for data collection under Scope 3 emissions. First steps in data collection from upstream and downstream value chain included CO₂ emissions from main suppliers of fuel and raw materials, as well as from employees’ commuting and business travel. SCHWENK Latvija emphasizes measuring its climate and environmental impact by gathering a wide range of data and reporting in accordance with international guidelines. Measuring the Company’s direct CO₂ emissions under Scope 1 and 2 is already a well-established practice. In 2024, SCHWENK Latvija extended Scope 3 greenhouse gas emissions (GHG) accounting, including used raw materials, additives from ready-mix plants and capital goods under Scope 3 category 2.

² National greenhouse gas emissions inventerization by State Limited Liability Company Latvian Environment, Geology and Meteorology Centre, 2024

Where does CO₂ originate within our production process?



1/3

FUEL DETERMINED EMISSIONS

The fuel-based emissions constitute 1/3 of the emissions. They emerge through the use of fossil and alternative fuel in rotary kiln.

2/3



RAW MATERIAL DETERMINED emissions

2/3 of the CO₂ emissions in clinker production are raw material determined. They are bound in limestone and released during burning processes: $\text{CaCO}_2 \rightarrow \text{CaO} + \text{CO}_2$



MAIN PROJECTS IN 2024

CARBON CAPTURE DEVELOPMENT IN BROCENI CEMENT PLANT

After extensive feasibility studies and comparisons of potentially available carbon capture technologies carried out under the guidance of various international experts, in 2024, SCHWENK Latvija signed an agreement with Norwegian enterprise Capsol Technologies ASA for the implementation of a carbon capture demonstration campaign at the Broceni cement plant in 2025. The chosen approach – Hot Potassium Carbonate (HPC) technology was found to be the most suitable. It captures CO₂ in one of the production steps without changing the cement production technology and the main process, and therefore without affecting the properties, technical parameters and quality of the product. Compared to other technologies available worldwide, it has a comparably low electricity consumption combined with good CO₂ capture capacity. The test plant with CapsolGo HPC technology from Capsol Technologies, Norway, will be commissioned and operational in the second quarter of 2025. The purpose of the test phase is to verify the suitability of the technology in real-life conditions, analyse the operational specificities, and the impact on other processes. Based on the gathered information and feasibility studies, the final investment decision is planned to be made in 2027, with full-scale carbon capture at the Broceni cement plant starting around 2030. It will capture around 800 000 tonnes of CO₂ annually.

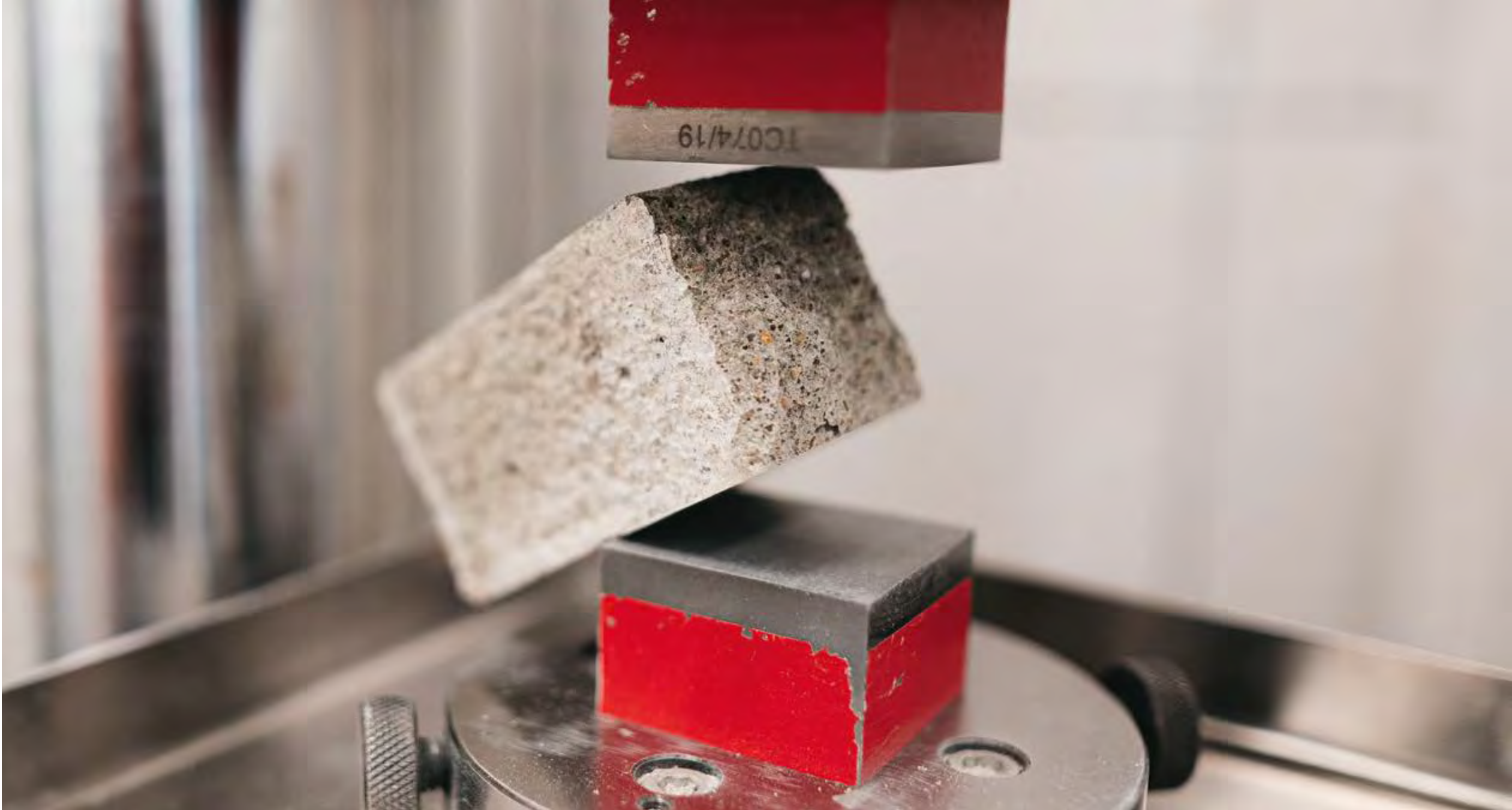
In 2024, the CCS Baltic Consortium, where SCHWENK partners with Akmenēs cementas AB, KN Energies AB, Larvik Shipping AS and Mitsui O.S.K. Lines, Ltd. for development of future carbon management value chain received a PCI (Project of Common Interest) status from the European Commission. It recognizes this joint initiative as an important cross-border infrastructure project.

FURTHER DEVELOPMENT TOWARDS EXTENDING THE USE OF SOLAR ENERGY IN CEMENT PLANT

In 2023, SCHWENK Latvija started to use solar energy in cement plant in Broceni from one of the biggest industrial solar parks in Latvia, developed by PV Power, a joint venture of energy group AJ Power, BaltCap Infrastructure Fund and alternative investment fund manager AJP Capital. With a total panel capacity of more than 6.3 MW, it generates more than 5.500 MWh of green electricity annually, which is fully used by SCHWENK Latvija for self-consumption. Along with this, SCHWENK Latvija also works on the construction of another solar park with similar capacity in the territory of Broceni cement plant. Its commissioning is planned in H2 2025. The project is co-funded from the energy efficiency and RES support programme (part of the Recovery and Resilience Facility) by the State JSC Development Finance Institution ALTUM, support activity No. 1.2.1.2.i.1³.

DEVELOPMENT OF NEW CEMENT TYPES

In the first half of 2024, SCHWENK Latvija launched two new cement types – CEM II/B-M (S-LL) 52.5 N and CEM II/B-M (P-LL) 42.5 N under the name ECO₂ CEMENT. The introduction of new types of cement is part of our roadmap for reducing CO₂ emissions – step by step we reduce the proportion of clinker in cement, or the clinker factor, which also reduces our impact on the climate and the environment. The clinker factor of the new types is 72%, which is significantly less than that of other cement types.



GROUNDBREAKING FOR TWO MAJOR CONSTRUCTION PROJECTS WITHIN THE FURTHER CLINKER REDUCTION ROADMAP

In 2024, SCHWENK Latvija commissioned a new raw-materials warehouse with a total area of 3600 m², three compartments and a total storage capacity of 18 000 m³. It significantly extends the opportunity to store and ensure the passive drying process of a greater variety of supplementary cementitious materials (SCM). Along with that, two new silos are built in the Broceni cement for plant to support clinker reduction goals – one for storage of supplementary cementitious materials, and another for storage of new cement types.

The cement silo will be equipped with a mixing plant to extend the variety of cement types with a decreased clinker factor. The silo will have seven chambers with a total capacity of 9597 m³.

The SCM silo will have four chambers with a total capacity of 4400 m³, it will be connected to the raw material mill and will enable the grinding of, for example, pure limestone to be used in the production of cement. Commissioning of both silos is planned for the end of 2026.

INSTALLATION OF A CALCIUM HYDROXIDE INJECTION SYSTEM IN CEMENT PLANT

To further reduce sulfur (SO₂) and chloride (HCl) emissions from clinker production, in 2024, SCHWENK Latvija commissioned a new calcium hydroxide injection system (Ca(OH)₂) in the Broceni cement plant, based on the best available techniques (BAT). Calcium hydroxide works as an absorber of sulfur and chloride emissions and returns them back to the production process.

3 <https://www.esfondi.lv/pieejjama-is-atbalsts/1-2-1-2-i-1-energoefektivitates-paaugstinasana-uznemejdarbiba-ietverot-pareju-uz-atjaunojamo-energoresursu-tehnologiju-izmantosanu-siltumapgade>



CO₂ REDUCTION IN PRODUCTION PROCESS

Investments in construction and the best available technology and constant improvement of processes over the last 15 years have helped us reduce the amount of emissions by approximately 37% or 403 kg per ton of clinker. SCHWENK Latvija is already one of the industry leaders in the reduction of the CO₂ footprint, and it is also one of the most important investment targets. SCHWENK Latvija is a part of the EU Emissions Trading System (EU ETS).

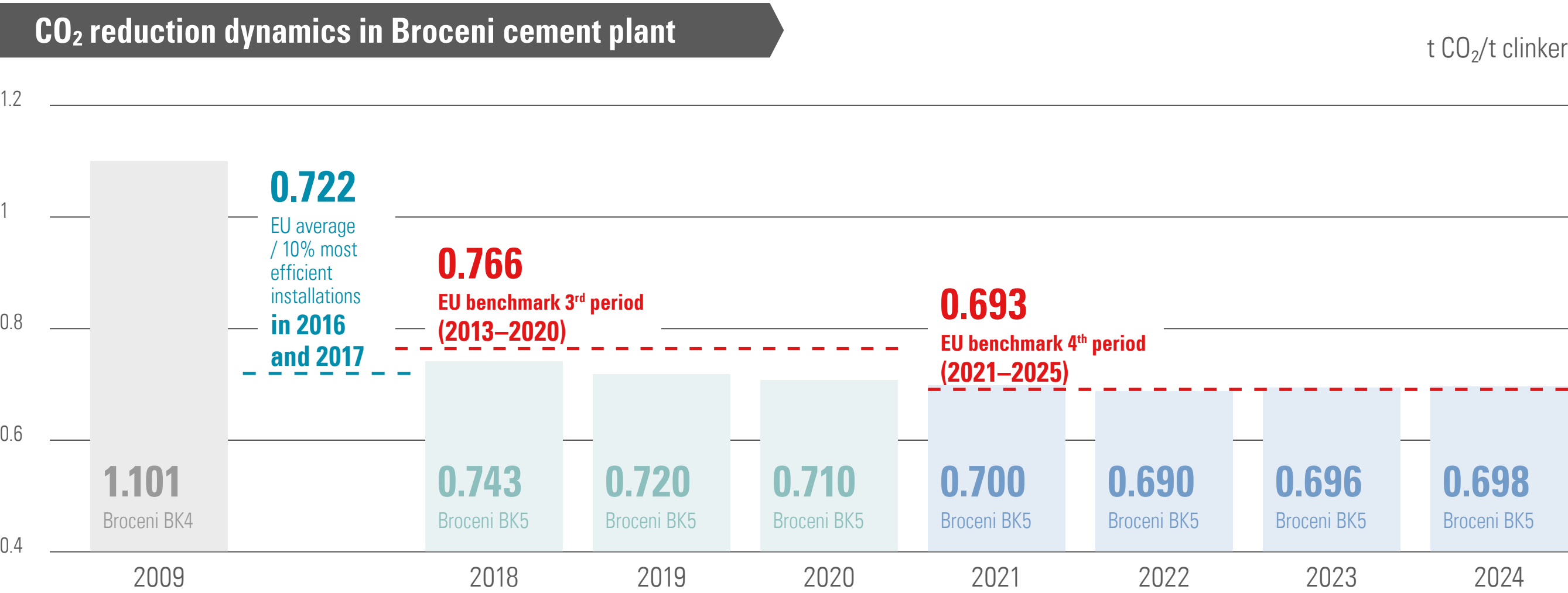
In 2024, CO₂ emissions from clinker production slightly increased, reaching 0.698 t CO₂ per ton of clinker in comparison to 0.696 t CO₂ per ton of clinker in 2023. The main reason for this is the

lower biomass rate in alternative fuel mix used in clinker kiln. This is caused by improvements in waste sorting in the region, thus providing alternative fuel with less biogenic additives as well as production of specific cement type used in big infrastructure projects. With this performance, the Broceni cement plant still rates among Europe's top 10% of the most efficient installations, based on the latest officially available data.

Calculations of Scope 1 CO₂ emissions are based on product quality certificates from suppliers, which provide information about biomass content in each fuel type, and emission factors published by the Latvian Environment, Geology and Meteorology

Centre (LVGMC), defined in local legislation and published in the open European data base DEFRA.

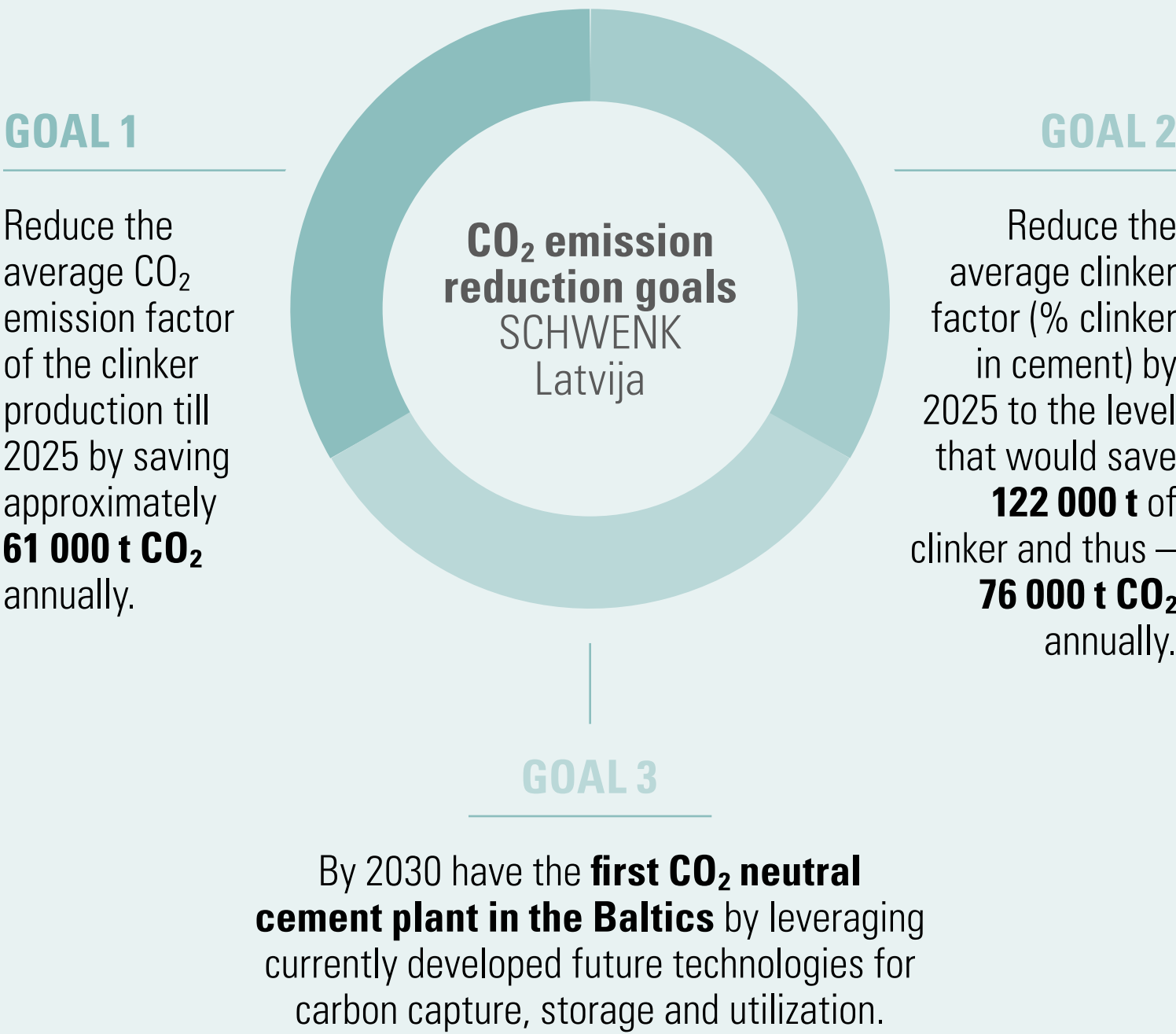
SCHWENK Latvija's Scope 1 emissions include all fuels used in the clinker kiln, internal transportation and equipment, refrigerants, alternative fuel and material deliveries to production locations, and product deliveries to customers. As the most significant impact comes from clinker production and CO₂ emissions from it are part of the EU ETS, the Company has set targets for CO₂ emission reduction in this process. From all SCOPE 1 CO₂ emissions, the rate of non-ETS emissions in 2024 was a rate of 0.001 t CO₂ / t of clinker and 0.0009 t CO₂ / t of cement.



TOWARDS CLIMATE NEUTRALITY – CO₂ REDUCTION ROADMAP

In 2019, right after the European Commission launched its ambitious strategy, the Green Deal, the SCHWENK Group launched its own CO₂ reduction roadmap. By fully supporting European climate goals, we have set and started to implement three climate goals also at the Broceni cement plant.

In 2020, SCHWENK Group and SCHWENK Latvija established a CO₂ sounding board – forum of internal experts for ensuring implementation of targeted and strategic actions towards climate neutrality.



GOAL 1:
INCREASED USAGE OF ALTERNATIVE FUEL

In the production of cement, the limestone is heated in a rotary kiln up to 1500°C-2000°C, and these high temperatures can be obtained only by using appropriate fuel. Until the early 1990s, fuels like coal, heavy oil, or gas were exclusively applied. To protect non-renewable resources and reduce CO₂ emissions, SCHWENK is replacing fossil fuels almost entirely with alternative fuels, without affecting cement quality or the environment.

The Broceni cement plant was launched for operation in 2010 and was specifically built for the use of alternative fuel. All fuel is regularly and strictly controlled before it is used in the

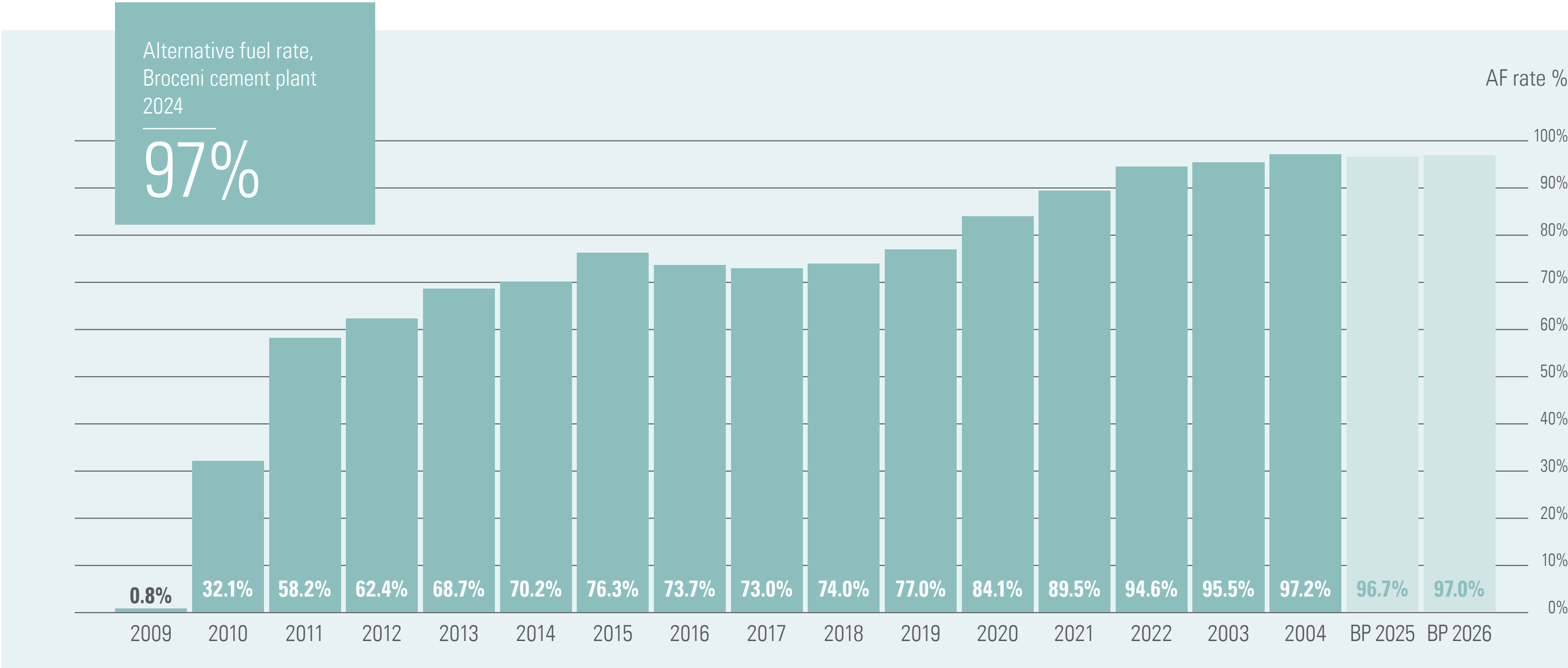
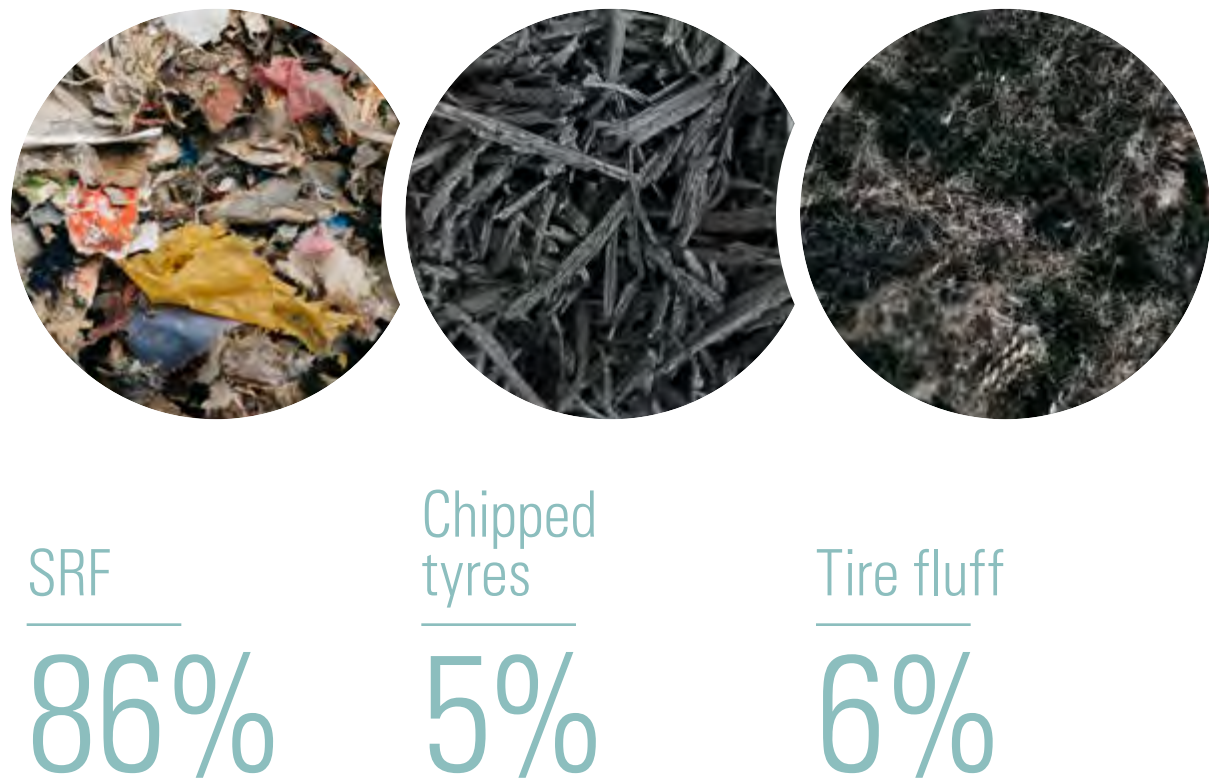
SCHWENK Latvija plant. Suppliers perform a full chemical analysis of materials in an independent, accredited laboratory and submit the test results to SCHWENK Latvija before deliveries of these materials. Additionally, tests are also performed in our laboratory for each shipment delivered to the Broceni plant. The use of alternative fuel is supervised and controlled by the operating console and laboratory; the fuel is stored in modern storage facilities, and ashes produced during the burning process are used in the production of clinker. In 2024, 3570 laboratory tests were performed on alternative fuel used in cement production.

In 2024, the alternative fuel rate reached 97% of all fuel used in clinker production, which is 1% more than in 2023. Although this seems like a small step, in the cement industry, this is a significant improvement associated with huge investment and planning. In 2024, the alternative fuel used in the plant was specially treated and prepared household and industrial waste (SRF), chipped tyres and tyre fluff. Of all alternative fuels, 40% were locally sourced, which is 10% more than in 2023 and 20% more than in 2022. Extending the usage of alternative fuel produced in Latvia is our priority, and the last two years have demonstrated significant improvement. This has been possible

due to increased SRF production capacities in Latvia. After the use of alternative fuel in the cement plant, zero amounts of any kind of waste go into the environment – the production technology ensures that all ash from the kiln becomes part of clinker and later cement.

SCHWENK Latvija constantly performs laboratory tests for new types of alternative fuel to evaluate opportunities for fuel mix development. In 2024, laboratory tests were performed for 16 new potential alternative fuels like polluted soil, various types of SRF, tyre fluff, and others.

TYPES OF ALTERNATIVE
FUEL USED IN BROCENI
CEMENT PLANT, 2024



**GOAL 2:
TOWARDS CLINKER FACTOR REDUCTION**

In 2024, SCHWENK Latvija reached a significant milestone within its long-term clinker factor reduction strategy, introducing two new cement types with a clinker factor of around 70%. To develop these products, 71 laboratory tests for supplementary cementitious materials were done in 2023.

The highest clinker factor in the SCHWENK Latvija cement product portfolio is around 90% – in a specific cement type CEM I 42.5 N SR3, used in infrastructure projects with specific technical and quality requirements. Our goal is to reduce the clinker factor in this cement type to 80% in 2027 while maintaining its strength and other quality parameters.

For future development, 70 industrial grinding test samples were analyzed in 2024, as well as 38 laboratory tests were conducted. Our future goal is to continuously reduce the clinker factor in cement by increased usage of supplementary cementitious materials and reach a 65% average clinker factor in 2030. However, the goal dynamics are highly affected by the availability of SCMs, production process specificities and technological capabilities, and market readiness.

**GOAL 3:
TOWARDS CARBON CAPTURE
AND UTILIZATION**

Carbon capture, storage and utilization technologies are crucial for decarbonizing cement production. In 2024, SCHWENK Latvija achieved a significant milestone in its decarbonization strategy by choosing carbon capture technology for a further on-site test phase in the Broceni cement plant. It has been done after extensive feasibility studies and comparisons of potentially available carbon capture technologies carried out under the guidance of various international experts. Hot Potassium Carbonate (HPC) technology was found to be the most suitable. The beginning of the test phase for this technology with CAPSOL Technologies ASA is scheduled for Q2 2025.

HPC technology captures CO₂ in one of the production steps without changing the cement production technology and the main process, and therefore without affecting the properties, technical parameters and quality of the product. Compared to other technologies available worldwide, it has a comparably low electricity consumption combined with good CO₂ capture capacity. The purpose of the test phase is to verify the suitability of the technology in real-life conditions, analyse the operational specificities and the impact on other processes. Based on the gathered information and feasibility studies, the final investment decision is planned to be made in 2027, with full-scale carbon capture at the Broceni cement plant starting around 2030. It will capture around 800 000 tonnes of CO₂ annually.

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CO₂ EMISSIONS IN THE VALUE CHAIN

CO₂ EMISSIONS SCOPE 2

Scope 2 emissions include CO₂ emissions from consumed electricity and heat sourced from external suppliers. In calculations for 2024 Scope 2 emissions for electricity, SCHWENK Latvija used the emission factor published by the independent transmission system operator Augstsprieguma Tīkls. In 2024, SCHWENK Latvija’s Scope 2 emission rate increased to 0.06 t of CO₂ per ton of cement in comparison to 0.007 CO₂ t per ton of cement in 2023. This effect is related to the changes in calculation methodology. At the end of 2025, SCHWENK Latvija plans to increase the usage of renewable energy with the launch of its own solar energy park.

CO₂ EMISSIONS SCOPE 3

In 2023, SCHWENK Latvija established the procedure for collecting data for calculations of Scope 3 CO₂ emissions. Out of 15 required categories of upstream and downstream value chain, as first steps, SCHWENK Latvija gathered the data from six: purchased goods and services (Category 1), fuel and energy-related activities (Category 3), upstream transportation and distribution (Category 4), business travel (Category 6), employee commuting (Category 7) and downstream transportation and distribution (Category 9). The calculations were made based on categories with an estimated higher impact. For categories 1, 3, 4, 6 and 7, the Company used a questionnaire among suppliers and employees. Of these categories, the highest response rate and thus available data scope were received from employees (Categories 6 and 7). The lowest response activity, as well as data availability, comes from Categories 1, 3 and 4 – on average a 25% response rate. For Categories 1, 3 and 4, the emission factor was calculated based on information received from suppliers and public databases of emission factors – Climatiq⁴ and Defra⁵. In 2024, SCHWENK Latvija extended data collection and included Scope 3 Category 2 – capital goods.



Cement production is one of the most energy intensive industries globally. SCHWENK Latvija is among the biggest electricity consumers in Latvia with approximately 2% of Latvia’s total electric power consumption in 2024⁶. Energy consumption is based on specific production processes, including milling, which is one of the most energy intensive processes in a cement plant. Energy efficiency and renewable energy are amongst SCHWENK Latvija's priorities towards climate neutrality and reduction of Scope 2 CO₂ emissions.

SCHWENK Latvija has energy management system certification ISO 50001:2018 and since 2015 has had an active energy efficiency working group that continuously monitors energy consumption and develops scenarios for its reduction. All the largest consumers of power – devices and plants, are equipped with separate power consumption meters. This allows for detailed monitoring of consumption in detail, analyzing, planning, and introducing equipment changes and other improvements. Apart from decreasing electricity consumption, our focus is also on improving thermal energy efficiency in clinker production, replacing older devices with modern equipment and fine-tuning the production process.

In 2024, SCHWENK Latvija implemented several projects towards energy efficiency and renewable energy. The most significant electricity savings were achieved in the general services area with two new, more energy-efficient compressors reducing annual electric power demand by ~1.9 GWh; other savings are part of continuous efforts: one major 160 kW electric drive update to IE4 class with ~37 MWh annual electric power demand reduction

and continued switching to LED, now in the cement plant’s warehouse area, with ~7 MWh annual electrical power savings. There are other projects progressing well, like a such as railway shunting vehicle to improve cement loading operations’ productivity and reduce diesel consumption for this process, and the Liepaja terminal truck unloading compressor construction, aiming to replace diesel consumption from truck-mounted compressors by using a stationary electric compressor.

Alongside continuous energy efficiency incentives, in 2023, SCHWENK Latvija started receiving solar energy from an external solar park in Broceni; 2024s’ output from this solar park was fluctuating in line with solar activity, but the yearly total net yield was 4% above forecasts, with more than 6 GWh supplied to the grid as part of the solar PPA agreement. Construction work is still ongoing in the cement plant's land unit's southern area, with a 6.5 MW solar park scheduled for commissioning in 2025. Combined, these two solar parks are expected to provide 8-9% of the Broceni cement plant’s annual electric power consumption.

4 Climatiq Data Explorer – Search Global Carbon Emission Factors

5 Greenhouse gas reporting: conversion factors 2023 – GOV.UK (www.gov.uk)

6 Based on Company data about its consumption and publicly available information about overall national consumption: <https://ast.lv/lv/electricity-market-review?year=2024&month=13>



MAIN KEY PERFORMANCE INDICATORS 2024: CLIMATE

KPI	2022	2023	2024 goal / fact		2025 goal
CO ₂ emissions Scope 1, (t CO ₂ / ton of clinker)	0.690	0.696	0.694	0.698	0.693
CO ₂ emissions Scope 1, (CO ₂ t per ton cement)	0.601	0.590	0.580	0.546	0.545
Specific net CO ₂ emissions(CO ₂ t per ton cement equivalent)	0.472	0.464	0.463	0.453	0.452
Specific net CO ₂ emissions (CO ₂ t per ton clinker)	0.557	0.547	0.546	0.544	0.543
AF substitution rate, %	94.6%	95.5%	96%	97%	97%
Clinker factor	84.7	84.8	83.6	83.3	80.61
CO ₂ emissions Scope 2, (CO ₂ t per ton cement)	0.02	0.007	0.005	0.06	0.06
CO ₂ emissions Scope 2, (CO ₂ t per m ³ concrete)	No data	0.00015	0.00015	0.002	0.002
CO ₂ emissions Scope 2, (CO ₂ t per ton aggregates)	No data	0.0001	0.0001	0.006	0.006
CO ₂ emissions Scope 3, (CO ₂ t per ton cement)	No data	0.04	Extend data collection	0.03	0.03
Number of cement types with EPD	5	5	6	7	7



SUSTAINABILITY PERFORMANCE IN 2024: **ENVIRONMENT**



ENVIRONMENTAL PERFORMANCE OF PRODUCTION UNITS

SCHWENK Latvia analyzes its environmental impact in all operational areas. The cement plant in Broceni is among the most modern and environmentally friendly industrial examples in Europe with a completely closed production cycle – the production process does not produce wastewater or other waste. Ash from fuels in the clinker kiln becomes part of our product – clinker. The plant is equipped with the best available techniques (BAT) for the reduction of nitrogen oxide emissions (low-NO_x burner), the selective non-catalytic reduction (SNCR) method is used for decreasing ammonia emissions, and a fabric filter system is used for reducing dust emissions. A continuous monitoring system provides tracking of 11 emission parameters, including dust, NO_x (Nitrogen oxides) and SO₂ (Sulfur dioxide). All indicators are below the legally required benchmark. Raw materials and fuel are stored in closed storage facilities. More than 50 aspiration installations are installed for dust emission reduction throughout the process. The biggest emission sources, such as the clay dryer, cement mills, and coal mill, are equipped with continuous dust monitoring devices. In 2024, SCHWENK Latvia installed a new calcium hydroxide (Ca(OH)₂) injection system in the Broceni cement plant to further reduce chloride (HCl) and sulfur (SO₂) emissions.

In 2024, SCHWENK Latvia did not exceed any of the allowed emission limit values and constantly maintained all emissions well within the requirements.

SCHWENK Latvia implements a strict internal waste management system. Waste generated in the cement production process, such as ash and dust, is completely recycled and used as a raw material in cement. In ready-mix and aggregates production, the main waste is packaging associated with incoming raw materials and spare parts, as well as waste oils and other technical liquids from equipment maintenance and used tyres. In addition, in ready-mix production, there is also waste from mixed raw materials, process water, washouts, and returned concrete. 21% of the water used in ready-mix production is secondary process water, which is 3% higher than in 2023. This ratio is highly affected by seasonal conditions – in cold weather this practice is not possible. The Company is working towards a plan to extend the use of recycled water during cold weather conditions. Since 2021, almost 100% of returned ready-mix concrete is used in the production of concrete blocks. Production waste recycling is defined in internal procedures.

Other waste generated from daily operations (household waste, construction waste) is sorted and collected by certified waste management companies.

In 2024, SCHWENK Latvia completed a major improvement program in ready-mix production by installing a new, modern ready-mix batching plant in Riga with improved energy efficiency and dust emission control. The plant is equipped with covered aggregate storage with a dusting extraction system, where material is received directly from trucks. This will allow for the further reduction of dust emissions. The storage has six compartments for the storage of various aggregates, including secondary aggregates.

According to Articles 57 and 59 of Regulation (EC) 1907/2006 (REACH), SCHWENK Latvia is not using substances of very high concern in its operations.



NATURE PRESERVATION AND CONSERVATION

In 2024, SCHWENK Latvija performed aggregate extraction in six quarry sites in compliance with environmentally friendly quarry maintenance principles and in consideration of nature reserves – implementing responsible rehabilitation, and flora and fauna diversity preservation. In 2025, one more quarry will be opened. The Company extracts material only based on production and market demand, leaving the rest of the quarry territory for other uses – such as cultivated soil, pasturage, or woodland. Land is rented to local farmers for agricultural and farming purposes. Our production sites are open to customer and other stakeholders’ visits, and experts are engaged in educational initiatives in cooperation with customers and schools. We always maintain a balance between the manufacturing needs and the preservation of nature. In accordance with Latvian legislation, all SCHWENK Latvija quarries have an approved rehabilitation plan.

Where applicable, rehabilitation takes place during the quarry development period. Thus, partial rehabilitation is implemented in the clay quarry Caunes and the limestone quarry Kumas – soil levelling is performed, and forests are planted. The total area reforested in quarry Kumas is 27.74 ha, where over 70 000 trees have been planted: white alder, black alder, silver birches, and firs. In 2024, SCHWENK Latvija continued restoration works in

three sand-gravel quarries in the Tukums region. As a result, the total area of 1.32 ha was restored with a meadowland and 13.54 ha with water reservoirs. By the end of 2024, one quarry was completely restored and handed over to the regional municipality and State Environmental Service; the remaining two will be handed over in 2025. In total, SCHWENK Latvija has rehabilitated 20.64% of disturbed land, in 2024 – 3.97% of all disturbed land.

There are two active biodiversity monitoring programs around our limestone quarry Kumas, focusing on bird monitoring and the preservation of a protected plant – the butterfly orchid. We regularly monitor groundwater levels around clay and limestone quarries to ensure that quarry operations have no negative effect on water availability for nearby households, the flow of the Zana River, or the impact on the nearby Natura 2000 site Satini ponds.



WATER AND MARINE

Water consumption is continuously monitored – in the cement production process, water is not used; for equipment cooling purposes, we use a glycol system. In ready-mix and aggregates production, water is a very important component, and our goal is maximum use of recycled water. To ensure efficient use of wastewater, we use recycling units that help to reuse 21% of water in ready-mix and 90% of water in aggregates.

The amount of water used in aggregates is directly connected to product demand and the product portfolio. In 2024, water consumption in aggregate production was significantly lower than in 2023 due to a lower amount of washed sand and gravel produced.

In 2024, the Company finished the installation of groundwater level monitoring systems with a total of 32 control points in three quarries – the dolomite quarry Purmales (11 control points), the limestone quarry Kumas (17 control points) and the clay quarry Caunes (4 control points). The system is equipped with online data monitoring and ensures data storage.



MAIN KEY
PERFORMANCE
INDICATORS 2024:
ENVIRONMENT

KPI	2022	2023	2024 goal / fact		2025 goal
Clinker produced with continuous monitoring on main emissions (SO ₂ , NO _x , dust, TOC, HCl, HF, NH ₃), %	100%	100%	100%	100%	100%
Limit value sulfur (SO ₂) emissions clinker, mg/m ³	200	200	200		200
Sulfur (SO ₂) emissions clinker, mg/m ³	18.29	39.88	200	50.51	200
Sulfur (SO ₂) emissions cement, kg/t	0.086	0.189	0.086	0.2171	0.200
Limit value NO _x emissions clinker, mg/m ³	500	500	500		500
NO _x emissions clinker, mg/m ³	377.64	386.72	500	338.45	500
NO _x emissions cement, kg/t	1.595	1.726	1.595	1.39	1.6
Limit value dust emissions clinker, mg/m ³	20	20	20		20
Dust emissions clinker, mg/m ³	9.75	7.51	10	8.33	10
Dust emissions cement, kg/t	0.065	0.056	0.06	0.04	0.06
Dust emissions ready-mix, kg/m ³	0.016	0.016	0.016	0.013	0.016
Limit value mercury emissions clinker, mg/m ³	0.05	0.05	0.05		0.05
Mercury emissions clinker, mg/m ³	0.0024	0.0028	0.05	0.0016	0.05
Mercury emissions cement, g/t	0.012	0.012	0.012	0.008	0.012



KPI	2022	2023	2024 goal / fact		2025 goal
Environmental incidents with soil contamination					
cement	0	0	0	0	0
concrete	0	0	0	0	0
aggregates	0	0	0	0	0
Quarries with rehabilitation and restoration plan	100%	100%	100%	100%	100%
Rehabilitated land, total % of disturbed	12.6%	18.38%	20,64%		
Rehabilitated land in reporting year, % of disturbed	2.03%	5.89%	3,97%		
Water intensity					
cement l/ton	37.49	42.8	40	49	49
ready-mix l/m³	232.11	207.93	190	163.23	160
aggregates l/ton	54.19	86.98	52.36	NA	NA
Water recycled and reused, %					
cement	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
ready-mix, m³	28%	18%	28%	21%	28%
aggregates, m³	90%	90%	90%	90%	90%



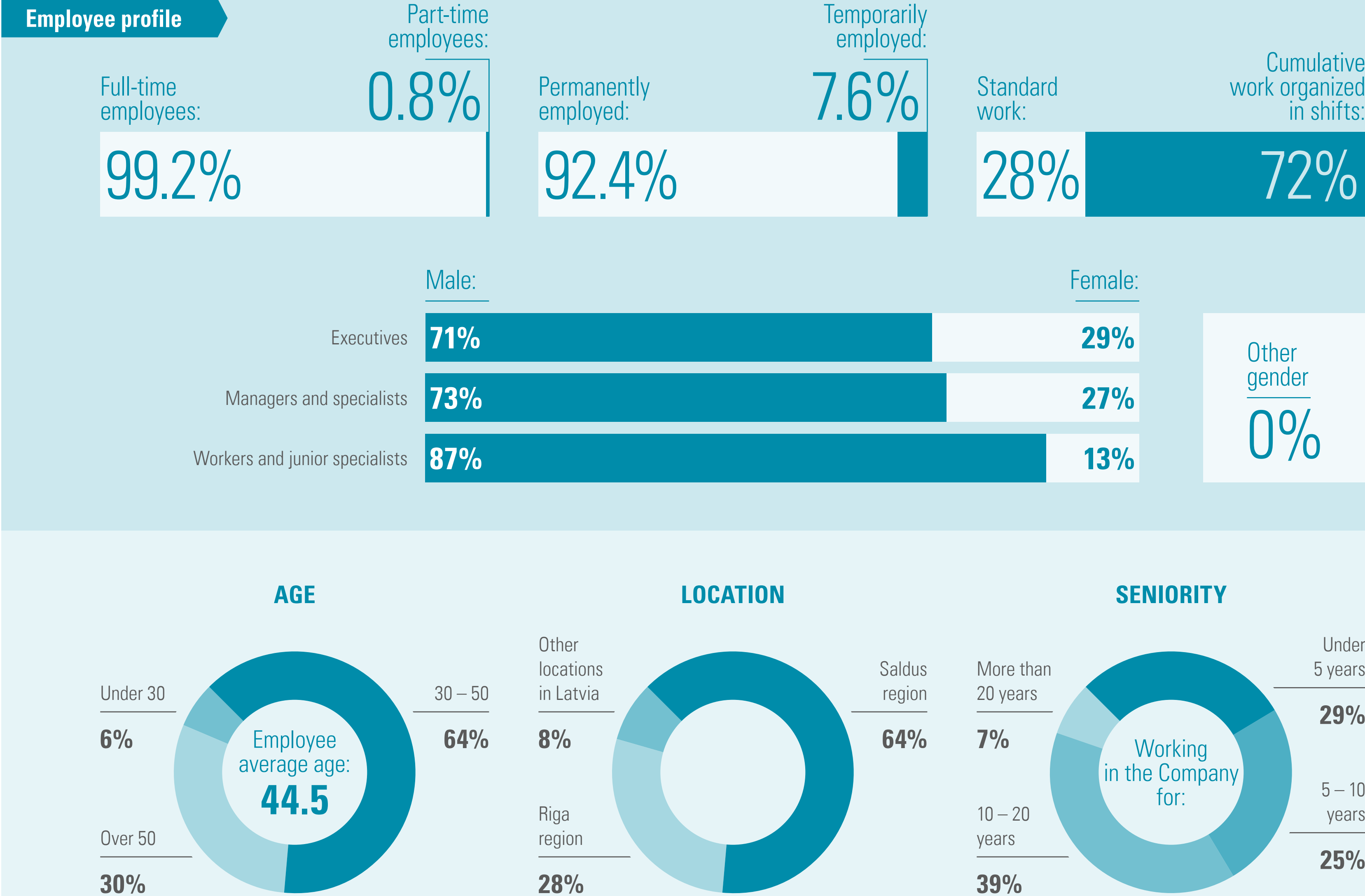
SUSTAINABILITY PERFORMANCE IN 2024: **PEOPLE – OWN AND CONTRACTED WORKFORCE**



SCHWENK LATVIJA EMPLOYEES 2024

SCHWENK's growth and success are in the hands of our employees. We highly value talents who understand sustainability and fair business principles, are always ready to learn, and appreciate health and safety as the main priority in their daily work. In Latvia, our team consists of more than 350 people working in Riga, Broceni, Talsi, Tukums, Liepaja, Madona, and Iecava. Human rights, diversity, and equality are core principles in our team's development, advancement, and remuneration. Due to the nature of heavy industry, on average 82% of the Company employees are male.

We are proud to have a very low attrition rate for voluntary departures from the Company with the average seniority being 10.3 years. In 2024, the Company experienced the lowest voluntary attrition rate in the last 16 years – 3.1%. We put great emphasis on career development within the Company – all vacancies are initially announced internally.



AGE

Under 30

6%

30 – 50

64%

Over 50

30%

Employee average age:

44.5

LOCATION

Other locations in Latvia

8%

Riga region

28%

Saldus region

64%

SENIORITY

Under 5 years

29%

5 – 10 years

25%

10 – 20 years

39%

More than 20 years

7%

Working in the Company for:



EMPLOYEE ENGAGEMENT AND SATISFACTION

ENGAGEMENT SURVEYS

Engagement surveys are conducted once every two years, covering all Company employees. After each survey, results are thoroughly analyzed, and managers discuss them within teams for the further improvement of working conditions and employee satisfaction.

The latest employee engagement and satisfaction survey in Latvia was conducted in 2024, in cooperation with an independent third-party service provider and use of the TRI*M Employee Commitment Methodology⁷. The total employee commitment index in 2024 was 81, which is six index points higher than in 2022. The result is considered very high as the employee engagement results for the industry in general in the Baltics and Europe were showing a decline. In comparison to other manufacturing companies in Latvia, SCHWENK Latvija result is 26 index points higher. Among big companies employing 250 or more employees, the SCHWENK Latvija result is 13 index points higher. SCHWENK Latvija’s commitment index data shows that satisfaction increases with each year of employment and is significantly higher among women. In all seniority groups, except for one (working 1 – 2 years), the commitment index is equal to or higher than the average (81).

⁷ TRI*MTM index – Employee Commitment Measurement expressed in single number, study including five components: overall satisfaction, recommendation, rejoining, motivation of colleagues, performance and market strength.

EDUCATION, EVALUATION AND CAREER DEVELOPMENT

Our team consists of representatives of around 150 jobs, 45% of employees have worked in the Company for more than ten years. One of our priorities is to provide opportunities for employee innovation and growth; we put great emphasis on continuing education and professional improvement, and career advancement within the Company.

All employees receive regular performance and career development reviews as well as having access to professional training programs facilitated both by internal and external experts. Employees are supported with scholarships to obtain higher education in engineering sciences.

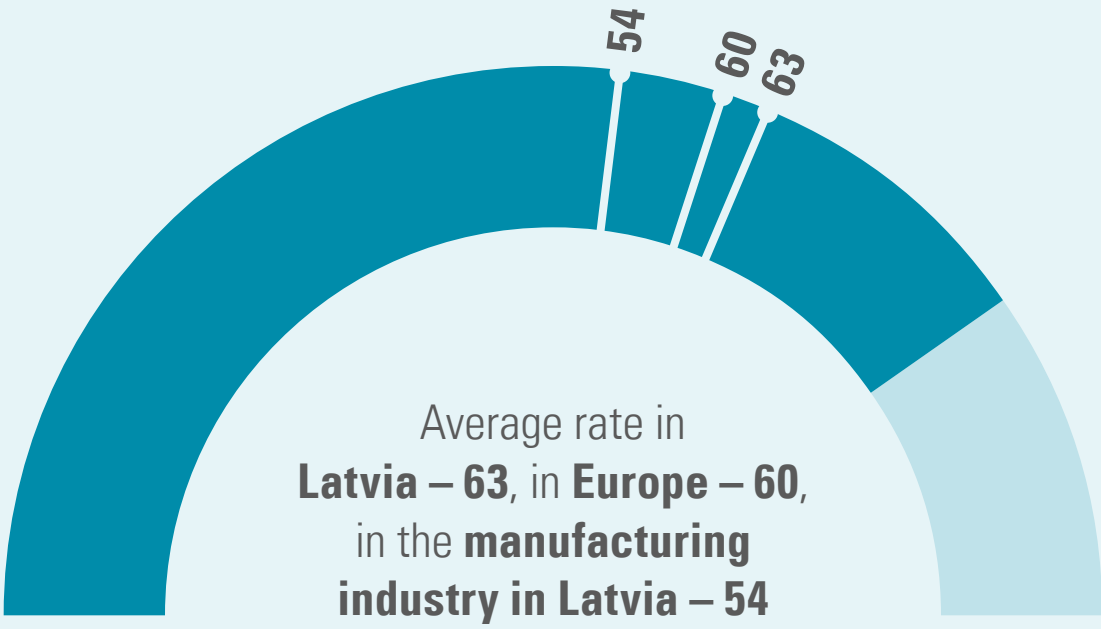
Around 50 positions are part of the succession planning program – a targeted initiative for employee evaluation and training in order to ensure continuity of critical skills.

Our commitment towards the highest standards, stakeholder satisfaction, climate neutrality, as well as operational and energy efficiency, has accelerated innovation processes and cross-border collaboration among our expert teams, creating a strong basis for current and future investment projects. This has resulted in bespoke solutions for our processes, products, and equipment, ensuring the constant development of our people.

Employee commitment survey 2024

Participation rate:
96.3%

Employee Commitment Index:
81



Support for upgrading employee skills

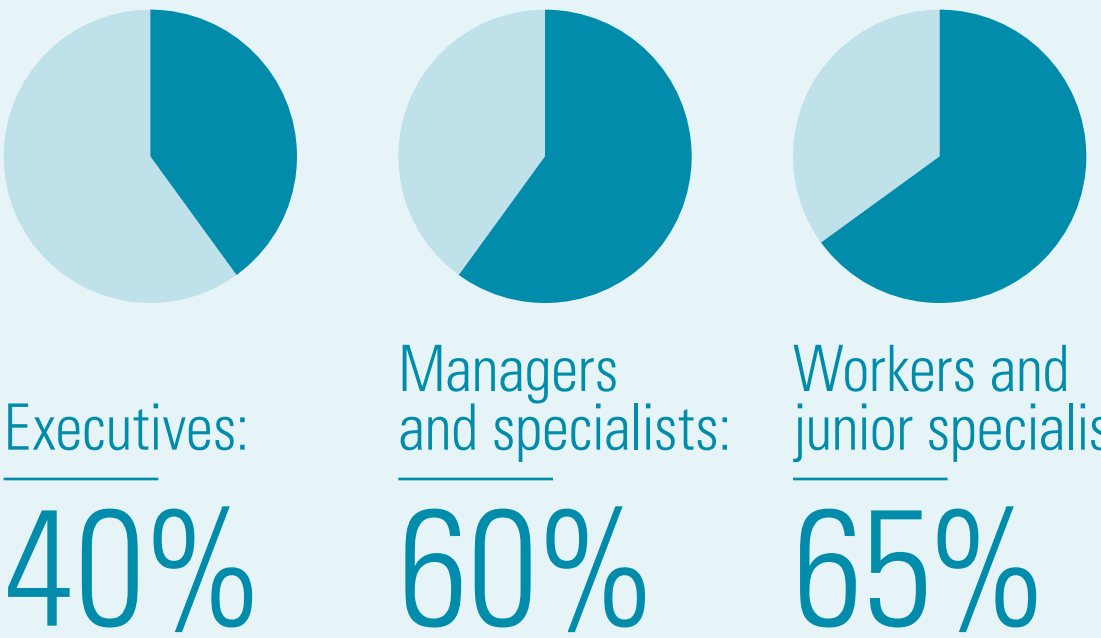
- > professional training
- > internal training
- > scholarships
- > internships
- > succession programs
- > participation in special projects and professional organisations

2899 hours
spent on training in 2024

Average training hours per person annually:
4.3

Investment in training programs:
52.4 K €

TRAINING PARTICIPATION RATE:





DIVERSITY AND HUMAN RIGHTS

Respect for human rights is the cornerstone of our operations. We support and respect the protection of internationally recognized human rights principles – the Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the ten principles of the United Nations Global Compact.

In our view, the diversity of our employees holds great value, and employees with their unique professional and life experience make a significant contribution to the growth and success of SCHWENK. We undertake to ensure an inclusive work environment and equal opportunities for our employees, regardless of location and business unit, and to categorically prevent discrimination against employees based on race, religion, age, nationality, gender, sexual orientation, political views, trade union membership, marital or disability status, and other personal characteristics.

Through various benefits and a flexible approach to work organization, we strive to support various employee groups,

including women, young parents, seniors and retired employees, people with disabilities, and various forms of family institutions. In 2024, 5% of employees were on parental leave, 69% of whom were men and 31% women. All employees on parental leave returned to their professional duties within the Company. 2% of all SCHWENK Latvija employees are people with disabilities.

We condemn human rights violations in our business, including in the supply chain, and in the operations of our cooperation partners. Our approach to inclusiveness, diversity, and human rights, as well as the procedure for whistleblowing, are described in the Code of Ethics (see page 19).

In 2024, 11 reports were received within the Code of Ethics reporting mechanism. All cases were resolved within 6 weeks. Eight cases were related to the Company's own work environment procedures and employees; three cases involved both internal and external stakeholders. There were no court cases involving employment relationships.

⁸ Data about applicable benchmark salary in the country based on the Salary survey 2024 by company Figure Baltic Advisory.

REMUNERATION

We recruit, hire, and promote employees solely on the basis of their professional qualifications and experience in performing the respective work, and do not allow our decisions to be influenced by personal characteristics or beliefs.

We strive for long-term employment and are proud of our low attrition rate, as well as the length of employment in the Company for a significant proportion of our employees. The rate of the lowest base salary for an entry-level worker in SCHWENK Latvija compared to the country's average salary is 1.9; the rate of the lowest base salary for an entry-level worker in SCHWENK Latvija compared to the applicable benchmark salary in the country is – 1,3. The comparison is based on the same⁸ qualification level and job category, according to the aforementioned salary survey. At SCHWENK Latvija, remuneration is reviewed annually.

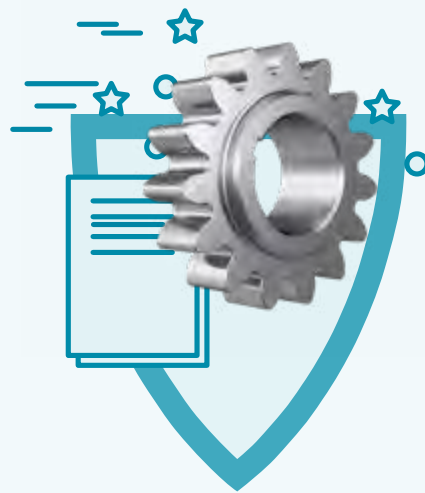
SCHWENK Latvija stands for equal rights and salaries for both men and women. Our remuneration system is based solely on the evaluation of competencies, the market situation, and required skills. The general male-female pay gap at SCHWENK Latvija is due to the relatively small number of female workers in Company in general, but there is a relatively higher proportion of women in specialist, management and executive positions. The pay gap by employee structural layers is highly affected by the variety of professions and competences – more than 350 employees in approximately 150 different jobs.

All Company permanent employees are covered by a collective agreement, which is the basis for our substantial benefits package. According to Company data, the monetary value of additional benefits is on average 10% of annual salary.



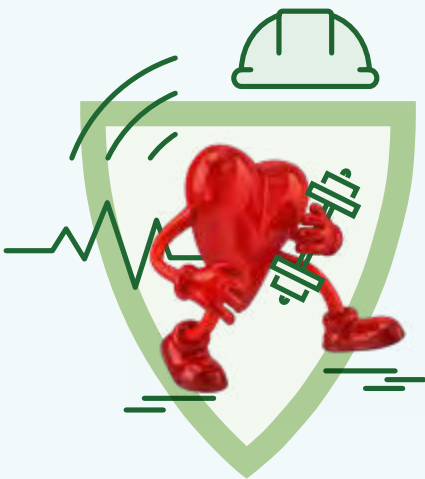
STANDARD
BENEFITS FOR
PERMANENT
EMPLOYEES
AFTER TRIAL
PERIOD

Our working
regulations
include



- Fair remuneration with all applicable taxes paid, by 5th date of next month
- Open and inclusive work environment in accordance with principles defined in the Code of Ethics
- Zero alcohol and other intoxicants policy in the workplace
- Bonus system for all employees
- Equalized wage throughout the year for employees in positions with aggregated working time
- Flexible working forms and hours, remote work, if possible according to job specific
- Company paid smart phone with unlimited internet connection for daily use*
- Digital systems for employees’ applications and communication
- Effective and active dialogue between employees and company, including joint effort for improvements on work environment, risk reporting, whistleblowing etc.
- Partial transport compensation for employees in production facilities
- Partial compensation of energy resource costs in especially high inflation peak periods
- Attractive shift work schedule for employees with aggregated working time in cement production, planned one year ahead – 4 working days + 4 holidays

Additional
health related
benefits



- Comprehensive health insurance program, including dentistry, purchase of medicines, rehabilitation and sports, psychotherapy*
- Life, critical illness and accident insurance 24/7*
- Regular payment of vision correction products and optical safety glasses for work purposes*
- Paid holidays for employees and family members for health promotion, vaccination*
- Online physiotherapy classes twice a week
- Vitamins for health promotion for all for employees once a year and fruit in the off-season
- Availability of water, tea, coffee in all locations
- Access to disinfectants and face masks
- Several sets of work clothes and personal protective equipment (PPE) for different seasons
- Freely available personal protective equipment at any time in places, where production takes place 24/7
- Mandatory health examination once a year, available at company locations
- During campaigns – medical examinations, counseling and vaccination in the workplace
- Lectures and training on health promotion and maintenance
- Health promotion activities for the whole family during special events

Additional
family related
benefits



- Three additional vacation days for all employees*
- Paid holidays and/or financial support in special life situations (birth of children, wedding, funeral)*
- Financial support for employees with schoolchildren – financial support for each child’s school bag from 1st through 12th grade, paid holiday for the start of the school year from 1st to 3rd grade, paid holiday on graduation day*
- Possibility to purchase health and accident insurance for first degree relatives*
- Interest-free loan in the amount of average monthly wage with repayment term for 12 months**
- Support for setting up a remote workplace*
- Opportunity for children of office workers to stay in parents’ working places
- Consultations and practical help in solving personal issues, for example, legal and other kind of advice and assistance
- Christmas gift for employees and their children up to 10 years of age
- Events for employees and families
- Excursions for children to get familiar with parent’s working places

Additional
benefits related
to growth and
development



- Regular internal and external training for all employees
- Support for engineering studies, if related to professional development in the company
- Flexible working hours for study attendance
- Paid qualification and competence trainings, vocational retraining
- Opportunities for growth and development within the company



COMMUNICATION AND SOCIAL DIALOGUE

Ongoing dialogue among Company people is an important part of sustainable daily operations and development. Corporate culture promotes sharing best practices, reporting risks and submitting ideas – open and fair communication throughout the whole structure.

Employee open dialogues take place on a regular basis and are accessible to everyone to discuss important topics for each business area, Company business results, investment and innovation plans and strategy. Company employees are actively engaged in the monthly podcast Domu Deglis for interaction on relevant matters concerning Company activities and personal growth. Twice a year, all employees meet for a bigger celebration – SCHWENK Summer festival and Winter ball. Approximately once per quarter, employees are invited to join in various smaller activities, based on interest groups, geographical locations and shared hobbies, for example, national sports and culture events, city festivals, voluntary work, team-buildings etc.

For several years, all employees at SCHWENK Latvija have been provided with a Company smartphone and unlimited internet. The Company has digitalized the processes of human capital management and health and safety to significantly improve efficiency and information flow. A corporate WhatsApp group is used as the main tool for fast communication of important news and announcements. Apart from that, news are circulated in monthly newsletters, on boards and TV screens in all locations.

Regular surveying is implemented to indicate employee opinions and preferences on important matters, planned activities, etc. Employees are invited to actively engage in various forms of feedback and improvements – mainly submitting suggestions for continuous improvement, energy efficiency and health and safety improvements.

Each employee has the opportunity and right to join the Broceni Regional Labor Union. Established in 1949, it has always brought together the employees of cement and related industries in Broceni. It has around 90 members – both employees of SCHWENK Latvija and former employees of the industry. We maintain an open and constructive dialogue in all matters related to employment and labor rights. The manager of the labor unit is actively engaged in employee open dialogues and has regular meetings with the Company’s management.

We maintain ongoing interaction with former employees by engaging them in the Company’s information channels and events, as well as providing practical support.



Forms of employee engagement

COLLABORATION DIRECTIONS

- Health & safety
- Ethics, human and labor rights
- Professional development
- Training and education
- Engagement
- Dialogue and feedback

WAYS OF ENGAGEMENT

- Bi-annual online and on-site open dialogues for all.
- Regular open dialogues for each business direction.
- An engagement survey once every two years.
- Activities and events.
- Engaging employees in content creation, joint initiatives, voluntary work.
- Online and offline systems for expressing opinions, whistleblowing, suggesting LEAN, H&S and other improvements.
- Social media accounts on Facebook and LinkedIn, monthly podcast, quarterly print magazine, monthly online newsletter, live screens in all Company locations.
- WhatsApp group including all employees.
- Ongoing collaboration with the trade union.
- Ongoing development activities.
- An extensive bonus system and a wide range of collective agreement benefits.



HEALTH & SAFETY AND WELLBEING

GENERAL OVERVIEW

The SCHWENK mission is zero harm – health and safety are our priority and core values. Each day in all our locations and outside them, we put great focus on strengthening these values not only at the corporate level, but even more at the personal level. We believe that strong corporate leadership and active care can influence individual mindsets also outside work, making people's lives better and safer.

In all SCHWENK Latvija locations, every day we apply the Mission Zero concept – to spend a working day free of accidents and make sure all employees return home to their families unharmed. This is our joint responsibility – the Company ensures safe working conditions, personal protection equipment depending on the work specifics, education and training of employees and contractors. In turn, every employee is aware that safety is the priority of SCHWENK Latvija and everyone is responsible for that with their actions. Employees are actively involved in improving the work environment – they identify potential risk factors in everyday life and initiate activities to prevent them. Safety violations and endangering others are the most serious violations of the internal regulations of SCHWENK Latvija.

There are four H&S committees meeting on a bi-monthly basis to analyze all incidents from Latvia and specific case studies from the Group, follow up on all safety-related challenges during the period, evaluate, improve and develop risk prevention plans and

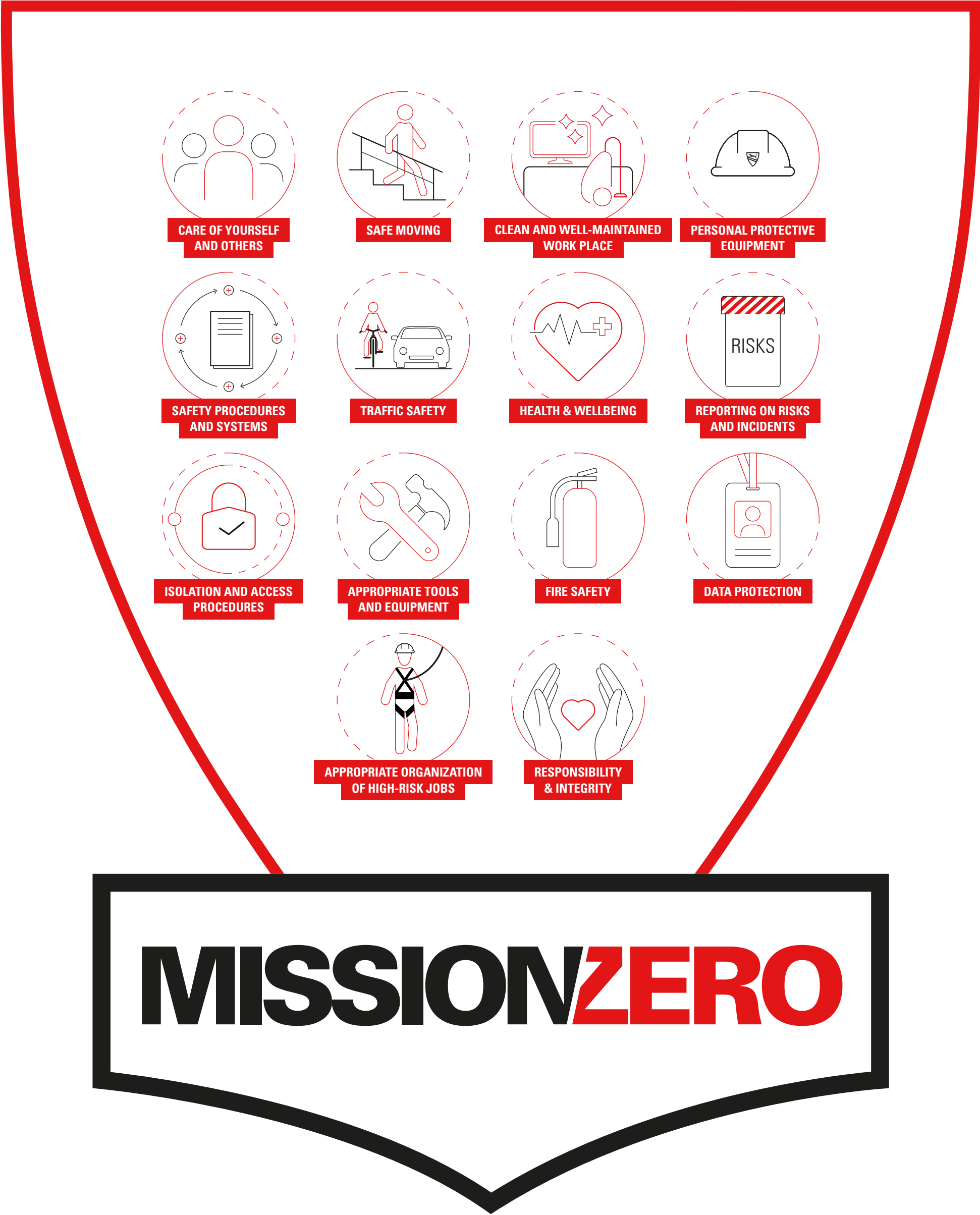
activities. Overall, 59 people from various structural levels of the Company are involved; several of them participate in more than one Committee.

- **Management and executive H&S committee –**
25 members, including all executives and managers from all operations.
- **Cement production H&S committee –**
16 members, including all level employees.
- **Materials production H&S committee –**
28 members, including all level employees.
- **Transport H&S committee –**
9 members

The health and safety aspect is included in all employees' goals and evaluations, and there are five positions in the Company specifically focused on H&S agenda implementation – Director of HCM, H&S and Communication, H&S manager, two H&S specialists, and one traffic safety controller.

Our health and safety activities cover a wide range of operational and everyday aspects and are covered in the Health & Safety roadmap with 14 elements.

SCHWENK Latvija's Health & Safety culture and approach refer not only to our own employees but also cover our contractors and haulers.



About
the Report

Message
from the CEO

Company
Overview

Governance

Strategy and
Value Creation

**Sustainability
Performance in 2024:**

Climate

Environment

**People – Own and
Contracted Workforce**

Impact on Local
Communities

Consumers
and End Users

Industry and
Supply Chain

Governance

TOOLS TOWARDS MISSION ZERO

Holistic Health and safety management system

We work 24/7 in a high-risk environment with numerous health and safety hazards. Our H&S management approach is holistic and focuses on prevention and education, risk monitoring and analysis, constant improvements, and development. We define and follow the highest H&S standards and apply the same approach for employees, subcontractors, and guests. The main tool for H&S reporting and management is the digital system Meemo, launched in 2022. For Company employees, the system provides a variety of services to ensure compliance with H&S regulations – follow-up and completion of necessary tasks, including inductions, risk reporting, PPE control, follow-up of employees' qualifications, checklists for safe usage of equipment, equipment control, safety data sheets (SDS), etc. For mandatory actions such as safety induction twice a year, the system is used by 100% of Company employees. By the end of 2024, approximately 74% of all employees were daily users of additional functionalities like risk reporting, PPE management, etc. This is 8% more than in 2023, but the Company is still working to reach the long-term goal of 100% coverage in daily engagement with risk reporting within the system.

The system is also available for subcontractors' employees with functionality for risk reporting.

Clear statements, leadership and role model

Health & safety as a core value are embedded in each decision and each action by every employee. They prevail over the amounts produced, miles driven, and products delivered. Each employee knows that – his or her responsibility is to improve safety, and his or her right is to refuse any work and avoid any location which may pose risk or danger. This also refers to locations outside the Company. For example, deliveries can be stopped if circumstances at a construction site are not safe. We believe

that living according to health and safety principles means living by them 24 hours a day and thus making the right decisions at home and at work, being a role model to our family members and colleagues and stopping wrongful actions when we see them.

Visible Felt Leadership visits

All executives and managers involved in operations are engaged in the Visible Felt Leadership process – this means visiting all production sites annually, specifically focusing on analyzing H&S risks in various locations. A significant part of the process is dialogue with people on site, speaking about daily challenges and needs they have on a daily basis. Together with the risk reporting system, this has been an important contributor to maintaining the health and safety culture alive. 674 visible felt leadership visits were implemented in 2024.

Education and training

The Company organizes regular H&S induction and training for all employees with a periodicity of six months for high-risk jobs and one year for all, hosted by internal and external lecturers. In addition, employees are invited to participate in various informative seminars and webinars to improve their understanding and awareness of various health and safety-related issues.

In 2022, SCHWENK Latvija internal experts started the roll-out of an extensive training program Mission Zero – a full day training for small groups of employees and subcontractors' employees about various aspects of safe behavior, life choices and personal values. By the end of 2024 the program covered 100% of Company staff and 99% of contractors' and was extended to other stakeholders – educational institutions in our community. In 2024, the Company started to roll-out internal training for the usage of defibrillators, as well as training for emergency evacuation from confined spaces and from height, which covered 122 employees. The goal for 2025 is to launch additional modules of Mission Zero training for the managers, and train new own and subcontracted employees.

Full set of Personal Protective Equipment

Wearing sufficient PPE is mandatory in all Company locations. Each employee receives winter and summer sets of clothing, footwear, helmets, glasses and other PPEs to be used in specific conditions. The Company also provides individual optical safety glasses to improve comfort, as well as specific protection gear for high-risk jobs. The Broceni plant has two vending machines with small size personal protective equipment available at any moment, including at night.



Constant risk assessment for working conditions

All SCHWENK Latvija locations are ISO 45001:2018 certified; various H&S and environmental measurements like dust, noise, vibration, chemicals and others are constantly carried out at relevant sites. In 2024, extensive gap analysis was performed in all business areas. It included internal audits performed by H&S experts, managers, and wellbeing trustees. All results were thoroughly analyzed and an action plan for further improvements developed.

The Company continuously improves working conditions – in 2024 main health and safety-related projects included installation of a new social building in the ready-mix plant in Riga, quarry Baumani in the Tukums region, provision of isotonic drinks for employees working in high-temperature zones and environments, Mission Zero training for employees and contractors, education on using the health and safety internal digital management system Meemo and the accident reporting system Rubis.

In 2023, SCHWENK started a Health & Safety harmonization initiative at the Group level, focused on constant experience exchange among countries, integration of policies and processes, and development of unified H&S management approach. In 2024, the first Group-scale activities were implemented: unified accident reporting guidelines and safety alert notification forms, and two H&S awareness campaigns. The work has commenced to implement a health and safety KPI dashboard for Group statistics and a unified policy on the general safety system and high-risk jobs.

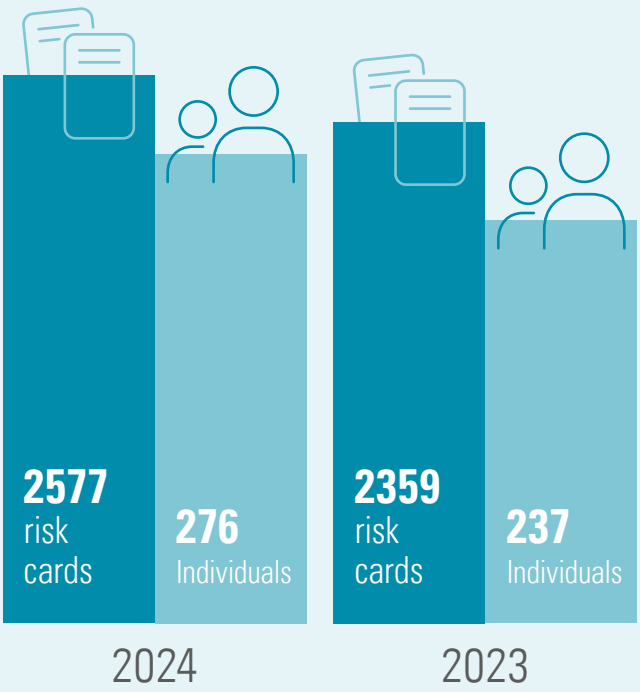
A significant part of potential risks is indicated in the Risk reporting system by all employees.

Risk reporting system

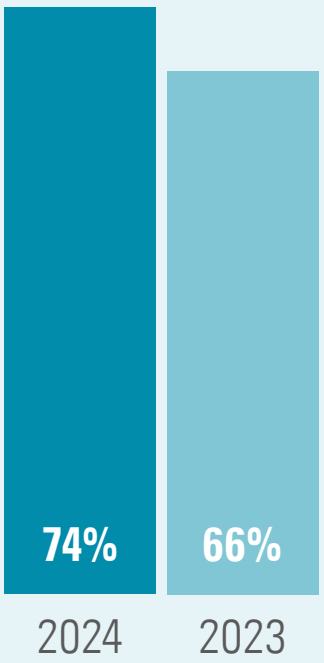
A system launched 16 years ago encourages each employee or guest at our locations to spot the risks, inform about them and ask for improvement. The system is based on the principles of LEAN, where employees can fill in either digital or print risk cards. Since the system’s launch, nearly 25 000 risk cards have been submitted and thousands of improvements implemented in all our locations. This has significantly helped to transfer health and safety from being only a corporate value to a personal level, raised awareness of possible risky situations in our lives, and made our people and Company stronger. For five years in a row, the trend of employee engagement in risk reporting has been growing. In 2024, 74% of people were actively engaged in submitting risk cards, which is 8% more than in 2023 and 21% more than in 2022.



Risk cards received



Employees engaged in risk reporting



Wellbeing trustees

SCHWENK Latvija has developed and maintains the system of wellbeing trustees. Seven employees representing various business units and competencies are specially trained to identify issues and gaps in working conditions and safety. All Company employees are informed about opportunities to consult with them, share their concerns, observations and suggestions about possible challenges and improvements.

Annual health check-ups

Although national legislation defines health check-ups once every two or three years, depending on associated risk evaluation, our requirement is an annual health check-up for all employees. We believe that this way our employees can monitor their health situation in a timely manner. In addition to basic health-checkup needs, the Company also provides extended opportunities for health-related measurements and consultations with medical professionals. In 2024, employees were able to receive additional consultancy and tests for prevention of skin cancer. In the biggest locations, the Company provides mandatory health-checkups at the workplace.





Insurance

Health and life insurance covers all permanent employees after the end of the trial period; accident insurance is covered – for all employees from the first working day.

Wellbeing

Apart from the insurance program, we implement various health and wellbeing activities for both employees during worktime and their family members. Twice a week, all employees can join online physiotherapy sessions and attend regular educational lectures. Each autumn, all employees receive a vitamin pack – useful items for maintaining good health during the winter season. Seasonal fruit is provided at all Company locations, as well as drinking water, isotonic water supplements, hot drinks, and small snacks. If normal working hours need to be prolonged, easy-to-prepare hot meals are available. All locations are equipped with first-aid, lifesaving and health-monitoring appliances – defibrillators, blood pressure-measuring devices, thermometers, sunscreens, feminine hygiene products, eye-rinsing equipment and basic first-aid kits. Each summer, the families of all employees are invited to attend the annual summer event, which, apart from sports and entertainment activities, also includes a special part for wellbeing. In the event of extreme weather conditions – very high or low

temperatures, a specific work and rest time procedure is in place. During the annual main outage, medical personnel are available at the cement plant. A specially equipped medical room is available throughout the year 24/7 and can be used by employees who are specifically trained to provide first-aid treatment. In addition, a relaxation room in the cement plant is available 24/7. Certain areas in our biggest production site – the cement plant – are equipped in accordance with accessibility principles. Production units are equipped with clothing and footwear-drying devices. All employees are provided with two paid holidays annually for their or a family member’s health care or improvement.

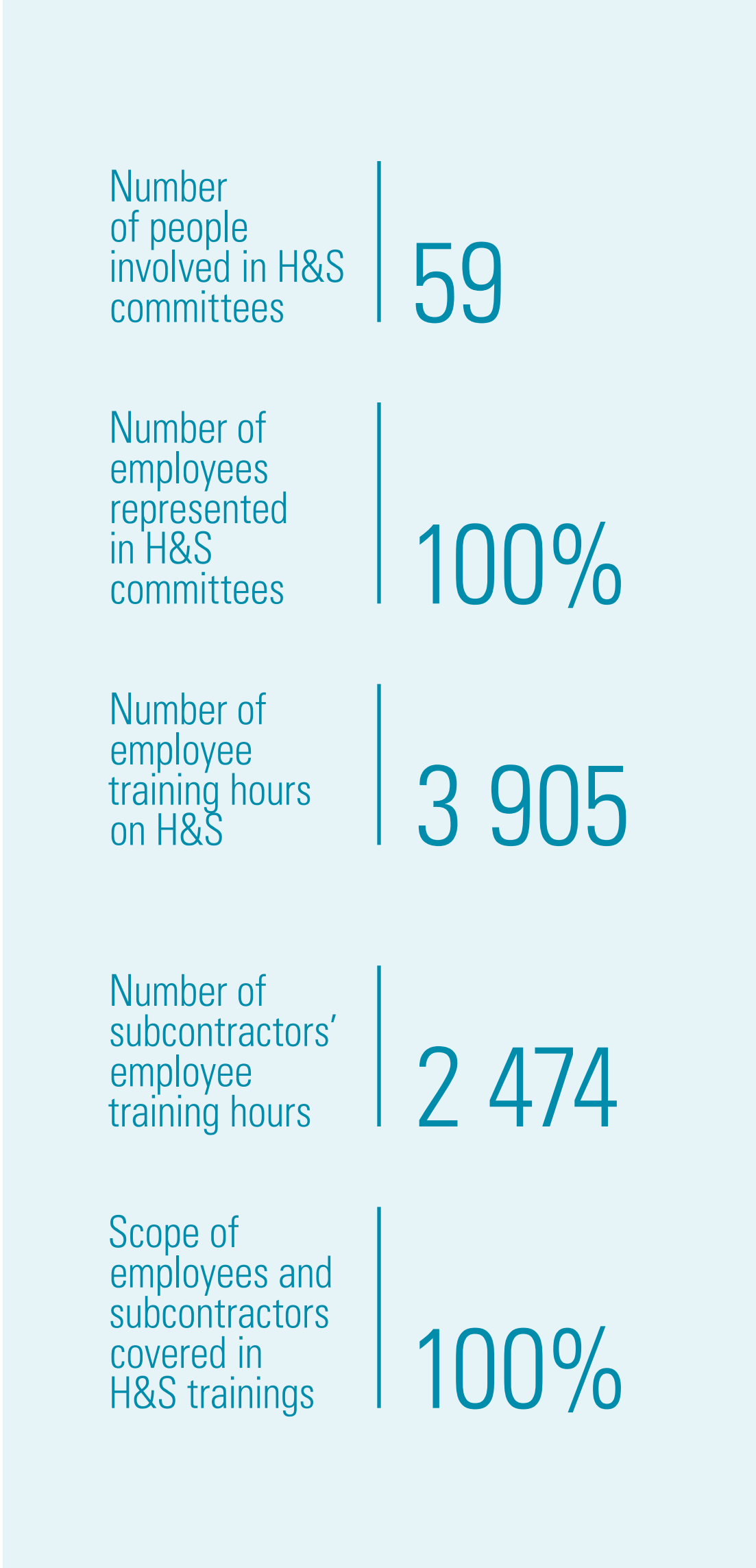
In 2024, SCHWENK Latvia continued major investment program in ready-mix, starting construction of new laboratory and social facilities in one of its ready-mix sites in Riga. Project includes dismantling of inefficient and outdated social buildings in two plants, construction of new energy efficient laboratory and social building. Commissioning of the new facility is planned in 2025.

Support to sports

We support employee participation in various sports events; individual training is included in the insurance package. By providing secure bicycle stands and showers at our main locations, we support the bicycle as a preferred choice of daily transport.

Enhancing Health & Safety throughout value chain

We strive to be ambassadors of H&S as a core value of each living person and spread this belief also among our customers, cooperation partners, community and other stakeholders. We constantly organize experience visits from other companies to mutually learn and inspire the creation of a safer work environment, as well as participate in workshops and conferences to share best practice and challenges. In 2022, SCHWENK Latvia launched a social national-level initiative Mission Zero, inviting other employers to join the effort and thrive for zero accidents at workplaces. More information about the initiative is on page 72.



INJURY AND LOST DAYS

In 2024, SCHWENK Latvia employees experienced one lost-time injury (LTI) and three non-LTI’s. The lost time injury was related to a SCHWENK Latvia employee suffering a chemical skin burn at a ready-mix plant. Among subcontractors, one lost time injury (LTI) was registered in 2024. All aforementioned cases and near-miss incidents were thoroughly analyzed, and further measures were launched to prevent such cases in the future. All incidents can be classified as mild, and all people recovered completely.

The LTI rate, indicating the number of LTIs per one million working hours, in 2024 was 1.8. In comparison – according to the Europe Cement Association’s (CEMBUREAU) data, the average frequency rate of LTIs for those directly employed in the cement industry in European Union member states in 2023 was approximately 4.7.

We are constantly monitoring the rate of sick days and put greater focus on long-term sick leave to identify opportunities to support employees in their health-related struggles. In 2024, we experienced 2256 sick days, showing a positive declining trend for a third year in a row. In the long run, the Company is monitoring a growing trend of annual sick days, mainly due to an ageing employee profile.



MAIN KEY
PERFORMANCE
INDICATORS 2024:
**PEOPLE – OWN
AND CONTRACTED
WORKFORCE**

KPI	2022	2023	2024
Diversity			
Gender, %			
➤ male	83%	83%	82%
➤ female	17%	17%	18%
➤ other	0	0	0
Male			
➤ executives	67%	67%	71%
➤ managers and specialists	73%	74%	73%
➤ workers and junior specialists	88%	87%	87%
Female			
➤ executives	33%	33%	29%
➤ managers and specialists	27%	26%	27%
➤ workers and junior specialists	12%	13%	13%
Age groups, %			
➤ Under 30	7%	6%	6%
➤ 30-50	64%	64%	64%
➤ Over 50	29%	30%	30%
Persons with disabilities employed			
➤ male	100%	100%	100%
➤ female	0	0	0
➤ other	0	0	0



KPI	2022	2023	2024 goal / fact		2025 goal
Remuneration and satisfaction					
Employee Commitment Index	75 index points	75 index points	75 index points	81 index points	81 index points
Ratio of lowest base salary for entry worker in Company over country level base salary is	2.18	2.00	1.9		
Ratio of lowest base salary for entry worker over applicable benchmark salary in the country	1.28	1.3	1.29		
Male-female pay gap					
➤ General	109%	112%	111%		
➤ Executives	79%	82%	91%		
➤ Managers and specialists	90%	98%	99%		
➤ Workers and junior specialists	91%	90%	91%		
Attrition rate – voluntary leaves	4%	3.3%	5%	3.1%	5%
Employees covered in collective bargaining agreement, %	100%	100%	100%	100%	100%
Average training hours per person annually ⁹	12.3	11.9	10	8.3	10
➤ male	12.6	14	10	13.6	10
➤ female	10.6	18	10	13.2	10
➤ executives	9.2	15.6	10	17.5	10
➤ managers and specialists	13.7	16.7	10	13.8	10
➤ workers and junior specialists	11.6	12.6	10	11.1	10

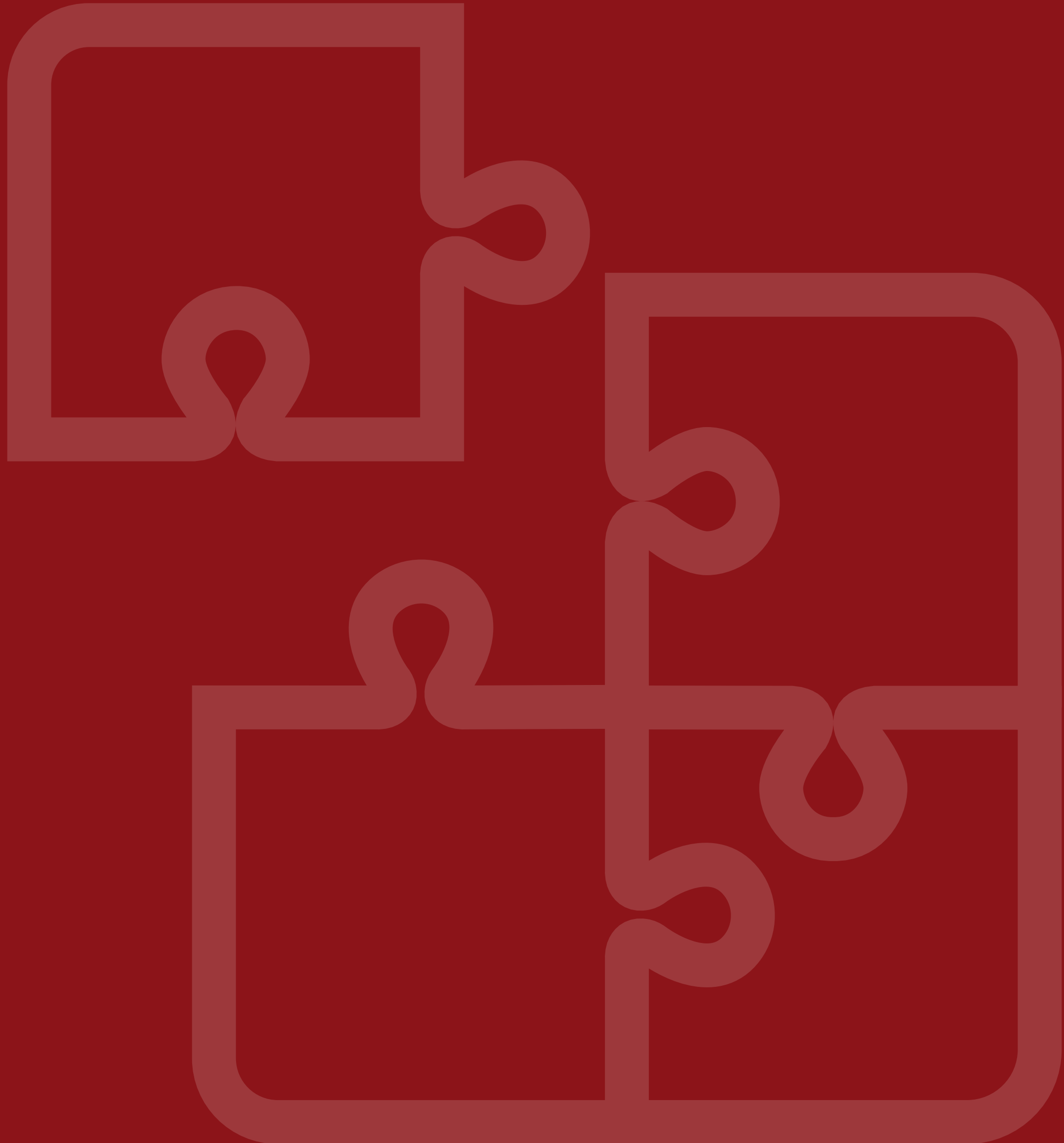
9 Calculation: total hours / all employees; particular groups calculated, based on actual number of training participants



KPI	2022	2023	2024 goal / fact		2025 goal
Engagement in work environment improvement					
Count of H&S risk cards	1994	2000 / 2359	2500	2577	2500
> Employees engaged, %	53%	60% / 66%	70%	74%	75%
> Risk cards resolved, %	80%	85% / 80%	85%	77%	80%
Count of Code of Ethics reporting	8	6	11		
Cases resolved, %	100%	100%	100%	100%	100%
Health and safety					
LTIs					
> employees	5	1	0	1	0
> contractors	0	0	0	1	0
Non-LTIs					
> employees	2	4	0	3	0
> contractors	1	1	0	0	0
Fatalities					
> employees	0	0	0	0	0
> contractors	0	0	0	0	0
Transport incidents					
> Light (blameworthy)	8 (2)	12 (7)	0 (0)	13 (8)	0 (0)
> Major (blameworthy)	3 (3)	0 (0)	0 (0)	4 (2)	0 (0)
> Lethal (blameworthy)	1 (0)	0 (0)	0 (0)	1 (0)	0 (0)



SUSTAINABILITY PERFORMANCE IN 2024: **IMPACT ON LOCAL COMMUNITIES**





GENERAL OVERVIEW

Measuring our impact, maintaining open dialogue and close cooperation with neighboring communities is an integral part of SCHWENK Latvija's daily activities. We believe in the power of Latvian regions, local communities and the importance of social responsibility. We put great emphasis on providing daily operations with as little impact on neighbors as possible, and strive to implement initiatives that improve the environment, quality of life, accessibility of education, and individual responsibility. Our community support program includes financial support for community projects, collaboration with local producers and creatives, charitable donations, voluntary work, engineering and technical education scholarships, educational events for schoolchildren and community events.

MEASURING IMPACT

Our biggest location with the most significant impact is the cement plant, located in Broceni, Saldus region. Advanced technologies, high safety and environmental standards, a completely closed production cycle and a responsible overall attitude help to reduce possible negative impact as much as possible. No harmful emissions or wastewater are released into the air or soil. The closest neighbors of the cement plant are people living in Broceni – a population of nearly 3000 people. An important stakeholder is also the closest communities living around SCHWENK Latvija quarries, especially quarries of our raw materials, where operations and transport traffic are most intense – limestone quarry Kumas and clay quarry Caunes. To ensure quiet during the night and safety of our haulers’ employees, production and deliveries of limestone are done only during daytime. During peak periods, clay is extracted and transported 24/7 according to the production schedule. The geographical location of the quarry ensures that no neighboring households are directly affected by noise or other production effects.

A significant common issue around quarries is state and municipal road quality. For transporting clay and limestone to maintain 24/7 cement production, on average 215 journeys by cargo vehicles are performed daily from the limestone quarry to the cement plant and around 120 – from the clay quarry to the cement plant. The Company regularly monitors driving conditions, following its traffic flow’s impact on road cleanliness. In case of increased mud or dust during prolonged periods of rain or dryness, appropriate cleaning activities are provided in cooperation with responsible state and municipal road operators. SCHWENK

Latvija implements ongoing dialogue with state and municipal institutions to enhance road modernization and renovation.

We have several ongoing monitoring programs for measuring quarrying impact on local ground-water resources, and we take relevant action in case of any issues. In 2015, the Company provided 3 well deepenings for 3 households who faced challenges with water availability.

Apart from the above-mentioned neighbors in Broceni and around raw material quarries, our community stakeholders also involve neighbors in other production locations: around quarries in Talsi, Tukums, Bauska and Madona regions, and ready-mix plants in Riga.

In the last few years, SCHWENK Latvija has organized several open dialogue meetings with neighboring communities around existing or developing quarries. In April 2023, we organized the first general open dialogue, covering all groups of relevant stakeholders and gathering 50 participants. During the meeting, the Company’s sustainability strategy was discussed and developed, including impact on climate and environment, social aspects, as well as governance and industry. In 2024, the Company organized an online dialogue with its stakeholders to share updates on SCHWENK Latvija sustainability targets and progress, ensuring space for discussion and questions. Approximately 60 people covering various stakeholder groups attended the meeting.



ACTIONS TO REDUCE NEGATIVE AND POTENTIALLY NEGATIVE IMPACT

In Iecava, Bauska region, in 2024, SCHWENK Latvija started preparation works for opening of a new dolomite quarry. The first activities included removal of a top-soil, formation of a noise and dust protection wall around the quarry, construction of a new 20 kV underground cable line with a length of 2.55 km and a transformer with a capacity of 1000 kVA. To reduce potentially negative impact from increased transport flow, SCHWENK Latvija ensured solid surface installation on two municipal roads. In total, 2.4 km of municipal roads A10, A11 and B28 have been re-surfaced, of which 1.75 km have been asphalted to ensure lower noise levels for the residents of the surrounding households.

To ensure proper monitoring of vibration and sound pressure during blasting activities in the quarry, one sound pressure sensor and two vibration sensors were installed. They will ensure more efficient control of quarrying operations impact on surrounding communities and the Rail Baltica infrastructure project and implement corrective actions. One vibration and one sound pressure sensor will be stationary in Purmales quarry, whilst another vibration sensor is mobile to control the impact on specific neighbouring households.



For ensuring public safety and preventing any safety risks in Saldus region, in 2024, SCHWENK Latvija dismantled two old silo buildings in its historic cement production plant in Broceni, whose territory is partially accessible to the public due to a servitude road.

COMMUNITY SUPPORT DONATIONS

In 2024, SCHWENK Latvija continued to organize a community project competition for supporting initiatives benefiting people in the Saldus region. Project calls have been organized for more than ten years already, supporting numerous projects and initiatives from the local community. Instead of setting clear boundaries for project types and areas, we trust that people are those who know their community’s needs the best. From the Company's perspective, it is important that ideas support community development and foster our values, as well as implemented according to high ethical, health and safety, and human rights standards.

Since 2019, 31 projects were supported with a total investment of 100 thousand euros, covering areas of education, environmental, health, wellbeing, and safety improvements, community engagement and gatherings, developments of smart city concepts as well as fostering capacity of NGOs and different community groups. Projects are oriented to support diversity and inclusiveness of various society groups.

In 2024, 20 project applications were submitted and presented; 4 project teams received financial support – specific equipment in a day care center for children with special needs, support to improve reading capabilities among children with learning disorders, equipment for physical activities among children with special needs and their families, and a community gathering place in Draudziba village.

One project from the competition – organization of a mathematics-physics teacher’s conference – was extended outside the Company’s project competition scope and will be supported together with partners from Saldus Entrepreneurs Society.

We are proud of the material we produce and happy to support projects and ideas with cement, concrete and aggregate supplies. From 2024, SCHWENK Latvija supports reconstruction of Wagner Theatre house in Riga with a total donation of EUR 90 000 during 2024.

CONTRIBUTION TO ECONOMIC ACTIVITY IN THE REGION

SCHWENK Latvija operations in Saldus region provide employment to more than 600 people in various fields – starting from haulers and long-term partners working in the cement plant, to cooperations with service providers in events etc. We believe that economic growth is one of the most important aspects of regional development. Together with 24 other entrepreneurs in the Saldus region, SCHWENK Latvija is an active member of the Saldus Entrepreneurs Club, focusing on economic growth, boosting community engagement, and education. When possible, SCHWENK Latvija invites local community organizations, small enterprises and individual artists for cooperation in events, choose local crafts as gifts for our partners and friends and are constantly looking for other ways to improve local prosperity and welfare.



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SCIENCE EDUCATION SUPPORT

In the academic year 2023/2024, SCHWENK Latvija supported a science education program in Saldus primary school. It included 37 lessons over the academic year, involving approximately 1000 children from the whole region, who were able to attend additional science classes dedicated to various topics. At the end of the project, SCHWENK Latvija’s experts attended an open class and introduced schoolchildren to environmental aspects of our industry, as well as the production process of cement and concrete.

Every year we provide support to youth of Saldus region who see their future in the native region and want to obtain technical or university education in engineering sciences in any of education schools of Latvia. Graduates can apply for the scholarship each year in September in cooperation with the RTU Development Fund. Apart from that SCHWENK Latvija experts regularly support school youth from Broceni Secondary school in the development of science projects.

SCHWENK Latvija has a long-term collaboration with children and youth technical non-formal education initiative Ripo Auto. The Company regularly supports annual competition of young technicians, in 2024, gathering around 200 children from all over Latvia.



VOLUNTARY WORK

Each year we gather for voluntary workday to support local community organizations and institutions with practical help. In addition, people from various departments are engaged in supporting schoolchildren and students in their science projects, participating as evaluation committee members in community project competitions, as tour guides and hosts during community events. In 2024, the Company organized two voluntary workdays – for clean-up of cement plant neighborhood area and improvements in playground in one of the pre-school education institutions in Broceni. Apart from that voluntary work included employee participation in Museum Night 2024 in the Saldus region, activities in various professional organizations, guiding tours for cement plant guests and contributing to national social initiative Mission Zero. Approximately 15% of Company employees were engaged in at least one form of voluntary work. Total human hours dedicated to this were approximately 370.

CEMENT PRODUCTION LEGACY

As the only cement producer in Latvia and successor of a Company with a history of more than 85 years, we feel a sense of a mission for maintaining cement production legacy in Broceni alive. In previous years SCHWENK Latvija has technically supported gathering of historical information about Broceni and cement industry’s history as well as launched silver coins honoring long-term cement production employees and organized special event for the industry seniors. In May 2024, SCHWENK Latvija traditionally participated in the Museum night, gathering approximately 300 visitors.



MAIN KEY
PERFORMANCE
INDICATORS 2024:
**IMPACT ON LOCAL
COMMUNITIES**

KPI	2022	2024 goal / fact		2024 goal / fact		2025 goal
Stakeholder dialogues	0	1	1	1	1	1
People engaged in voluntary work, % from all employees	6.5%	10%	21%	20%	15%	20%
Voluntary work, human hours	310 h	500 h	550 h	500 h	370 h	500 h
People directly positively affected by social investment programs	10 500	50 000	49 000	50 000	63 500	70 000
Social protests and legal claims against Company	0	0	0	0	0	0



SUSTAINABILITY PERFORMANCE IN 2024: **CONSUMERS AND END USERS**



GENERAL OVERVIEW

SCHWENK is one of the most innovative building materials producers in Europe and strives to be the leader in sustainable business practice. With responsibility towards the environment, global resources and people, we produce the highest quality building materials for a broad range of customers. Our environmental standards are one of the highest globally. We constantly monitor the impact of manufacturing on the environment, implementing various environmental protection and preservation activities. We care for preserving global resources, and it is pictured in our sustainable business strategy and responsibly manufactured products. Almost all our raw materials are locally and responsibly sourced, reducing the logistical network and therefore – fuel consumption and emissions from motor transport. Our product range includes bulk and packed cement, ready-mix concrete, sand, gravel and their mixes, as well as soil liming material used in agriculture. Approximately 70% of cement and 30% of aggregate sales volumes are exported; other materials are produced mainly for the local market. Our customers are very important stakeholders, with whom we maintain an open and collaborative relationship and engagement. They represent various business areas – industrial producers, retailers, individuals, road construction companies, builders, and developers.



RESPONSIBLE CUSTOMER RELATIONS

SCHWENK Latvia maintains regular and close relationships with customers and constantly measures their sentiment and engaging in decision making. Depending on business direction, we implement several customer surveys annually and measure Net Promoter Score (NPS). They cover questions like communication with salespeople and service providers, delivery, product quality, packaging quality, availability of information about the product and its use, purchasing and delivery process.

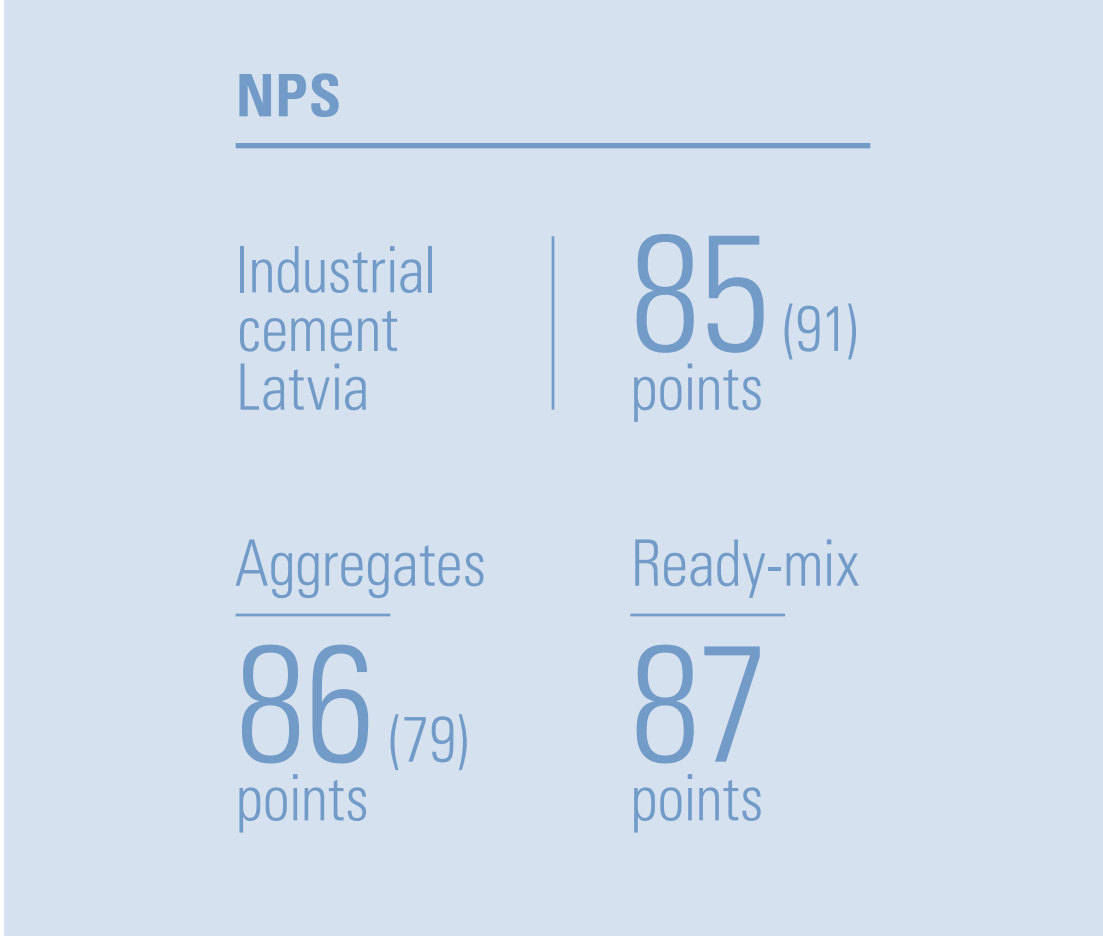
Through various initiatives, platforms, and activities we maintain open dialogue and constantly engage all our customer segments in further decision making. In 2024, forms of engagement included – direct meetings and discussions; educational seminars and webinars on matters like product development and quality, responsible use and sustainability; special events and the customer survey.

The customer survey in 2024 was implemented in November – December and covered all our customers in the segments of cement, ready-mix and aggregates for industrial clients and soil liming material SCHWENK Agro.

The customers of cement and aggregates for industrial clients, and soil liming material SCHWENK Agro expressed their opinion, rating four aspects of collaboration – product, performance of sales department, purchase and delivery process and SCHWENK as a cooperation partner. Response rate among cement customers was 38%. The average rating of all aspects was 9.2 points on a scale of 10. Most highly evaluated areas were politeness and kindness of our salespeople – 9.5 points, accessibility of SCHWENK contact people, compliance with the delivery time,

availability of product information, availability and attitude of customer service staff – 9.4 points. The lowest rating was 8.6 points for packaging quality of cement pallets. In general, SCHWENK Latvia considers these results as very good and the action plan for 2025 is focused on maintaining high quality customer service, open dialogue and proactive approach in problem solving.

Among industrial customers for aggregates and SCHWENK Agro, the response rate was 57%. Results were similar to cement customers – the average rating of all aspects was 9.1 points on a scale of 10. The most highly evaluated area was responsiveness of the salesperson with 9.6 points, lowest – 7.7 for importance of being recognized as cooperation partner of SCHWENK Latvia. Nevertheless, SCHWENK Latvia as a collaboration partner is rated very highly – with 9.4 points. In 2024, the Company implemented two important improvements in the product quality and delivery – launch of closed product storage facilities to reduce moisture level and installation of a new scale, improving material weighing accuracy. The action plan for 2025 includes continuous open dialogue, ongoing improvements, and new product development.



Ready-mix customer survey was completed in November 2024, covering 50 customers. Of the invited, 38 customers or 76% participated in the survey. The questionnaire included 27 questions, covering all aspects of collaboration – customer service, product quality, technological support, health & safety, delivery and pumping services. Overall results are considered very good, with approximately 80% of customers satisfied with all aspects of collaboration. The highest evaluation was received for the aspect of health & safety and professionalism in customer service, technology support, and communication during service provision on the construction site. The lowest rate of customer satisfaction refers to availability of pumping services during peak hours (nearly 24% of respondents identified challenges in pumping service availability).

These customer segments participated also in NPS score survey and valued SCHWENK Latvia with the high score of 85 points for cement collaboration in Latvia (in 2023 – 91), 86 points

for aggregates and SCHWENK Agro (in 2023 – 79). The rapid improvement of results in 2024 versus 2023 among aggregates customers is due to implemented improvements in product quality and deliveries. Cement customers demonstrated a lower NPS than a year before, mainly due to the increase in costs.

Since health and safety are our core values, SCHWENK Latvia puts great emphasis on communicating safe product use, as well as provides all relevant certificates and labels according to the EU legislation, such as product safety data sheets, CE product labelling, etc.

CLAIM HANDLING

There is a system in place for registering all incoming customer claims and their resolution. Customers can submit any feedback in various ways – through direct contact with a salesperson, through the contact form on our webpage, via email, through retailers, directly by phone or by contacting us on social media. Contact information is publicly available on the Company’s webpage and product packaging (when applicable). SCHWENK Latvia has a centralized customer claim handling system for all markets – domestic in Latvia, as well as export markets including Sweden, Finland, Estonia.

In 2024, SCHWENK Latvia received 18 (in 2023 – 31) customer claims for cement, 1 (in 2023 – 3) claim for aggregates and 38 (in 2023 – 9¹⁰) for ready-mix. All claims received were collected in a system, analyzed in relevant working groups based on claim specifics, and customers received feedback. For cement, 44% of claims received were about broken product packaging; all situations were resolved by the Company by compensating the value of the product. For ready-mix, the most widespread subject of customer claims was product quality aspects (47% of all received).

¹⁰ Significant increase in the amount of claims is explained due to extended approach in claim registering system.



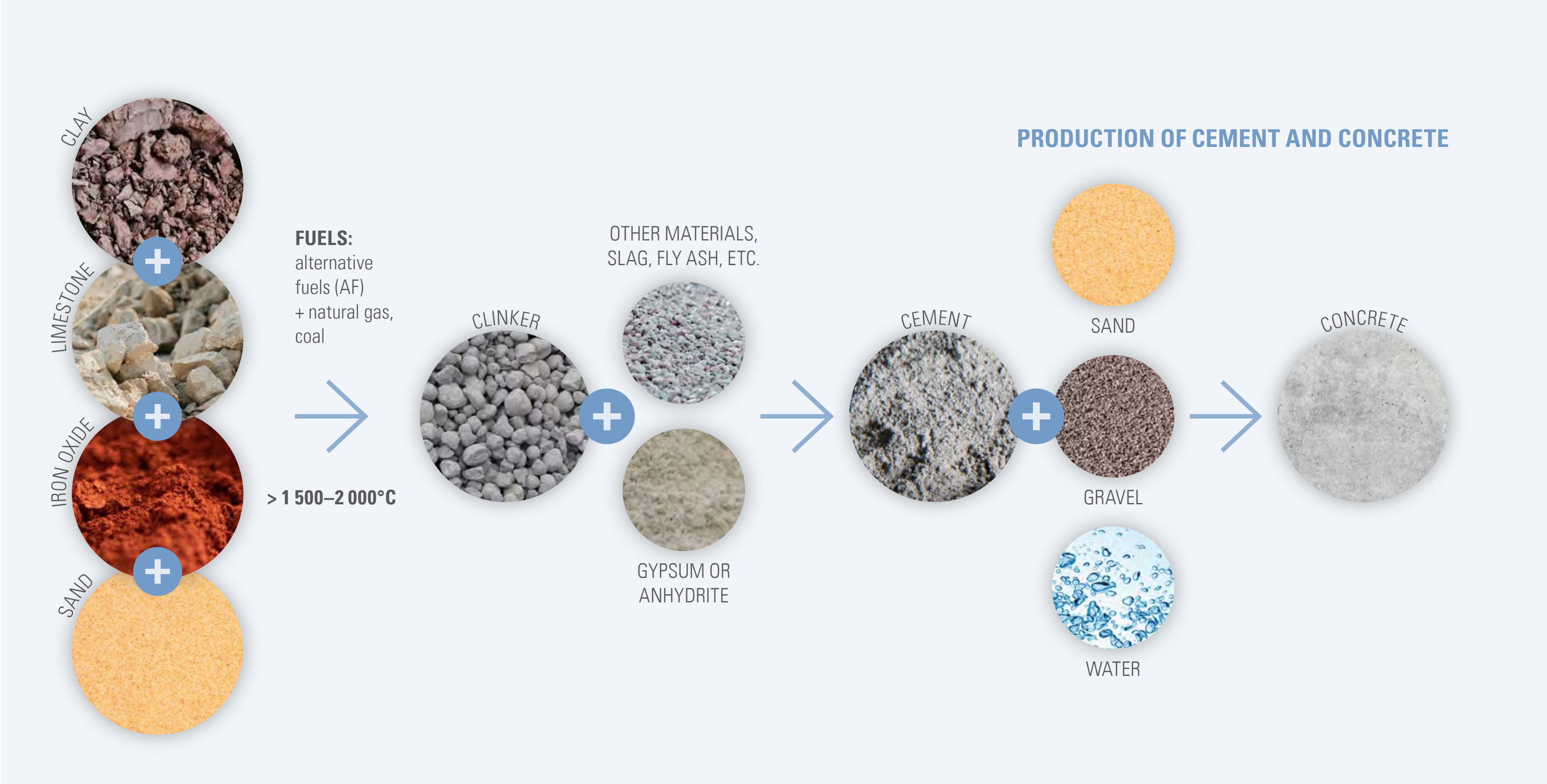
SUSTAINABLE PRODUCTS

CEMENT

As stated in the cement standard LVS EN 197-1, cement is a hydraulic binder – a finely ground inorganic material which, when mixed with water, forms a paste. It sets and hardens through hydration reactions and processes. After hardening, it retains its strength and stability even under water. Cement production contains two significant phases – first, production of Portland cement’s main component, clinker. The second phase is the production of cement, where clinker is ground together with additives to make different types of cement. The main components of cement clinker are limestone, clay, sand, and iron oxide. Depending on other constituents, for example, pozzolanic materials, blast furnace slag, limestone, etc., different types of cement can be produced.

SCHWENK Latvija is the only cement producer in Latvia, manufacturing in the most advanced and environmentally friendly cement plants in Europe in Broceni. Our cement is used for making various concrete constructions, panels, reinforced concrete and concrete paving units, ready-mix and building of high endurance objects, for example, bridges and building foundations.

In 2024, Company started to produce three new cement types, thus cement customers in Northern Europe were provided with ten types of cement – eight types of bulk cement, produced in Broceni, Latvia, and two types of packed cement produced in SCHWENK Group's cement plant in Akmene, Lithuania. Cement is delivered to the Latvian market and exported to Estonia, Sweden, and Finland using road, rail and marine transport.



In 2024, 1781 full chemical, mineralogical, and physical properties tests on the end product – cement were conducted (compared to 1497 cement samples tested in 2023). The number of tests is affected by cement production and sales volume, as well as the variety of cement types produced.

In 2024, SCHWENK Latvija reached a significant milestone within its long-term clinker factor reduction strategy, introducing two new cement types CEM II/B-M (S-LL) 52.5 N and CEM II/B-M (P-LL) 42.5 N under the name ECO₂ CEMENT with a

clinker factor of around 70%. To develop these products, a total of 71 laboratory tests for supplementary cementitious materials were conducted in 2023.

In 2024, SCHWENK Latvija performed a life cycle assessment and received a new EPD certificate for cement type CEM II/B-M (P-LL) 42.5 N. Thus, seven cement types produced in Broceni have EPD certificates. The analysis evaluates the ecological footprint of the cement manufacturing process – from obtaining aggregates to the final product.

SCHWENK Latvija cement types with EPD certificates in 2024:

- CEM II/B-M (S-LL) 52.5 N
- CEM II/A-LL 52.5 N
- CEM I 42.5 R
- CEM I 52.5 N
- CEM I 42.5 N-SR 3
- CEM II/A-M (S-LL) 52.5 N
- CEM II/B-M (P-LL) 42.5 N



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CONCRETE

Concrete deliveries and pumping are mainly done with our own transport units, and renewal of the fleet is one of our medium-term goals. Our ready-mix delivery trucks’ emission standards vary from Euro 4 to Euro 6. In 2020, SCHWENK Latvija partially renewed its ready-mix delivery fleet, adding 12 new mixers complying with the EURO 6 emissions standard. In 2024, the Company added four more ready-mix trucks to its fleet and installed a new ready-mix plant in Riga.

In 2024, SCHWENK Latvija continued a major investment program in ready-mix, starting construction of a new laboratory and social facilities at one of its ready-mix sites in Riga. The Company also



started restructuring and extension of laboratory service by separating ongoing quality control and product development. In 2024, two SCHWENK Latvija ready-mix plants received Concrete Sustainability Council (CSC) silver certificates.

We provide technical and consultative support to our customers for more efficient use of concrete for sustainable construction. There are around 15 tests implemented on a regular basis or available upon request on raw materials and products in our concrete laboratory. Concrete quality experts are constantly involved in educational work in cooperation with the universities of Latvia and various trade and professional organizations, engaged in the development of industry standards and sustainable construction practices. Concrete production is conducted according to standards LVS EN 206:2014 and LVS 156-1:2017.

An important aspect of measuring impact and ensuring quality is full control of the entire ready-mix supply chain – starting from raw material extraction in quarries to cement production, ready-mix production, and delivery.

Since 2021, SCHWENK Latvija has used ready-mix concrete returned from construction sites to produce concrete blocks, thus completely eliminating returned concrete waste.

QUARRY PRODUCTS

From mineral resources extracted from six quarry operations, SCHWENK Latvija produces different types of quarry products – certified aggregates for construction and road building, soil-liming material SCHWENK Agro, crushed limestone, and clay for cement production.

Manufacturing takes place in compliance with environmentally friendly quarry maintenance principles and using the most advanced technologies, which help to reduce negative impact on the environment. We implement responsible rehabilitation, and flora and fauna diversity preservation. Our production sites are open to customer and other stakeholder visits, and experts are engaged in educational initiatives in cooperation with customers and schools.

SCHWENK Latvija’s biggest quarry is the limestone quarry Kumas, located approximately 30 km from the Broceni cement plant. Its total area is 306 ha; on 133 ha extraction works are finished and rehabilitation works are in progress. To access the limestone layer, overburden must be removed to an average thickness of 8.5 m, removing approximately 650,000 m³ of overburden per year. It is being moved to the already extracted part of the quarry according to the specifications of the recultivation project. When the proper ground level is reached, reforestation works are already started in parallel with quarry extraction.

On average, 1.5 million tonnes of limestone are produced annually. 95% of it is used in the production of cement; the rest is used to produce soil-liming material SCHWENK Agro and sold to customers.

The clay quarry in Caunes is located in the Broceni II clay deposit, where the production of clay started in 1996. The area of the Caunes quarry is 46.97 ha, which is only 1/5 of the entire area of the deposit. The thickness of the clay in the quarry area reaches up to 32 m. According to the project, the material can be extracted up to a depth of 22 m to maintain the stability of the slopes. On average, 300 thousand tonnes of clay are produced annually.



High quality aggregates for various construction purposes are manufactured in several sand and gravel quarries in the Kurzeme and Vidzeme regions. Sand and gravel mixes are widely used in the construction of roads; crushed gravel is used to produce asphalt; and pebble and washed sand are used to manufacture ready-mix and concrete products.

In Iecava, Bauska region, in 2024, SCHWENK Latvija started preparation works for opening of a new dolomite quarry.

Aggregates are produced according to standards LVS EN 12620:2008, LVS EN 13242:2009 and LVS EN 13043:2002. There are 12 regular tests implemented on a regular basis in our laboratories.



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DISTRIBUTION

SCHWENK Latvija products are delivered with 227 vehicles – bulk cement cisterns, aggregates trucks, and ready-mix mixers. Deliveries of cement and aggregates are provided by our long-term contractors – haulers. Ready-mix is transported to our customers’ sites by the Company’s own transport fleet. Ready-mix pumps are part of our transport fleet and are used to provide pumping service at construction sites. For export markets, we also use railway and maritime transport.

It is very important to us that SCHWENK freight forwarders are responsible and highly regarded road users adhering to safe and courteous driving principles. A sustainable approach to transport

organization is an important part of the logistics team activities. Deliveries are carefully planned, selecting shorter routes with less intensive traffic, and to the maximum extent performing deliveries during periods of low traffic. An important aspect of route planning is avoiding places with intensive pedestrian movement, roads near schools and kindergartens, and complicated traffic points, etc. All our and hauler drivers are undergoing extensive training programs to ensure highest standards of transport safety and courtesy on the road. In addition to ongoing training programs, ready-mix truck drivers receive separate training and instructions for cases of high risk and specific sites. Drivers are very responsible for the cargo and vehicles; they do everything necessary to become safe and friendly road users.

Our goal for health and safety is zero harm. That refers also to transport safety – our goal is zero accidents. We put great emphasis on incident prevention and thoroughly analyze each accident and risky situation.

Each incident has been evaluated in H&S committees, experience shared between divisions and discussed in drivers’ team meetings and information is used for further educational needs. There is a permanent job position of a traffic safety controller and ongoing work by the Transport Safety Committee consisting of 10 members.

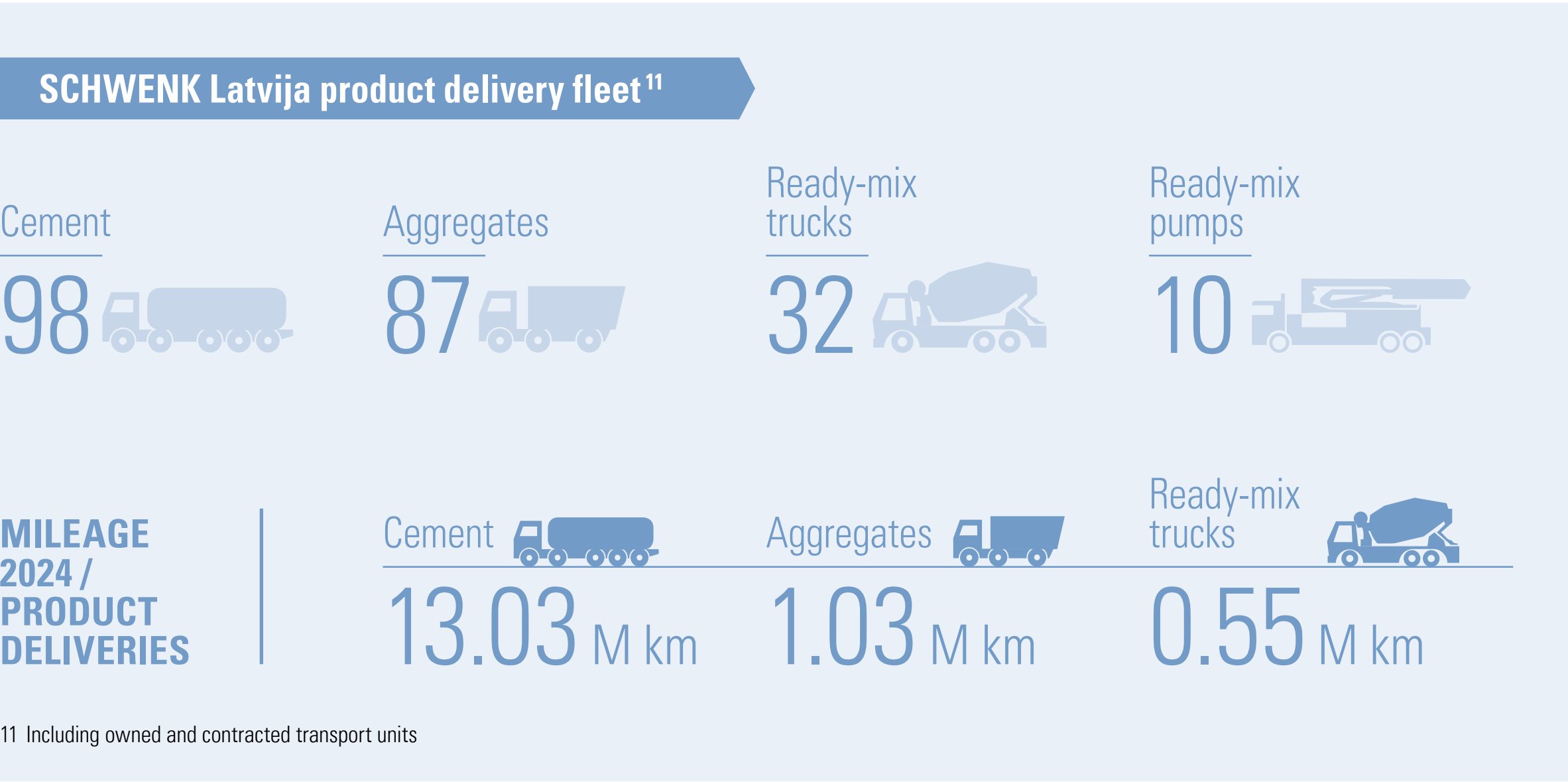
An important factor affecting safety is work and rest time balance. We put great emphasis on timely and thorough logistics planning and over the years have implemented many changes so that deliveries are done mainly during daytime and in away that ensures proper work and rest time for haulers’ drivers. Simultaneously with providing all conditions for proper work and rest time, we also strongly monitor how this has been respected.

Once annually, haulers are audited for compliance with the SCHWENK Latvija standard and additional requirements for transport safety. All vehicles should be equipped with a digital

video recorder, a cyclist warning sign, a traffic safety feedback call plate, additional reflective marking on trailers, wheel nut indicators, a full set of PPE for the driver, eye-washing fluid and wide-angle mirrors for vehicles produced before 2014. Our minimum acceptable tire tread is 4 mm (the legal requirement is 2 mm).

We also invite other road users to participate in improving of the driving style of our vehicles. On the back of SCHWENK Latvija vehicles, you will find a phone number for reviews. We are proud of the high rate of positive feedback calls, and at the same time concerned about the fact that complaints are mainly received about vehicles driving at legally allowed speeds, which, according to callers, are too slow.

SCHWENK Latvija and one of our main hauler's DELTA LV, have repeatedly received the Safest Fleet Awards from the insurance company Balta contest – Safest Company Fleet.



MAIN KEY PERFORMANCE INDICATORS 2024: CONSUMERS AND END USERS

KPI	2022	2023	2024 goal / fact		2025 goal
NPS score					
➤ Cement	80	91	70	85	70
➤ Ready-mix	NA	NA	70	NA	70
➤ Aggregates	65	80	70	86	70
Customer satisfaction rate					
➤ Cement	9.1	9.1	9.1	9.2	9.1
➤ Ready-mix	NA	NA	9.1	NA ¹⁴	9.1
➤ Aggregates	9.1	9.1	9.1	9.1	9.1
Ratio of customers covered in surveying, %					
➤ Cement	32.6%	42%	40%	38%	40%
➤ RMX	NA	NA	40%	76%	75%
➤ Aggregates	25%	50%	40%	57%	60%
Claims received					
➤ Cement	45	43	0	57	0
➤ Ready-mix	28	31	0	18	0
➤ Aggregates	10	9	0	38	0
➤ Aggregates	7	3	0	1	0
Quality claims resolved, %					
➤ Cement	100%	100%	100%	100%	100%
➤ Ready-mix	100%	100%	100%	100%	100%
➤ Aggregates	100%	100%	100%	100%	100%

14 Different survey methodology used, results are not comparable; described in more detail in page 65.



SUSTAINABILITY PERFORMANCE IN 2024: **INDUSTRY AND SUPPLY CHAIN**



ENGAGEMENT IN INDUSTRY DEVELOPMENT

SCHWENK Latvija is an active corporate citizen and part of various professional organizations – Foreign Investors Council of Latvia (FICIL), Baltic Institute of Corporate Governance (BICG), Building Material Producers’ Association of Latvia, European Cement Association (CEMBUREAU), German-Baltic Chamber of Commerce (AHK), Swedish Chamber of Commerce in Latvia (SCCL), Latvian Concrete Society, Employer’s Confederation of Latvia, and Latvian Chamber of Commerce and Industry. At the levels of executives and experts, SCHWENK Latvija participates in various working groups dedicated to industry and overall economic improvement in Latvia. In 2024, SCHWENK Latvija representatives spent approximately 2000 human hours on the aforementioned activities.

The Company’s main focus areas are combatting the shadow economy and corruption, and enhancing sustainability principles in the Latvian corporate environment and society in general.

More information about the Company’s Board members’ engagement in associations and working groups is available on page 15 and 16.

SCHWENK Latvija memberships



Building Material Producers’ Association of Latvia



Foreign Investors Council of Latvia (FICIL)



German-Baltic Chamber of Commerce (AHK)



European Cement Association (CEMBUREAU)



Latvian Concrete Society



Baltic Institute of Corporate Governance (BICG)



Swedish Chamber of Commerce in Latvia (SCCL)



Employer’s Confederation of Latvia



Latvian Chamber of Commerce and Industry



SOCIAL INITIATIVE MISSION ZERO

In 2024, SCHWENK Latvija’s national social initiative Mission Zero continued to grow further and engaged 22 new member organizations. The total number of Mission Zero members by the end of 2024 was 115 organizations covering 60 500 employees, which represents 7% of all people employed in Latvia.

During 2024, initiative members organized two informative and educational forums, two experience-exchange visits, one safety festival and two informative seminars. Ongoing issues and challenges are shared and discussed daily in a joint WhatsApp group. Mission Zero members represent various sectors, such as manufacturing, construction, energy supply, services, waste management, competent authorities in labour protection, as well as NGOs, relevant ministries, and state agencies.

In 2024, Mission Zero implemented a whistleblowing mechanism, inviting employees and community members to report observations associated with Mission Zero member organizations. More than 20 reports were submitted in 2024.

According to publicly available official statistics data about demographic dynamics in Latvia¹⁵, on average 23 thousand people annually lose their lives due to external factors, including accidents at work and during leisure time, traffic incidents, suicides, etc. The high rate of the shadow economy and lack of awareness and understanding about health and safety being a core value in everyone’s life are among the main reasons for risky actions and regular incidents. Employers have a significant role and power to improve the situation by putting health and safety at the core of each business activity and daily operation. SCHWENK Latvija

launched the national social initiative Mission Zero to address the tragic reality in Latvia of many lost lives due to external factors, including work. The initiative includes measuring impacts and understanding the real situation, analysing risks and pain points, launching improvements, and sharing best practices. It sets a common goal – to make health and safety a value and priority for everyone.

Mission Zero’s long-term goal is to unite at least enough Latvian employers to cover and positively impact 50% of the workforce in Latvia, or 440 thousand people.

¹⁵ Demography 2023, in Latvian | Oficiālās statistikas portāls



SUPPLIERS AND SUBCONTRACTORS

An important part of SCHWENK efforts to improve the overall business environment is our approach to cooperation with suppliers and subcontractors. We strive to apply sustainable business practices not only within the Company but also among external stakeholders. We are constantly looking for opportunities to increase the positive impact of our operations throughout the value chain. We believe that by putting emphasis on responsible governance, healthy and safe workplaces, fair pay, and transparency, we help to create stronger communities and a better business environment.

SCHWENK Latvija cooperates with approximately 1000 suppliers and contractors in various fields. Our procurement processes are implemented according to procedures and guidelines, ensuring equal treatment of all suppliers. All potential suppliers should be ready to sign an affirmation stating that their business practices are highly ethical, and compliant with all relevant rules and regulations, including high standards for health and safety, environment protection, and fair working conditions. Requirements are publicly available on the SCHWENK Latvija webpage and are equal for all.

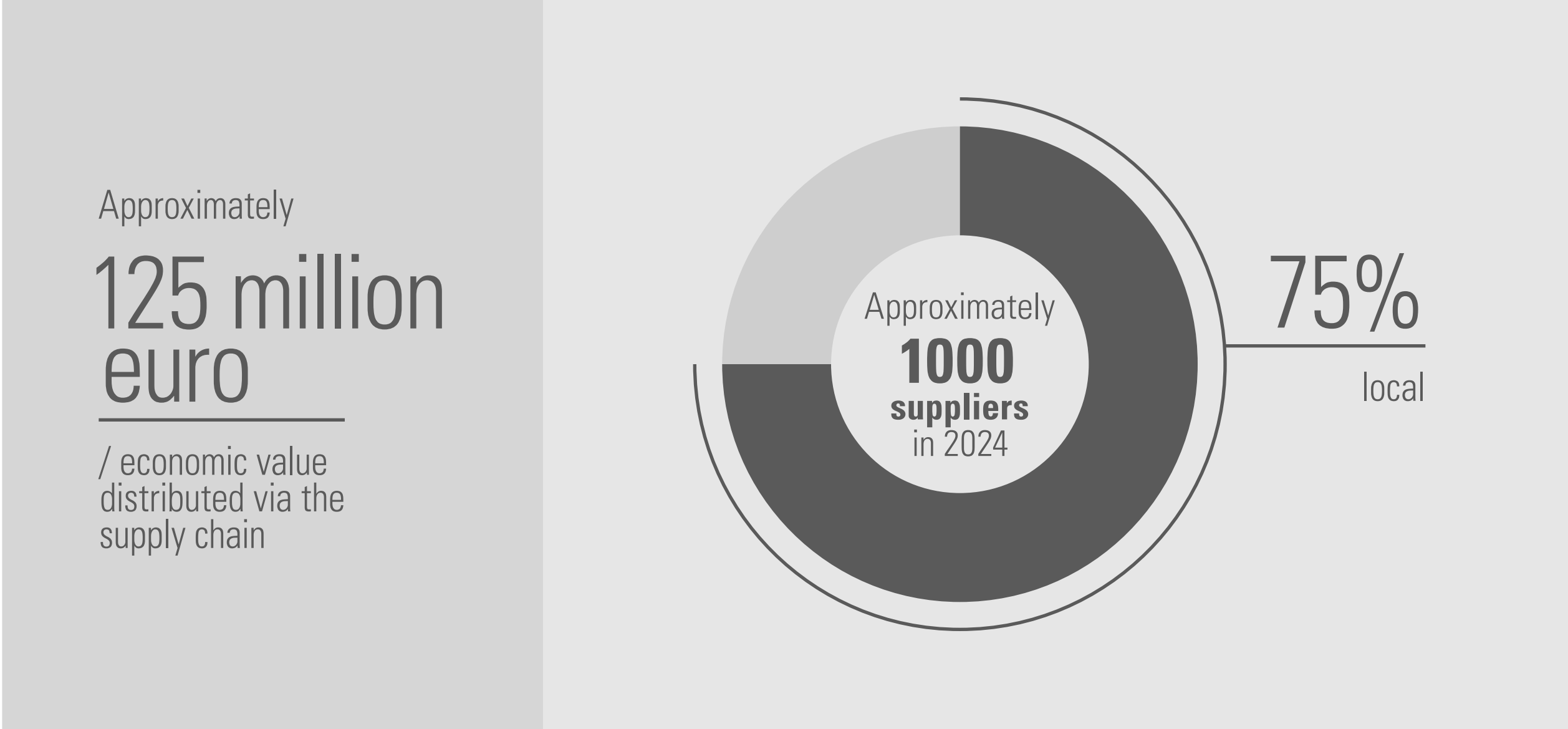
Also, during the cooperation, we implement various initiatives to raise suppliers’ and contractors’ awareness of various issues, especially health and safety. On a regular basis, we meet for health and safety workshops with contractors’ management and H&S experts; contractors’ audits are implemented to evaluate the level of health and safety standards at contractors’ locations and encourage sustainable practices along the value chain.

The biggest number of contractors' employees are involved in works at the Broceni cement plant – approximately 1500 workers from various contractors annually perform different types of work. All third-party employees working at our locations should receive health and safety instructions twice a year, comply with our standards and procedures for the use of Personal Protective Equipment (PPE), equipment and tools, safe execution of works, and behavior on our property.

To monitor contractors’ flow in the cement plant, in 2019 a registration system based on biometrics (fingerprint) was introduced. It helps to ensure that the employee has undergone H&S instruction and has no violations, tracks hours spent at the plant, etc. During the time of the pandemic, great effort was put into ensuring epidemiological safety measures for all employees of subcontractors working in the plant. This included body temperature measurements, extended sets of health-related PPEs, thorough planning of people flow, testing, and self-isolation procedures for employees traveling from abroad in critical cases.

The specifics of our operations restrict us from fully local supplies; however, when possible, we do support local producers and suppliers. In 2023, 70% of SCHWENK Latvija suppliers were local companies.

In 2023, SCHWENK Latvija established procedure for collecting data for calculations of Scope 3 CO₂ emissions. Out of 15 required categories of upstream and downstream value chain, as first steps, SCHWENK Latvija gathered data from six: purchased goods and



services (Category 1), fuel and energy-related activities (Category 3), upstream transportation and distribution (Category 4), business travel (Category 6), employee commute (Category 7), and downstream transportation and distribution (Category 9). Calculations were made based on categories with estimated higher impact. For categories 1, 3, 4, 6, and 7, the Company used questionnaires among suppliers and employees. From these categories, the highest response rate and thus available data scope was received from employees (Categories 6 and 7). The lowest response activity, as well as data availability, comes from Categories 1, 3, and 4 – on average 25% response rate. In Categories 1, 3 and 4, the emission factor was calculated based on information received from suppliers and public databases of emission factors – Climatiq¹⁶ and Defra¹⁷. In 2024, SCHWENK Latvija extended Scope 3 greenhouse gas emissions (GHG) accounting, including used raw materials, additives from ready-mix plants and capital goods under Scope 3 category 2.

Apart from that, in 2024, SCHWENK Latvija began further extending its risk and opportunity assessment to include main suppliers and subcontractors. The process started with educational meeting and dialogue, introducing supply chain members with Company’s sustainability approach, targets, impacts and risks, as well as further sustainability reporting agenda. In 2024, Company developed a questionnaire, covering wide range of sustainability related questions. Supplier survey is scheduled for the second half of 2025.

16 Climatiq Data Explorer – Search Global Carbon Emission Factors
17 Greenhouse gas reporting: conversion factors 2023 – GOV.UK (www.gov.uk)



SUSTAINABILITY PERFORMANCE IN 2024: **GOVERNANCE**



SCHWENK LATVIJA'S CORPORATE CULTURE AND GOVERNANCE PRINCIPLES ARE INTEGRATED INTO ALL OF THE COMPANY'S OPERATIONS. OUR GOVERNANCE PRACTICES ARE DESCRIBED IN THIS REPORT'S GOVERNANCE SECTION (PAGE 13–19).

ACTIVITIES IN 2024 AND GOALS FOR 2025

SCHWENK Latvia implements an extensive and holistic training program on various ethics and compliance aspects, including a safe work environment, anti-corruption, fair competition, conflict of interest, etc. The Code of Ethics is an integral part of employment contracts and is applicable to all SCHWENK Latvia employees. Code of Ethics training is mandatory for all employees and is organized once every 3 years. The last training cycle was in 2022 and covered 100% of all employees. New employees are trained during the onboarding process.

Additional annual compliance training sessions are organized for executive, management, and expert level employees based on their work specifics. In 2023, compliance training sessions were focused on anti-corruption and competition law and were organized for all relevant target audiences – 70 employees in Latvia and 18 in Sweden, Norway, Finland, and Estonia. In 2024, the Company started to develop a new training program with a focus on conflict of interest and sanctions risk. Its rollout is scheduled for 2025.

In 2024, surveillance audits for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 were conducted with zero non-conformities. 17 internal audits were conducted. Five non-conformities were detected and necessary corrective actions were implemented.

To increase process efficiency, user friendliness, monitoring, and feedback, SCHWENK Latvia is moving towards completely digitalized systems and processes. In 2023, SCHWENK Latvia extended its health and safety digital system, adding three new modules. In 2024, the Company extended digitalization in logistics management and started digitalization of the work permit system. In, 2025 Company plans to extend the functionality of the employee portal.

For extending sustainability reporting practices, during 2024, SCHWENK Latvia, in close collaboration with its parent Company, undertook a comprehensive materiality and gap analysis to assess the eligibility and potential alignment of its economic activities and products with the EU Taxonomy framework. This analysis covered both current operations and medium-term development plans, enabling to identify which of Company's activities are Taxonomy-eligible and to what extent they meet, or are on a pathway to meet, the technical screening criteria, Do No Significant Harm (DNSH) requirements, and minimum safeguards as defined in the EU Taxonomy Delegated Acts. Building on the outcomes of this analysis, the next step will be to develop and formally adopt a medium-term capital expenditure (CAPEX) investment plan over the course of 2025. This plan will detail and prioritize projects designed to enable Taxonomy-eligible activities to achieve full alignment with the EU Taxonomy criteria.

In 2025, the Company plans to certify its Anti-bribery Management System under ISO 37001:2025 and implement applicable requirements of the National cybersecurity law.

SUPPORT TO POLITICAL PARTIES

According to national regulations, SCHWENK Latvia does not provide any financial support to any political party or figure. The Company recognizes the fundamental right of employees to freedom of expression and supports employees' rights as individuals to participate in the political process, including donating to political parties, in accordance with applicable laws. However, it is important to distinguish between public activities and expression on behalf of SCHWENK and personal public activities and expression.



