

AS VALMIERAS STIKLA ŠĶIEDRA
SUSTAINABILITY REPORT

2018



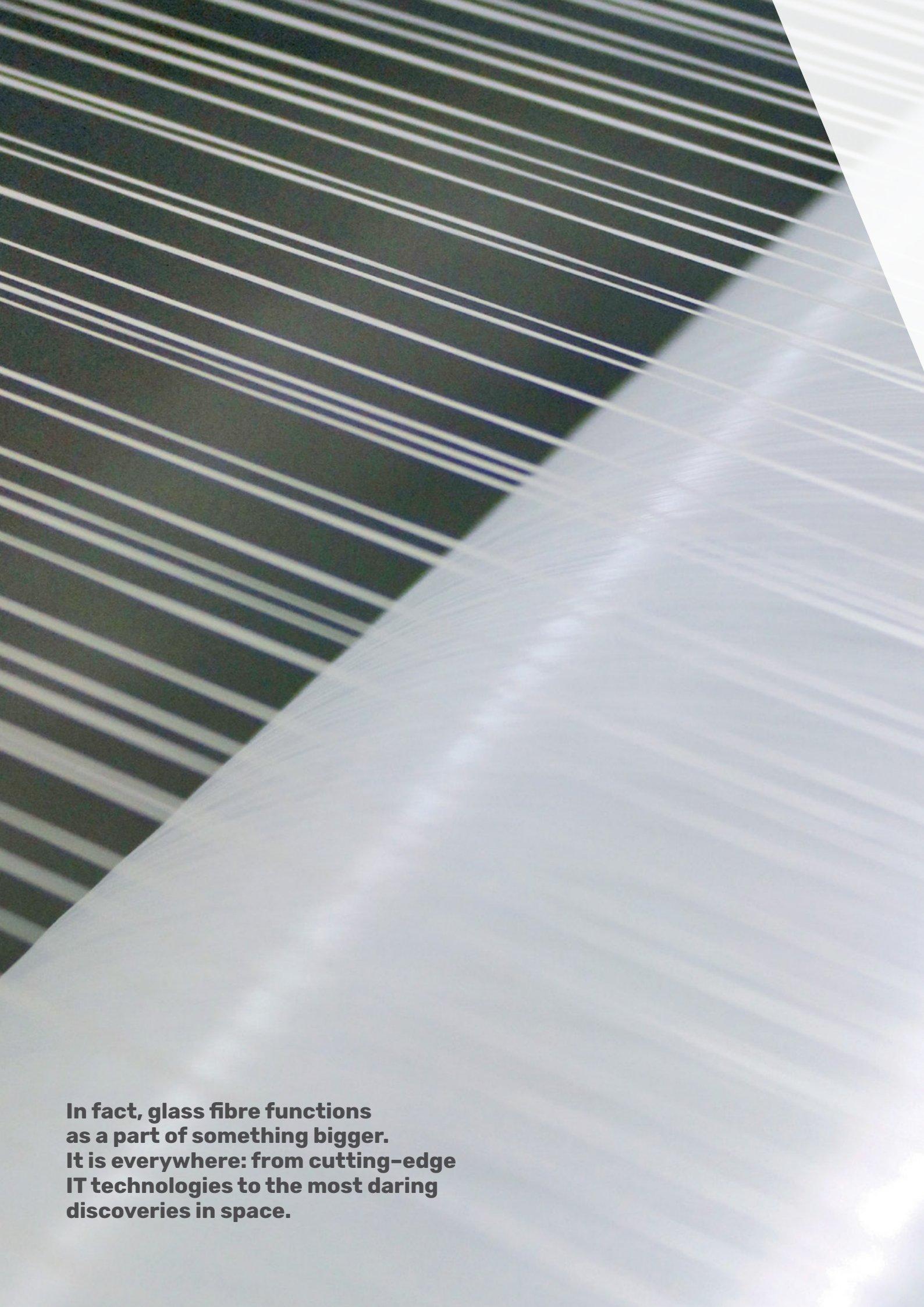
VALMIERA[®]
GLASS

THE REPORT WAS DRAWN UP BASED
ON NASDAQ ESG REPORTING GUIDE FOR NORDIC & BALTIC MARKETS

REPORTING PERIOD: JANUARY-DECEMBER 2018

**CRAFTING
THE IMPOSSIBLE**

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The background of the entire page is an abstract composition. It features a series of parallel, slightly curved lines that run diagonally from the top-left towards the bottom-right. The lines are dark, almost black, and are set against a lighter, greyish-blue background. In the upper right corner, there is a bright, white, triangular shape that appears to be a light source or a reflection, creating a strong contrast with the darker lines. The overall effect is one of depth and movement, suggesting a vast, open space or a complex, interconnected network.

**In fact, glass fibre functions
as a part of something bigger.
It is everywhere: from cutting-edge
IT technologies to the most daring
discoveries in space.**

CRAFTING THE IMPOSSIBLE

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.

A glass fibre thread is fine yet strong, versatile and flexible: in short, it can do wonders. Possibilities provided by this material are unlimited and unique: it has high mechanical, thermal and moisture resistance, is resistant to chemical and biological exposure, does not burn and has high bending, tensile and pressure resistance. Unique properties of glass fibre make it indispensable.

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. Its strength and reliability is 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.

Getting inspiration for tomorrow and relying on more than 55 years of knowledge, ambition, passion and innovation, we will not stop at what we have achieved and will continue looking for new opportunities and expanding glass fibre boundaries. We are crafting the impossible. We make the impossible possible and with our products we improve quality of life for millions of people every day.

Please make yourself acquainted with the 2018 sustainable non-financial report of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries united under the name of VALMIERA GLASS GROUP.

OUR COMPANY

We are a success story of Latvian export: a vertically integrated company, covering all production stages of glass fibre starting from glass fibre yarn production to finished products. This enables us to offer our customers 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.





1,700+

employees take care
of glass fibre and glass fibre products manufacturing
in 3 countries on 2 continents.



112.9M

EUR
net turnover in 2018.*



245+M

EUR in investments
in various companies of the GROUP
during the past 22 years.



~700

customers all over the world
in various industries.



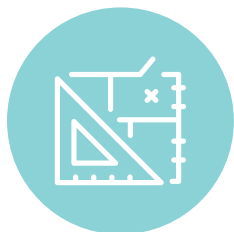
58

countries received
products manufactured by the GROUP in 2018.



~50

newly developed or upgraded products
for a variety of applications in 2018.



324,000 m²

of production infrastructure.



ISO 9001

All the companies of the VALMIERA GLASS GROUP
operate in accordance with the ISO 9001:2015
Quality Management Systems standard.

* unaudited data



THE YEAR IN BRIEF

“Good jobs are the foundation stones for good families, and good families are the foundation stones for good communities, good states and good nations. And we thank you for helping us lay those important foundation stones.”

Nathan Deal, Governor of Georgia
of that time at the opening ceremony
of the new US production
facility on 11 April 2018

MAJOR EVENTS OF 2018

- **The second phase of expansion of P-D VALMIERA GLASS USA Corp. US production facility** was completed and on 30 January the first glass fibre thread was drawn at the new glass fibre production and processing plant. The official opening took place on 11 April. As a result of the expansion, a 389 thousand square foot production infrastructure was created.
- The main focal point of investments was the completion of the construction and launch of the new P-D VALMIERA GLASS USA Corp. production plant. Smaller investments were made for support and development of the AS VALMIERAS STIKLA ŠĶIEDRA and VALMIERA GLASS UK Ltd. production facilities.
- **Capital growth and a new strategic investor for the US company.**
- The sale of part of the US company to the main shareholder P-D Management Industries Technologies GmbH in Wilsdruff, Germany.
- **In May, the Board and the Supervisory Board of AS VALMIERAS STIKLA ŠĶIEDRA were re-elected.** S. Jügel, A. H. Schwiontek, D. Volkopa (until 01/06/2019) and Ģ. Vēveris will be on the Management Board of the company, while J. Preiss-Daimler, H. P. Cordts (until 31/12/2018), J. Pfuhl (until 22/03/2019), S. Preiss-Daimler and A. O. Brutāns will form the Supervisory Board.
- AS VALMIERAS STIKLA ŠĶIEDRA received an award as the largest payer of employment tax in the Vidzeme region of Latvia.
- **As of 23 July 2018, all AS VALMIERAS STIKLA ŠĶIEDRA issued shares have been quoted on the NASDAQ RIGA Secondary List.** The total number of issued shares is 23,903,205.
- AS VALMIERAS STIKLA ŠĶIEDRA was named the 36th most valuable company in Latvia and the 4th most valuable in the Processing industry – Industrial goods (ref. Prudentia & Nasdaq Riga).
- In the list of the largest companies in Latvia, AS VALMIERAS STIKLA ŠĶIEDRA is in 58th place by net sales and tops the list in the textile industry (ref. Dienas Bizness & Lursoft IT).



HISTORY

We are proud of what
AS VALMIERAS STIKLA ŠKIEDRA
has achieved over 55 years –
uniting history and traditions,
innovations and technological
excellency on regional, national
and global levels, support of the
local community and export.

MILESTONES

AS VALMIERAS STIKLA ŠĶIEDRA started its work in 1963 as a local-scale manufacturer, but over the years grew into a global, innovative company with ambitious goals. Decades of valuable experience accumulated in Latvia, the UK and the collective knowledge of our largest shareholders have made us a leader in glass fibre and textile production. Nonetheless, despite our rich history, we find our future much more important.

1963

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.

1970

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.

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.

1996

Foundation of joint stock company VALMIERAS STIKLA ŠĶIEDRA at a shareholder meeting on 7 December 1996. 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.

1997

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).

2001

In September 2001, a modern single-step glass fibre production plant was put into operation at AS VALMIERAS STIKLA ŠĶIEDRA.

2006

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

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.

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.

2015

At the beginning of 2015, the first phase of construction of the US plant with a total area of 7.4 thousand sq. m was completed and the production of one glass fibre product, i.e. mats, was launched. On 26 March the plant was officially opened. Successful implementation of the project gave us confidence for the expansion of the US plant in the second phase, i.e. creation of a glass fibre production and processing facility.

2018

The second phase of the US plant expansion was completed and on 30 January the first glass fibre thread was drawn. The new glass fibre production and processing plant officially opened on 11 April. As a result of the expansion, a 389,000 sq. ft. production infrastructure was created expanding our glass fibre and glass fibre product production in the USA.



THE COMPANY AND ITS SUBSIDIARIES

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

ONE OF THE LEADING GLASS FIBRE MANUFACTURERS

AS VALMIERAS STIKLA ŠĶIEDRA is one of the leading manufacturers of glass fibre and its products with a stable position in Europe and more than 55 years of experience. Over the years, the company has changed and grown to be the global VALMIERA GLASS GROUP with subsidiary companies in the UK and the US.

We cover all stages of glass fibre production, from melting glass and making fibre to the production of end glass fibre products, development and sales, which enables us to offer our customers broad and top quality product range for an array of industries worldwide, including further processing, technical and thermal insulation, aviation, protection from smoke and fire, machine building, construction and other industries.

WITH A GLOBAL APPROACH

VALMIERA GLASS GROUP (hereinafter also referred to as the GROUP) consists of the parent company AS VALMIERAS STIKLA ŠĶIEDRA with its headquarters in Valmiera, Latvia, and 3 subsidiary companies abroad.

The parent company AS VALMIERAS STIKLA ŠĶIEDRA now owns the following subsidiary companies:

- VALMIERA GLASS UK Ltd. (Sherborne, UK), 100% fixed capital shares
- P-D VALMIERA GLASS USA Corp. (Dublin, USA), 52% fixed capital shares
- VALMIERA GLASS USA Trading Corp. (Dublin, USA), 100% fixed capital shares (dormant company)

The core business areas of the GROUP are glass fibre research, glass fibre product development, production, trade and distribution.

VALMIERA GLASS UK Ltd. is a high performance glass fibre product manufacturer with long history dating all the way back to 1887. The company specialises in premium glass fibre products for the aviation industry, thermal insulation and architecture and offers its products on the global market. VALMIERA GLASS UK Ltd. is a certified supplier of aviation industry with more than 40 years of experience in that area, as well as for the machine building and smoke & fire protection markets.

P-D VALMIERA GLASS USA Corp. is a modern glass fibre and glass fibre product manufacturer in the

USA aiming to become a leading company in the central and eastern parts of the state of Georgia. The company makes glass fibre and some glass fibre products mainly as raw material for the production of other glass fibre products.

VALMIERA GLASS GROUP is the only group in the world with a vertically integrated structure and a wide range of glass fibre products for the thermal insulation market, with temperature resistance up to 1250 °C.

The joint effort of the aforementioned companies expands the range of products offered by the GROUP, customer base and geographical coverage, as well as strengthens our ability to create and improve new products. As a result, the GROUP is more prepared and capable to satisfy the needs of our customers and partners today and in the future.

PRODUCTS FOR GLOBAL MARKETS

Every day our team of more than 1,700 people take care of glass fibre and glass fibre products manufacturing at 3 companies in 3 countries on 2 continents. The GROUP'S products have been sold in 58 countries providing a wide range of products for more than 700 customers worldwide and making the presence of the GROUP truly global. The largest market for our products is in the European Union and North America.

CLOSE COOPERATION WITH CUSTOMERS AND PRODUCT DEVELOPMENT

Thanks to steady investments in the development of our products and technologies, our customer can benefit from more than 500 glass fibre products from the GROUP's range, 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 2018, we developed about 50 new or modified products for various applications.

Our strategic focus will remain on cost efficient advancement in our chosen glass fibre product application niche, which has positive growth prospects.

In 2019, we also intend to continue developing products and the main focus this year will be development of modified sizing that can be used for all types of yarn and new textured fabrics we make.

Continuous product development and improvement at each stage of the business is in our DNA and that allows us to respond to the market trends and our customer needs.

INVESTMENT IN DEVELOPMENT

Every year we invest millions of euros to expand our global presence, upgrade technologies and develop new, innovative products.

By developing new products and improving existing ones, we have all the prerequisites to expand our markets outside the UK and Europe, especially in the United States and Asia.

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

Vertically-integrated manufacturing process, covering all production stages of glass fibre: from glass fibre yarn production to finished fabric.

A wide range of products and a diverse client base across industries and geographic markets with unique know-how and high added value products certified for aviation, thermal insulation and other markets.

Well-established brand and products applied in a number of industries with promising growth potential.

Solid financial performance in the last 22 years, with more than EUR 245 Million of investments.





PRODUCTS AND THEIR PERFORMANCE

**We create products that
serve and protect people,
as well as make the
impossible possible and
improve the quality of life
for millions of people. This
makes us leaders in the
industry, and with our help
fire, water and space can
be conquered.**

IT IS MORE THAN JUST GLASS, IT IMPROVES THE QUALITY OF LIFE

AS VALMIERAS STIKLA ŠKIEDRA and its subsidiaries offer their 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.

BROAD 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) 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, netting, mats and Atex products. Our quality management system complies with strict requirements of various sectors: composite materials, thermal and technical insulation, construction and textile architecture.

WE IMPROVE QUALITY OF LIFE

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.

WE PROTECT FROM 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!

WE ENSURE 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 by up to 75% and increasing useful life of the building. Improvements in the energy efficiency of buildings, including insulation, are laid down by the Paris Agreement on Climate Change, namely, that by 2030 the construction industry should improve its energy intensity per square metre by 30%.

WE HELP HEAVY OBJECTS MOVE

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.

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.



APPLICATIONS

HIGH FIRE SAFETY IN THE HIGHEST BUILDING IN SEOUL

In the construction of Lotte World Tower, the tallest building in Seoul, South Korea, and the fifth tallest in the world, our glass fibre fabric was used to comply with the strictest fire safety requirements in the high-rise building. The fabric is used as a fireproof smoke and fire curtain or a fireproof barrier, which is an effective type of protection in emergencies related to fire occurring and spreading inside the building.

Fire curtains are used for dividing areas to slow down penetration of fire and smoke into potential ignition zones. As a result, it can significantly reduce damage caused by fire and allow prompt and timely evacuation of people, which

is especially important in high-rise buildings, so that people could feel as safe on the upper floors of the building.

The indisputable advantage of the fire curtains is that they are inconspicuous and compact. They are wound on a shaft and placed in a compact fireproof box. Unless there is a fire alarm, the curtains are not visible. When the alarm is triggered, a signal is sent to the control module and the curtain is automatically lowered isolating the area where fire or smoke is spread.

**Extensive product portfolio and
a diverse customer base across
sectoral and geographic markets.**





MARKET AND TRENDS

**European leader in glass
fibre fabrics production
for composite materials.
Certified by all major
customers including an
independent audit by Airbus
Industries.**

DRIVING TRENDS

WE GROW WITH OUR CLIENTS

Our customers are representatives of various global industries. Mainly the products that we make and deliver play a significant role in their end products: cars, aircrafts, structures, household appliances, etc. Glass fibre applications are numerous and versatile and our products can be used in various industries: electronics, aviation and space, boat and ship building, energy production, renovation and construction of buildings, chemical and metal industry, household appliances, medical equipment, leisure and sports equipment, fire protection clothing, architecture and others.

Glass fibre market trends in Europe and in the world:

- The global glass fibre glass market is expected to demonstrate steady growth in the coming years. By 2025, the value of the global glass fibre market may reach 10.8 billion USD ¹, while in the period from 2018 to 2028 it may grow (CAGR) by 4.3% reaching 13,146 million USD ².
- The global glass fibre market is moving towards the growing use of glass fibre products in automotive, aircraft and aviation industries ³, as well as energy, electronics, manufacture of pipes and tanks, construction, infrastructure and transport industries ⁴.
- The European glass fibre market is expected to reach about 2.1 billion USD in value by 2023 and from 2018 to 2023 the average growth (CAGR) will be 2.8%. The future of the European glass fibre market is very promising as well with opportunities in transport, construction, power and electronics, manufacture of pipes and tanks, wind energy and consumer product industries ⁵.

Although glass fibre products are used in numerous industries, we have defined product distribution by product function or application in five primary markets: 1) technical and thermal insulation, 2) raw materials, 3) construction industry, 4) composite materials, 5) architecture. These segments (and hence also our opportunities) show promising growth.

RAW MATERIALS

Glass fibre yarn is used as raw material in further processing for manufacturing of other products. World markets show a high demand for glass fibre materials in various market segments, driven by versatile and multiple applications due to unique properties of the material.

Examples of our product application:

- Use of spooled yarn in the production of technical and electrical insulation fabric. Use of textured yarn to make special RECO fabric, which is used in the production of tiles, wallpaper and decorative fabrics.
- Use of direct roving in various textile processing technologies, multiaxial fabrics, etc.



TECHNICAL AND THERMAL INSULATION

The global market poses demand for various consumer and industrial goods, which affects such sectors as automotive and machine building, chemical and energy sectors, fire protection from smoke and flame, household appliance sector, petrochemical and many other industries.

Automotive industry and machine building continue to develop and grow. This drives the demand for spare and service parts. By 2030, vehicle sales may grow by 41% and by 2050 the growth may be as high as 94% ⁶.

In addition, fire safety requirements for protection from smoke and flame, which is ensured by glass fibre products, are getting stricter every day. Current trends show that in the coming years there will be more focus on fire safety, especially in large public buildings like schools, train and underground stations, supermarkets, concert halls, hotels, etc.

Examples of our product application:

- Coated and laminated fabrics are used for turbine, pipeline, tank and cable insulation.
- Mats are used for various industrial equipment, industrial filtering of high-temperature chemical gases, filling of industrial sound barriers, in-



sulation of catalysts, compressors and exhaust units, thermal insulation of kitchen appliances and other solutions. Mats are used in cars (in engine compartments, sound and thermal insulation of exhaust pipes, floors), railway carriages (pipe insulation) and shipbuilding (in walls, ceilings, pipe insulation) and are the most popular choice in petrochemical industry.

- Technical fabrics are used as thermal and sound insulation in the automotive industry, machine building, etc.
- Technical, coated and laminated fabrics are used for thermal insulation and protection from fire and smoke, e.g. for the production of fire curtains and personal fire protection equipment, flame resistant clothing for firefighters and other rescue services, fire blankets, etc.

CONSTRUCTION

Urbanisation has driven the demand for homes, infrastructure and commercial properties. The Paris Agreement of climate change drives the demand for energy efficient homes. About 97% of buildings in the European Union, which is more than 30 billion m², are not considered energy efficient and 75 to 85% of them will be still in use in 2050 ⁷. This means that in the coming years energy efficiency and useful life of those building will need to be improved by installing heat insulation.



Examples of our product application:

- Construction netting/mesh as a reinforcement material is used for insulation systems in outer walls, fortification of interior plasterwork and to ensure high mechanical strength.

COMPOSITE MATERIALS

The demand for composite materials is driven by economic activity, namely, replacement of traditional materials, such as aluminium, wood or steel, with composites.

In daily life we come across composite materials everywhere, they are used in the production of finished products, such as sports equipment, cars, interior and exterior design elements, utility and household items, vehicles, etc. Nowadays, composites have proven their value and secured their place in many uses.

Aviation is one of the most important of our composite material markets. The aviation industry is expected to continue its growth. In the next 15 years, air passenger traffic may grow by 3 to 6% annually driving high demand for commercial aircraft ⁸. About 38,000 aircraft are expected to be built in the world during the next 20 years ¹⁰.



Examples of our product application:

- Use of composite materials in complex exterior and interior constructions for the needs of maritime and automotive industries.
- Various composite materials on flight control dashboards, landing gear doors, cabin floor supports and boards, vertical and horizontal support structures in baggage compartments, etc.

ARCHITECTURE

Textile membranes occupy their own niche in the architectural world. They are used in roofing, building facade walls, ceiling panels and interior design.

Examples of our product application:

- Our Atex (Architectural Textile) membrane is an exceptionally strong, light, fireproof textile product with silicone coating for architectural applications. This fabric is used to make extremely lightweight membranes used in roofing, canopies, building facade walls, ceiling panels, interior design, etc.

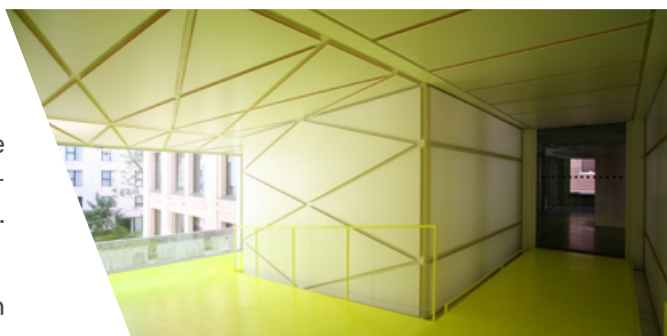


Foto © IASO, SA

- Atex materials are available in a wide range of colours, are easy to maintain and provide longevity of more than 25 years.

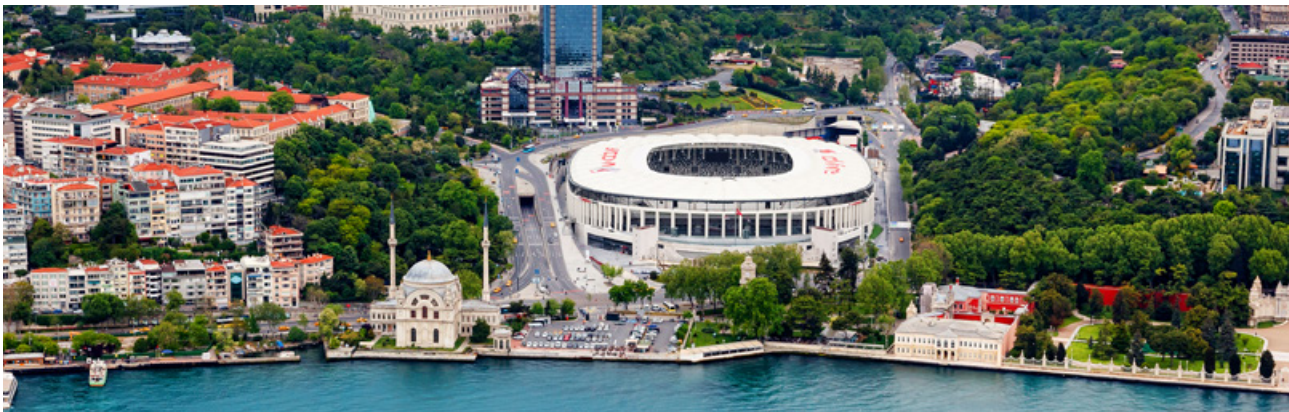


APPLICATIONS

WE MANUFACTURE FOR GERMANY – OUR ATEX ON THE **WOLKENHEIN** OBSERVATION TOWER IN BERLIN

The beautiful and unusual Wolkenhein observation tower was erected in Berlin and built using Atex 3000 TRL textile membrane made by VALMIERA GLASS UK Ltd., a subsidiary of AS VALMIERAS STIKLA ŠĶIEDRA. The observation tower designed by *Kolb Ripke Architekten*

architect office in Berlin is a notable landmark in the local scenery as it stands on the top of Kienberg Hill, at 120 m above the sea level and at night its viewing platform is illuminated in various colours. Foto© Textil Bau GmbH



APPLICATIONS

OUR ATEX ON THE **VODAFONE ARENA**

The roof of the new *Vodafone Arena*, the home field of the Istanbul football club Beşiktaş J.K., is made of Atex membrane. The Vodafone Arena is the first stadium in the world with the Atex membrane, a silicone coated glass fibre fabric manufactured by VALMIERA GLASS UK Ltd. For the Arena roof, Atex 5000 TRL fabric, which combines excellent strength and durability and very high transmission of light (about 21%), was used. Therefore, the stadium is filled with light creating a nice and bright atmosphere. In addition to its light permeability, Atex 5000 TRL en-

sure good circulation of temperature and air, which improves grass growth so important for stadiums with natural grass pitches. Atex 5000 TRL is made of high tenacity glass fibre fabric with a special premium quality silicone coating. The silicone coating is very durable with lifetime exceeding 25 years and has high resistance to UV radiation and adverse impact of the environment. In addition to great look, the silky matte surface of the membrane has improved dirt repellent properties and is easier to stitch and clean.

**Positive outlook of growth on global
markets driven by global trends.**





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 STRATEGIC GOALS

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

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

OUR VISION is to become the market leader of industrial glass fibre in Europe.

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.

STRATEGIC DIRECTION/GOALS:

- 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.

AWARDS

Within the years, all of our employees have helped develop the company AS VALMIERAS STIKLA ŠĶIEDRA into one of Latvia's most valuable export brands, as well as receive awards - "Regional Force", "Best Employer", "Export Champion" and others.

**In 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.
Photo © State Revenue Service.**

EVALUATION AND ACHIEVEMENTS

Each city and region has its own driving force that keeps it moving and pushes the city forward. Mainly, this engine is formed by sustainable production companies that create jobs and thus improve welfare of the local community. That is why it is always nice to know that our contribution is also appreciated by others. In recent years, we have received multiple prestigious government and regional awards and commendations.

2011

AS VALMIERAS STIKLA ŠĶIEDRA received the Export and Innovation Award of the Investment and Development Agency of Latvia, which is only awarded once.

AS VALMIERAS STIKLA ŠĶIEDRA received the Swedish Business Award in the Sustainable Growth category.

2012

AS VALMIERAS STIKLA ŠĶIEDRA received an award of the Latvian Employers' Confederation as the best employer in Vidzeme.

AS VALMIERAS STIKLA ŠĶIEDRA reached the final of the German Economy Award in Latvia.

2013

At the Latvian TOP 500 companies competition, which is annually organised by Dienas Bizness newspaper and information technology company Lursoft IT, AS VALMIERAS STIKLA ŠĶIEDRA received an award in the TOP 500 Regional Company nomination (ref. Dienas Bizness & Lursoft IT).

In a study by Latvia-wide movement „The Red Jackets”, AS VALMIERAS STIKLA ŠĶIEDRA received a title of one of the strongest Latvian export brands.

AS VALMIERAS STIKLA ŠĶIEDRA received the Golden Sustainability Index awarded to companies, which publicly demonstrate openness in every important sustainability aspect.

AS VALMIERAS STIKLA ŠĶIEDRA received the special prize "Regional Strength" of the Ministry of Environmental Protection and Regional Development for significant contribution to the development of local community and the environment.

AS VALMIERAS STIKLA ŠĶIEDRA received an award of the Latvian Employers' Confederation as an employee-friendly company.

2014

In the Latvian TOP 500 companies competition, AS VALMIERAS STIKLA ŠĶIEDRA received an award in

the TOP 500 Exporter nomination. (ref. Dienas Bizness & Lursoft IT).

AS VALMIERAS STIKLA ŠĶIEDRA received an award as a company with the largest share price growth among TOP 101 most valuable companies in Latvia. (ref. Prudentia and Nasdaq Riga).

In the TOP Employer 2014 study conducted by CV Online, AS VALMIERAS STIKLA ŠĶIEDRA was awarded second place in the TOP Employer 2014 nomination in Vidzeme region.

2015

Business Award 2015 of Valmiera Municipality and the Latvian Chamber of Commerce and Industry for outstanding achievements in export markets.

In the TOP Employer 2015 study conducted by CV Online, AS VALMIERAS STIKLA ŠĶIEDRA was awarded second place in the TOP Employer 2015 nomination in Vidzeme region.

AS VALMIERAS STIKLA ŠĶIEDRA received the Green Excellence Award from the State Environmental Service as one of Latvia's companies that protects the environment at the highest level and implements measures for reducing the impact on the environment at its own initiative.

In the largest company reputation study in the Baltics, AS VALMIERAS STIKLA ŠĶIEDRA was given third place in the Reputation Top in the textile industry of Latvia. (ref. LIAA, Nords Porter Novelli, SKDS and Dienas Bizness)

2016

In the awards ceremony for the TOP 500 largest and most successful companies in Latvia, AS VALMIERAS STIKLA ŠĶIEDRA was named a TOP 500 Regional Company 2015.

P-D VALMIERA GLASS USA Corp. received the Georgia State award Business Deal 2016.

Vidzeme Planning Region award in the Exportability nomination. AS VALMIERAS STIKLA ŠĶIEDRA was named 36th most valuable company in Latvia and the 4th most valuable in the processing in-

dustry's industrial goods sector (ref. Prudentia & Nasdaq Riga).

2017

VALBARR® trademark received 3rd place in the nomination Trademark of the Year – for the World nomination in the competition organised by the Patent Office of the Republic of Latvia, the Latvian Chamber of Commerce and Industry and the Latvian Designers' Society.

AS VALMIERAS STIKLA ŠĶIEDRA received a TOP Employer 2017 diploma taking the second place among Vidzeme companies in the annual employee survey conducted by CV Online Latvia.

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.

In the TOP Employer 2018 study conducted by CV Online, AS VALMIERAS STIKLA ŠĶIEDRA was awarded the second place in the TOP Employer 2018 nomination in Vidzeme region. AS VALMIERAS STIKLA ŠĶIEDRA was named 36th most valuable company in Latvia and the 4th most valuable in the processing industry's industrial goods sector (ref. Prudentia & Nasdaq Riga).





ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

We are focused on satisfying each customer's needs: we are ready to redefine our productivity standards and able to implement innovative solutions while maintaining environmental responsibility.

Finishing Department building after implementation of the greenhouse gas emission reduction project.



6,307

tonnes of materials sent for recycling in 2018. The companies of the GROUP have introduced a waste sorting system.



56%

reduction in CO₂ emissions per unit of output in the past 13 years at AS VALMIERAS STIKLA ŠĶIEDRA.



56%

reduction in power consumption per unit of output at AS VALMIERAS STIKLA ŠĶIEDRA in the past 22 years.



90%

reduction in heat energy generated by the company's boiler station and necessary for the operation of AS VALMIERAS STIKLA ŠĶIEDRA per unit of output in the past 22 years.



7,326

tonnes of waste generated by auxiliary processes sold to other companies to use as raw materials in 2018.



60%

reduction in newly bought resources in 2018.



ISO 14001

The ability of AS VALMIERAS STIKLA ŠĶIEDRA to improve and increase its environmental contribution is supported by our ISO 14001:2015 certified environmental management system.



ISO 50001

AS VALMIERAS STIKLA ŠĶIEDRA uses an energy management system complying with international energy management standard ISO 50001:2012.



Since 2001, glass yarn has been manufactured using a single-stage process, which currently is the best method available in the world. It dramatically reduces energy consumption and thus the impact on the environment.



Some of the production waste, or soft waste, is recycled into a product demanded on the market, i.e. non-woven materials, which is used in technical and thermal insulation.

xx This report is based on the NASDAQ ESG Reporting Guide for Nordic & Baltic Markets.
This information disclosure note specifies ESG Guide metric, under which the information is disclosed.

CARING ABOUT THE ENVIRONMENT

We understand the potential impact of our business on the environment and know that the quality of the environment is a value. In order to balance our production and protection of the environment and ensure future of our business and jobs, the GROUP has set forth the following leading principles for our environmental management: innovative, socially and environmentally sustainable solutions implemented by a knowledgeable, responsible team and caring, rational and economical use of resources.

ENVIRONMENTAL POLICY AND MANAGEMENT

E9

We at VALMIERA GLASS GROUP 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). Subsidiary companies do not have a formal, written environmental policy, but they adhere to their local laws and act in accordance with the quality policy of the GROUP, which has environmental protection as its integral part.

In addition, all the companies of the VALMIERA GLASS GROUP operate in accordance with the ISO 9001:2015 Quality Management System.

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.

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 2018 helped reduce our impact on the envi-

ronment: water and power consumption, greenhouse gas emissions and generated waste were reduced while heat energy consumption and emissions to wastewater did not significantly increase per unit of output and in relation to the set goal. Employee training and infrastructure improvement enabled us to avoid any environmental noncompliance or emergencies.

After analysing the company's work in the long term, we have achieved a significant reduction of our impact on the environment in multiple aspects. We should highlight AS VALMIERAS STIKLA ŠĶIEDRA achievements in environmental management:

- **over 13 years CO₂ emissions per unit of glass fibre output reduced by 56%;**
- **over 22 years heat energy generated by the company's boiler station and necessary for the operation of the company per unit of glass fibre output reduced by 90%;**
- **over 22 years power consumed by the company per unit of glass fibre output reduced by 56%.**

In 2018, the contribution of the AS VALMIERAS STIKLA ŠĶIEDRA environmental policy was improved by the following:

- integration of the new ISO 14001:2015 standard requirements into our environmental management system;
- upgrade of our waste sorting system which allowed directing all recyclable waste for recycling;
- 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.

In 2019, 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. Our US company will continue working on waste reduction, improvement of its wastewater treatment management and introduction of an energy monitoring system while our 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 valid until 31 December 2020. The company must comply with environmental statutory regulations of the European Union and the Republic of Latvia.

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).

Our US subsidiary company ensures environmental protection in accordance with the US laws, permits and regulations, including Storm Water Pollution Prevention Plan, Spill Prevention, Control and Countermeasure Plan, Groundwater Withdrawal Permit, Air Quality Permit, Tier II (Emergency and Hazardous Chemical Inventory), TRI Report (Toxic Release Inventory report).

Our UK subsidiary company complies with the environmental regulations of the European Union and the United Kingdom.

GREENHOUSE GAS EMISSION CONTROL

E1 | E2

Climate change caused by greenhouse gases is one of the biggest global environmental issues. It has become a growing concern for the entire world, including VALMIERA GLASS GROUP. 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.

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.

In the last 13 years, the company managed to reduce its CO₂ emissions by 56% per unit of output and to reduce its greenhouse gas emission by 1% in 2018 in comparison with 2017.

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. Although currently US laws do not require GGE monitoring, our company in the USA performs the GGE monitoring.

WASTE AND WATER MANAGEMENT

E7 | E8

Our waste and water management complies 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 2018, the total water amount consumed by the GROUP was 1.2 million m³, most of which was consumed by the GROUP's parent company. In the US company, water consumption per unit of output was 50% higher than at the GROUP's parent company (see the Annex).

The companies of the GROUP have introduced a waste sorting system. In 2018, the companies of the GROUP sent 6,307 tonnes of waste for recycling.

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).

Some of the production waste, or soft waste, is recycled into a product demanded on the market, i.e. non-woven materials, which are used in technical and thermal insulation.

The GROUP's parent company and the US subsidiary pass over waste generated by auxiliary processes to other companies to use as a raw material. In 2018, the amount of such waste reached 7,326 tonnes.

By introducing innovative environmental processes and investing about 2 million EUR in industrial wastewater treatment infrastructure, our Latvian production facility managed to reduce its impact on the environment in the long term.

The amount of procured new resources was reduced by 60% and steady quality of effluent discharged into the environment with generation of by-product, i.e. gypsum, which is sold to construction companies as a material, was facilitated.

Our main product packaging (such as cardboard boxes) is made of recyclable materials.

ENERGY POLICY AND MANAGEMENT

E3 | E4 | E5 | E6

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.

AS VALMIERAS STIKLA ŠĶIEDRA uses an energy management system complying with international energy management standard ISO 50001.

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.

In 2018, an internationally renown company SIA Bureau Veritas Latvia performed certification of the Latvian company's energy management system to ISO 50001, revision of 2012. It is confirmed by certificate No. LVRIG1018A/18E valid from 22/12/2018 to 21/08/2021. (the initial approval date: 22/12/2015).

Every year the companies of the GROUP prepare their production development plans including analysing and planning measures to improve their energy efficiency.

One of the AS VALMIERAS STIKLA ŠĶIEDRA long-term energy efficiency measures that brings positive effect every year is building insulation using its own funds and CCFI project financing to reduce greenhouse gas emissions.



Texturing Department building after implementation of the greenhouse gas emission reduction project.

Overall, 1.031 million EUR were invested in CCFI projects, of which CCFI support amounted to EUR 300,000. The projects included restoration and insulation of the buildings of the Finishing and Texturing Unit of our Latvian company. Results of the energy audit of the buildings showed that CO₂ emissions were reduced by 577 tonnes annually. In 2015, the Texturing Unit building was named the Most Energy Efficient Industrial Building 2015.

The company takes regular energy efficiency measures to minimise production costs and its impact on the environment.

Since 2001, glass yarn has been manufactured using a single-stage process, which currently is the best method available in the world. It dramatically reduces energy consumption and thus the 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 NO_x emissions by ~ 70% compared to combustion of fuel with air.

For all lighting, the company uses energy-efficient bulbs. As far as possible, natural light is used ensuring efficient light transmission through the windows and reflecting light from the interior walls.

AS VALMIERAS STIKLA ŠĶIEDRA efficiency measures in the past 22 years allowed us to reduce electrical energy per unit of output glass fibre product by 56% and to reduce heat energy generated by the company's boiler station and necessary for the operations of the company by 90%.

In 2018, we took the following energy efficiency measures:

- heat recovery units (to recover heat from combustion gases of the glass melting furnaces) in 2018 produced more than 3,500 MWh of heat energy increasing recovery efficiency by 30% on the average;
- air compressor unit system received option of remote reading of hours of operation and consumed power, which helps avoid inefficient use and timely detect any excess power consumption;
- connection of power and water consumption meters of the artesian well pumps to the remote data accounting system to enable quick detection of any emergency stops of the pumps and inefficient water consumption in the water supply system;
- after inspection of sanitary units and additional employee briefing on power saving we reduced hot water consumption to 30 m³ a day in one of the production units.

All facilities of the GROUP use two energy resources, electricity and natural gas. Unlike the parent

company in Latvia and the US subsidiary where the glass melting process is performed, primary energy resource for the UK facility is electricity, whereas natural gas consumption is very small.

In 2018, the total consumption of the GROUP was 140.6 GWh. The lowest consumption is at our UK company, 18.41 GWh. This is because there are no glass melting and glass fibre drawing operations there. Last year, Latvian facility with four working glass melting furnaces consumed 83.22 GWh while the US facility with just one glass melting furnace consumed 38.97 GWh. Energy consumption per unit of output glass fibre products at the US and Latvian facilities were about the same, 2.31 MWh/t at both facilities. We should mention that in the past three years there has been an apparent downward trend in electrical energy consumption per unit of output glass fibre products at the Latvian facility.

In 2019, 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;
- include power metering and emergency tripping in the power supply network at the Latvian facility in the remote data reading system to receive comprehensive and easily traceable data;
- develop a project for the dryer room heating using heat recovery units at the Latvian facility;
- deploy an energy monitoring system at the US facility;
- continue energy research work at the UK facility.

ENVIRONMENTAL RISK MANAGEMENT AND MONITORING

E10

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, develop-

ment 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.

In 2018, 17 internal and 5 external energy audits were performed.

External environmental risk monitoring is performed by authorities and independent audit companies.

Based on inspection results in 2018 supervising authorities did not give any significant criticism or impose any sanctions related to the work of the companies of the GROUP. The US company was the only one to be penalised for exceeding its emission threshold. After that necessary measures were taken to remedy the violation.

There are regular activities to monitor related direct risks.



In 2018 as well, for the fourth consecutive year the people of AS VALMIERAS STIKLA ŠĶIEDRA and their families participated in the all-Latvian cleanup initiative "Lielā Talka". While grownups were involved in the actual cleanup work, the children were planting fir-tree seeds in pots with a view that the seedlings would be planted in soil the next year.





SOCIAL RESPONSIBILITY

In addition to achieving their goals, companies of the GROUP strive to create added value for people inside and outside of our organisation. To support and make a positive contribution to our employees, community and the region.



1,702

average number of employees
in the GROUP in 2018.



760

trainings
in the companies of the GROUP with total attendance
rate reaching 7,741 employees in 2018.



70 h

average number of training hours per
employee in the GROUP in 2018.



976

trainings with total attendance rate reaching
1,427 employees in the companies of the GROUP had
occupational safety training in 2018.



76

fire safety trainings in the companies of the
GROUP in 2018.



20,000 €

of support for local community
projects in 2018.



404,190 €

AS VALMIERAS STIKLA ŠĶIEDRA
financial investments in employees
providing additional benefits.



179

schoolchildren and students had a tour of
AS VALMIERAS STIKLA ŠĶIEDRA to become acquainted
with the company and the nature of its operations.

xx This report is based on the NASDAQ ESG Reporting Guide for Nordic & Baltic Markets.
This information disclosure note specifies ESG Guide metric, under which the information is disclosed.

AN IMPORTANT PART OF LOCAL ECONOMY AND COMMUNITY

In addition to achieving their goals, companies of the GROUP strive to create added value for people inside and outside of our organisation. To support and make a positive contribution to our employees, community and the region.

HR POLICY AND PRINCIPLES

The purpose of the 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 and (5) employee health and welfare.

DOCUMENTS GOVERNING HR MANAGEMENT

HR management in all the companies of the GROUP complies with labour and occupational safety regulations in their respective jurisdictions.

The Latvian company has a separate HR policy document that sets forth key principles at all the HR management stages. In the US company, HR management matters are described in the Employee Handbook. Our 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

S3 | S4 | S5

In 2018, the average number of employees in the GROUP was 1,702, of which 1,108 people (62% men and 38% women) work at AS VALMIERAS STIKLA ŠĶIEDRA. VALMIERA GLASS UK Ltd. On the average, the UK company had 131 employees (82% men, 18% women) and P-D VALMIERA GLASS USA Corp., USA, 463 employees (62% men, 38% women).

In the last 12 months, the number of employees in the GROUP increased by 250 people, including 75 new positions at AS VALMIERAS STIKLA ŠĶIEDRA.

There is a large share of male employees in the HR structure of the GROUP: about 64% of the employees are men and 36% are women. The share of male employees is explained by the nature of the industry and specific requirements for the positions. The share of managerial staff in the GROUP in relation to the average number of employees in the reporting period was 5%.

In all companies of the GROUP people are 100% full time employed (see Annex).

The average employee turnover in the GROUP companies was as follows: 33% in Latvia, 3% in the UK and 52% in the USA.

One of the main HR management tasks for 2018 and 2019 was employee retention and employee turnover reduction. To reduce employee turnover we have clearly defined responsibility of the colleagues involved and improved communication. The largest production departments have a Job Mentor responsible for integrating new employees into the workplace and the team.

At their regular task group meetings, heads of departments analyse causes of employee turnover and plan measures to improve recruitment (apprentice remuneration, trainings, mentor qualifi-

cations), the existing work culture (promoting sense of belonging in the shift/department/company, employee opinion surveys in various matters) and internal communication.

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 of the GROUP offer their employees to participate in courses, training, conferences, 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.

In 2018, a total of 760 trainings were conducted in the companies of the GROUP, the total attendance rate reaching 7,741 employees. On average each employee attended around 4 meetings (or trainings). We particularly focus on the following areas: production quality, occupational safety and protection, forklift driving lessons, work at height, etc.

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.

Every year, each employee's development is outlined in meetings with the employee while large-scale training of all managerial staff has been planned for 2019-2020.

In 2018, an average of 70 hours of training was provided to one employee of the GROUP.

Planning employee succession and recruitment in the longer term, every year the companies of the GROUP offer various work experience opportunities to schoolchildren and students. This is a great opportunity for future professionals to see the nuts and bolts of their chosen profession, receive support and feedback from their internship supervisors and share their knowledge and experience.

In 2018, 11 schoolchildren and students gained work experience at the companies of the GROUP. The number of trainees grows every year and this year 20 young people have already taken this chance.

HEALTH AND SAFETY OF OUR EMPLOYEES

S7 | S8

In their work, 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 2018, the companies of the GROUP had 976 occupational safety training sessions with attendance rate reaching 1,427 employees.

Anyone 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.

In 2018, 556 of AS VALMIERAS STIKLA ŠĶIEDRA employees attended seminars on occupational safety, while shift managers and occupational safety coordinators participated in health and safety case studies.

At our Latvian company, all employees receive annually conducted occupational and fire safety training (once every month for those in high risk jobs or working with dangerous equipment) and practical exercises in fire safety and procedure in case of emergency. At our UK company, refresher training in all working instructions takes place every 5 years, unless more frequent training is required.

In 2018, the companies of the GROUP had 76 fire safety training sessions.

Taking into account legislative changes, in 2018 AS VALMIERAS STIKLA ŠĶIEDRA renewed its industrial accident prevention programme and updated its environmental, occupational safety and fire safety instructions.

In 2018, 2 external and 38 internal health and working environment audits were performed in order to improve compliance with occupational safety, working environment and fire safety requirements.

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 2018, there were 146 accidents in the companies of the GROUP (8.6% of the total number of employees). All accidents are recorded and investigated in accordance with local statutory regulations. 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 2019 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.

WELFARE OF OUR EMPLOYEES

G4

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.

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 (e.g. Christmas party for preschool children, sports events, free ice skating, football, volleyball, basketball activities).

In 2018 AS VALMIERAS STIKLA ŠĶIEDRA invested 404,190 EUR in additional employee benefits.

Our US and UK companies also offer additional benefits within their capacity. The USA company offers health insurance while the UK company provides health insurance, apprenticeships and organises family days and team building events.

The companies in the US and UK have no collective union agreements in place for employees but do officially recognise industrial unions who can represent their employees.

WELLBEING OF OUR EMPLOYEES

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. The company also has a canteen, well equipped and comfortable utility, sanitary, recreation and other rooms for the convenience of the employees.

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.

HUMAN RIGHTS AND NON-DISCRIMINATION

S6 | S9 | S10 | S11

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 complaints or decision in respect of any improper influence on people in the reporting period.

REMUNERATION POLICY PRINCIPLES

S1 | S2

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).

COMMUNITY SUPPORT

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

In 2018, financial support to local community projects reached 20,000 EUR.

In 2018, the GROUP provided financial support to the sports games for children with special needs We Can of the Ziemeļvidzemes Residential Care Home and Valmiera Region sports club for disabled Stars S.

We also provided financial support to Latvian Embassy in the USA for organisation of Latvia's Centenary cultural and public diplomacy events, as well as to Gauja folk dance group, which is one of Valmiera's best known and popular amateur performer group for small and big dancers alike, including company's employees and their children.

For many years, the company has been one of the main sponsors of VALMIERA GLASS/VIA football and basketball teams. Our cooperation so far has shown that the contribution of the GROUP is important for the organisational work and achievements in sports with the team's performance improving every season. At present our basketball and football teams are consistently present in the Latvian premier leagues.

Priority support areas of the GROUP:

- children's and youth sports in local community (e.g. football, basketball);
- culture and charity projects in local community;
- educational events in exact sciences.

In 2018, 179 schoolchildren and students visited AS VALMIERAS STIKLA ŠĶIEDRA on 7 tours to get acquainted with the company and the nature of its operations.



CORPORATE GOVERNANCE

**22 years at Nasdaq Riga –
since 24 February 1997
AS VALMIERAS STIKLA ŠĶIEDRA
shares have been listed on
Nasdaq Riga ensuring
compliance of corporate
management of the company
with the requirements of the
regulated market.**

xx This report is based on the NASDAQ ESG Reporting Guide for Nordic & Baltic Markets.
This information disclosure note specifies ESG Guide metric, under which the information is disclosed.

22 YEARS ON NASDAQ RIGA STOCK EXCHANGE

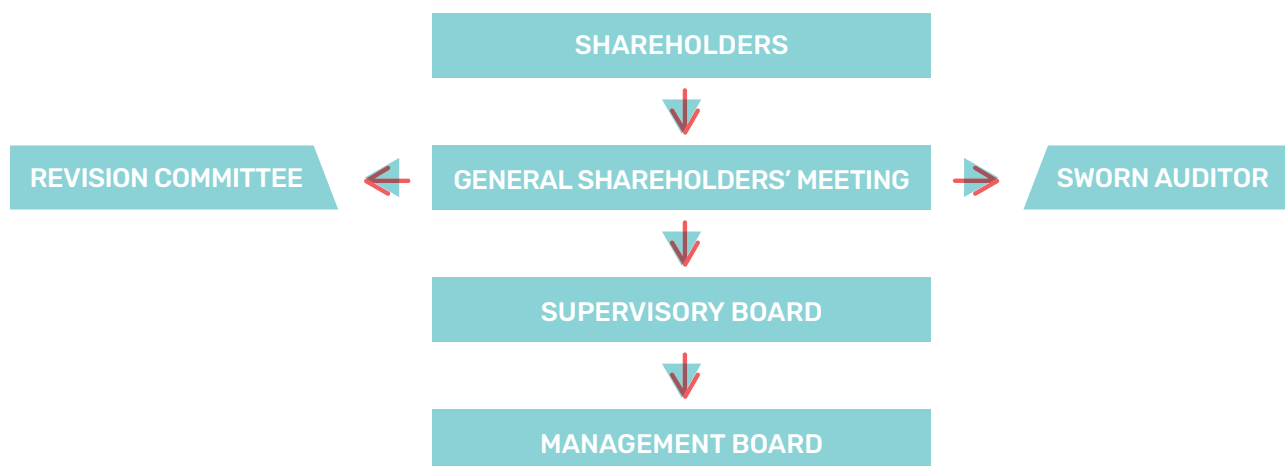
Since 24 February 1997, AS VALMIERAS STIKLA ŠĶIEDRA shares have been listed on the Baltic Secondary List of Nasdaq Riga ensuring compliance of the corporate management of the company with the regulated market requirements.

AS VALMIERAS STIKLA ŠĶIEDRA management is 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 2018.

CORPORATE MANAGEMENT STRUCTURE

The management structure of the company is formed by the Shareholders' Meeting, the Supervisory Board 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 statutory regulations, articles of association and decisions of the Shareholders' Meeting. The Supervisory Board 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.

At the end of the reporting period on 31 December 2018, the company had 1078 shareholders. According to the information provided by Nasdaq CSD and shareholders, the largest shareholders are P-D Glasseiden GmbH Oschatz, P-D Management Industries-Technologies GmbH and P-D Aircraft Composites GmbH.

Trading code: VSS1R
ISIN: LV0000100485

Shareholders with over 5% of the total capital as on 31 December 2018:

	% OF TOTAL SHARES
P-D Glasseiden GmbH Oschatz	26.07%
P-D Management Industries-Technologies GmbH	23.93%
P-D Aircraft Composites GmbH	18.83%
Corvalis GmbH	11.97%
Beatrix Preiss-Daimler	9.42%

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

In 2018, one regular shareholders' meeting was convened and took place on 25 May 2018. The most important decisions of 2018 were approval of reports of the Management Board and sworn auditor and 2017 Annual Report, distribution of 2017 profit, election of the Supervisory Board and amendments to the Articles of Association. Meanwhile the shareholders authorised the Management Board to increase the company's share capital. For detailed information about the decisions, please see For investors / Shareholders' meetings. In 2018, all members of the Management Board and the Supervisory Board, as well as the Auditor and representative of the Revision Committee participated in the shareholders' meeting.

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 Supervisory Board and approved by the shareholders.

The main responsibilities of the AS VALMIERAS STIKLA ŠŖIEDRA 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 Supervisory Board and the Revision Committee, to determine their remuneration;
- to elect the Auditor and determine Auditor's remuneration.

SUPERVISORY BOARD

G1 | S12

The Supervisory Board works in accordance with the Articles of Association of AS VALMIERAS STIKLA ŠŖIEDRA, statutory regulations and decisions of shareholders' meetings. The Supervisory Board represents shareholder's interests between the shareholders' meetings and supervises the work of the Management Board. In 2018, 8 meetings of the Supervisory Board were held with 92.36% attendance.

Shareholders elect the Supervisory Board at shareholders' meetings for three years based on their qualifications, experience and competence. On 25 May 2018 the Supervisory Board was re-elected with the term of office beginning as of 25 May 2018.

In 2018, the following business experts with substantial experience in international business act as members of the Supervisory Board of AS VALMIERAS STIKLA ŠŖIEDRA: Heinz Jürgen Preiss-Daimler, Hans Peters Cordts (until 31/12/2018), Andris Oskars Brutāns, Jōran Pfuhl (until 22/03/2019), Stefan Preiss-Daimler (from 25/05/2018) and Frank Wilhelm Behrends (until 25/05/2018). The Supervisory Board of the company is formed by Chairman of the Supervisory Board and four Members of the Supervisory Board. There are 5 men and 0 women on the Supervisory Board; gender distribution: 100% men, 0% women.

Changes in the Supervisory Board after the reporting period: as of 1 January 2019 Peter Hans Cordts resigned from his position as a Member of the Supervisory Board, on 22 March 2019 Member of the Supervisory Board Jōran Pfuhl handed in his letter of resignation from the Supervisory Board due to becoming a Member of the Management Board at P-D VALMIERAS GLASS USA Corp.

HEINZ JÜRGEN PREISS-DAIMLER
Chairman of the
Supervisory Board

HANS PETERS CORDTS
Member of the
Supervisory Board

JÖRAN PFUHL
Member of the
Supervisory Board

AUTHORISATION PERIOD		
25.05.2018.– 25.05.2021 31.05.2015.–25.05.2018.	25.05.2018.–31.12.2018. 31.05.2015.–25.05.2018.	25.05.2018.– 25.05.2021 31.05.2015.–25.05.2018.
PARTICIPATION IN COMMITTEES		
–	–	–
PREVIOUS EXPERIENCE		
P-D Management Industries-Technologies GmbH shareholder and manager	The only shareholder and manager at Corvalis GmbH Member of Consulting Council at Vitruvan Holding GmbH	Executive director at P-D Glasseiden GmbH Oschatz; Marketing Director at P-D FibreGlass; Board Member at P-D Tatneft-Alabuga Fiberglass, LLC; Supervisory Board Member at Arvind PD Composite Ltd.
EDUCATION		
Logistics specialist education	Master's degree in machine building design	09/1993–01/1999 UNIVERSITY OF POTSDAM, LAW
NUMBER OF SHARES HELD AT AS VALMIERAS STIKLA ŠĶIEDRA BY PRIVATE INDIVIDUAL (31 DECEMBER 2018)		
800 000	0	0

STEFAN PREISS-DAIMLER
Chairman of the
Supervisory Board

ANDRIS OSKARS BRUTĀNS
Chairman of the
Supervisory Board

FRANK WILHELM BEHREND
Chairman of the
Supervisory Board

AUTHORISATION PERIOD		
25.05.2018.–25.05.2021.	25.05.2018.– 25.05.2021. 31.05.2015.–25.05.2018.	31.05.2015.–25.05.2018.
PARTICIPATION IN COMMITTEES		
–	Member of the Revision Committee	–
PREVIOUS EXPERIENCE		
Head of P-D Management Industries-Technologies GmbH; Head of P-D Refractories GmbH; Head of P-D Interklas GmbH; Head of P-D Industriegesellschaft mbH; Head of P-D Management Holding GmbH & Co.KG ; Head of P-D Refractories CZ a.s. Supervisory Board Member at P-D VALMIERA GLASS USA Corp.	2003 – 2015 Head of AS VALMIERAS STIKLA ŠĶIEDRA Management Board	08/2010 – currently Member of Management Board, CRO ODDO BHF (previously BHF-BANK Limited Liability Company)
EDUCATION		
2009–2011 MBA, HDU Deggendorf (Germany)	1970–1974 Riga Polytechnical Institute Higher education Specialisation: Mechanical Engineer	1976–1981 Business Administration at Johann Wolfgang Goethe- University, Frankfurt am Main, Germany, graduated with academic title Diplom-Kaufmann
NUMBER OF SHARES HELD AT AS VALMIERAS STIKLA ŠĶIEDRA BY PRIVATE INDIVIDUAL (31 DECEMBER 2018):		
0	1825	0

REVISION COMMITTEE

AS VALMIERAS STIKLA ŠĶIEDRA has an independent Revision 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 Revision Committee with the term of office of three years. On 26 May 2017, Philipp Kögel, Andris Oskars Brutāns and Aivars Lošmanis were elected to the Revision Committee; gender distribution: 100% men, 0% women.

The main tasks of the Revision 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 Supervisory Board 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 Revision Committee in that process;
- to select candidates for the position of sworn auditor in the partnership.

In 2018, 3 meetings of the Revision Committee were held with 100% attendance.

MANAGEMENT BOARD

G1 | S12

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 Supervisory Board 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 2018, 10 meetings of the Management Board were held with 100% attendance.

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 www.oricgs.lv.

On 25 May 2018, the Management Board of the company was re-elected. As of 29 May 2019, daily operations of AS VALMIERAS STIKLA ŠĶIEDRA are being organised by the Management Board consisting of 4 people: Stefan Jugel, Andre Heinz Schwiontek, Doloresa Volkopa and Ģirts Vēveris.

The Management Board of the Company has a Chairman of the Management Board and three Members of the Management Board. There are 3 men and 1 woman on the Management Board; gender distribution: 75% men, 25% women.



STEFAN JUGEL
Chairman of the
Management Board



ANDRE H. SCHWIONTEK
Member of the
Management Board



DOLORESA VOLKOPA
Member of the
Management Board



ĢIRTS VĒVERIS
Member of the
Management Board

AUTHORISATION PERIOD

29.05.2018.–29.05.2021.
01.06.2015.–28.05.2018.

29.05.2018.–29.05.2021.
01.06.2015.–28.05.2018.

29.05.2018.–29.05.2021. *
01.06.2015.–28.05.2018.

29.05.2018.–29.05.2021.

INVOLVEMENT IN THE EXECUTIVE BRANCH OF THE COMPANY

Is responsible for and supervises finances, environmental matters, quality and logistics.

Is responsible for and supervises sales, procurements and product management.

Is responsible for and supervises human resources, health and occupational safety.

Is responsible for and supervises production.

PREVIOUS EXPERIENCE

January 2002 – currently
As of 07/03, Executive Director P-D Industrie GmbH; Puschwitz.
January 2008 – currently
Non-Executive Director
Sherborne /UK VALMIERA GLASS UK Ltd.; Sherborne/UK.
May 2009 – currently
Member of the Supervisory Board P-D Tatneft Alabuga Glasfaser GmbH; Alabuga / Russia.

July 2014 – currently
President of P-D VALMIERA GLASS USA Corp.
March 2014 – currently
Non-Executive Director at VALMIERA GLASS UK Ltd.

Since 2010. Head of Personnel Department, since 2015 – also
Member of the Management Board

Since 1997 has taken various
positions in the company

EDUCATION

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

June 1993 – March 1998
Anhalt University of Applied Sciences (Fachhochschule Anhalt), Germany
Bachelor's degree in Business Administration

1996–2000 (Germany)
Higher professional education,
Social Tutor (with specialisation
in project management)

2001–2005
Riga Technical University
Material Science and Applied Chemistry Faculty.
Bachelor's Degree of Engineering Sciences in Chemical Engineering

NUMBER OF SHARES HELD AT AS VALMIERAS STIKLA ŠĶIEDRA BY PRIVATE INDIVIDUAL (31 DECEMBER 2018)

0

2794

0

0

* Changes in the Management Board after the end of the reporting period: As of 1 June 2019 Doloresa Volkopa has resigned from her position as a Member of the Management Board.

OPENNESS AND TRANSPARENCY

G2

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 subsidiaries 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, starting with 2017.
- Information about current activities of the company is made available.

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

BUSINESS ETHICS

G6

Business ethics is one of the most important aspects of long-term achievements. VALMIERA GLASS GROUP 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 AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary companies stipulates that management structures of the company

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 company's Business Ethics Code, good corporate management principles should apply to all employees of AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary companies to prevent their involvement in any activities that may create a conflict between their personal interests and AS VALMIERAS STIKLA ŠĶIEDRA 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 Social responsibility / Business and working environment.

PREVENTION OF CONFLICTS OF INTEREST

G7

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. AS VALMIERAS STIKLA ŠĶIEDRA 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 2018 there were no corruption incidents in VALMIERA GLASS GROUP.

TAX POLICY TRANSPARENCY

G8

Although AS VALMIERAS STIKLA ŠĶIEDRA does not have an official, written tax strategy policy, we strictly adhere to laws and regulations applicable to AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary company jurisdictions.

SUSTAINABILITY REPORT

G9

In accordance with statutory regulations of the Republic of Latvia, for the second year running,

together with its audited 2018 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.

For the first time the Sustainability Non-Financial Report is based on the Nasdaq ESG Reporting Guide for Nordic & Baltic Markets

The 2018 Sustainability Non-Financial Report has been drawn up as a separated report based on Nasdaq ESG Reporting Guide for Nordic & Baltic Markets thus providing interested parties with detailed information on environmental, employee and working environment, social and corporate management in that particular reporting period.

THIRD PARTY ASSESSMENT

G11

AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiary companies adhere to and work in accordance with internationally accepted, independently audited standards that support sustainable development. Quality management systems in all companies of the Group are certified to ISO 9001:2015. In addition, the parent company of the GROUP, 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. In 2018, the audit company SIA KPMG Baltics was selected to audit the AS VALMIERAS STIKLA ŠĶIEDRA 2018 Annual report.

Transparency of the companies of the GROUP, especially the Latvian company, and openness of their business have been recognised with many prestigious state and regional awards and commendations from third parties. For more information, see section Awards on our website.

Corporate management for successful achievement of goals

ANNEX – KEY PERFORMANCE DATA

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

Report period: 1st January 2018 – 31st December 2018.

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

LV – AS VALMIERAS STIKLA ŠĶIEDRA

UK – VALMIERA GLASS UK Ltd.

US – P-D VALMIERA GLASS USA Corp.

NA – not applicable; NR – not recorded

ESG METRIKA	INDICATOR DESCRIPTION	UNIT	2018			*
ENVIRONMENTAL (E)						
Environmental policy						
ESG E9	Environmental policy	Reference: p.30 Environment and sustainable development.				
Environmental laws and regulations						
ESG E9	Factories certified to ISO 14001	Number	1: ISO 14001:2015 (LV)			
ESG E9	Factories certified to ISO 50001	Number	1: ISO 50001:2012 (LV)			
Greenhouse gas emissions						
ESG E1	Total direct greenhouse gas emissions	t CO ₂ .e	31,765 (LV); NR (UK); 27,140 (US)			
ESG E1	Total indirect greenhouse gas emissions	t CO ₂ .e	NA		1	
ESG E2	Total direct CO ₂ emissions per tonne glass fibre	t CO ₂ /t	0.88 (LV); NR (UK); 0.93 (US)			
Energy						
ESG E3	Electric energy consumption	GWh	83.22 (LV); 18.41 (UK); 38.97 (US)			
ESG E4	Electric energy per tonne glass fibre	MWh/t	2.31 (LV); 0.25 (UK); 2.31 (US)			
ESG E5	Primary Energy Source (natural gas)	m ³	16,227,057 (LV); 1,276,613 (UK); 12,082,997 (US)			
ESG E6	Renewable Energy Intensity		NA (LV); NA (UK); NA (US)		2	
Water						
ESG E7	Water consumption total	t m ³	854,406 (LV); 31,088 (UK); 354,979 (US)			
ESG E7	Water consumption per tonne glass fibre	m ³ /t	23.8 (LV); 0.15 (UK); 47.58 (US)			
Waste & Recycling						
ESG E8	Total waste generated	t	11,020.41 (LV); 241.0 (UK); 19,650.81 (US)			
ESG E8	Total waste for external recycling	t	2,512.0 (LV); 165.0 (UK); 3,630.0 (US)			
ESG E8	Total waste per tonne glass fibre	t/t	0.306 (LV); 0.27 (UK); 1.16 (US)			
Management and monitoring of environmental risks						
ESG E10	Audits for environment - internal	Number	17 (LV); 0 (UK); 0 (US)			
ESG E10	Audits for environment - external	Number	3 (LV); 0 (UK); 2 (US)			
ESG E10	Fines	Number	0 (LV); 0 (UK); 1 (US)		3	
SOCIAL (S)						
HR data						
	Total number of employees on average in 2018	Number	1,108 (LV); 131 (UK); 463 (US)			
ESG S3	Employee turnover ratio	%	33 (LV); 3 (UK); 52 (US)			
ESG S4	Gender diversity: % of female full-time employees, relative to the total company number	%	38 (LV); 18 (UK); 38 (US)			
ESG S5	Temporary Worker Ratio	Full time (F): %; Part time (P): %	F: 100; P: 0 (LV)	F: 100; P: 0 (UK)	F: 100; P: 0 (US)	

Training and education				
	Total number of trainings	Number	216 (LV); 130 (UK); 414 (US)	
	Total attendance rate of trained employees	Number	6,885 (LV); 58 (UK); 798 (US)	
	Average hours of training per year per employee	Avarage h	12 (LV); 10 (UK); 48 (US)	
Health care and safety of employees				
ESG S7	Factories certified to OHSAS 18001	Number	0 (LV); 0 (UK); 0 (US)	
ESG S7	Total number of injuries relative to total workforce	Number	31 (LV); 28 (UK); 87 (US)	
ESG S7	Total number of fatalities relative to total workforce	Number	0 (LV); 0 (UK); 0 (US)	
ESG S7	Audits for health, safety - internal	Number	14 (LV); 12 (UK); 12 (US)	
ESG S7	Audits for health, safety - external	Number	1 (LV); 0 (UK); 1 (US)	
	Total number of work safety trainings	Number	70 (LV); 108 (UK); 798 (US)	
	Total attendance rate of trained employees in work safety	Number	982 (LV); 31 (UK); 414 (US)	
	Total number of fire safety trainings	Number	70 (LV); 5 (UK); 1 (US)	
	Total attendance rate of trained employees in fire safety	Number	613 (LV); 5 (UK); 5 (US)	
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); 1.4:1 (UK); 1:1 (US)	
ESG S1	CEO Pay Ratio: CEO Salary & Bonus (X) to Average FTE Salary, usually expressed as "X:1"	Ratio	15:1 (LV); NA (UK); NA (US)	
Community support / Helping community				
	Number of supported projects / activities	Number	6 (LV); 0 (UK); 0 (US)	
	Total financing amount for community support projects	EUR	20,000 (LV); 0 (UK); 0 (US)	
CORPORATE GOVERNANCE (G)				
Management board				
ESG S12	Board-Diversity	% of women	25 (LV); NA (UK); NA (US)	
ESG G1	Board-Separation of Powers	Reference: p.48 Corporate Governance.		
ESG G2	Board-Transparent Practices	Reference: p.50 Corporate Governance.		
Transparent tax policy				
ESG G8	Tax Transparency provided	Yes/No	Yes (LV; UK; US)	
Ethical practice policy and prevention of corruption				
ESG G6	Ethics-Code of Conduct	Yes/No	Yes (LV; UK; US)	
ESG G7	Confirmed incidents of corruption and actions taken	Number	0 (LV); 0 (UK); 0 (US)	
ESG G7	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	EUR	0 (LV); 0 (UK); 0 (US)	

Notes:

1. Not applicable; therefore not recorded in all GROUP's entities.
2. No precise information how many of the purchased kWh were produced from renewable resources is available.
3. In US entity there was fine in emissions violation.

ANNEX - FEEDBACK

1. Transparency Market Research. Global Fiberglass Market to Attain A Value Of US\$10.8 Billion by 2025: <https://www.globenewswire.com/news-release/2018/11/07/1646772/0/en/Global-Fiberglass-Market-to-Attain-A-Value-Of-US-10-8-Billion-by-2025-TMR.html> [Published in 02/2018; republished on 07/11/2018]
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THE IMPOSSIBLE



The project on the report cover: Wolkenhain observation tower, Berlin, Germany.
Fabric used: Atex 3000 TRL
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