

Tarmetec Sustainability report

2023 - 2024

Our vision & mission

COST EFFICIENCY

A well-thought-out design and the right decisions in the choice of technology prove to be especially important for medium and smaller production volumes.

QUALITY

We constantly monitor the quality of production inputs and processes, both our own and our suppliers' or sub-contractors'.

SPEED

We are fast in both product development and manufacturing, while regarding the high requirements set for product quality and complexity.

VERSATILITY

We own the majority of metalworking technology and can procure other components from anywhere in the world when necessary.

Our production facilities are modern.

We only invest in new and innovative technologies.

Our risks are well managed

We deal with problem prevention on a daily basis to ensure that we keep our promises to customers.

Our work develops us

When we aim to create more complex products with greater added value, we ourselves become smarter and earn more.

We are digital

We actively use IT opportunities to improve processes both in production areas and in the office.

We grow sustainably

Fast sales growth and higher profits cannot come at the expense of overburdening our people and the environment.

Our product development process is fast

We have smart engineers, technologists and tooling capabilities.

Our core values in sustainability

RECYCLING



We sort all the waste generated as a result of our activities and direct it to recycling.

PREVENTING ACCIDENTS AT WORK



All of our employees are trained in occupational safety. We regularly carry out risk assessment in our workplaces and improve workplace ergonomics.

MINIMISING THE RISK OF POLLUTION



We assess the environmental risks related to our processes and plan preventive actions to minimise environmental damage in case of accidents.

INCREASING ENERGY EFFICIENCY



We are guided in our actions by energy-efficient work methods and appropriate use of residual energy generated in the production processes. Energy efficiency is also assessed and monitored for the adoption of new technology or constructing additional buildings.

VALUING THE PHYSICAL AND MENTAL HEALTH OF OUR EMPLOYEES



We guarantee a pleasant and safe working environment for our employees and support them in their personal goals with bonuses. We are open to help the employee achieve a balance between work and family matters.

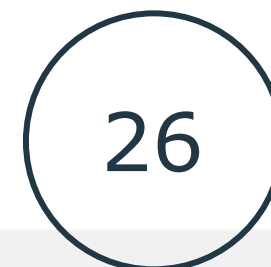
Tarmetec in figures



Sales turnover 30mEUR



Export share 95%



Countries served 26



Employees total - 270
Engineers - 25



Production area total - 64,000 m²
Covers - 30,000 m²



Tarmetec since 1993



Our contribution towards sustainable development goals

We actively work towards UN Sustainable Development Goals to achieve climate neutrality by 2050 as a united Europe.





Environment

The whole world is contributing increasingly towards the transition to a more sustainable management. As we now have relevant legislation enacted in the field of sustainability, the companies are thereby expected to map and improve the results regarding sustainable management.



We are proud to say that Tarmetec has had the ISO14001 certificate for environmental management systems since 2010, meaning that describing environmental aspects and evaluating their impact is not something new for us. Furthermore, we are bound by various legal requirements and are also obliged to report on packaging, air and water quality. In addition, the company has separately described environmental guiding principles and shares a position that environmental conservation is not an additional cost for the company. We believe that with increasingly accurate impact mapping, we can shift the focus onto topics which would benefit us financially and help us preserve the environment.

Environmental factors



Energy Management



Waste and Hazardous Materials Management



GHG Emissions



Air Quality



Water and Wastewater Management



Resource Use and Circular Economy/ Energy Management



Resource Use and Circular Economy

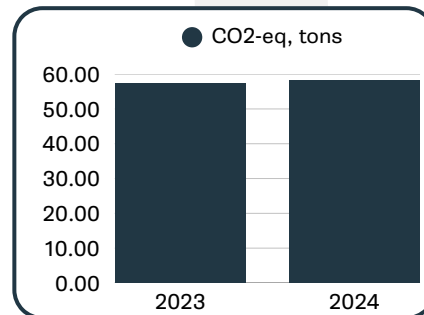
GHG Emissions



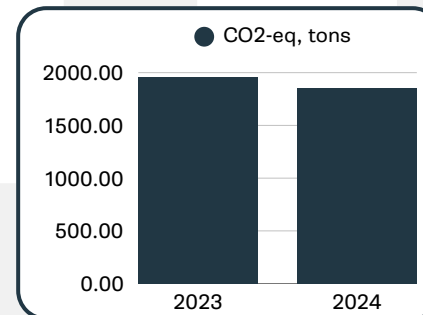
In order to achieve the SDE goals, all organisations must contribute to reducing the greenhouse gas footprint and thereby mitigating climate impacts. That is why we are actively contributing towards the 13. SDG goal - taking climate action.

Given upcoming EU changes to ease sustainability reporting requirements, we've decided not to focus on collecting Scope 3 data at this time. Instead, we're prioritizing the accuracy and reliability of our Scope 1 and Scope 2 measurements to assess our environmental impact better.

Scope 1: direct emissions - emissions from our vehicles, forklifts etc.



Scope 2: indirect emissions - electric energy, heat energy

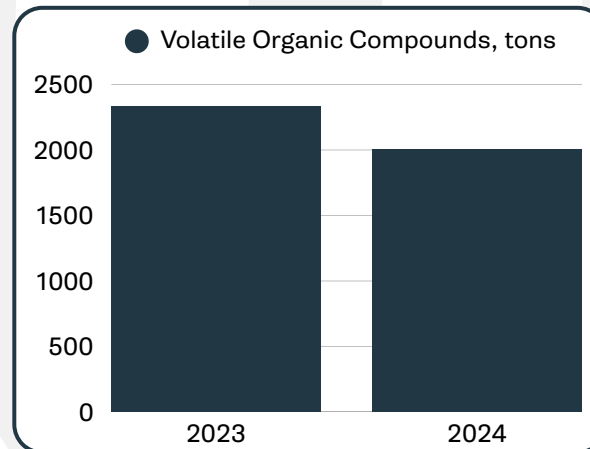


Air quality

The metal industry (including metal processing) is under strong supervision due to the air polluting nature of the field. We carry out regular environmental measurements and report the results accordingly - not only to comply with the law but also because we understand the impact that air quality has on the society.

In order to comply with the permitted emissions of pollutants, the company has implemented the Permissible Emissions Project, which means that all chemicals, as well as the processes these chemicals are used in, have been mapped.

To prevent the emission of volatile organic compounds (VOCs), that are released into the air in certain processes, we are allocating more resources to improve the filtering systems in production areas affected. Moreover, we report the amount of VOCs emitted to the Environmental Board.



Actions in 2025
We continue with the ventilation system improvement project.

Water and wastewater



Wastewater affects both the community around us and our employees. We take measures to ensure clean drinking water and sanitation and thereby support the 6th point of the SDG.

Tarmetec uses water from Tartu Veevärk for both domestic and technological purposes. Technological water is mainly consumed in the processes of electropolishing, powder coating, and washing, making up about 14% of the total water consumption.

The water pollution group assigned to us yearly is an important indicator for us and we wish to keep it at a good level.

Pollution groups through 2023-2024

2023	2024
3	3

Actions in 2025
Regular cleaning of sediment pits.



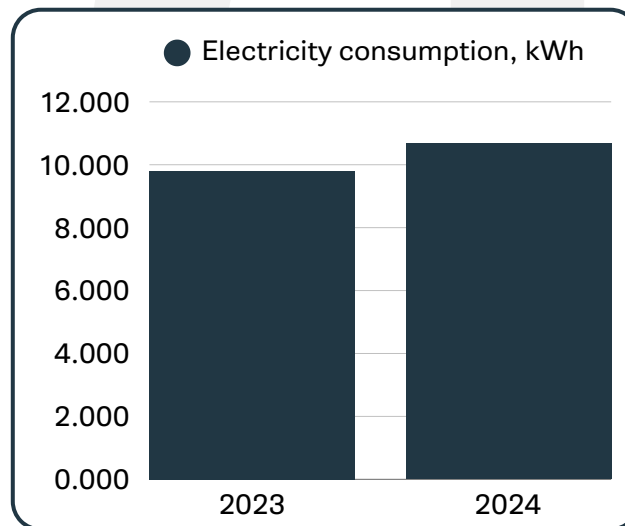
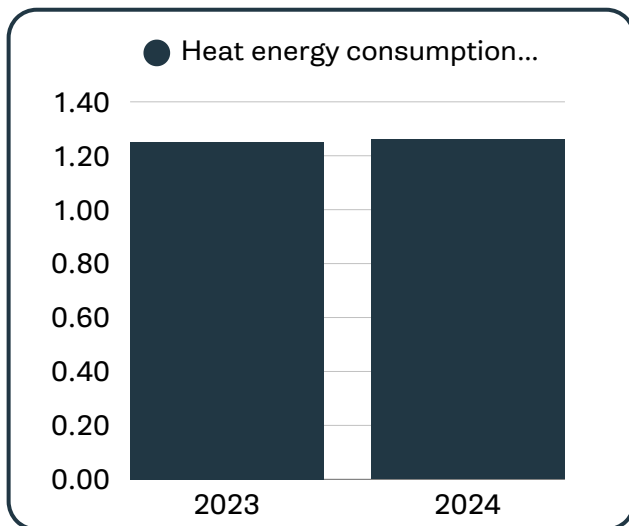
Energy management



Saving energy is a goal for us at the highest management level. We monitor our use of electricity, heat and natural gas during working hours. In addition to cost savings, we pay more and more attention to the origin of energy so that the supplied energy is sustainable.

Tarmetec deals with the continuous reduction of energy consumption in-house. In production areas, we control the ventilation wisely, and we have gradually switched to LEDs in our lighting systems. Our electricity usage efficiency has improved significantly.

As the use of heat energy is largely dependent on outdoor temperatures, the uncertainty makes it impossible to target the heat energy consumption. We are moving actively in the direction of controlling our heating systems as smartly as possible.



Actions in 2025

We are replacing the lighting in our warehouses with new LED fixtures.

The continued advancement of the entire building automation system, aimed at optimizing the regulation of thermal energy usage.

Waste and hazardous materials management

The waste management in our buildings is controlled. Our internal procedures regulate the types of waste and their sorting in the production area. We are obliged by the law to carry out packaging reporting.

Metal waste is sent into circulation and can therefore be considered recyclable, as the disposed metal goes to a collection point, where it is processed and resold for handling. It is also known that approx. 70% of the purchased material is made from re-alloys of scrap metal.

In order to manage hazardous waste, we have a specific accounting procedure and also monitor the annual disposal amount.

To minimise the use of paper in production areas, a large investment was made in 2017 - digital terminals were mounted at each workstation. As a result, it was no longer necessary to print out work orders or route maps on paper, and our paper consumption reduced significantly.

We removed water barrels from production areas, where single-use plastic cups were used, and instead provided a refillable water bottle to every new employee.

Amount of hazardous waste in tons

2023	2024
11,3	15,4

Actions in 2025

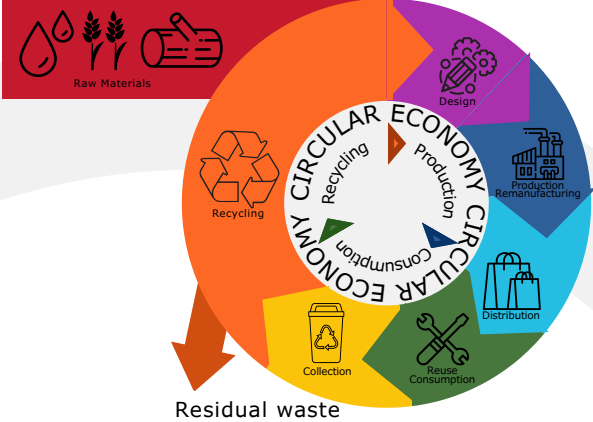
We ensure the safe handling of hazardous waste through contractual partners.

Resource use and circular economy



Our goal is that our products meet the customers' expectations and that the design of the products follows sustainable principles. The basis of the design of our productline is the circular model. We have a separate procedure for material optimisation already in the raw material selection phase. We constantly monitor material consumption norms and are oriented towards their continuous reduction. When choosing the packaging, we prefer solutions already implemented in the system and try to steer clear of special solutions with increased packaging material use.

Our road maintenance products have a C€ mark to prove that the product development procedures comply with the environmental protection, health and safety requirements established by the European Economic Area (EEA). All our own products are equipped with installation and maintenance manuals, and the documents also refer to the opportunities of complaints to keep the customers informed.



Product design and life cycle management
Sheet material gross-net ratio, %

2023	2024
59	91



Social responsibility

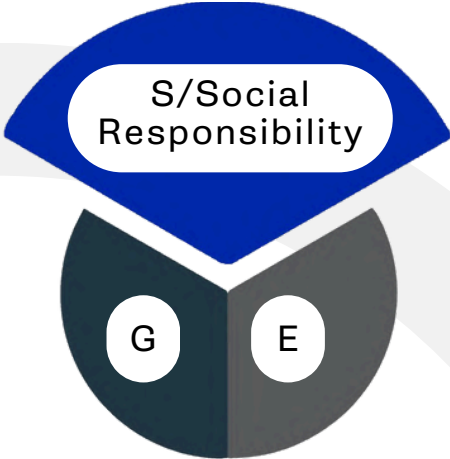
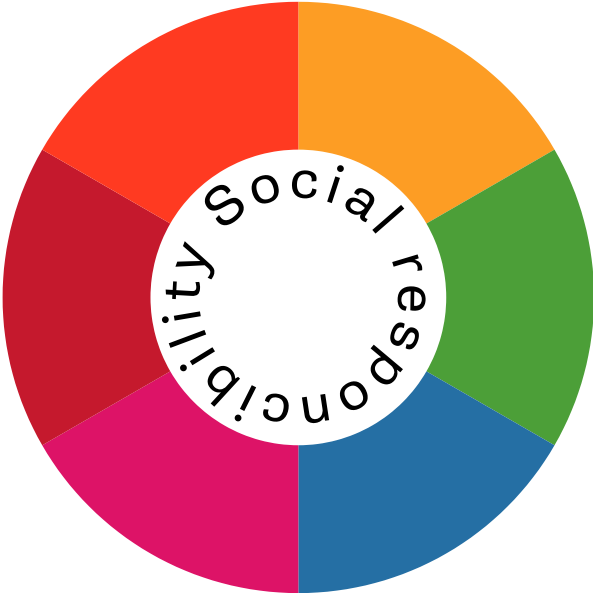
Recent global challenges and economic uncertainty have shifted societal values and personal priorities. In this evolving landscape, employees are increasingly looking for more than just financial compensation; they want a sense of safety, purpose, and fulfillment in their work.

A positive employee experience, where individuals feel valued, supported, and engaged in achieving the company's broader goals, has become a key priority.

Employers are now expected to invest in their employees by offering opportunities for personal and professional growth. This includes regular performance reviews, clear development paths, and fostering a strong, transparent organizational culture. By focusing on these areas, companies can create an environment where employees feel secure, valued, and motivated, even in times of uncertainty.



Social factors



Employee health and safety



Training and education



Community, relations and human rights



Employee welfare, equality, discrimination



Employee Welfare, Equality, Discrimination



Product Quality and Safety

Employee health and safety

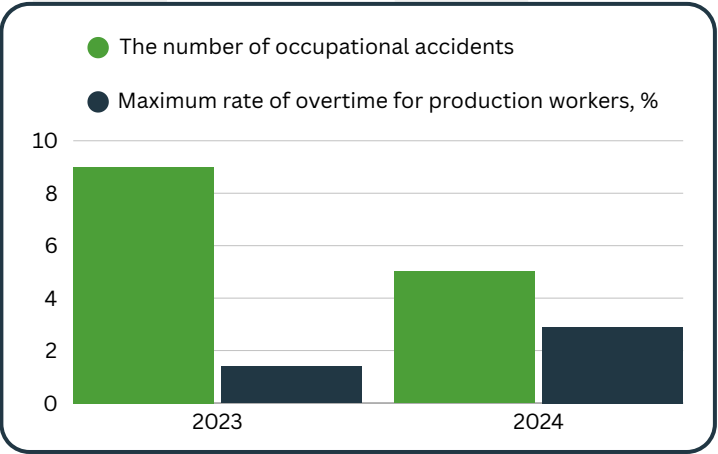


Employees are our biggest value. The goal of Tarmetec is to take care of the physical and mental health of our employees. We guarantee a pleasant and safe working environment, good conditions for recovering during breaks and improve ergonomics at the workplace. We are also open to help the employee achieve a balance between work and family matters.

The company has mapped risks related to the working environment to prevent possible accidents. Every new employee is guaranteed an introductory safety manual training, overview of risk analysis at the workplace etc.



Employee health and safety



The company offers health insurance and support sports activities for employees.

Training and education



Today, lifelong learning has become a reality, and employers are expected to embrace this concept. Additionally, employees are more motivated when opportunities for retraining are available. A change of position within the organisation is welcomed and educating the employees also affects the development of the community.

Tarmetec contributes to the personal growth of our employees. We have developed various in-house training programs and regularly send our people to external training. The company has an onboarding programme for new employees so that they feel guided and cared for. Various indicators confirm that our training programmes increase employee satisfaction and work efficiency.

The company is interested in a long-term employment relationship. In order to achieve this, regular performance reviews are held at all levels of the company. These conversations reveal whether the employee has the necessary skills and knowledge for the position, and in addition are a place to find common ground between the employee's long-term goals and the company's needs.

Every employee had approximately 10 hours of training in 2024.

Actions in 2025

We will enhance our training programs by incorporating the latest learning design trends, focusing on workplace-based, hands-on learning to equip employees with practical skills that support both their roles and the company's needs.

Community relations and human rights



Tarmetec has been contributing to the development of culture and sports for many years. We support the activities of the Vanemuine Theatre and the University of Tartu Academic Sports Club. The company's goal is to improve the quality of life and to communicate the company's values to the community.

The company contributes to improving the quality of local technical education: we participate in the formation and quality

We regularly support the Children's Fund.

improvement of VOCCO (Tartu Vocational College) curricula, and we are happy to offer diligent young people paid internships within our team.

We also promote metalwork and related positions through television, reaching audiences beyond our local community and enhancing our company's media presence.

We have set the goal of distributing approx. 2.5% of the business profit to charity.



Employee welfare, equality, discrimination

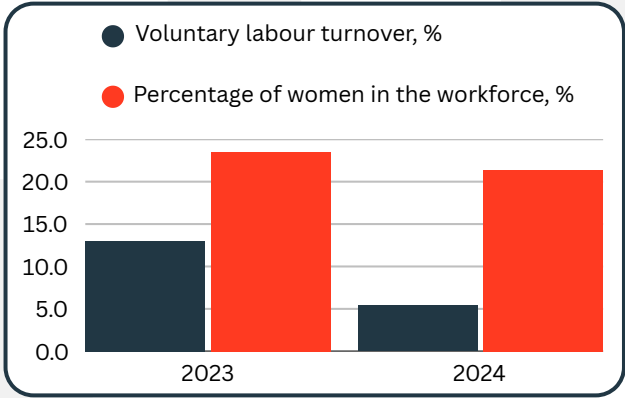


We remain committed to fostering equality, employee well-being, and a respectful workplace. Our Code of Conduct strictly prohibits inequality, discrimination, and harassment, ensuring that all employees are treated fairly. We maintain high standards of communication, promoting friendly and respectful interactions, where basic courtesy is expected, and any form of insult, mockery, or derogatory behavior is unequivocally rejected.

To support the well-being of our employees, we offer a comprehensive range of benefits, including access to Stebby for promoting healthy lifestyles, partial lunch compensation, and grants for special events. Additionally, we provide health insurance, prioritizing both the physical and mental well-being of our staff. These offerings are instrumental in retaining full-time employees and creating a positive work culture.

We have a transparent conflict resolution process in place, encouraging employees to escalate issues to the second level or HR manager if communication with their direct manager proves difficult. A clear and accessible procedure for submitting improvement suggestions ensures that every employee's voice is valued and heard.

Employee welfare, equality, discrimination issues



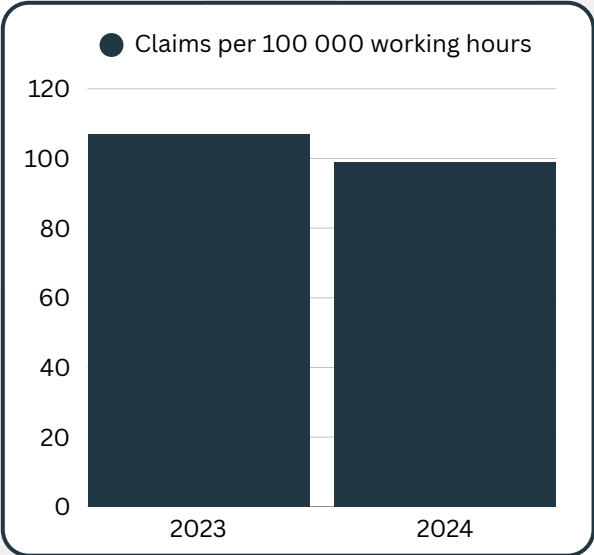
Product quality and safety

Product quality remains one of our highest priorities, and we continually strive to exceed our standards to deliver the best possible results to our customers. Over the years, we have enhanced our quality indicators and consistently focus on ensuring product safety.

To support this, we have developed an advanced IT system for handling various non-conformities, including product, procedural, and purchase-related issues. A well-defined process with designated responsibilities has been established to manage the registration and resolution of complaints.

We actively monitor product safety and customer feedback on a daily basis, always prioritizing the prevention of non-conformities to maintain the highest level of quality.

Product quality and safety



Actions in 2025
Continuous quality innovation and improvement projects

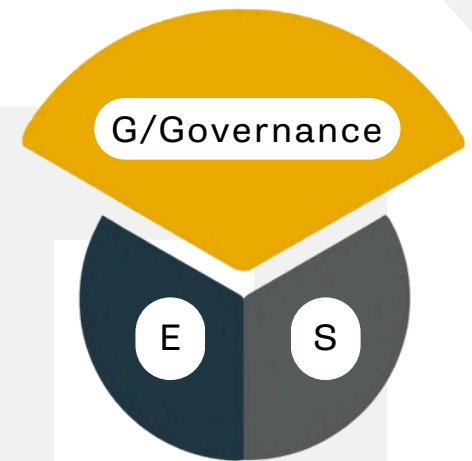




Governance

At Tarmetec, ESG management influence factors are evaluated and managed at the highest management level.

The functions and competence of our shareholders' general meeting are determined by the EV Commercial Code and the company's statute. The general meeting of shareholders determines the company's strategic development directions for 3-5 years. When making decisions, the general meeting takes into account the strategic vision of the owners, the needs and demands of customers, the activities of competitors and the current legislative framework.



Governance factors



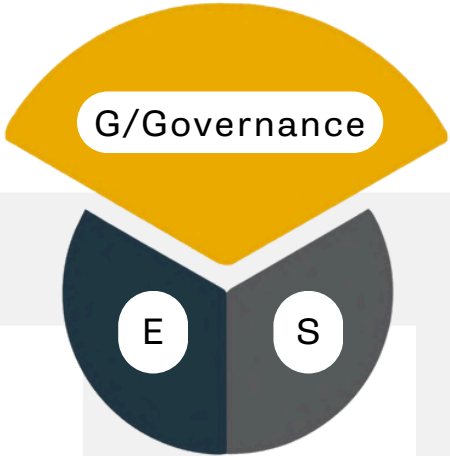
17 PARTNERSHIPS FOR THE GOALS

Business ethics and transparency

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Business ethics and transparency

Supply chain management



Management of the legal and regulatory environment and business ethics



The company cooperates with various regulatory authorities daily and is subject to all laws and regulations established by the Republic of Estonia. Today, the company has been attributed various ISO certificates (ISO 9001:2015, ISO 14001:2015, EN ISO 3834- 2:2021, EN 15085-2:2007) and a credit rating, which prove compliance with the requirements.

We are a responsible company whose accounting processes are regularly audited by a third party. Our financial results are publicly available in the Business Register.

We keep our Quality Management System open to customers, who can access the production processes regarding their ordered products. We disapprove of corruption, extortion and bribery.



Supply chain management

We evaluate our suppliers and examine their activities in the field of ESG before signing contracts.

Background transparency, operating within the framework of effective legislation and ensuring that the guiding principles are not contradictory to ours are all important factors when considering potential suppliers.

It is still important to note that as of today we do not refuse cooperation if the supplier does not (yet) have an ESG strategy.



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