

ESG REPORT 2024

Balance of responsibility and opportunities



Contents

3	About the report
5	Sustainability management and strategy
13	Double materiality
15	Environment
35	Our people
44	For the community
47	Governance
50	ESRS Content Register

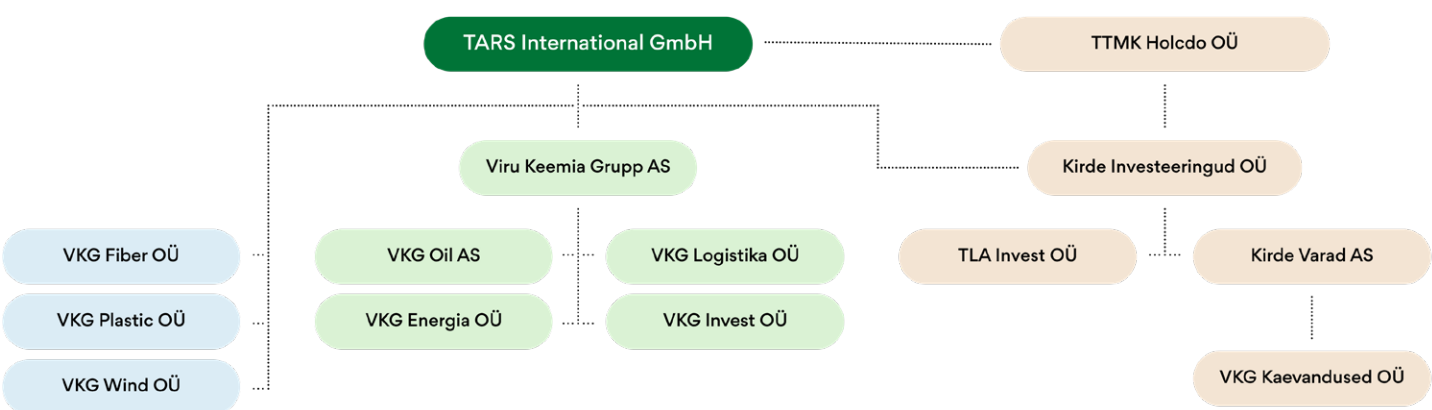


1

About the report

The Viru Keemia Grupp ESG Report discloses the Group’s data for the year 2024.

The report includes information about Viru Keemia Grupp AS and its subsidiaries and associated companies (referred to as VKG or the Group in this report).



The reporting period is the same as that of the financial statements and the report includes the entire organisation.

Our goal is to achieve long-term success while taking into account the social and natural environment. We are committed to openness and responsibility and will continue to promote the principles of transparency and sustainability in all our activities. The target audience of the report is a wide range of stakeholders, including shareholders, residents of Ida-Viru County, social organisations, clients, and partners.

Viru Keemia Grupp has been publishing sustainability-related information in its social responsibility and sustainable development report since 2008, in accordance with the Global Reporting Initiative (GRI) standard. The reports are public and available electronically on the Group’s website. The 2024 report has been prepared for the first time based on the principles of the European Sustainability Reporting Standards (ESRS). The preparation of the report is part of our preparatory process to ensure a smooth and timely transition to standard-based reporting before the European Union’s Corporate Sustainability Reporting Directive (CSRD) and legal obligations come into effect.



2

Sustainability management and strategy

Viru Keemia Grupp is located in Kohtla-Järve and is the largest producer of shale oil in Estonia, proudly carrying the tradition of adding value to Estonian oil shale which started in 1924.

Openness • Commitment • Development

We are characterised by openness, commitment to our activities, and constant development. We believe that every step and every action we take must create greater value for everyone – our employees, partners, clients, and the local community.

VKG has been implementing sustainability principles for 15 years by now. Against the backdrop of a changing energy market and society's expectations, sustainability is an integral part of our business. Our operating principles and internal policies define clear expectations and goals for managing environmental and social issues before, during, and after our activities.

A deeper integration of sustainability principles into the Group's management vertical means that we regularly review and update our internal policies, management and operating practices to ensure that they are consistent with our operating framework and support our objectives.

The Group's strategy has been designed to be resilient to different scenarios, considering the principles of sustainability. In strategic planning, we assess the risks and opportunities related to climate change and the uncertainty of the regulative and investment environment. Our overall strategy is based on high standards of environmental sustainability in production, social responsibility, and occupational safety.

The responsible use and effective enrichment of natural resources is an integral part of our strategy. We are aware that any extraction or production of mineral resources has an effect on the surrounding environment and therefore we always strive to do more than prescribed by laws or regulations.

While focusing on VKG's core activity – the production of shale oil – we also continue developing a circular economy, renewable energy farms and bioproduction projects in our associated companies. New business verticals support the principles of sustainability and help shape a responsible company that is resilient to future challenges.

Sustainability is an integral part of the Group's daily management activities. Decisions concerning VKG's economic activities, strategy, and sustainability aspects are made by the company's Management Board. Key persons at the Group level are responsible for implementing decisions related to sustainability, as well as coordinating and carrying out daily activities in all of the Group entities.

The executive management of the Group is the responsibility of the Management Board which consists of five members:



Ahti Asmann
Chairman of the Management Board



Jaanis Sepp
Vice Chairman of the Board / Financial Director



Raivo Attikas
Member of the Board / Technical Director



Raivo Vasnu
Member of the Board / Member of the Board of VKG Oil AS



Ervin Küttis
Member of the Board / Member of the Board of VKG Kaevandused OÜ

The activities of the parent company are supervised by the Supervisory Board which consists of four members:



Kristjan
Piilmann



Margus
Kangro



Aare-Laidar
Laos



Elar
Sarapuu

In 2024, a group-wide ESG working group was established with the aim of integrating sustainability into all our areas of operation and identifying and managing significant environmental, social responsibility and governance impacts, risks and opportunities. The working group consists of three members of the Management Board, the ESG Manager and leading specialists in key sustainability aspects, who ensure the efficiency of processes in line with the Group's strategy, values and objectives.

The Group's administrative and management bodies are offered incentive schemes related to sustainability aspects through key performance indicators (KPIs). KPI-related results are assessed as part of performance appraisals and/or employee remuneration.

Sustainability priorities and acting principles

In September 2015, the world's countries signed the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals at the UN General Assembly.

Viru Keemia Grupp has selected seven high-priority areas on which we focus and to which we consistently contribute.

These are:

1. **'Good Health and Well-being',**
2. **'Quality Education',**
3. **'Affordable and Clean Energy',**
4. **'Decent Work and Economic Growth',**

5. **'Industry, Innovation and Infrastructure',**
6. **'Responsible Consumption and Production',**
7. **'Climate Action'**

The principles of the UN Global Compact are taken into account at both the strategic and operational management levels. VKG is working towards contributing to the achievement of the established goals not only within the framework of its core activities, but also by supporting and participating in regional projects and initiatives aimed at improving the quality of life and developing science and education, culture, and environmental protection.

Environment

CLIMATE ACTION

- Developing business verticals that support a climate-resilient economy
- Reduction of air emissions

ENVIRONMENTAL IMPACT MANAGEMENT AND MONITORING

- Complying with the best available techniques, laws, and permit requirements
- Reducing technogenic impact
- Improving environmental protection

RESPONSIBLE USE OF RESOURCES

- Maximum utilisation of oil shale
- Most efficient use of resources
- Waste recycling



People and community

EMPLOYEE WELFARE AND WORKING CONDITIONS

- Safe working environment
- Competitive pay and social benefits
- Employee motivation, training and skill development

HUMAN RIGHTS

- Implementation of social responsibility principles
- Right to work and equal treatment

ENGAGEMENT AND REGIONAL DEVELOPMENT

- An open dialogue with local residents and municipalities
- Supporting education, culture, and sports
- Communicating with stakeholders



Management

OPENNESS, TRANSPARENCY AND ETHICS

- Corporate reporting
- Accurate and honest information
- Anti-corruption measures
- Risk management

INNOVATION

- Innovation-based business model and development

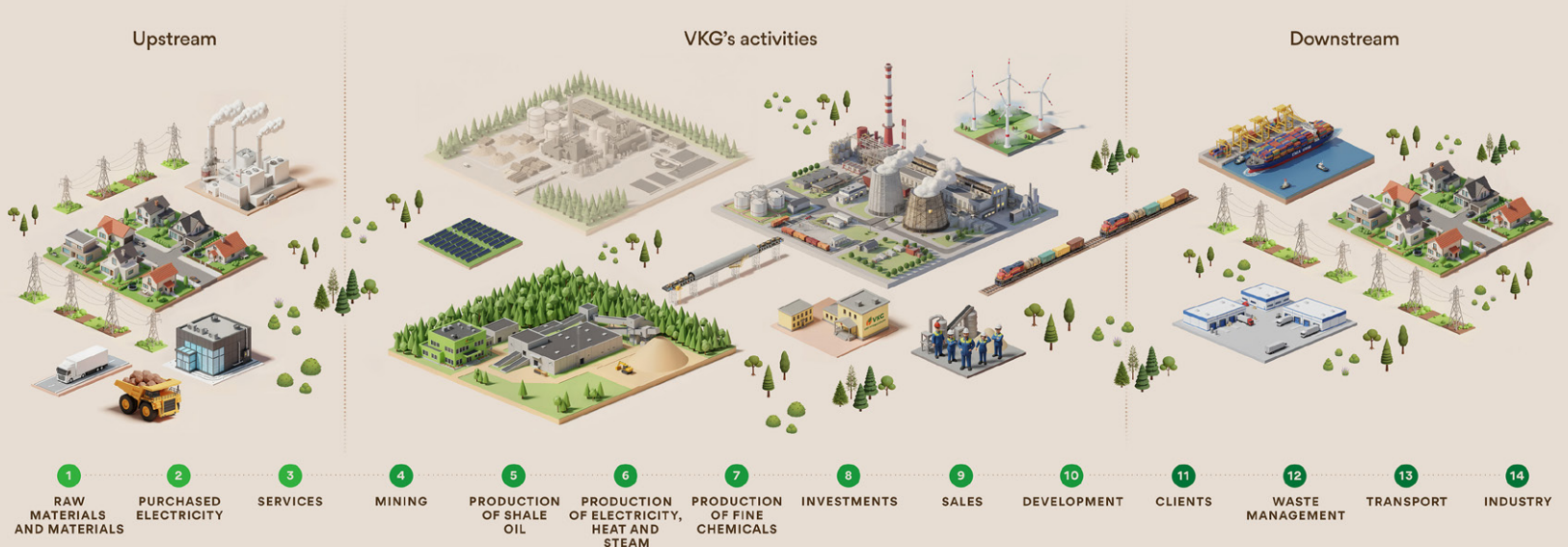
ENSURING FINANCIAL STABILITY AND ECONOMIC CONTINUITY

PARTNERSHIPS AND COOPERATION

- Reliable cooperation with the state, local governments, and partners
- Development of the industry



Value chain



Stakeholders

Viru Keemia Grupp constantly works with stakeholders, holding a dialogue to analyse both the internal and external environment. We've mapped a number of target groups whose interests are significantly related to our activities.



SHAREHOLDERS

Main expectations and interests

- Openness of information
- Adherence to shareholders' rights

Cooperation mechanisms

- Regular monthly meetings of shareholders
- The general meeting of shareholders
- Corporate reporting



EMPLOYEES

Main expectations and interests

- Safe working conditions
- Professional development opportunities
- A decent benefit package
- Social support
- Competitive salaries

Cooperation mechanisms

- Internal communication system
- Meetings with the management of the enterprise to discuss topical matters
- Joint healthcare committees
- Meetings with the participation of trade union representatives
- Surveys on psychological factors, benefits, and satisfaction
- Forums, conferences, cultural and sports events



CLIENTS

Main expectations and interests

- Production quality, its technical and ecological aspects
- Efficiency and flexibility of marketing channels and the Sales Division
- Transparent pricing
- Business ethics

Cooperation mechanisms

- Contracts
- A feedback and proposal handling system
- Mass media tools
- An external communication system
- Business meetings, including outing meetings
- Conferences and forums
- Corporate reporting



SUPPLIERS AND PARTNERS

Main expectations and interests

- Fulfilment of mutual obligations
- Transparency, openness and competition in choosing suppliers
- Compliance with business ethics and fight against corruption

Cooperation mechanisms

- Contracts and agreements
- An objective assessment system
- Business meetings
- Corporate reporting



THE STATE AND LOCAL GOVERNMENT INSTITUTIONS

Main expectations and interests

- Ensuring energy independence
- Receipt of taxes
- Technological development of the oil shale sector
- Minimisation of negative environmental effects
- Conformity of activities with legal norms

Cooperation mechanisms

- Joint workgroups, roundtables and meetings
- Corporate reporting
- Participation in committees and conferences



THE LOCAL COMMUNITY

Main expectations and interests

- Creation of jobs in the region
- Supporting the growth of social activity and social entrepreneurship
- Receipt of taxes to the local budget
- Production and environmental safety
- Competitive salaries
- Supporting initiatives and cultural, sports and educational projects in the region

Cooperation mechanisms

- Projects that support social development, education, healthcare, culture and sports
- Public discussions, roundtables and dialogues
- Internal and external corporate communication
- Corporate reporting



NGOS AND CIVIC ASSOCIATIONS

Main expectations and interests

- The Group's production safety, nature protection measures
- The Group's participation in local and sectoral development
- Openness of information and transparency of activities

Cooperation mechanisms

- Conferences
- Roundtables
- Joint implementation of social projects
- Corporate reporting



PROFESSIONAL ASSOCIATIONS

Main expectations and interests

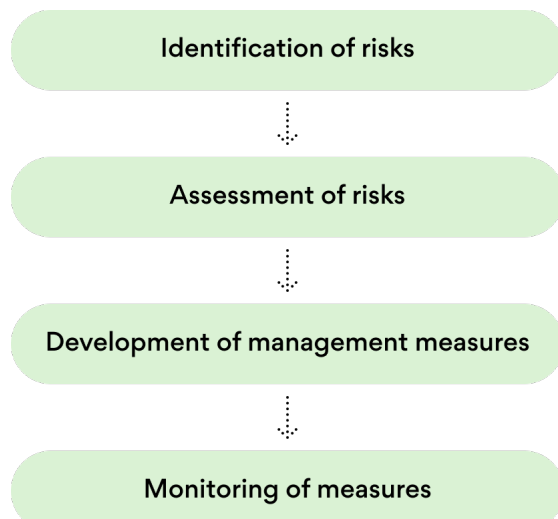
- Participation in the development of the sector of the economy
- Corporate responsibility
- Compliance with human rights and production and environmental safety standards
- Exchange of information and knowledge

Cooperation mechanisms

- Participation in professional and cross-sectoral events
- Participation in the committees of professional organisations
- Joint projects
- Corporate reporting

Risk management

The Group runs a risk management system which determines a uniform approach to the risk management process and concentrates the standardised tools and methods for analysing risks, including environmental, production safety and social risks. The risk management document is reviewed at least once in every two years or as necessary. We take appropriate preventive measures in order to prevent the risks from materialising and to protect people, the environment, equipment and technological processes. We manage risks related to human life and health and the environment by taking the precautionary approach.



The Group's risk management report covers risks in various areas:

1 strategic risks –

related to the Group's long-term objectives (changes in the market, competition);

2 operating risks –

related to the Group's processes (activities of employees and equipment);

3 financial risks –

related to direct financial losses (interest rates, exchange rates);

4 compliance risks –

related to regulations (laws).

For each risk, the probability of its occurrence and its impact are assessed. The risk management report highlights the risks that need to be taken into account more. Each risk has a designated person responsible for it and a plan of mitigation measures.

Internal audit

Internal audit plays a crucial role in enhancing the efficiency of the management of the Group and in financial activities.

The Group runs a system which ensures:

- risk minimisation;
- the continuity of the operations of the Group, the highest possible efficiency and sustainability and opportunities for development, including making timely changes to the operation of the Group according to changes in the internal and external environment;
- a uniform and systematic methodological approach and high-quality information support and analytical support in making the Group's management decisions.

International management systems

ISO international standards include separate procedures for risk mitigation, e.g. in quality, energy, environmental, and occupational safety management. These internationally recognised systems are also used at VKG.



Company	ISO certificates (environmental, quality, and energy management systems)	ISO certificate (occupational health and safety management system)
VKG	ISO9001, ISO14001	-
VKG Oil	ISO9001, ISO14001, ISO50001	ISO45001
VKG Kaevandused	ISO9001, ISO14001	ISO45001
VKG Energia	ISO9001, ISO14001, ISO50001	ISO45001
VKG Logistika	ISO9001, ISO14001	ISO45001



3

Double materiality

In 2024, an assessment was carried out for the first time, mapping sustainability topics based on the principle of double materiality.

In order to identify impacts, risks, and opportunities (hereinafter referred to as IROs), an ESRS-based materiality assessment was conducted for the first time in 2024, based on the double materiality principle, i.e., for each sustainability-related topic, both the significance of the impact and the economic significance were taken into account.

In order to understand the context of sustainability within the Group, the mapping of important topics was started based on the sustainability aspects outlined in ESRS 1. To identify IROs, VKG's business activities were analysed, relying on the expertise of the ESG working group, as well as environmental permits and impact assessment documents issued to the Group's companies. In addition, the analysis was based on the development trends and focus areas expressed in the general approach of policymakers and the sector, internal risk analyses and reports, and the expectations and interests of stakeholders.

The assessment of positive impacts was based on the level and extent of actual impacts and the level, extent, and likelihood of potential impacts. For negative impacts, the severity of actual impacts and the severity and likelihood of potential impacts were assessed. In determining severity, the danger of the negative impact or the benefit of the positive impact on people and/or the environment was assessed. In terms of extent, the spread and irreversibility of the impact was assessed, i.e. whether and to what extent it is possible to remedy the negative impact.

After the significance of the impact, we assessed the risks and opportunities arising from the impact or other circumstances related to the aspects of sustainability. If an aspect of sustainability causes / may cause significant financial impacts, it may create risks and/or opportunities which have / can be expected to have a significant impact on our development and financial standing, capital costs or access to financing in the short-term, medium-term or long-term perspective.

Sustainability aspects covered by the double materiality standards and the related objectives:

Sustainability aspect	Objective	Baseline	Baseline	Short-term target	Mitigating climate change
Mitigating climate change	Reduce greenhouse gas emissions in impact area 1	CO2 emissions per tonne of oil (t/t)	2,1*	≤2,0	≤1,32
Air pollution	Ensure that SO2 emissions comply with PVT limit values	Maximum monthly average concentration of SO2 in the chimneys of Petroter oil plants (mg/Nm3)	1227*	≤1200	≤1100
	Annual average concentration of H2S at the VKG monitoring station (ug/m3)	Annual average concentration of H2S at the VKG monitoring station (ug/m3)	2,58*	≤2,0	≤1,5
Resource usage	Oil production efficiency (%)	Oil production efficiency (%)	64,85*	≥68	≥68
Health and safety	Reduce accidents resulting in loss of work capacity	Number of work accidents resulting in loss of work capacity	17*	≤12	≤4
	Reduce the number of working days lost due to accidents	Working days lost due to accidents	788**	≤477	≤119
Corporate culture and business ethics	Keep voluntary labour turnover low	Voluntary labour turnover (%)	6,21***	4-6	4-6
	Ensure a high level of employee commitment, satisfaction, and team spirit	Employee commitment (on a scale of 100)	68***	70 or better	70 or better

*The baseline is the average values for the last 5 years

**The baseline is the average values for the last 4 years

***The baseline is the average values for the last 2 years



4

Environment

Our activities take place amid environmentally conscious expectations, where every step must consider the boundaries of nature and the future.

We understand that our core business, shale oil production, presents many challenges, especially in view of the ambition to achieve climate neutrality. National and international trends give us a clear signal that the production of shale oil in its current form does not fit within the framework of climate neutrality and the new green economic model. On the one hand, it is a great challenge and rearrangement, while on the other hand it inspires us to even more actively seek new development opportunities, while remaining a large industrial enterprise and a reliable partner to the state, the local communities and our people.

As a production company, our activities are strictly regulated. All of our production activities have undergone an environmental impact assessment process and have received the relevant environmental permits. Compliance with the requirements arising from permits and legal acts is regularly monitored by the Environmental Board. All environmental permits are public and available in the Environmental Board's environmental decision information system KOTKAS.

To reduce our environmental impact, we have set ourselves the goal of supporting the transition to a low-carbon emission economy. The main focus is on reducing ambient air emissions, particularly with regard to greenhouse gases, sulphur compounds and emissions which cause unpleasant odours. We pay a lot of attention to increasing the energy efficiency of the entire production chain and finding ways to reuse waste.

Action plans are drawn up to achieve the objectives, on the basis of which investments are made. To ensure the sustainability of shale oil production, we invest in the development of the best available technology and environmental protection, participate in the drafting of legislation, monitor production and

the environment, optimise production and implement energy-efficient solutions. VKG divides its investments into two categories: investments that directly reduce environmental impact and investments that indirectly reduce environmental impact.

Investments that directly reduce the environmental impact include investments that achieve an immediate reduction of the environmental impact. They include, for instance, the so-called end-of-pipe investments (trapping equipment), the renovation of tank fleets, investments related to eliminating the existing sources of pollution or reducing emissions, investments related to the treatment of waste, etc.

Investments that indirectly reduce the environmental impact include activities which reduce the impact on the climate and the surrounding environment in the course of long-term consistent activities. This includes, for instance, investments into increasing the reliability of equipment that causes emissions, and investments into the development and application of more efficient technologies that save natural resources.

VKG'S ENVIRONMENTAL INVESTMENTS (MILLION EUROS)

	2020	2021	2022	2023	2024
Indirect	4,4	10,2	6,5	2,7	9,6
Direct	0,8	5,3	14,5	6,9	9,6
Total	5,2	15,5	21,0	9,6	19,2

Investments in 2024



THIRD PHASE OF THE CIRCULATION OIL PURIFICATION PROJECT

One of the largest environmental investments in recent years has been the third phase of the circulation oil purification project, which will increase the capacity of Petroter's oil plants to process oil shale and circulation oils, thereby essentially increasing the resource efficiency of the entire

process. In 2024, the final investment decision was made and the first major expenditures were made for the reconstruction of the Petroter II facility, which will be completed in 2025. One of the main objectives of this project is to reduce pollutants in flue gases released into the atmosphere.



UUS-KIVIÖLI MINE

The construction of the Uus-Kiviõli Mine continues as a major multi-year project, with the largest environmental investment being the construction of a 6-kilometer conveyor belt from the mine to the existing enrichment plant in Ojamaa to reduce air emissions, which would be significantly higher if the excavated material were transported by

road. In addition, VKG Energia contributed to the reduction of pollutant emissions by carrying out a major refurbishment of a sulphur removal unit and, more indirectly, by investing in improving the reliability of the Petroter equipment and upgrading VKG Energia's water treatment equipment.

Environmental charges

VKG pays environmental charges for the use of the environment and for emissions in line with the polluter pays principle. These charges are increasing every year due to the rising rates, which has an impact on the entire Group.

In 2020, the Group paid 8.2 million euros in environmental charges, as environmental charges were temporarily reduced due to the economic crisis (the last time environmental charges of a similar amount were paid was in 2016).

The upward trend of environmental charges continued in 2021, when a total of 19 million euros had to be paid. The Group paid the state 35.8 million euros in environmental charges in 2022, and 25.1 million euros in 2023. The charges paid increased in 2022 and decreased in 2023 significantly on account of the resource charge paid for the extraction of oil shale. Pursuant to the Regulation 'The rates for state-owned mineral resource extraction charge' adopted by the Government of the Republic on 7 July 2016, the oil shale extraction charge is determined for every three-month period (reporting quarter) on the basis of the average world market price of 1% sulphur content heavy fuel oil applicable during that period. The world market price of the said fuel oil rose to record high levels in 2022 in connection with the Russian-Ukrainian war and the changed economic situation and had an equivalent effect on the resource charge payable for the extraction of oil shale. In 2023, the world market prices of heavy fuel oil were lower, which in turn reduced the oil shale extraction charge.

In 2024, the Group paid a total of 26.3 million euros in environmental charges. The mineral resource extraction charge and

the air pollution charges remained at the same level as in 2023. The waste disposal charges are on an upward trend due to both the increase in the amount of waste to be disposed of, which depends on production volumes, and the increase in the waste disposal charge rate. Due to the expansion of the mining area and increased water pumping, the water abstraction charge is also on an upward trend. Water pollution charges have been on a downward trend in recent years, mainly as a result of improvements in water quality.

The changes to the Environmental Charges Act, which were adopted without impact assessments, came into effect in July 2024. As a result of these changes, VKG had to pay nearly 1 million euros more in environmental charges for pollutants emitted into water and air, as well as for oil shale ash and semi-coke disposal. As the new rates were applied halfway through the year and the amendment to the law provided for their gradual increase until 2027, VKG will incur additional regulatory pollution charges of approximately 3 million euros in 2025, 4.5 million in 2026, and as much as 6 million euros per year in 2027. Considering that environmental use and the payment of environmental charges to the state are unavoidable for our companies' production activities, raising the rates reduces the companies' ability to increase or even maintain the current level of investments made for various environmental protection purposes.

TOTAL ENVIRONMENTAL CHARGES (EUR)

2020	2021	2022	2023	2024
8 236 558	19 027 925	35 837 926	25 122 696	26 389 790

Development projects



BIOPRODUCTS PRODUCTION COMPLEX

The planned bioproducts production complex would start adding value to paper wood left unused in Estonia – formerly either exported or burnt for energy – and to produce bioproducts. One of the outputs of the production complex would be green energy solutions: renewable electricity and green heat energy to supply the cities of Kohtla-Järve and Jõhvi. It would also help take

a step further in diversifying the economy of Estonia and Ida-Viru County and achieving the environmental goals as well as meeting the constantly growing global demand for an increasing use of bioproducts.

Find out more about the project here:

www.vkg.ee/en/bioproductions/



SOLAR AND WIND FARMS

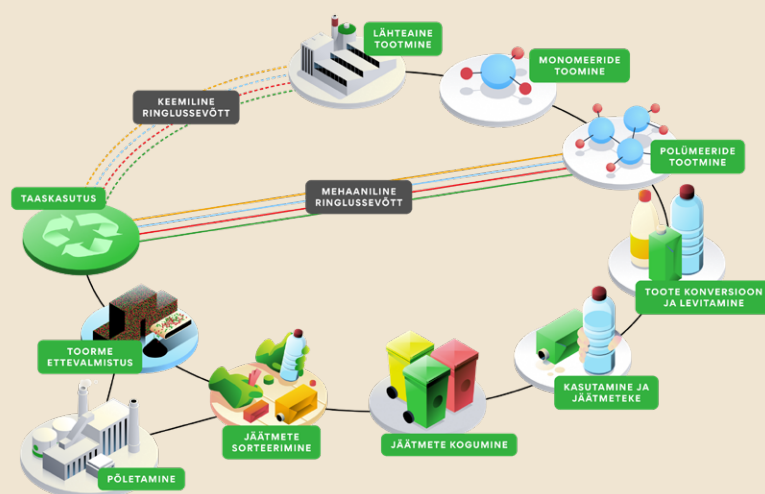
Viru Keemia Grupp's goal is to develop its renewable energy portfolio and increase its value. Three renewable energy projects are currently under development: the

Aidu solar park and two wind farms to be built near VKG Kaevandused. In developing these projects, we are focusing on Ida-Viru and Lääne-Viru counties. The goal is

to create clusters of solar and wind farms that will enable us to supply electricity to new large-scale consumers. Several suitable locations have been selected for the construction of wind farms in both Ida-Viru and Lääne-Viru counties. We plan to build a wind farm in the rural municipality of Lüganuse with an estimated capacity of 7–10 wind turbines producing a total of 40–70 MW. In 2024, the Lüganuse Rural Municipality Council initiated a designated spatial plan to define the construction rights

for the wind farm. Initial conditions for the detailed spatial plan and the strategic environmental impact assessment programme have been submitted to the municipality.

VKG has long-term experience in developing large industrial projects, which we have always carried out in close cooperation with local communities. The development of wind farms is no exception in this regard.



PLASTIC WASTE RECYCLING PLANT

The aim of the chemical recycling of plastic waste project is to introduce a chemical recycling technology, which has not yet been used in Estonia, in order to make the reuse of plastic waste significantly more efficient and give plastic products multiple lives. The project helps promote a circular economy, reduce waste, and support sustainable technological development. Compared to incineration or landfilling, chemical recycling has a smaller carbon footprint. The pyrolysis oil produced as a result of the

project is a valuable raw material for the chemical industry and plastic manufacturers, enabling them to produce new plastic products and reduce the use of fossil resources. The plant would give a new life to approximately one-third of the plastic waste generated in Estonia.

Find out more about the project here:

www.vkg.ee/en/plastic-waste-recycling/

Climate change



NEGATIVE IMPACT

GHG emissions



TRANSITION RISKS

Increasing GHG emission prices

Decrease in allocation of free CO₂ quotas

Changes in consumer preferences



OPPORTUNITIES

Increase in production and use of renewable energy

Reduction of carbon footprint

VKG's activities generate greenhouse gas (GHG) emissions, which have a negative impact on climate change mitigation. Emissions depend largely on oil shale production volumes. Several innovative conveyor solutions have been implemented to reduce the need for road transport and the associated greenhouse gas emissions. For instance, the Ojamaa belt conveyor transports oil shale from the Ojamaa Mine to the Kohtla-Järve industrial territory. Excavated material from the Uus-Kiviõli II Mine will also be transported by conveyor to the Ojamaa enrichment plant. Similarly, waste materials such as semi-coke and ash from VKG's shale oil plants are moved to the waste deposit site via environmentally friendly tube conveyors.

The oil and gas sector generates large amounts of GHG emissions. As a result, the main risks are the **rising prices of GHG emissions and the decrease of allowances for free CO₂ quotas**. As prices rise, so do the costs, which have an impact on production processes and the prices of end products. Decisions to be taken by the European Union and the Estonian government in the course of the Green Transition will play an important role in ensuring the Group's economic activities and competitiveness, as they could significantly reduce the amount of free CO₂ quotas allocated to shale oil production and increase the purchase price of the quotas.

VKG has identified a potential risk associated with **changes in consumer preferences**. The transition to climate neutrality may lead to a decline in the demand for shale oil. Declining demand means a higher cost price of products for VKG and may affect our financial performance.

Considering the risks affecting the oil shale industry, we have set ourselves the goal of increasing the value of VKG by developing and implementing projects that follow the principles of renewable energy and circular economy. **Increasing the production and use of renewable energy** is an opportunity for us to change the competitive landscape and contribute to the country's goal of achieving climate neutrality by 2050.

By implementing **carbon footprint reduction technologies**, the Group has the opportunity to reduce the need for additional CO₂ quotas. In order to reduce the CO₂ footprint of shale oil production, an analysis of CO₂ capture, utilisation, and storage has been initiated. VKG's current production only generates fossil CO₂, which is more difficult to use in the production of new products than biogenic CO₂. Therefore, it is necessary to store the captured CO₂, which requires international agreements and solutions. We are constantly monitoring technological developments in this field and investing in economically viable solutions.



Greenhouse gases

In order to assess the GHG emissions associated with the Group's activities, external consultants were commissioned to conduct greenhouse gas studies in Scopes 1, 2, and 3 in 2022 and 2023. The completed report will be updated with annual data, and the calculations will be based on the international methodological guidelines and standards for calculating the GHG footprint (Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard).

For Scope 1, direct GHG emissions from sources and activities owned or controlled by the organisation were calculated. This included energy production (VKG Energia OÜ), fuel burned in production processes (VKG Oil AS), and fuel burned by vehicles and machinery owned or controlled by the company. Direct emissions also include diffuse emissions from cooling and air conditioning equipment containing fluorinated greenhouse gases.

For Scope 2, indirect GHG emissions resulting from the production of electricity, heat, and cooling energy purchased and consumed by the organisation from external partners were taken into account. GHG emissions depended, among other things, on whether the electricity was produced from renewable or non-renewable sources. Scope 2 also included other forms of energy purchased and consumed by the organisation, whose GHG emissions resulted primarily from the combustion of various fuels supplied.

For Scope 3, other indirect emissions caused by the organisation's activities, products, and services (excluding Scope 2) that were generated by other organisations and not owned or controlled by VKG were included.

The categories excluded from Scope 3 and the reasons for their exclusion:

- purchased electricity transmission network losses (the electricity company has not reported its network losses related to its carbon footprint);
- GHG emissions from the transport of purchased goods and other purchased transport/logistics services (the estimated emissions for 2,000 tonnes of goods would be less than 15 tonnes of CO₂, which is insignificant compared to the total emissions of 1.9 million tonnes of CO₂ in Scope 3);
- waste categories with an estimated emission of less than 0.1 tonne of CO₂;
- chemicals for which no precise data was available (estimated total emissions of 100 tonnes of CO₂);
- further processing of phenol products sold to China and India (it is not known what happens to these products);
- end use of phenol products (no information available about end use);
- leased assets (none);
- franchises (none);
- financial investments (purchase of shares of other companies, none).

SCOPE 1, 2, 3 TOTAL EMISSIONS (THOUSAND TONNES OF CO₂ EQUIVALENT)

	2022	2023	2024
Scope 1 GHG total emissions	1208,46	1386,43	1324,34
Share of GHG total emissions related to regulated emissions trading systems	99%	99%	99%
Scope 2 GHG total emissions	50,96	30,76	29,54
Scope 3 GHG significant emissions			
Total indirect GHG emissions	1720,81	2095,61	1927,59
Purchased goods and services	17,84	25,51	25,96
Capital goods	1,46	1,12	3,85
Fuel and energy related activities (not included in Scopes 1 and 2)	4,31	3,95	3,63
Waste management	0,48	0,50	0,42
Employees' commutes, including business travels	10,78	0,93	0,92
Transport in subsequent stages of the value chain	17,44	21,20	22,39
Processing of sold products (electrode coke)	37,14	15,97	-
Use of sold products (shale oil)	1631,37	2026,42	1870,42
Total GHG emissions	2980,23	3512,79	3281,47

The Group has three plants that are part of the European Union Emissions Trading System – VKG Oil's Petroter and Kiviter oil plants and VKG Energia's Põhja thermal power plant. All plants have a monitoring plan and monitoring methodology plan, which very precisely sets out the basis for assessing the amounts of CO₂, the only GHG generated in production activities. The CO₂ assessment of all facilities is also regulated through integrated environmental permits. Internal CO₂ accounting and data submission is carried out in accordance with official internal procedures.

Considering the impact of CO₂ emissions on both the environment and the company's financial costs, measures to reduce

emissions are continuously analysed and implemented where possible. Total CO₂ emissions are directly correlated with production volumes, which is why it has been decided to monitor the amount of CO₂ per tonne of oil products (so-called specific emissions) as a management accounting indicator. The calculation of specific emissions is based on the accounting rules of the European Union Emissions Trading System. Specific emission of CO₂ can be reduced with the help of new technologies, which, according to current knowledge, will enable VKG to reduce specific emissions from its plants by up to 34% over the next 10 years.

DIRECT SPECIFIC EMISSIONS OF CO₂, EQUIVALENT TO THE AMOUNT OF CO₂ PER TONNE OF OIL PRODUCTS (TONNES/TONNES)

2020	2021	2022	2023	2024	Short-term target	Long-term target
2,27	2,17	2,05	2,05	1,96	≤2,0	≤1,32

Energy resources

The efficient use of energy resources allows to improve productivity, optimise production resources, and reduce our environmental footprint. The Group monitors energy consumption in accordance with the requirements of the ISO 50001 standard. A system of energy consumption metres has been developed for consumers, and consumption optimisation solutions have been prepared for production sections and equipment with higher consumption. Once a year, the Group analyses energy flows and visualises them using a Sankey diagram. VKG is also required to submit an energy audit once every four years in accordance with Regulation No. 76 of the Minister of Economic Affairs and Industry. Once a year, information on energy consumption by facilities with integrated environmental permits is submitted to the Environmental Board in the annual report on ambient air and in the production level report in the emissions trading system.

In achieving the energy efficiency goals, we comply with the following principles:

1. operating in accordance with international standard ISO 50001;
2. training the personnel in the area of energy management and efficiency;
3. innovation in measures and technologies aimed at energy economy;
4. implementation of automation and digitisation projects;
5. exchanging experience with other companies in the same sector, and with research institutions.

ENERGY CONSUMPTION AND DISTRIBUTION OF ENERGY SOURCES IN 2024 (GWh):

Energy consumption and distribution of energy sources	2024
Fuel consumption based on coal and coal products	-
Fuel consumption based on crude oil and petroleum products	40,50
Fuel consumption based on natural gas	16,04
Fuel consumption based on other fossil sources	11 555,24
Fuel consumption of purchased or acquired electricity, heat, steam and cooling based on fossil sources	36,13
Total fossil energy consumption	11 647,91
Share of fossil fuels in total energy consumption	99,95%
Consumption of nuclear energy	2,78
Total consumption of energy produced from nuclear sources as a percentage of total energy consumption	0,02%
Fuel consumption from renewable sources, including biomass (which also includes industrial and everyday waste of biological origin, biogas, hydrogen produced from renewable sources, etc.)	-
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	2,55
Consumption of self-produced renewable energy used for purposes other than fuel	-
Total consumption of renewable energy	2,55
Share of renewable sources in total energy consumption	0,02%
Total energy consumption	11 650,46

ENERGY SOLD BY VKG ENERGIA TO EXTERNAL CONSUMERS (GWh)

	2020	2021	2022	2023	2024
Electricity	446,35	408,88	363,53	448,79	474,42
Heat and steam	291,02	352,52	288,94	529,46	432,59

Air, Water and Soil Quality

In addition to the requirements set out in environmental permits, the Group has established internal procedures for pollution prevention and control. A procedure for reporting environmental incidents has been implemented, the purpose of which is to provide an overview of incidents and their impact on the environment. It also specifies how the disturbance is to be eliminated. All subsidiaries are required to report environmental disturbances that have an adverse impact, including accidents and other incidents.

The prevention, identification, and assessment of environmental aspects related to the company's activities are carried out according to a defined methodology with the aim of keeping the most important aspects under control in order to reduce their environmental impact.

Significant impacts, risks and opportunities

→ NEGATIVE IMPACT

H₂S and SO₂
emissions

→ RISK

Strict BAT
requirements

→ OPPORTUNITY

Reduction of environ-
mental emissions

Various pollutants are released into the air during the Group's production processes. Strict emission limits are set for air emissions in accordance with the best available technique requirements and other legal acts, which ensure safe levels for both human health and the surrounding environment. To control the impact, we measure, record and publish ambient air quality indicators in real time at the ambient air continuous monitoring station located at the boundary of the VKG industrial area, which, in addition to hydrogen sulphide (H₂S) and sulphur dioxide (SO₂) concentrations, also measures wind direction and speed and ambient air temperature. All the data are publicly available on the website ohuseire.ee. Additional measuring equipment has been installed in the production territory, which enables us to promptly respond to changes in pollution levels and take the necessary measures to reduce the negative impact of production activities on ambient air quality.

Increasingly stricter BAT requirements are a significant risk for VKG, requiring strategic planning and major investments. To ensure the Group's sustainability, it is necessary to invest in the development of best available techniques and environ-

mental protection, participate in the development of legislative acts, conduct production and environmental monitoring, optimise production and implement energy-efficient solutions. A 12-year investment cycle must be taken into account. Non-compliance with BAT requirements may result in fines and restrictions, which could significantly affect our operations. VKG's shale oil production and oil shale energy are based on best available techniques to ensure the highest possible efficiency, and in our daily operations we comply with the requirements arising from Estonian and European Union legal acts and agreements. We identify the environmental aspects and environmental impacts associated with the company's production activities and assess their compliance with legislation and other requirements.

Reduction of environmental emissions is a significant opportunity for VKG. We consistently make investments that result in reduced negative impacts on air, water and soil. In addition to reducing the impacts associated with our own activities, we are also addressing Soviet-era residual contamination within the Group's territory.

Air emissions

The Group's activities generate air pollution, including particulate matter, carbon monoxide, nitrogen oxides and various sulphur compounds in addition to carbon dioxide. Continuous air quality monitoring is implemented in the production territory, with data publicly available. Results are analysed regularly and proposals are made to reduce emissions. An ambient air quality report is submitted once a year.

The following measures are implemented to reduce air pollution:

1. continuous monitoring of emission volumes and ensuring their compliance with regulations (e.g. the European Union Industrial Emissions Directive and Estonian legislation);
2. compliance with the conditions of environmental permits, which contain specific requirements for limiting emissions;
3. use of compliant exhaust gas purification equipment (e.g. afterburners and filters);
4. regular optimisation of operating modes and fuel choices.

The specific measures and resources implemented to minimise the spread of air pollution and reduce the impact of production activities are described in the environmental permits issued to subsidiaries. Based on recent studies conducted at the national level, it was concluded that exceedances of the disturbance

level for odoriferous substances remain a problem at the local government level. Consequently, new odoriferous substance reduction plans will be prepared in 2025. As a result of implementing the measures set out in the previous action plan, five emission sources causing odour disturbances were made airtight and a project to extinguish burning spots on semi-coke heaps was implemented with the aim of reducing odour emissions from semi-coke heaps.

In addition to environmental protection investments, the reduction of air pollutant emissions has also been achieved as a result of the discontinuation of electrode coke production that took place in 2022–2023.

VKG's objective is to ensure compliance of SO₂ emissions with BAT limit values and to reduce odour disturbances. BAT, or best available technique, is the most efficient and best developed level of technical development and working methods applied in a specific industrial sector. Shale oil production is characterised by sulphur compounds released as air emissions, where for sulphur dioxide (SO₂) monthly average concentrations below the BAT limit value must be ensured, and the objective to reduce hydrogen sulphide (H₂S), the main odour-causing substance, is to minimise odour disturbances emanating from the company's territory.

SO₂ MAXIMUM MONTHLY AVERAGE CONCENTRATION IN PETROTER OIL PLANT STACKS (mg/Nm³)

2020	2021	2022	2023	2024	Short-term target	Long-term target
1200	1230	1189	1193	1175	≤1200	≤1100

H₂S ANNUAL AVERAGE CONCENTRATION AT THE VKG MONITORING STATION (µg/m³)

2020	2021	2022	2023	2024	Short-term target	Long-term target
2,77	2,53	2,8	2,23	2,57	≤2,0	≤1,5

Ambient air pollution charges

The Group’s ambient air pollution charges have remained at a similar level, in accordance with production volumes. Although the Group’s production volumes grew in 2023, air pollution charges remained at a similar level to the previous year, as the

flue gas pollution levels fell following the reconstruction of the Petroter I plant. In addition, the electrode coke unit – one of the largest sources of ambient air pollution in the production territory – was taken out of service in 2023.

AMBIENT AIR POLLUTION CHARGES (EUROS)

2020	2021	2022	2023	2024
693 136	820 738	750 000	741 994	729 947

Soil

To prevent chemicals and other substances with the potential to contaminate soil from entering the ground, hazardous materials are stored and handled in accordance with protective measures. Tanks and equipment are leak-proof, and above-ground tanks are surrounded by barriers to prevent liquids spreading. Absorbent material is kept on-site to avoid soil contamination

in the case of any leaks or other activities. In the event of soil contamination, soil is treated in accordance with the Waste Act, ensuring compliance with environmental requirements and safety. In addition, soil monitoring is carried out every ten years in the territories of VKG Oil AS and VKG Energia OÜ to provide an overview of soil quality.

Chemical safety

VKG produces and uses several hazardous chemical substances and mixtures. The production, use and marketing of these chemicals are regulated and controlled by various measures.

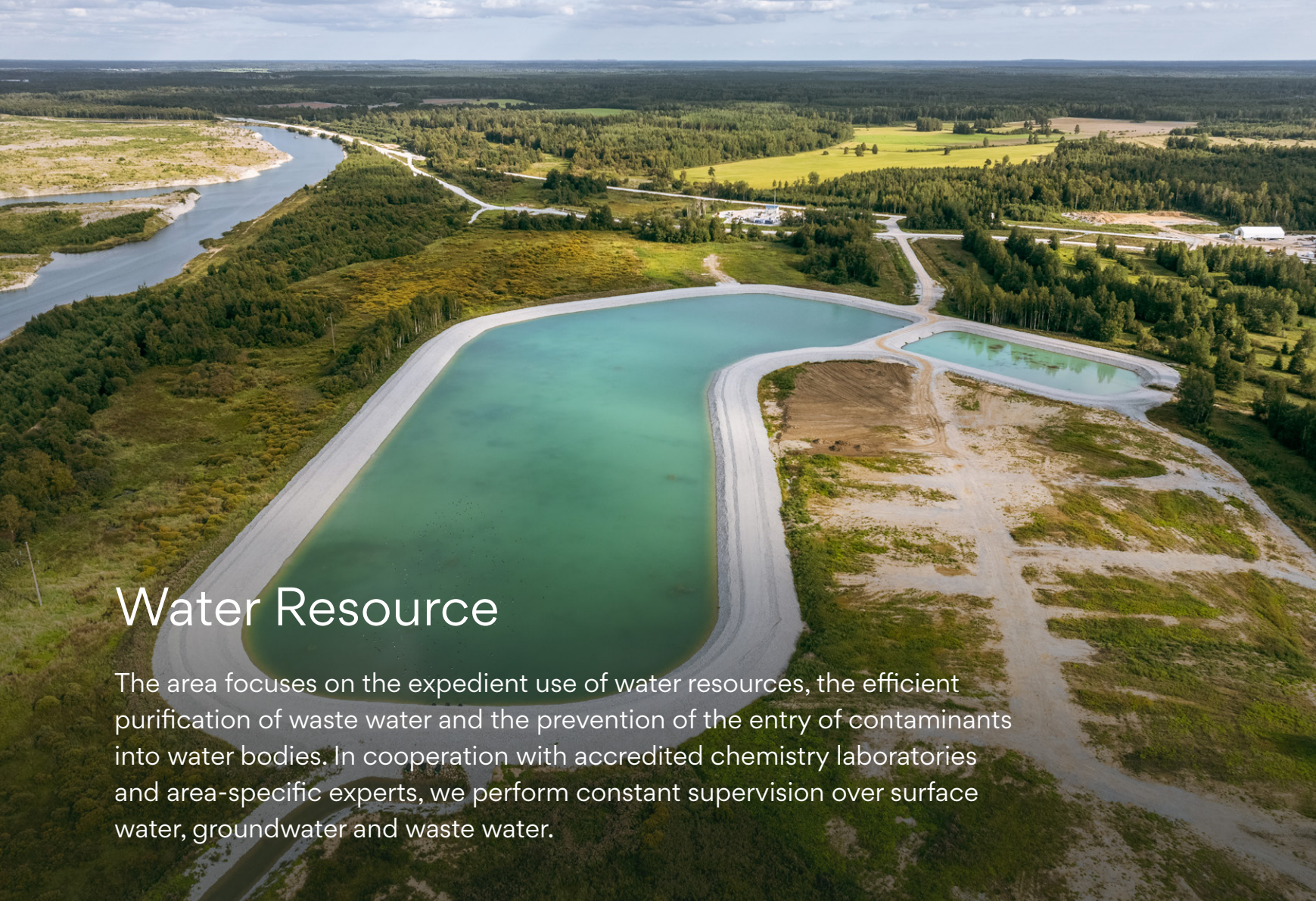
Under the REACH Regulation, VKG has registered all substances that are manufactured in quantities of one tonne or more per year. Registration dossiers contain information about the properties, uses and safety requirements of substances. The main objective of the REACH Regulation is the safe use of chemicals to protect the employees’ health and the environment from potential hazards. Compliance with the REACH Regulation also helps to increase public confidence in the safe handling of chemicals by providing transparent and reliable information about chemicals.

The aim of chemical safety is to reduce the risks related to chemicals in order to prevent the occurrence of harmful effects. At VKG, risks arise from the properties of and possible exposure to the hazardous chemicals produced and used. Hazardous substances used within the Group may enter the surrounding environment due to a breakdown or failure of technological equipment, damage to or leaks in pipelines. Employees may come into contact with hazardous chemicals at workplaces. To prevent and mitigate risks, VKG has a chemical safety guideline

in place which sets out requirements for the handling and storage of chemicals. Regular training is also organised to prevent potential environmental pollution incidents and health damage. Chemical safety inspections are carried out at least once a year in the companies, after which necessary corrective measures are identified and implemented.

To communicate essential information about chemicals, the companies use safety data sheets which inform about potential hazards to human health and the environment. The objective of a well-functioning safety data sheet system is to promote product stewardship and ensure proper handling and use of chemicals throughout the value chain by providing relevant and reliable information. Safety data sheets must also give our clients the confidence that VKG can be trusted, as we have provided them with sufficient and essential information about the chemical’s composition and properties.

VKG also takes part in the activities of the chemical industry at the local, national and international levels. The Group is a member of the Estonian Chemical Industry Association (ECIA) and is thereby closely involved in the implementation of the initiatives of CEFIC, the umbrella organisation of the European and global chemical industry. We committed to the Responsible Care (RC) initiative as early as 20 years ago.



Water Resource

The area focuses on the expedient use of water resources, the efficient purification of waste water and the prevention of the entry of contaminants into water bodies. In cooperation with accredited chemistry laboratories and area-specific experts, we perform constant supervision over surface water, groundwater and waste water.

Water usage

The Group's total water usage has remained more or less the same in recent years. Fluctuations in the Group's water consumption are related to production levels.

An increase in the quantities of mining water is related to an

increase in the excavation volumes. Due to the nature of work processes, the enrichment plant of the Ojamaa Mine increasingly reused mining water. The use of water from Lake Konsu depends on the water needs of clients.

WATER USAGE (THOUSAND m³)

	2020	2021	2022	2023	2024
Groundwater	28,06	22,01	30,31	23,09	28,43
Lake water	5569,07	5853,25	5387,80	5387,80	6274,69
Mine water at the enrichment plant	38,79	344,90	673,98	790,76	781,73
Total	5635,91	6220,16	6092,09	6201,65	7084,85

The production of shale oil requires large quantities of cooling water which is reused to its maximum potential in circular cycles. Merely to compensate for steaming and leakage losses, up to 2% of the annual quantity of the water circulating in the circular cycles of cooling water needs to be added to the process.

RECYCLED AND REUSED WATER (THOUSAND m³)

2020	2021	2022	2023	2024
1758,53	1756,22	1708,30	2097,13	2108,64

Water emissions

Mining water is water that is pumped out of a mine and then passes through sediment pools and is then directed to a receiving body of water which meets the requirements of environmental permits. Precipitation water is water falling and gathered in the territory of VKG Oil. Waste water is the sum of

the everyday waste water generated at VKG Kaevandused and the deoiled and dephenoled water generated at VKG Oil. The Group's water emissions are mainly related to production levels, as well as the area of the mines and the amount of precipitation.

WATER EMISSIONS (THOUSAND m³)

	2020	2021	2022	2023	2024
Waste water	1,03	1,10	0,92	1,00	0,99
Precipitation water	1,34	1,38	1,50	0,72	1,46
Waste water from the mines	23,42	22,20	23,76	21,92	22,62
Total	25,78	24,68	26,17	23,64	25,07

Environmental charges for water

CHARGE FOR SPECIAL USE OF WATER AND WASTE WATER POLLUTION CHARGE (IN EUROS)

	2020	2021	2022	2023	2024
VKG Energia	116 792	129 316	120 022	155 939	136 055
VKG Oil	11 467	15 259	15 885	13 827	15 969
VKG Kaevandused	1 421 874	1 444 951	1 756 405	1 544 280	1 622 946
Total	1 550 133	1 589 526	1 892 312	1 714 046	1 774 970



Resource Use and Circular Economy



POSITIVE IMPACT

Resource efficiency



NEGATIVE IMPACT

Deposition of waste at landfills



RISKS

Raw material supply continuity risk

Failure of and delays in obtaining environmental permits, and changes in regulation



OPPORTUNITY

Improvement of cost efficiency

VKG is a group working on the principle of resource efficiency, the strategic goal of which is to add maximum value to oil shale as a resource and to use as much of the production waste in new production processes as possible. In order to achieve this goal, the Group has developed a network of companies operating on the principle of industrial symbiosis, where the production and waste of each production process is used to the maximum extent in other processes, including in other Group companies. **Resource efficiency** is the Group's positive impact thanks to our long value chain. From the environmental aspect, this means that the environmental impact per each processed oil shale unit is smaller. In parallel, social and economic benefits are increased, new jobs are created and greater added value is provided.

Any byproducts generated in the course of producing shale oil are used internally in the Group for producing energy, i.e. heat, steam and electricity. All of the Group's heat and steam needs are covered with energy producing in the Group, and some of the energy is also used for heating the buildings located in the Group's territory. Surplus energy is used for ensuring the supply of heating in the Ahtme-Jõhvi region and the city of Kohtla-Järve. Electricity left over from own consumption is supplied to the network for everyone to consume.

The Group's activities generate large quantities of waste for which no outputs currently exist that would meet the criteria of recycling and such waste remains in waste depositories to await suitable valorisation technologies. The negative impact is therefore related to **depositing waste in landfills**.

RAW MATERIAL SUPPLY CONTINUITY

is a risk which may materialise in two parts. A deficit of lump oil shale may cause a standstill in the operation of the Kiviter plants and a deficit of fine oil shale may stop the operation of the Petroter plants. A standstill in the operation of the mines may seriously disrupt or stop VKG's entire production. Various measures have been taken to mitigate the risks – the most extensive of these being the full replacement of a long conveyor belt with a new one. In addition, we use every opportunity to generate a stock of lump rock in order to mitigate the risks of disruptions in mining operations.

FAILURE OF AND DELAYS IN OBTAINING ENVIRONMENTAL PERMITS, AND CHANGES IN REGULATION

constitute a significant risk for VKG. The currently applicable regulation is unflexible and does not keep pace with the actual extraction volumes of the market participants. The potential legislative and societal pressure to limit or discontinue the extraction of fossil resources causes increased uncertainty in planning the strategic investments of the Group.

FOR THE IMPROVEMENT OF COST EFFICIENCY,

we are seeking solutions for reducing the cost price of production and are constantly working on increasing the efficiency of processes. We have set the aim of achieving environmental quality at the prescribed costs. Every year, we prepare forecasts of environmental charges and environmental costs (survey and monitoring costs) as inputs to the budget. An important component of the budget is the cost price of production – both external factors (increasingly strict environmental requirements and increasing environmental charges) and internal factors (e.g. an increase in labour costs). In the last decade, the cost price of production has been on an upward trend.

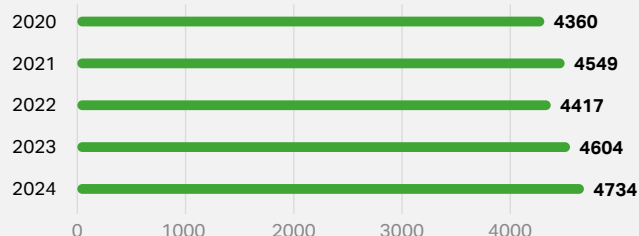
Use of resources

The resource necessary for the production of shale oil and other products in the Group is provided by VKG Kaevandused whose active mining activities take place under three mineral resource extraction permits: Ojamaa, Viru II and Uus-Kiviõli II.

In calculating the resource charges for extracting mineral resources, extraction losses are added to the extracted geological resource (in the case of underground mining, the pillars left to support the ground) which together make up the extracted mineral reserve that has been rendered unusable. VKG Kaevandused extracts and renders unusable a total of more than 4 million tonnes of oil shale in a year. The annual orders of magnitude are more or less the same, as we extract to the maximum limits allowed under the environmental permits. The production plans of VKG Oil also establish the necessary oil shale quantities to be mined by VKG Kaevandused.

The oil shale extraction charge depends on the world market price of heavy fuel oil, which also causes annual fluctuations in the charges paid.

QUANTITIES OF EXTRACTED GEOLOGICAL OIL SHALE (THOUSAND TONNES)



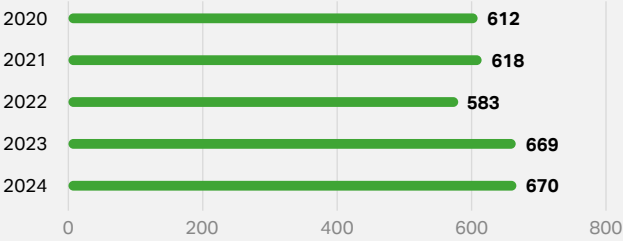
OIL SHALE EXTRACTION CHARGE (IN EUROS)



Shale oil

Over decades, VKG has invested hundreds of millions of euros in increasing the energy efficiency of production activities, thanks to which we have increased our efficiency from about 50% to nearly 68%. In essence, this indicator is the ratio of the shale oil, fine chemistry products, electricity, steam and heating water sold as products and the energy value of the oil shale and other fuels acquired for the production of these products. In short, this indicator shows how much useful energy we obtain from oil shale. By now, we have implemented the currently known solutions for significantly increasing the energy efficiency of processes and maintaining the current level also requires constant additional investments e.g. due to the depreciation of equipment and increasingly stricter regulation that affects production. We therefore direct future investments mainly into ensuring the reliability of the technology used and the conformity with the new environmental requirements, in connection with which we must bear in mind that extensive major repairs will also cause temporary declines in production efficiency during certain periods.

SHALE OIL PRODUCTION (THOUSAND TONNES)



ENERGY EFFICIENCY OF PRODUCTION ACTIVITIES (%)

2022	2023	2024	Short-term and long-term target
66,05	67,98	68,08	≥68

Waste

Environmental protection permits establish clear requirements for the management of waste in order to prevent the spread of pollution. The permits define the allowed waste quantities, the allowed waste management procedures, the monitoring requirements for waste management locations, and other requirements to be complied with. As a holder of environmental permits, we are obligated to submit annual waste reports, which means that at the end of each year we report to the state on the generation of different types of waste and the related management procedures.

A procedure for sorting and collecting waste has been established at the level of the Group and a separate procedure for the management of metal waste has also been created. A waste sorting manual has also been distributed to subsidiaries. Compliance with the established procedures is checked regularly in the course of internal audits conducted by the Environmental

Division and changes are introduced, if necessary. Subsidiaries may prepare separate manuals for sorting and collecting waste depending on the types of waste generated. Waste is collected using various waste management systems which allow us to collect and reuse waste by type.

We can classify the waste generated in the course of production activities into three main waste groups: mining waste, production waste and ordinary waste. The majority of the waste generated in the Group is made up of the extractive waste or waste rock generated in the enrichment of oil shale, the semi-coke and oil shale ash left over from the shale oil production process, the gas purification waste generated in purifying the flue gases of the Põhja Thermal Power Plant which contain hazardous substances, and scrap metal. The quantities of industrial oil shale waste depend on the production volumes of electricity and shale oil.

GENERATED QUANTITIES OF ORDINARY WASTE (THOUSAND TONNES)

Type of waste	2020	2021	2022	2023	2024
Construction and demolition debris	0,32	0,22	0,34	0,40	0,16
Everyday waste	0,17	0,16	0,24	0,23	0,11
Scrap metal	2,76	1,32	2,07	1,04	1,31
Waste rock	2292,21	2423,94	2330,14	2334,34	2461,22
Oil shale ash	1858,57	1784,32	1632,76	1913,56	1927,71
Total	4154,01	4209,39	3965,53	4249,57	4390,50

GENERATED QUANTITIES OF HAZARDOUS WASTE (THOUSAND TONNES)

Type of waste	2020	2021	2022	2023	2024
Semi-coke	657,52	646,59	651,36	655,65	669,97
Gas purification waste	59,82	59,42	56,37	60,29	61,82
Phenol water	302,46	296,06	294,69	263,59	263,59
Total	1019,60	1002,07	1002,41	979,54	1025,98

Mining waste includes waste rock which is generated as a byproduct in the enrichment of the extracted material. In 2024, 5.87 million tonnes of waste rock was reused, i.e. 141% (including the reuse of the quantities placed in interim storage in previous years). Waste rock is mostly used as a filler material; it is not deposited in landfills. Waste rock is also processed into certified limestone gravel. The majority of the generated waste rock is since 2024 used for the construction of the base structure for a solar farm. In addition, we successfully recycle nearly all

the scrap metal generated in the Group – with the help of our cooperation partners, we recycled 1,305 tonnes of scrap metal in 2024. The Group reuses the phenol water generated in the production process – it is redirected back into the production process and used as raw material for the production of phenol products. The recycling of phenols contributes to reducing the environmental burden and increases the quality of shale oil. A hundred percent of scrap metal and phenol water is recycled.

QUANTITIES OF REUSED WASTE (THOUSAND TONNES)

Type of waste	2020	2021	2022	2023	2024
Waste rock	1753,05	2324,39	1253,81	771,55	1919,71
Recycling rate of total waste generated	76,5%	95,9%	53,8%	33,05%	78%
Scrap metal	2,76	1,32	2,07	1,04	1,31
Recycling rate of total waste generated	100%	100%	100%	100%	100%
Phenol water	302,46	296,06	294,69	263,59	294,19
Recycling rate of total waste generated	100%	100%	100%	100%	100%
Total	2058,27	2621,78	1550,57	1036,19	2215,21

Deposition of waste

Production waste for which there are currently no usage possibilities (oil shale ash, semi-coke, gas purification waste) are deposited in an industrial waste landfill. Pursuant to the integrated environmental permit of VKG Oil, waste (mainly contaminated soil) from environmental projects carried out by external companies can also be deposited. Upon depositing waste from

other environmental projects, the methodology suitable for the properties of specific waste is used.

The quantities of industrial waste deposited directly depend on production volumes. The production volumes have increased in recent years, and so have the quantities of waste deposited.

QUANTITIES OF THE WASTE DEPOSITED IN THE INDUSTRIAL WASTE LANDFILL (THOUSAND TONNES)

Type of waste	2020	2021	2022	2023	2024
Gas purification waste	59,82	59,42	56,37	60,29	61,82
Oil shale ash	1858,57	1784,32	1632,76	1913,56	1927,71
Semi-coke	657,52	646,59	651,36	655,65	669,97
Total	2575,91	2490,33	2340,49	2629,50	2659,50

In order to continue with oil production, it is inevitable to ensure the long-term capacity for the end-of-line treatment of industrial waste (primarily oil shale ash and semi-coke. Based on monitoring the capacity of the landfill and forecasting the existing production capacity, the deposition capacity of the existing landfill will soon be exhausted. A decision has therefore been made to expand the existing landfill by partly redesignating the use of the landfill areas. A conducted environmental impact analysis showed that the expansion may contribute to reduce

the occurrence of fires and the emission of pollutants into the air, as the deposit would be made more air-tight. The expansion of the landfill does not have a significant effect on dispersion of pollution from industrial waste or the risk of major accidents. The impact on the environment is minimal, as the intended activity does not harm protected species or areas. Neither does the project increase the pollution burden of groundwater upon complying with the established deposition methods.

Waste deposition charges

On the average, VKG pays approximately 8 million euros in waste deposition charges every year. The more waste is deposited, the greater the costs. The deposition charges have remained on the same level since 2015 and in 2020 the state temporarily

applied a lower oil shale ash deposition charge on the companies. In July 2024, new environmental charge rates started applying to the Group under the Environmental Charges Act. The charge is forecast to gradually grow over the coming years.

INDUSTRIAL WASTE DEPOSITION CHARGES (IN EUROS)

Type of waste	2020	2021	2022	2023	2024
Gas purification waste	78 364	177 057	167 985	179 676	204 834
Oil shale ash	2 434 721	5 317 282	4 865 625	5 702 413	6 412 717
Semi-coke	1 959 411	1 926 833	1 941 041	1 953 829	2 233 143
Total	5 222 329	7 477 279	8 222 040	7 835 918	8 850 694



5

Our people

Viru Keemia Grupp is one of the largest employers in Ida-Viru County. The Group's wellbeing has an effect on the wellbeing of not only our own employees, but also that of several thousand other people who are related to the company via family members or the employees and family members of cooperation partners and suppliers.

The focal points of our personnel policy:

- 1 We value,
- 2 We recognise,
- 3 We support the team spirit,
- 4 We facilitate and develop future employees,
- 5 We create a safe environment.

The Group's positions on the management of impacts, risks and opportunities related to employees have been established in the following documents:

- 1 Code of Ethics,
- 2 Personnel Policy,
- 3 Safety Policy.

Our people are of utmost importance in implementing our strategy and achieving our objectives. We focus on supporting them and developing their skills so that they can successfully work and help us to achieve success.

Significant impacts, risks and opportunities

→ POSITIVE IMPACTS Competitive salary Constant training and development Safety-related motivation events and exercises A rising trend in noticing, registering and preventively resolving danger situations (almost-incidents)	→ NEGATIVE IMPACTS Working conditions that affect health Working environment with high risks of danger
→ RISKS Work accidents and failures Failure to register and respond to almost-incidents	→ OPPORTUNITY Implementation of a process safety system



The majority of the Group's employees are residents of Ida-Viru County and by offering a **competitive salary** we contribute positively to the standard of living in the region. The results of salary surveys show that the salaries paid in the Group are higher than the average in Ida-Viru County and we successfully compete in the labour market.

We believe that every employee should have an opportunity to develop and **constant training and education** are therefore important in the Group. We focus on ensuring a consistent supply of new employees and offering development opportunities to our employees. The training and education system covers all the Group's employees, subcontractors and target groups of potential employees – school and university students. We believe that only by developing and updating the skills and knowledge of our employees can we remain competitive in the changing market conditions and be successful as an organisation.

We at the Group hold that safety culture is a part of our everyday culture of conduct. Placing safety first and foremost and **noticing, registering and preventively resolving danger situations** must become an integral part of our everyday life. For this purpose, **we hold various safety-related events, internal training and quarterly exercises** (fire safety and evacuation). We also organise exercises in cooperation with the Rescue Board, practicing our actions in various scenarios in line with the Emergency Response Plan. The exercises are of critical importance, allowing us to improve our understanding of how to act in real situations and implement plans, determine the actual level of our preparedness for crises as well as what still has to be learnt, and giving us the opportunity to practice our actions in an emergency situation in the full extent.

The nature of work done in the Group includes working in shifts, working at night, and working in dangerous conditions (underground work, high temperatures, noise, vibration, smells, exposure to chemicals and work at heights). VKG has established principles on how to reduce the occurrence of **factors that**

endanger the health of employees. We have set our aim at reducing production injuries, occupational diseases and accidents in order to ensure that all our employees can work in a safe and healthy environment. We reduce impacts, guaranteeing the required rest periods, suitable risk-based and high-quality personal protection equipment for our employees, extended basic holidays, health promotion support and the possibility of using the services of a psychologist.

The Group's **working environment contains a high risk of danger.** The main danger factors are related to working with chemicals, mechanical risks, and workplace ergonomics. We can achieve the absence of work accidents via properly contemplated and systemic improvement of working conditions and work safety. In addition, we improve risk management in our processes, invest in innovative technologies, increase the reliability of our equipment, and promote a safety culture.

The biggest risk related to employees is the risk of **work accidents and failures.** Fatalities and full or partial loss of work capacity are the worst-case scenarios of the risk manifesting. As a result of a work accident, an employee may be on sick-leave for extended periods, which places higher pressure on colleagues and may in turn create a higher probability of burn-out and fatigue.

A failure to register or respond to almost-incidents (including dangerous conduct, dangerous situations, dangerous operation) is a risk that may cause work accidents. The resolution of almost-incidents is one of the most important pillars of preventing work culture.

Implementing a process safety system is a possibility to ensure the safety and efficiency of the working environment. The system is primarily aimed at identifying and reducing risks, preventing technological incidents and accidents, and increasing the efficiency of technological processes. The implementation of process safety will be done in stages during 2025 and 2026.

Internal communication

VKG is committed to communicating with its employees and their representatives in order to ensure the objective and timely movement of work-related information and to discuss important aspects that affect or may affect our employees. VKG's managers inform their employees of the company's strategy, focus and objectives, as well as of the action plans and the managers' expectations to the employees. Regular development and performance interviews are held between managers and employees. The Group has a trade union organisation with which it cooperates in accordance with the applicable collective agreement and regulations.

VKG encourages open and constructive discussions and ensures that employees are not punished for reporting unethical conduct and pointing out faults in management. Work relations are regulated by the Employment Contracts Act and the collective agreement which covers all the employees, regard-

less of their membership in the trade union.

Opportunities to provide anonymous feedback via a designated hotline and e-mail address have been created for the employees. The information forwarded via those channels reaches an independent person who guarantees the confidentiality and anonymity of the person, analyses the received information and handles the resolution of the situation. The same opportunity is also available to subcontractors, partners and stakeholder representatives. In order to determine the circumstances of complaints or requests, meetings are held, and in the case of inter-personal conflicts, the parties are invited to provide explanations. If possible, the parties are reconciliated and agreements are made to prevent or avoid further conflicts. We invite our employees to take part in business processes and provide active feedback.

Employees

THE NUMBER OF EMPLOYEES BY COMPANIES

Company	2022	2023	2024
Viru Keemia Grupp	87	96	93
VKG Kaevandused	512	524	513
VKG Oil	641	623	621
VKG Energia	96	115	106
Viru RMT	107	15	Viru RMT's 14 employees were under VKG until 18 March 2024.*
VKG Logistika	117	129	130
VKG Elektrivõrgud	35	–**	–**
Total	1595	1502	1463

* As an event after the balance sheet date, Viru RMT sold all of its activities related to the maintenance of electricity networks to Viru Elektrivõrgud on 17 January 2024. As a result of the division that took place on 8 March 2024, all the other assets of Viru RMT were transferred to VKG Energia and on 19 March 2024 Viru RMT together with the remaining metal structure production was sold to ICES-TONIA OÜ.

** The leading Baltic private capital fund BaltCap acquired a 100% holding in the second largest Estonian electricity distribution company VKG Elektrivõrgud. The sales agreement was concluded and the company was transferred from the Group's structure in January 2024.

THE AGE-BASED DISTRIBUTION OF EMPLOYEES

Age-based distribution	2024	Share
Up to 19-year-olds	1	0,07%
20–29-year-olds	124	8,48%
30–39-year-olds	324	22,15%
40–49- year-olds	411	28,09%
50–59- year-olds	382	26,11%
60–69- year-olds	209	14,29%
Over 70- year-olds	12	0,82%
Total	1463	100%

THE NUMBER OF EMPLOYEES BY GENDER

Gender	2024	Share
Men	1145	78%
Women	318	22%
Total	1463	100%

EMPLOYEES BY CONTRACT TYPES

Contract type	Number of employees on 31.12.2024
Open-term employment contract	1457
Fixed-term employment contract	6
Number of full-time employees	1459
Number of part-time employees	4

Labour turnover

The Group has established the rate of voluntary labour turnover as an important indicator to monitor with the aim to keep it as low as possible. Voluntary turnover reflects the employees' satisfaction, the strength of the organisation culture and the efficiency of governance practices.

	2022	2023	2024	Short-term and long-term target
Total number of employees who have left	227	208	215	N/A
Labour turnover	12%	13%	15%	N/A
Including voluntary turnover	9%	7%	5%	4%-6%

Remuneration principles

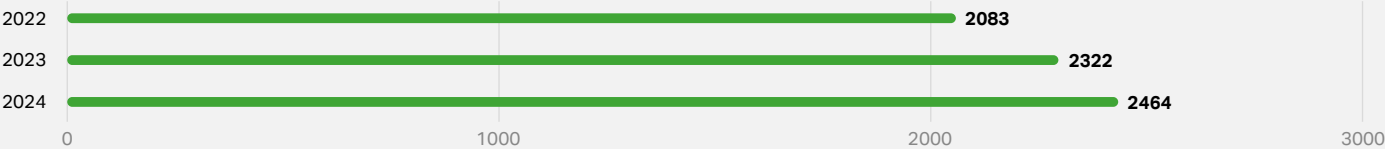
The principles of equal treatment of employees are established in the Personnel Policy and the Code of Ethics. The equal remuneration of employees in equal positions is ensured with job salary tables which are based on work duties and responsibility and not person-based.

We pay for work on the basis of the situation in the labour market of the region, the salary market conditions of various sectors, the rate of responsibility of the employee, the skills of the employee and other indicators which may have an effect on the bases of remuneration. VKG applies a transparent performance pay system with clearly defined principles. Balanced working conditions and a fair remuneration system ensure the motivation and loyalty of the employees as well as a high work culture.

The Group strictly adheres to the Employment Contracts Act. With regard to working time, the Group complies with the law and the collective agreement. If the working hours of an employee differ from what has been established in the employer's general rules, the working hours are regulated by the employment contract, taking into account the nature of work, the specifics of production, and the working conditions.

The Group offers an extensive benefit package which contributes to combining the employees' work and family life – joint events, extended holidays for employees, events and gifts to children, support paid upon the birth of a child, etc.

THE GROUP'S AVERAGE GROSS SALARY ACROSS YEARS (IN EUROS)



Includes all the payments made to the employees, including performance pay divided by the average number of employees (full-time equivalent).

Commitment and satisfaction of employees

The Group has established the employees' general satisfaction and team spirit as an important objective. For that purpose, we – in cooperation with Kantar Emor – regularly conduct a satisfaction and commitment survey that covers all the employees, using the TRI*M HiPO model developed by the Kantar Group.

In 2024, 48% of the Group's employees took part in the survey. The results showed that the employees' commitment is 69 points, which is higher than the result of the previous year. The level of commitment of the Group's employees exceeds the Estonian average (61 points) as well as the average of the industrial and construction sector (55 points).

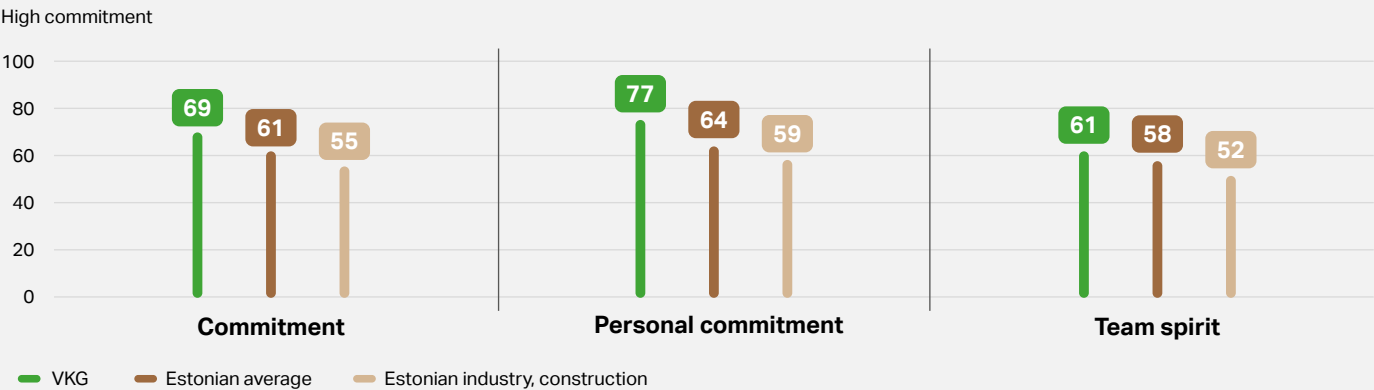
Our employees' loyalty, belief in the future and sense of pride in

working at VKG are very strong. The high level of commitment is also confirmed by the employees' willingness to recommend – our employees actively contribute to recruiting new colleagues. The number of people applying for a job at VKG upon the recommendation of their acquaintances and friends grows every year.

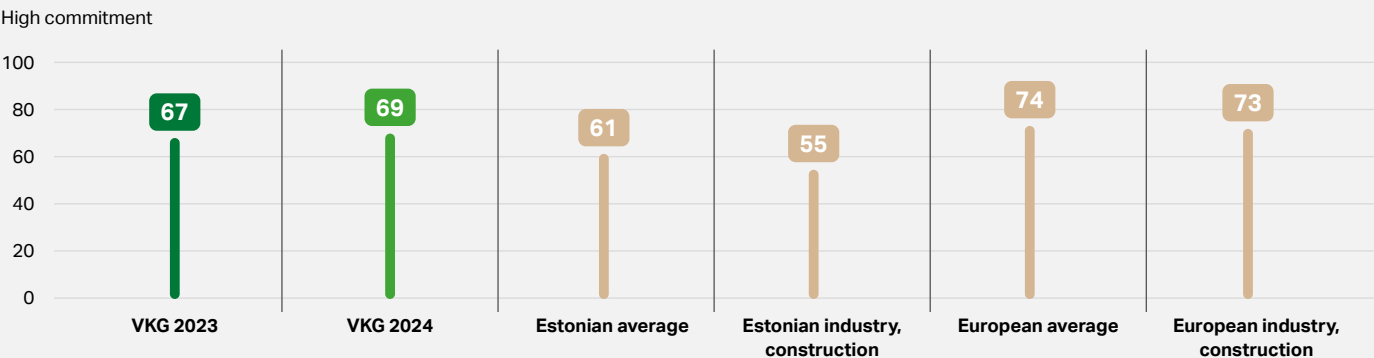
COMMITMENT RESULTS
(ON A SCALE OF 100 POINTS)

2023	2024	Target
67	69	70 or better

VKG EMPLOYEES' PERSONAL COMMITMENT



VKG COMMITMENT COMPARED TO THE AVERAGE





Development of our people

Viru Keemia Grupp is dedicated to the constant development of its employees in order to improve their skills and support their continued work-related competitiveness. For this purpose, we have developed a training procedure which regulates and standardises the organisation of work-related training for our employees and describes the general principles of training activities.

VKG's Training Procedure covers various important activities, including the preparation and implementation of training and development plans, the analysis and assessment of training needs, the planning and organisation of training, using both internal and external resources, and carrying out training in accordance with the training plan and needs. In addition, we assess the efficiency of training and gather feedback in order to ensure the quality of training and the development of our employees. At the end of 2024, we completed the project 'Introduction of Study Management System Course at VKG'. As a result, we created a comprehensive and centralised study management system that allows all the employees to participate in web-based training courses, manage their study materials, monitor the training progress, conduct knowledge tests, and analyse the training and participation statistics.



Training priorities in 2024

The 2024 training priorities included the development of the skills of first-level managers and increasing the level of work-related training – the development of the systemic internal training structure, and the competence of the internal training instructors and mentors, as well as the continued education of automation specialists and electricians.

In 2024, 963 employees took part in development activities (training courses, conferences, web seminars, etc.). By the end of the year, the employees had received a total of 1,777 working days of training. The Group invested nearly 400,000 euros in the continued education of its employees over the reporting year.

We are also a practice placement provider for many students. In 2024, we provided practice placement for 47 university and school students. Practice placement is very important both in terms of raising future employees and contributing to the local education system.



Cooperation with the Trade Union of Chemists

VKG supports the freedom of association, recognises the employees' right to conclude a collective agreement and every employee's right to have their interests collectively represented, including by a trade union organisation.

Viru Keemia Grupp has a long-standing partnership relationship with the trade union organisation operating in the Group – the Trade Union of Chemists. The representatives of the trade union actively participate in the development of safety culture in the Group, in discussions concerning changes to the social benefit system and in measures aimed at creating safe working conditions. The parties jointly hold that only in cooperation are we able to make the work environment better and safer.

At the end of 2024, Viru Keemia Grupp and the Trade Union of Chemists held mutual negotiations which ended in signing a new collective agreement. The concluded collective agreement will be valid for two years and all the provisions of the agreement apply to all the employees of the Group regardless of whether they are members of the trade union or not. As at the end of the reporting year, 478 employees of the Group belonged to the Trade Union of Chemists.



Safety First

In order to ensure occupational safety, we adhere to strict occupational safety requirements which we regularly check by way of workplace inspections and issuing work orders/permits.

In March 2023, the Group's safety policy document was approved. The policy covers all the important safety principles which must be complied with by all the employees of the Group regardless of their position, including subcontractors and guests. The main aim of the safety policy is to ensure a safe working environment free of accidents. Ensuring a safe and

healthy working environment is of utmost importance, as that in turn ensures achieving the desired goals in all the areas of activity. The Group applies a zero-tolerance principle throughout its organisation – we respond to every deviation from the principle established in the safety policy.

The Group's priorities in the area of safety

- 1** The management's active participation and commitment in ensuring safety at every level
The management always places safety first and foremost by creating and promoting a safety culture in the entire organisation. The management's commitment is manifested in regular safety visits, participation in safety training and constant communication with the employees in order to ensure compliance with safety requirements.
- 2** Promoting a high level of awareness and safety culture among all the employees
We constantly offer training for the purpose of increasing the employees' awareness of safety requirements and best practices. Each employee is responsible for their own safety and that of their colleagues, creating a strong and uniform safety culture.
- 3** Integration of safety into all the production processes
We use the best available technologies and practices in order to ensure the reliability and safety of production processes. Regular maintenance and inspections help prevent failures and reduce the risk of accidents.
- 4** Constant improvement of working conditions in order to ensure safety and security
We create and improve jobs that meet the strictest safety requirements. We constantly monitor working conditions and implement improvements to reduce risks and ensure a secure working environment.

5

Constant improvement of injury and work accident prevention systems

We develop and implement efficient prevention measures in order to reduce the number work accidents and injuries. We use the results of accident analyses to improve the existing systems and prevent possible future accidents.

6

Prevention of fatalities caused by work accidents in the Group and among contractors

We are committed to ensuring that our workplaces are completely safe to prevent fatalities. We use the best practices and do everything in our power to ensure the safety of employees.

7

Prevention of major accidents in all our activities

We constantly engage in risk management and take measures to avoid major accidents. In the case of an emergency, we are ready to respond promptly and efficiently.

8

Application of a risk-based approach in ensuring occupational health and safety and production safety

We systematically assess and manage risks in order to ensure safety in all our activities. We apply risk analyses and risk management methods to reduce risks and create a safe working environment.

9

Efficient cooperation with contractors in matters related to safety

We cooperate closely with our contractors in order to ensure their compliance with our safety standards. We instruct and support our contractors, so that they comply with our safety requirements and best practices.

10

Each subsequent activity is planned on the basis of the results of the previous activity

We apply a constant improvement cycle where each activity is based on an analysis and results of the previous activities. This approach ensures that our safety measures are always up-to-date and efficient.

WORK ACCIDENTS

	2020	2021	2022	2023	2024	Short-term target	Long-term target
With loss of work capacity	19	22	15	19	9	≤12	≤4
Without loss of work capacity	7	6	6	7	9	N/A	N/A

LOST WORKING DAYS DUE TO ACCIDENTS

2021	2022	2023	2024	Short-term target	Long-term target
1227	585	807	533	≤477	≤119

THE AVERAGE TRIR (TOTAL RECORDABLE INCIDENT RATE) STATISTICS, THE NUMBER OF WORK ACCIDENTS PER A MILLION WORKING HOURS

2020	2021	2022	2023	2024
1,75	2	1,43	1,9	1,43



6

For the community

Viru Keemia Grupp is consistently contributing to the development and wellbeing of the region, being a reliable partner to local people and organisations.

We are convinced that the local community has an important voice in the wellbeing and development of our industrial enterprise. We therefore value openness and mutual communication very highly. In the case of important development projects, we engage the community at the very start – we hold public discussions and informal meetings with the local residents and the representatives of organisations. Cooperation with the main stakeholders is based on transparency, mutual respect, and regularity.

In 2024, we allocated more than 300,000 euros to support community initiatives, helping to carry out nearly 30 different projects. Our support is primarily aimed at the areas of culture, sports and education, with an emphasis on the development of children and young people as well as on the improvement of the quality of life in the region. We also promote a health and active lifestyle among our employees and supported that with 50,000 euros in 2024.

Various long-standing traditions have grown out of our community projects, such as the Family Day of Chemists and ViruFest on the Day of Miners. Instead of making Christmas presents to our partners, we support the maternity and paediatric wards of the Ida-Viru Central Hospital. We regularly hold clean-up days, with the participation of our employees as well as their family members and the students of the local basic schools and upper secondary schools. We are a long-term partner to the blood centre of the Ida-Viru Central Hospital and hold donor days in our production territory four times a year.

We believe that a trusting relationship with the community is based on long-standing partnership, caring, and shared values. VKG's aim is to be not merely an employer and enterprise, but also an active member of the community, who contributes to making life in Ida-Viru County better.

In 2024

To support community initiatives

300 000 €

Projects

30



COOPERATION WITH EDUCATION ESTABLISHMENTS

We focus on education and research and cooperate with various higher education establishments, research institutions and partners. We support science conferences and projects aimed at innovation, in order to promote the research-based development of the oil shale sector and help create new industrial solutions.



VKG SCHOLARSHIPS - AN INVESTMENT INTO THE FUTURE

Viru Keemia Grupp has been supporting outstanding students with scholarships since 2003, with the aim to promote education in the areas of technology and chemistry and to motivate future specialists. In 2024, VKG's scholarship fund amounted to nearly 30,000 euros.

VKG grants bachelor's and master's level scholarships to the students of TalTech in the amount of 2,000 and 3,000 euros, respectively. We also support the professional higher education students of the Virumaa College with 2,000-euro scholarships. Since 2020, we are also

awarding VKG Gold Medallist Scholarships to the best graduates of the TalTech Virumaa College in the amount of 1,500 euros.

Starting from the academic year of 2023/2024, our scholarship is also available to the employees of VKG and its subsidiaries studying chemistry technology (professional higher education studies) and sustainable chemistry technologies (master's studies) at the TalTech Virumaa College. Upon graduating in the standard period, the scholarship is 2,000 euros.

Constant cooperation to support the path of education

We wish to create an uninterrupted path of education from school to industry. We actively cooperate with the local upper secondary schools, participating, for instance, in the STEM programmes and the Five Schools' Contest. VKG's team also actively participates in student fairs, introducing the exciting challenges and opportunities of the world of industry to young people. The doors of our production facilities are also open to student groups, as we believe that seeing is believing. Every year, we host approximately 500 young people of various age groups and study levels.



7

Management

Significant impacts, risks and opportunities

→ POSITIVE IMPACT	→ RISKS	→ OPPORTUNITY
Strong organisation culture	High voluntary turnover and decline of satisfaction among employees Damage to reputation	Cooperation with the public sector

A strong organisation culture is based on ethical actions and transparency. VKG's organisation culture supports the Group's values and strategic objectives. We are constantly contributing to this area by emphasising ethical conduct and integrity in all the activities and relationships with our employees, partners and stakeholders. We encourage cooperation and teamwork by promoting open communication, the sharing of knowledge, and collective responsibility. We support the development and education of our employees by offering training, mentoring and career opportunities. We create a positive working environment where employees feel motivated and included by encouraging them to think along and provide honest feedback.

A high voluntary labour turnover and decline of satisfaction among employees is a risk the manifestation of which affects the Group's overall performance and efficiency. A decline in the level of satisfaction may cause a negative working environment and a low level of motivation, which in turn may result in an increased turnover of employees as well as increased labour costs, as well as our decreased attractiveness to potential new

employees. Although the results of our satisfaction surveys exceed the average level of Estonia and our sector of industry, we still have room for development and we are constantly focusing on this area.

Damage to reputation is a risk which may affect our trustworthiness and overall success. Environmental pollution, accidents in our territory, and violation of the standards of ethics may damage our reputation. Compliance with regulations and statutory requirements is of critical importance for the Group in order to prevent the risk to reputation and to ensure the sustainability of business activities.

Cooperation with the public sector, including through professional associations, gives us an opportunity to have a say in the preparation of various development plans both on the state level and the local government level. This also provides an opportunity to represent the Group's interests in legislative processes by making proposals and providing feedback in the development of laws and regulations.

Combating the risk of corruption

The Group applies zero-tolerance to any forms of corruption, including bribes, concession fees and influence peddling. We comply with all the applicable anti-corruption laws and regulations and apply active measures to prevent corruption in VKG's business activities.

We have established clear guidelines for preventing corruption and bribery. All the employees and the management are aware of the applicable regulations and have been given respective training. The Group's relations with the public sector are strictly

based on legislation and transparent procedures, including in conducting procurements and cooperation projects. VKG ensures fairness and transparency in procurement processes, making sure that all the suppliers and partners adhere to the same ethical and legal standards. We expect all our employees to act responsibly and ethically in accordance with the Group's Code of Ethics. The Group has established a clear procedure for resolving any violations of the Code of Ethics.

Prevention of conflicts of interest

The corporate management system of the Group incorporates a set of norms and procedures, which are aimed at the exclusion of conflicts of interest in the decision-making processes that concern the Group's activities. If a conflict arises, there are certain mechanisms aimed at taking the necessary measures for the complete regulation of the conflict and for creating the conditions that would exclude such a conflict in the future. The Management Boards of the Group companies and the Legal

Division of the Group are engaged in the creation, supervision and updating of the processes and internal rules necessary for the prevention and elimination of conflicts of interest. In order to prevent any conflicts of interest, the Group has approved a procedure for the prevention of conflicts of interest, which regulates the principles of identifying, preventing and avoiding conflicts of interest in the Group.

Handling complaints

We cooperate with stakeholders via feedback channels where the stakeholders can express their opinion or file complaints. One such channel is the direct tip hotline via which each employee or any third person can report violations related to the Group's activities, may it concern corporate management, business ethics, compliance with human rights, work organisation, safety, occupational health, production and service quality, or other matters of corruptive nature. Reports can be made to the hotline via several channels: by e-mail (vihje@vkg.ee) or

phone or via the webpage. The confidentiality of the sender of the report is ensured in the case of every channel. The hotline may be used by anyone, also anonymously. All the reports are handled individually – they are objectively reviewed, decided on, and feedback is given. The reports are reviewed by the representatives of our sub-units – personnel specialists, lawyers and production safety employees. It is in our interest that employees/partners use the hotline actively and are aware of its possibilities.

Supply chain

The supply activities taking place in the Group are regulated by the Supply Procedure and the main points of conducting the process from the viewpoint of our partners are established in the Code of Ethics. We also apply supplier assessments the results of which are also accessible to all the employers of the Group. We expect our partners to comply with the applicable legal acts and the internationally recognised human rights (which exclude the use of child labour, the violation of environmental requirements, etc.).

The selection of and cooperation with suppliers is based on an integrated management system which is in conformity with

standard ISO 9001. In purchasing works, services, materials and equipment, the Group uses competition between suppliers. The Procedure for Purchasing Goods, Works and Services applies at the Group level. It is the basic document in planning and performing purchase procedures and selecting suppliers.

We cooperate with partners who share our endeavours to work with safe methods and adhere to the standards of business ethics and laws. The employees of the Purchase Division regularly check the conformity of the suppliers with our expectations and operating principles.

Payment practices

The Group does not have a separate document concerning the principles of responsible tax payment, but we strictly adhere to the applicable national and international legislation. Payments are made on time and there are no debts. All the financial transactions are recorded transparently and in accordance with requirements. Transactions between the Group companies are based on the internal transfer price methodology. We reg-

ularly pay dividends and pay the taxes payable on them. We do not accept employment without a contract or the payment of non-declared salaries. Salaries are officially paid to all the employees and we pay fringe benefit taxes on all the additional benefits related to employees. We keep regular accounts of all the paid taxes and report it to the public.

ESRS Register of Contents



ESRS Register of Contents	Report chapter
ESRS 2 General disclosures	About the report Sustainability management and strategy Value chain Stakeholders Risk management
ESRS E1 Climate change	Climate change
ESRS E2 Pollution	Air, water and soil quality
ESRS E3 Water and marine resources	Water resource
ESRS E5 Resource use and circular economy	Resource use and circular economy
ESRS S1 Own workforce	Our people Safety first and foremost
ESRS S3 Affected communities	For the community
ESRS G1 Business conduct	Governance