

SCHWENK LATVIJA SUSTAINABILITY REPORT

2025

SUSTAINABILITY THAT WORKS.

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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 2025, based on annual financial reporting cycle.



MESSAGE FROM THE CEO

2025 – For Future Generations

As a family-owned business, one of our core values is For Future Generations. For us, this means thinking beyond today and making decisions that create long-term value for our people, communities, environment, and climate. Throughout our history, every generation has faced its own challenges and opportunities while striving to leave behind a stronger company and a better world for those who follow. Today, it is our responsibility to continue this journey.



In 2025, we remained focused on what matters most – building sustainable solutions for generations to come and taking meaningful steps towards climate-neutral cement production. One of our most significant milestones was the launch of Latvia’s first carbon capture test facility at the Broceni cement plant, marking the beginning of a new chapter not only for SCHWENK Latvija but also for Latvia’s industrial sector. Cement production is among the most challenging industries to decarbonize, and carbon capture technologies are essential for achieving climate neutrality.

Together with our partners in the CCS Baltic Consortium, we continue to develop a future carbon management value chain for the Baltic region. These initiatives reinforce our belief that sustainability and competitiveness go hand in hand, creating new opportunities for innovation, economic growth, and highly skilled jobs.

At the same time, we continued to advance other important aspects of our decarbonization roadmap. Production volumes of our low-clinker cement products increased significantly, supporting our long-term ambition to reduce the carbon footprint of our products. Through continuous investment in research, development, and modern technologies, we are making steady progress toward our climate goals.

Environmental responsibility extends beyond climate action alone. Across our operations, we continue to improve resource efficiency, expand circular economy practices, optimize energy use, and preserve biodiversity around our quarries. As one of Latvia’s largest electricity consumers, we recognize our responsibility to continuously improve energy efficiency and strengthen sustainable production practices throughout our value chain.

None of these achievements would be possible without our people. I am proud of and grateful for the strong engagement, professionalism, and dedication of our team. With approximately 360 employees representing a wide range of professions and nearly half of them having worked at SCHWENK Latvija for more than ten years, we continue to demonstrate that sustainable growth starts with motivated and committed people.

Health and safety remain our highest priority. Through continuous improvements in working conditions, extensive employee and contractor training, and the further development of our Mission Zero philosophy, we continue striving towards our goal of zero harm. The national MISSION ZERO initiative continued to grow, uniting 164 organizations and reaching around 76,000 employees across Latvia by the end of 2025, demonstrating the power of cooperation in improving workplace safety.

As part of our commitment to responsible business practices, we continue to strengthen our governance framework and uphold the values defined in our Code of Ethics. It serves as the foundation of our corporate culture, guiding our decisions, partnerships, and daily actions throughout the value chain.

We also remain deeply committed to the communities where we operate. Through educational initiatives, support for STEM education, and numerous community partnerships, we continue investing in the future development of Latvia’s regions and in future generations.

Looking ahead, our ambitions remain clear. In 2026, we will continue testing carbon capture technologies under real production conditions, further reduce the climate impact of our production, foster sustainable business environment in Latvia and strengthen our contribution to society. The road towards climate neutrality is complex, but every step forward brings us closer to a more sustainable future.

I firmly believe that by combining innovation, responsibility, and collaboration, we can create lasting value for our stakeholders and help build a better tomorrow for everyone. For present and future generations.

Thank you for being part of this journey.

Sincerely,
Reinhold Schneider

Chairman of the Management Board SCHWENK Latvija
CEO SCHWENK Northern Europe

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SCHWENK AT A GLANCE

SCHWENK Latvia 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



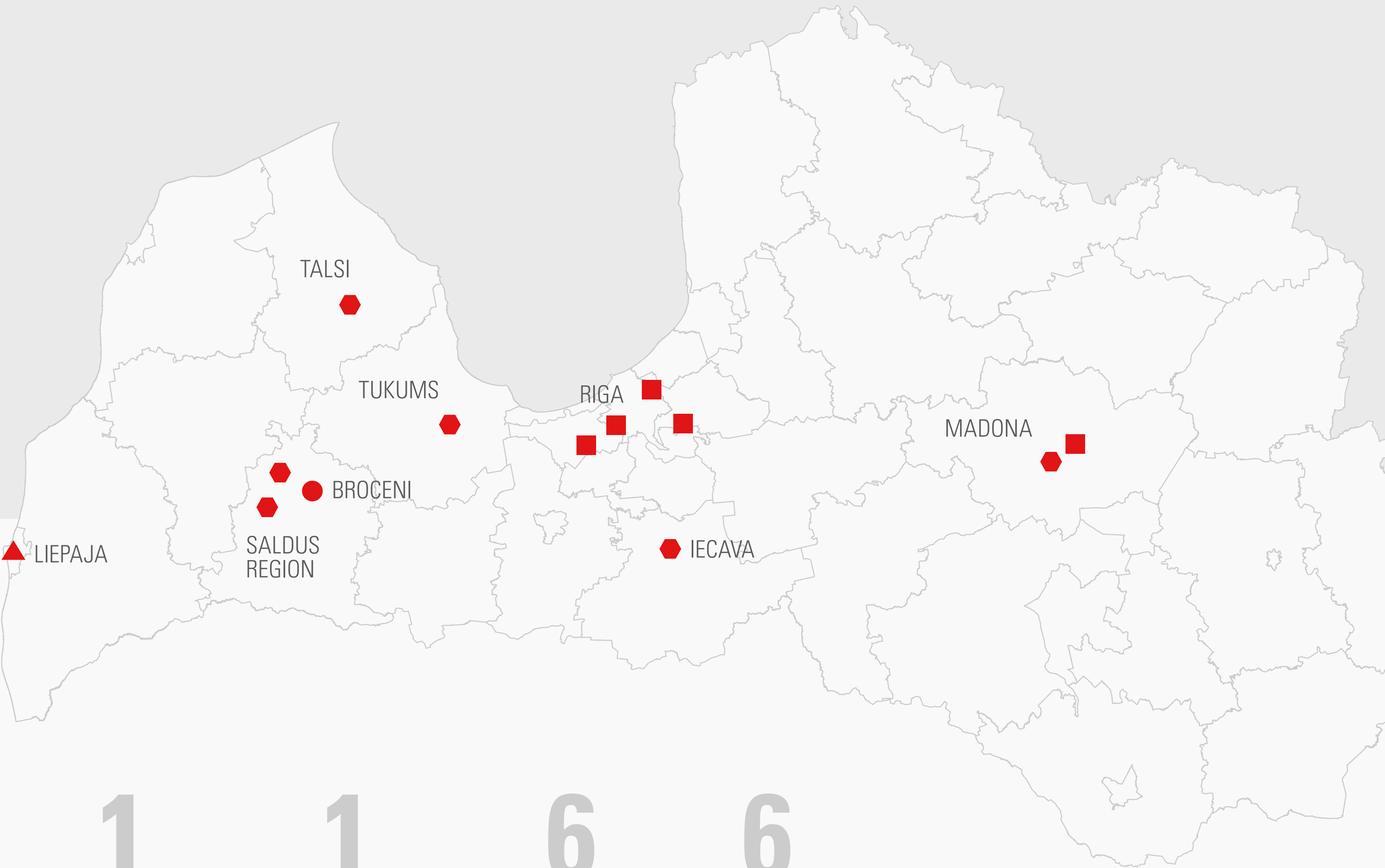
CEMENT



CONCRETE

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

In 2025, a new ready-mix plant was acquired and is being used in mobile projects in Estonia.



1

CEMENT
PLANT



1

SEAPORT
TERMINAL



6

READY-MIX
PLANTS



6

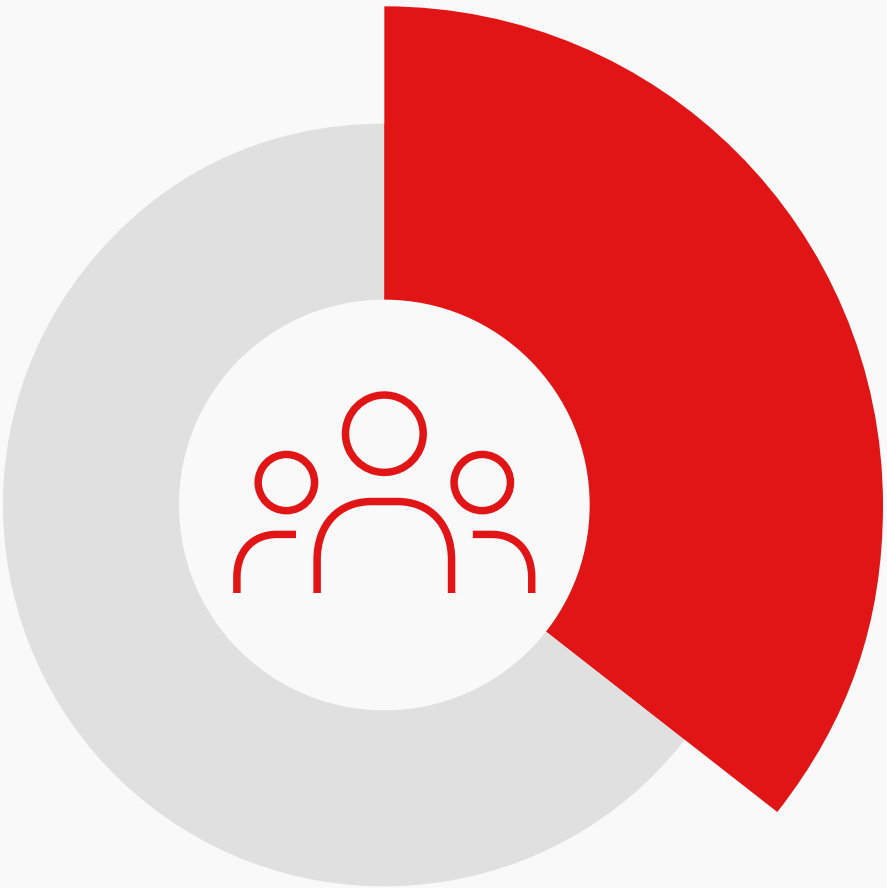
MATERIAL
QUARRIES



AS ONE OF THE MAIN EMPLOYERS IN KURZEME REGION, WE PROVIDE MORE THAN 360 DIRECT WORKING PLACES IN LATVIA AS WELL AS FOR MORE THAN 650 SUBCONTRACTOR'S EMPLOYEES THROUGHOUT THE VALUE CHAIN.

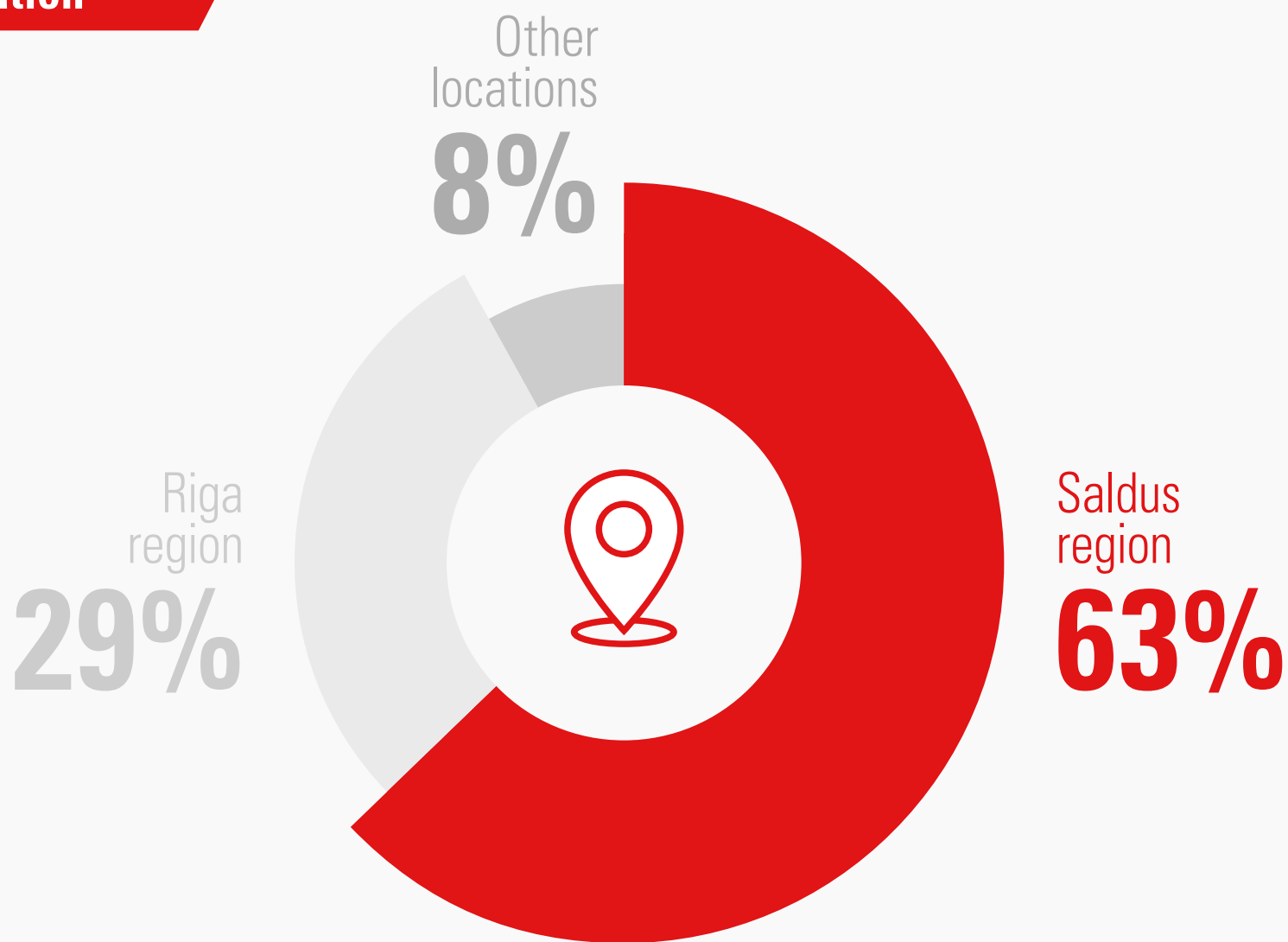


> **650**
subcontractors'
employees



> **360**
directly
employed

**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



ECONOMIC PERFORMANCE: KEY INDICATORS

REVENUE 2025 €

167_M

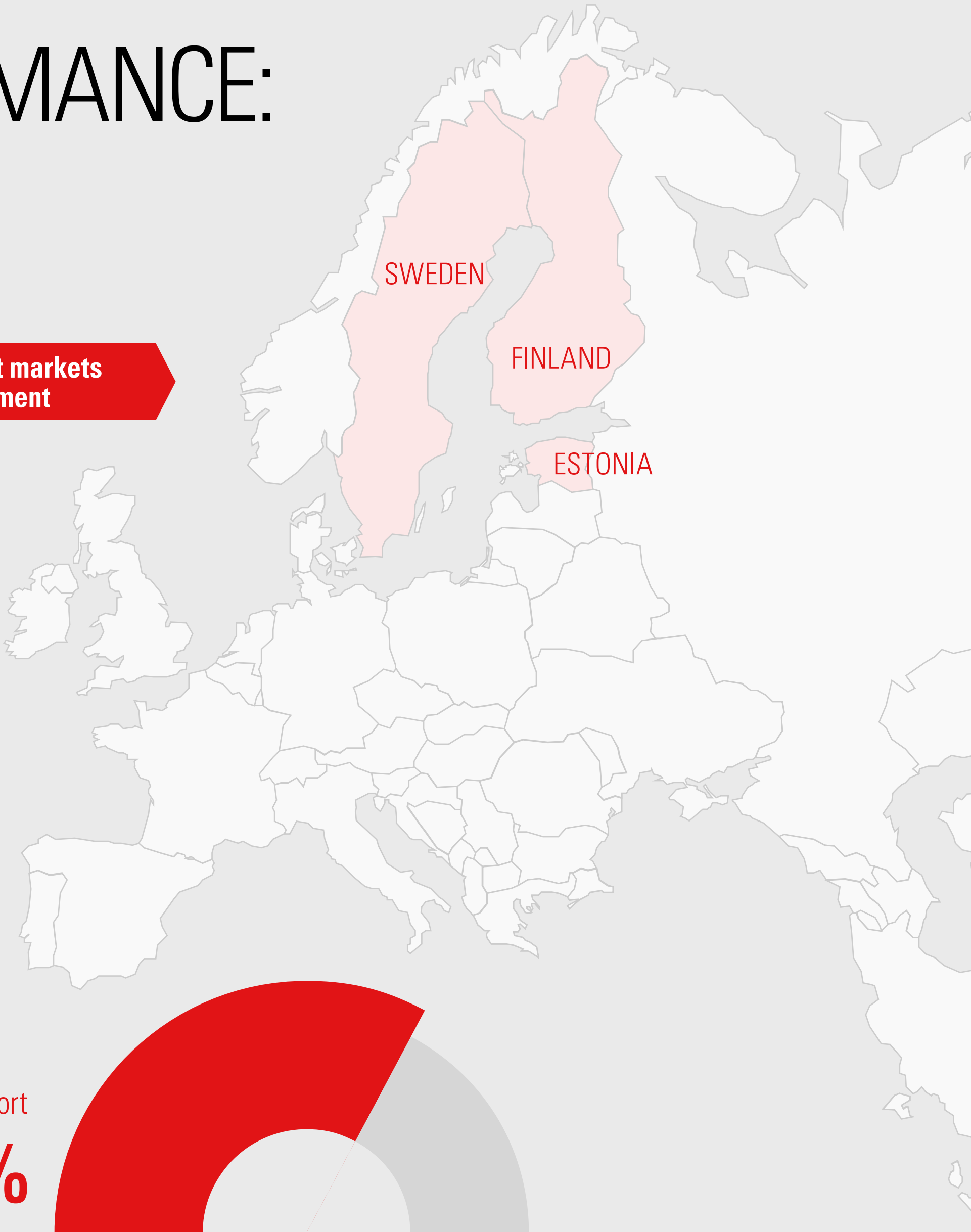
INVESTMENT 2025
IN LATVIA €

24_M

INVESTMENT 2019 –
2025 IN LATVIA €

105_M

Export markets
for cement



SUSTAINABILITY PERFORMANCE: KEY INDICATORS

ENVIRONMENT

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

	fact	goal
2026		100%
2025	100%	100%
2024	100%	
2023	100%	

Quarries with rehabilitation and restoration plan

	fact	goal
2026		100%
2025	100%	100%
2024	100%	
2023	100%	

Environmental incidents with soil contamination

	cement		concrete		aggregates	
	fact	goal	fact	goal	fact	goal
2026		0		0		0
2025	0	0	0	0	0	0
2024	0		0		0	
2023	0		0		0	

Water intensity

	cement l/ton		ready-mix l/m ³		aggregates l/ton	
	fact	goal	fact	goal	fact	goal
2026		70		200		120
2025	52	49	196	160	120	NA
2024	49		163.23		52.36	
2023	42.8		207.93		86.98	

Water recycled and reused, %

	cement		ready-mix, m ³		aggregates, m ³	
	fact	goal	fact	goal	fact	goal
2026	NA	NA		28%		90%
2025	NA	NA	28%	28%	90%	90%
2024	NA	NA	21%		90%	
2023	NA	NA	18%		90%	

CLIMATE

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

	fact	goal
2026		0.691
2025	0.693	0.693
2024	0.698	
2023	0.696	

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

	fact	goal
2026		0.545
2025	0.555	0.545
2024	0.546	
2023	0.590	

Number of cement types with EPD

	fact	goal
2026		8
2025	8	7
2024	7	
2023	5	

CO₂ emissions Scope 1, (CO₂ t per ton aggregates)

	fact	goal
2026		0.0019
2025	0.0019	0.0019
2024	-	
2023	-	

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

	fact	goal
2026		0.009
2025	0.009	0.009
2024	-	
2023	-	

Clinker factor

	fact	goal
2026		79.87
2025	80.37	80.61
2024	83.3	
2023	84.8	

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

	fact	goal
2026		0.017
2025	0.017	0.06
2024	0.006	
2023	0.007	

CO₂ emissions Scope 2, (CO₂ t per m³concrete)

	fact	goal
2026		0.043
2025	0.043	0.002
2024	0.002	
2023	0.00015	

AF substitution rate

	fact	goal
2026		97%
2025	96.39%	97%
2024	97%	
2023	95.5%	

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

	fact	goal
2026		0.006
2025	0.006	
2024	0.006	
2023	0.0001	

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

	fact	goal
2026		0.03
2025	0.022	0.03
2024	0.03	
2023	0.04	

LOCAL COMMUNITIES

Stakeholder dialogues		Voluntary work, human hours		People engaged in voluntary work, % from all employees		People directly positively affected by social investment programs		Social protests and legal claims against the Company	
2025	1	2025	500 h	2025	20%	2025	70 000	2025	0
2024	1	2024	370 h	2024	15%	2024	63 500	2024	0
2023	1	2023	550 h	2023	21%	2023	49 000	2023	0

CONSUMERS AND END-USERS

Claims resolved, %			Claims received			NPS score						Customer satisfaction rate					
	fact	goal		fact	goal		Cement	Ready-mix	Aggregates				Cement	Ready-mix	Aggregates		
							fact	goal	fact	goal	fact	goal	fact	goal	fact	goal	
2026		100%	2026		0	2026		70		70		70	2026		9.1		9.1
2025	100%	100%	2025	63	0	2025	81	70	83	70	89	70	2025	9.2	9.1	NA	9.1
2024	100%		2024	57	0	2024	85		87		86		2024	9.2	9.1	NA ¹	9.1
2023	100%		2023	43		2023	91		NA		80		2023	9.1		NA	9.1

1 Different survey methodology used; results are not comparable. See page 77 for details.

HEALTH AND SAFETY

Non-LTI employees				LTI's				Fatalities				Traffic incidents involving product and raw materials transportation					
	employees	contractors		employees	contractors			employees	contractors				Light (blameworthy)	Major (blameworthy)	Lethal (blameworthy)		
	fact	goal	fact	goal	fact	goal		fact	goal	fact	goal		fact	goal	fact	goal	
2026		0		0		0	2026		0		0	2026		0		0	
2025	4	0	1	0		0	2025	0	0	0	0	2025	5 (3)	0	5	0	0 (0)
2024	3		0	0			2024	0		0		2024	13 (8)		4 (2)		1 (0)
2023	4		1				2023	0		0		2023	12 (7)		0 (0)		0 (0)

PEOPLE: OWN AND CONTRACTED WORKFORCE

Gender, %			
	male	female	other
2025	81%	19%	0
2024	82%	18%	0
2023	83%	17%	0

Age groups, %			
	Under 30	30-50	Over 50
2025	6%	64%	30%
2024	6%	64%	30%
2023	6%	64%	30%

Ratio of lowest base salary for entry worker over applicable benchmark salary in the country	
2025	1.2
2024	1.3
2023	1.3

Attrition rate – voluntary leaves	
2026 (GOAL)	≤5%
2025	2.2%
2024	3.1%
2023	3.3%

Employee Engagement Index		
	fact	goal
2025	81 index points ²	80 index points
2024	81 index points	75 index points
2023	75 index points	

2 Result of year 2024. Next Employee Engagement Survey to be conducted in 2026.



ZELTA STATUSS SCHWENK LATVIJA



RECOGNITIONS AND ACKNOWLEDGEMENTS

We believe that sharing knowledge and experience strengthens companies, industries, and society. In 2025, SCHWENK Latvija experts participated in and organized a variety of events, workshops, and conferences on corporate governance, climate change, occupational safety, and environmental protection. Our contribution to public education, engagement, and wellbeing has been highly recognized both at the industry and national level.

- > “Employer Open to Diversity – Gold Status 2025” awarded by the Society Integration Foundation
- > Latvian Employers' Confederation Annual Award 2025 in the category “Excellence in Business 2025”, subcategory “Contribution to the Promotion of Business Sustainability”
- > “Family-Friendly Workplace” status granted by the Society Integration Foundation
- > 2nd place in the State Labour Inspectorate’s good practice award competition in occupational safety “Golden Helmet 2025”
- > “Employer of Honour 2025” status granted by the Society Integration Foundation
- > Gold Award in the category “Local (Baltic) freight forwarders and special purpose fleets” in the competition “Safest fleet of the company” of AAS BALTA and the Ministry of Transport

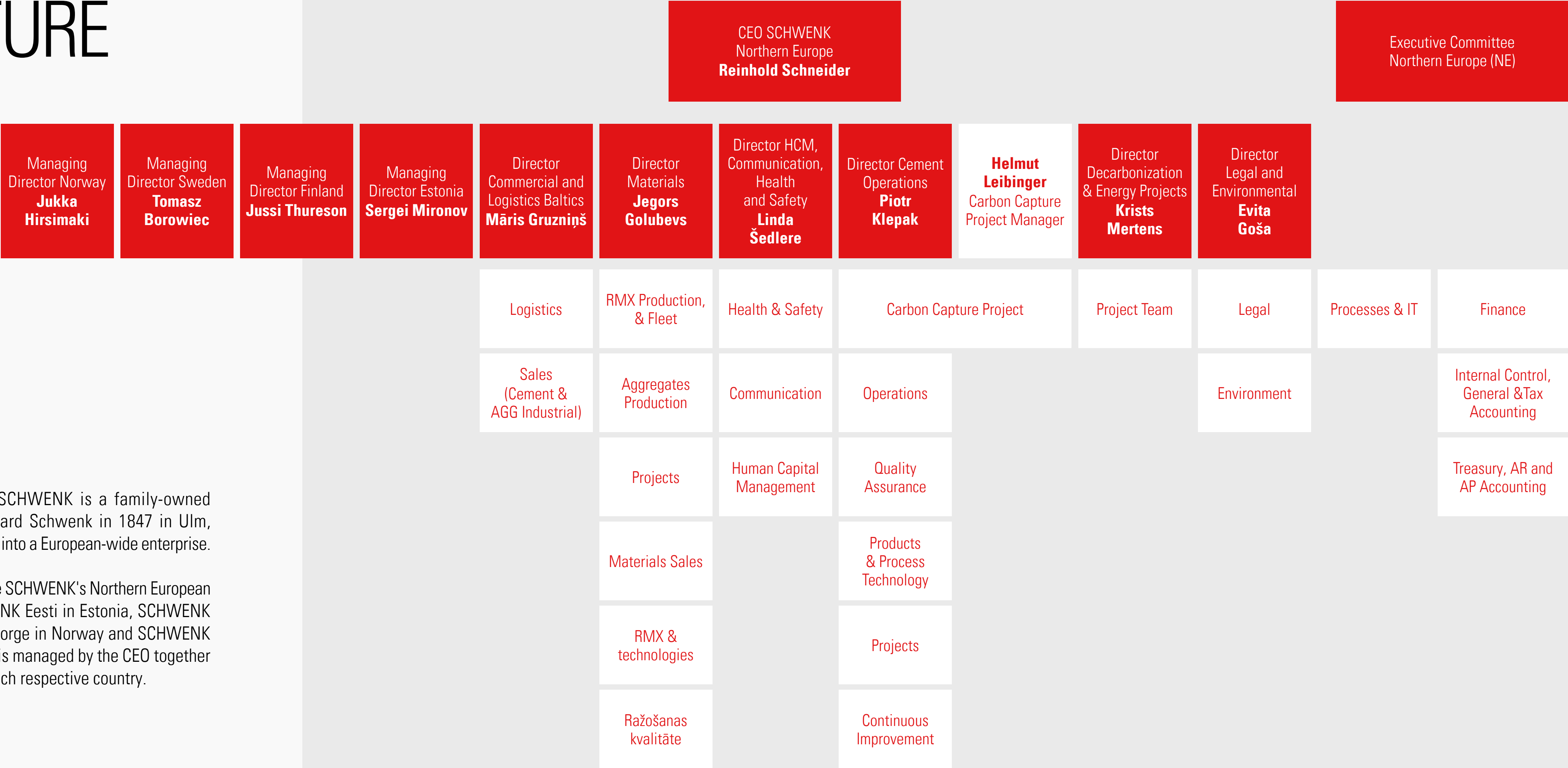
GOVERNANCE

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GOVERNANCE STRUCTURE

Organizational 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 *
until 31 October 2025
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 Union. 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 Union, Member of Saldus Entrepreneurs Union, 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 Latvian Concrete Association, 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 Šedlere

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:** Member of Labor Force and Re-Qualification work group of Foreign Investor's Council in Latvia, 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). She has obtained Board Member Certification from the Baltic Institute of Corporate Governance (BICG).

- **The main focus in the context of sustainability:** governance, climate, environment, industry
- **Representation of the Company in industry and business platforms:** Leader of Shadow Economy Combatting work group of Foreign Investor’s Council in Latvia; Chairperson of the Supervisory Council of Transparency International Latvia (Delna); 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



Krists Mertens

SCHWENK Latvija Member
of the Management Board * as of 1 November 2025
Director Decarbonization and Energy Projects

Extensive management experience in the energy sector in Latvia. He joined the company in 2024 and has been a member of the board since 2025. Krists holds a bachelor's degree in engineering economics from the Faculty of Engineering Economics and Management at Riga Technical University and a master's degree in business administration from Riga Business School. In addition, he has obtained board member certification from the Baltic Institute of Corporate Governance.

- **The main focus in the context of sustainability:** climate, industry, environment, value chain creation
- **Representation of the Company in industry and business platforms:** Co-leader of Energy and Industrialisation work group of Foreign Investor’s Council in Latvia, member of Infrastructure, Energy and Raw Materials work group of the Cement Europe, member of the Energy work group of the Latvian Building Materials Manufacturers Association (BRA).

SUSTAINABILITY MANAGEMENT

Sustainability management forms the core of the Company’s strategy and is deeply integrated across all operations, business areas, and organizational levels. Each area director is accountable for defining, assessing, implementing, and monitoring sustainability-related targets.

Sustainability aspects are embedded in the personal objectives of employees at the executive, management, specialist, and expert levels, which collectively represent 34% of the Company’s workforce.

In 2022, SCHWENK Latvija established a sustainability task force comprising 20 experts, managers, and directors from relevant operational areas to advance compliance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The task force covers the following areas: procurement and production, commercial operations and sales, supply and value chain, environment, human resources, health and safety, communication and corporate social responsibility, governance, and compliance. In 2025, the task force continued to develop the Company’s sustainability reporting practices by expanding their scope and the areas covered.

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	Anti-bribery management
	Number of participants	9	24	20	20	25	9	12	10	4	9	10	6
	Most senior management level included	CEO	CEO	Board Member	Board Member	CEO	CEO	Board Member	Board Member	CEO	CEO	CEO	Board Member
	Meeting calendar	Bi-monthly	Bi-monthly	Monthly	Twice a year	Weekly	Daily	Annually	Bi-monthly	Upon need	Monthly	Quarterly	Twice a year
SUSTAINABILITY AREAS COVERED	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	x
	Workers in the value chain		x		x			x	x	x		x	x
	Communities		x		x			x				x	x
	Consumers and end-users		x		x	x	x	x	x		x	x	x
	Industry	x	x	x	x	x	x	x			x	x	x
	Governance	x	x		x			x	x	x	x	x	x

ETHICS AND COMPLIANCE

As a family-owned company spanning six generations, we believe there is a direct link between sound business principles, high ethical standards, continuous growth, and long-term success. Our goal is to provide customers with the highest-quality building materials while reducing our environmental impact and implementing responsible business practices throughout the value chain. SCHWENK Latvija operates in compliance with a number of industry and corporate standards, many of which are also applied across the supply chain.

The Company's Management Board is directly responsible for implementing corporate governance in line 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 areas of operation. These are published on the Company's internal information platforms and are available to all employees. Governance matters are included in all monthly Management Board meetings and management meetings.

SCHWENK Latvija operates in accordance with applicable laws and standards. In addition, the Company's internal regulations establish requirements in many areas that exceed those set by external regulatory requirements.

SCHWENK Latvija has implemented and maintains an integrated management system, including five certified management systems: the Quality Management System ISO 9001:2015, Environmental Management System ISO 14001:2015, Occupational Health and Safety Management System ISO 45001:2018, Energy Management System ISO 50001:2018 (for cement), and Anti-Bribery Management System ISO 37001:2016. The Company's internal regulations cover all areas of operation and are published on the Company's internal information platforms, where they 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)



- > Anti-bribery Management System ISO 37001:2016



REPORTING SYSTEM AND WHISTLEBLOWING

SCHWENK Latvia uses a variety of reporting mechanisms, encouraging employees to report any risks and violations and to propose improvements in different areas.

In 2007, the Company introduced its Code of Ethics and updated it in 2025. The Code serves as the primary framework for the Company's operations, much like a constitution for a country. It defines our values and principles across all areas of business and plays a significant role in ensuring responsible business practices in compliance with applicable legal and ethical standards. The Code of Ethics establishes the principles governing our internal and external professional cooperation and decision-making, helping to prevent violations and other adverse consequences. The values and requirements of the Code of Ethics apply both to SCHWENK Latvia's operations and to its value chain. It serves as a roadmap that guides the principles of daily work at SCHWENK Latvia. Over the years, it has strengthened a responsible corporate culture, promoted accountability at all levels and in cooperation with all stakeholders, and increased employees' sense of security.

The Code of Ethics also defines the framework of the Company's internal reporting mechanism, an effective tool for ensuring fair working conditions and supporting the resolution of ethical dilemmas and challenging situations. Through this mechanism, every employee or third party is encouraged to report potential unethical conduct or any violations of the Code of Ethics. Reports are reviewed by the Ethics Committee, established to assess and ensure compliance of SCHWENK operations with the requirements of the Code of Ethics.

The Ethics Committee consists of permanent members: the CEO of SCHWENK Northern Europe and the SCHWENK Latvia Directors responsible for Human Capital Management and Legal Affairs. Where a report concerns inappropriate conduct related to cement, ready-mix concrete and/or aggregates production, transportation, decarbonisation and/or sales, the Ethics Committee engages one or more additional members – the SCHWENK Latvia Directors responsible for the respective business areas. If a report concerns inappropriate use of the Company's financial resources, the SCHWENK Latvia Chief Financial Officer is involved in the review process. The Ethics Committee reviews reports confidentially, professionally, objectively, diligently, comprehensively, within a reasonable timeframe, while providing feedback to the reporter (including anonymous reporters where objectively possible) and in accordance with applicable legal requirements. The Company does not tolerate any form of retaliation against persons who submit reports. Reports concerning potential breaches of the Code of Ethics by SCHWENK Latvia Directors are reviewed by the CEO of SCHWENK Northern Europe, who may, at their discretion, involve another Director whose area of responsibility is related to the subject matter of the report or who is responsible for oversight of the relevant matter, provided that the report does not concern that Director. In cases involving potential breaches of the Code of Ethics by Directors, the CEO of SCHWENK Northern Europe is also required to keep the Managing Director of SCHWENK Building Materials Group informed about the progress of the review. Reports concerning potential breaches of the Code of Ethics by the CEO of SCHWENK Northern Europe shall be submitted to the Managing Director of SCHWENK Building Materials Group. In addition to the reporting mechanism described above, SCHWENK Latvia also promotes employees' right to report unlawful or unethical conduct by the Company or its employees through the whistleblowing mechanism, in accordance with the Whistleblowing Law.



THE CODE OF ETHICS
IS PUBLICLY AVAILABLE
ON OUR WEBSITE:

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

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

SCHWENK Latvia has been maintaining a business impact, risk, and opportunity management process, which is coordinated by the Compliance and Sustainability Data Coordinator since 2025. The process is updated at least annually through direct interviews with senior and middle management, experts, and specialists, as well as through the assessment of socio-economic and geopolitical developments. During the process, the 10–12 most significant risks are identified and assessed based on their likelihood and impact. The Company also maintains a Crisis Management plan, which is updated at least every two years and includes key locations, procedural aspects, and external contacts responsible for managing crisis situations. Changes in previously identified risks are discussed during monthly management meetings.

In 2023, SCHWENK Latvia expanded the sustainability risk and opportunity management process initiated in 2022. To identify the Company's positive and negative impacts, the first large-scale stakeholder dialogue was organized in spring 2023. The results are reflected in the materiality matrix on page 27 of this report. In addition to identifying impacts, sustainability risks, and opportunities, the Company organized five internal expert working groups. These groups analysed all of the Company's priority sustainability topics: climate and environment, own and contracted workforce, customers and end users, industry and governance, and local communities. The results of the working groups were analysed by the Company's management team, which defined further actions to prevent and

mitigate negative impacts and risks, while enhancing positive impacts and realizing opportunities. A follow-up stakeholder dialogue is planned for 2026.

In 2024, SCHWENK Latvia further expanded its risk and opportunity assessment by including key suppliers and subcontractors. The process began with an educational meeting and dialogue, introducing supply chain participants to the Company's sustainability approach, objectives, impacts, and risks, as well as its future sustainability reporting plans. In 2024, the Company developed a questionnaire covering a broad range of sustainability-related topics.

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**.

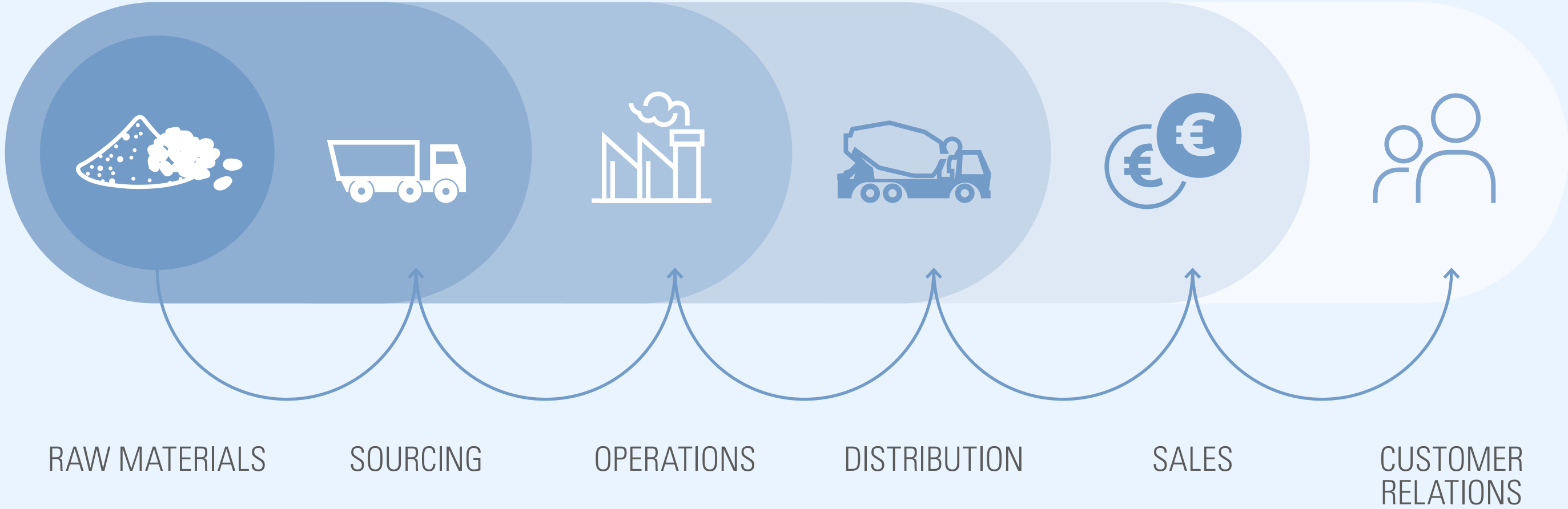
With thoroughly assessed investment in research and development, our goal is to be an innovation **leader in the industry**. We collaborate with universities and science centers to develop future production and climate neutrality technologies, while constantly investing in our production sites to adopt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

THE VALUE CHAIN PROVIDES A FRAMEWORK FOR IDENTIFYING SUSTAINABILITY MATTERS THAT ARE MATERIAL TO THE COMPANY, BY MAPPING ITS IMPACTS ON PEOPLE AND THE ENVIRONMENT AND ASSESSING THE RISKS AND OPPORTUNITIES ARISING FROM EXTERNAL FACTORS THAT MAY AFFECT THE COMPANY'S OPERATIONS.

Value Chain

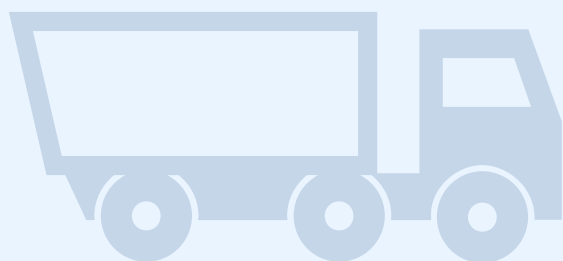


RAW MATERIALS

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.

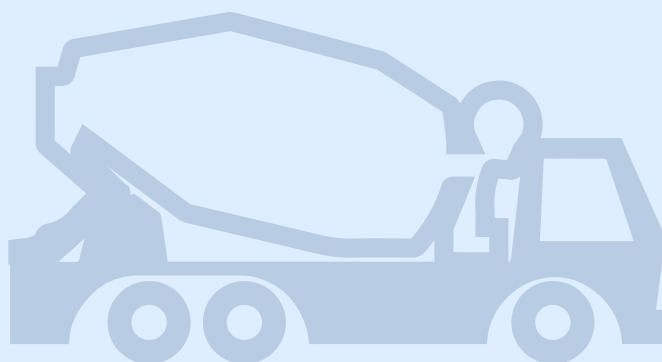
SOURCING

SCHWENK Latvija works with approximately 1000 suppliers, of which over 60% are local. Nearly all sourcing is EU based, except in rare cases when products are available only in specific markets. For example, spare parts for tire shredder equipment and specific software is sourced from the United States of America. In 2025, two suppliers were based in China. SCHWENK Latvija 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 41. Ready-mix concrete is produced in three ready-mix concrete plants in Riga and one in Madona, as well as two mobile plants 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, Sweden, and Finland. In Latvia, we distribute both bulk and bagged cement. The primary customers for bulk cement are manufacturers of cement-based products and construction firms. Bagged cement is sold through retail outlets, mainly to individual buyers, 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. For major projects across the Baltic States, we also offer on-site ready-mix concrete production through the installation of mobile concrete plants at construction sites. The main market for aggregates is also domestic, with significant amounts exported to Sweden and Finland.

CUSTOMER RELATIONS

We maintain ongoing relationships with all our 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 on how to contact 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 reviewed in accordance with Company-defined procedures.

SUSTAINABILITY STRATEGY

SCHWENK Latvija 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

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

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

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

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

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

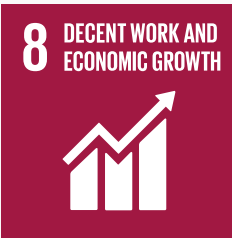
CONTRIBUTING TO UN SUSTAINABLE DEVELOPMENT GOALS

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 Latvia 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.



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.



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 and testing the 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 remediation of the Incukalna sulphur acid tar ponds.



CLIMATE ACTION

- Ambitious roadmap towards climate neutrality by 2032, with major investments, R&D, and continuous improvements to ensure annual reductions in CO₂ emissions.
- Participation in projects for future technologies, such as testing carbon capture.
- Research towards a wider range of alternative raw materials.
- Alternative fuel as the primary energy source in cement production, supported by investments, research, and development to further increase its use.
- Energy efficiency initiatives and investment.



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.
- Use of alternative and reusable materials in production and their integration into the value chain.



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.
- Experience exchange with various stakeholders.

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.

Our stakeholders and how we engage

Stakeholder groups						
	EMPLOYEES	CUSTOMER AND PARTNERS	NEIGHBORING COMMUNITIES	LEGISLATORS AND STATE INSTITUTIONS	MUNICIPALITIES	NGOS
Collaboration directions	• Health & safety • Ethics, human and labor rights • Professional development • Training and education • Engagement • Dialogue and feedback	• Human health and safety. • Climate action. • Product quality and safety. • Responsible consumption. • Product development.	• Direct impacts from Company operations, including transportation. • Support for community wellbeing. • Strengthening STEM education. • Health and safety.	• 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.	• Workforce and education. • Environment protection. • Infrastructure • Social investment.	• Sustainability. • Raising industry, overall employment, and production standards in Latvia. • Environment protection and climate action.
	• 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. • Facebook group for employees. • WhatsApp group including all employees, monthly newsletters, digital screens in all locations, and print magazines. • Ongoing collaboration with the trade union. • Ongoing development activities. • An extensive bonus system and a wide range of collective agreement benefits.	• Surveys. • System for claim management. • Stakeholders dialogues • 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.	• 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.	• 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. • Stakeholders dialogues.	• Open dialogues and on-going interaction. • Visits and meetings in Company locations. • Support and cooperation for community projects and municipality institutions.	• 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's risk and opportunity plan comprises five main areas of focus and is incorporated into the 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.

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.

ELECTRICITY AND FUEL COSTS

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

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.

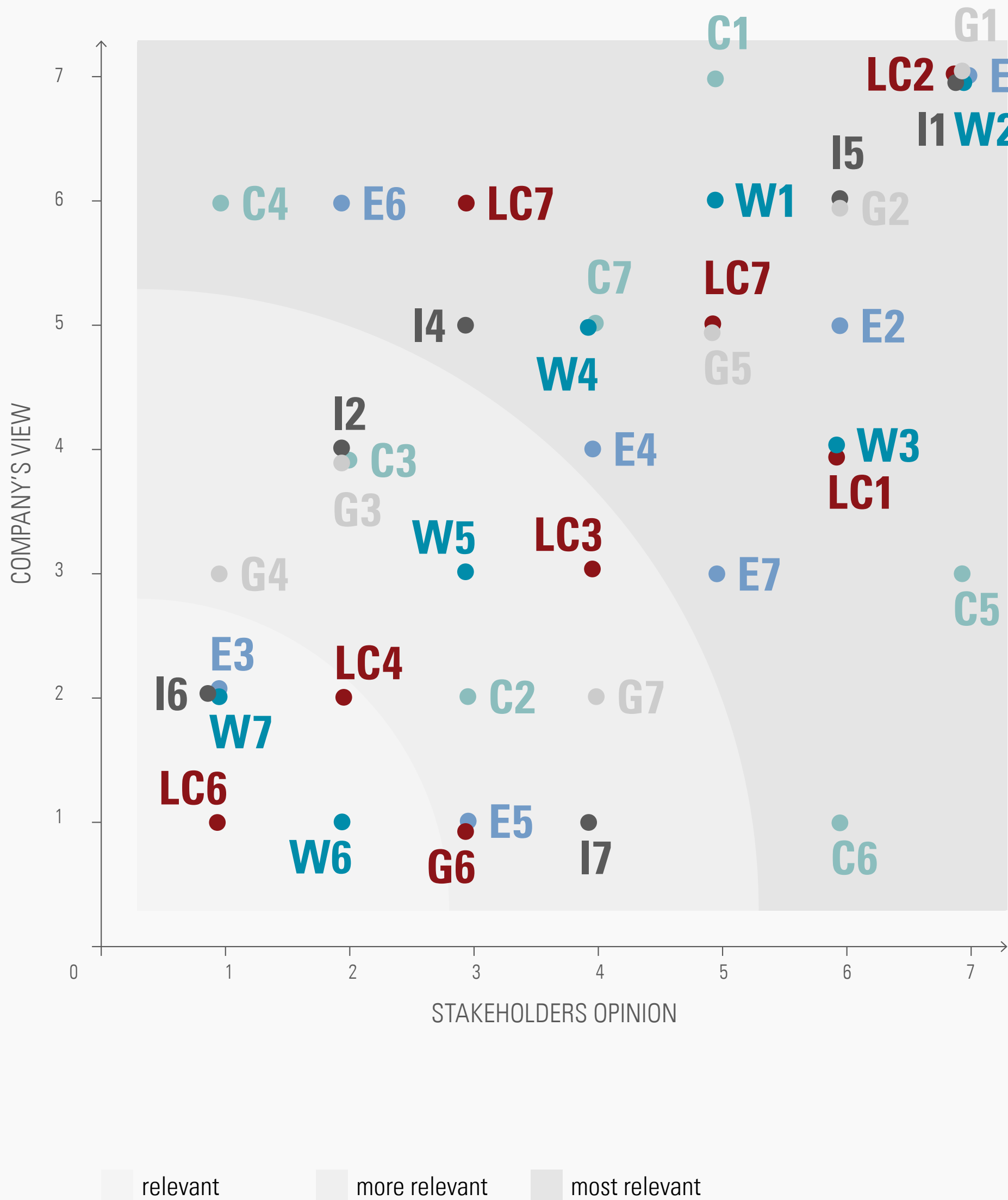
SLOW DEVELOPMENT OF CIRCULAR ECONOMY AND WASTE MANAGEMENT

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.

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. In 2026, a follow-up stakeholders dialogue will be held.



- 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 and opportunities in 2025

Risk type	Time frame	Description	Potential financial impacts	Mitigation, management	Opportunities
I Transition Risks					
Policy & Regulatory Risks					
Unpredictability of regulatory framework and compliance challenges	Short–medium term	The pace of the green transition, regulatory uncertainty, and the complexity of adapting to future technologies place significant pressure on companies. A changing and unstable political and regulatory environment may increase challenges for long-term investment planning and negatively affect the competitiveness of companies operating in Latvia.	Large-scale investments in an uncertain environment with evolving requirements. Increased costs, reduced revenue due to loss of competitiveness, non-compliance risks.	Ongoing monitoring of regulatory developments and active engagement in the transposition of EU legislation and development of the local regulatory framework; continuous maintenance and improvement of the governance system.	As one of the largest employers and taxpayers in Latvia, the Company has an opportunity to actively contribute to the development of regulatory frameworks through participation in governmental, industry, and business associations. This enables the Company to represent industry interests, promote practical solutions, and support a more predictable business environment.

Risk type	Time frame	Description	Potential financial impacts	Mitigation, management	Opportunities
Technology Risks					
Delayed implementation of carbon capture, transportation, storage, utilization project	Medium-long term	Deployment may be challenged by the need to align stakeholders with differing levels of influence and interest, secure substantial investment, and operate within a supportive regulatory environment while addressing increasing electricity demand. Limited experience, low public awareness, insufficient carbon management infrastructure, and uncertainty regarding future demand for carbon-captured cement products may further constrain project progress and scalability.	Project cost overruns; increased capital expenditure; delayed or lost financing/funding; loss of market share.	Early and thorough project planning and project governance establishment; continuous research and assessment of CCUS technologies; early engagement of key stakeholders; proactive and transparent communication; knowledge sharing and strategic partnership building.	Increasing regulatory and market pressure to decarbonize the cement industry creates an opportunity to build stronger alignment with regulators, stakeholders, and society regarding the necessity of carbon capture and utilization projects. By demonstrating their contribution to industrial competitiveness, regional development, and climate objectives, the Company can strengthen stakeholder support, improve access to funding and enabling infrastructure, and position itself as a leader in the transition to sustainable cement production.
Market Risks					
Differentiated customer readiness and technical challenges related to the transition to innovative products	Short–medium term	The transition to cement with a higher content of supplementary cementitious materials affects the entire value chain and end products, requiring greater efforts and costs to ensure product quality and consistency. It may lead to higher cement prices, production disruptions, and reduced demand for cement with high early strength.	R&D costs; reduced revenue; loss of customers; claim management costs.	Long-term planning; development of new cement types; alignment with customer needs; customer education.	Growing demand for sustainable construction materials in the Company's key markets creates opportunities to develop innovative low-carbon products, test new technologies, and strengthen collaboration across the value chain. At the same time, the Company can leverage its expertise and market position to gradually introduce, promote, and educate customers in the local market about sustainable products solutions, supporting wider market adoption.
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 of stakeholders; data collection and control mechanisms; supplier diversification.	The transition to a more sustainable and transparent supply chain creates a leverage to influence suppliers, contractors, and other value chain partners to adopt sustainability practices and green economy principles to maintain their competitiveness and market access.
Insufficient availability of raw materials, electric power, fuel and spare parts	Short–medium term	Disrupted deliveries, increased costs, declining quality, and reduced availability of key production inputs may jeopardize the company's business continuity and operational performance.	Increased procurement and production costs; inability to meet customer demand; higher inventory and logistics costs; and quality-related issues and claims.	Timely planning; supplier diversification and alternative sourcing options; quality control; optimization of material consumption; continuous research and development; adoption of new technologies.	Supply chain challenges and resource constraints force to seek for opportunities to accelerate the search and use of alternative raw materials, recycled materials, and more resource-efficient production solutions.

Risk type	Time frame	Description	Potential financial impacts	Mitigation, management	Opportunities
Operational & Reputational Risks					
Environmental and climate impacts across the cement production and distribution	Ongoing	Operations across the entire value chain – from raw material extraction and manufacturing to logistics – have impact on environment, climate and community through effects on quarry ecosystems, consumption of natural resources and energy, and the generation of dust and other emissions.	Increased capital, operating, and compliance costs; delays or failure in obtaining environmental permits; higher human capital costs associated with health conditions; potential claims and remediation expenses; reputational costs.	Implementation of environmental management and compliance systems; continuous monitoring; investment in energy efficiency and cleaner technologies; engagement with regulators and local communities; and systematic investment in employee health, safety, and well-being.	Leveraging access to international best practices within the Group and industry expertise creates opportunities to accelerate the adoption of innovative technologies, improve environmental performance, and strengthen operational efficiency. This enables the Company to position itself as a frontrunner in sustainable building materials production and build long-term competitive advantage.
Environmental, climate, and community impacts of ready-mix production and delivery	Ongoing	Ready-mix production and delivery may negatively impact the environment and local communities, as production facilities are often located near residential areas and involve intensive operations. Frequent deliveries contribute to heavy traffic on main roads and increased movement of heavy vehicles through residential areas, potentially affecting local quality of life and community relations.	Increased production and logistics costs; operational restrictions; potential claims and remediation expenses; reputational costs.	Implementation of environmental management and compliance systems; continuous monitoring; site house-keeping; maintenance and upgrade of transport equipment; close cooperation with local communities and regulators.	
Environmental, climate, and community impacts of quarry operations	Ongoing	Quarry operations may negatively affect the environment, climate and local communities through intensive traffic, noise and dust generation, impacts on groundwater flow, and deterioration of local road infrastructure.	Operational restrictions, community claims and compensation costs, additional expenditure on corrective actions and remediation measures, project delays, and reputational damage.	Proactive communication and open dialogue with stakeholders; environmental monitoring and implementation of impact mitigation measures; implementation of agreed mitigation actions; timely addressing of claims and concerns; and construction of a hard-surfaced loading areas.	

Risk type	Time frame	Description	Potential financial impacts	Mitigation, management	Opportunities
II Physical 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.	
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.	

Risk type	Time frame	Description	Potential financial impacts	Mitigation, management	Opportunities
SOCIAL RISKS					
Health and safety risks in operations	Ongoing	Employees may face elevated health and safety risks in the production environment, while new materials, technologies, and evolving external conditions may introduce additional risks requiring continuous monitoring, proactive adaptation, and preventive measures.	Increased human capital costs; higher insurance premiums and compensation payments; productivity losses; reputational damage and regulatory penalties.	Holistic approach to maintaining high health and safety standards; supported by ongoing education, development, and employee support programs.	Active experience exchange with H&S professionals in industry, science and realted organizations can speed up implementation of higher H&S standards accross the value chain thus creating safer and healthier work places.
Decline in general work capacity	Ongoing	Employee and labor market productivity may decline due to health issues, substance abuse, demographic trends, and insufficient focus on maintaining and improving health, well-being, and work capacity.	Increased human capital costs; lower productivity and operational efficiency; H&S risks.	Holistic approach to maintaining high health and safety standards; promotion of employee health and well-being through preventive healthcare; investment in employee development and skills enhancement; awareness of substance abuse risks; monitoring workforce health trends; support for work-life balance; strengthened talent attraction and retention.	Active experience exchange with H&S professionals in industry, science and realted organizations can speed up implementation of better health care practices, early prevention measures and techical solutions to improve employee performance in general, ability to stay active and productive until and after retirmenet age.
Shortage of future workforce	Short-medium term	Decreasing population in Latvia, the lack of a national immigration policy, uneven population distribution across regions, slow adoption of digitalization and new technologies, and declining interest in STEM education and professions increase the risk of workforce shortages.	Increased human capital costs.	Maintaining a high standard of employment; supporting employee education, development, and upskilling; fostering a supportive and inclusive work environment; maintaining close collaboration with the educational sector; enhancing the attractiveness of the industry; and attracting highly qualified foreign experts.	Cooperation with local municipalities, neighboring and value chane industry companies, educational institutions might improve and make more contious career education and attractiveness of the regions. Support of STEM education related projects starting from early age to develop necessary skills for future jobs. Up to date and competitive employment conditions / well maintained reputation and human centered investment.

Risk type	Time frame	Description	Potential financial impacts	Mitigation, management	Opportunities
GOVERNANCE RISKS					
Challenges meeting increasing requirements amid global uncertainty	Short-medium term	Dynamics of green transition, uncertainties in development of regulatory framework and complexity of adapting future technologies combined with global uncertainty put great pressure on companies.	Large-scale investments in an uncertain environment with evolving requirements.	Ongoing monitoring of regulatory developments, geopolitics and other global developments; active engagement in the development of legal frameworks; and continuous maintenance and improvement of the governance system.	As one of the largest employers and taxpayers in Latvia, the Company has an opportunity to actively contribute to the development of regulatory frameworks through participation in governmental, industry, and business associations. This enables the Company to represent industry interests, promote practical solutions, and support a more predictable business environment.
Non-compliance in supply chain	Short-medium term	Limited awareness, companies' scale and abilities affect capacity to invest in and implement sustainable business practices.	Increased sourcing costs; non-compliance; education and awareness raising; reputational risks.	Close monitoring and control; awareness raising and education, practical support to suppliers.	By sharing good practices and supporting cooperation partners in the implementation of sustainable business practices, the Company can foster more sustainable, transparent, and responsible partnerships across the value chain, as well contribute to the overall improvement of the business environment in Latvia.

SUSTAINABILITY PERFORMANCE IN 2025

Climate
Environment
People – Own and Contracted Workforce
Impact on local communities
Consumers and End Users
Industry and Supply Chain
Governance

35
44
49
62
68
75
79



SUSTAINABILITY
PERFORMANCE IN 2025:
CLIMATE



GENERAL OVERVIEW

Cement production is one of the most emission-intensive industries. According to the latest (year 2024) data³, approximately 4.4% of Latvia’s CO₂ emissions come from cement production. Therefore, reduction of climate impact and CO₂ emissions is among our top priorities.

CO₂ emissions in the cement production process arise primarily from fuel use and raw materials. 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 production.

SCHWENK Latvija’s cement plant in Broceni is one of the modern industry examples in Europe where 97% of the fuel used in 2025 was alternative fuel. 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.

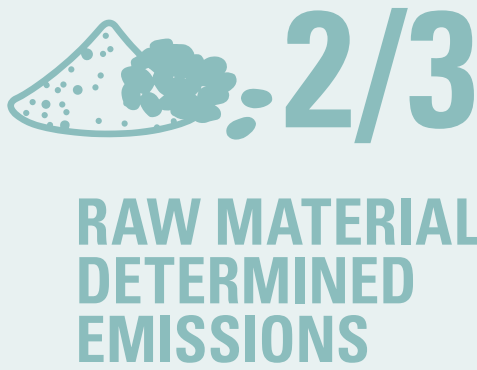
SCHWENK Latvija implements a wide program of activities to reduce consumption of non-renewable natural resources and decrease environmental impact. We perform constant improvements to processes and technologies, heat and modernize buildings, increase the efficiency of logistics and use of alternative 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, Scope 1 and Scope 2 emissions are currently covered and accounted for across all business areas. 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 2025, SCHWENK Latvija continues to extend Scope 3 greenhouse gas emissions (GHG) accounting, including raw materials used, concrete production additives, and capital goods.

³ National greenhouse gas emissions inventory by State Limited Liability Company Latvian Environment, Geology and Meteorology Centre, 2024



Origins of CO₂ within our production process



Emerge from the limestone calcination process. Opportunities to reduce these emissions are very limited.



Emerge through the use of fossil and alternative fuels in the rotary kiln. Their further reduction is our primary goal.



MAIN PROJECTS IN 2025

CARBON CAPTURE DEVELOPMENT IN BROCENI CEMENT PLANT

Decarbonisation measures at the Broceni cement plant have been underway since 2020, including feasibility studies and comparisons of potentially available technologies conducted under the guidance of various international experts. In 2025, SCHWENK Latvija inaugurated a carbon capture test facility at the Broceni cement plant and commenced testing carbon capture technologies to identify the most suitable solution both for the plant in Latvia and for other SCHWENK Building Materials Group plants across Europe. This not only demonstrates the high level of technological readiness and innovation of Latvia's cement industry but also creates significant added value for the local economy and generates new jobs. In 2025, the first CO₂ was successfully captured, marking the beginning of the practical research phase, which will provide operational experience and data based on real-life conditions. The Company became the first industrial manufacturer in Latvia to start testing carbon capture technologies.

In 2026, work will continue with the testing and comparison of different carbon capture technologies under actual cement production conditions. Based on the data obtained and suitability assessments, the final investment decision is planned for 2028.

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

The implementation of a full-scale carbon capture system at the Broceni cement plant is planned for 2032, with an anticipated annual capture capacity of approximately 800,000 tonnes of CO₂.

At the end of 2025, the CCS Baltic Consortium, in which SCHWENK Latvija cooperates with Akmenēs Cementas AB, KN Energies AB, Larvik Shipping AS, and Mitsui O.S.K. Lines, Ltd. to develop a future carbon management value chain in the Baltic region, received confirmation from the European Commission that its PCI (Project of Common Interest) status would be retained (granted in 2024). This status recognizes the joint initiative as a strategically important cross-border infrastructure project in Europe. As part of the consortium's activities, a feasibility study on the most suitable CO₂ transportation solutions and their integration with a future CO₂ terminal at the existing Klaipėda terminal was completed in 2025. In 2026, further engineering studies and environmental impact assessments for the Klaipėda terminal are planned.

FURTHER EXPANSION OF SOLAR ENERGY USE IN CEMENT PLANT

In September 2023, SCHWENK Latvija began using solar energy for cement production in Broceni, sourced from one of the largest solar power plants in Latvia, developed by PV Power – a joint venture between the energy group AJ Power, the BaltCap Infrastructure Fund and alternative investment fund manager AJP Capital. With a total capacity of more than 6.3 MW, the solar power plant generates over 5,500 MWh of green electricity annually, all of which is consumed by SCHWENK Latvija.

In addition, SCHWENK Latvija is developing its own solar power plant within the Broceni cement plant territory, with a similar generation capacity. The solar power plant is planned to be commissioned in the second half of 2026. The project is co-financed through the Energy Efficiency and Renewable Energy Support Programme (part of the EU Recovery and Resilience Facility) via JSC Development Finance Institution ALTUM under support activity 1.2.1.2.i.1 ⁴.



DEVELOPMENT OF NEW CEMENT TYPES

In 2024, SCHWENK Latvija introduced 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 ECO₂ CEMENT brand. These new cement types were developed further during 2025 and have a clinker factor of just 70%, which is significantly lower than that of other cement types.

At the end of 2024, SCHWENK Latvija certified, and in 2025 introduced, the cement type CEM II/A-P 52.5 N.

The introduction of these new cement products is part of our CO₂ emissions reduction roadmap. By gradually reducing the proportion of clinker in cement (the so-called clinker factor), we reduce our impact on the climate and the environment.



LAUNCH OF TWO MAJOR CONSTRUCTION PROJECTS TO FURTHER REDUCE THE CLINKER REDUCTION

In 2025, construction began on two new multi-compartment silos to support clinker reduction targets – one for the storage of clinker and cement raw materials, and the other – for the storage of newly developed cement types.

The cement silo will be equipped with a blending system, enabling the expansion of the product portfolio with cement types featuring a lower clinker factor. The silo will comprise seven compartments with a total capacity of 9,597 m³. The raw-material silo will consist of four compartments with a total capacity of 4,400 m³. It will be connected to the raw-material mill and will enable the grinding of materials such as pure limestone for use in cement production. Both silos are scheduled to be commissioned by the end of 2026.



CO₂ REDUCTION IN PRODUCTION PROCESS

Over the past 16 years, investments in plant construction, deployment of the best available technologies, and continuous process optimisation have enabled us to reduce emissions by approximately 37.1%, equivalent to 408 kg per tonne of clinker. SCHWENK Latvija is already among the industry leaders in CO₂ emissions reduction, and further decarbonisation remains one of our key investment priorities. SCHWENK Latvija participates in the European Union Emissions Trading System (EU ETS).

In 2025, CO₂ emissions from clinker production decreased significantly, reaching 0.693 t CO₂ per tonne of clinker, compared with 0.698 t CO₂ per tonne in 2024. The main reason for this reduction was the increased share of biomass in alternative fuels, achieved through effective planning and targeted fuel selection. Preference was given to fuels with a higher biomass content, while the use of fuels with lower biomass shares was reduced. Emissions were also influenced by the production of a specific cement type that was in demand for infrastructure projects.

According to the latest officially available data, the Brocēni cement plant continues to rank among the top 10% most efficient cement plants in Europe based on these performance indicators.

Scope 1 CO₂ emissions were calculated using product quality certificates provided by suppliers, which include information on the biomass content of each fuel type, as well as emission factors published by the Latvian Environment, Geology and Meteorology Centre and defined in national legislation and the Mitigate GHG accounting system. SCHWENK Latvija's Scope 1 emissions include all fuels used in the clinker kiln, internal transport and equipment, refrigerants, the delivery of alternative fuels and materials to production facilities, and product deliveries to customers.

As the most significant impact arises from clinker production and these emissions fall under the EU Emissions Trading System (EU ETS), the Company has set CO₂ reduction targets specifically for this process. Of all Scope 1 CO₂ emissions, non-ETS emissions accounted for 0.001 t CO₂ per tonne of clinker and 0.0008 t CO₂ per tonne of cement in 2025.



TOWARDS CLIMATE NEUTRALITY –
CO₂ REDUCTION ROADMAP

SCHWENK Building Materials Group launched in 2019 its own CO₂ reduction roadmap and, in full support of the European climate goals, has established and begun implementing three climate targets at the Broceni cement plant.

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

CO₂ reduction dynamics in Broceni cement plant



Adjustment of roadmap goals

Goal 1

Reduce average CO₂ emissions from the clinker production process by approximately 61,000 tonnes of CO₂ per year by 2025 compared to 2018.

Goal 2

Reduce the average clinker factor (% of clinker in cement) by 2025 to a level that will enable an annual reduction of approximately 122,000 tonnes of clinker and, consequently, approximately 76,000 tonnes of CO₂ emissions compared to 2018.

Goal 3

By 2032 have the first CO₂ neutral cement plant in the Baltics by leveraging currently developed future technologies for carbon capture, storage and utilization.



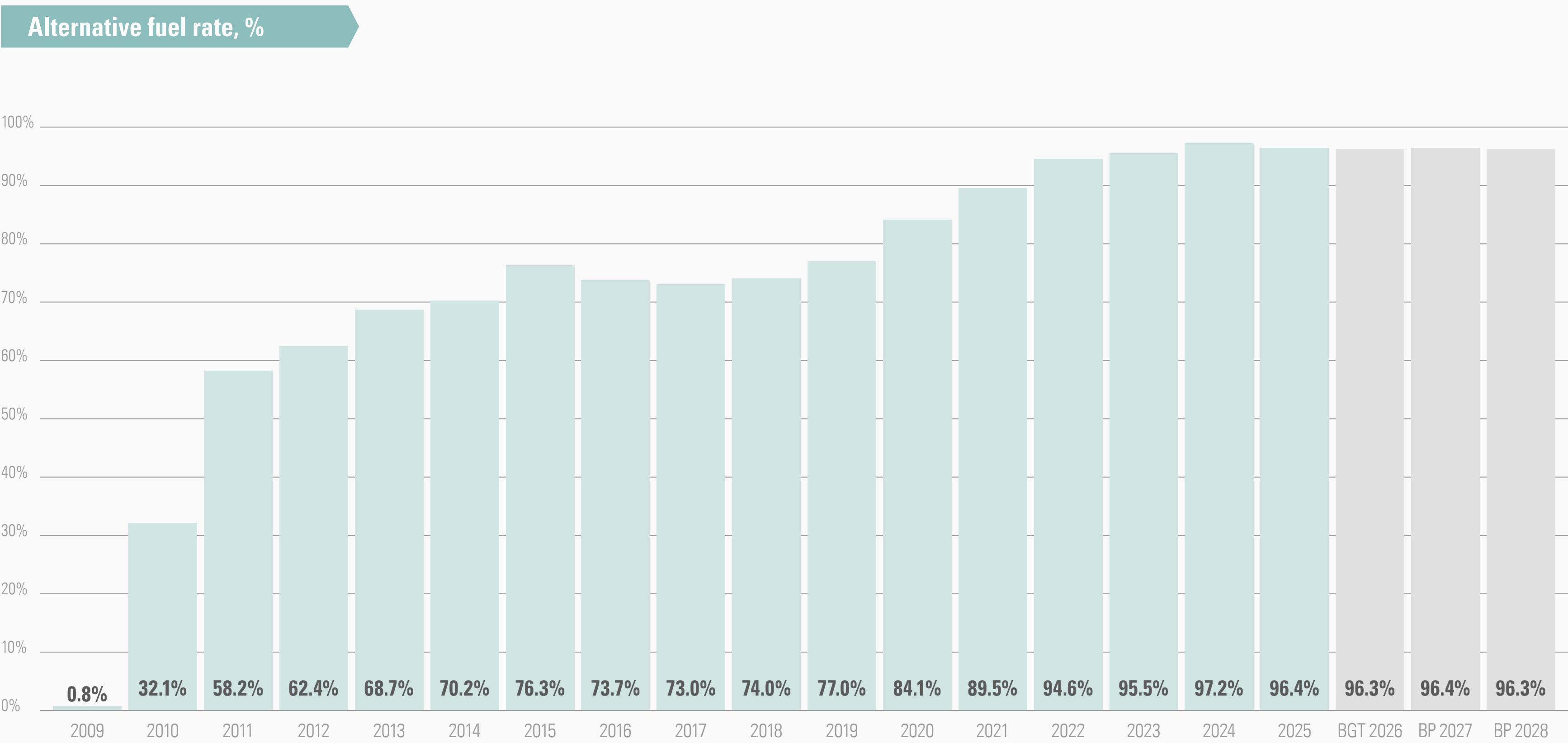
GOAL 1:
INCREASED USAGE
OF ALTERNATIVE FUEL

In cement production, limestone is heated in a rotary kiln to temperatures of 1,500–2,000°C, which can only be achieved using appropriate fuel. Until the early 1990s, coal, oil, and natural gas were used exclusively as fuels. To conserve non-renewable resources and reduce CO₂ emissions, SCHWENK has almost entirely replaced fossil fuels with alternative fuels.

The Broceni cement plant, commissioned in 2010, was specifically designed to enable the use of alternative fuels in the production process. Before being used at the SCHWENK Latvija plant, fuel quality is subject to regular and rigorous controls. Suppliers perform comprehensive chemical analyses of materials in independent accredited laboratories and submit the test results to SCHWENK Latvija prior to delivery. In addition, every shipment delivered to the Broceni plant is tested in the Company's laboratory. The use of alternative fuels is monitored and controlled by both the plant's operational control systems and laboratory specialists. Fuel is stored in modern storage facilities, while ash generated during the combustion process is utilized in clinker production. In 2024, a total of 3,570 laboratory tests were carried out on alternative fuels used in cement production.

In 2025, the alternative fuel substitution rate reached 97% of all fuel used in clinker production, remaining unchanged compared to 2024. Maintaining this exceptionally high level has been made possible through long-term investments, continuous equipment maintenance, and ongoing process improvements. In 2025, the alternative fuels used at the cement plant included specially treated and prepared household and industrial waste-derived fuel, shredded end-of-life tyres, and tyre textile fluff. Of all alternative fuels used, 47% were sourced from local suppliers, representing an increase of 7 percentage points compared to 2024 and 17 percentage points compared to 2023.

Expanding the use of alternative fuels produced in Latvia remains



one of our priorities, and significant progress has been achieved over the past two years. This has been made possible by increased production volumes of solid recovered fuel (SRF) in Latvia. Following the use of alternative fuels in the cement plant, no waste is released into the environment – the production technology ensures that all ash generated in the kiln becomes part of the clinker and, subsequently, the cement.

To assess opportunities for further developing the fuel mix, SCHWENK Latvija continuously conducts laboratory tests of new alternative fuel types. In 2025, five laboratory tests were carried out on potentially suitable materials, including wind turbine blades and various new SRF types.

ALTERNATIVE
FUEL RATE,
BROCENI CEMENT
PLANT 2025

97%

TYPES OF ALTERNATIVE FUEL USED
IN BROCENI CEMENT PLANT, 2025

Chipped
tyres

5%

Tyre fluff

10%

SRF

85%



GOAL 2:
TOWARDS CLINKER
FACTOR REDUCTION

In 2025, SCHWENK Latvija reached an important milestone in its long-term clinker factor reduction strategy by increasing the production volume of two new cement types by approximately 74% compared to 2024. These cement types have a clinker factor of around 70%, the lowest among all cement products manufactured by SCHWENK Latvija. To further develop these products, 105 laboratory tests and 9 industrial-scale trials of alternative cementitious materials were carried out in 2025.

The highest clinker factor in SCHWENK Latvija's cement product portfolio is currently approximately 90%, in the cement type CEM I 42.5 N SR3, which is used in infrastructure projects with specific technical and quality requirements. Our objective is to reduce the clinker factor of this cement type to 80% by 2028 while maintaining its strength and other quality characteristics.

The Company's long-term goal is to continue gradually reducing the clinker factor in cement by increasing the use of alternative raw materials and to achieve an average clinker factor of 65% by 2030. However, progress towards this target is significantly influenced by the availability of alternative raw materials, production process specificities, technological capabilities, and market readiness.

A capital investment project scheduled for completion by the end of 2026 will enable the production of additional new cement types and support the further reduction of the clinker factor while maintaining and improving product quality.

GOAL 3:
TOWARDS CARBON CAPTURE AND UTILIZATION

Carbon capture, storage, and utilization technologies are essential for the decarbonisation of cement production.

In 2024, SCHWENK Latvija reached an important milestone in its decarbonisation strategy by deciding to test several carbon capture technologies under real operating conditions at the Broceni cement plant by end of 2027. This decision was based on extensive feasibility studies and comparisons of potentially available technologies conducted under the guidance of international experts.

In 2025, a carbon capture test facility was inaugurated at the Broceni cement plant, where the first technologies were tested over the course of the year – the Hot Potassium Carbonate (HPC) technology and the Metal-Organic Frameworks (MOF) technology.

In 2026, two additional CO₂ capture technologies are planned to be tested to enable a comprehensive comparison of available solutions.

The use of different pilot installations will allow SCHWENK Latvija to assess which technology is best suited for long-term implementation, particularly with regard to achieving low electricity consumption and high CO₂ capture efficiency. The purpose of the testing phase is to verify the performance of these technologies under real industrial conditions, analyse their operational characteristics, and evaluate their potential impact on other production processes.

Based on the data collected and the results of the feasibility studies, the final investment decision is expected in 2028.

The implementation of a full-scale carbon capture system at the Broceni cement plant is planned for around 2032. Once operational, the system is expected to capture approximately 800,000 tonnes of CO₂ annually.

The CCS Baltic Consortium, in which SCHWENK cooperates with Akmenės Cementas AB, KN Energies AB, Larvik Shipping AS, and Mitsui O.S.K. Lines, Ltd., has been awarded Project of Common Interest (PCI) status by the European Commission for the development of a future carbon management value chain. This designation recognises the initiative as an important cross-border infrastructure project in Europe.

CO₂ EMISSIONS IN THE VALUE CHAIN

CO₂ EMISSIONS SCOPE 2

Scope 2 emissions include CO₂ emissions associated with electricity and heat purchased from external suppliers. For the calculation of Scope 2 electricity emissions in 2025, SCHWENK Latvija used the emission factors and calculation methodology available in the “Mitigate” greenhouse gas (GHG) accounting system.

Across all business units, the Company uses only certified renewable electricity generated from solar and hydropower sources. However, following the adoption of a new calculation methodology that provides greater accuracy and complies with the requirements of the ESRS, greenhouse gas emissions are calculated using a location-based approach. This approach reflects the actual electricity generation mix in Latvia and the composition of the electricity supplied through the national grid.

CO₂ EMISSIONS SCOPE 3

In 2025, SCHWENK Latvija continued its work on identifying and quantifying Scope 3 CO₂ emissions. Of the 15 Scope 3 categories, the Company has started collecting data for seven categories: purchased goods and services (Category 1), capital goods (Category 2), 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).

To collect data for Categories 1, 3, 4, 6, and 7, the Company used questionnaires distributed to suppliers and employees. The highest participation rate, and consequently the largest volume of available data, was obtained from employees for Categories 6 and 7. The lowest response rate and data availability were observed in Categories 1, 3, and 4, where information was provided by approximately 25% of respondents on average.

For these categories, emissions were calculated based on information provided by suppliers and emission factors available in the GHG accounting system.

ENERGY EFFICIENCY

Cement production is one of the most energy-intensive industries in the world. SCHWENK Latvija is one of the largest electricity consumers in Latvi⁵. Energy consumption is driven by specific production processes, including grinding, which is one of the most energy-intensive processes in cement manufacturing. Energy efficiency and renewable energy are among SCHWENK Latvija's priorities on its path towards climate neutrality and the reduction of Scope 2 CO₂ emissions.

SCHWENK Latvija operates a certified Energy Management System in accordance with ISO 50001:2018 and has maintained an active energy efficiency working group since 2015. The group continuously monitors energy consumption and develops scenarios for its reduction. All major electricity consumers – equipment and production units – are fitted with separate electricity meters. This enables detailed monitoring of consumption, analysis, planning, equipment upgrades, and the implementation of other improvement measures. In addition to reducing electricity consumption, we strive to improve thermal energy efficiency in clinker production by replacing older equipment with modern technologies and continuously optimizing production processes.

In 2025, SCHWENK Latvija implemented several projects aimed at improving energy efficiency and increasing the use of renewable energy. Electricity savings were achieved as part of ongoing improvement initiatives: two electric motors were replaced with more energy-efficient units, reducing annual electricity consumption by approximately 62 MWh. The replacement of conventional lighting with LED lighting also continued in 2025, particularly in the cement plant's warehouse area, resulting in annual electricity savings of approximately 6.7 MWh.



Other projects also continued to progress. In the fourth quarter of 2025, a new shunting locomotive (locotractor) was delivered and commissioned. The locotractor will improve the productivity of cement loading operations and reduce diesel fuel consumption. At the Liepaja terminal, construction of a truck unloading compressor was completed in 2025. The new stationary electric compressor replaced the diesel compressors installed on trucks. In the third quarter of 2025, SCHWENK Latvija also started replacing its on-site vehicle fleet, transitioning from internal combustion engine vehicles to electric vehicles.

Alongside its ongoing energy efficiency initiatives, SCHWENK Latvija continues to receive solar energy from an external solar power plant in Broceni. Electricity generation at the solar power plant in 2025 varied according to solar conditions and was comparable to the output achieved in 2024. Construction work is still ongoing in the southern part of the cement plant site, where a 6.5 MW solar power plant is being developed. It is scheduled to be commissioned in 2026. Together, the two solar power plants are expected to provide approximately 8–9% of the Broceni cement plant's annual electricity consumption.

⁵ Based on the Company's consumption data and publicly available information on total national consumption.

MAIN KEY
PERFORMANCE
INDICATORS 2025:
CLIMATE

KPI	2023	2024	2025 goal / fact		2026 goal
CO ₂ emissions Scope 1 (t CO ₂ / ton of clinker)	0.696	0.698	0.693	0.693	0.691
CO ₂ emissions Scope 1 (CO ₂ t per ton cement)	0.59	0.546	0.545	0.555	0.545
Specific net CO ₂ emissions (CO ₂ t per ton cement equivalent)	0.464	0.453	0.452	0.441	0.441
Specific net CO ₂ emissions (CO ₂ t per ton clinker)	0.547	0.544	0.543	0.548	0.548
AF substitution rate, %	95.53%	97%	97%	96.40%	97%
Clinker factor, %	84.8%	83.3%	80.61	80.37%	79.87%
CO ₂ emissions Scope 2 (CO ₂ t per ton cement)	0.007	0.06	0.06	0.017	0.07
CO ₂ emissions Scope 1 (CO ₂ t per m ³ concrete)			0.009	0.009	0.009
CO ₂ emissions Scope 2 (CO ₂ t per m ³ concrete)	0.00015	0.002	0.002	0.043	0.043
CO ₂ emissions Scope 1, (CO ₂ t per ton aggregates)			0.0019	0.0019	0.0019
CO ₂ emissions Scope 2 (CO ₂ t per ton aggregates)	0.0001	0.006	0.006	7	0.006
CO ₂ emissions Scope 3 (CO ₂ t per ton cement)	0.04	0.03	0.03	0.022	0.03
Number of cement types with EPD	5	7	7	8	8



SUSTAINABILITY
PERFORMANCE IN 2025:
ENVIRONMENT



ENVIRONMENTAL PERFORMANCE OF PRODUCTION UNITS

SCHWENK Latvija monitors its environmental impact across all areas of its operations. The cement plant in Broceni is one of the most modern and environmentally friendly industrial facilities in Europe, operating a fully closed production cycle in which no wastewater or other waste is generated. Ash produced from fuel combustion in the clinker kiln becomes part of the final product – clinker. The plant is equipped with the Best Available Techniques (BAT) for reducing nitrogen oxide emissions, including a low-NO_x burner. The Selective Non-Catalytic Reduction (SNCR) method is used to reduce ammonia emissions, while a fabric filter system is used to minimise dust emissions. A continuous monitoring system tracks 11 emission parameters, including dust, NO_x (nitrogen oxides) and SO_x (sulphur oxides). All monitored values remain below the legally prescribed limits. Raw materials and fuels are stored in enclosed storage facilities. More than 50 dust extraction units have been installed throughout the production process to reduce dust emissions. Major emission sources, such as the clay dryer, cement mills and coal mill, are equipped with continuous dust-monitoring devices. In December 2024, SCHWENK Latvija installed a new calcium hydroxide (Ca(OH)₂) injection system at the Broceni cement plant to further reduce hydrogen chloride (HCl) and sulphur dioxide (SO₂) emissions.

In 2025, SCHWENK Latvija did not exceed any permitted emission limit values and consistently maintained all emissions well below the required thresholds. SCHWENK Latvija maintains a strict internal waste management system. Ash and dust generated during cement production are fully recycled and reused as raw materials in cement manufacturing. In concrete

production and aggregates extraction, waste mainly consists of packaging from incoming raw materials and spare parts, worn tyres, waste oils and other technical fluids generated during equipment maintenance. Concrete production also generates waste in the form of raw material residues, process water, water from mixer truck washouts and returned ready-mix concrete. Twenty-eight percent of the water used in concrete production is reused, which is 7 percentage points higher than in 2024. This ratio is largely influenced by weather conditions, as water reuse is practically impossible at low temperatures. The Company is working to increase the use of recycled water during cold-weather conditions as well. Since 2021, nearly 100% of returned concrete has been used in the production of second-grade concrete blocks. Recycling of production waste is governed by internal procedures.

Other waste generated through SCHWENK Latvija's operations (household and construction waste) is sorted and handed over to certified waste management companies.

In previous years, SCHWENK Latvija implemented significant improvements in concrete production by installing a new, modern ready-mix concrete plant in Riga with enhanced energy efficiency and significantly lower dust emissions. The facility includes an enclosed raw materials storage area with six compartments, allowing the storage of a wide range of materials, including recycled aggregates. The storage area is equipped with a dust extraction system, and materials are unloaded directly from trucks, further reducing dust emissions.



NATURE PRESERVATION AND CONSERVATION

In 2025, SCHWENK Latvija carried out aggregate extraction at six quarry sites, applying environmentally responsible quarry management practices, respecting protected natural areas, implementing responsible rehabilitation measures, and preserving biodiversity. The Company extracts resources only to the extent required by production and market demand, while maintaining the existing land use in the remaining quarry areas, such as pastureland, agricultural land, or forest. Agricultural land is leased to neighbouring farmers for cultivation. Our production sites are open to visits by customers and other stakeholders, and our experts participate in educational initiatives in cooperation with customers and schools.

We always maintain a balance between production needs and the preservation of natural resources. In accordance with Latvian regulatory enactments, all SCHWENK Latvija quarries have approved rehabilitation plans. Where appropriate, rehabilitation activities are carried out during the operational phase of quarry development. In 2025, at the Purmales dolomite quarry, the first rehabilitation works were initiated just one year after the quarry was opened, with 2.3 hectares of overburden dumps reforested through the planting of 7,200 spruce and birch saplings. At the Caunes clay quarry, 4.8 hectares of excavated land were rehabilitated by covering the area with topsoil and planting 12,800 spruce, birch, and alder saplings. Across all SCHWENK Latvija quarries, a total of 33.75 hectares have been reforested as part of rehabilitation efforts, with more than 90,000 trees



planted, including white alder, black alder, birch, and spruce. In 2025, two quarries in the Tukums region and one quarry in Saldus Municipality were fully rehabilitated and formally accepted by a commission consisting of representatives of the local municipality and the State Environmental Service. Overall, SCHWENK Latvija has rehabilitated 18.08% of the total disturbed land area, including 1.84% during 2025. Two active biodiversity monitoring programmes are in place around the Kumas limestone quarry, focusing on bird

monitoring and the protection of a protected plant species, the butterfly orchid. The Company regularly monitors groundwater and underground water levels in the vicinity of its clay, dolomite, and limestone quarries to assess the development of groundwater drawdown zones and to ensure that quarry operations do not have a negative impact on water availability for nearby households, water bodies, or natural areas. for nearby households, water bodies, or natural areas.

WATER AND MARINE

Water consumption is continuously monitored. Although water is not used directly in the cement production process and a glycol-based cooling system is used for equipment cooling, water consumption at the plant increased as a result of the CO₂ capture pilot project. In 2025, water consumption amounted to 52 litres per tonne of cement, which was 3 litres higher than in 2024.

Water is a critical component in both concrete and aggregates production, and our objective is to maximise water reuse through treatment in on-site settling ponds. Efficient wastewater management is supported by recycling systems that enable the reuse of 28% of water in concrete production and 90% of water in aggregates production. Water consumption in aggregates production is directly linked to product demand and the product mix. In 2025, water consumption in aggregates production was significantly lower than in 2024, as the volume of washed sand and crushed aggregates produced decreased.

In 2025, the water resource use permits for the Kumas limestone quarry and the Broceni II clay quarry were revoked. In accordance with the extraction licences, these permits have been replaced by groundwater monitoring programmes approved by the State Environmental Service and licences for carrying out groundwater monitoring.

MAIN KEY
PERFORMANCE
INDICATORS 2025:
ENVIRONMENT

KPI	2023	2024	2025 goal / fact		2026 goal
Clinker produced with continuous monitoring on main emissions (SO _x , 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	200
Sulfur (SO ₂) emissions clinker, mg/m ³	39.88	50.51	200	51.96	200
Sulfur (SO ₂) emissions cement, kg/t	0.189	0.2171	0.200	0.2022	0.200
Limit value NO _x emissions clinker, mg/m ³	500	500	500	500	500
NO _x emissions clinker, mg/m ³	386.72	338.45	500	411.85	500
NO _x emissions cement, kg/t	1.726	1.39	1.6	1.58	1.6
Limit value dust emissions clinker, mg/m ³	20	20	20	20	20
Dust emissions clinker, mg/m ³	7.51	8.33	10	8	10
Dust emissions cement, kg/t	0.056	0.04	0.04	0.04	0.04
Dust emissions ready-mix, kg/m ³	0.016	0.013	0.015	0.015	0.015
Limit value mercury emissions clinker, mg/m ³	0.05	0.05	0.05	0.05	0.05
Mercury emissions clinker, mg/m ³	0.0028	0.0028	0.008	0.008	0.05
Mercury emissions cement, g/t	0.012	0.0016	0.03	0.03	0.05



KPI	2023	2024	2025 goal / fact		2026 goal
Environmental incidents with soil contamination					
➤ cement	0/0	0	0	0	0
➤ concrete	0/0	0	0	0	0
➤ aggregates	0/0	0	0	0	0
Quarries with rehabilitation and restoration plan	100%	100%	100%	100%	100%
Rehabilitated land, total % of disturbed	18.38%	20.64%	22.48%		
Rehabilitated land in reporting year, % of disturbed	5.89%	3.97%	2.29%		
Water intensity					
➤ cement l/ton	42.8	49	49	52	70
➤ ready-mix l/m³	207.93	163.23	160	196	200
➤ aggregates l/ton	86.98	52. 36	NA	120	120
Water recycled and reused, %					
➤ cement	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
➤ ready-mix, m³	18 %	21%	28%	28%	28%
➤ aggregates, m³	90%	90%	90%	90%	90%

SUSTAINABILITY
PERFORMANCE IN 2025:
**PEOPLE – OWN
AND CONTRACTED
WORKFORCE**



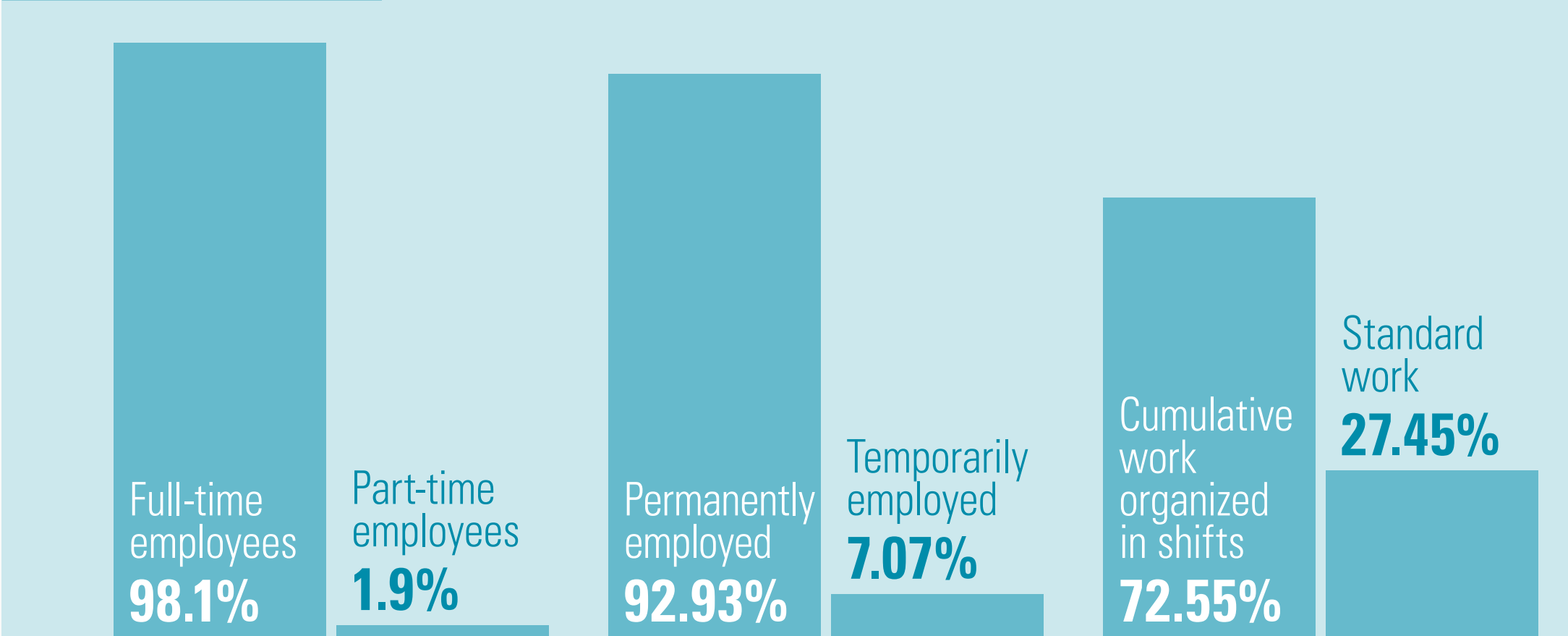
SCHWENK LATVIJA EMPLOYEES 2025

SCHWENK Latvija's growth and success are driven by our employees. We highly value talented people who care about sustainability and fair business principles, are eager to learn, and regard health and safety as a top priority in their daily work. Our team in Latvia consists of nearly 360 employees working in Riga, Broceni, Talsi, Tukums, Liepaja, Madona, and Iecava.

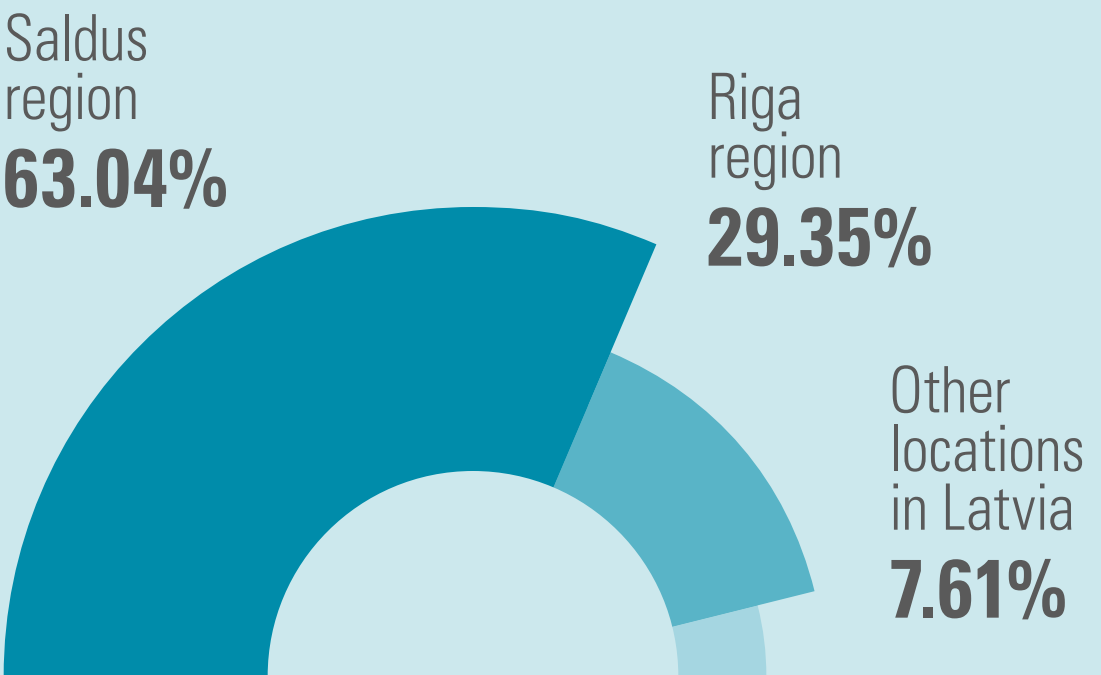
Respect for human rights, diversity, and equal opportunities forms the foundation of our approach to employee development, career advancement, and remuneration. Due to the nature of the heavy industry sector, 81% of the Company's employees are male.

We are proud of our very low employee turnover rate, with an average length of service of 10.6 years. In 2025, the Company recorded its lowest employee turnover rate in the past 17 years, with only 2.2% of employees voluntarily leaving the Company. We place strong emphasis on professional growth and career development within the organisation, and all vacancies are initially advertised internally.

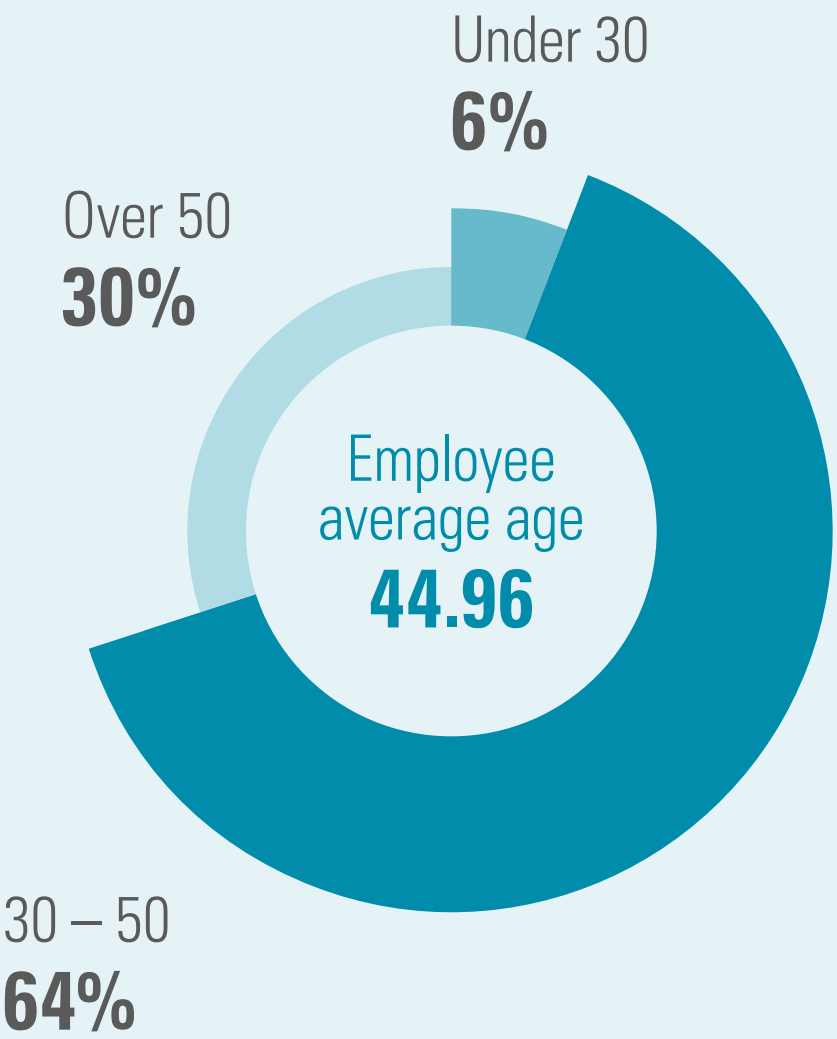
Employee profile



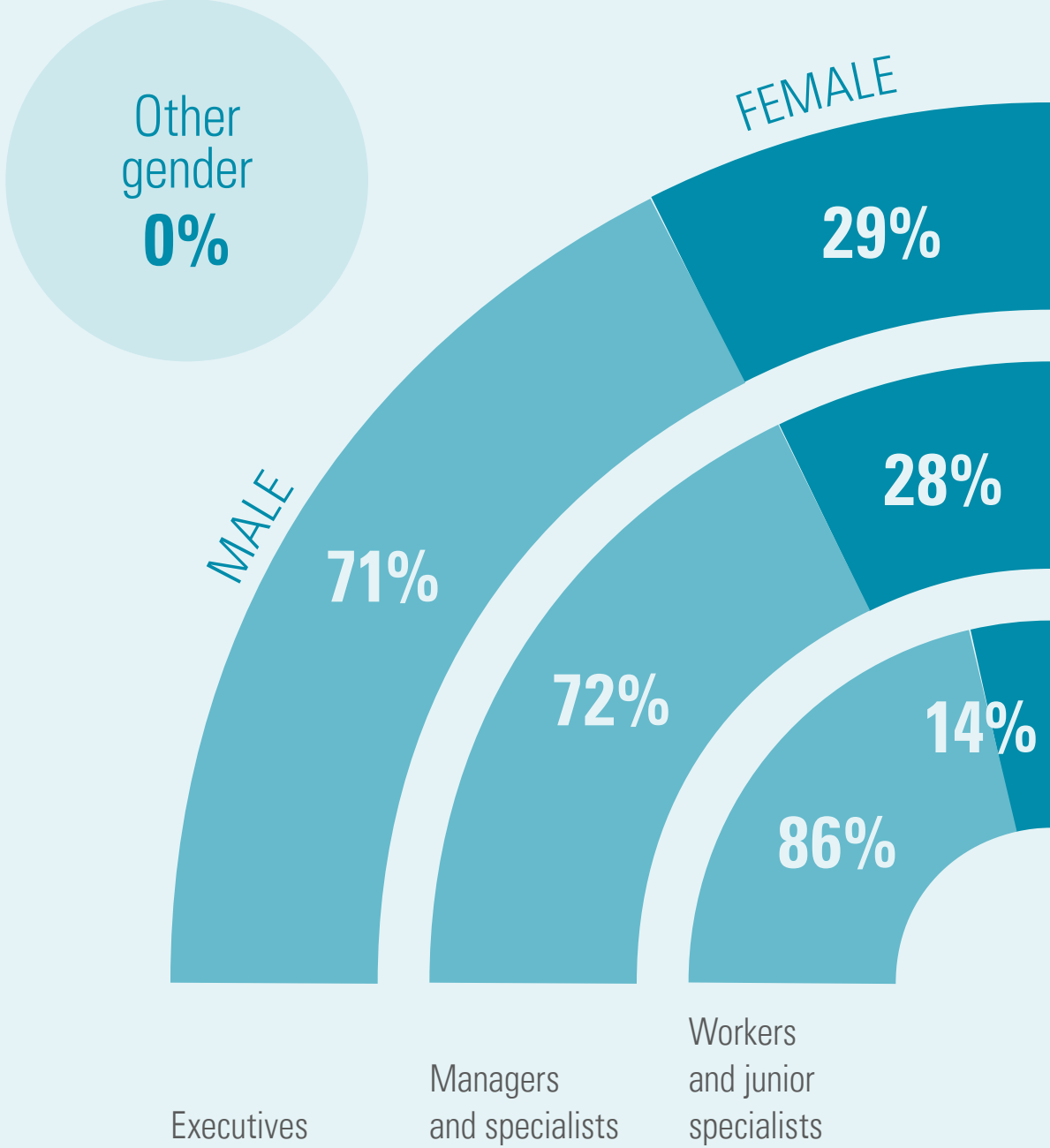
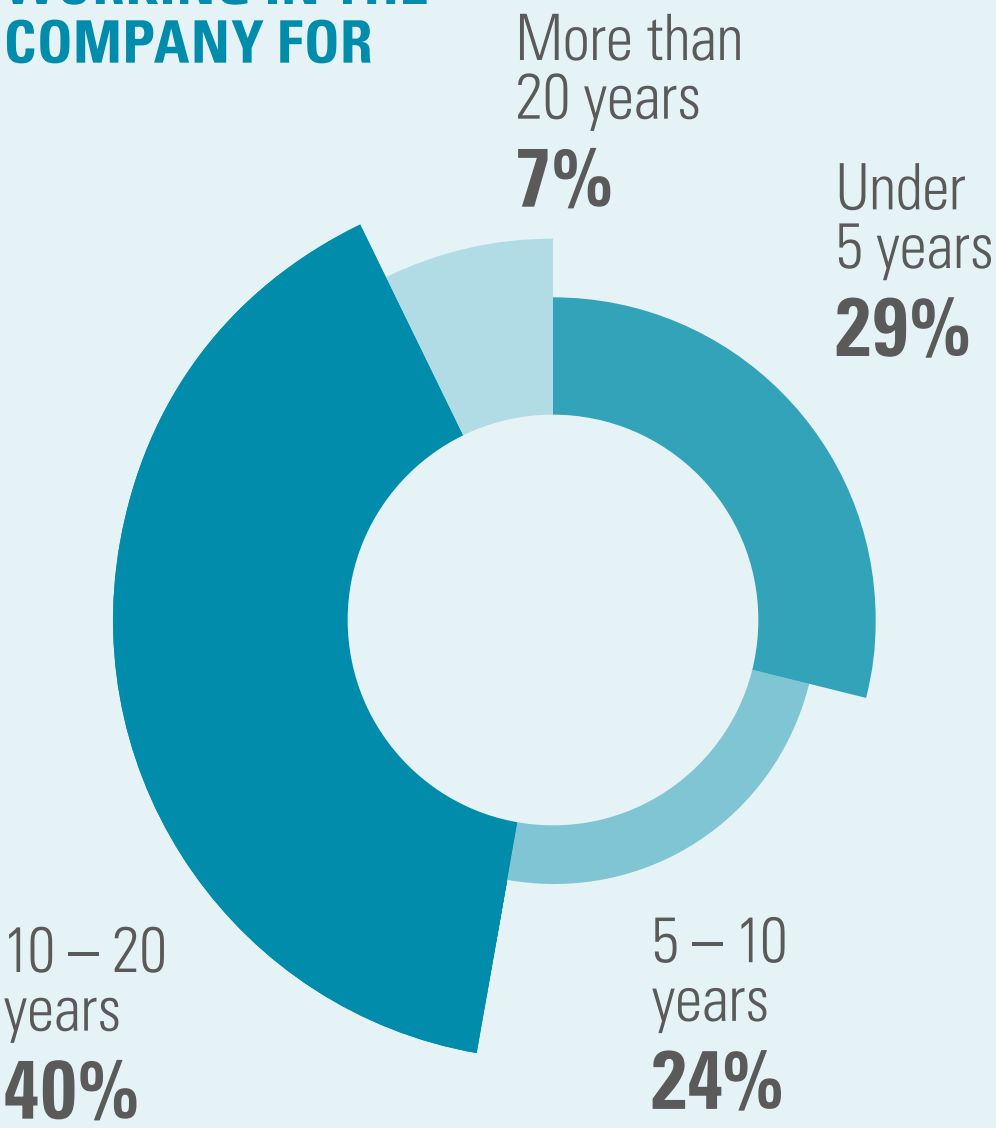
LOCATION



AGE



SENIORITY – WORKING IN THE COMPANY FOR



EMPLOYEE ENGAGEMENT AND SATISFACTION

ENGAGEMENT SURVEYS

Employee engagement surveys are conducted every two years and include all Company employees. Following each survey, the results are carefully analysed, and managers discuss them with their teams to identify further improvements in working conditions and employee satisfaction.

The most recent SCHWENK Latvija employee satisfaction and engagement survey was conducted in 2024 in cooperation with an independent service provider, using the TRI*M Employee Commitment Methodology⁶. According to the 2024 results, the Company's overall employee engagement index reached 81, which is six points higher than in 2022. This result is still considered very strong compared with overall market and industry benchmarks, showing a smaller decline in employee engagement than observed more broadly. Compared with other manufacturing companies in Latvia, SCHWENK Latvija's result is 26 points higher. Within the large-company segment (companies employing 250 or more people), SCHWENK Latvija's result is 13 points higher. The Company's engagement index data shows that employee satisfaction increases with length of service and is significantly higher among female employees. Across all employee tenure groups, except one (1–2 years of service), the engagement index is equal to or above the Company average of 81. The next employee satisfaction and engagement survey is scheduled for June 2026.

⁶ TRI*M Index – an employee satisfaction indicator expressed as a single score, incorporating five components: overall satisfaction, willingness to recommend the company, intention to stay with or return to the company, employee motivation, performance, and the strength of the company's market position.

EDUCATION, EVALUATION AND CAREER DEVELOPMENT

Our team includes representatives of approximately 150 different professions, and 45% of employees have worked for the Company for more than 10 years. One of our priorities is to provide employees with opportunities for innovation and development, placing a strong emphasis on continuing education, professional growth, and career development within the Company.

Employees at all levels regularly receive performance and career development reviews and have access to professional training programmes delivered by both internal and external experts. The Company also provides scholarships to employees pursuing higher education in engineering disciplines.

Approximately 50 positions are included in the succession planning programme – a targeted employee assessment and development initiative designed to ensure continuity of critical skills and competencies.

Our commitment to meeting the highest standards, ensuring stakeholder satisfaction, advancing climate neutrality, and improving efficiency has fostered innovation and cross-border collaboration among the Company's experts. This has resulted in the development of tailored solutions, products, and equipment specifically designed to meet our needs, while also supporting the continuous professional development of our employees.

Employee engagement survey 2024

* The next employee satisfaction and engagement survey – 2026.

PARTICIPATION RATE:



Average rate
in Latvia – 63, in Europe –
60, in the manufacturing
industry in Latvia – 54

EMPLOYEE
COMMITMENT
INDEX:

81

SUPPORT FOR UPGRADING EMPLOYEE SKILLS

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

TRAINING PARTICIPATION RATE



4520
hours

SPENT ON TRAINING
IN 2025

AVERAGE
TRAINING HOURS
PER PERSON
ANNUALLY

12.52

INVESTMENT IN
TRAINING PROGRAMS

53850
EUR

DIVERSITY AND HUMAN RIGHTS

Respect for human rights is a cornerstone of our operations. We support and uphold internationally recognised human rights principles, including the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact.

We believe that diversity among our employees is of exceptional value. Through their unique professional and life experiences, our employees make an invaluable contribution to the growth and development of SCHWENK Latvija. We are committed to providing an inclusive working environment and equal opportunities for all employees, regardless of their business unit or place of work. We do not tolerate discrimination of any kind based on religion, age, nationality or race, gender, sexual orientation, political views, trade union membership, family status, disability, or any other personal characteristic.

Through a range of employee benefits and a flexible approach to work organisation, we strive to support diverse employee groups, including women, young parents, senior employees and retirees, people with disabilities, and different family structures. In 2025, 5.4% of employees were on parental leave, of whom 85% were men and 15% were women. All employees who took parental leave returned to their professional duties within the Company. Employees with disabilities represent 2% of SCHWENK Latvija's workforce.



We do not tolerate and actively work to prevent human rights violations within our Company, throughout our supply chain, and in the activities of our business partners. Our approach to inclusion, diversity, human rights, and whistleblowing is defined in the Code of Ethics (see page 19).

In 2025, five reports were received through the Code of Ethics reporting mechanism, all of which were resolved. Four

reports were resolved within four weeks, while one was resolved within four months. As a result of the five reports received, two formal cases were initiated and successfully resolved. Four reports related to the Company's internal working environment procedures and employees, while one case involved an external stakeholder. During the reporting period, the Company was not involved in any employment-related litigation.

REMUNERATION

We recruit, hire, and promote employees solely on the basis of their professional qualifications and experience relevant to the position and do not allow personal considerations or assumptions to influence our decisions.

We strive to build long-term employment relationships and are proud of our low employee turnover rate and the long service of many of our employees. The ratio of the entry-level base salary at SCHWENK Latvija to the national minimum wage is 1.95. The ratio of the entry-level base sawlary to the industry benchmark salary is 1.165. The comparison is based on equivalent qualification levels and job categories, in accordance with the salary survey referred to above. Employee remuneration at SCHWENK Latvija is reviewed annually.

SCHWENK Latvija is committed to equal rights and equal pay for women and men. Our remuneration system is based solely on the assessment of competencies, labour market conditions, and the skills required for a particular role. The overall gender pay gap at SCHWENK Latvija is mainly attributable to the relatively low proportion of women in the Company's overall workforce, while women represent a comparatively larger share of specialist, middle-management, and senior-management positions. Differences in remuneration across organisational levels are significantly influenced by the diversity of professions and competencies represented within the Company, which employs more than 360 people across approximately 150 different professions.

All permanent employees are covered by a collective agreement, which forms the basis of our comprehensive benefits package. According to Company calculations, the monetary value of employee benefits is equivalent to approximately 10% of annual remuneration.

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



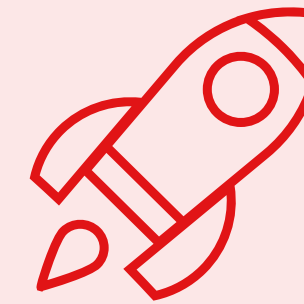
- Comprehensive health insurance program, including dentistry, purchase of medicines, rehabilitation and sports, psychotherapy
- Life, critical illness and accident insurance 24/7
- Regular payment of vision correction products and optical safety glasses for work purposes
- Paid holidays for employees 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 employees is an important part of sustainable day-to-day operations and continuous development. Our corporate culture encourages the sharing of best practices, reporting of risks, and generation of new ideas, fostering open and honest communication throughout the organisation.

Regular employee open forums are held to discuss key topics across all business areas, including Company performance, investment plans, and strategic priorities. Employees actively contribute to the Company's podcast, Domu Deglis ("The Thought Furnace"), which focuses on personal development and issues of importance to the Company. In 2025, the podcast format was successfully expanded into an external communication channel, becoming publicly available through SCHWENK Latvija's social media platforms and involving both internal and external experts in its production.

Twice a year, employees come together at larger corporate events – the SCHWENK Summer Celebration and the Winter Ball. Approximately once per quarter, employees are invited to participate in various smaller-scale activities based on their interests, geographic location, and shared hobbies, including national sporting and cultural events, city festivals, volunteering activities, and team-building events.

For several years, all SCHWENK Latvija employees have been provided with a Company smartphone and unlimited internet

access. The Company has digitalised human capital management and health and safety processes to significantly improve efficiency and information flow. A corporate WhatsApp group serves as the primary tool for promptly communicating important news and announcements. In addition, updates are shared through the employee magazine, monthly newsletters, notice boards, and digital screens across all Company locations.

Systematic information exchange also takes place within the wider SCHWENK Building Materials Group. International colleagues are informed about SCHWENK Latvija's developments and employee activities through monthly newsletters, while Group news is shared through SCHWENK Latvija's internal communication channels. Knowledge exchange is further supported through study visits and international thematic working groups.

Regular surveys are conducted to gather employee opinions and preferences regarding important issues, planned activities, and other relevant topics. Employees are encouraged to provide feedback and suggestions through a variety of convenient channels, particularly regarding improvements in energy efficiency, health and safety, and other operational areas.

Every employee has the right and opportunity to join the Broceni Trade Union. Founded in 1949, it has historically brought together employees from the cement industry and related sectors. The union currently has approximately 90 members, including both current SCHWENK Latvija employees and former industry employees. We maintain an open and constructive dialogue on all matters related to employment and labour rights. Trade union representatives actively participate in employee open forums and meet regularly with Company management.

We maintain strong relationships with former employees by involving them in the Company's information channels and events and by providing practical support whenever needed.



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, 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

SCHWENK Latvia's mission is zero harm – health and safety are our top priority and a core value. Every day, both at our operational sites and beyond, we work to strengthen this value at both the organisational and individual level. We believe that strong leadership and genuine care for people can positively influence mindsets and contribute to a safer everyday life, both at work and outside it.

Every day, at all SCHWENK Latvia locations, we apply the Mission Zero concept – a working day free from accidents and the assurance that every employee returns home safely to their family. This is a shared responsibility. The Company provides safe working conditions, personal protective equipment appropriate to each role, and training and education for employees and contractors. At the same time, every employee is expected to recognise that safety is SCHWENK Latvia's highest priority and that everyone is personally responsible for contributing to a safe working environment through their actions. Employees are actively involved in improving workplace safety through the regular identification of potential risks and by initiating measures to eliminate them. Violations of safety requirements and actions that endanger others are considered the most serious breaches of SCHWENK Latvia's internal regulations.

The Company operates four Health and Safety (H&S) committees, which meet every two months to analyse all incidents in Latvia, review selected cases from across the Group, monitor safety-related

challenges, and evaluate, improve, and develop risk prevention plans and activities. In total, 59 employees from different levels of the organisation are involved in these committees, with several employees participating 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** – 29 members, including all level employees.
- **Transport H&S committee** – 10 members.

Health and safety objectives form part of the performance goals and evaluations of all employees. The Company has five dedicated positions responsible for implementing health and safety initiatives: the Director of Human Capital, Health & Safety and Communication; the Head of the Integrated Safety Department; two Integrated Safety Process Specialists; and one Senior Occupational Health and Safety Specialist.

Our health and safety activities cover a wide range of operational and everyday aspects and are structured within a Health and Safety Roadmap comprising 14 key elements.

SCHWENK Latvia's health and safety culture and approach apply not only to our employees but also to contractors and transport service providers working with the Company.



TOOLS TOWARDS MISSION ZERO

Holistic Health and safety management system

We operate 24 hours a day, seven days a week in a high-risk environment with numerous health and safety hazards. Our health and safety management approach is holistic and focused on prevention and education, risk monitoring and analysis, and continuous improvement and development. We set and uphold the highest health and safety standards and apply the same approach to employees, contractors, and visitors alike. Our primary tool for health and safety reporting and management is the digital platform Meemo, which was introduced in 2022. The system provides Company employees with a wide range of functionalities to support compliance with occupational health and safety requirements, including the management and tracking of mandatory tasks such as safety inductions, risk reporting, personal protective equipment (PPE) management, employee qualification monitoring, equipment safety checklists, equipment inspections, safety data sheets (SDS), and more. For mandatory activities, such as the biannual safety induction, the platform is used by 100% of Company employees. By the end of 2025, approximately 71% of employees were actively using additional functionalities on a daily basis, including risk reporting and PPE management. The Company continues to work towards its long-term objective of achieving 100% daily employee engagement in the risk reporting system.

The risk reporting functionality is also available to employees of subcontractors.

Clear Communication, Leadership and Leading by Example

Health and safety as a core value underpins every decision and action taken by our employees. It is more important than production volumes, kilometres travelled, or products delivered. Every employee understands their responsibility to improve safety and their right to refuse any task or avoid any location that poses a risk

or danger. This principle also applies beyond Company premises. For example, deliveries may be suspended due to unsafe conditions at construction sites.

We believe that complying with health and safety requirements means living by this conviction 24 hours a day – making the right decisions both at work and at home, setting a positive example for family members and colleagues, and intervening whenever potentially unsafe behaviour is observed.

Visible Felt Leadership visits

All executives and managers involved in operations are engaged in the Visible Felt Leadership programme. This involves annual visits to all production sites, with particular attention paid to occupational health and safety risks in different operational areas. A key element of these visits is direct dialogue with employees, helping managers gain a deeper understanding of the challenges and needs employees encounter in their daily work. Together with the risk reporting system, this programme makes a significant contribution to fostering and sustaining a strong health and safety culture. In 2025, a total of 872 Visible Felt Leadership visits were carried out.

Education and training

The Company provides regular health and safety inductions and training sessions. Employees working in high-risk positions receive training every six months, while all other employees receive training annually. Training is delivered by both internal trainers and external experts. In addition, employees are encouraged to participate in various seminars and webinars to strengthen their knowledge and awareness of health and safety-related matters.

In 2022, SCHWENK Latvija's experts launched the extensive Mission Zero training programme, consisting of full-day training sessions for small groups of employees focusing on safe behaviour and personal values. By the end of 2025, the programme had reached 100% of Company employees and 99% of subcontractor employees and had been expanded to include other stakeholder



groups, such as educational institutions within local communities.

In 2025, 28 employees participated in internal training sessions on the use of defibrillators and emergency evacuation procedures from confined spaces and from working-at-height situations. During 2025, the Company also began developing dedicated Mission Zero training modules for managers. The development is expected to be completed next year, after which training will be provided to newly employed staff and subcontractor personnel.

SCHWENK Latvija specialists regularly participate in industry events both in Latvia and internationally, sharing best practices

and identifying and implementing solutions that promote employee health, safety, and well-being. In 2025, Company representatives attended the world's leading occupational health, safety, and protection exhibition, A+A in Germany, and the knowledge and solutions gained there are being gradually integrated into the Company's operations.

In Latvia, SCHWENK Latvija not only shared its occupational health and safety best practices with public and private sector organisations through the State Labour Inspectorate's Golden Helmet competition for good practice in occupational safety, but also achieved an award-winning second place.

Full set of Personal Protective Equipment

The use of personal protective equipment (PPE) is mandatory at all Company locations. Each employee is provided with winter and summer workwear sets, including clothing, footwear, helmets, safety glasses, and other PPE required for specific working conditions. The Company also provides prescription safety glasses to improve employee comfort, as well as specialised protective equipment for high-risk tasks. At the Broceni cement plant, two self-service PPE dispensing machines ensure that commonly used personal protective equipment is available at any time, including during night shifts.



Continuous assessment of workplace risks

All SCHWENK Latvia locations are certified according to ISO 45001:2018. Regular measurements are carried out to monitor various occupational health and safety factors, as well as environmental conditions, including dust and chemical concentrations, noise levels, vibration, and other workplace risks. In 2025, measurements of crystalline silica dust were initiated at the cement plant, with similar measurements planned at the Company's other operational sites in 2026. All results are carefully analysed, and action plans are developed to support further improvements.

The Company continuously invests in improving working conditions. Key health and safety projects implemented in 2025 included the installation of new employee facilities at the ready-mix plant in Riga and Talsi quarry; the provision of isotonic drinks for employees working in high-temperature environments; Mission Zero training for employees and subcontractors; and training on the use of the internal digital safety management system Meemo and the accident reporting system Rubis.

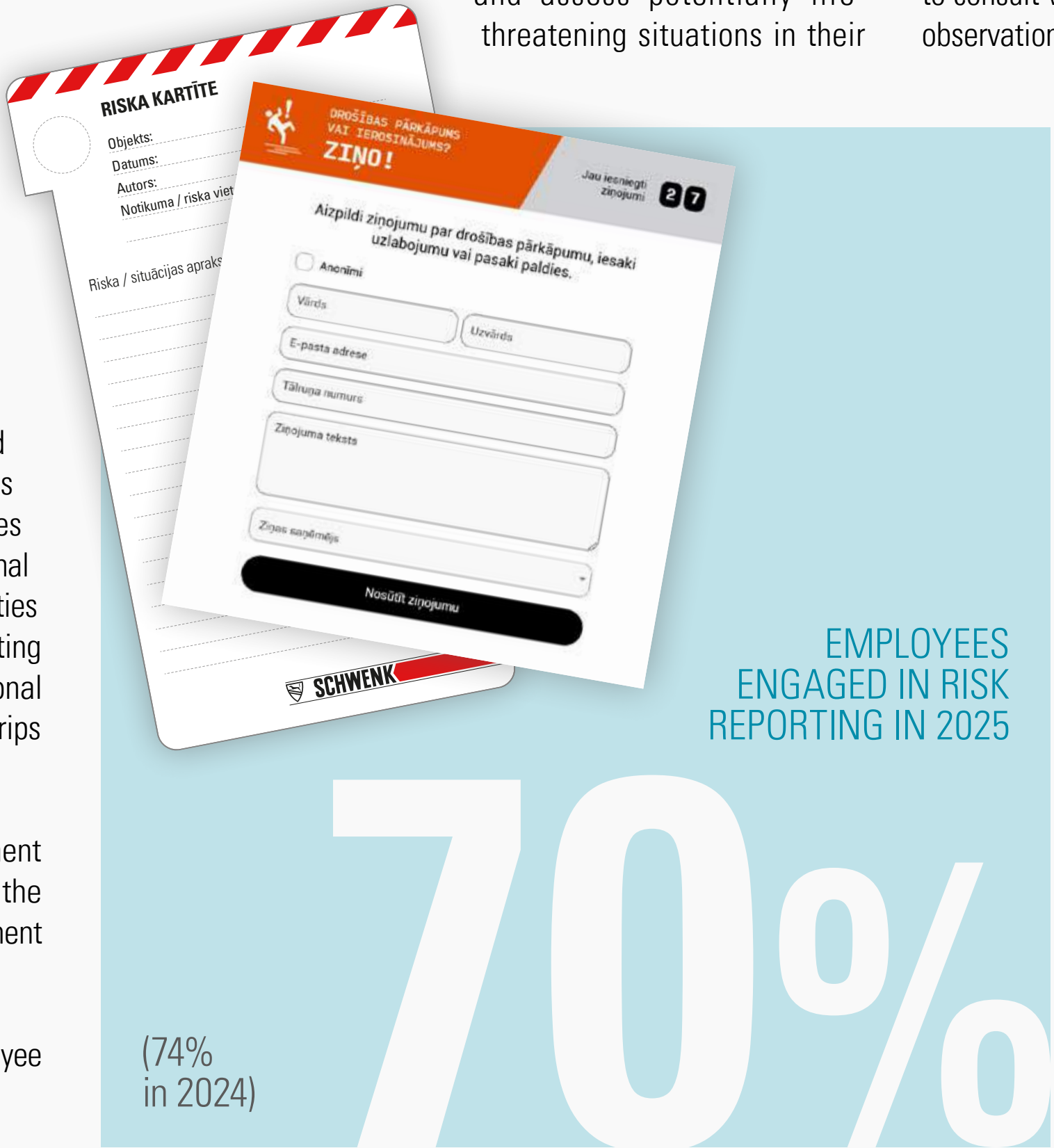
In 2023, SCHWENK launched a Group-wide health and safety harmonisation initiative aimed at promoting continuous exchange of experience between countries, integrating policies and processes, and developing a unified approach to occupational health and safety management. During 2025, Group-wide activities included the implementation of standardised accident-reporting guidelines and safety alert forms, as well as two occupational safety awareness campaigns – on risk identification “Slips, Trips & Falls” and hand and finger safety “Give Me Five”.

Work has also commenced and continued on the development of a Group-wide health and safety KPI dashboard and on the implementation of a unified policy for general safety management and high-risk activities.

A significant share of potential risks is identified through employee participation in the risk reporting system.

Risk reporting system

Introduced 17 years ago, the risk reporting system encourages every employee and visitor at our sites to report identified hazards and suggest necessary improvements. The system is based on LEAN principles and allows employees to submit risk cards either digitally or in paper format. Since the system was introduced, more than 27,000 risk cards have been submitted, resulting in thousands of improvements across all Company locations. The system has played an important role in embedding health and safety principles not only at the corporate level but also at the individual level, helping employees recognise and assess potentially life-threatening situations in their



daily lives and thereby strengthening both our people and the Company. In 2025, 70% of employees actively participated in submitting risk cards.

Wellbeing trustees

SCHWENK Latvia has established and maintains a network of well-being representatives. Seven employees from different business units have received specialised training to identify workplace safety and working-condition challenges and to promote necessary improvements. All employees are informed about the opportunity to consult with a well-being representative and share concerns, observations, and suggestions for improvement.



Annual health check-ups

Although national regulatory enactments require health examinations every two or three years, depending on the risk assessment, SCHWENK Latvija requires annual health check-ups for all employees. We believe this encourages employees to monitor their health proactively and address potential issues at an early stage. In addition to mandatory occupational health examinations, the Company provides access to a wider range of health-related screenings and consultations with medical professionals. In 2025, employees had the opportunity to undergo echocardiography examinations and receive specialist consultations. At the Company's largest sites, mandatory health examinations can be carried out directly at the workplace. In 2026, employees will also have access to additional blood tests beyond the standard mandatory health examination requirements, as well as audiometry testing to support hearing health.

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

In addition to the insurance programme, we implement a wide range of health and well-being initiatives for employees and their family members. Twice a week, all employees can participate in online physiotherapy sessions and attend regular educational lectures. Each autumn, employees receive a vitamin pack to help maintain good health during the winter season. Seasonal fruit, drinking water, isotonic vitamin-enriched beverages, hot drinks, and light snacks are available at all Company locations. When work shifts need to be extended, easy-to-prepare hot meals are provided. All sites are equipped with first-aid, life-saving, and health-monitoring equipment, including defibrillators, blood pressure monitors, thermometers, sunscreen, electrolyte drinks, feminine hygiene products, eye-wash stations, and essential first-aid supplies.

Every summer, employees' families are invited to the annual Summer Celebration, which includes sports and entertainment activities as well as dedicated well-being events. During periods of extreme weather, whether exceptionally high or low temperatures, special working and rest-time arrangements are implemented. During the annual maintenance shutdown at the cement plant, medical personnel are available on site. A specially equipped medical room is accessible 24 hours a day, seven days a week throughout the year and can be used by employees trained in first aid. A relaxation room is also available at the cement plant at all times. Certain areas of our largest production site, the cement plant, have been adapted in accordance with accessibility principles. Production facilities are equipped with clothing and footwear drying systems. In addition, all employees are entitled to two paid leave days annually for their own health care and well-being or that of a family member.

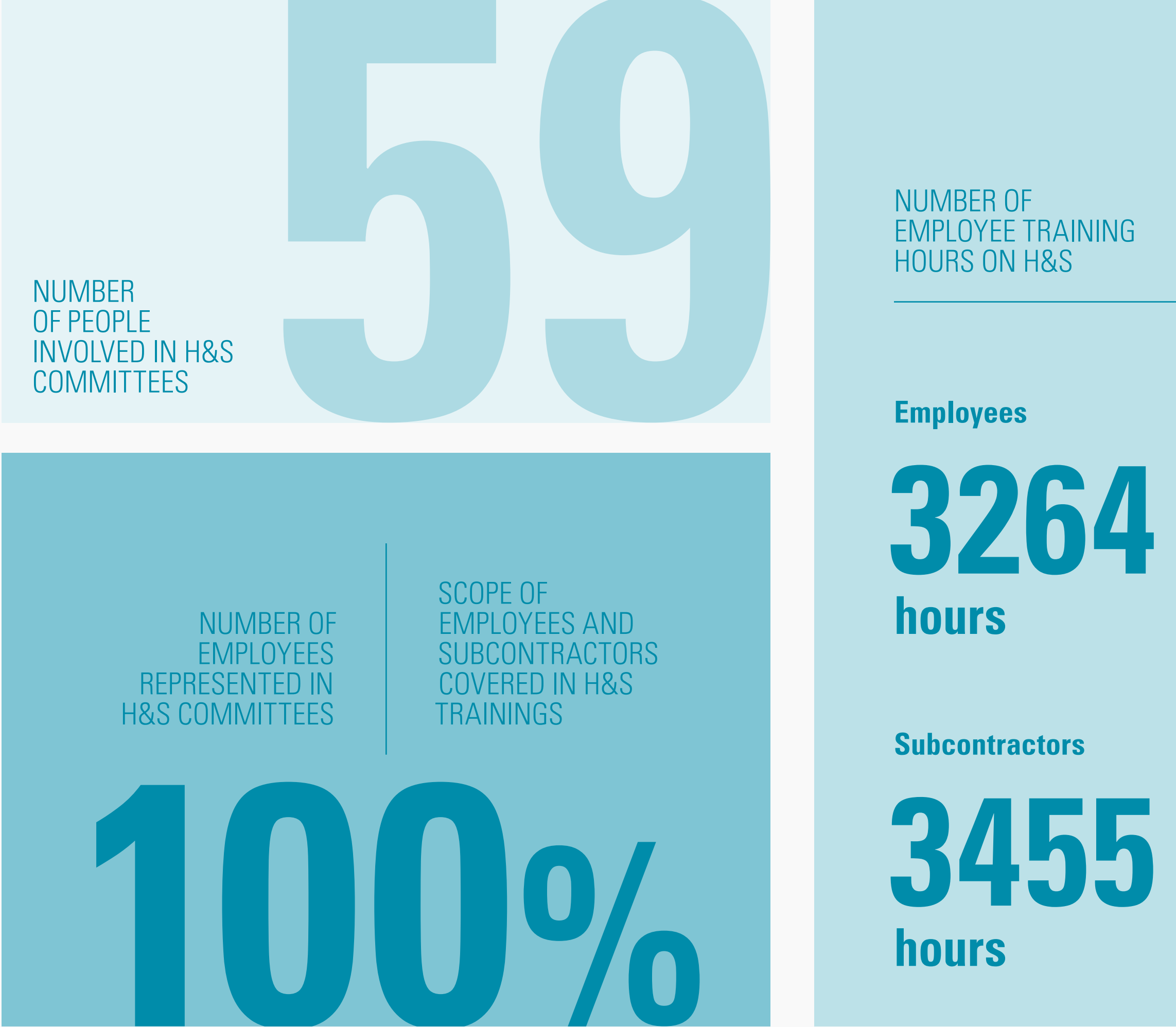
In 2025, a major investment programme was completed with the commissioning of a new employee facility and an energy-efficient laboratory at the ready-mix plant on Ramulu Street in Riga. In addition, new loading equipment was purchased for the Talsi quarry, and new employee facilities and storage area were constructed.

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 Latvija 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 77.

Injuries and lost days

Injuries and lost days In 2025, SCHWENK Latvija recorded no lost-time injuries (LTI). We continuously monitor the number of

sick leave days, paying particular attention to cases of long-term absence in order to identify opportunities to support employees in addressing health-related challenges. In 2025, a total of 2,239 sick leave days were recorded, reflecting a positive downward trend for the fourth consecutive year. Over the longer term, the Company also monitors trends in employee sick leave and implements initiatives aimed at promoting employee health and well-being.

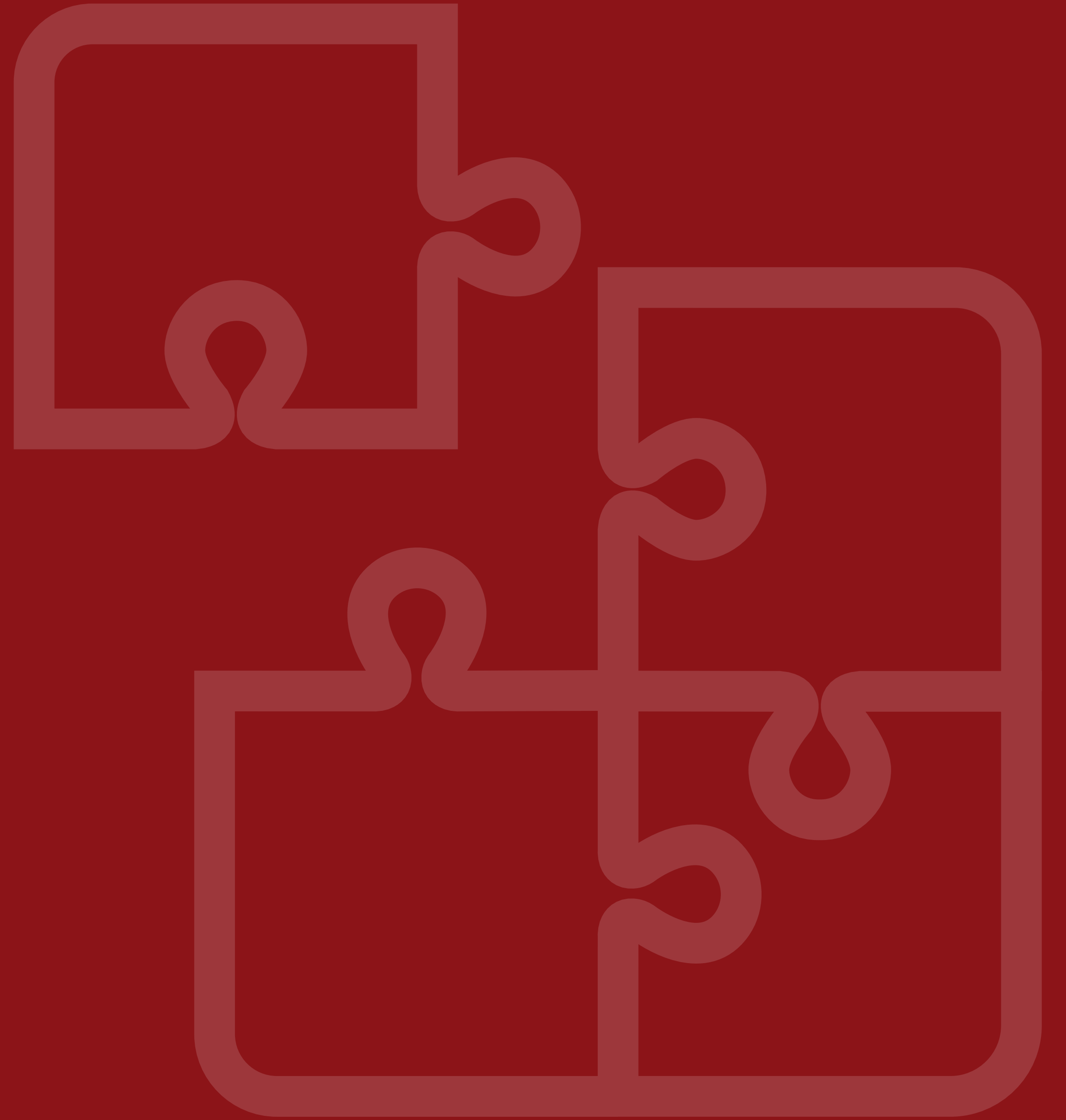
MAIN KEY
PERFORMANCE
INDICATORS 2025 PEOPLE:
**OWN AND
CONTRACTED
WORKFORCE**

KPI	2023	2024	2025
Diversity			
Gender, %			
➤ male	83%	82%	81%
➤ female	17%	18%	19%
➤ other	0	0	0
Male			
➤ executives	67%	71%	71%
➤ managers and specialists	74%	73%	72%
➤ workers and junior specialists	87%	87%	85%
Female			
➤ executives	33%	29%	29%
➤ managers and specialists	26%	27%	28%
➤ workers and junior specialists	13%	13%	15%
Age groups, %			
➤ Under 30	6%	6%	6%
➤ 30-50	64%	62%	64%
➤ Over 50	30%	28%%	30%
Persons with disabilities employed			
➤ male	100%	100%	100%
➤ female	0	0	0
➤ other	0	0	0



KPI	2023	2024	2025 goal / fact		2026 goal
Engagement in work environment improvement					
Count of H&S risk cards	2359	2577	2500	2285	2500
> Employees engaged, %	66%	74%	75%	70%	75%
> Risk cards resolved, %	80%	77%	80%	80%	80%
Count of Code of Ethics reporting	6	11	5		
Cases resolved, %	100%	100%	100%	100%	100%
Health and safety					
LTIs					
> employees	1	1	0	0	0
> contractors	0	1	0	0	0
Non-LTIs					
> employees	4	3	0	4	0
> contractors	1	0	0	1	0
Fatalities					
> employees	0	0	0	0	0
> contractors	0	0	0	0	0
Transport incidents					
> Light (blameworthy)	12 (7)	13 (8)	0 (0)		0 (0)
> Major (blameworthy)	0 (0)	4 (2)	0 (0)		0 (0)
> Lethal (blameworthy)	0 (0)	1 (0)	0 (0)		0 (0)

SUSTAINABILITY
PERFORMANCE IN 2025:
**IMPACT ON LOCAL
COMMUNITIES**



GENERAL OVERVIEW

Local communities are an important stakeholder group for SCHWENK Latvia. Therefore, close and purposeful cooperation, maintaining an open dialogue, and systematically assessing our impact are integral parts of our operations. We believe in the growth potential of Latvia's regions, the importance of local communities, and the value of socially responsible business practices. In our daily activities, we strive to minimise our impact on the surrounding environment and neighbouring communities while implementing initiatives that contribute to environmental quality, improve living conditions, expand educational opportunities, and strengthen individual responsibility.

Our community support programme includes financial support for local projects, cooperation with regional producers and artists, charitable initiatives, volunteer work, scholarships for engineering students, educational activities for schoolchildren, and a variety of initiatives aimed at strengthening local communities.



IMPACT ASSESSMENT

Among our operational sites, the cement plant in Broceni, Saldus Municipality, has the most significant impact. Innovative technologies, high safety and environmental standards, a fully closed production cycle, and a responsible approach to operations help minimise any potential negative impact on people and the environment. No harmful emissions or wastewater are released into the air or soil. The closest neighbours of the cement plant are the residents of Broceni, a town with a population of nearly 3,000 people. Another important stakeholder group consists of residents living near SCHWENK Latvia's quarries, particularly those around the Company's raw material quarries, where

operational activity and transport movements are most intensive – the Kumas limestone quarry and the Caunes clay quarry. To ensure peace and quiet during nighttime hours and to support the safety of our transport partners' employees, limestone production and transportation take place only during the daytime. Clay extraction and transportation operate 24 hours a day, seven days a week during peak seasonal periods, in accordance with production requirements. The geographical location of the quarry ensures that nearby households are not directly affected by noise or other operational impacts.

The quality of state and municipal roads surrounding the quarries is essential for safe and efficient operations. On average, approximately 215 truck trips per day are made from the limestone quarry to the cement plant, while around 120 trips per day are made from the clay quarry to the plant. The Company regularly monitors driving conditions and assesses the impact of transport activities on road cleanliness and quality. During prolonged periods of rain or dry weather, when increased mud or dust

may occur, necessary road-cleaning measures are organised in cooperation with state and municipal road maintenance authorities. SCHWENK Latvia maintains close cooperation with national and local authorities to support the improvement, modernisation, and renewal of transport infrastructure.

We operate several ongoing monitoring programmes to assess the impact of quarrying activities on local groundwater resources and take appropriate action whenever necessary. In 2015, the Company financed the deepening of wells for three households that experienced challenges with water availability. In addition to quarry operations, continuous groundwater dewatering is carried out at the Kumas quarry. On average, 25,400 m³ of water per day is pumped out and discharged into the Zana River. At the Caunes quarry, an average of 1,900 m³ of water is pumped out daily, while at the Purmales quarry the average volume is 6,200 m³ per day.

Apart from the communities in Broceni and around our raw material quarries, SCHWENK Latvia's key community stakeholders also include residents living near our other operational sites, including quarries in the Talsi, Tukums, Bauska and Madona regions, as well as the surroundings of our ready-mix plants in Riga.

Over the years, SCHWENK Latvia has organised several open dialogue meetings with representatives of local communities living near existing and planned quarry sites. In April 2023, the Company held its first general open dialogue event, bringing together approximately 50 representatives from all stakeholder groups. During the event, participants discussed and further developed the Company's sustainability strategy, covering climate and environmental impacts, social issues, governance, and industry-related topics. The next general stakeholder dialogue is planned for 2026.

In addition, in 2024 the Company organised an online stakeholder dialogue to provide updates on SCHWENK Latvia's sustainability objectives and progress while creating an open platform for discussion and questions. Approximately 60 representatives from various stakeholder groups participated in the event.

ACTIONS TO REDUCE NEGATIVE AND POTENTIALLY NEGATIVE IMPACT



In 2024, SCHWENK Latvia commenced operations in the new Purmales dolomite quarry in Iecava, Bauska Municipality. The prior preparation works included the construction of a noise and dust protection barrier, a new 20 kV underground cable line, and the installation of a transformer.

To mitigate the impact of increased transport traffic on local residents, a section of the municipal road was upgraded and asphalted, reducing both noise and dust emissions for nearby households. In 2025, when transportation to and from the Purmales quarry commenced, a wheel-washing facility was installed at the site exit to prevent fine dolomite particles from adhering to vehicle tyres and being carried onto public

roads. This solution helps reduce dust emissions during dry weather and improves road safety during wet conditions, when dolomite particles on asphalt may increase the risk of skidding.

To ensure effective monitoring of vibration and sound pressure levels during blasting operations, one sound pressure sensor and two vibration sensors were installed. These devices support more effective monitoring of the quarry's impact on neighbouring communities and the Rail Baltica infrastructure project and enable corrective actions when necessary. One vibration sensor and the sound pressure sensor are permanently installed at the Purmales quarry, while the second vibration sensor is mobile and can be deployed to monitor impacts at specific neighbouring households.

CEMENT PRODUCTION LEGACY

As the only cement producer in Latvia and the successor to a company with a history spanning more than 85 years, we are committed to preserving the cement production heritage of Broceni. In previous years, SCHWENK Latvia provided technical support for the collection and preservation of historical materials related to the history of Broceni and Latvia's cement industry. The Company also commissioned commemorative silver coins to honour long-serving employees of the cement industry and organised a special event for industry retirees. In May 2025, SCHWENK Latvia once again participated in the annual Museum Night event, welcoming a record 600 visitors.



DONATIONS

We are proud of the material we produce and happy to support projects and ideas with cement, concrete and aggregate supplies. SCHWENK Latvia supports the restoration of the Wagner Theatre building in Riga, providing a total donation of EUR 180,000 during 2024–2025.





COMMUNITY SUPPORT

In 2025, SCHWENK Latvija continued to actively contribute to the development of local communities by supporting educational, cultural, creative, and civic initiatives. The Company's support covered activities for schoolchildren and young people, as well as cooperation projects with educational institutions, municipalities, and non-governmental organisations. Particular attention was devoted to promoting technical education, supporting the professional development of young people, and increasing public awareness of sustainability, industry, and engineering.

Among the most significant initiatives were the Museum Night event in Broceni, which attracted a record number of participants, and the Company's participation in the LAMPA Conversation Festival, where SCHWENK delivered a two-day programme of activities for diverse audiences.

As part of the Charity Day initiative, SCHWENK Latvija employees carried out improvement works at the Talsi Regional Sports School. In the field of education, Company experts actively contributed

by delivering lectures and workshops at the educational centre Laboratorium and participating in Career Day at Saldus Secondary School.

In 2025, the first Shadow Day initiative organised in cooperation with the Saldus Entrepreneurs Association was successfully implemented, providing more than 100 students from grades 8 and 9 with an opportunity to explore different professions and gain insight into the business environment in Saldus Municipality.

SCHWENK Latvija also continued supporting the Technical Creativity Festival in Broceni, which has attracted widespread interest across Latvia. In addition, the Company continued providing scholarships to young people from Saldus Municipality in cooperation with the RTU Development Fund.

In the field of education, the Company supported and participated in the organisation of a conference for physics and mathematics teachers. As a result of the conference, teaching materials were developed and made publicly available on the website of Saldus Municipality.

Continuing a long-standing tradition, SCHWENK Latvija also organised its annual community project competition in 2025 to support initiatives delivering tangible benefits to residents of the Saldus region. The competition has been running for more than ten years and has supported numerous local ideas and development initiatives.

The Company deliberately avoids restricting projects to predefined categories, recognising that local residents are best positioned to identify the needs and priorities of their communities. For SCHWENK Latvija, it is important that supported projects contribute to community development, strengthen civic engagement, reflect the Company's values, and comply with high standards of ethics, health and safety, and human rights.

Supported projects cover a broad range of areas, including education, environmental protection, health, well-being, and safety, community engagement activities, smart community development, and strengthening the capacity of local community groups and non-governmental organisations. Special attention is given to promoting diversity and inclusion within communities. In 2025, 15 project applications were submitted and presented, and six project teams received financial support for:

- a kayaking simulator for year-round training of young athletes;
- support for a biology and chemistry teachers' conference in the Smart Village initiative;

- improvement of a recreation area in the courtyard of Broceni Secondary School;
- exercise equipment for physical activity and fitness programmes for students of Saldus Technical School and Saldus Regional Sports School, as well as community outdoor training sessions;
- educational information boards featuring tree species found along the Footsteps Paradise Trail in Blidene;
- equipment for the development of the Forest School Vadakste initiative, promoting close-to-nature forestry practices.

CONTRIBUTION TO ECONOMIC ACTIVITY IN THE REGION

Economic growth is one of the cornerstones of regional development. SCHWENK Latvija's operations in the Saldus region support employment for more than 650 subcontractor employees across a wide range of sectors – from transport providers and long-term partners at the cement plant to service providers involved in events and other activities.

Together with 24 other companies from the Saldus region, SCHWENK Latvija is an active member of the Saldus Entrepreneurs Union, contributing to regional economic development, community engagement, and educational initiatives.

Wherever possible, the Company involves local community organisations, small businesses, and artists in its activities and events, while continuously seeking new opportunities to strengthen the local economy and enhance community well-being.



SCIENCE EDUCATION SUPPORT

Each year, the Company supports young people from Saldus Municipality who see their future in their home region and wish to pursue technical or higher education in engineering disciplines at educational institutions in Latvia. Applications for the scholarship programme can be submitted each September, and scholarships are awarded in cooperation with the RTU Development Fund. In addition, SCHWENK Latvija experts regularly support students of Broceni Secondary School in the development of research and science projects.

SCHWENK Latvija has maintained a long-standing partnership with Ripo Auto, a technical non-formal education initiative for children and young people. The Company regularly supports the annual competition for young technicians, which in 2025 brought together approximately 200 children from across Latvia.

In the 2023/2024 academic year, SCHWENK Latvija supported a science education programme at Saldus Primary School. The programme included 37 lessons over the course of the school year and engaged approximately 1,000 children from across the region, providing them with opportunities to participate in classes dedicated to various scientific topics. At the conclusion of the project in 2025, SCHWENK Latvija experts took part in an open lesson and introduced students to environmental aspects relevant to our industry, as well as the cement and concrete production process.

VOLUNTARY WORK

Each year, we come together for a volunteer work day to provide practical support to local community organisations and institutions. Employees from various Company departments are involved in supporting schoolchildren and students with research projects, serving as members of evaluation committees in community project competitions, and acting as guides and organisers at community events.

In 2025, the Company organised a Charity Day in Talsi Municipality, carrying out improvement works in the training hall and spectator stands of the Talsi Sports Centre. Volunteering activities in 2025 also included employee participation in Museum Night events in the Saldus region, involvement in various professional organisations, guided tours at the cement plant, and contributions to the national social initiative MISSION ZERO.

Approximately 12% of the Company's employees participated in at least one form of volunteering. The total amount of time dedicated to these activities was approximately 690 volunteer hours.



MAIN KEY
PERFORMANCE
INDICATORS 2025:
**IMPACT ON LOCAL
COMMUNITIES**

KPI	2023	2024	2025 goal / fact		2026 goal
Stakeholder dialogues	1	1	1	2	1
People engaged in voluntary work, % from all employees	21%	15%	20%	12%	15%
Voluntary work, human hours	550h	370h	500h	690h	500h
People directly positively affected by social investment programs	49 000	63 500	70 000	80 000	80 000
Social protests and legal claims against Company	0	0	0	0	0

SUSTAINABILITY
PERFORMANCE IN 2025:
**CONSUMERS
AND END USERS**



GENERAL OVERVIEW

SCHWENK Latvija is one of the most innovative building materials producers in Europe and is committed to being a leader in sustainable business practices. With responsibility towards the environment, natural resources, and people, we produce high-quality building materials for a broad range of customers. Our environmental standards are among the highest in the industry. We continuously monitor the environmental impact of our operations and implement a wide range of environmental protection and conservation measures. Responsible use of natural resources is reflected in both our sustainability strategy and our products. Almost all of our raw materials are sourced locally and responsibly, reducing transportation distances and consequently lowering fuel consumption and emissions from road transport.

Our product portfolio includes bulk and bagged cement, ready-mix, sand, gravel and aggregate mixtures, as well as agricultural liming materials. Approximately 70% of cement and 30% of aggregates are exported, while the remaining products are primarily supplied to the local market. Our customers are a key stakeholder group, and we maintain open, collaborative, and engaging relationships with them. They represent a wide range of sectors, including industrial manufacturers, retailers, private customers, road construction companies, contractors, and developers.



RESPONSIBLE CUSTOMER RELATIONS

SCHWENK Latvia maintains close and ongoing relationships with its customers, systematically assessing customer satisfaction and involving customers in decision-making processes. Depending on the business segment, we conduct several customer surveys each year and measure the Net Promoter Score (NPS). These surveys cover communication with sales and service representatives, product and packaging quality, availability of product information and user guidance, as well as the purchasing and delivery process.

Through various initiatives, platforms, and events, we maintain an open dialogue and continuously engage all customer segments in future decision-making. In 2025, customer engagement was ensured through direct meetings and discussions, educational in-person and online seminars on product development, quality, responsible use, and sustainability, as well as dedicated events and customer surveys. During the year, the Company has organised a co-creation event for customers titled "Recipe for Longevity", focusing on everyday opportunities and challenges in creating a healthy and safe working environment. The 2025 customer survey was conducted between November and December and covered customers in the segments of cement and aggregates for industrial clients, and soil liming material SCHWENK Agro. Customers in the cement, industrial aggregates, and SCHWENK Agro segments evaluated four aspects of cooperation: products, sales department performance, the purchasing and delivery process, and SCHWENK as a business partner.

Among cement customers, the response rate was 41%. The average rating across all assessed aspects was 9.2 out of 10. The highest-rated areas were the politeness and professionalism of sales representatives (9.6), the adequacy of product information provided, including certificates and product documentation (9.5), as well as the availability of SCHWENK contact persons, adherence to delivery schedules, product information accessibility, and customer service responsiveness (all rated 9.5). Cement pallet packaging quality received a strong rating of 9.0 out of 10. Overall, SCHWENK Latvia considers these results to be very positive. The action plan for 2026 focuses on maintaining high-quality customer service, preserving open dialogue, and continuing a proactive approach to problem solving. In the industrial aggregates and SCHWENK Agro segment, the response rate was 23%, with an average rating of 9.3 out of 10 across all categories. The highest-rated aspects were salesperson responsiveness (9.8) and the accessibility, availability, and problem-solving capabilities of sales representatives (9.7). SCHWENK Latvia as a cooperation partner received an overall rating of 9.4. The 2026 action plan includes continuing open dialogue, ongoing improvements, and new product development.

The latest ready-mix customer survey was completed in November 2024 and included responses from 38 customers, representing 76% of the customer base. The survey consisted of 27 questions covering all aspects of cooperation, including customer service, product quality, technical support, occupational safety, delivery services, and pumping services. Overall results were assessed as very positive, with approximately 80% of customers satisfied with all aspects of cooperation. The highest scores were received for occupational safety, customer service professionalism, technical support, and communication during service delivery at construction sites. The lowest satisfaction rating related to the availability of pumping services during peak periods, with nearly 24% of respondents identifying challenges in service availability. The next ready-mix customer survey is scheduled for November 2026.

SCHWENK Latvia also conducts individual customer surveys for specific cooperation projects to gain more detailed qualitative insights into all aspects of service delivery. In 2025, an individual

customer experience survey was carried out as part of an international construction project. The survey combined rating-based questions and open comments, and SCHWENK Latvia received the highest possible positive evaluations. This approach enables the Company to obtain valuable feedback quickly and continuously improve its services and operational processes.

These customer segments also participated in the Net Promoter Score (NPS) survey. SCHWENK Latvia received strong results, with an NPS of 81 in the cement segment in Latvia (85 in 2024) and 89 in the industrial aggregates and SCHWENK Agro segment (86 in 2024). The significant improvement in the aggregates segment compared to 2024 reflects the positive impact of enhancements made to product quality and delivery performance. Year after year, the NPS results confirm consistently high customer satisfaction.

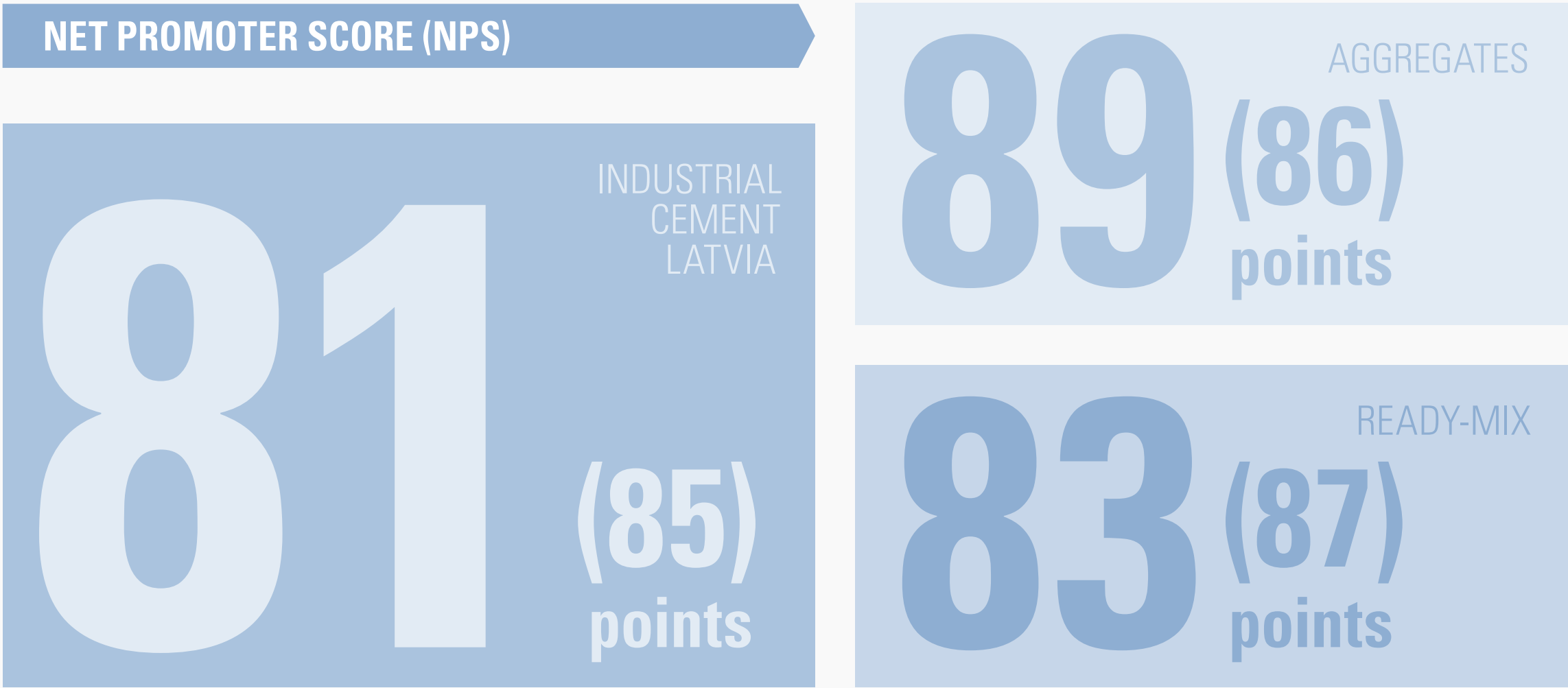
Health and safety are our core values. Therefore, SCHWENK Latvia places special emphasis on promoting the safe use of its products and provides all relevant certifications and product information in accordance with EU legislation, including Safety Data Sheets (SDS), CE marking, and other required documentation.

CLAIM MANAGEMENT

SCHWENK Latvia operates a centralized customer complaint management system for Latvia, Sweden, Finland, and Estonia. Customers can submit complaints through multiple channels, including sales representatives, the Company website, email, phone, retailers, and social media.

In 2025, the Company received 28 complaints regarding cement (2024: 18), 3 regarding aggregates (2024: 1), and 32 regarding ready-mix concrete (2024: 38). All complaints were registered, reviewed, and resolved with feedback provided to customers.

Nearly half (46%) of cement complaints related to damaged packaging and were resolved through customer compensation. In the ready-mix concrete segment, product quality issues accounted for 55% of all complaints.



SCHWENK LATVIJA PRODUCTS

CEMENT

As defined 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 and, once hardened, retains its strength and stability even under water.

Cement production consists of two main stages. The first stage is the production of clinker, the principal component of cement. The second stage is cement manufacturing, during which clinker is ground together with other constituents to produce different types of cement. The main components of cement clinker are limestone, clay, sand, and iron oxide. Depending on the additional constituents used, such as pozzolanic materials, blast furnace slag, limestone, and other mineral components, different cement types can be produced.

SCHWENK Latvija is the only cement producer in Latvia, manufacturing cement at one of the most modern and environmentally friendly cement plants in Europe, located in Broceni. Our cement is used in the construction of a wide range of concrete structures, including panels, reinforced concrete products, paving blocks, bridges, and high-performance structures such as bridge infrastructure and building foundations.

SCHWENK Latvija supplies nine different cement types to customers across Northern Europe – seven bulk cement types produced in Broceni, Latvia, and two cement types produced at the



SCHWENK Building Materials Group cement plant in Akmenė, Lithuania. Cement is supplied to the Latvian market and exported to Estonia, Sweden, and Finland using road, rail, and maritime transport.

In 2025, a total of 2,685 comprehensive chemical, mineralogical, and physical property tests were performed on the final product – cement (compared with 1,781 cement samples tested in 2024). The increase in the number of tests was driven by the expansion of the cement product portfolio

and the introduction of new cement types with a reduced clinker factor.

In 2025, SCHWENK Latvija reassessed every cement product offered on the market and renewed the Environmental Product Declaration (EPD) certificates for all bulk cement types. The assessment evaluates the environmental footprint of cement production throughout the entire life cycle, from raw material extraction to the finished product.

At the end of 2024, SCHWENK Latvija also certified a new product, CEM II/A-P 52.5 N, which is particularly suitable for manufacturers of paving blocks, concrete elements, and reinforced concrete products. The product was launched on the market in 2025, and in November 2025 it received its Environmental Product Declaration (EPD) certification.

SCHWENK Latvija cement types with EPD certificates:

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



READY-MIX CONCRETE

Ready-mix concrete deliveries and pumping services are primarily provided using Company-owned vehicles, and fleet renewal remains one of our medium-term priorities. The emission standards of our concrete mixer fleet range from Euro 4 to Euro 6. Between 2020 and 2025, SCHWENK Latvija significantly modernised its ready-mix concrete transport fleet by adding sixteen new mixers compliant with the Euro 6 emission standard, and three concrete pumps – one complying with the Euro 5 standard and two complying with the Euro 6 standard.

In 2025, SCHWENK Latvija completed a major investment programme in the ready-mix concrete segment by constructing a new laboratory and employee facilities at one of its concrete plants in Riga. The Company also initiated the restructuring and expansion of laboratory services by separating routine quality control from product development activities. In 2024, two SCHWENK Latvija concrete plants received Silver Certification from the Concrete Sustainability Council (CSC).

We provide technical and advisory support to customers to promote the efficient use of ready-mix concrete in sustainable construction. Our concrete laboratory regularly performs, or offers upon request, 15 different tests on raw materials and finished products. Concrete quality experts actively participate in educational initiatives in cooperation with Latvian universities and industry and professional associations involved in the development of industry standards and sustainable construction practices. Concrete production is performed in accordance with LVS EN 206+A2:2022 and LVS 156-1:2022 standards.

An important aspect of impact management and quality assurance is full control of the entire ready-mix concrete supply chain – from raw material extraction in quarries and cement production to concrete manufacturing and delivery.

Since 2021, SCHWENK Latvija has utilised returned ready-mix

concrete from construction sites for the production of second-grade concrete blocks, thereby completely eliminating returned concrete waste.

AGGREGATES

Using mineral resources extracted from six quarries, SCHWENK Latvija produces a wide range of products, including certified aggregates for construction and road building, the soil-liming material SCHWENK Agro, crushed limestone, and clay for cement production.

Production is carried out in accordance with environmentally responsible quarry management principles and using advanced technologies that help reduce environmental impact. We implement responsible rehabilitation measures while preserving biodiversity and protecting flora and fauna. Our production sites are open to visits from customers and other stakeholders, and our experts actively participate in educational initiatives in cooperation with customers and schools.

SCHWENK Latvija's largest quarry is the Kumas limestone quarry, located approximately 30 km from the Broceni cement plant. The quarry covers a total area of 306 hectares, of which extraction activities have already been completed on 133 hectares and rehabilitation works are underway. To access the limestone deposit, overburden averaging 8.5 metres in thickness must be removed, generating approximately 650,000 m³ of overburden annually. This material is relocated to previously extracted areas in accordance with the rehabilitation plan. Once the required land level has been reached, reforestation activities are initiated in parallel with quarry development.

On average, 1.5 million tonnes of limestone are produced annually. Approximately 95% is used in cement production, while the remainder is used for the production of SCHWENK Agro soil-liming material and sold to customers.



The Caunes clay quarry is located within the Broceni II clay deposit, where clay extraction began in 1996. The quarry covers an area of 46.97 hectares, representing only one-fifth of the entire deposit area. Clay thickness within the quarry reaches up to 32 metres. To ensure slope stability, extraction is permitted to a maximum depth of 22 metres. On average, 300,000 tonnes of clay are extracted annually.

High-quality aggregates for various construction applications are produced at several sand and gravel quarries in the Kurzeme and Vidzeme regions. Sand and gravel mixtures are widely used in road construction, crushed gravel is used in asphalt production, and pebbles and washed sand are used in the manufacture of ready-mix concrete and concrete products.

In 2024, SCHWENK Latvija commenced operations in a new dolomite quarry in Iecava, Bauska Municipality.

Aggregates are produced in accordance with LVS EN 12620:2008, LVS EN 13242:2009, and LVS EN 13043:2002 standards. Our laboratories regularly perform 12 quality control tests.

DISTRIBUTION

SCHWENK Latvia products are delivered using a fleet of 279 vehicles, including bulk cement tankers, aggregate trucks, and ready-mix concrete mixers. Deliveries of cement and aggregates are carried out by our long-term transport partners. Ready-mix concrete is delivered to customer sites using Company-owned vehicles. Concrete pumps are part of our transport fleet and are used to provide pumping services at construction sites. For product delivery SCHWENK Latvia also uses rail and maritime transport.

It is important to us that SCHWENK Latvia truck drivers are responsible and respected road users who adhere to the principles of safe and courteous driving. A sustainable approach to transport organisation is an important part of our logistics operations. Deliveries are carefully planned by selecting shorter routes with lower traffic intensity and, whenever possible, scheduling deliveries during periods of reduced traffic. An important aspect of route planning is avoiding areas with heavy pedestrian traffic, roads near schools and kindergartens, complex traffic junctions, and other high-risk locations. To ensure the highest standards of transport safety and professional conduct on the road, all Company drivers and subcontractor drivers complete comprehensive training programmes. In addition to regular training, ready-mix concrete truck drivers receive specialised instruction and guidance for operating in high-risk conditions and at specific sites Our health and safety objective is zero harm. This principle also applies to transport safety, where our goal is zero accidents. We place strong emphasis on accident prevention and conduct thorough investigations of every incident and hazardous situation. Every incident is reviewed by the Health and Safety Committees, discussed during driver team meetings, and shared across business units to facilitate learning and continuous improvement. The findings are also incorporated into employee

SCSCHWENK
LATVIJA PRODUCT
DELIVERY FLEET⁸

MILEAGE 2025
/ PRODUCT
DELIVERIES

Cement

127  13.86
M km

Aggregates

107  1.23
M km

Ready-mix trucks

32  0.72
M km

Ready-mix pumps

13  0.27
M km

⁸ Including owned and contracted transport units

training and development activities. The Company maintains a dedicated Traffic Safety Controller position and a permanent Transport Safety Committee comprising 10 members.

An important factor influencing road safety is maintaining a proper balance between working and rest periods. We place significant emphasis on careful logistics planning and have implemented numerous improvements over the years to ensure that deliveries are carried out primarily during daytime and in a manner that allows drivers to maintain appropriate working and rest schedules. Alongside creating the conditions for proper work-rest balance, we closely monitor compliance with these requirements.

Transport providers are audited annually to verify compliance with SCHWENK Latvia standards and additional transport safety requirements. All vehicles must be equipped with a digital video recorder, a cyclist warning sign, a traffic safety feedback plate, additional reflective markings on trailers, wheel nut indicators, a full set of personal protective equipment for the driver, eye-wash solution, and wide-angle mirrors for vehicles manufactured before 2014. Our minimum permitted tyre tread depth is 4 mm, exceeding the legal requirement of 2 mm.

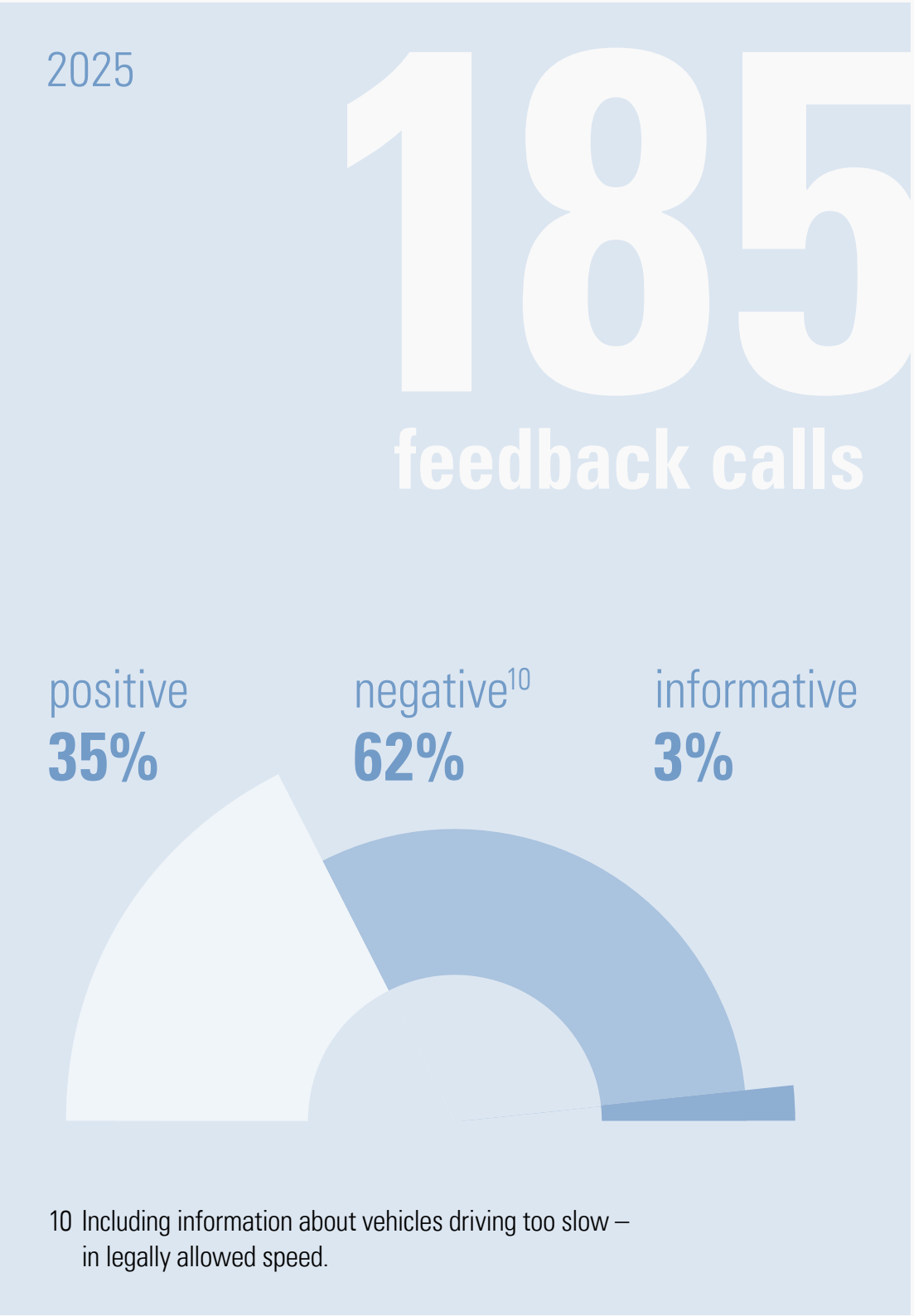
Transport incidents 2025⁹

Light incidents	5	blameworthy 3
Major incidents	4	blameworthy 2
Lethal incidents	0	blameworthy 0

⁹ All transport incidents are rated according to damage done: in light incidents no human harm is done, vehicles are able to safely leave incident place on their own; major incidents – people need medical assistance and/or vehicle has to be evacuated.

We also invite other road users to participate in improving of the driving style of our vehicles. On the back of SCHWENK Latvia 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 Latvia and one of our main hauler's DELTA LV, have repeatedly received the Safest Fleet Awards from the insurance company BALTA.



MAIN KEY PERFORMANCE INDICATORS 2025: **CONSUMERS AND END USERS**

KPI	2023	2024	2025 goal / fact		2026 goal
NPS score					
➤ Cement	91	85	70	70 / 81	70
➤ Ready-mix	NA	NA	70	70 / 83	70
➤ Aggregates	80	86	70	70 / 89	70
Customer satisfaction rate					
➤ Cement	9.1	9.2	9.1	9.3	9.1
➤ Ready-mix	NA	NA ¹³	9.1	NA	NA
➤ Aggregates	9.1	9.1	9.1	9.3	9.1
Ratio of customers covered in surveying, %					
➤ Cement	42%	38%	38%	40%	40%
➤ RMX	NA	76%	75%	NA	NA
➤ Aggregates	50%	57%	57%	23%	50%
Claims received					
➤ Cement	31	18	0	28	0
➤ Ready-mix	9	38	0	32	0
➤ Aggregates	3	1	0	3	0
Quality claims resolved, %					
➤ Cement	100%	100%	100%	100%	100%
➤ Ready-mix	100%	100%	100%	100%	100%
➤ Aggregates	100%	100%	100%	100%	100%

11 Different survey methodology used, results are not comparable; described in more detail in page 70.

SUSTAINABILITY
PERFORMANCE IN 2025:
**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, Cement Europe, 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 2025, 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 15–16.



SCHWENK Latvija memberships



Building Material Producers’
Association of Latvia



Foreign Investors Council
of Latvia (FICIL)



German-Baltic Chamber
of Commerce (AHK)



European Cement Association
(Cement Europe)



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 2025, SCHWENK Latvija continued to develop the national social initiative MISSION ZERO and welcomed 49 new member organisations. By the end of 2025, the initiative had grown to include 164 companies and institutions, positively impacting 75,800 employees, representing 8.6% of all employed people in Latvia.

During 2025, participating organisations organised two informational and educational forums, two experience-sharing visits, and one safety festival. Members of the initiative also contributed their expertise to various research projects and actively shared best practices. Current issues and challenges are discussed on a daily basis through a shared WhatsApp group. The initiative's members represent a broad range of sectors, including manufacturing, construction, energy supply, services, retail, healthcare, waste management, occupational health and safety institutions, non-governmental organisations, relevant ministries, and government 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 Latvia, on average 23 thousand people annually lose their lives due to illness and 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.

12 Demography 2023 | Central Statistical Bureau data

SUPPLIERS AND SUBCONTRACTORS

An important part of SCHWENK Latvia's efforts to improve the overall business environment is our approach to cooperation with suppliers and contractors. We strive to apply sustainable business practices not only within the Company but also across our wider network of stakeholders. We continuously seek opportunities to increase the positive impact of our operations throughout the value chain. We believe that by promoting responsible governance, healthy and safe workplaces, fair remuneration, and transparency, we contribute to stronger communities and a more sustainable business environment.

SCHWENK Latvia cooperates with approximately 1,000 suppliers and contractors across various fields. Our procurement processes are governed by procedures and guidelines that ensure equal treatment of all suppliers. All potential suppliers are required to confirm that their business practices are ethical and compliant with all applicable laws and regulations, including high standards of health and safety, environmental protection, and fair working conditions. These requirements are publicly available on the SCHWENK Latvia website and apply equally to all suppliers.

Following the establishment of cooperation, we implement various initiatives to raise suppliers' and contractors' awareness of important topics, particularly health and safety. We regularly organise health and safety seminars with contractor management teams and H&S experts and conduct contractor audits to assess

health and safety standards at contractor sites and promote sustainable practices throughout the value chain.

The largest number of contractor employees work at the Broceni cement plant, where approximately 1,500 contractor employees perform various tasks each year. All third-party personnel working at our sites are required to complete health and safety induction training twice a year and comply with our health and safety standards and procedures regarding the use of personal protective equipment (PPE), equipment and tools, safe work execution, and conduct on Company premises.

To monitor contractor access and activity at the cement plant, a biometric registration system based on fingerprint recognition was introduced in 2019. The system helps verify that employees have completed mandatory health and safety training, have no outstanding violations, and enables monitoring of time spent on site. During the COVID-19 pandemic, extensive measures were implemented to ensure the health and safety of contractor employees working at the plant. These measures included body temperature screening, additional health-related PPE, careful planning of personnel movement, and testing and self-isolation procedures for employees arriving from abroad when necessary.

Due to the nature of our operations, it is not always possible to source all goods and services locally. However, whenever feasible, we prioritise cooperation with local producers and suppliers. In 2025, 60% of SCHWENK Latvia's suppliers were local companies.

In 2023, SCHWENK Latvia established procedure for collecting data for calculations of Scope 3 CO₂ emissions.

Of the 15 upstream and downstream value chain categories, SCHWENK Latvia initially collected data for six categories: 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). Calculations were prioritised based on the categories expected to have the greatest impact.

During 2024 and 2025, SCHWENK Latvia expanded its Scope 3 greenhouse gas (GHG) emissions accounting to include raw materials used, admixtures from ready-mix concrete plants, and capital goods (Category 2).

In addition, in 2025 SCHWENK Latvia launched a broader assessment of sustainability-related risks and opportunities involving key suppliers and subcontractors. Before entering into contractual relationships, enhanced supplier due diligence is carried out, including reviews of information available in public registers and sanctions lists.

The engagement process with suppliers and subcontractors began with educational meetings and dialogue sessions, during which supply chain partners were introduced to the Company's sustainability approach, objectives, impacts, risks, and future sustainability reporting agenda. In 2024, the Company developed a supplier questionnaire covering a broad range of sustainability-related topics, and further enhanced it in 2025. The supplier survey is planned for the first half of 2026.

In 2025, SCHWENK Latvia obtained certification to the ISO 37001:2016 Anti-Bribery Management System standard. The requirements of this management system have been integrated into cooperation processes with all suppliers and subcontractors.

ECONOMIC VALUE DISTRIBUTED VIA THE SUPPLY CHAIN

Approximately
135
million euro

Approximately
1000
SUPPLIERS IN 2025

60%
local

SUSTAINABILITY
PERFORMANCE IN 2025:
GOVERNANCE



SCHWENK LATVIJA'S CORPORATE CULTURE AND GOVERNANCE PRINCIPLES ARE EMBEDDED THROUGHOUT ALL ASPECTS OF THE COMPANY'S OPERATIONS. OUR GOVERNANCE PRACTICES ARE DESCRIBED IN THE GOVERNANCE SECTION OF THIS REPORT (SEE PAGE 13).

ACTIVITIES IN 2025 AND GOALS FOR 2026

SCHWENK Latvija implements a comprehensive training programme covering various ethics and compliance topics, including workplace safety, anti-corruption, fair competition, conflicts of interest, and other related issues. The Code of Ethics forms an integral part of employment contracts and is binding on all SCHWENK Latvija employees. Code of Ethics training is mandatory for all employees and is conducted once every three to four years. The most recent training cycle took place in 2022 and covered 100% of employees. New employees receive training as part of their onboarding process.

Additional compliance training is organised for senior and middle management as well as specialist employees based on the specific requirements of their roles. In 2023, compliance training focused on anti-corruption and competition law compliance and was provided to all relevant employees – 70 in Latvia and 18 in Sweden, Norway, Finland, and Estonia.

In 2024, recertification audit for ISO 50001:2018, as well as surveillance audits for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 were conducted with no non-conformities identified. In 2025, a total of 16 internal audits were carried out, monitoring compliance with respective standards. Recertification audits for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 and surveillance audit for ISO 50001:2018 are planned for 2026. As part of implementation of ISO 37001:2016, sixty-four SCHWENK Latvija employees – managers and experts – received training on the requirements of the Anti-Bribery Management System (ABMS).

The next round of Code of Ethics training, competition law compliance training, and ISO 37001:2016-related training for the Company's employees is scheduled to take place in 2026. To strengthen cybersecurity resilience, compliance, and risk management, SCHWENK Latvija continued the implementation of a structured cybersecurity management system in line with NIS2 requirements.



In 2025, the Company conducted a NIS2 gap analysis, established key cybersecurity governance processes, enhanced cyber risk management and business continuity planning, and further increased employee cybersecurity awareness through the KnowBe4 training platform.

To strengthen sustainability reporting practices, SCHWENK Latvija, in close cooperation with its parent company, conducted a comprehensive materiality and compliance assessment in 2024 to evaluate the alignment of its economic activities and products with the EU Taxonomy framework. The assessment covered both current operations and medium-term development plans, enabling the Company to identify which activities are Taxonomy-eligible and the extent to which they comply with, or are progressing towards compliance with, the EU Taxonomy's technical screening criteria, Do No Significant Harm (DNSH) requirements, and minimum safeguards. During 2025, SCHWENK Latvija developed and approved its medium-term strategic projects plan, providing a structured framework for planning, monitoring, and prioritising strategic investments over the coming years. Within the Company, strategic projects are defined as those projects and initiatives that directly contribute to achieving the objectives set out in SCHWENK's sustainability strategy.

The plan establishes consistent criteria for identifying and accounting for strategic investments and expenditures, covering both operational expenditures (OPEX) and capital expenditures (CAPEX). It enables Company management to more effectively monitor and allocate the resources required to achieve sustainability objectives. This approach helps SCHWENK Latvija direct investments towards long-term sustainability goals and supports the progression of Taxonomy-eligible activities towards full compliance with EU Taxonomy requirements.

SUPPORT TO POLITICAL PARTIES

In accordance with national legislation, SCHWENK Latvija does not provide financial support to any political party, political organisation, or individual politician. The Company recognises employees' fundamental right to freedom of expression and supports their right, as private individuals, to participate in political processes, including making donations to political parties in accordance with applicable laws. However, it is important to distinguish between public activities and statements made on behalf of SCHWENK Latvija and those undertaken by employees in their personal capacity.

