

SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT 2023



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CEO LETTER

As one of the largest construction groups in Lithuania, we consider sustainability an integral part of our business. I am pleased to present our latest Sustainability Report, which reflects our environmental, social, and governance achievements and ambitions. In this report, we have included the issues that matter most to our customers, employees, shareholders, suppliers and partners, considering their sustainability expectations.

Our sustainability and responsibility principles are based on global agreements and recommendations. We commit to adhering to the guidelines set out by the United Nations Global Compact, contributing to the Sustainable Development Goals, and following other generally accepted principles of social responsibility.

In the environmental area, reducing the environmental impact of buildings and services, waste management and resource efficiency, and reducing CO₂ emissions remain our priorities. By investing in solar energy projects and sourcing 100% of our electricity from renewable sources, we are committed to reducing CO₂ emissions and contributing to climate change mitigation. We strive not only to improve our environmental impact but also to set an example for other organisations. Last year, the Lithuanian Confederation of Industrialists (LCI) also noticed our efforts, recognising the Lazdynai swimming pool construction project as the Product of the Year and awarding it with the gold medal of the "Lithuanian Product of the Year 2023".

On the social area, our efforts are focused on the safety and well-being of our employees. Vision Zero for Accidents at Work continues to be our primary objective. In 2023, we introduced an e-learning platform to enhance occupational health and safety knowledge, improving the safety and efficiency of the working environment. Through various projects and events, we have worked to create and foster an internal culture of sustainability.

In governance (economic) area, we do our best to foster a culture of ethical business, ensure the high quality of the projects we carry out, manage risks, and strengthen our cooperation with partners to provide the necessary innovations and the smooth introduction of technology.

This Sustainability Report provides a comprehensive overview of our performance and commitment to sustainability in each business area. We will continue to pursue sustainability initiatives, considering stakeholders' expectations and suggestions. For us, sustainability means not only responsibility but also an opportunity to grow and develop together with our community and society.

I am grateful to all our employees, partners and stakeholders for their commitment, contribution and continued support on our sustainability journey.



ABOUT THE SUSTAINABILITY REPORT

This **Social Responsibility and Sustainability Report** (hereinafter the Sustainability Report) of the public limited liability company Panevezio statybos trestas (hereinafter the Company; PST), registered in Lithuania at P. Puzino g. 1, LT-35173 Panevezys, and its subsidiaries (hereinafter jointly called the Group), is published in April 2024 for the period from **1 January 2023 to 31 December 2023**.

The information presented in this report includes consolidated information of all Group companies, in some cases highlighting the data of Panevezio statybos trestas AB. Subsidiaries have no separate sustainability reports produced.

The Group's sustainability report is compiled by the Global Reporting Initiative (GRI) standards 2021 updated version. The Sustainability Report is presented for the same period as the annual financial statements. This report is integrated into the Company's and Consolidated Annual Report, which is audited by an independent external auditor; having read the sustainability section of the report, the auditor confirmed its conformity to the Law of the Republic of Lithuania on Financial Reporting by Undertakings. The Company's and Consolidated Annual Report (together with the Sustainability Report) is approved by the Board and then presented to the General Meeting of Shareholders.

The Sustainability Report presents the Company's and its subsidiaries' achievements and aspirations in the environmental, social and governance (ESG) areas. This report reveals how the Group contributes to the United Nations Sustainable Development Goals (SDGs) and adheres to the principles of the Global Compact.

The report is prepared in consultation with external sustainability experts but is not audited. The information contained in the Sustainability Report complies with the requirements for the Social Responsibility Report of the Republic of Lithuania and the guidelines for non-financial reporting of the European Commission.

In 2023, when applying the GRI Standards, the Group focused on conducting materiality analysis, interviewing stakeholders and developing a materiality matrix to identify the information most relevant to stakeholders. This Sustainability Report represents the best available data at the time of publication. Still, in the future the Group will strive to improve further the quality of the information provided in the Sustainability Reports and to fully and accurately disclose all relevant performance indicators.

GRI 2-1

GRI 2-2

GRI 2-3

GRI 2-4

GRI 2-5

GRI 2-14



Questions or feedback on this report and the Group's sustainability activities can be sent to the following contacts:

Economist R. Kairienė:
rkairiene@pst.lt

BRIEFLY ABOUT THE GROUP

Panevezio statybos trestas AB, together with its Group companies, is one of the largest construction companies in Lithuania. Operating in the construction sector for over 70 years, the Group has delivered major and complex projects contributing to the country's economic growth, infrastructure development, and environmental objectives.

The Group operates in the following countries: Lithuania, Sweden, Norway, Latvia and Poland. The Group's activities include the construction and design of buildings, structures, facilities and communications, and other objects for various purposes in Lithuania and beyond, the production and design of metal structures for construction, the sale of building materials, and real estate development.

The group consists of the following companies:

- Panevezio statybos trestas AB
- Skydmedis UAB
- Hustal UAB
- Vekada UAB
- Alinita UAB
- Aliuminio fasadai UAB
- Seskines projektai UAB
- Ateities projektai UAB
- PST investicijos UAB
- Tauro apartamentai UAB
- PS Trests SIA
- Kingsbud Sp.z.o.o.

Subcontractors are among the Group's most important partners. As part of the subcontractor selection process, the Company assesses the subcontractors' qualifications. The most important requirements for subcontractors are environmental protection, compliance with occupational safety and health legislation, and integrity.

Further information on the nature of the Group's activities is provided in the Company's and Consolidated Annual Report.

GRI 2-1

GRI 2-2

GRI 2-6

The Group's principal activities are:



Construction and design of buildings, structures, facilities, communications, and other objects for various purposes in Lithuania and abroad.



Sales of building materials.



Production of some building materials.



Real estate development and management.



SUSTAINABILITY IN THE GROUP



MAIN SUSTAINABILITY PRINCIPLES

The Group aims to integrate sustainability topics into its overall business strategy and key performance indicators. Sustainability is understood as an integral part of the Group's activities, closely linked to its commitments to its stakeholders and key strategic directions. The Group's principles of sustainable, responsible, and fair business conduct are described in the [Code of Conduct](#) for Employees, Suppliers, and Company Representatives and other applicable policies.

Key sustainability principles applied in the Group:

- Embedding sustainability in three areas – **environmental, social and governance** – to create balanced long-term value.
- Taking into account stakeholders' expectations, honoring our commitments to them, and engaging with them transparently and fairly when making decisions on the Group's sustainable development.
- Sticking to the common objectives set out in **the European Green Deal** and the **Paris Agreement** on climate change.
- Implementing the globally recognised good governance recommendations by OECD.
- Contributing to the United Nations **Sustainable Development Goals (SDGs)**.
- Supporting and being guided by the United Nations Global Compact principles on human rights, employees' rights, the environment, and the prevention of corruption.
- Carrying out due diligence on environmental, social and economic impact management.
- Setting sustainability targets based on the precautionary principle, i.e., using the most up-to-date scientific advice on the environmental protection.



The Group understands the importance of sustainable development and will seek to further clarify the directions of its sustainability strategy, develop a framework for embedding responsible business principles at all organisational levels, and integrate them into operational strategy, policies, and procedures in the future.



SUSTAINABILITY MANAGEMENT

The management of the Group's environmental, social and economic impacts is overseen by the Board and the Management Team (top management). The Board reviews the results of impact management once a year and considers and approves the Group's strategy. The Board puts executive managers and employees in charge for sustainability in Company's day-to-day operations. The persons in charge shall report to the Board on the results of environmental, social and economic impact management on a regular basis – at weekly, monthly and annual meetings and as required.

The CEO immediately informs the Board of critical sustainability issues. In 2023, there were no essential sustainability issues of particular concern in Group companies.

Governance structure and composition

According to the Articles of Association of Panevezio statybos trestas AB, the company's governing bodies are the General Meeting of Shareholders, the Board (which performs a supervisory function), and the CEO — general director.

The members of the Board have supervisory and control functions. The Company has an Audit Committee only, elected for one year. The Board exercises the functions of the Appointment and Remuneration Committee.

The Board is composed of 5 members elected by the General Meeting of Shareholders for four years to represent the interests of shareholders.

In 2023, the Board consisted of 3 men and two women. 2 Board members were independent. The Chairman of the Board has not held any other significant position (as a top manager) in the Company.

In 2023, the Audit Committee comprised one man and two women, with two independent Audit Committee members.

For more information on the members of the Board and the Audit Committee, including their other significant responsibilities, please refer to the section Governance Report of the Company's and the Consolidated Annual Report.

GRI 2-9

GRI 2-10

GRI 2-11

GRI 2-12

GRI 2-13

GRI 2-15

GRI 2-16

GRI 2-17

GRI 2-25

GRI 2-26

Nomination and selection of board members

The Company's Board is elected and dismissed by the General Meeting of Shareholders under the procedure established by the Republic of Lithuania Law on Companies.

The company's shareholders propose candidates for the Board. Board members must be qualified and competent to perform their functions and have years of experience in management. At least two members must be independent, and at least two-fifths of the Board members must be women.

To date, Board members have been selected disregarding their competencies in sustainable development, and no specific measures were taken to improve their knowledge of sustainability; the measures would be applied if needed.

Conflicts of Interest

Board members, employees, suppliers, and representatives of the Company are required to disclose any situation that may give rise to a conflict of interest that may compromise the interests of the Company in favour of their own private interests or those of persons close to them. Situations where the personal, family, or financial interests of employees could conflict with the interests of the Company must be avoided.

The potential risk of conflicts of interest is assessed during the annual audit, and the auditor issues their opinion. No conflicts of interest were identified in 2023.

Whistleblowing channels and processes to remediate negative impacts

Stakeholders can report various infringements and concerns, such as possible ongoing or committed criminal activities, breach of administrative duty or job responsibilities, or other offences that threaten or undermine the public interest, by emailing skundai@pst.lt and through other channels indicated on the PST [website](#).

Infringement information is dealt with by the [description](#) of the procedure for submitting and handling infringement information by PST.

Depending on the nature of the breach, PST shall, following the Company's procedures, investigate the breach, report to management and the responsible authorities and undertake to remedy and/or repair the damage. In the absence of a prescribed process, the Company shall act by the law.

STAKEHOLDER INVOLVEMENT

Continuous engagement with stakeholders and assessing and responding to their expectations is crucial for the Group's success in ensuring sustainable operations. The Group's strategy defines five main stakeholder groups: **customers, employees, shareholders, suppliers and partners.**

Stakeholders are defined as groups that find our activities highly relevant and/or are significantly affected by our actions, as well as individuals and organisations that significantly influence the Group. The Sustainability Report's content is based on key stakeholders' views, needs and expectations.

MATERIALITY MATRIX

At the beginning of 2023, the Group conducted its first materiality analysis of sustainability topics following GRI standards. The purpose of this assessment is to identify the Group's key environmental, social, and governance topics, start developing the Group's sustainability strategy based on these topics, and provide detailed information on their management in sustainability reports.

The results of the materiality analysis are summarised later in this report.

Critical steps in assessing materiality:

- 1 **Identification of relevant topics for sector peers.**
Topics of interest to companies in the construction and other sectors in which the Group operates were reviewed, and a list of potential sustainability topics was compiled. Topics recommended by other widely used sustainability standards were also assessed.
- 2 **An assessment of the topics that are most important to stakeholders.**
An anonymous survey was conducted to compile information on the most critical sustainability topics for stakeholders. The survey was carried out in March 2023 by sending a questionnaire to targeted contacts from each stakeholder group. A total of 204 responses were received.
- 3 **Impact and risk assessment.**
Each sustainability topic has been assessed in terms of its potential impact on the environment and society and its impact on the Group's performance. At this stage, the Group also discussed the principal risks and opportunities related to sustainability and the potential financial impact on Group companies. The final result is a materiality matrix, which is presented further. Risks related to each sustainability topic is described throughout the report in topic-specific sections.

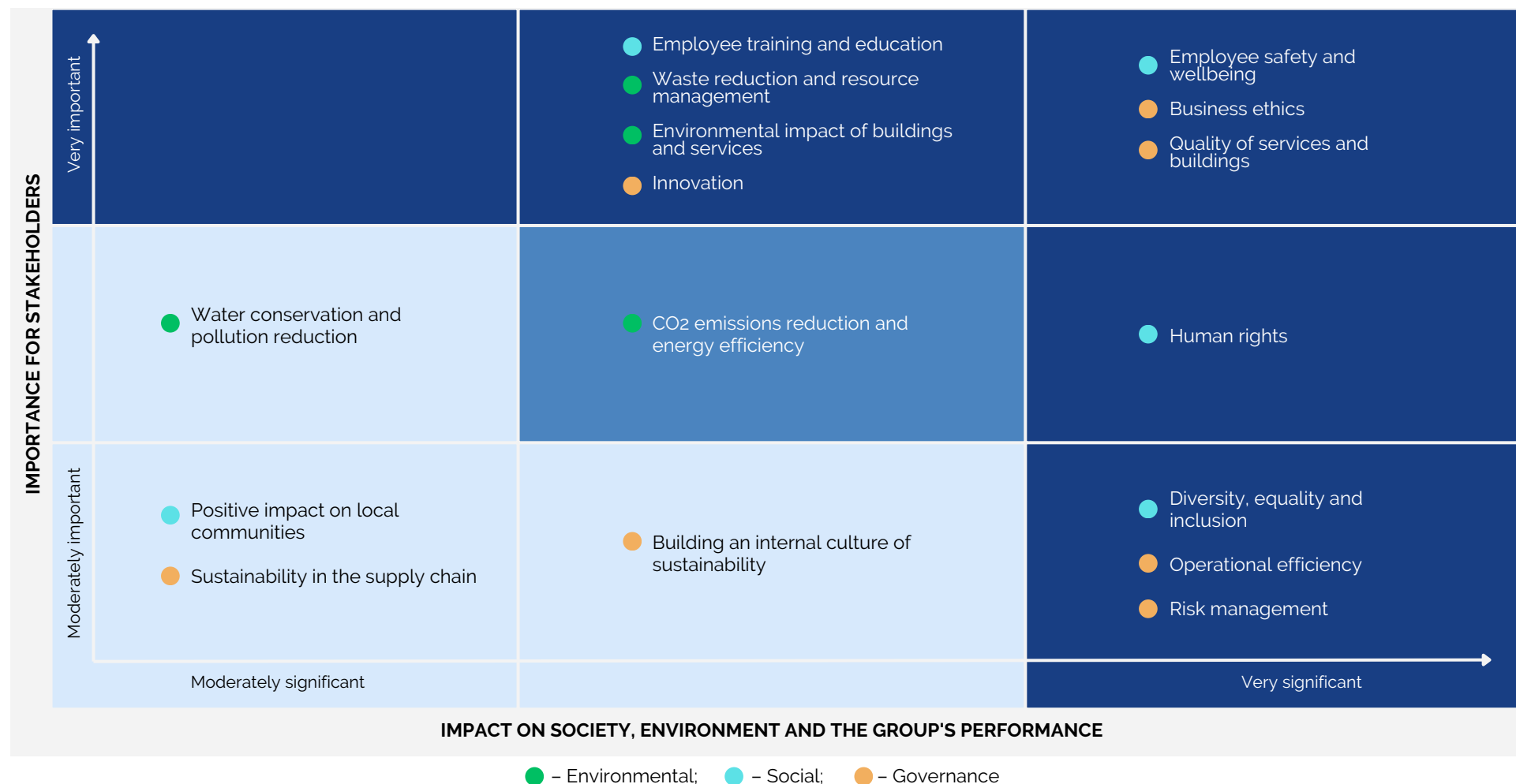


GRI 2-29

GRI 3-1

Social Responsibility and Sustainability Report 2023

MATERIALITY MATRIX










The materiality matrix outlines the social, environmental and governance topics (impacts and risks) most relevant to the Group's sustainability. These topics are all important, but to set sustainability priorities, they are ranked according to their importance to stakeholders and their impact on society, the environment and the Group's performance. Material topics are the issues of utmost importance to the stakeholders that significantly impact society, the environment, and the Group's results, highlighted in the matrix's darkest colour. The management principles for all material topics are described by GRI requirements in this report, in chapters arranged by topic.

KEY SUSTAINABILITY TOPICS

The materiality analysis identified 12 key (priority) sustainability topics that are closely interlinked and most relevant to the Group's environmental, social, and governance activities. The Group will continue developing its sustainability strategy and reporting on these topics.

The United Nations Sustainable Development Goals the Group can contribute to the most are identified and listed for each topic (if applicable). The Sustainable Development Goals (SDGs) are a universal set of aspirations that set the direction for global economic, social and environmental development up to 2030.

This report details the principles behind managing the sustainability topics and the Group's performance and targets in each area.

Priority sustainability topic	Long-term direction	Sustainable Development Goals
Environmental area		
Environmental impact of buildings and services	To apply and develop new solutions and services to help reduce the environmental impact of buildings throughout their life cycle.	 
Waste reduction and resource management	To optimise production processes to decrease the amount of raw materials used and reduce and recycle waste.	
CO2 emissions reduction and energy efficiency	To reduce the energy needed for our operations and the greenhouse gases (CO2) emitted.	 
Social area		
Employee safety and wellbeing	To create a safe and healthy working environment and improve working conditions.	 

Priority sustainability topic	Long-term direction	Sustainable Development Goals
Social area		
Human rights	To support and promote the protection of fundamental human rights in the Group's activities.	-
Employee training and education	To ensure all employees are given opportunities to improve and develop their skills.	
Diversity, equality and inclusion	To ensure equal opportunities, prevent discrimination at work and promote equality in recruitment.	 
Governance area		
Business ethics	To create and foster an ethical business culture, prevent corruption and bribery, and compete fairly.	
Quality of services and buildings	To ensure that the projects we deliver are of high quality, meet our clients' needs and comply with industry standards.	
Innovation	To develop and apply innovative solutions and introduce modern technologies into crucial business processes.	
Operational efficiency	To apply efficient, innovative and resource-saving process management methods.	
Risk management	To continuously assess operational risks and implement measures to address and mitigate them.	-

EU TAXONOMY ALIGNMENT OVERVIEW

The European Union (EU) Taxonomy (Taxonomy Regulation 2020/852 and the delegated acts adopted under it) is a classification system for sustainable economic activities designed to channel private investment into environmentally sustainable activities that contribute to the environmental objectives of the European Green Deal. The Taxonomy regulation sets out scientific evidence-based criteria for assessing the sustainability of an activity. The activities of those enterprises that fall under the Taxonomy list and meet the criteria provided can be classified as sustainable and attract green investments.

Taxonomy-eligible economic activities are defined as activities described in the relevant delegated acts of the Taxonomy Regulation, i.e. included in the Taxonomy. Companies that have identified that their Turnover, CapEx and/or OpEx are related to the activities described in the Delegated Acts are required to carry out an analysis and disclose the extent to which their activities comply with the Taxonomy criteria with respect to these indicators. Taxonomy-aligned activity is defined as an activity meeting the Taxonomy technical analysis criteria, i.e. making a significant contribution to at least one of the six environmental objectives and causing no significant harm to the other five.

In this overview, we provide information on the taxonomy-eligible activities conducted and their compliance with the Taxonomy criteria according to the main indicators. The methodology for calculating the indicators has been updated compared to our last year's disclosure (described further).

TAXONOMY-ELIGIBILITY ASSESSMENT AND CALCULATION OF INDICATORS

Turnover. The Group derives part of its revenue from taxonomy-eligible activities. The primary economic activity of PST, construction, accounts for the majority of the Company's revenue and corresponds in the Taxonomy to the activity labeled Construction of new buildings. Other activities of the Company (real estate activities, building renovation activities) that are considered taxonomy-eligible are the Acquisition and ownership of buildings and Renovation of existing buildings. The revenue generated by these activities is calculated accordingly, as shown in the table provided further.

Capital expenditure (CapEx). In terms of specific acquisitions that can be attributed to taxonomy-eligible activities in 2023, the Group acquired passenger vehicles (Transport by motorbikes, passenger cars and light commercial vehicles) and freight vehicles (Freight transport services by road) and a solar power plant (Installation, maintenance and repair of renewable energy technologies). The remaining long-term asset acquisitions have been distributed among taxonomy-eligible activities based on revenue proportions. This allocation is necessary because the equipment is utilized across various projects and cannot be directly linked to a specific activity. This approach was selected as the most suitable given the prevailing trends in Taxonomy disclosure within the construction sector.

Operating costs (OpEx). Operating costs (OpEx) are defined in the Taxonomy Regulation as direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, etc. According to the definition of the Taxonomy OpEx, we have calculated the total amount of operating costs (denominator) by including only maintenance and repair costs and short-term rentals. Similar to CapEx, the total operating costs have been divided among taxonomy-eligible activities based on revenue proportions.

TECHNICAL SCREENING OF ACTIVITIES

So far, the Taxonomy has encompassed and implemented criteria for activities aiding climate change mitigation and adaptation objectives (that also applies to our taxonomy-eligible activities). By the end of 2023, the list was broadened to incorporate criteria for activities addressing the remaining four environmental objectives. According to the expanded list, the activities Construction of new buildings and Renovation of existing buildings can also contribute to the transition to circular economy objective. We have also assessed other activities identified under the transition to circular economy objective, but have not identified any taxonomy-eligible activities tied to this objective for projects executed in 2023. In the future, our taxonomy-eligible activities and the methodology for calculating indicators may change in the light of possible new official interpretations of the EU Taxonomy.

Our technical analysis has shown that the Group's current activities only partially meet the Taxonomy criteria and are therefore assessed as not taxonomy-aligned. The Group executes projects based on designs and cost estimates approved by clients, thus it cannot guarantee alignment with Taxonomy criteria. For example, the main activity of the Group Construction of new buildings is subject to quite challenging climate change mitigation criteria: new buildings must meet even higher requirements than are currently applied to buildings of the highest energy performance class A++, which are almost energy-free.

Climate risk and vulnerability assessments have not been conducted for individual projects or at the Group level. Consequently, the activities fail to meet one of the 'do no significant harm criteria' for climate change adaptation, which applies to all taxonomy-eligible activities.

In line with our support for the EU Green Deal, we intend to consider the Taxonomy Regulation in our future investment planning, so that our activities align with the Taxonomy criteria to the extent possible. The results of the screening are presented further using the template tables set out in the Taxonomy.

MINIMUM SAFEGUARDS

In its activities, Panevezio statybos trestas AB ensures compliance with the Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development (OECD) and the United Nations' Guiding Principles on Business and Human Rights. The company protects and respects human rights and has a [Code of conduct for employees, suppliers and company's representatives](#). Being one of the largest construction companies in Lithuania, Panevezio statybos trestas AB recognizes, understands and assumes responsibility for the impact of the corporate activities on the social, economic and natural environment. The Company is committed to complying with the legislation, regulations and agreements applicable to its operation.



REVENUE ACCORDING TO TAXONOMY IN 2023

				Substantial contribution criteria		Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute revenue 2023	Proportion of revenue, 2023	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of revenue, 2023	Taxonomy-aligned proportion of revenue, 2022	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activity:																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Revenue of environmentally sustainable activities(Taxonomy-aligned) (A.1)		0	0%										0%	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Construction of new buildings	F41.1, F41.2, F43	81649	68.14%													
Acquisition and ownership of buildings	L68	2883	2.41%													
Renovation of existing buildings	F41, F43	7340	6.13%													
Revenue of Taxonomy-eligiblebut not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		91872	76.67%													
Total: A.1 + A.2		91872	76.67%													
B. Taxonomy-non-eligible activities																
Revenue of Taxonomy-non-eligible activities (B)		27956	23.33%													
TOTAL: A + B		119828	100.00%													

CAPITAL EXPENDITURE (CAPEX) ACCORDING TO TAXONOMY IN 2023

				Substantial contribution criteria		Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute Taxonomy CapEx in 2023	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2023	Taxonomy-aligned proportion of CapEx, 2022	Category (enabling)	Category (transitional)
		Eur	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activity:																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
CapEx of environmentally sustainable activities(Taxonomy-aligned) (A.1)		0	0%										0%	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	100554	9.11%													
Freight transport services by road	H49, H53 N77	172065	15.59%													
Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	113915	10.32%													
Construction of new buildings	F41.1, F41.2, F43	582003	52.75%													
Acquisition and ownership of buildings	L68	10143	0.92%													
Renovation of existing buildings	F41, F43	25780	2.34%													
CapEx of Taxonomy-eligiblebut not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1004459	91.04%													
Total: A.1 + A.2		1004459	91.04%													
B. Taxonomy-non-eligible activities																
Taxonomy CapEx of Taxonomy-non-eligible activities (B)		98892	8.96%													
TOTAL: A + B		1103352	100 %													

2023 OPERATING EXPENDITURE (OPEX) ACCORDING TO TAXONOMY

				Substantial contribution criteria		Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute operating expenditure in 2023	Percentage of operating expenditure, 2023	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned percentage of operating expenditure, 2023	Taxonomy-aligned percentage of operating expenditure, 2022	Category (enabling)	Category (transitional)
		Eur	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
A. Taxonomy-eligible activity:																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Operating expenditure of environmentally sustainable activities(taxonomy-eligible) (A.1)		0	0%										0%	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Construction of new buildings	F41.1, F41.2, F43	547169	68.10%													
Acquisition and ownership of buildings	L68	19284	2.40%													
Renovation of existing buildings	F41, F43	49012	6.10%													
Operating expenditure of Taxonomy-eligiblebut not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		615465	76.60%													
Total: A.1 + A.2		615465	76.60%													
B. Taxonomy-non-eligible activities																
Operating expenses of non-taxonomy-eligible activities (B)		188014	23.40%													
TOTAL: A + B		803479	100.00%													

ENVIRONMENTAL AREA



CO₂ EMISSIONS REDUCTION AND ENERGY EFFICIENCY

The Group is responsible for a significant amount of greenhouse gases (GHGs) emitted into the atmosphere during its activities. Therefore, this topic is identified as one of the key impact areas to manage. Reducing emissions and increasing energy efficiency are integral parts of the Group's strategy and will be the focus of future annual targets and impact reduction. The Group puts great effort into contributing to climate change mitigation and environmental protection. This is crucial for the sustainable and long-term preservation of the environment. The Group keeps investing in developing solar power plants and purchasing energy from 100% renewable sources. Some Group's companies already generate electricity to cover 100% of their needs.

The Group keeps investing in developing solar power plants and purchasing energy from 100% renewable sources. Some Group companies already generate electricity to cover 100% of their needs.

In this report, the PST publishes its estimated (GHG) emissions from its activities in CO₂ equivalent. The sources of emissions and the methodologies used to calculate them are identified, including the Scope to which the emission source belongs. The know-how and methodologies of market-based financial institutions and energy suppliers were used to calculate GHG emissions. The emissions calculation was based on the Greenhouse Gas Protocol (GHG) and Global Reporting Initiative (GRI) standards and recommendations. The calculation of emissions includes not only CO₂ but also all other greenhouse gases (CO₂, NH₄, CH₄, HFCs) emitted in the activity, converting them to CO₂ equivalents using standard factors and naming the final total figure as CO₂-eq. Emission consolidation method: operational control. The baseline year for calculating GHG emissions is 2022, the first year PST has chosen to estimate its emissions.

Plans for 2024



To provide a better picture and set specific and measurable targets, PST also foresees to assess the indirect emissions of Scope 3 for 2024.

GHG emissions

	Measurement units	2022	2023	Change 2022/2023	Change 2022/2023, t CO ₂ eq.
Direct (Scope 1)	t CO ₂ -eq	1 803.5	1 916.5	+ 6.27%*	+ 113.1*
Indirect (Scope 2)	t CO ₂ -eq	243.0	462.8	+ 90.41%**	+ 219.7**
Indirect (Scope 3)	t CO ₂ -eq	-	-	-	-

Note: Calculated using the market-based method, based on actual electricity purchases. Calculated using the location-based method, i.e. based on a country's specific energy production pattern, 2023. The company's indirect Scope 2 GHG emissions would be 702.1 t CO₂ eq., 850.1 t CO₂ eq. in 2022.

* Compared to 2022, direct (Scope 1) emissions have increased due to higher fuel consumption in the transport fleet.

** Compared to 2022, indirect (Scope 2) emissions have increased because part of the electricity in Hustal UAB was purchased without guarantees of origin (it cannot be classified as green energy), and heating costs in PST construction sites have increased -53%.

The GHG emission intensity is calculated by dividing annual emissions by the number of units of economic activity. PST calculates how much CO₂ is emitted per employee and per million Eur in this case. As with the total emissions calculation, the intensity ratios include all GHG emissions, converting them into CO₂-eq.

GHG emissions intensity

	2022	2023	Change 2022/2023
t CO ₂ -eq / 1 employee	2.9	3.7	+ 28%
t CO ₂ -eq / €1 million turnover	20.9	23.0	+ 10%

Note: The emission intensity ratio has been calculated for the total Scope 1 and Scope 2 GHG emissions.

Energy consumption

Direct & indirect energy consumption			
	Measurement units	2022	2023
Direct fuel consumption from renewable sources	TJ	0.42	0.84
Biofuels	TJ	0.42	0.84
Direct fuel consumption from non-renewable sources	TJ	24.05	25.67
Diesel	TJ	22.58	23.48
Petrol	TJ	1.47	2.19
Energy purchased and consumed	TJ	21.21	17.78
Electricity	TJ	12.45	7.18
Heat	TJ	9.06	10.60
Total energy consumption in the organisation:	TJ	45.98	44.29

Note: Total energy consumption is calculated using the GRI 302-1 formula. Conversion factors from convert-measurement-units.com convert energy quantities to TJ.

Energy intensity

Energy intensity	2022	2023
TJ / 1 million Eur revenue	0.47	0.43
TJ / 1 employee	0.066	0.068

The energy intensity index is calculated using the GRI 302 Energy methodology.

GRI 302-1

GRI 302-3

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-4

Work and Achievements in 2023



PST purchased a new Komatsu bulldozer to replace the previous one manufactured in 2007. The new bulldozer has a new generation Euro 6 engine (the old bulldozer had Euro 3 one). In terms of hours actually worked in 2023 and the average fuel consumption per hour for this model, the new bulldozer consumes half as much fuel per working hour. During 2023, it emitted approximately 17.5 tonnes less CO₂ than the old bulldozer would.



PST has increased the capacity of its solar power plant (Puzino g. 1, Panevezys) from 30 kW to 60 kW.

Hustal UAB has increased the capacity of its solar power plant from 200 kW to 320 kW.

Plans for 2024



Development of solar energy projects: investments in new solar power plants or the expansion of existing ones to increase renewable energy production and reduce dependence on non-renewable sources.



Initiation of projects to reduce electricity consumption by applying energy efficiency improvement measures and promoting responsible energy use.



WASTE REDUCTION AND RESOURCE MANAGEMENT

The Group aims to ensure the responsible management of all waste associated with its operations, continuously increase recycling and ensure responsible resource management. To conserve the environment and natural resources and to provide comprehensive pollution prevention, the Company has a practice of preparing an environmental plan at the beginning of each project. The plan foresees specific measures to manage significant environmental aspects and the Company's activities. This is to minimise the Group's footprint in this area. The Company's approach to waste reduction is defined explicitly in the [PST Environmental Policy](#).

To successfully manage this topic, the Company has implemented an Environmental Management System according to the standard LST EN ISO 14001:2015. Waste reduction targets, describing the proportion of waste sorted to be achieved, are set each year.

Objectives for 2024:

Ensure the following minimal proportion of waste sorting on sites:



- new construction – 60 %;
- reconstruction, modernisation and renovation of buildings – 30 %;
- environmental management, road construction, site development and waste sites – 85%;
- otherwise unspecified waste sites – 45 %.



To keep construction machinery, equipment and vehicles up-to-date, subject to financial constraints.

PST strives to reduce the Group's negative environmental impact by adequately managing all waste generated from its operations. The Company supports and endorses the European Union's (EU) waste policy, which is based on the waste hierarchy principle of waste management—waste prevention in the first line, followed by preparation for reuse and only afterwards recycling and recovering.

GRI 306-3

GRI 306-4

PST sorts the generated construction waste on-site. Building materials suitable for reuse are separated. Waste that is not suitable for reuse is sent to waste handlers. Waste generated on construction sites is also sorted according to all applicable requirements.

Internal audits monitor and control the waste sorting process. Records of generated waste are kept in the electronic Unified Product, Packaging, and Waste Record Keeping Information System (GPAIS). At the end of the calendar year, the proportion of waste sorted is calculated.

Waste from operations

	Measurement units	2021	2022	2023
General waste	t	12,531.279	3684.020	2772.483
Hazardous waste	t	2.923	4.759	11.107
Total	t	12534.203	3688.779	2783.59

Note: All hazardous waste generated by the activity has been passed on to waste handlers.

Waste sent for recycling

	Measurement units	2021	2022	2023
Wood	t	68.890	98.670	72.86
Metals	t	20.010	5.118	277.585
Paper	t	7.770	7.365	19.755
Glass	t	13.940	2.040	0.14
Plastics	t	0.040	0.065	8.807
Concrete brick mixes	t	3099.940	1042.500	1088.1
Bituminous mixtures	t	1200.000	416.400	0.65
Total	t	4410.59	3590.109	1467.897

Note: All of this waste has been sent for recycling; however, PST cannot guarantee that it has actually been recycled.

WATER CONSERVATION AND POLLUTION REDUCTION

The company considers water conservation and reducing water pollution as one of its key objectives and aims to reduce its impact on this topic in every possible way. The approach to this topic is further described in the Company's [\(Environmental Policy.\)](#)

Amount of water consumed

	Measurement units	2021	2022	2023
Water consumption of PST fixed facilities	ML (megaliters)	3.211	4.312	5.233
Water consumption of PST construction sites	ML (megaliters)	1.365	12.102	8.822
TOTAL:	ML (megaliters)	4.576	16.414	14.055

PST does not use water from areas experiencing water stress, while all calculations are based on metering devices installed within the Company.

ENVIRONMENTAL IMPACT OF BUILDINGS AND SERVICES

The Company sees this topic as one of the most important for managing its impact on the environment, employees, and society. Therefore, the aim is to apply and develop new solutions and services to help reduce the environmental impact of buildings throughout their life cycle. The circular economy is about preserving the value of products and materials for as long as possible, with as little waste as possible and as few resources used as possible; the Company aims to do the same by trying to minimise its impact in this area.

It is important to note that in terms of volume, construction and demolition are among the largest sources of waste. The construction industry significantly impacts the overall environmental performance of the life cycle of buildings and infrastructure. Given the long lifespan of buildings, the Company strives to promote better design in every possible way to reduce the impact on the environment and to increase the resilience and recyclability of their components. At the same time, the use of hazardous chemicals in construction sites is being steadily reduced by replacing them with less hazardous ones.

The Company's new buildings currently under construction are of energy efficiency class A++. These buildings use almost no thermal energy, contributing to climate change mitigation. As the market tightens its requirements for the energy class of new projects, PST is developing its competencies and technological base to implement this type of project.

Work and Achievements in 2023



In 2023, the Lazdynai swimming pool was recognised as the Product of the Year at the Lithuanian Confederation of Industrialists (LPK) awards, receiving the "Lithuanian Product of the Year 2023" gold medal.

Plans for 2024



In 2024, priority will be given to acquiring and installing equipment and machinery, allowing to reduce the environmental impact of operations and fuel consumption.



SOCIAL AREA



EMPLOYEES AND THEIR DIVERSITY

Professional, competent and responsible employees are the Group's greatest asset and essential to achieving its goals. The Group aims to ensure a respectful and caring relationship with its employees, increase diversity, and foster employees' well-being and internal corporate culture.

On 6 August 2021, a Labour Council of nine members was elected to represent employees in the Group. The Labour Council makes proposals to employer on economic, social, and labour issues of concern to employees, as well as employer decisions and laws and regulations governing labour relations. The Council is set up for a term of office of 3 years, starting from the beginning of its mandate.

As of 31 December 2023, the Group had a total of 762 employees, and PST had 491 employees. As of 31 December 2022, the Group had a total of 805 employees, and PST had 536 employees.

Breakdown of employees by gender and location

There has been a natural turnover of employees in the Group's companies during 2023. The Group does not have information on the total number of employees (e.g., subcontractors' employees) who are not employees of the Group and whose work and/or workplace is not controlled by the Group.



	Number of employees		Permanent employees by gender (indefinite contract)		Temporary employees by gender (fixed-term contract)		Full-time employees by gender		Part-time employees gender	
	PST	Group	PST	Group	PST	Group	PST	Group	PST	Group
Total	491	762	451	721	40	41	471	735	20	28
Women	80	108	76	103	2	3	79	156	6	12
Men	411	618	375	38	38	578	392	578	14	16
Lithuania	490	756	450	716	40	41	470	729	20	27
Latvia	1	3	1	3	0	0	1	3	0	1
Poland	0	3	0	2	0	0	0	2	0	0

Note: The tables present the Group's data at the end of the reporting period (2023). Data for 2022 is available for comparison in the PST Social Responsibility and Sustainability Report for 2022.

GRI 2-7

GRI 2-8

New hires and turnover

		New hires		Turnover	
	Total number in each category	Number of new hires	Rate per category (%)*	Number of redundancies	Rate per category (%)*
By gender:					
Women	108	10	9.3%	4	3.7%
Men	654	225	34.4%	71	10.9%
By age:					
Up to 30 years	67	61	91.0%	20	29.9%
30–50 years	389	131	33.7%	38	9.8%
Over 50 years	306	43	14.1%	17	5.6%
By location:					
Lithuania	756	212	28.00%	43	5.7%
Latvia	3	0	0.00%	0	0.00%
Poland	3	1	33.3%	0	0.00%

*The rate is calculated as follows: the number of new hires in a given category divided by the total number of employees in that category. For example, the number of new female hires among all female employees.

GRI 401-1

GRI 401-3

Parental leave

Employees and their diversity	Breakdown by gender
Total number of employees entitled to parental leave (by gender).	Men – 7
	Women – 1
Total number of employees on parental leave (by gender).	Men – 0
	Women – 1
Total number of employees who returned to work after parental leave during the reporting period (by gender).	Men – 0
	Women – 3
The total number of employees who returned to work after parental leave and are still working 12 months after their return (by gender).	Men – 0
	Women – 1

Note: The relative rate of return to work of workers on parental leave by the GRI formula is not reported, as this is the first time the indicator has been reported, and the data are only disclosed for 2023.



DIVERSITY, EQUALITY AND INCLUSION

The Group has placed a strong emphasis on diversity, equality and inclusion in 2023. By creating a work environment based on diversity, equality and inclusion, the Group ensures that the views of different stakeholders are taken into account and that the expectations of these stakeholders towards the Group are better reflected.

In 2023, as in the past, the majority of the Group's employees, 86% (PST – 84%), were men, which is typical for the construction sector. This is strongly influenced by the specific nature of the activities carried out, i.e. women are less likely to opt for technological work in construction and directly related construction-technical-engineering occupations and outdoor work.

The Group does not discriminate based on gender, assesses employees based on their qualifications, and provides equal employment and career opportunities. Every employee's opinions and ideas are accepted. There were no cases of discrimination in 2023.



Social Responsibility and Sustainability Report 2023

Percentage of individuals in each of these diversity categories on the Group's board

	Gender and age group	2022	2023
		Share (%)	
The board	Women	40	40
	Men	60	60
	Up to 30 years	0	0
	30–50 years	60	40
	Over 50 years	40	60

Percentage of employees in each of these diversity categories

	Gender and age group	Share (%)		
		2021	2022	2023
PST	Women	15	17	16
	Men	85	83	84
	Up to 30 years	7	8	8
	30–50 years	42	43	48
	Over 50 years	51	49	44
Group	Women	19	15	14
	Men	81	85	86
	Up to 30 years	8	9	9
	30–50 years	47	47	51
	Over 50 years	45	44	40

The group is against forced, involuntary labour and child exploitation. Only persons of the legal age by the law of the Republic of Lithuania may be recruited.

REMUNERATION POLICY

To attract professionals to management positions, the Group aims to maintain remuneration close to the market median of the country where the Group operates. The remuneration system is a set of remuneration packages that Group companies use to attract, motivate and retain the best people to help them achieve their long-term goals and business strategy. Staff remuneration is based on the employee's responsibilities, performance, competencies, knowledge and skills; the pay for equivalent posts is similar.

Employees benefit from advanced bonus schemes and an exceptional working environment. The Group also provides social security benefits for employees, such as death benefits for family members or relatives (in the event of an employee's loss) and gifts at the birth of a child and on the occasion of an anniversary.

For more information on the remuneration policy, please refer to the "Consolidated Remuneration Report" section of the Annual Report.

DETERMINING THE REMUNERATION FOR THE BOARD MEMBERS

The extraordinary general meeting of shareholders of 9 April 2021 approved the procedure for the appointment and payment of remuneration to independent members of the board of Panevezio statybos trestas AB.

Under these arrangements, the independent member of the board is paid a fixed monthly remuneration. The board members, other than the independent members of the board, are paid remuneration (bonuses) for their work on the board, as decided by the general meeting of shareholders, by the Law on Companies of the Republic of Lithuania.

DETERMINING THE REMUNERATION OF TOP AND MIDDLE MANAGERS

The remuneration policy for top and middle managers of Panevezio statybos trestas AB was approved at the ordinary general meeting of shareholders on 29 April 2020.

The board approves the remuneration of the Company's chief executive officer (general director) and the remuneration of functional and branch directors on the general director's recommendation. The Company currently has no information on

how stakeholders' views (including shareholders) are considered in determining remuneration or the involvement of consultants in the remuneration setting.

Remuneration for top and middle managers consists of fixed and variable components. The fixed component is the employee's basic monthly salary, as set out in the employment contract. The variable component is based on the Company's and the employee's performance.

The remuneration policy for board members and the management team is not linked to sustainability performance.

The consolidated remuneration report for 2022 and the set of financial statements 2022 were approved at the general meeting of shareholders on 27 April 2023.

Annual total compensation ratio

	PST			Group		
	2021	2022	2023	2021	2022	2023
The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees	6.33:1	5.5:1	4.7:1	6:1	7.87:1	7.5:1
The ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in total yearly compensation for all employees	-	0.24:1	0.29:1	-	2:1	0.73:1

The annual increase in total remuneration for the highest-paid individual at PST was 8%. The annual percentage increase in the median total compensation of all employees (excluding the highest-paid individual) was 26%.

At the group level, the highest-paid individual had an annual compensation increase of 18%. The annual percentage increase in the median total remuneration of all employees (excluding the highest-paid individual) was 24%.

EMPLOYEE SAFETY AND WELLBEING

The Group is committed to ensuring a safe working environment for its employees, so safety is considered one of the highest priorities.

One of the Group's main objectives is to become a leader in the construction market, guaranteeing safe and hazard-free workplaces for Panevėžio statybos trestas AB employees and all the employees working on behalf of the Company.

The Group has an Occupational Health and Safety (OHS) Policy and relevant ISO 45001 procedures in place:

- Implementation of legal and other requirements for environmental protection and occupational safety and health (ADSSVP-02).
- Emergency preparedness and response (ADSSVP-04).
- Monitoring and measurement (ADSSVP-06).
- Occupational safety and health management (OSHMP-09).
- Identification and risk assessment of occupational hazards (DSSAP-10).
- Managing objectives, targets and management programs (KADSSVP-002).
- Design Management (KADSSVP-003).
- Purchase and sale (KADSSVP-004).
- Selection of subcontractors (KADSSVP-005).

This helps to ensure the ongoing identification and assessment of OHS risks, defining risk management measures, and monitoring their implementation.

WORK-RELATED RISKS

Sound occupational health and safety management contributes significantly to the Group's sustainable and long-term performance. In the construction sector, the risk of injury and occupational diseases is high where there are high physical loads or where hazardous work, chemicals, or other materials are involved.

Hazardous and harmful risk factors (hazards) identified:

- Noise – noise from mobile electrical work equipment on a construction site.

- Hand vibration – when working with portable electrical equipment on a construction site.
- Low and high temperatures (working outdoors, indoors (cold and warm seasons)).
- Inadequate lighting – artificial lighting (when work is carried out outdoors, in open spaces during the dark daytime, or in basements).
- Contact with hazardous chemicals: petroleum products (fuels, lubricants, etc.), acids, alkalis in mixtures and other hazardous substances, soil, paints, adhesives, and sealants.
- The physical exertion of lifting and carrying loads by hand involving the arms, legs and back muscles.
- Falls from height – scaffolding; mobile towers, ladders; mobile work platforms; workplaces at a height not protected by safety fencing.
- Falling at the same level (horizontal), risk of slipping, tripping, stumbling.
- Falling objects – lifting loads with cranes; workplaces at heights not protected by safety fencing; hazardous areas near buildings; lifting equipment.
- Risk of tripping, pinching – erecting and dismantling heavy structures using lifting equipment.
- There is a risk of being run over, pinched, or crushed by moving vehicles during delivery of building materials, waste removal, or landscaping.
- Risk of entrapment and crushing of rotating parts of machinery and equipment.
- Risk of cuts and dents when using sharp tools or materials with sharp edges or corners.
- Exposure to electrical currents (alternating current over 50 V and direct current over 75 V, high voltages of 10 kV and above).
- Fragmented, flying particles of work materials – hazardous areas on a construction site when working with portable electrical work equipment.
- Fire hazards include welding, metal cutting with power tools causing sparks, and the use of electrical household appliances.
- Potential displacement and collapse of stored building materials and structures – storage of building materials and heavy structures.
- Hazards in the work and services provided by other organisations and their employees.
- Dust risk – excavation and construction work during the warm season.

Work-related injuries

	2022	2023
Injury rate	0	2
Number of minor accidents (injuries) per million hours worked	0	1,31

Note: The total recordable injury rate per million hours worked is calculated using the GRI 403-9 formula. The total number of hours worked by all employees in 2023 was 11,269,833.

OCCUPATIONAL HEALTH AND SAFETY TRAINING SYSTEM

The company provides occupational health and safety training to ensure every employer is informed and prepared to perform their duties safely. The training program comprises several parts:

- Theoretical training covering the basics of health and safety at work, legislation, Company policies and procedures. It also focuses on hazard identification and the principles of safe behaviour, including using personal protective equipment and accident prevention.
- Practical training on specific hazards and activities, such as fire safety, civil protection, use of chemicals and high-risk work. It also includes evacuation plan training and first aid principles.
- Periodic knowledge checks and practical training to refresh and test workers' knowledge and skills in actual or simulated situations.

The Company's managers and safety officers are responsible for ensuring the quality of the training and keeping the programs up-to-date with the latest hazards and legal requirements. This is the Company's way of creating a safe working environment and ensuring every employee is well-prepared for different situations.

GRI 403-9

GRI 403-5

Work and Achievements in 2023



We introduced an e-learning platform for qualification and occupational safety and health training to improve the quality and accessibility of training for every employee.



The process for issuing personal protective equipment has been digitised. From 1 March 2023, employees will be issued personal protective equipment via the VIACOREX electronic platform.



On 16-03-2023, Technical Director K. Grimalis, OHS Senior Specialist V. Fijalkauskas and Construction Manager K. Kurpis participated in PETROFAC's "2023 Contractors Safety Forum Lithuania", where Lithuanian and foreign companies shared their experience of creating a safe environment.



The digitalisation of compulsory health screening for workers through the electronic platform Esveikata. It has been launched to improve the quality of health screening and the accessibility of information for every employee.

Plans for 2024



The overarching goal of the Vision Zero for Accidents at Work 2024 is 0 accidents at work.



The implementation of the e-platform for OSH management, "SAUGA.lt," should be completed in Q1 2024. OSH and competencies/professional training will be delivered using the e-platform.



Improve staff and manager awareness of OSH and risk assessment through better training programs and presentation of information.

EMPLOYEE TRAINING AND EDUCATION

One of the main objectives of the Group's strategy is to promote the training and development of employees at all levels. Employee development and improving specific and general skills ensure the proper and smooth running of the Group's businesses and operational processes. They are among the most critical factors in ensuring competitiveness.

Employee development plans are drawn up annually, taking into account the Group's objectives and the competencies required to achieve them. The Group provides opportunities for employees to improve their knowledge and skills through various training courses, seminars and conferences. The Company and its subsidiaries provide regular in-house training for employees based on the nature of the work and the workplace requirements.

The Group focuses mainly on Occupational Health and Safety (OHS) training, which is included and described in the Group's Occupational Health and Safety Policy. To ensure a smooth process on this topic, the Group has also implemented the ISO 45001 procedure Personnel Training (KADSSVP-016) and the training procedures are defined in the Group's procedure for training, testing and assessment of the Group's employees' knowledge in the field of occupational safety and health.

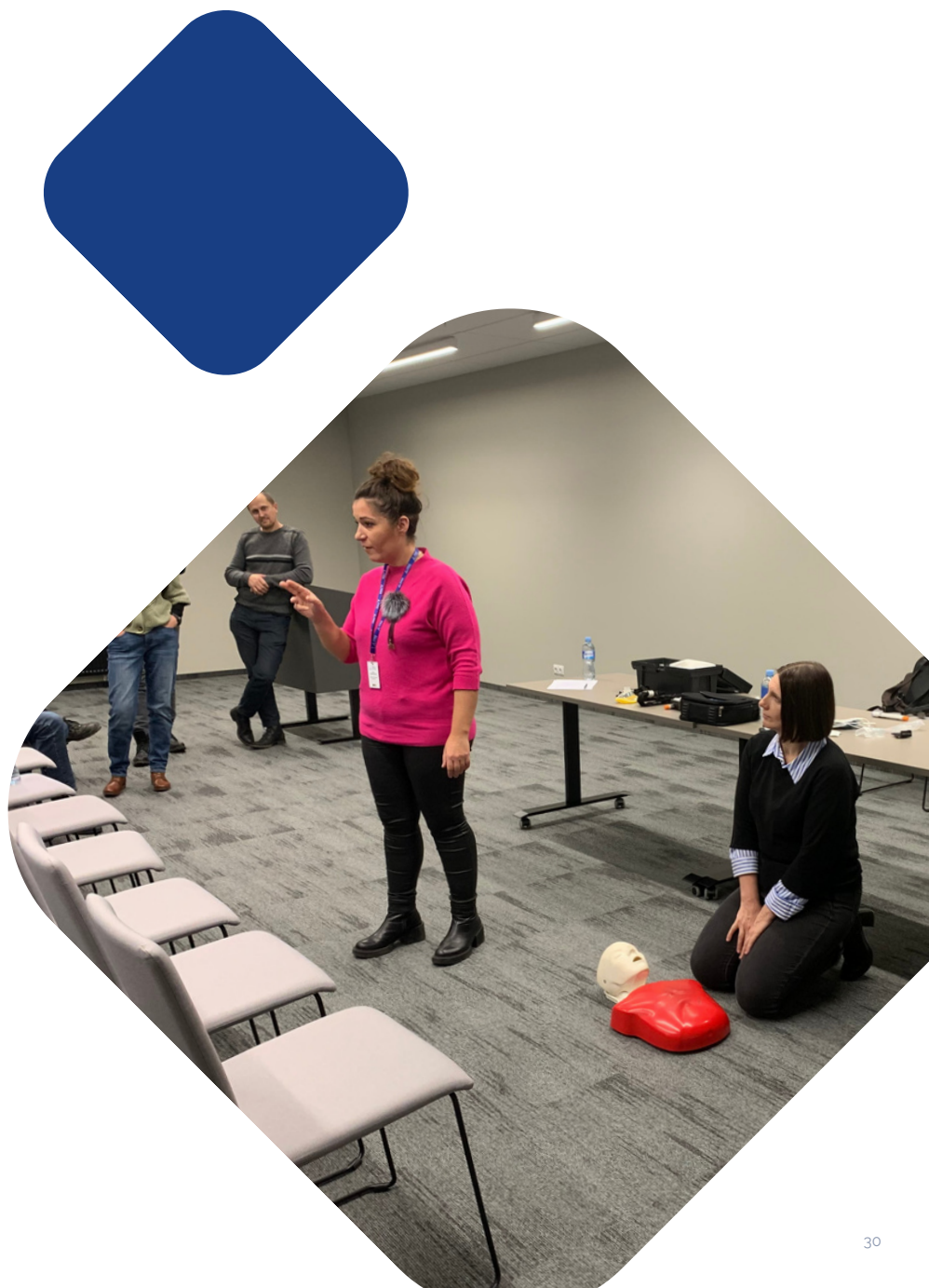
The Company and its subsidiaries are responsible for developing the qualifications and skills of their employees, which means investing time and money in organising and implementing the necessary training and education programs.

The Group's training is delivered in two tracks, using the services of

1. Training providers (external training).
2. Higher education institutions (employee studies).

The Group continuously invests in training and development courses to improve its employees' competencies and awareness of occupational safety and health. In 2023, training courses were organised at the Company and training institutions. The training sessions attended by employees are listed in the table below.

The Group dedicated a total of **4712** hours to various external and internal trainings", pagal nutartą dizaino kryptį.



Average hours of training per year per employee

	2022	2023	2022	2023	2022	2023
	Number of specialists		Number of hours		Average hours of training per employee	
Women	6	19	130	170	21.67	8.95
Men	143	272	2791	4542	19.52	16.70
Sales and negotiations	2	3	8	16	4.00	5.33
Workman employed in the construction of high-rises	40	23	916	148	22.90	6.43
Cargo hanger	0	21	0	277		13.19
Fire safety (employee)	48	59	161	176	3.35	2.98
Fire safety (manager)	6	3	41	17	6.83	5.67
Civil protection	9	22	1	40	0.11	1.82
Violence and harassment: risks, prevention measures, employees' rights and obligations	9	22	1	40	0.11	1.82
Lifting platform and equipment operator	0	41	0	1274		31.07
The organisation of crane work	0	1	0	3		3.00
Tower crane operator	0	1	0	32		32.00
Mobile work platforms work manager	0	1	0	16		16.00
Coordinator for construction safety and health at work	0	3	0	96		32.00
First aid training	9	53	1	143	0.11	2.70
OHS professionals	9	14	652	1072	72.44	76.57

	2022	2023	2022	2023	2022	2023
	Number of specialists		Number of hours		Average hours of training per employee	
Improving occupational health and safety	0	3	0	64		21.33
Persons authorised by the employer*	5	5	170	170	34.00	34.00
Energy workers (heating)	8	0	234	0	29.25	
Training of certified construction professionals for the certificate of competence	4	3	32	48	8.00	16.00
Training for the renewal of the certificate of competence for certified construction professionals	17	29	404	704	23.76	24.28
Training of certified construction professionals to supplement the certificate of qualification for work in the territory of a cultural heritage object, its protection zone, a cultural heritage site	10	13	160	259	16.00	19.92
Certification training for responsible structural welders	4	3	128	96	32.00	32.00

* Employer's authorised person – the head of the structural unit to which the head of the company has delegated the implementation of OHS prevention measures (head of a department, office, bureau or other units)
 Note: The table for 2023 has been updated with data for 2022, as the information disclosed in last year's report was incomplete.

243 employees and managers trained

BUILDING AN INTERNAL CULTURE OF SUSTAINABILITY

The Group consistently strives to foster an internal culture of sustainability. There is a strong focus on encouraging employees, creating a supportive environment for developing and implementing new ideas, and constant information sharing. The Group aims to ensure that employees feel comfortable in their workplace, can build their skills and knowledge, and are free to create and implement sustainability-related ideas.

The Group's key principles for a sustainable culture:

- Accountability (for impacts on society, economy, environment).
- Transparency (decisions and activities affecting society and the environment).
- Ethical (decent) conduct.
- Respecting (listening and responding to) stakeholders' interests.
- Respect for the rule of law.
- Compliance with international standards of conduct.
- Respect for human rights.

A well-established sustainability culture helps the Company manage its negative environmental impacts, ensure a sustainable construction process and contribute to a sustainable society.

To create and foster an internal culture of sustainability, the Group has developed additional related documents to communicate the Group's position on various sustainability issues to its employees. The following documents are available to all employees:

- [Supplier code of conduct](#)
- [Environmental policy](#)

2023 achievements:

In 2023, the following initiatives have been implemented within the Group to promote a culture of sustainability:



In May, employees repeatedly participated in the Steps Challenge initiative, which saw more than 22 million steps taken.



Practical first aid training for all employees from Panevėžys and Vilnius who expressed their wish to participate. During the training, they learned or refreshed their knowledge on how to deal with life-threatening situations so that they could help colleagues, relatives, or other close people if needed.



Expanding the fleet and capacity of existing solar power plants at Hustal UAB.



Hustal UAB colleagues have taken concrete action on the environment by producing two Environmental Product Declarations (EPD). In the main product declaration, one of the key indicators—the product's Global Warming Potential (GWP)—was reduced from 2.83 to 1.47 kgCO₂/kg, while the box joist declaration achieved an extremely low GWP of 0.877 kgCO₂/kg. This means that Hustal UAB products now have a lower carbon footprint and are greener.



PST's subsidiary Skydmedis produces green energy and fully supplies its needs. Neither electricity nor heating fuel is bought from outside.

PST purchases and focuses only on green energy purchases at the company level.



Increasingly, the Company is using Ecocrete, a low-CO₂ formula concrete with the same standard and early strength characteristics as conventional concrete but a significant reduction in CO₂ emissions, in a wide range of projects (especially wind farms). The company aims to keep using more environmentally friendly concrete and other technologies that help use resources more efficiently and reduce environmental pollution.



The company gives a second thought and responsibly gives sustainable gifts to its customers or partners on special occasions. For example, on the occasion of the completion of the Lazdynai swimming pool, an oak tree with a commemorative plaque was planted on the site; partners OP Bank were also presented with a tree near their office on the anniversary of their establishment in Lithuania.

POSITIVE IMPACT ON LOCAL COMMUNITIES

Positive impact on communities is one of the Group's key focus areas. The Group believes that corporate social responsibility - effective only when integrated into daily work and managed like any other business activity - leads to a sustainable and responsible economy.

The Group's constant and continuous improvement in business and project management, quality, customer satisfaction, supply and subcontractors' chain management, environmental protection and public relations is not only a matter of being open to the surrounding community but also of acting ethically, honestly and transparently towards the market, the environment, society and employees.

The Group's businesses are guided by the highest standards of business ethics and social ethics. Social responsibility activities are based on the Group's values and define the Group's approach to its activities, the incorporation of social, environmental and transparency principles into the Company's and the Group's internal processes, and its relations with its customers.

The construction sector has a significant environmental and ecological footprint. It depletes natural resources, uses a wide range of machinery (trucks, tractors, etc.), and pollutes building materials. Without managing the risks associated with such activities, the impact on the environment and communities can be significant.

To successfully manage this topic, the Group is implementing local community involvement, impact assessment and the following development programs:

- A life cycle perspective is considered when determining the environmental aspects of projects. The following key stages of the product/service life cycle are assessed in the process: procurement of raw materials, design, manufacture of construction products, transport, construction of the building, use of the building, demolition at the end of the cycle and final disposal.
- The Group monitors and measures environmental, social and governance indicators such as waste, hazardous chemicals used, incidents of ground contamination by petroleum products, stormwater pollution, internal combustion engine emissions, particulate air pollution, noise, indoor dust, street dirt/dust, electricity, water and fuel consumption, etc.
- The Group and its companies report the results of the measurements to the regulatory authorities.

SUPPORTING LOCAL COMMUNITIES

In 2023, the Group continued to pursue its goal of being a reliable and socially responsible company by investing its financial and human resources in a wide range of complementary activities and by supporting social, sporting, cultural and health promotion projects. In 2023, the Group has supported over ten various organisations. We aim to support the education community, engage with students and strengthen their interest in the construction sector.

Work and Achievements in 2023

We have contributed to supporting and growing the Lithuanian scientific community:



We have awarded a scholarship to the author of the best scientific dissertation of 2022 in the framework of the "Best Dissertation of 2022" election initiated by the Lithuanian Society of Young Researchers (LJMS).



In cooperation with Kaunas University of Technology (KTU) Panevezys Faculty of Technology and Business, we have established a scholarship for the best study and scientific achievements for the student of the master's degree study program "Integrated Design and Construction Management".

HUMAN RIGHTS

The Group aims to provide a working environment based on respect for fundamental human rights and human values. The importance of ensuring human rights is defined in PST [Code of conduct for employees, suppliers and company representatives](#). PST expects the employees, suppliers and representatives in all branches of the Company to prohibit all forms of discrimination and harassment.

During 2023, the Group identified no human rights risks or violations.

The Company and the Group respect the principles of human rights protection, do not tolerate any violation of human rights, advocate a fair and transparent remuneration policy, comply with the laws on overtime and working time, respect the right of workers to rest and do not tolerate any form of harassment and violence.

The Company opposes discrimination and forced labour of any kind. Employees have equal rights and opportunities regardless of gender, nationality, social or marital status, social or political organisation membership, or personal characteristics. In 2023, the Company and the Group did not record any cases of human rights violations or related complaints.



GOVERNANCE AREA



BUSINESS ETHICS

Business ethics is integral to PST and the Group's business activities. The Group aims to create and foster an ethical business culture, prevent corruption and bribery and compete fairly.

The PST Code of Conduct, accessible to all stakeholders, describes the Group's position and broader approach to business ethics.

The Group has identified and is guided by the following principles:



Accountability (for impacts on society, economy, and environment)



Transparency (of decisions and activities that affect society and the environment)



Ethical (decent) conduct



Respecting (listening and responding to) stakeholders' interests



Respect for the rule of law



Compliance with international standards of conduct



Respect for human rights

FIGHTING CORRUPTION AND BRIBERY

The Company and its subsidiaries do not tolerate corruption of any kind or its manifestation. They are committed to open competition, ethical business conditions and adequate transparency and openness in their operations. The Group does not tolerate fraud, extortion, the creation of unofficial accounts, the execution of unofficial and improperly documented transactions, the recording of fictitious expenses, the use of false documents and other forms of corruption. The anti-corruption provisions apply to all employees of the Group, members of the management and supervisory bodies and third parties acting on behalf of the Group.

Comprehensive internal control mechanisms to identify potential corruption risk factors mitigate the risk. The Company and the Group's companies continuously monitor and improve their business processes.

The Company and its subsidiaries refrain from any form of influence with politicians and do not contribute to the election campaigns of political parties, their representatives or candidates. The Group always cooperates with the authorities and is ready to provide all the necessary information.

The Company and its subsidiaries shall ensure that all its procurement is carried out in a manner that rationally uses resources based on the principles of equality, non-discrimination, transparency, mutual recognition, proportionality, confidentiality, and impartiality. Suppliers shall be selected based on the most economically advantageous tender or the lowest price, based on equal and non-discriminatory treatment between suppliers.

The group assesses subcontractor qualifications as part of the subcontractor selection process. Subcontractors must ensure compliance with environmental and occupational health and safety legislation and their integrity.

There were no significant cases of non-compliance during 2023. There were also no fines for non-compliance with laws and regulations. The Group complies with the law as defined by government regulations.

No cases of corruption were reported in 2023.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

The description of the procedure for reporting and handling irregularities has been uploaded on the PST website and is available to all management bodies. It was also emailed to the board members and the general director. All employees (100%) are informed about the organisation's anti-corruption policies and procedures.

A description of the procedure for reporting and handling infringements is available to business partners on the PST website. The awareness percentage is not calculated.

In 2023, no anti-corruption training was provided for governing body members or employees. The procedure is explicitly explained in the description mentioned above. It is communicated to employees upon signed acknowledgement.



SUSTAINABILITY IN THE SUPPLY CHAIN

Sustainability in the supply chain is managed by selecting suppliers based on their practices and their impact on the environment, human rights and communities. By contributing to sustainability initiatives in the supply chain, the Group can provide an impetus for suppliers and building product manufacturers to join together and make their operations more sustainable.

A sale/purchase procedure is foreseen to ensure a proper process for this topic. In addition, the management of this topic is defined in the Quality and Environmental policies.

Share of the procurement budget by location of operation

Location	Share of products and services purchased by country (%)	
	2022	2023
Lithuania	94.4	88.87
Poland	2.7	3.2
Latvia	1.5	7.64
Germany	1.3	0.28

Note: The Group's geographical definition of 'local' is Lithuania. Construction sites define the 'significant locations of operation'.

So far, new suppliers have not been evaluated on environmental and social criteria. In the future, it is envisaged that suppliers will be evaluated based on sustainability criteria and that suppliers that meet these criteria will be given preference.

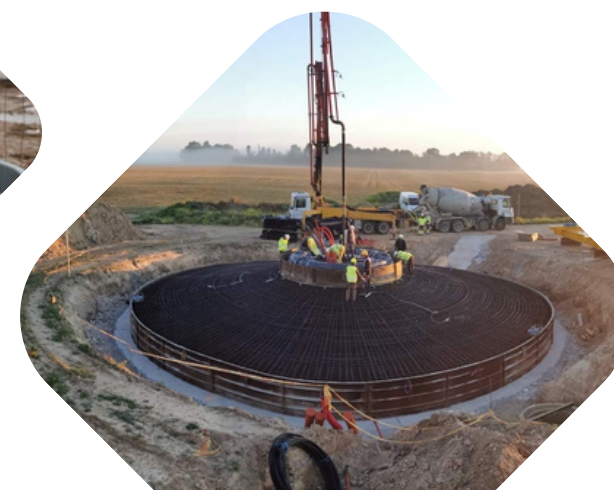
2023 achievements:



The procurement management system was digitised in 2022, and procurement was launched on the e-procurement platform Viacorex. In 2023, 90% of purchases were made through this system.



Purchase/sales contracts have been transferred to the program Doclogix, which allows a significant reduction in paper and ink consumption. So, in 2023, paper annexes to generic contracts were abandoned in favour of e-orders. Up to 80% of purchases are made this way.



INNOVATION AND OPERATIONAL EFFICIENCY

The Company and its subsidiaries continuously focus on improving operational management efficiency, improving the quality of construction works, and introducing modern technologies. The Group seeks ways to improve efficiency, innovative and resource-efficient process management, working conditions, construction work and service quality. So, in 2023, the company started optimising its core business – project management processes. The aim will be to purify and digitise the processes.

The Company and its subsidiaries aim to reduce the energy used in their operations by optimising production processes. The Group is investing in technologies that produce and use green energy.

The Group adopts and uses advanced processes and technologies to maintain excellence in the construction sector. In cooperation with its partners, the Group seeks to expand the use of Building Information Modeling (BIM) principles in project management activities.

The Group uses modern design software to prepare building projects. It also actively monitors and continuously adds relevant applications to the software.

Plans for 2024



In 2024, the company will focus on digitising processes (project management, HR management, data analysis). It will also aim to acquire and install equipment and machinery to increase productivity, improve accuracy and reduce the environmental impact of the activities and fuel consumption.



QUALITY OF SERVICES AND BUILDINGS

Quality of services and buildings is one of the Group's key strategic topics. The Company and its subsidiaries are committed to ensuring that the projects they deliver are of high quality, meet the needs of their clients and comply with industry standards.

To meet its customers' needs and expectations, the Group endeavours to understand not only the customer's current needs but also its forecasted needs by identifying the key characteristics of its products/services, assessing its position in the marketplace, identifying market opportunities and weaknesses, and predicting its future competitive advantage.

The Group is guided by a quality management system that has been developed, documented, implemented and continuously monitored to ensure the smooth implementation of this topic. The Group is committed to continuously improving the performance of its quality management system to the requirements of LST EN ISO 9001:2015. Specific processes have been identified, their sequence and interactions defined, and criteria and methods identified for effective process management.

The Company and its businesses have established quality objectives and requirements for products or services in their product and service marketing planning. The requirements are detailed in the Group's Quality Policy. Quality objectives and requirements are reviewed yearly.

The management systems implemented in the Company and its subsidiaries are certified by an independent surveillance audit carried out by auditors from the certification firm Bureau Veritas. The management team analyses the results of internal and external audits and makes decisions to improve the management system.

Work and Achievements in 2023



2023 Einpix was launched to streamline communication and task sharing with collaborators, suppliers, subcontractors, and customers to manage warranty tasks. It has enabled simplified task and defect management, efficient handling of urgent problems, real-time supervision of staff tasks, and monitoring of the client's reaction to the work performed.

Plans for 2024



Integrate quality issues into the project management IT system that is being implemented.



RISK MANAGEMENT

Risk management is part of strategic management and is integral to the Group's operations. The Group's primary objective in managing risks is to identify and optimally manage the higher and more significant risks. The Group aims to continuously assess its operational risks and implement measures to address and mitigate them.

PST and the Group companies are exposed to a variety of risks in the course of their business:

- Legal regulation
- High levels of competition
- Shortage of qualified labour force
- Economic cyclicity
- Consistency of order intake
- Volatile material prices on the global market
- Rising material prices
- Macroeconomic factors
- Dumping

Only some of them may significantly impact the Group's and the Company's performance. The main factors that create business risks for the Company and the Group are competition in the construction market and changes in demand for construction services.

Demand for construction services is also strongly influenced by the volume of investment and the funding available from EU structural funds. Increases and fluctuations in the prices of materials and services complicate the budgeting process for ongoing projects and the ability to complete projects within planned costs. This creates additional risks in fixed-price construction contracts and reduces project profitability.

The Company's and the Group's operations are also affected by the economic situation in Lithuania and the countries where the Group's companies operate (economic cyclicity), geopolitical changes, Russia's military invasion of Ukraine, and the remaining risks associated with COVID-19.

Uncertainties remain in global economic developments due to the anticipated regional and global crisis.

The section Governance Report of the Company's and Consolidated Annual Report provides more information on risks and their management.

Note 4 to the Separate Financial Statements and Note 4 to the Consolidated Financial Statements provide information on the types of financial risks and risk management. Legal uncertainties are disclosed in Note 28 to the Separate Financial Statements and Note 27 to the Consolidated Financial Statements.



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GRI INDEX

Statement of use		Panevezio statybos trestas AB has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023.
GRI 1 used		GRI 1: Foundation 2021
Applicable GRI Sector Standards		Not applicable
GRI 2: General Disclosures 2021		
GRI Standard		Page
1. The organisation and its reporting practices		
2-1	Organisational details	4, 5 p.
2-2	Entities included in the organisation's sustainability reporting	4, 5 p.
2-3	Reporting period, frequency and contact point	4 p.
2-4	Restatements of information	4, 31 p.
2-5	External assurance	4 p.
2. Activities and workers		
2-6	Activities, value chain and other business relationships	5 p.
2-7	Employees	24 p.
2-8	Workers who are not employees	24 p.

GRI Standard		Page
3. Governance		
2-9	Governance structure and composition	8 p.
2-10	Nomination and selection of the highest governance body	8 p.
2-11	Chair of the highest governance body	8 p.
2-12	Role of the highest governance body in overseeing the management of impacts	8 p.
2-13	Delegation of responsibility for managing impacts	8 p.
2-14	Role of the highest governance body in sustainability reporting	4 p.
2-15	Conflicts of interest	8 p.
2-16	Communication of critical concerns	8 p.
2-17	Collective knowledge of the highest governance body	8 p.
2-18	Evaluation of the performance of the highest governance body	<i>To date, there has been no specific process for assessing the board's performance in terms of sustainability. Such a process would be foreseen should the need arise.</i>
2-19	Remuneration policy	27 p.
2-20	Process to determine remuneration	27 p.
2-21	Annual total compensation ratio	27 p.
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	3 p.
2-23	Policy commitments	7 p.
2-24	Embedding policy commitments	7 p.
2-25	Processes to remediate negative impacts	8 p.
2-26	Mechanisms for seeking advice and raising concerns	8 p.

GRI Standard		Page
2-27	Compliance with laws and regulations	36 p.
2-28	Membership associations	<i>Panevezio statybos trestas AB is a member of the Lithuanian Construction Association, Association of construction products testing laboratories and a member of Panevezys Chamber of Commerce, Industry and Crafts. Metalo meistrai UAB is a member of the Lithuanian Welders Association, PST investicijos UAB is a member of the Lithuanian Real Estate Development Association.</i>
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	9 p.
2-30	Collective bargaining agreements	<i>The Company does not have a collective agreement with its employees.</i>
GRI 3: Material topics 2021		
3-1	Process to determine material topics	9 p.
3-2	List of material topics	10 p.
3-3	Management of material topics	10 p.
Economic topics		
GRI 204: Procurement practices 2016		
204-1	Proportion of spending on local suppliers	38 p.
GRI 205: Anti-corruption 2016		
205-2	Communication and training on anti-corruption policies and procedures	37 p.
205-3	Confirmed incidents of corruption and actions taken	36 p.
Environmental topics		
GRI 302: Energy 2016		
302-1	Energy consumption in the organisation	19 p.
302-3	Energy intensity	19 p.

GRI Standard		Page
GRI 303: Water and Effluents 2018		
303-5	Water consumption	21 p.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	19 p.
305-2	Energy indirect (Scope 2) GHG emissions	19 p.
305-3	Direct (Scope 1) GHG emissions	19 p.
305-4	GHG emissions intensity	19 p.
GRI 306: Waste 2020		
306-3	Waste generated	20 p.
306-4	Waste diverted from disposal	20 p.
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	38 p.
Social topics		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	25 p.
401-3	Parental leave	25 p.
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	<i>Matches the deadlines set out in the Labour Code</i>
GRI 403: Occupational health and safety 2018		
403-1	Occupational health and safety management system	28 p.
403-5	Occupational health and safety management system	29 p.
403-9	Work-related injuries	29 p.
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	31 p.

GRI Standard		Page
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	<u>26</u> p.
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	<u>26</u> p.
GRI 413: Local Communities 2016		
413-1	Activities related to local community participation, impact assessment and development programs	33 p.
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	<u>38</u> p.



UN GLOBAL COMPACT PRINCIPLES

At the beginning of this century, the United Nations compiled and published the 10 universal principles (Global Compact), Global Compact), inviting all organisations seeking to operate responsibly and sustainably to adhere to voluntarily. We support these principles in our work and promote their implementation in areas we can impact. Below is a list of all the principles and the pages in this report that describe our activities, ambitions and initiatives in relation to these principles.



Global Compact principle		Page
1	We support and respect the protection of internationally proclaimed human rights.	34.p.
2	We make sure that we are not complicit in human rights abuses.	34.p.
3	We uphold the freedom of association and the effective recognition of the right to collective bargaining.	34.p.
4	We do not use forced and compulsory labour and work to eliminate all forms of it.	34.p.
5	We do not exploit child labour and work to eliminate all forms of it.	34.p.
6	We do not discriminate and work to eliminate discrimination in respect of employment and occupation.	34.p.
7	We support a precautionary approach to environmental challenges.	7.p.
8	We undertake initiatives to promote greater environmental responsibility.	17.p.
9	We encourage the development and diffusion of environmentally friendly technologies.	17.p.
10	We do not tolerate corruption and work against corruption in all its forms, including extortion and bribery.	36.p.