

Sustainability

In the context of constantly evolving external and internal requirements for the management of non-financial risks, in 2024 AS Kalceks continued working on the development of a procedural and organizational concept as well as a roadmap for expanding non-financial risk management. The non-financial internal control system aligns with the sustainability strategy and the company has considered the requirements of Directive 2022/2464/ EU (CSRD 1), taking as a reference the set of standards, principles, and criteria related to sustainability information established in the European Sustainability Reporting Standards (ESRS) and other requirements originating from Latvian legislation and directly applicable European regulations.



AS Kalceks' strategy is geared towards long-term success. Recognizing the importance of understanding and valuing the expectations and needs of all stakeholders, AS Kalceks maintains an open, transparent dialogue and active, ongoing involvement. Customers and business partners/suppliers are among the most important stakeholders, together with workers along the entire value chain. By understanding the role of each stakeholder, AS Kalceks directs its efforts towards strengthening relationships, maximizing collaborations and meeting expectations more effectively. AS Kalceks encourages the adoption of good practices throughout the supply chain, aligning itself with partners who share the Company's values and who also recognize sustainability as an essential pillar of their strategy.

Customers: Customers are crucial to the success and growth of the Company. Their needs and preferences determine the demand for products and services. The Company aims to understand customer needs and expectations and incorporate sustainability considerations into product development, quality management and business operations.

Own workforce: AS Kalceks' own workforce has a great impact on the efficiency and effectiveness of the Company through its performance and commitment. AS Kalceks therefore maintains a continuous exchange with its employees through various channels with the aim of identifying and discussing their interests, including human rights requirements, so that they can be taken into account in the Company's strategy.

Suppliers/business partners and workers in the value chain: Suppliers and business partners contribute to AS Kalceks' efficiency, quality and competitiveness. The existing sustainability challenges can only be overcome in close cooperation with business partners. Requirements in the areas of environmental protection, social issues including working conditions and human rights, and business conduct are part of AS Kalceks' business relationships.



Carbon Footprint

AS Kalceks recognises that climate change represents a complex challenge and uncertainties in predicting future climate conditions and regulatory landscapes. AS Kalceks is working to enhance its ability to adapt to these uncertainties, by focusing on energy efficiency, as well as reducing AS Kalceks carbon footprint. Annual monitoring of the Carbon Footprint is an essential pillar of AS Kalceks commitment to sustainability.

In addition, actions are implemented to raise employee awareness about energy saving, through training programs. These initiatives are essential as they support the Company's commitment to responsible management of energy resources, while simultaneously allowing the expected performance results and set Company targets to be achieved.



The Greenhouse Gas (GHG) Emissions Report presents the baseline carbon footprint of AS Kalceks for the calendar year 2024. This study was performed according to the requirements of the standard EN ISO 14064-1:2019 and GHG protocol "A Corporate Accounting and Reporting Standard". It aims to quantify and report GHG emissions and establish 2024 as the base year.

The total GHG emissions amount to 144.8 tons CO₂ equivalent (tCO₂e), with Category 1 emissions at 9.3 tCO₂e and Category 2 emissions at 135.5 tCO₂e. The results of this report provide a foundation for establishing targets and monitoring sustainability performance. In 2025, the Company aimed to achieve a 5% reduction in total GHG emissions, compared to the base year 2024. In the target-setting process, AS Kalceks adopted such internationally recognized methodologies as those set out in the Greenhouse Gas (GHG) Protocol.

Employee Well-being

Equal Treatment and Opportunities

AS Kalceks is committed to fostering inclusion and ensuring equal opportunities for all individuals regardless of background, as described in AS Kalceks Code of Ethics and Internal regulations on human resource management processes. AS Kalceks does not accept any kinds of bullying and harassment, its policies outline Company's approach to ensuring equal treatment and opportunities for all employees, which is a key component of AS Kalceks sustainability efforts.

AS Kalceks is devoted to creating a work environment where everyone feels respected and valued in support of a diverse workplace. The Code of Ethics prohibits discrimination on any grounds protected by applicable laws and promotes equal treatment and opportunities for all employees.



Career Development through Training and Development

AS Kalceks considers employee development fundamental to both individual fulfilment and business success. All employees have access to continuous training and learning opportunities as part of its training and development strategy to foster a culture of growth and development, enhancing teamwork, collaboration, and overall morale. To promote an inclusive recruitment process AS Kalceks follows a standardized process across the organization. Company's personal development program is aimed at building on individuals' strengths to benefit the broader team. AS Kalceks focuses promotion, training, and career- development solely on job-related criteria such as skills.



Healthcare, Well-being and Work-Life Balance

AS Kalceks prioritizes well-being and health of its employees. Support for employee well-being and welfare is provided through various initiatives, including:

- ▷ Health and accident insurance coverage;
- ▷ Sharing key news and updates on the Company's intranet portal;
- ▷ Organizing social activities for employees, such as festive events and physical activities;
- ▷ Social benefits, including financial support for sport activities and mental health services;
- ▷ Provision of regular meals for employees, with partial cost coverage;
- ▷ Reimbursement for expenses related to the purchase of special medical optical vision correction devices and aids.

The annual employee satisfaction survey provides feedback and helps the Company understand employees' expectations and needs, incorporating multiple opinions into decision-making processes.

Code of Ethics

The purpose of the Code of Ethics is to create a common understanding of the fundamental principles of activity and ethics in AS Kalceks, so that the employees would have clear understanding of the actions to be taken in daily work in accordance with the mission and vision of the Company, general norms of ethics, as well as good habits and requirements of the regulatory enchantments, and to achieve the sense of community in the Company. The Code of Ethics includes principles regulating the cooperation with colleagues, cooperation and business partners, as well as cooperation with customers and consumers of AS Kalceks products.

Principles and generally accepted norms of behavior and morals specified in the Code of Ethics:

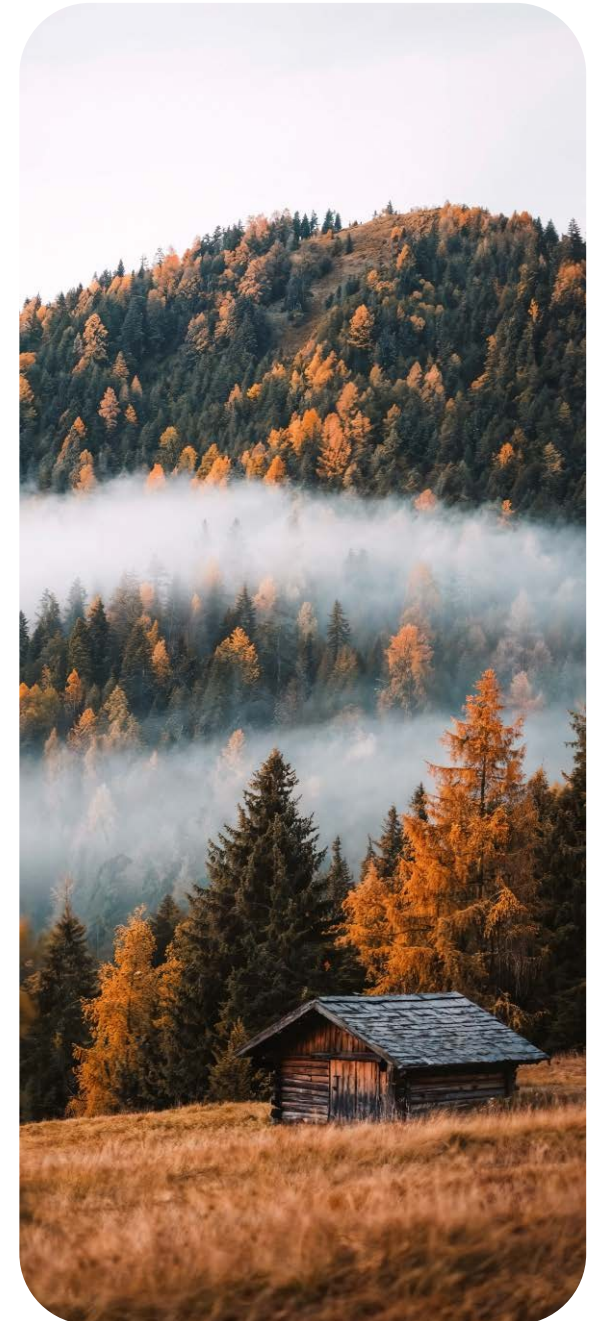
Loyalty – preserving and encouraging trust of the customers, cooperation partners and other persons in the Company.

Professionalism and responsibility – performing his or her obligations in a professional manner, with maximum devotion and sense of responsibility, accuracy and honesty, in compliance with the work performance deadlines.

Honesty – refraining from any action that could harm his or her professional integrity, objectivity, neutrality, as well as refraining from engaging in any activity that may be contrary to the interests of the Company or that may interfere with the performance of the employee's duties.

Collegiality – supporting each other, sharing and encouraging only positive examples and experience among employees. The employees shall not permit humiliation, ignorance or other kinds of harm to the prestige of colleagues or the Company.

Confidentiality – respecting confidentiality and taking care of the protection of information at all levels of the Company's operations.



Data Integrity and Information Security Policy

In line with regulatory requirements on the management of privacy and personal data protection, the Company has conducted an alignment process to comply with the European General Data Protection Regulation no. 2016/679 (GDPR), leading to the publication of a Data Integrity and Information Security Policy.

Company's Data Integrity and Information Security Policy framework consists of a set of requirements and procedures that AS Kalceks uses to address the impacts, risks, and opportunities that digital transformation brings to the Company. Within this framework, the protection requirements of confidentiality, integrity, and availability of information, technologies and systems form the central objective of AS Kalceks cybersecurity efforts.

These policies support the secure and responsible processing of data and help protect the personal information of employees, customers, suppliers and other stakeholders.

