

**AS VALMIERAS STIKLA ŠĶIEDRA
SUSTAINABILITY REPORT**

2020



**VALMIERA[®]
GLASS**

THE REPORT WAS DRAWN UP
BASED ON NASDAQ ESG REPORTING GUIDE
FOR NORDIC & BALTIC MARKETS
REPORTING PERIOD: JANUARY-DECEMBER 2020

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WELCOME TO THE WORLD OF FIBERGLASS!

Our mission is to craft the impossible and make the impossible possible. We push back the frontiers with the help of our products, both as a company and as people, improving the quality of life for millions of people and helping humanity go beyond the imaginable.



STEFAN JUGEL
Chairperson of the Board

DEAR READERS,

as a fiberglass producer, we operate in a market that is characterized by constantly changing market conditions on one hand and slowly changing technologies that consume large natural resources on the other.

We have been countering these conditions for many years with a strategy that is the basis of our success: we have high requirements on the quality of our services and processes. We rely on a cooperative partnership with our customers on an equal footing and high customer satisfaction. We want to be not only an employer for our employees but also a professional partner who encourages and supports them in different phases of life. We are aware of our responsibility to society and are committed to our region and the countries we operate in.

Environmental, social and governance issues have increasingly become the focus of corporate stakeholders. VALMIERA GLASS has been providing comprehensive insight into sustainability efforts in form of a detailed report since 2017.

The majority of our products and solutions delivered to customers today enable a social or ecological benefit - with an increasing trend every year. Our products passively serve environmental protection by helping to save energy in industry and construction and protecting people from high temperatures. In addition to the constant improvement of our products, our internal focus for several years has been on making our production more sustainable, improving our working conditions and reducing work accident rate.

In 2020 we were confronted with the unprecedented corona pandemic, which also affected VALMIERA GLASS and took up a considerable amount of our financial resources. However, we did not compromise in order to achieve our sustainability goals. With the change in ownership and refinancing, we are optimistic about the future and set ourselves ambitious goals for our energy efficiency, resource conservation and our commitment to our society.

THE COMPANY AND THE GROUP



ANNO 1963

Crafting the impossible for more than 55 years



1274

Employees in the GROUP



834

Customers worldwide



59

Destination countries

VALMIERAS STIKLA ŠĶIEDRA is a vertically integrated fiberglass manufacturing company, covering all production stages of glass fibre starting from fiberglass production to finished products. The Company is located in Latvia and together with its subsidiary VALMIERA GLASS UK Ltd. in the United Kingdom forms VALMIERA GLASS GROUP.

Both companies have long history with accumulated knowledge and polished skills to craft the impossible and provide high quality fiberglass and its products to customers around the globe.

We create a broad range of products for an array of industries worldwide, including further processing, technical and thermal insulation, fire safety, aviation, machine building, construction and other industries.

Glass fibre is versatile and unique material that contributes significantly to the functionality of a variety of everyday materials and devices – cell phones, computers, kitchen appliances, cars, buildings, ships and even aircrafts. Wherever you go, you are likely to be surrounded by glass fibre. It is everywhere, even if it is not always seen. Glass fibre is a part of something bigger. It is everywhere: from cutting-edge IT technologies to the most daring discoveries in space.

Glass fibre is a natural, environmentally friendly material harmless to human health. It is made from the most common rock found in topsoil. We get valuable glass fibre from quartz sand, which is more than 25 million years old, by melting it together with other raw materials in a furnace at 1580 °C.

Glass fibre is an excellent material for making electrical and heat insulation fabric, heat and sound insulation, in machine building, aviation, construction, the production of household appliances, sports equipment and numerous other important parts and innovations so that all of us can enjoy life more. With glass fibre, we protect people from fire, make heavy objects fly, build structures that last forever and allow to explore the Earth and the depths of our oceans. It's strength and reliability are the same in every corner of the world.

Its potential is unlimited and modern science continues to discover new glass fibre application for a more sustainable and brighter future of humanity. We simply cannot imagine what is yet to be invented in the future and what unimaginable horizons it will bring to the world of glass fibre.

*Sustainability report for 2020 excludes information for US subsidiaries as P-D VALMIERA GLASS USA Corp. Phase II operations were suspended on June 17, 2019 and the transaction for its assets of Phase I and II concluded in June 2, 2020 lacking reporting full annual data for sustainability measurements. Financial consolidated report for 2020 includes details for US subsidiaries.

MAJOR EVENTS OF 2020

Following the reconstruction of the glass melting furnace in the end of 2019, AS VALMIERAS STIKLA ŠĶIEDRA reaches its planned production volumes and ensures output stability in January, 2020. E-glass melting furnaces ensure stable production volumes and operate according to the planned production capacity.

On February 4, 2020 The Chairman of the Council Mr. Heinz-Jürgen Preiss-Daimler has passed away.

In March P-D VALMIERA GLASS USA Corp. signs an Asset Purchase Agreement with Saint-Gobain Adfors America, Inc. to sell substantially all Assets of its Phase I and Phase II operations in Dublin, Georgia, USA. (the Phase II operations were suspended on June 17, 2019).

On March 6, 2020 Mr Stefan Alexander Preiss-Daimler is elected as the Chairman of the Council of AS VALMIERAS STIKLA ŠĶIEDRA. Mr Theis Klauberg continues the duties of the Vice-chairman of the Council.

In March Company informs about measures taken to limit possible risks and effects of COVID-19, in February Company adjusts sales forecast for the year estimating 20% sales decrease in 2020 due to COVID-19.

On June 2 P-D VALMIERA GLASS USA Corp. concludes the transaction for its assets of Phase I and II.

In October majority shareholders of VALMIERAS STIKLA ŠĶIEDRA, AS concludes agreement with Duke I S.à r.l. for the sale and purchase of an aggregate 83.14% of the number of shares in the share capital of the Company.

During reporting period AS VALMIERAS STIKLA ŠĶIEDRA continues implementation of the legal process proceedings plan.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- On February 2021, US subsidiaries P-D VALMIERA GLASS USA Corp. and VALMIERA GLASS USA Trading Corp. are dissolved.
- On February 18, 2021, Duke I S.à r.l acquires a controlling stake in VALMIERAS STIKLA ŠĶIEDRA, AS.

KNOW-HOW LEARNED THROUGH DECADES

One of the leading glass fibre manufacturers with a stable position in Europe and more than 55 years of experience.

HISTORY

18 JULY 1963

is VALMIERAS STIKLA ŠĶIEDRA's birthday. On that day, the first glass fibre thread was drawn in the electric furnace room. Originally the Company was a Latvian Soviet Socialist Republic enterprise called Valmiera Glass Fibre Plant.

IN 1972,

decorative textile department began its work. We have a very high culture of production. Our products are certified and bear the State Quality Mark. The number of people working at the plant is nearing 3.5 thousand.

IN 1980

we started deployment of an automated control system. We make a wide range of consumer goods, including laminated glass fibre skis and tennis rackets.

1993

A year of crisis following the collapse of the Soviet Union. We started looking for investors in the Western markets.

7 DECEMBER 1996

the foundation of joint stock company VALMIERAS STIKLA ŠĶIEDR. The Company becomes a part of the German glass fibre manufacturer Glasseiden GmbH Oschatz. Jürgen Preiss-Daimler, the owner of Glasseiden GmbH Oschatz, becomes the strategic investor of the Company. Thanks to investments, production was growing rapidly and the experience of our German partner helped us adapt to market conditions and requirements.

AS 24 FEBRUARY 1997,

of AS VALMIERAS STIKLA ŠĶIEDRA shares are listed on the Nasdaq Riga. Price of one share on the first day of listing was LVL 2.20 (today EUR 3.13).

IN SEPTEMBER 2001,

a modern single-step glass fibre production plant was put into operation at AS VALMIERAS STIKLA ŠĶIEDRA.

IN 2006

AS VALMIERAS STIKLA ŠĶIEDRA opens a new glass fibre production plant. The area of the new plant is about 19,000 m².

IN 2012

a new glass melting furnace was erected at AS VALMIERAS STIKLA ŠĶIEDRA increasing its production capacity and expanding product diversity. The Company was named one of the best employers and the most sustainable companies in Latvia.

2013

AS VALMIERAS STIKLA ŠĶIEDRA acquired P-D Interglas Technologies Ltd. in the United Kingdom, which became a subsidiary of the Company and got a new name: VALMIERA GLASS UK Ltd. This subsidiary makes glass fibre for aviation, heat insulation and architectural sectors. With the acquisition of the Company, we expanded our product portfolio and target market. In 2013 AS VALMIERAS STIKLA ŠĶIEDRA celebrates 50-year anniversary.

IN 2014

to maintain long-term growth and expand its presence in the global market, in 2014 the Company founded P-D VALMIERA GLASS USA Corp. production plant in the USA, which is the second largest export market for the Company and the fastest growing market in the world. The first phase of the US plant construction was launched and factory is opened in 2015.

IN 2018

the second phase of the US plant expansion was completed and the new glass fibre production and processing plant officially opened on 11 April.

IN 2019

AS VALMIERAS STIKLA ŠĶIEDRA implemented measures of the legal protection proceedings plan. Successful reconstruction of a high silica glass melting furnace. P-D VALMIERA GLASS USA Corp. suspends production of Phase II action filed a voluntary petition for relief under Chapter 11.

PRODUCTS FOR GLOBAL MARKETS

Our team day to day take care of glass fibre and its products manufacturing, as we call it – crafting the impossible. The GROUP'S products have been sold in 59 countries providing a wide range of products for more than 830 customers worldwide and making the presence of the GROUP truly global. The largest market for our products is in the European Union (73% of total production amount) and North America (10% of total production amount).

COOPERATION WITH CUSTOMERS AND PRODUCT DEVELOPMENT

Thanks to steady development of our products and technologies, our customer can benefit from broad range of the goods, which are made from various glass fibre yarns, including fabric variation and versatile finishing, coating and lamination options. Each year we create new or modified products for different applications. In 2020, we developed about 27 new products and modified 43 to fit specific customer needs various applications.

Continuous product development and improvement at each stage allows us to respond to the market trends and our customer needs. Our strategic focus will remain on cost efficient advancement in our chosen glass fibre product application niche, which has positive growth prospects. Meanwhile in 2020 our attention was drawn not only to product development, but also to procedures and approach to ensure timely information flow for our customers during challenges set by COVID-19. In the beginning of 2021 customer satisfaction survey was carried out for customers to evaluate our collaboration, products, service and staff. This year overall average satisfaction score

was 4.5 in 5-star scale, slight customer satisfaction increase was observed. Customers most positively evaluated following aspects: consistent quality, compliance with technical parameters, documentation clarity and timeliness, ordering procedure and highlighted courtesy, accuracy, competence and responsiveness of our team. Each year we identify aspects that need improvement and consider them for further practise

PRODUCT AND MARKET

VALMIERA GLASS® offers its clients high quality glass fibre products that provide added value to the products in other sectors and enhance their performance. Overall, our products help improve quality of life, ensure energy efficiency and fire safety thus creating a safer and more environmentally-friendly world.

We are leaders in the chosen market niches offering high product quality, responsive customer service and flexibility. It is ensured by our integrated production process from making a glass fibre thread to finishing fabric.

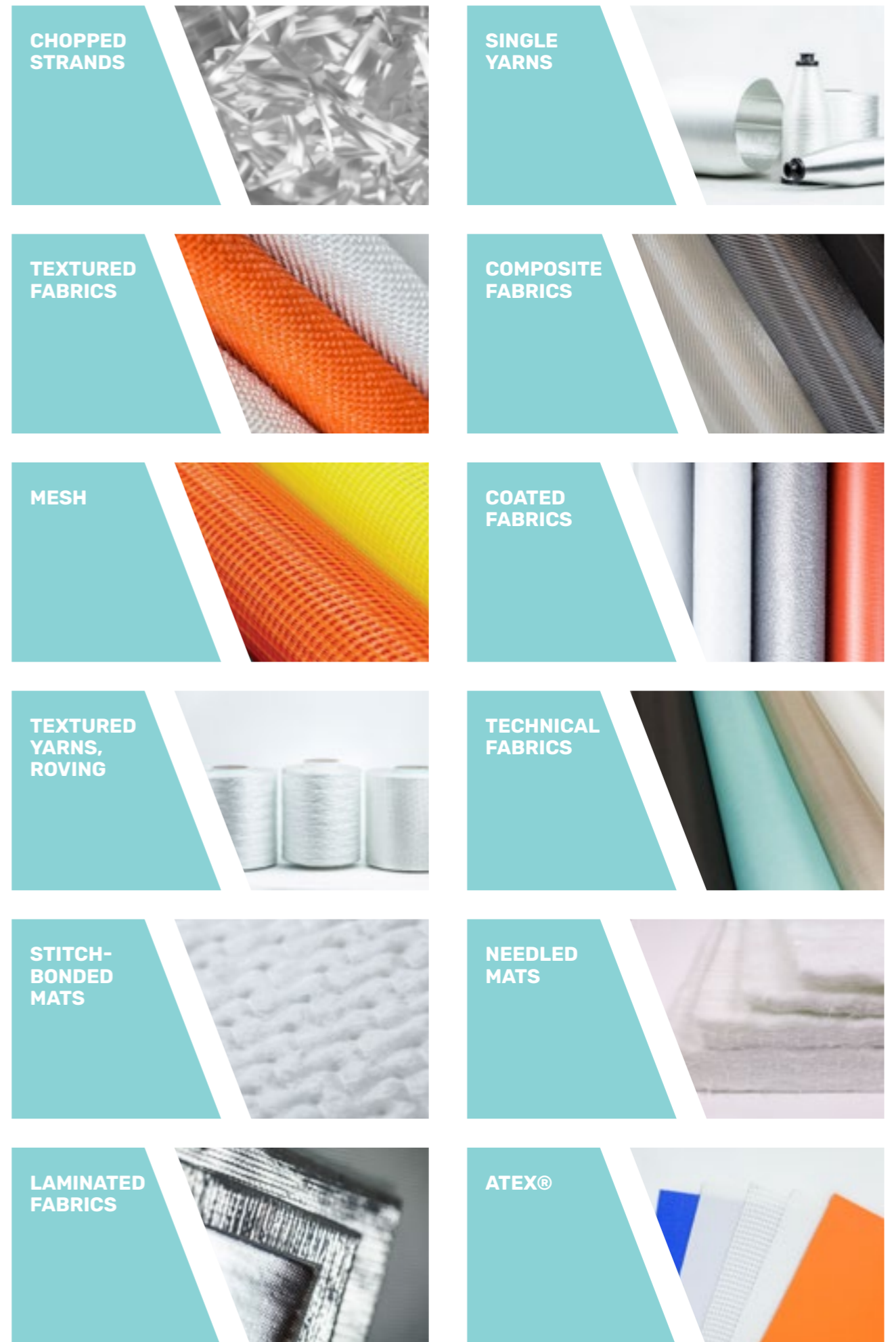
and glass fibre products, which allows us offering our clients a range of glass fibre products with heat resistance all the way up to 1250 °C.

The main product groups are chopped glass fibre, spooled & textured yarns, technical & textured & coated & laminated fabrics, composite materials, construction mesh or netting, mats and textile membranes Atex®.

PRODUCT RANGE

We specialise in production of 3 different types of glass fibre:

- ▲ E-glass with heat resistance up to 600 °C;
- ▲ HR-glass with heat resistance up to 800 °C;
- ▲ glass with high SiO₂ content with heat resistance 1000+ °C;



ONE THREAD TO MAKE IT POSSIBLE

PRODUCT WITH PURPOSE

Our products affect many aspects of our everyday lives. When we say 'sustainability' we are in fact thinking about glass fibre, as this product application has a positive impact on development in the future.

Glass fibre is an excellent material for making electrical and heat insulation fabric, heat and sound insulation, in machine building, aviation, construction, production of household appliances, sports equipment and numerous other important parts and innovations to improve quality of life for all of us. Using glass fibre, we protect people from fire, create structures that will last forever, make heavy objects move and explore depths of the Earth and its oceans.

ELIMINATING HEAT, FIRE AND NOISE

Glass fibre products are used in equipment, structures and environments where temperature fluctuations or heat dissipation is not allowed and vibration and noise levels are limited. Glass fibre products used in industrial technical and heat insulation on land, in air and in sea help save energy, reduce heat, fire and noise and protect people from those.

Protection from fire and smoke provided by glass fibre fabric in fire curtains and personal protection equipment ensures safety in schools, on trains, at underground stations, in supermarkets, concert halls, hotels, etc. And, which is the most important, it helps save human lives!

ENERGY EFFICIENCY

Our products help save energy and cut energy costs while reducing impact on the environment and climate. By insulating buildings using our construction netting, energy efficiency is improved reducing heat losses and increasing useful life of the building.

IMPROVING VEHICLES

Glass fibre products have found their way into the market thanks to possessing all of the following physical properties: durability, light weight and high heat resistance. It is very useful for making complex structures in aviation, maritime and automotive sectors. For example, light body panels made of composite glass fibre fabric allow building high-performance cars with high mechanical strength and heat resistance while ensuring higher speed thanks to light weight of the structure.

UNIQUE AND VALUABLE MATERIAL

From residential houses to skyscrapers, from industrial buildings to schools and hospitals, glass fibre properties help create safe and sustainable cities. Glass fibre products have allowed improving comfort in people's everyday lives and take further steps towards industrial efficiency, safety and development.

These products have changed many engineering sectors and solutions and have gained popularity thanks to their unique properties: high mechanical strength, heat and moisture resistance, chemical and biological resistance, inflammability and high bending, tensile and compressive strength.



MAIN PRODUCT APPLICATION SEGMENTS

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

RAW MATERIALS



AVIATION AND SPACE



THERMAL INSULATION - INDUSTRIAL APPLICATION



AUTOMOTIVE INDUSTRY



SMOKE AND FIRE PROTECTION



ARCHITECTURE



BUILDING & CONSTRUCTION



SHIPBUILDING



RESEARCH AND PRODUCT DEVELOPMENT

We are constantly following market trends and working together with our customers to improve product assortment and adjust applicability to specific requirements and needs.

In 2020 the Company created and released 27 new products were developed as well as 43 of existing products have been adjusted to serve customer needs precisely.

The main focus for 2021 is set following:

- ▶ development of high value-added products for composites, automotive, thermal insulation and other industries;
- ▶ development of new and modified sizings in order to meet constantly changing customer requirements, improve quality and conquer new markets;
- ▶ development of specific products manufactured of HR-glass with temperature resistance up to 800°C, thus expanding product mix even further and providing an excellent trade-off between E-glass and SiO₂ glass, both in terms of properties and price.
- ▶ continue to work on the development of multi-fiber product family and related processes
- ▶ expanding high silica content product range concentrating on yarns and broadening fabric construction options and overall product range;
- ▶ needle mat improvements related to hybrid systems with high temperature material mixes such as ECR (HR) and silica, lamination improvements for thermal insulation and smoke and fire protection business;
- ▶ review of the fabric constructions in order to improve insulation performances in the turbine, automotive and smoke & fire curtain market.

PRODUCT QUALITY

Our quality team takes care of and monitors product quality aspects in all steps of production. During the last three years year on year product quality-related claims have decreased in numbers and value. In 2020 efficiency of the claim system has been improved, several production technologies processes have been reviewed and optimized.

In 2021 main focus on quality aspects to be drawn to further decrease and reduction of possible

product defects that way reducing potential waste and energy consumption.

For supporting continuous improvement, we will use new communication and evaluation systems which could help with improvements in own quality system effectiveness, just in time reactions, better cooperation with sales, planning, production, technological and development part.

MARKET TRENDS

2020 was a challenging year for many industries and companies around the world, COVID-19 shifted the market and required fast adaptation to the new circumstances. In April the Company adopted an adjusted sales forecast considering the new situation, sales estimates were reduced by 20% considering that several industries that use fiberglass were affected, especially, automotive and construction segments affecting demand for fiberglass composites, thermal insulation, and construction materials. Even though, we managed to maintain Company operations, production and timely deliveries.

Pandemic has affected fiberglass industry negatively last year, yet future looks positive in terms of market growth in upcoming years. Fiberglass remains a broadly used and property-rich material that conquers diverse industries and applications. It is estimated that the fiberglass market will continue growing during the next years (Ref.:1; 2; 3).

ACTIVE PARTICIPATION IN THE DEVELOPMENT OF THE INDUSTRY

Company membership in national and international professional organizations and associations ensures the representation and further development of the Company and industry interests. **In 2020 the Company implemented activities and took part in the following professional organizations:**

- ▶ Tech-Fab Europe – European Association of Technical Fabrics producers
- ▶ Latvian Chamber of Commerce and Industry
- ▶ The Association of the Latvian Chemical and Pharmaceutical Industry
- ▶ German-Baltic Chamber of Commerce
- ▶ Building Materials Manufacturers Association
- ▶ Light Industry Association



ACHIEVEMENTS

Within the years we have received many regional and national level awards, – let's look at last 3 years:

2018:

- AS VALMIERAS STIKLA ŠĶIEDRA received an award from the State Revenue Service as the largest labour tax payer in Vidzeme Planning Region in 2017 in the large taxpayer group.
- AS VALMIERAS STIKLA ŠĶIEDRA received the Business Award of the Valmiera City Municipality and the Latvian Chamber of Commerce and Industry in the Investment of the Year category.
- AS VALMIERAS STIKLA ŠĶIEDRA was named as a bicycle-friendly employer in Valmiera in 2018 by the Valmiera City Municipality.
- Among the largest companies in Latvia AS VALMIERAS STIKLA ŠĶIEDRA was in the 58th place by net sales with the 1st place in the textile industry.
- AS VALMIERAS STIKLA ŠĶIEDRA was awarded the second place in the TOP Employer 2018 nomination in Vidzeme region (ref. TOP Employer 2018, CV Online).
- AS VALMIERAS STIKLA ŠĶIEDRA named 36th most valuable company in Latvia and the 4th most

valuable in the processing industry's industrial goods sector (ref. Prudentia & Nasdaq Riga).

2019:

- AS VALMIERAS STIKLA ŠĶIEDRA was awarded the third place in the TOP Employer nomination in Vidzeme region (ref. TOP Employer 2019, CV Online).
- Received the gratitude and award of Valmiera City Council and Latvian Chamber of Commerce and Industry for 35 years of cooperation and contribution to the growth of the industry and the city.
- VALMIERAS STIKLA ŠĶIEDRA is one of the five largest taxpayers in Vidzeme, in the corporate tax of 2019 – 4.8 million euros were paid to the state budget.
- AS VALMIERAS STIKLA ŠĶIEDRA was named as a bicycle-friendly employer in Valmiera in 2019 by the Valmiera City Municipality.

2020:

- AS VALMIERAS STIKLA ŠĶIEDRA – leader of chemical industry in Latvia and the second largest company in the industrial sector in terms of turnover 2020 (LETA; firmas.lv).
- AS VALMIERAS STIKLA ŠĶIEDRA was awarded the second place in the TOP Employer nomination in Vidzeme region (ref. TOP Employer 2020, CV Online).

STRATEGY

Our mission is to craft the impossible and make the impossible possible, as well as to push back the frontiers with the help of our products, both as a company and as people, improving the quality of life for millions of people and helping humanity go beyond the imaginable.

OUR FUTURE BUILT ON STRONG FUNDAMENTALS

The overall strategic goal of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary is to achieve sustainable and profitable growth in the chosen global glass fibre application niches with positive growth prospects.

Our vision is to become the market leader of industrial glass fibre in Europe.

STRATEGIC DIRECTION:

To achieve sustainable and cost-effective growth in the chosen glass fibre products application market niches where there are good prospects of growth.

To ensure a high level of customer service based on/supported by modern technologies, strong know-how and high-quality products with added value.

To develop customised solutions in the insulating product offer to cover all clients' needs and satisfy the global market demand in the long term.

Treat our employees, customers, suppliers, shareholders and the local community in which we operate with a high degree of responsibility and sustainability ensuring profitable growth for the Company.

In the December 2020, the Management board of AS VALMIERAS STIKLA ŠĶIEDRA has set targets for short, medium and long-term for period 2021.-2026.

OUR VALUES:

AMBITION

We are never content with our achievements. We always seek to push the limits of our abilities as a manufacturer, a company and human beings.

INGENUITY

Our competence lies in our ability to use existing resources dealing with the challenge of creating something new, innovative and yet unseen.

INNOVATION

We cannot afford to follow others, we need to find and choose an unusual path, a new way of shaping the glass fibre industry.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

We understand the importance of protecting the environment for the sustainable development of the companies in the GROUP and we put effort to maintain clean and healthy environment for us and generations to come.

ENVIRONMENTAL POLICY AND MANAGEMENT

At VALMIERA GLASS GROUP we understand the importance of protecting the environment for the sustainable development of the companies in the GROUP and have created environmental protection principles in all our companies in accordance with their jurisdiction.

A separate environmental policy document has been developed for the VALMIERA GLASS GROUP parent company AS VALMIERAS STIKLA ŠĶIEDRA (revision approved on 26 August 2015). VALMIERA GLASS UK Ltd. does not have a formal, written environmental policy, but company adheres to the local laws and act in accordance with the quality policy of the GROUP, which has environmental protection as its integral part.

AS VALMIERAS STIKLA ŠĶIEDRA environmental policy is defined by three main goals:

- ▶ rational use of nature and energy resources;
- ▶ reduction and elimination of environmental pollution;
- ▶ preventive identification and management of environmental risks.

Full environmental policy document available on Company web page:

GROUP/ Responsibility / Quality and Environment.

Targets for a period 2021.-2026. set by the Management Board places environment aspects as highly relevant medium- and long-term targets.

Main environment related targets to reach:

1. prevention of waste;
2. increasing the recycling rate;
3. reduce energy consumption;
4. efficient use of raw and auxiliary materials.

One of the long terms goals is to have its contribution in maintaining of our planet by producing CO₂ neutral or compensate the unavoidable CO₂ emissions.

In order to achieve environmental policy goals, plans are being developed and deadlines and responsibility defined. Progress is assessed at least once a quarter and is linked to the unit of product output.

Measures taken in the Latvian parent company of the GROUP AS VALMIERAS STIKLA ŠĶIEDRA in 2020 helped reduce our impact on the environment: reduced power consumption, emission to wastewater did not significantly change, energy consumption has not increased per unit output in the relation to the set goals.

In 2020, the contribution of the AS VALMIERAS STIKLA ŠĶIEDRA environmental policy was improved by the following:

- ▶ upgrade of a waste sorting system that allows to forward waste to recycling, found solutions for by-products created in the production process to be used as resources in the other sectors of economy;
- ▶ special focus on employee training in environmental protection matters. As a result, our employees are handling chemicals, which are our main hazard factor, more responsibly and waste sorting has significantly improved;
- ▶ significant improvement of the waste sorting system.

In 2021, the parent company of the GROUP plans to implement innovative solutions in the wastewater treatment system and continue employee training in all aspects of environmental protection. UK company will carry on working on its energy research.

REGULATORY DOCUMENTS AND CERTIFICATION

In environmental aspects, AS VALMIERAS STIKLA ŠĶIEDRA work is governed by A Category Polluting Activity Permit No. VA12IA0001 and Greenhouse Gas Emissions Permit No. VA12SG0004 were renewed in 2020 (valid until 31 December 2020). The Company must comply with environmental statutory regulations of the European Union and the

Republic of Latvia. In 2020 the Company received Greenhouse Gas Emission Permit No.VI12SG0005 (valid until 31 December 2030).

To have the right to operate in Latvia, AS VALMIERAS STIKLA ŠĶIEDRA must: 1) introduce the best available process for glass fibre production in the world; 2) comply with the limits for water consumption and emission of pollutants into the air, water and soil; 3) comply with requirements for environmental monitoring and environmental information exchange. The Company has already received its third A category permit. This is an unlimited duration permit and its conditions are revised once every 7 years or more frequently in case of any significant changes in the Company's operations.

The ability of the parent company of the GROUP to improve and increase its environmental contribution is supported by our ISO 14001 certified environmental management system. It means that the Company focuses on reduction of its impact on the environment. In 2018, the internationally renowned audit company SIA Latvijas Rūpnieku Tehniskās Drošības Ekspertu Apvienība – TUV Rheinland Group carried out re-certification of the Company's environmental management system to 2015 revision of the ISO 14001. It is confirmed by certificate No. 10.16.-17.12/02 valid from 23/08/2018 to 24/09/2021 (the initial approval date: 25/09/2015). In autumn of 2021 recertification for ISO 14001 is scheduled.

In 2020 our UK subsidiary company complied with the environmental regulations of the United Kingdom.

GREENHOUSE GAS EMISSION CONTROL

Climate change caused by greenhouse gases is one of the biggest global environmental issues. Replacing old, inefficient equipment with alternatives that enable best practices is an important contribution to climate change mitigation and towards environmental goals of the GROUP. Global climate change policy goals are very high and binding for AS VALMIERAS STIKLA ŠĶIEDRA.

In accordance with law, AS VALMIERAS STIKLA ŠĶIEDRA is a mandatory member of the European Union Emission Trading System (ETS) because the Company's production process uses glass melting plants with capacity exceeding 20 tonnes a day and boiler stations with more than 20 MW furnaces. Therefore, the Company complies with the EU requirements for reduction of greenhouse gas emissions, conditions of its monitoring and information exchange and receives a certain amount of free emission quotas.

To be eligible to run business that creates greenhouse gas emissions, on 28 December 2012 the GROUP'S parent company obtained its third Greenhouse Gas Emissions Permits No. VA12SG0004 valid until 31 December 2020. In 2020 the Company

received new Greenhouse Gas Emission Permit No.VI12SG0005 (valid until 31 December 2030).

Data related to raw materials generating greenhouse gas and CO₂ emissions are recorded in accordance with the GROUP'S parent company's environmental management system procedures and responsibilities. Internal control is ensured by the Environmental Protection Department and the external control is provided by an independent audit company.

The GROUP'S parent company AS VALMIERAS STIKLA ŠĶIEDRA takes measures, which in accordance with the EU regulations are included in the mandatory Emission Trading System (ETS). Participation in that System requires systematic and detailed greenhouse gas emission (GGE) monitoring, which is being done by the Company. Our UK company does not have any operations that would require participation in the ETS and mandatory GGE monitoring, so it does not perform any GGE monitoring.

WASTE AND WATER MANAGEMENT

Our waste and water management comply with the procedures of the Company's quality and environmental management system with cooperation of all the departments of the Company. We aim to use water resources as rationally as possible, minimise generation of waste, sort waste and send it for recycling.

Water resources are mainly used for our production process. Relatively small amount of water is used for utility needs. In 2020, the total water amount consumed by the GROUP was 0.83 million m³, most of which was consumed by AS VALMIERAS STIKLA ŠĶIEDRA.

One of the daily priorities of our environment policy in all companies of the GROUP is to reduce waste from both production, which generates the largest share, and all supporting processes (used packaging, wastewater sludge, filter dust, utility, construction, large size and biodegradable waste).

AS VALMIERAS STIKLA ŠĶIEDRA pass over by-products generated by auxiliary processes to other companies to use as a raw material. In 2020, the amount of such waste reached 2,585 tonnes.

ENERGY POLICY AND MANAGEMENT

Effective energy management and reduction of energy consumption bring multiple benefits, e.g. less greenhouse gas emissions, better energy availability and lower production costs.

AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries are energy intensive companies that is why we

focus on efficiency of our production and use of resources. Energy management is carried out in accordance with the Company's quality and energy management system.

AS VALMIERAS STIKLA ŠĶIEDRA, the parent company of the GROUP, has developed a separate energy policy (revision approved on 18 December 2018) **defining three main goals:**

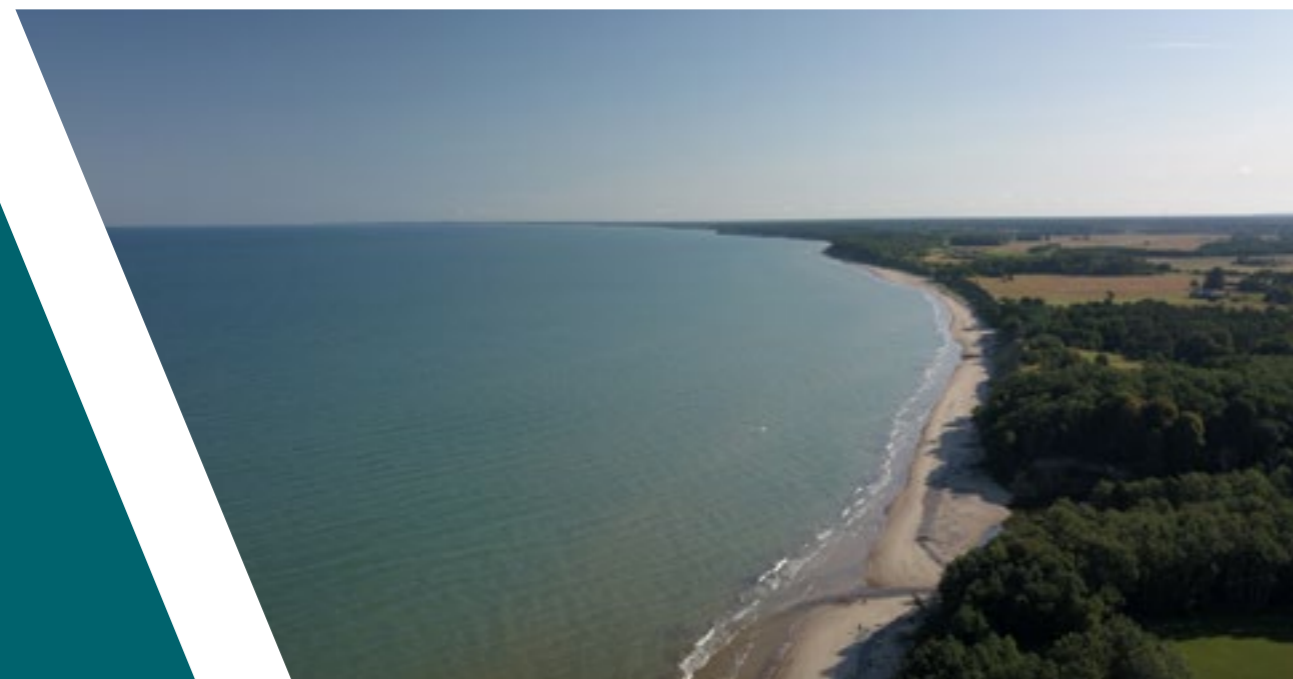
- ▶ to boost global competitive position of the Company by reducing its energy consumption per unit of output;
- ▶ to become an example/leader in implementation of energy efficiency best practices by ensuring responsible procurement of energy, goods and services;
- ▶ to ensure consistent energy management in all structural units by educating and bringing the participants together and through teamwork.

Energy management standard ISO 50001 sets forth guidelines for rational and efficient use of energy and confirms compliance of the Company's activities with the requirements of the standard. Thus, the Company strengthens its competitive position, increases trust among its partners, reduced energy consumption, total energy costs and greenhouse gas emissions and may qualify for reduced mandatory procurement component and easier compliance with directives and regulations.

VALMIERAS STIKLA ŠĶIEDRA operates according to system ISO 50001. In 2018, SIA Bureau Veritas Latvia performed certification of the Latvian company's energy management system to ISO 50001 (revision of 2012). The certificate No. LVRIG1018A/18E valid from 22/12/2018 to 21/08/2021. (the initial approval date: 22/12/2015). The finalization and issue of a new certificate that confirms compliance with ISO 50001:2018 was finalized after the reporting period in March 2021.

Every year the companies of the GROUP prepare their production development plans including analysing and planning measures to improve their energy efficiency. The Company takes regular energy efficiency measures to minimise production costs and its impact on the environment.

For glass melting furnaces, the most environmentally friendly fossil fuel is used, i.e. natural gas burned with oxygen. Heat recovered from combustion gases is used for water heating. As a result, both fuel consumption and polluting emissions to the atmosphere have been significantly reduced.





The use of oxygen reduces NOx emissions by ~70% compared to combustion of fuel with air.

AS VALMIERAS STIKLA ŠĶIEDRA efficiency measures in the past 24 years allowed us to reduce electrical energy per unit of output glass fibre product by 57% and to reduce heat energy generated by the Company's boiler station and necessary for the operations of the Company by 90%. In 2020, active efforts were made to educate employees about energy saving measures and their significance.

All facilities of the GROUP use two energy resources, electricity and natural gas. Unlike in Latvia, primary energy resource for the UK facility is electricity, whereas natural gas consumption is very small.

In 2020, the total energy consumption of the GROUP was 91.9 GWh. The UK company consumed 12.3 GWh, consumption is low comparison because there is no glass melting and glass fibre drawing operations there. Last year, Latvian facility with three working glass melting furnaces consumed 79.6 GWh. Both companies consumed less energy than in 2019.

In 2021, the GROUP undertook to implement the following energy efficiency measures:

- ▶ continue to inform heads of units and employees of the GROUP about energy saving measures and their importance and help find energy efficient technical solutions;

- ▶ continue to work on electrical measurements at the Latvian plant in accordance with the Non-conformance Act drawn up by SFRS and Cabinet of Ministers Regulation No. 238 "Fire Safety Regulations";
- ▶ continue energy research and improving efficiency of daily work at the UK facility.

ENVIRONMENTAL RISK MANAGEMENT AND MONITORING

Environmental risk management and internal monitoring are implemented in accordance with the environmental management system and through cooperation of all company units. AS VALMIERAS STIKLA ŠĶIEDRA has an industrial accident risk prevention programme.

The programme is an outline of an integrated environmental management system demonstrating that the Company's approach means preventive risk acknowledgement, determination of severity, development and implementation of risk prevention plans, assessment of risk prevention effectiveness and planning new improvements to ensure more efficient protection of people and the environment. External environmental risk monitoring is performed by authorities and independent audit companies.

Based on inspection results in 2020 supervising authorities did not give any significant criticism or impose any sanctions related to the work of the companies of the GROUP.



2021.-2026.

Set long-term targets for environmental and energy directions



2 585

Tonnes of materials sent for recycling in 2020



ISO 14001

The GROUP operates according to ISO 14001 requirements



ISO 50001

VALMIERAS STIKLA ŠĶIEDRA operates according to ISO 50001 system requirements



CONTINUOUS LEARNING

Employee education and training about energy saving



SORTING

Upgraded waste sorting system

ENVIRONMENTAL POLICY GOALS



Rational use of nature and energy resources



Reduction and elimination of environmental pollution



Preventive identification and management of environmental risks



SOCIAL RESPONSIBILITY

Our goal is not only to be successful at business, but we aim to create a sustainable environment living and work environment for our employees and promote health and wealth for communities in the cities and regions where our companies operate.

HR POLICY AND PRINCIPLES

The purpose of the human resource (HR) policy of the GROUP is to recruit employees who will contribute to the strategic goals and performance of the GROUP and to offer its employees opportunities of work and development, as well as motivation.

Our HR policy is based on the principle of fair, just and equal treatment and rights in employment relations with our employees embodying the values of the GROUP – ambition, ingenuity and innovation. In order to support recruitment of employees corresponding to the values of the GROUP, the companies of the GROUP have adopted a competitive remuneration and benefits system, created safe working conditions and ensured social security of our employees.

The HR policy of the GROUP includes the following HR management stages:

1. employee recruitment,
2. employee appraisal,
3. training and qualification advancement,
4. remuneration,
5. employee health and welfare.

DOCUMENTS GOVERNING HR MANAGEMENT

HR management in the both companies of the GROUP comply with labour and occupational safety regulations in their respective jurisdictions. Internal HR related processes are described and managed according to the internal business process schemes.

The Latvian company has a separate HR policy document that sets forth key principles at all the HR management stages. The latest edition of HR policy has been revised and confirmed on March, 2019. AS VALMIERAS STIKLA ŠĶIEDRA is also following the fiberglass industry general agreement that has been signed by the Company and Latvian Industrial Workers Trade Union. The glass fibre industry general agreement is set to promote

mutual collaboration in the development of social dialogue to ensure labour rights, labour protection, labour productivity and favourable social environment for employees and enable sustainable and competitive growth of the glass fibre industry and regulation of the business environment.

The UK company uses the HR management policies such as Equal Opportunities Policy, Flexi Time Policy, Health & Safety Policy, Maternity Policy, Medical & Dental Policy, Parental Leave Policy, Retirement Policy, Stress Policy, Education Policy, Attendance Policy, Alcohol & Drug Policy, etc.

PEOPLE IN NUMBERS

In 2020, the average number of employees in the GROUP was 1,274 of which 1,159 people (62% men and 38% women) work at AS VALMIERAS STIKLA ŠĶIEDRA. VALMIERA GLASS UK Ltd. on the average had 115 employees (81.9% men, 18.1% women).

There is a large share of male employees in the HR structure of the GROUP, the share of male employees is explained by the nature of the industry and specific requirements for the positions.

In the UK all people are 100% full time employed, in Latvia 1% is not full-time employees based on work specification, for example, clean-up works. The average employee turnover was 24.3%, indicating the lowest percentage in four years, in Latvia and 14.6% in the UK. Employee annual turnover has decreased in Latvia, but raised in the UK.

TRAINING AND QUALIFICATION ADVANCEMENT

The GROUP is committed to providing its employees with possibilities of professional development through skill improvement, personal development and further education and supporting training and development of its employees.

The companies offer their employees to participate in courses, training, conferences, and seminars and experience exchange events relating to advancement of their qualifications and improvement of their work organisation. The companies of the

GROUP also organise internal training in safety and occupational safety and other areas and support employee training at educational establishments. A lot of time and energy is invested in the training of new employees so that they can successfully acquire the positions of production operators in accordance with internal training programs, which cannot be acquired in any educational institution.

In 2020, a total of 543 trainings were conducted in the companies of the GROUP, the total attendance rate reaching 750 employees. In the GROUP on average per employee 5.4 hours of training and education were spent. At AS VALMIERAS STIKLA ŠĶIEDRA initial training in the basic qualification of various production operators in 2020 was begun by 132 internal and 32 external apprentices.

Everyday working environment in the GROUP is created so as to encourage development and professional commitment of its employees. We continuously invest resources in the training of both new and long-term employees encouraging their professional development and career advancement and ensuring the broadest range of skills for our employees to enable them to perform tasks in other structural units where necessary and help each other with their daily duties. This is long-term investment of the GROUP in each employee and it will drive overall achievements of the Company. Continuous, purposeful life-long training of our employees will give them the necessary knowledge and maintain and develop their competence and skills.

HEALTH AND SAFETY OF OUR EMPLOYEES

The companies of the GROUP comply with all health and working environment requirements and set forth safety, occupational safety and environmental protection regulations for their employees and any persons involved in the operation of the companies.

Our employees are provided with workplaces with the appropriate working environment, personal protective equipment and technical resources and regularly attend occupational safety training. In 2020 the companies of the GROUP had 483 occupational safety training sessions and 324 fire safety training sessions.

Every person entering employment and/or other legal relations with the companies of the GROUP receive initial training in environmental protection and occupational safety, fire safety and safe practice. Depending on a position and risks related to the position the renewal trainings are carried out for employees to maintain skills and knowledge.

In 2020, 2 external and 212 internal health and working environment audits were performed in order to improve compliance with occupational safety, working environment and fire safety requirements. Year on year responsible teams arrange projects to improve overall conditions related to these aspects. In Latvia during 2020 several buildings were improved by renovating ventilations and alarm systems, civil protection siren was set up in the territory, 2 civil protection trainings with simulations were carried out involving state institutions and independent service providers.

Carrying out internal supervision of the working environment and ensuring compliance with statutory regulations, once a year AS VALMIERAS STIKLA ŠĶIEDRA organises comprehensive safety audits with the participation of occupational safety, environmental protection, company security and technical department specialists. In addition, a couple of times a year extraordinary occupational safety audits and regular checks of our production facilities are carried out focusing on compliance with occupational safety requirements.

In 2020, there were 57 accidents in the companies of the GROUP (decrease by 50% y-o-y). All accidents are recorded and investigated in accordance with local statutory regulations. Significant decrease of accidents is caused by US company no longer being a part of the GROUP, for Latvian and UK entities number of accidents are similar to 2019. In the reporting period, there were no work-related fatal accidents in the companies of the GROUP.

To minimise the number of injuries and accidents, in 2021 the GROUP will continue assessing work risks, organise repeat employee training, improve qualifications of its occupational safety specialists and keep working closely with supervising bodies.

To boost employees' understanding or preventive protection, the GROUP regularly informs its employees about any accidents and their circumstances. We are confident that information exchange, education, promoting right attitude and case studies are good methods to protect the employees and foster a sense of responsibility for their own safety.

In the spring of 2020 entities and employees were challenged by COVID-19 related restrictions. To limit possible threats and ensure employee safety several measures were implemented, - employees were provided with cleaning and disinfection agents, additional protective equipment, facilities were cleaned and disinfected with greater frequency, employees were asked

to keep their distance and avoid physical contact with other persons, and to use IT solutions to hold remote meetings and maintain communication. Meanwhile, employees working remotely received instructions and recommendations to ensure work safety also at the remote office. Work group was organized to follow the best practices, implement most efficient solutions and ensure timely and precise communication with all involved parties.

WELFARE AND WELLBEING OF OUR EMPLOYEES

Depending on their local regulations, the companies of the GROUP have different approaches to social security of their employees.

Social security programme of AS VALMIERAS STIKLA ŠĶIEDRA is set out in the collective employment contract. Current agreement and its terms are valid until July, 2021. In 2020 work has been started to develop agreement for the next three-year period starting on July 1, 2021.

The main purpose of the collective employment contract is to create long-term cooperation based on the principles of equality, promote stability and loyalty to the Company and create better working conditions and environment than it is required by the national statutory regulations. The collective employment contract sets forth the nature of legal employment relationship, remuneration, health and safety procedures, establishment and termination of employment relations, employee qualification advancement, as well as working procedure, social security and other matters relating to the legal employment relations and certain mutual rights and obligations.

AS VALMIERAS STIKLA ŠĶIEDRA cares about the health of its employees (health and accident insurance), provides financial support to employees' families (birth of a child, marriage, loss of a relative, employees' children starting school, etc.), gives additional days off, supports employee events and other activities that contribute to team building. Considering restriction in 2020, the Company made an effort to look for and offer alternative teambuilding activities, for instance taking Christmas event online, online sport challenges and fitness training. In 2020 AS VALMIERAS STIKLA ŠĶIEDRA invested 1,106,198 EUR in additional employee benefits. This have been most generous year monetary wise during last three years.

The UK company also offer additional benefits within their capacity such as special events for

employees, compensations related to health aspects, for instance, compensation for glasses etc. The UK company does not have a collective union agreement in place for employees but do officially recognise industrial unions who can represent their employees. The Company provides the unions with information to help resolve employees' problems, inform and consult the union about major changes in the workplace.

The companies of the GROUP pay special attention to safe working processes complying with all quality requirements and non-harmful working environment.

Caring about health of its employees, AS VALMIERAS STIKLA ŠĶIEDRA has outpatient care nurse who provides first aid and helps return to work after a long illness. To ensure convenience for employees' mandatory health checks are arranged at Company's premises. The Company also has a canteen, well equipped and comfortable utility, sanitary, recreation and other rooms for the convenience of the employees.

In the last year, the emphasis of AS VALMIERAS STIKLA ŠĶIEDRA has been placed on the improvement of the working environment - the sanitary and living premises of the employees are being repaired, the floor covering at the production premises and the renovation administration offices have been done. In 2021, it is planned to further improve the working conditions of employees and the environment around us, a purposefully significant cafe reconstruction project is also scheduled for 2021.

The GROUP management is always ready to talk and open for constructive cooperation with employees, employee initiative groups and employee representatives in all HR and working environment matters.

EMPLOYEE SATISFACTION

In 2020 employee satisfaction survey was carried out in AS VALMIERAS STIKLA ŠĶIEDRA (survey is carried out every second year), in VALMIERA GLASS UK Ltd. survey was not carried out in reporting period.

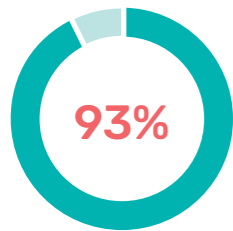
In AS VALMIERAS STIKLA ŠĶIEDRA evaluates employee satisfaction and results of implemented activities during previous period. Survey results indicated increased employee satisfaction in general as well as with aspects such as work conditions, pay, cooperation and communication. Employees see themselves as more informed as a result of efforts during past years. Employees are aware of Company values and their role within Company, people feel that they belong to the Company.

The most highly valued and most often emphasized positive aspects about work at the Company were:

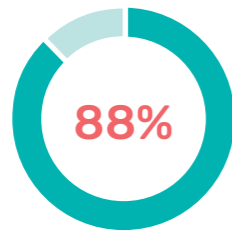
- ▲ Stable work and company;
- ▲ Co-workers and team;
- ▲ Working hours and schedule;

- ▲ Social benefits;
- ▲ Pay (fairness and amount).

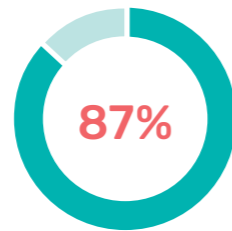
The main motivators for our employees are friendly team, additional benefits and remuneration.



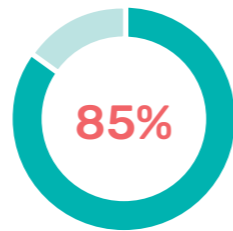
Evaluate collaboration with co-workers as positive



Satisfied with pay



Completely trust their manager/supervisor



Like their job

In the GROUP we believe that satisfied and informed employees are the key to ensure long-term and stable development of the Company. We will continue to improve aspects that lead to better conditions and daily work setting for the employees.

HUMAN RIGHTS AND NON-DISCRIMINATION

The HR policy of the GROUP prohibits any discrimination in the workplace and ensures respect for human rights.

The GROUP does not endorse any illegal employment. In all our areas of business, we respect all fundamental human rights. Our working environment and processes have been created to rule out the possibility of interference with or violation of human rights of employees of the GROUP insofar as it is within the control of the GROUP.

There were no complains or decision in respect of any improper influence on people in the reporting period.

REMUNERATION POLICY PRINCIPLES

The remuneration policy in each company of the GROUP is based on fair, comprehensible and clear payment decisions creating balance between the fixed and variable parts of the remuneration taking into account employees' objective performance.

Our remuneration system consists of:

- ▲ fixed part (monthly salary or hourly wages) in accordance with position;
- ▲ variable part (bonuses) related to the nature of work or measurable performance;
- ▲ social guarantees (financial benefits, health insurance) and additional time off.

The total remuneration system also includes additional payment-related benefits:

- ▲ partial or full payment for employee training;
- ▲ paid time off;
- ▲ financial support to employees or their families;
- ▲ staff events (e.g. department or company events).

In Latvia new pay strategy for manufacture department employees was implemented, implemented loyalty bonus based on employee's years at the Company, developed pay strategy for managers and specialists in accordance to position levels, which is planned to be implemented during year 2021.

COMMUNITY SUPPORT

The GROUP has been providing financial and practical support for the development of local community for many years.

In 2020 in accordance with court's approved legal protections proceedings plan AS VALMIERAS STIKLA ŠĶIEDRA's capability to support projects is limited. Despite the current position Company continues collaboration with basketball club VALMIERA GLASS/ViA and will continue to support projects that are relevant to local community as soon it's possible.

In 2020 UK entity supported several local events and organizations - Sherborne Town Football Club, Marketing West - Sherborne Business Award and Abbey 104 Community Radio Station.

Usually, the Company is open to interested people, and it opens its doors to professionals and officials every year, as well as to students and young people interested in the Company and business. 2020 was limiting visits and on-site events, yet before restrictions and also using remote solutions GROUP managed to welcome 5 group visits and ensure knowledge and experience to 23 interns.



Shadow day (Ēnu diena) in February, 2020 gave an opportunity to school students to learn about profession of interest by spending a day with one of our specialists.



1274

Average number of employees in the GROUP



543

Trainings in the companies of the GROUP



5.4

Average number of training hours per employee in the GROUP



483

Occupational safety trainings in the GROUP



324

Fire safety trainings in the companies of the GROUP



1.1 M EUR

AS VALMIERAS STIKLAŠĶIEDRA financial investments in employees providing additional benefits



23

Interns gained experience in the GROUP in 2020



2+212

External + Internal Occupational health and environment audits carried out in the GROUP

CORPORATE GOVERNANCE

We follow transparency principles in the governing processes of our companies to ensure common understanding and awareness of the status and the next steps to be taken to reach our goals.

CORPORATE GOVERNANCE

VALMIERAS STIKLA ŠĶIEDRA, AS, the parent company of the VALMIERA GLASS GROUP, administration is organized in accordance with corporate governance principles to ensure and enhance investors, partners, customers and public awareness of the Company, its operations and management. The parent company is managed by shareholders, the Council and the Management Board. Constructive dialogue between shareholders and management of the Company enables efficient management of complex glass fibre business and risk reduction.

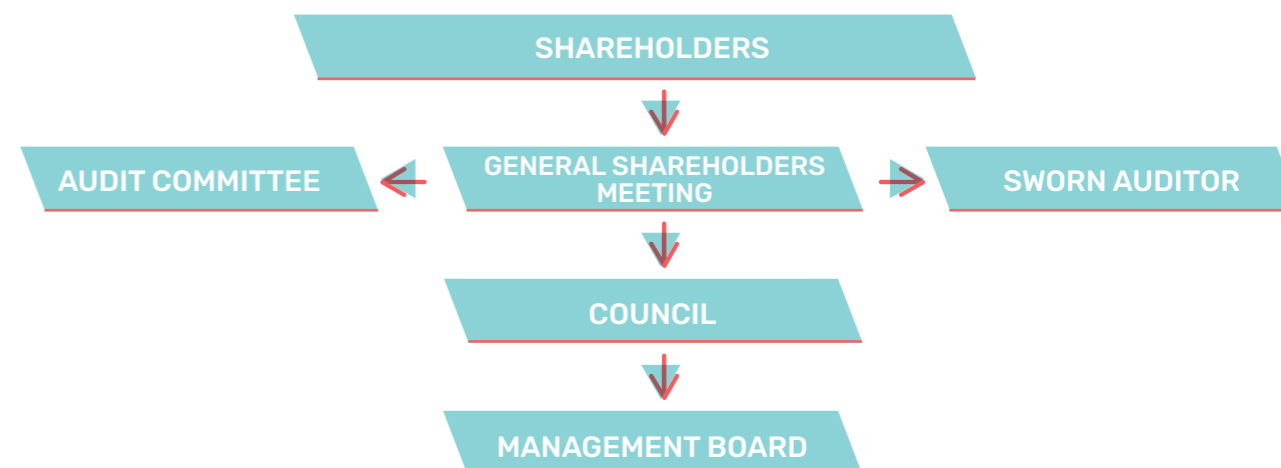
The VALMIERAS STIKLA ŠĶIEDRA, AS is listed in the Secondary list of NASDAQ Riga stock exchange (since 24th of February 1997*). In the reporting period the Company management was organised in accordance with the AS Nasdaq Riga Corporate Governance Principles and Recommendations described in detail in the corporate management report of the Company and published with the audited separate and consolidated financial report for 2020.

*Note after the end of the reporting period: the

Management Board of the Company announced the Extraordinary Shareholder meeting where one of the topic of Agenda was to exclude all bearer shares of joint stock company VALMIERAS STIKLA ŠĶIEDRA from JSC "Nasdaq Riga" Baltic Second list. On March 29, 2021, shareholders' meeting decision was made to exclude Company's shares from JSC "Nasdaq Riga" Baltic Second list.

CORPORATE MANAGEMENT STRUCTURE

The management structure of AS VALMIERAS STIKLA ŠĶIEDRA is formed by the Shareholders' Meeting, the Council and the Management Board. The Management Board is responsible for daily hands-on management of the Company, including its property, and use of the Company's funds in accordance with laws, articles of association and decisions of the Shareholders' Meeting. The Council represents shareholders' interests between the Meetings, supervises the Management Board and compliance of any planned or current activities to the further development of the Company in accordance with statutory regulations and the articles of association.



SHARES AND SHAREHOLDERS

Shares of the Company are listed on the Baltic Secondary List of Nasdaq Riga. All shares give equal rights to dividends and liquidation quotas

and equal voting rights at shareholders' meetings. There are 23,903,205 shares issued. **Trading code: VSS1R | ISIN: LV0000100485t**

Shareholders with over 5% of the total capital	% of total shares on 31 December 2020	% of total shares on 18 February 2021
P-D Glasseiden GmbH Oschatz	26.07%	0%
P-D Management Industries-Technologies GmbH	23.93%	10.5%
P-D Aircraft Composites GmbH	22.82%	0%
Beatrix Preiss-Daimler	17.47%	0%
Duke I S.à r.l.	NA	83.14%

After end of the reporting period Duke I S.à r.l. acquired 83.14% of AS VALMIERAS STIKLA ŠĶIEDRA shares.

Shareholders exercise their rights to participate in the AS VALMIERAS STIKLA ŠĶIEDRA governance at shareholders' meetings. Regular AS VALMIERAS STIKLA ŠĶIEDRA shareholders' meetings are convened at least once a year and extraordinary meetings as necessary.

In 2020, two shareholders' meetings took place: on May 22 and November 25. Decisions made in the meetings in detail are available at the Company's official web page at section: *For investors/ Shareholders' meetings*.

The Company is committed to equal treatment of all owners of the shares. All shareholders have equal rights to participate in the shareholders' meetings and receive information necessary to the shareholders to take their decisions.

Information is provided to the shareholders in a timely manner and its public availability is ensured with translation to at least one foreign language. Shareholders' meetings are conducted in accordance with the meeting agenda, draft of which is prepared before the meeting and approved at the meeting. Profit distribution goes in accordance with a draft prepared by the Management Board (taking into account financial situation and planned investments), considered by the Council and approved by the shareholders.

The main responsibilities of the AS VALMIERAS STIKLA ŠĶIEDRA General Shareholders' Meeting are:

- ▶ to approve Annual Reports and decide on distribution of profit for the preceding year;
- ▶ to elect and recall members of the Council and the Audit Committee, to determine their remuneration;
- ▶ to elect the Auditor and determine Auditor's remuneration.

COUNCIL

The Council works in accordance with the Articles of Association of AS VALMIERAS STIKLA ŠĶIEDRA, statutory regulations and decisions of shareholders' meetings. The Council represents shareholder's interests between the shareholders' meetings and supervises the work of the Management Board. In 2020, 6 meetings were held by the Council.

Shareholders elect the Council at shareholders' meetings for three years based on their qualifications, experience and competence. On 28 June 2019 the was re-elected with the term of office beginning as of 28 June 2019.

In 2020, the following business experts with substantial experience in international business act as members of the Council of AS VALMIERAS STIKLA ŠĶIEDRA: Heinz-Jürgen Preiss-Daimler (until 04.02.2020.), Peter Theis Klauberg, Stefan Alexander Preiss-Daimler, Andris Oskars Brutāns, Ainārs Ozols,

**HEINZ-JÜRGEN
PREISS-DAIMLER**
Chairman of the Council

**STEFAN ALEXANDER
PREISS-DAIMLER**
Chairman of the Council
/ Member of the Council

**PETER THEIS
KLAUBERG**
Deputy Chairman of the Council
/ Member of the Council

AUTHORISATION PERIOD:		
28.06.2019.-28.06.2021* 25.05.2018.- 25.05.2021*	28.06.2019.-28.06.2021. 25.05.2018.-25.05.2021.	28.06.2019.-28.06.2021.
PARTICIPATION IN COMMITTEES:		
-	-	-
PREVIOUS EXPERIENCE:		
P-D Management industries-Technologies GmbH SHAREHOLDER AND MANAGER	HEAD OF P-D MANAGEMENT INDUSTRIES-TECHNOLOGIES GMBH; HEAD OF P-D REFRACTORIES GMBH; HEAD OF P-D INTERGLAS GMBH; HEAD OF P-D INDUSTRIEGESELLSCHAFT MBH; HEAD OF P-D MANAGEMENT HOLDING GMBH & CO.KG; HEAD OF P-D REFRACTORIES CZ A.S. MEMBER OF TI COUNCIL OF P-D VALMIERA GLASS USA CORP.	SINCE 1999 LAWYER IN THE BALTIC STATES
EDUCATION:		
LOGISTICS SPECIALIST EDUCATION	2009-2011 MASTER IN BUSINESS ADMINISTRATION (MBA), HDU Deggendorf (GERMANY)	1997 MASTER'S DEGREE IN LAW 2007 MASTER OF BUSINESS ADMINISTRATION EMBA., BALTIC MANAGEMENT INSTITUTE (VILNUS)
NUMBER OF SHARES HELD AT AS VALMIERAS STIKLA ŠĶIEDRA BY PRIVATE INDIVIDUAL (31 DECEMBER 2020):		
0	800 000	0

ANDRIS OSKARS BRUTĀNS
Member of the Council

AINĀRS OZOLS
Member of the Council

AUTHORISATION PERIOD:	
28.06.2019.-28.06.2021. 25.05.2018.- 25.05.2021	28.06.2019.-28.06.2021.
PARTICIPATION IN COMMITTEES:	
Member of the Audit Committee	-
PREVIOUS EXPERIENCE:	
2003 - 2015 AS VALMIERAS STIKLA ŠĶIEDRA CHAIRMAN OF THE BOARD	2015-2018 SEB GRUPA, BALTIC DIVISION PERSONNEL MANAGER 2007-2015 AS SEB BANKA, CHAIRMAN OF THE BOARD AND CEO
EDUCATION:	
1970-1974 Riga Polytechnical Institute Higher education Specialisation: Mechanical Engineer	2003-2005 STOCKHOLM SCHOOL OF ECONOMICS EXECUTIVE MBA
NUMBER OF SHARES HELD AT AS VALMIERAS STIKLA ŠĶIEDRA BY PRIVATE INDIVIDUAL (31 DECEMBER 2020):	
1825	0

*Changes in the composition of the Council during the reporting period: Heinz-Jürgen Preiss-Daimler passed away on 4 February 2020 and Stefan Alexander Preiss-Daimler was elected Chairman of the Council on 6 March 2020.

Changes in the composition of the after the reporting period: On shareholders' meeting on March 29, 2021, the Council was re-elected. For the next three-year period starting from March 29, 2021, elected members of the Council are: Ian Jeffrey Burgess, Peter John Bentley, Alvaro Luis Esteban Belzuz, Stefan Alexander Preiss-Daimler, Andris Oskars Brutāns. Peter John Bentley has been elected to the Chairman of the Council and Ian Jeffrey Burgess will undertake the duties of the Deputy-chairman of the council.

AUDIT COMMITTEE

AS VALMIERAS STIKLA ŠĶIEDRA has an independent Audit Committee reporting to the Shareholders' Meeting. Based on the necessary competence, professional experience and compliance with the Financial Instruments Law, the Shareholders' Meeting of AS VALMIERAS STIKLA ŠĶIEDRA elect 3 members of the Audit Committee with the term of office of three years. The elected Audit Committee members are: Philipp Kögel, Andris Oskars Brutāns and Aivars Lošmanis. In 2020, Audit Committee held three meetings. The gender distribution in the Audit Committee is: 100% men, 0% women.

The main tasks of the Audit Committee are:

- to supervise preparation of consolidated annual report of the partnership and issue recommendations to the management board of the partnership to ensure reliability and impartiality of the annual report and the consolidated annual report;
- to supervise efficiency of the internal control, risk management and internal audit system insofar it is related to ensuring reliability and impartiality of the annual report and issue recommendations to remedy any shortcomings in the system;
- to supervise the progress of the audit (inspection) of the consolidated annual report of the partnership and monitor whether the sworn auditor appointed by the partnership complies with independence and impartiality requirement of the Audit Services Law and other statutory regulations before the beginning of and during the audit (inspection) of the consolidated annual report of the partnership;
- to inform the council of the partnership about conclusions made by the sworn auditor during the audit (inspection) of the consolidated annual report of the

partnership and give his/her opinion whether the audit (inspection) has improved the reliability and impartiality of the annual report of the partnership and consolidated annual report, as well as inform about the role of the Audit Board in that process;

- to select candidates for the position of sworn auditor in the partnership.

MANAGEMENT BOARD

The Management Board is responsible for management of Company's activities, including responsibility for achieving AS VALMIERAS STIKLA ŠĶIEDRA goals, implementation of strategies and achieved results. The Management Board reports to the Council and the Shareholders' Meeting. Performing their duties, members of the Management Board should take decisions based on interests of all shareholders and avoid risks of conflicts of interests. The Management Board is responsible for compliance with all statutory regulations binding for the shareholders, risk management and financial activities of AS VALMIERAS STIKLA ŠĶIEDRA. In 2020, 10 meetings of the Management Board.

AS VALMIERAS STIKLA ŠĶIEDRA Management Board is elected for three years. Members of the Management Board are nominated and elected in accordance with the statutory regulations taking into account their experience, suitability for the position and other aspects. The information about newly elected members of the Management Board and their professional experience is published on Nasdaq Baltic website and Official System for Central Storage of the Regulated Information of the Financial and Capital Market Commission at <https://csri.investinfo.lv>.

During 2020 daily operations of AS VALMIERAS STIKLA ŠĶIEDRA are being organised by the Management Board consisting of: Stefan Jugel (Chairman), Ģirts Vēveris (Member) and Ingo Bleier (Member).



STEFAN JUGEL
Chairperson of the
Management Board



ĢIRTS VĒVERIS
Member of the Management
Board



INGO BLEIER
Member of the
Management Board

AUTHORISATION PERIOD:

29.05.2018.-29.05.2021.

29.05.2018.-29.05.2021.

01.08.2019.-29.05.2021.

INVOLVEMENT IN THE EXECUTIVE BRANCH OF THE COMPANY:

Responsible for and supervises finances, environmental matters, quality and logistics.

Responsible for and supervises production.

Responsible for and supervises sales, procurements and product management.

PREVIOUS EXPERIENCE:

Jan 2008 – Currently
Member of the Council VALMIERA
GLASS UK Ltd.
May 2009 – Currently
Member of the Council P-D Tatneft
Alabuga Glasfaser GmbH;
May 2018 – February, 2021
Member of the Council P-D Valmiera
Glass USA Corp.

Since 1997 has taken various positions
in the Company

VALMIERA GLASS GRUPA
head of the research and develop-
ment sector 08/2016 – 07/2019

EDUCATION:

October 1992 – August 1997
Studied economics at Dresden
University of Applied Sciences

2001-2005 Riga Technical University
Material Science and Applied Chemistry
Faculty, Bachelor's Degree of Engine-
ering Sciences in Chemical Engineering

1990-1998 Hochschule
NiederrheinUniversity of Applied
Science Department: Textile
Technology, Dipl.-Ing. (FH)
Textiltechnik (MSc)

NUMBER OF SHARES HELD AT AS VALMIERAS STIKLA ŠĶIEDRA BY PRIVATE INDIVIDUAL (31 DECEMBER 2020):

0

0

0

OPENNESS AND TRANSPARENCY

Openness of financial and business results and transparency of management of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary companies are ensured through publishing various financial and non-financial information both on the Company's website and external websites, such as Nasdaq Baltic website.

Our annual reports with independent auditors' statements are published once a year. Annual reports are drawn up in accordance with the International Financial Reporting Standards. Annual reports of the Company since 1999 are available on the Nasdaq Baltic website.

Once every quarter financial reports of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary are drawn up and published in accordance with requirements of the Law on Financial Instrument Market to issuers of securities.

Every year, AS VALMIERAS STIKLA ŠĶIEDRA issues a corporate management report in accordance with AS Nasdaq Riga Corporate Governance Principles, as well as Sustainability Non-Financial Report.

Information about current activities of the Company is made available.

Financial reports and other information important for investors and partners is published and available to interested parties on AS VALMIERAS STIKLA ŠĶIEDRA website in *For investors* section.

BUSINESS ETHICS

Business ethics is one of the most important aspects of long-term achievements. Business Ethics Code is set for entire VALMIERA GLASS GROUP and has set forth 12 business ethics principles (human rights; law; bribes; encouraging payments; competition; fraud; conflict of interests; product quality; transparent financial accounting and reporting; environment, health and safety; gifts, meals and entertainment; confidentiality) to help deal with various ethical dilemmas at work, mutual contacts and in relations with authorities, non-governmental organisations and business partners.

Business Ethics Code of VALMIERA GLASS GROUP stipulates that management structures of the companies should work adhering to the highest professional ethics principles and complying with statutory regulations. The GROUP is committed to fair practices and fair competition and does not

enter any competition limiting, corruptive or discriminating deals.

In accordance with the Business Ethics Code, good corporate management principles should apply to all employees of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary to prevent their involvement in any activities that may create a conflict between their personal interests and GROUP'S business interests. Our employees should always make their decisions in the interests of VALMIERA GLASS GROUP. For more information on business ethics, please see our website section *GROUP/ Social responsibility / Business and workplace*

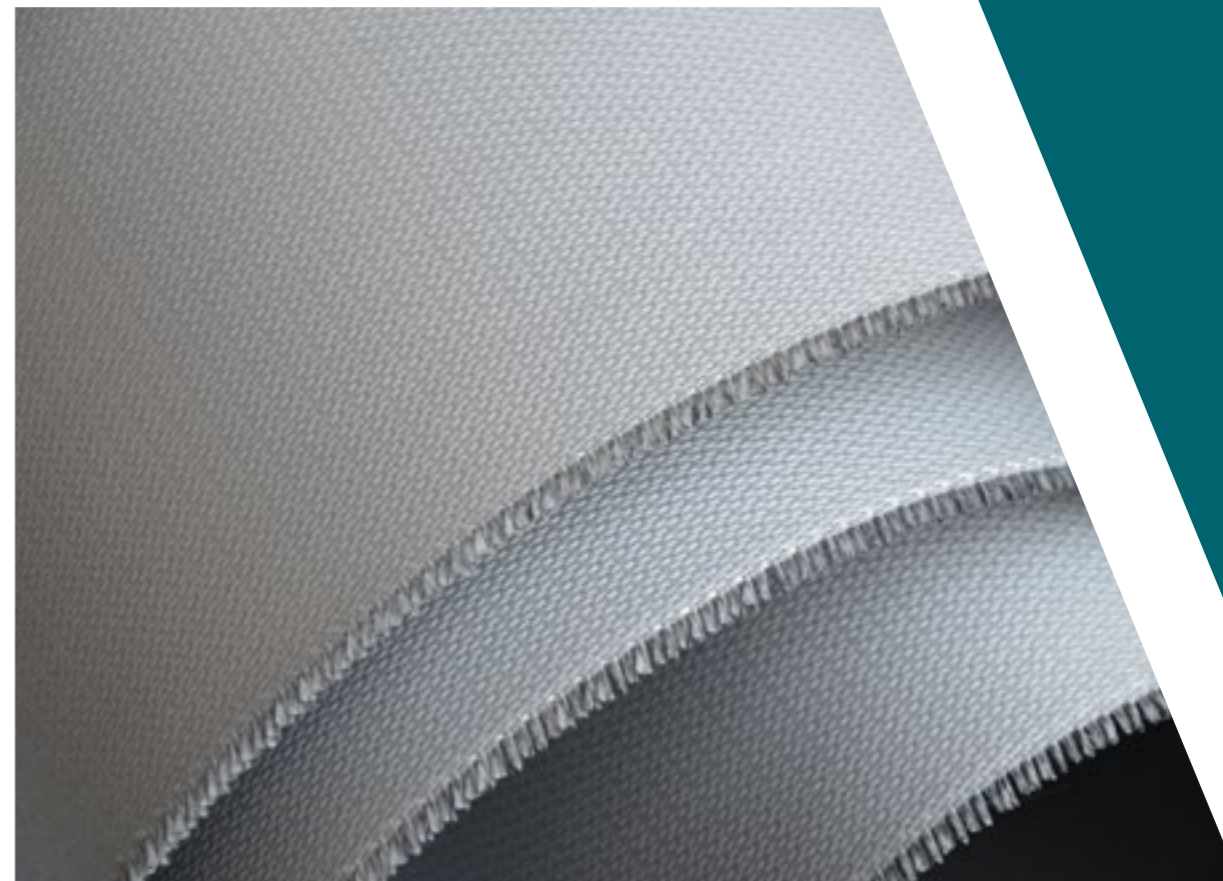
PREVENTION OF CONFLICTS OF INTEREST

In their activities, all employees of AS VALMIERAS STIKLA ŠĶIEDRA or any its subsidiary must prevent creation of any, even seeming, conflict of interests. In their decisions, all employees of VALMIERA GLASS GROUP must follow interests of the Company and never use any business proposals made to their own advantage. VALMIERA GLASS GROUP employees do not participate in any decision that may create a conflict of interests.

Business Ethics Code of VALMIERA GLASS GROUP prohibits fraud and corruption and does not allow conflicts of interests. Partners of the GROUP are encouraged to adhere to similar ethics principles and, when signing an agreement with us, are asked to confirm that our relations will be based on fair business principles. VALMIERA GLASS GROUP adheres to business ethics principles and applicable statutory regulations and in 2020 there were no corruption incidents in VALMIERA GLASS GROUP.

PERSONAL DATA SECURITY - GENERAL DATA PROTECTION REGULATION (GDPR)

The GROUP is strictly following the law and regulation on data protection and pays the substantial attention to data protection and security. The Company has a set of regulations (need for storage, terms to keep information, etc.) for the storage of personal data, employees have opportunity to consult with specialist entrepreneurs in the Company, AS VALMIERAS STIKLA ŠĶIEDRA provides privacy policy and personal data processing rules for personnel recruitment on the web page, as well as access to information for communication in order to clarify issues related to data protection.



TAX POLICY TRANSPARENCY

Although AS VALMIERAS STIKLA ŠĶIEDRA does not have a documented tax policy, we strictly adhere to the laws and regulations of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary company jurisdictions and Organisation for Economic Co-operation and Development (OECD) transfer pricing guidelines.

SUSTAINABILITY REPORT

In accordance with statutory regulations of the Republic of Latvia together with its audited 2020 Financial Report and Corporate Governance Report, AS VALMIERAS STIKLA ŠĶIEDRA provides its consolidated Sustainability Non-Financial Report to ensure availability and openness of its environmental, employee and working environment, social and corporate management information.

Starting from 2017 AS VALMIERAS STIKLA ŠĶIEDRA publishes separate consolidated report related to social responsibility, environmental and governing aspects to ensure broader information access to interested parties as well as to maintain openness and regard to sustainability.

THIRD PARTY ASSESSMENT

AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary adhere to and work in accordance with internationally accepted, independently audited standards that support sustainable development. Quality management systems in companies of the GROUP are certified to ISO 9001:2015. In addition, AS VALMIERAS STIKLA ŠĶIEDRA has certified environmental management system (ISO 14001:2015) and energy management system (ISO 50001:2012).

Individual and consolidated financial annual reports are drawn up in accordance with the International Financial Reporting Standards accepted in the European Union and contain an independent auditors' report that have audited and given conclusions on financial results to any interested parties. Independent auditors' conclusions available in financial report for the reporting period.

Transparency of the companies of the GROUP, especially the Latvian company, and openness of their business has been recognised with many prestigious state and regional awards and commendations from third parties.

ANNEX KEY PERFORMANCE DATA

Report is based on Guidelines of NASDAQ ESG Guide for Nordic and Baltic Markets.

Report period: 1st January 2020 – 31st December 2020

* ESG – NASDAQ ESG Guide for Nordic and Baltic Markets.

LV – AS VALMIERAS STIKLA ŠKĪDRA; UK – VALMIERA GLASS UK Ltd.; NA – not applicable; NR – not recorded

ESG Metric	Indicator description	Unit	2020
ENVIRONMENTAL (E)			
Environmental policy			
ESG E9 E10	Environmental policy	Reference: from p.16 Environment and sustainable development.	
Environmental laws and regulations			
ESG E9 E10	Factories certified to ISO 14001	Number	1: ISO 14001:2015 (LV)
ESG E9 E10	Factories certified to ISO 50001	Number	1: ISO 50001:2012 (LV) since March 2021 ISO 50001:2018
Greenhouse gas emissions			
ESG E1	Total direct greenhouse gas emissions	t CO ₂ . e	30,610 (LV); 1,750 (UK)
ESG E1	Total indirect greenhouse gas emissions	t CO ₂ . e	NA (LV; UK)
ESG E2	Total direct CO ₂ emissions per tonne glass fibre	t CO ₂ /t	0.90 (LV); NR (UK)
Energy			
ESG E3	Electric energy consumption	GWh	79,625 (LV); 12.27 (UK)
ESG E4	Electric energy per tonne glass fibre	MWh/t	3.19 (LV); 8.18 (UK)
ESG E5	Primary Energy Source (natural gas)	MWh	164,517.40 (LV); 9,638.559 (UK)
ESG E4	Renewable Energy Intensity		NA (LV); 0.08 (UK)
Water			
ESG E6	Water consumption total	t m ³	768,332 (LV); 6.32 (UK)
ESG E6	Water consumption per tonne glass fibre	t m ³ /t	24.30 (LV); 0.004 (UK)
Waste & Recycling			
ESG E8	Total waste generated	t	13,597.03 (LV); 64.52 (UK)
ESG E8	Total waste for external recycling	t	2,555.79 (LV); 29.22 (UK)
ESG E8	Total waste per tonne glass fibre	t/t	0.39 (LV); 0.04 (UK)
Management and monitoring of environmental risks			
ESG E9 E10	Audits for environment - internal	Number	12 (LV); 0 (UK)
ESG E10	Audits for environment - external	Number	3 (LV); 0 (UK)
ESG E10	Fines	Number	0 (LV); 0 (UK)
SOCIAL (S)			
HR data			
ESG S	Total number of employees on average in 2020	Number	1159 (LV); 115 (UK)
ESG S	Total number of interns in 2020	Number	23 (LV); 0 (UK)
ESG S3	Employee turnover ratio	%	24.3 (LV); 14.6 (UK)

ESG Metric	Indicator description	Unit	2020
ESG S4	Gender diversity: % of female full-time employees, relative to the total company number	%	38 (LV); 18.1 (UK)
ESG S5	Temporary Worker Ratio	Full time (F): %; Part time (P): %	F: 99; P: 1 (LV) F: 100; P: 0 (UK)
Training and education			
ESG S	Total number of trainings	Number	107 (LV); 436 (UK)
ESG S	Total attendance rate of trained employees	Number	643 (LV); 107 (UK)
ESG S	Average hours of training per year per employee	Average h	2.8 (LV); 32.15 (UK)
Health care and safety of employees			
ESG S	Factories certified to OHSAS 18001	Number	0 (LV); 0 (UK)
ESG S7	Total number of injuries relative to total workforce	Number	35 (LV); 22 (UK)
ESG S7	Total number of fatalities relative to total workforce	Number	0 (LV); 0 (UK)
ESG S7	Audits for health, safety - internal	Number	12 (LV); 200 (UK)
ESG S7	Audits for health, safety - external	Number	1 (LV); 1 (UK)
ESG S	Total number of work safety trainings	Number	50 (LV); 433 (UK)
ESG S	Total attendance rate of trained employees in work safety	Number	289 (LV); 104 (UK)
ESG S	Total number of fire safety trainings	Number	300 (LV); 24 (UK)
ESG S	Total attendance rate of trained employees in fire safety	Number	300 (LV); 19 (UK)
Pay policy principles			
ESG S2	Gender Pay Ratio: Average Male Salary (X) to Average Female Salary, usually expressed as "X:1"	Ratio	1:1 (LV); 1:1 (UK)
ESG S1	CEO Pay Ratio: CEO Salary & Bonus (X) to Average FTE Salary, usually expressed as "X:1"	Ratio	18:1 (LV); NA (UK)
Community support / Helping community			
ESG S	Number of supported projects / activities	Number	0 (LV); 2 (UK)
ESG S	Total financing amount for community support projects	EUR	0 (LV); 370gbp (UK)

CORPORATE GOVERNANCE (G)

Management board			
ESG G1	Board-Diversity	% of women	0 (LV); NA (UK)
ESG G2	Board-Separation of Powers	Reference: p.28 Corporate Governance.	
ESG G2	Board-Transparent Practices	Reference: p.28 Corporate Governance.	
Transparent tax policy			
ESG G6-8-9	Tax Transparency provided	Yes/No	Yes (LV; UK)
Ethical practice policy and prevention of corruption			
ESG G5	Ethics-Code of Conduct	Yes/No	Yes (LV; UK)
ESG G6	Confirmed incidents of corruption and actions taken	Number	0 (LV); 0 (UK)
ESG G6 G10	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	EUR	0 (LV); 0 (UK)

REFERENCES:

1. Fiberglass Market by Glass Type and Region - Global Forecast to 2025; Markets & Markets; [SEP, 2020]
2. Global Fiberglass Industry; ReportLinker; [SEP, 2020]
3. Increasing Global Demand in Glass Fiber Market Size & Share Will Reach USD 10,600 Million by 2026: Facts & Factors; [FEB, 2021]

MEET US ONLINE

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

OUR OFFICES

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