



## **“VILVI GROUP” 2021 SOCIAL RESPONSIBILITY REPORT**



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## STATEMENT FROM THE GENERAL MANAGER



Valdybos pirmininkas ir generalinis direktorius  
Gintaras Bertasius

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized representation of the name Gintaras Bertasius.

2021 was a special year. The whole world, Lithuania and “Vilvi Group's” operations were affected by the pandemic-caused changes in the business environment. We had to focus, concentrate and respond flexibly to both the pandemic and the other challenges inherent in the dairy sector. The group's long-term experience shows that the consistent operation of a responsible business ensures long-term value inside and outside the group.

In 2021, “Vilvi Group” became international. In April, the Latvian company Baltic Dairy Board, which specializes in the production of high value-added dairy ingredients and the decomposition of milk and whey, which separates protein and lactose into two separate products, joined the group. “Vilvi Group” aims to strengthen and expand the group's basket of high value-added dairy ingredients. The new “Vilvi Group” company in Latvia is one of the few companies in Northern Europe that develops and manufactures dairy products for the production of baby food. In strengthening and expanding our product basket, we follow the Group's strategy and continue our global commitment to provide our partners, customers and consumers with exclusive, affordable dairy solutions around the world.

“Vilvi Group's” operations bear in view the most important stakeholders: consumers, partners, shareholders, employees, the local community, other market participants and the general public. In 2021, the Group's products reached more than 300 business customers from 65 world countries, and the share of export increased to 86 %. We are therefore taking the next steps considering the expectations of an ever-growing number of stakeholders and we stand firm in our commitment to give the people of the world greater access to quality dairy products.

At the same time, as the world changes rapidly, our focus and investment has been on the introduction of new technologies and product development - this contribution amounted to EUR 1.5 million in 2021.

The report presents in detail “Vilvi Group's” activities in the environmental, social and governance areas. The responsible approach of our team of employees is the starting point for further development of activities and transparent cooperation with stakeholders.

## ABOUT THE REPORT

The report provides an overview of the activities of “Vilvi Group” in the area of responsible business conduct in 2021. The corporate social responsibility report illustrates how the responsible business approach and the principles of corporate governance are reflected in the day-to-day operations and plans of the Company. The report describes the Group’s strategic directions, actions and achievements of corporate social responsibility, and outlines the economic, social and environmental aspects of the Company’s progress. We have prepared this report with reference to the NASDAQ environmental, social and governance reporting guidelines, the United Nations Global Compact and the European Commission guidelines on non-financial reporting (2017/C215/01). The report is available in Lithuanian and English.

The report is published on the Company's website [www.vilvigroup.lt](http://www.vilvigroup.lt), and on the website of the NASDAQ OMX Vilnius stock exchange [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com). The reporting period covers the period of January 1st – December 31, 2021. This report has not been independently audited. Please read this report together with the 2021 audited annual report of “Vilvi Group” consolidated and parent company.



## PRINCIPLES AND PRIORITIES OF RESPONSIBLE BUSINESS

“Vilvi Group” produces many delicious, original recipes of dairy products, many of which have received accolades at international exhibitions for their quality and taste. We are proud to continue our long and respectable history of cheese making, maintaining and sharing our traditions from a particularly scenic region of Lithuania. The lushness of the meadows watered by the Nemunas River inspires us to create and share what nature has so generously bestowed upon us.

What matters is not only what we create, but also how we do it. Therefore, in its activities, “Vilvi Group” follows the principles of the United Nations Global Compact. The 10 guiding principles define corporate responsibility in the areas of human rights, labor rights, environmental protection and anti-corruption. The Company also contributes to the United Nations Sustainable Development Goals. A social responsibility report is submitted on a regular basis to strengthen accountability, and it is made available together with the audited annual report of the Vilkyškių Pieninė AB consolidated and parent company.

Below are the long-term priorities of “Vilvi Group” related to economic, social and environmental aspects. In developing these activities, the Company seeks to meet stakeholder expectations and generate mutual benefits. The Group aims to improve its performance and to strengthen its positive impact both internally and externally, and its activities are regularly reviewed to set ever more ambitious goals.

### Responsible business priorities

Economic dimension	Environmental dimension	Social dimension
<ul style="list-style-type: none"> <li>• Creating value for shareholders;</li> <li>• Ensuring fair remuneration for employees;</li> <li>• Strengthening our brands;</li> <li>• Satisfying customer needs;</li> <li>• Improving production efficiency;</li> <li>• Developing innovative products;</li> <li>• Participating in the market transparently and ethically.</li> </ul>	<ul style="list-style-type: none"> <li>• Developing and implementing new, environmentally friendly technologies;</li> <li>• Reducing manufacturing waste;</li> <li>• Increasing reuse;</li> <li>• Using natural resources sustainably;</li> <li>• Ensuring a clean environment and high-quality air, land and water.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring human rights, gender equality and diversity;</li> <li>• Ensuring safe working conditions and an environment conducive to good health and personal development;</li> <li>• Developing an open dialogue and partnerships with key stakeholders;</li> <li>• Strengthening communities.</li> </ul>

## **ABOUT “VILVI GROUP”**



# ACTIVITIES AND STRUCTURE OF “VILVI GROUP”

## The main activities of “Vilvi Group”

The main activities of “Vilvi Group” – production and sale of milk products. The Companies of the Group produce cheese, cheese product, cream, various fresh milk products (kefir, sourcream, yogurt, cottage cheese, glazed curd bars and other) and dry milk and whey products (whey protein concentrate, whey permeate, skim milk powder, whey powder and proteins for active people).

## The structure of “Vilvi Group”

### Vilkyškių pieninė AB



- Parent company. Established in 1993.
  - Hard and everyday cheese, cream and whey processing.
- 

### “Modest“ AB



- Subsidiary. Established in 1992, since 2006 part of the Group.
  - Mozzarella, blue cheese, smoked cheese, melted cheese, cream.
- 

### Kelmės pieninė AB



- Subsidiary. Established in 1993, since 2008 part of the Group.
  - Dry milk products: milk and whey powder.
- 

### “Kelmės pienas“ UAB



- Subsidiary of Kelmės pieninė AB. Established in 2020, after separating the activities of fresh and dry dairy products of AB Kelmės pieninė.
  - The activity has been running since March 2021
  - Fresh dairy products.
- 

### “Pieno logistika“ AB



- Subsidiary. Established in 2013.
  - Rental buildings.
- 

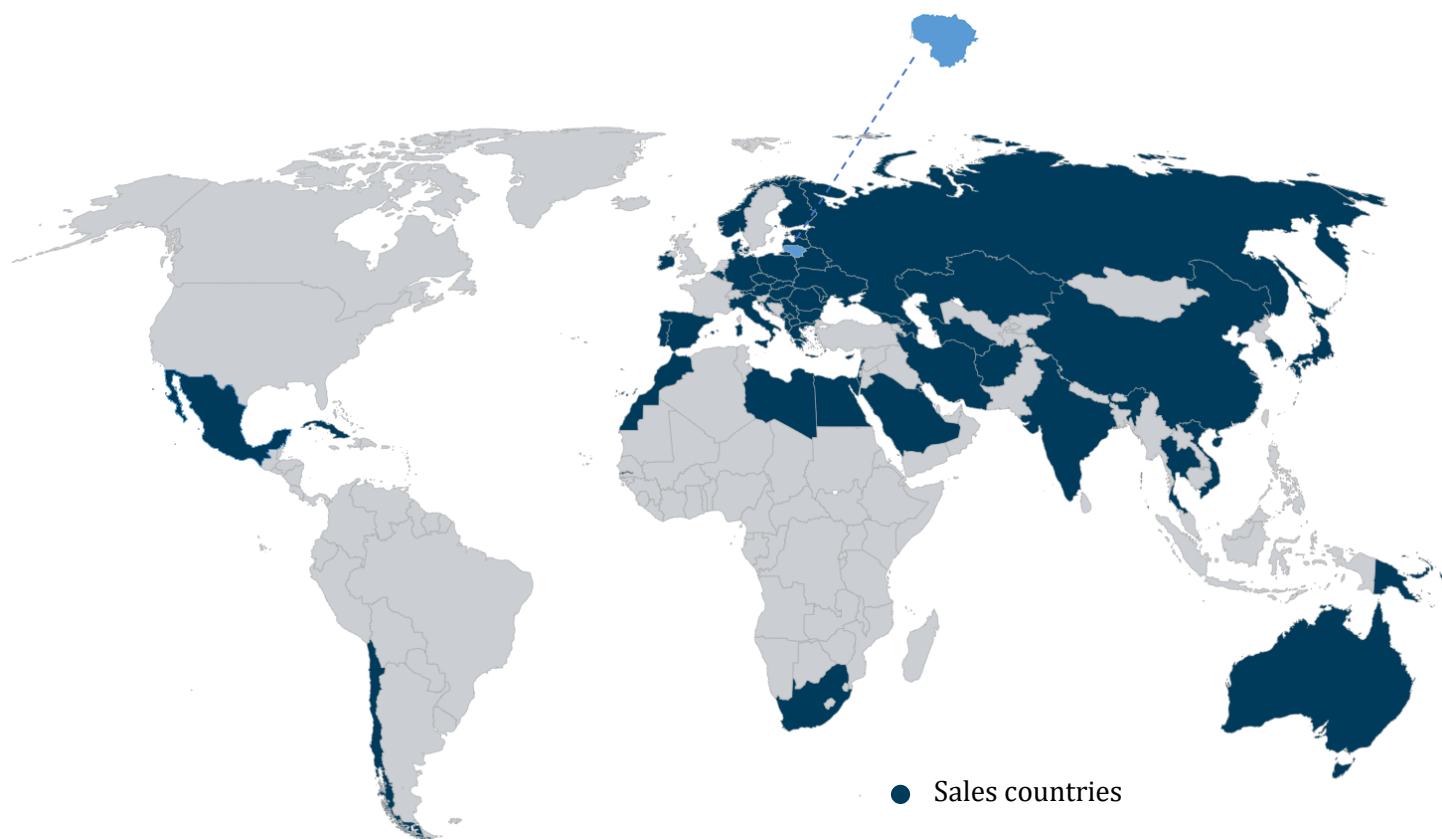
### “Baltic dairy board“ SIA



- Subsidiary. Established in 2008, since 2021 part of the Group.
  - Production of dairy ingredients (GOS) and decomposition of milk and whey, which separates protein and lactose into two separate products
-

## A global company

In 2021, “Vilvi group” sold its products in 65 countries.



Distribution of countries by sales turnover:

Poland	Slovakia	Turkmenistan	Singapore
Lithuania	Macedonia	South Africa	Belgium
The Netherlands	Spain	Greece	Belarus*
Israel	Czech Republic	Bulgaria	Iran
Saudi Arabia	Romania	Finland	Australia
Chile	India	Egypt	Morocco
Germany	Azerbaijan	Taiwan	Gambia
Italy	Serbia	Mexico	Austria
Albania	United Arab Emirates	Norway	Ireland
Vietnam	Ukraine	Moldavia	Afghanistan
Hungary	Bosnia and Herzegovina	Georgia	Papua New Guinea
Kazakhstan	Republic of Korea	Malta	Japan
China	Libya	Denmark	Cuba
Portugal	Lebanon	Thailand	Palestine
Russia*	Estonia	Great Britain	
Kosovas	Croatia	Cyprus	
Latvia	Montenegro	Singapūras	

\* From February 24, 2022, “Vilvi Group” has stopped exporting production to Russia and Belarus.



## “VILVI GROUP” MISSION

There are numerous places all over the world where people have limited access to quality dairy products, well-rounded nutrition, and taste experiences, which Lithuanians have been enjoying for many years. “Vilvi Group” combining accumulated expertise and latest technologies as well as thoroughly following market dynamics and trends, bring solutions to markets where demand for accessible and authentic dairy experiences is still not a fully resolved issue.

“Vilvi Group” achieves this goal because of its roots – rich Nemunas meadows, tasty and quality milk; cooperation with customers, partners and suppliers that is based on mutual responsibility and obligation. By inviting its customers to contribute to the mission of the Group – to meet its customer needs, develop business and grow market – “Vilvi Group” has become the Group of Companies that is proud of its achievements.

*We strive to make sure that each of our partners, clients and customers receives unparalleled dairy solutions that ensure accessible well-rounded nutrition and wholesome taste experiences.*



## KEY NUMBERS OF 2021



**28** years of experience



**156** million euros consolidated turnover in 2020



**>800** employees



**1.5** million euros investment in the Group's infrastructural and technological renewal



**>19** thousand m<sup>2</sup> administrative and industrial space



**>309** thousand tonnes of milk bought



**>300** business clients in the European Union and other countries



**9.4** million euros national taxes paid



**86** percent export

## AWARDS IN 2021

- In 2011 launched study *SUSTAINABLE BRAND INDEX* in Sweden later included other countries of Schandinavia and in 2020 this largest study of brand sustainability in Europe included and Baltic countries.  
In 2021, “**Vilkyškių pieninė**” brand fell among the most sustainable brands in Lithuania – ranked honorable 10th, while in the food and beverage category – 3rd place.  
In Lithuania, total of 50 brands were involved in the investigation, selected on the basis of market share, turnover and brand awareness. As many as 1200 respondents rated the environmental and social responsibility of enterprises in the study.
- In the latest ranking published by „Verslo žinios“ *Lithuanian Business Leaders 500* Kelmės pieninė AB was listed among top 100 Lithuanian enterprises in terms of business growth, efficiency, employee benefits, transparency and contribution to the business community in communicating their experience. The company has risen over 100 positions over the years.



## STAKEHOLDERS

“Vilvi Group” has a wide range of internal and external stakeholders. Stakeholders are natural and legal persons and organizations that may be positively or negatively affected by the activities of the Group as well as those who are interested in the Group’s activities. The list is based on the Company’s internal information.

Stakeholders	Pagrindiniai interesai
<b>Business clients</b>	Partnership, rational price of products and services, responsibility in product delivery, accurate and relevant information, quality assurance of products and services
<b>Consumers</b>	Product variety and availability, wholesome nutrition, social responsibility: transparency, reduction of environmental footprint
<b>Employees</b>	Wages, social guarantees, employment and social inclusion, career and development prospects, security during the pandemic
<b>Management</b>	The Group’s long-term value creation, product development opportunities
<b>Shareholders</b>	Achievement of the set financial goals, increase of operational efficiency and value of the Company
<b>Service providers and contractors</b>	Partnership, rational price of products and services, reliable service delivery and transaction settlement, accessible, precise and relevant information, quality assurance of products and services
<b>Suppliers of main raw materials</b>	Partnership, rational product price, responsibility in product delivery
<b>Suppliers (fuel, electricity, waste management, water utility and other services)</b>	Reliable service delivery and transaction settlement, effective cooperation
<b>National regulatory authorities</b>	Consistent regulatory compliance, performance monitoring, evaluation of reports, transparent dialogue
<b>Local communities</b>	Responsible employer and active member of communities, transparency, reduction of environmental footprint
<b>The general public (organizations, associations, schools, universities and similar)</b>	Joint projects, transparency, accountability, reduction of environmental footprint, career prospects
<b>Research centers, consulting companies</b>	Trainings, consultations, evaluation of indicators

## GROUP MANAGEMENT

### Vilkyškių Pieninė AB management bodies



- General meeting of shareholders;
- Collegiate governing body – the Board;
- The sole governing body – the general director.

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### Kelmės Pieninė AB, “Kelmės pienas” UAB, “Modest” AB and “Baltic dairy board” SIA management bodies



- General meeting of shareholders;
- Collegiate governing body – the Board;
- The sole governing body – the director.

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### AB „Pieno logistika“ valdymo organai



- General meeting of shareholders;
- The sole governing body – the director.

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### General meeting of shareholders

During the reporting period, the Group’s shareholders had equal rights (property and non-property), as provided in the law, other legislation and the Company’s Articles of Association. No shareholder had any special control rights; all shareholder rights are equal. The Company’s management bodies provided the right conditions for the exercise of shareholders’ rights during the reporting period.

### The Board

The Board of Vilkyškių Pieninė AB consists of six members, the Board of Kelmės Pieninė AB, “Kelmės pienas” UAB, “Modest” AB and “Baltic dairy board” SIA – three members. The members of the Board are elected for a four-year term by the general meeting of shareholders, pursuant to the Republic of Lithuania Law on Companies. The Board elects its chairman from among its members. See the section on the management bodies of the Vilkyškių Pieninė AB Group in the 2020 audited annual report of the Vilkyškių Pieninė consolidated and parent company. The Board forms two committees: Audit and Remuneration. Each committee consists of three members. See the section on committees in the 2021 audited annual report of the Vilkyškių Pieninė consolidated and parent company.

## General director

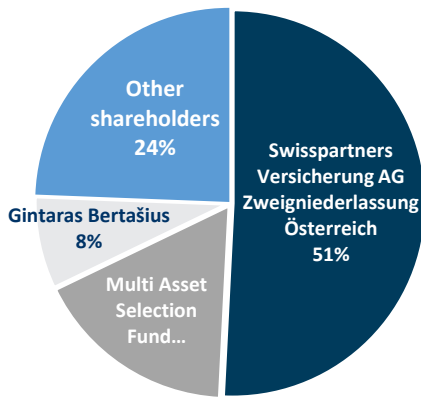
The competence of the general director, the procedure for his election and dismissal are established by the laws, other legislation and the Company's Articles of Association. The general director is elected, revoked and dismissed by the Board of the Company. The general director manages and organizes the activities of the Company, acts on behalf of the Company and concludes transactions at his own discretion, except in cases specified in the legislation and the Company's Articles of Association.

## Shareholder structure

The shares of Vilkyškių Pieninė AB were listed on the NASDAQ QMX Vilnius stock exchange on May 17, 2006. The Company's shares are traded on the NASDAQ OMX Vilnius stock exchange only.

ISIN code LT0000127508. Security shorthand VLP1L.

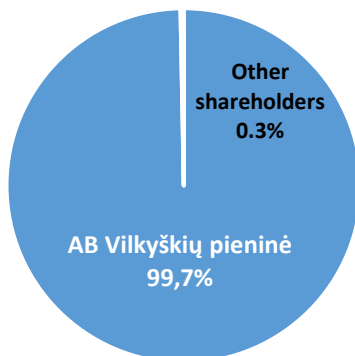
**Vilkyškių pieninė AB**



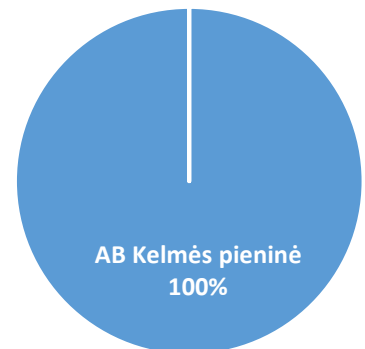
**Kelmės pieninė AB**



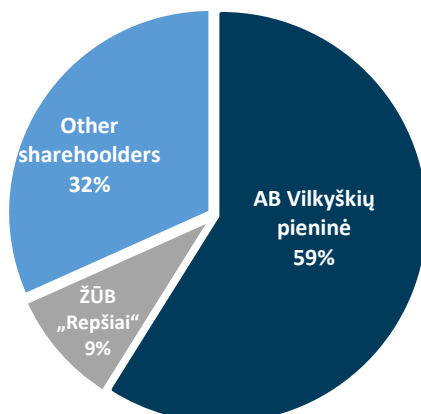
**„Modest“ AB**



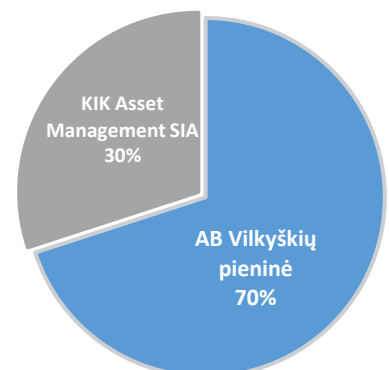
**„Kelmės pienas“ UAB**



**„Pieno logistika“ AB**



**„Baltic dairy board“ SIA**



## **Risk assessment**

Risk management is an integral part of the activities “Vilvi Group”. The Company identifies, analyzes and assesses risks by examining the Company's objectives, activities and external environment. The Board and the directors’ meeting are responsible for establishing and overseeing the Group’s overall risk management program.

Risk management policies and systems are systematically reviewed to reflect changes in market conditions and the performance of the Group. Through its training and management standards and procedures, the Group aims to create a disciplined and constructive environment of control, in which each employee has a clear role and responsibility. More about “Vilvi Group” risks see *Chapter Risk Factors Associated with Issuer ‘s Business in Annual report of “Vilvi Group” for 2021*.

## **Action against corruption and bribery**

“Vilvi Group” does not tolerate any corruption and bribery and advocates for fair business and transparent cooperation with authorities and other stakeholders.

Transparent, honest and open business operations are some of the most important elements of an impeccable corporate reputation and success. “Vilvi Group” pays all taxes in a transparent manner, maintains responsible accounting practices and follows a transparent remuneration policy.

The Group ensures transparency in its procurement and requires potential and existing suppliers to operate in a transparent and fair manner. The Group trades its products on the basis of transparency and does not engage in any transactions that involve bribing or suggestions to act in non-transparent ways. “Vilvi Group” is open to observations and suggestions of the responsible authorities.

The Group is politically neutral and does not provide any financial support to political parties, groups or politicians.

# **ENVIRONMENTAL PROTECTION**





## **PRIORITIES AND PRINCIPLES**

“Vilvi Group” strives to protect the environment, use natural resources sustainably, and implement modern, efficient and environmentally safe technologies in its manufacturing practices. The Company is also implementing pollution prevention measures, improving energy efficiency as well as aiming to reduce production waste. The Board and management of the Company oversee and regularly include climate-related topics in their agendas. “Vilvi Group” periodically carries out environmental impact analysis and evaluation.

## **ACTIVITIES**

### **Investing in more environmentally-friendly technologies**

“Vilvi Group” uses gas, which is environmentally preferable to fuel oil or wood shavings. In the second half of 2019, Kelmės Pieninė AB transitioned from using diesel to liquefied gas in the boiler room. The use of gas contributes to stabilizing the technological process and increasing the equipment load during the workday. It also saves well water, does not increase wastewater and efficiently uses energy resources.

At the end of 2016, a gas pipeline was extended to the town of Tauragė. “Vilvi Group”, being the largest and main user of the gas pipeline, has significantly contributed to the introduction of gas as an energy source in Tauragė municipality. To date, over 79 households have been connected to the pipeline.

The Group has implemented the best available techniques (BAT), and the resource input and pollutant emission levels are consistent with those attained in the European Union.

Vilkyškių Pieninė AB (since 2011), Kelmės Pieninė AB (in the current „Kelmės pienas“ UAB) (since 2016) and Modest AB (since 2014) are equipped with modern, fully automated refrigeration compressors using the organic refrigerant ammonia.

Vilkyškių Pieninė AB is equipped with a regenerative heat energy exchange system, which enables the storage and usage of both heat and cooling energy.

The negative impact on the environment of the Vilkyškių Pieninė AB Group is also being reduced through the annual renewal of the vehicle fleet.

### **Energy use and sources**

The energy management principles applied in the “Vilvi Group” contribute to the more efficient usage of energy resources.

“Vilvi Group” use green electricity. 100 % of the green electricity is sourced from renewable energy sources – wind, water and biomass. This way, the Company makes a significant contribution to reducing CO2 emissions in the country and globally..

Vilkyškių pieninė AB has installed heat exchange system:

- Milk is warmed from 6°C to 26°C not using steam. This gives 2 700 000 kWh of heat energy economy annually which equals to 216 000 kg of natural gas. Thus less nitrogen oxide and carbon dioxide are emitted to atmosphere;

- Whey is cooled from 38°C to 23°C. This gives 2 700 000 kWh of cooling energy economy annually which equals to 950 000 kWh of electricity.

Kelmės Pieninė AB is equipped with milk and whey dryers that have energy recovery systems.

Thanks to the energy recovery systems, significant savings in thermal energy are made and the consumption of gas and the amount of heat released into the environment are reduced. The hot air remaining after the drying process is returned to the system and heats the freshly drawn air. The air used in the incinerator is reused in the same manner. This allows for more efficient operations, the conservation of natural resources, and limits the contribution to the greenhouse effect. The products of natural gas combustion, used to generate heat in the dryers, are less harmful to the environment.

#### Direct energy use, 2021

Vilkyškių pieninė AB	„Kelmės pienas“ UAB	„Modest“ AB	Kelmės Pieninė AB
Industrial steam generated by own boiler 18 743 MWh	Industrial steam generated by own boiler 28 400 MWh	Natural gas 45 357 MWh	

#### Indirect energy use, 2021

Vilkyškių pieninė AB	„Kelmės pienas“ UAB	„Modest“ AB	Kelmės Pieninė AB
Electricity from renewable sources 11 948 MWh	Electricity from renewable sources 2 213 MWh	Electricity from renewable sources 10 682 MWh	

#### Energy sources – energy used by type, 2021

AB Vilkyškių pieninė	UAB „Kelmės pienas“	AB „Modest“	AB Kelmės pieninė
12 liquefied petroleum gas; 88 % electricity from renewable sources	80,9 % natural gas; 19,1 % electricity from renewable sources		

#### Consumption of water

##### Water consumption, 2021

AB Vilkyškių pieninė	UAB „Kelmės pienas“	AB „Modest“	AB Kelmės pieninė
359 211 m3	91 073 m3	161 883 m3	143 522 m3

## Pollution prevention

“Vilvi Group” has developed a program for monitoring the impact of the watering place on groundwater, and carries out observations, environmental impact assessments, data collection and analysis. The monitoring program is used to control the potential impact on groundwater by the petrol station in the parent company located in Vilkyškiai. It monitors air emissions, sources of pollution and wastewater.

### Environmental impact indicators for the parent company Vilkyškių Pieninė AB

Pollution source or equipment	Pollutant	Medium of pollutant discharge	Fiscal period norm, in tonnes	Total amount discharged in 2021, in tonnes	Total amount discharged in 2020, in tonnes
Biological wastewater treatment equipment	Fat	Water bodies	3,65	2,2721	1,5672
	Phosphorus	Water bodies	0,730	0,332	0,096
	Ammonium nitrogen	Water bodies	2,347	0,3707	0,2466
Surface wastewater	BOD	Water bodies	0,12	0,0656	0,0575
	Suspended solids	Water bodies	0,1563	0,0604	0,1776
	Oil	Water bodies	0,0026	0,0008	0,00198
Boiler room I	Carbon monoxide (A) CO	Atmosphere	2,1223	2,0361	1,915
	Nitrogen oxide (A) NOx	Atmosphere	2,8297	2,7148	2,5531

## Consumption of paper and plastic

Production waste is managed and accounted according to approved environment requirements in GPAIS (product, packaging, and waste accounting information system).

**100 % – 12 tonnes** – of stationery paper used in 2021 was FSC and Ecolabel certified. This means that the cut-down trees are replanted and that the paper production process uses fewer resources.

The Companies of “Vilvi Group” seek to reduce use of plastics – water in plastic bottles are replaced with glass jugs, and disposable plastic dishes and table tools are replaced to multiple use dishes.

In 2021, in order to reduce the amount of disposable paper napkins consumed, it was decided to use reusable, replaceable cloths for collecting liquids.

“Vilvi Group” pays special attention to the protection of nature, therefore we encourage consumers to sort the packaging of dairy products by clearly indicating which waste to sort the packaging with. Each product packaging is labelled with information how to properly dispose and sort it after product is consumed.



- In 2020 WPC stretch hood film used to wrap palettes of production was switched from 100 microns to 80 microns so plastic use is reduced.
- In 2020 melt cheese packaging was switched to thinner plastic material packaging covered with carton material. New packaging is 5 grams lighter. In this way, we used 2 tons less plastic per year than in previous years.
- Since 2018 fresh milk products are transported in multiple-use boxes thus minimizing disposable carton box use.

# EMPLOYEES



## PRIORITIES AND PRINCIPLES

One of the strategic goals “Vilvi Group” is to be a desirable employer. Therefore, the employee policy is oriented towards forming and improving the employer identity, strengthening employee inclusion and collaboration. We integrate these principles in all the steps of an employee’s path in the organization.

“Vilvi Group” has clearly defined procedures that define working conditions, equal opportunities, remuneration, employee promotion and development of collaboration. Attention is paid to the continuous education of employees and the formation of an open organizational culture. We nurture the culture of the organization in such a way that the employee would like to come to work, develop a sense of family and positivity. “Vilvi Group” constantly monitors employee turnover, conducts employee motivation and involvement surveys, and constantly updates the system of motivational measures.

## ACTIVITIES

### Attraction and integration of new employees

In order to keep improving conditions for the employees, the Company has put a system in place for recruiting new employees. The consistent process of onboarding new employees provides a smoother transition to the corporate culture, increases the efficiency of employee integration and learning, increases motivation to work in the organization, and gradually reduces the cost of recruiting new employees. There is also targeted action to attract new talent in close cooperation with regional, vocational and higher education institutions.

The annual turnover rate of 2021 employees was 23 percent.

Existing employees are encouraged to get involved in the recruitment of new employees via the approved „Bring a Friend” procedure, whereby employees can recommend individuals for work at “Vilvi Group” and receive a cash bonus for doing so.

*9 employees hired in 2021 with the help of the „Bring a Friend” system*

Traditions are an important part of fostering our culture. As a result, each workday begins with a joint 10-minute discussion between the employees over coffee. Employees are also congratulated on the occasion of their birthday, wedding, childbirth; we also organize celebrations of the Company's birthday and Christmas as well as educational tours and orienteering on bicycles. During pandemic meetings and gatherings are organized via distance communication means.



## Diversity at work:

“Vilvi Group” advocates for equality and diversity and contributes significantly to the integration of people with disabilities into the labor market.

In 2021 “Kelmės pienas” UAB employed 180 people, 30 percent and Kelmės pieninė AB employed 22 people, 35 percent of which belong to target groups (according to disability, work capacity and special needs level), have lost professional and general work capacity, cannot compete on equal terms in labour market.

Employees are provided with working conditions that allow them to work according to their own potential. Employees are offered opportunities to attend meetings, lectures, outings, celebrations and other events related to employee awareness, education and motivation. According to official statistics, in Lithuania the poverty risk for persons with disabilities was twice as high as for persons without disabilities. Therefore, the contribution of “Kelmės pienas” UAB and Kelmės pieninė AB to the integration of persons with disabilities into the labor market contributes to solving this acute issue.

## Assurance of human rights and gender equality

“Vilvi Group” does not tolerate human rights violations and discrimination. Equality and non-discrimination are ensured by the Company's internal policy on equal opportunities, which provides each employee with opportunities in employment, professional development and career advancement regardless of gender, age, social status, or other factors unrelated to the professional characteristics of the employees.

The Group adheres to the laws governing overtime and working hours, respects the right of workers to rest and recuperate, does not tolerate any form of harassment or violence and opposes any form of discrimination as well as forced child labor. During weekly individual meetings with management or the HR department, all employees can express their views and complaints regarding unsatisfactory working conditions or relationships with colleagues or other topics.

In 2021, no discrimination or other incidents related to human rights violations were detected in “Vilvi Group”.

In order to ensure better conditions for employees with young children, with the help of European Union funds, in 2010 the Company established a childcare facility, referred to as the “kindergarten” by the residents of the town of Vilkyškiai. Since 2013, after the termination of the project funds, this kindergarten is being partially funded by Vilkyškių Pieninė AB. Therefore, while the employees are working, their offsprings are participating in pre-school education.

## Employees of the Group by gender



## Management of the Group by gender



## Gender diversity of the Board and supervisory bodies

17 % members of the Board are women

100 % committee chairs are women (2 committees: Audit and Remuneration)

## Clear, justified and fair remuneration

Every employee contributes to the value creation of the Company, so in order to be a competitive employer, we advocate for clear, reasonable and equitable wages. Remuneration is based on the principles of gender equality, non-discrimination and fair pay as well as the legislation of the Republic of Lithuania and the approved remuneration policy of “Vilvi Group”. The remuneration system clearly indicates the categories of staff and the posts assigned to those categories. The remuneration arrangements contained within the system and its annexes are applied in such a way as to prevent any discrimination on gender or other grounds. Men and women receive equal pay for equal work or work of equal value.

We value transparent and clear remuneration; therefore, we have engaged the services of the “Korn Ferry Hay Group”, the world's leading provider of accurate remuneration information and analysis. The research of the salary market by the “Korn Ferry Hay Group” enables the comparison between the remuneration policy of “Vilvi Group” with the local market and helps to ensure the competitiveness and rationality of the salaries.

The content of the work carried out by the staff, the mandatory qualification requirements (if applicable to a specific post), the mandatory and voluntary professional development procedures are laid down in the staff regulations and/or employment contracts.

We pay special attention to the internal promotion and professional development of our employees. In the case of vacancies at higher levels, such vacancies are first offered to employees meeting the requirements. Employees may be awarded bonuses for their qualifications and/or bonuses for additional work or the completion of additional tasks or duties. Various lump-sum benefits are also granted in the event of a marriage, the birth of a child or the death of a close family member.

## Assurance of occupational safety and employee health

An important task of the employee policy of the Vilkyškių Pieninė AB Group is to ensure the safety, health and decent working conditions of its employees.

following the spread of coronavirus (COVID-19) infection, “Vilvi Group” companies in order to protect employees from the virus threat continuously monitor their health. Two times per shift employees are tested for increased body temperature thus ensuring that only individuals



without acute upper respiratory diseases are at workplace. Production and administrative premises are often cleaned, ventilated, and disinfection of often touched-surfaces is carried out every two-hours. Production premises are additionally disinfected using mobile smoke generators after each shift. In the premises strict hygiene requirements are applied, flow of employees is regulated, employees are discouraged to interact personally if no necessity exists and while interacting safe distance is kept, face masks and other personal safety means are obligatory.

“Vilvi Group” took initiative and regularly tests its employees for Covid-19 infection so it can timely react and take preventive measures to stop the spread of the virus. The employees were instructed and taught how follow new requirements and to avoid possible contacts with Covid-19 infected or people in selfisolation and what measures to take if one gets infected with the virus. Knowing that the most effective protection against COVID-19 and its variants is currently vaccination, vaccination of employees who have not yet been vaccinated has been organized in “Vilvi Group” companies - for those who have already been vaccinated - vaccination with a booster dose. The share of employees immunized due to illnesses or vaccinations in “Vilvi Group” companies is about 97%.

The designated occupational safety and health professional continuously monitors and ensures that workplaces comply with safety and health regulations.

There were 13 occupational accidents at “Vilvi Group” in 2021. All of them were minor and did not cause serious bodily injury or consequences for the workers. To protect employees from possible repetitive risk of injury they were additionally instructed in workplace and safety devices were installed.

In 2021, the topic of the civil protection functional exercise was organized: "Actions of Responsible Employees in the Event of a Compressor Fire". During the exercise, the actions of the responsible employees in the event of an extreme event in the company were modeled.

In 2021, 382 employees took part in required professional trainings (see table).

NO.	TRAINING PROGRAM	VILKYŠKIŲ PIENINĖ AB	KELMĖS PIENINĖ AB	„KELMĖS PIENAS“ UAB	„MODEST“ AB	
1.	Training in jobs for which workers do not have sufficient instruction to work safely and without endangering their health.	36		30	81	<b>147</b>
2.	Compulsory hygiene skills training.	52		44	17	<b>113</b>
3.	Pressure vessel operator training.				2	<b>2</b>
4.	Training of a master of maintenance of hazardous materials pipelines.			1		<b>1</b>
5.	Training of masters of lifting equipment maintenance (re-certification).				1	<b>1</b>
6.	Training of a worker working in wells and other underground structures in closed tanks.			22		<b>22</b>
7.	Refrigeration Compressor Maintenance Master Training.			1		<b>1</b>
8.	Training of an employee working in a freight elevator, lift.			5	1	<b>6</b>
9.	Crane crane work manual training (re-certification).	1			1	<b>2</b>
10.	Training (re - certification) of a worker operating consumer flammable gas systems.		12			<b>12</b>

NO.	TRAINING PROGRAM	VILKYŠKIŲ PIENINĖ AB	KELMĒS PIENINĖ AB	„KELMĒS PIENAS“ UAB	„MODEST“ AB	
11.	Training of the person responsible for the operation of the consumer 's flammable gas system.		12			12
12.	Training of technological, gas combustion equipment operator 260071307		12			12
13.	Training of operator of automated boilers fired by gas and liquid fuels.				2	2
14.	Employees who attended by department heads at 8 p.m. non-formal learning program.				2	2
15.	Training of operator of ground-operated overhead cranes.	8			9	17
16.	Training of personnel lifting loads with mechanical, self-propelled loaders.	12				12
17.	Training of a high-altitude worker.	6				6
18.	The e-mail of the employee (AK) performing the work facilities, training.				1	1
19.	Training of an electrician operating works in equipment up to 1000V (VK).	5				5
20.	Training of staff in non - formal training activities with mechanical lifting equipment, including self - propelled trucks.			1	5	6
	<b>Total:</b>	<b>120</b>	<b>36</b>	<b>104</b>	<b>122</b>	<b>382</b>

Each year, the Company's employees can obtain free health and vision check-ups and flu vaccinations. In 2021, 302 employees took advantage of such opportunities, whose value amounted to 7 000 euros.

*153 employees underwent health check-ups.*

*110 employees vaccinated.*

*39 employees benefited from other health and wellness services.*

“Vilvi Group” takes care not only of the physical but also of the emotional health of its employees. Considering the impact of the pandemic on the emotional state of employees, including increased tension, stress, feeling of uncertainty, challenges of work organization, lack of live communication, - "Emotion and Stress Management" internal training was organized in 2021, in which 130 administration employees participated. Employees learned how to recognize and manage emerging emotions, be able to apply methods of coping with stress and relaxation, accept and manage change, develop awareness.

### **Professional development of the employees**

“Vilvi Group” devotes significant attention to the development of employees' competencies. Each year, employee development plans are drawn up, taking into account the goals of the Group and the relevance of the employees' competencies. Particular attention is paid to the training of key professions to ensure efficient and high-quality work, customer service and job

safety. Vilkyškių pieninė AB has a book library where employees can find professional, motivational and fiction books.

In 2019 we launched a Career Management System (CMS) project that includes more than 200 administrative employees. The aim of the project is to evaluate the viability of existing employees in their internal career promotion.

Employees partake in general in-house trainings as well as in conferences and seminars organized by external suppliers.

In 2021 we extended the internal training program to promote peer-to-peer collaboration, improve internal communication, stress and change management, leadership development, and self-awareness.



*171 employees participated in general competence development trainings.  
2300 hour long trainings for specialists  
(19 hour for specialist on average).  
2827 hour long trainings for managers  
(35 hour for managers on average).*

# COMMUNITIES



## PRIORITIES AND PRINCIPLES

“Vilvi Group” is an active member of the community. Implementing the principles of responsible business in the social area, Vilkyškių Pieninė AB cooperates with local communities and the general public in order to ensure the protection of human rights, to strengthen relations between business and academia, and to contribute to youth employment and career development.

Support for community and various initiatives according to pre-established criteria is provided as a complementary social responsibility implementation tool that contributes to strengthening partnerships and implementing our priorities.

## ACTIVITIES

### Supporting youth career orientation

The Company willingly shares its competencies and resources. Before the pandemic, “Vilvi Group” factories welcome groups for educational visits and the Company organizes presentations about vocational preparedness and career planning. Particular attention is paid to representatives of the engineering field as their skills are in greatest demand.

The Company actively cooperates with educational institutions: it enables students of the institutions of higher education and vocational schools to apply theoretical knowledge and acquire practical skills over the course of a 2 to 3-month internship, thus improving youth employment opportunities. Familiarizing themselves with work in a manufacturing company also allows students and graduates to explore a new field and contributes to helping them make more informed career choices. In the long term, this allows the Company to shorten the process of recruitment and selection of candidates for positions that are the hardest to fill. Therefore, the implementation of the internship program is one of the Company's strategic directions.

*5 persons carried out internships in 2021*

### Strengthening and supporting communities

“Vilvi Group” promotes and develops community spirit – it supports and participates in cultural and educational events that provide entertainment and educational activities for both children and adults. In this way, we contribute to a more active social life in the county, strengthen mutual relations and cooperation.

*In 2021 we provided over 15 tEur worth of financial and in-kind contributions towards childrens' wellbeing, education, culture, sports and local community-building*

Through close cooperation, we have been supporting local communities financially and in-kind not only in the town of Vilkyškiai, but also in the towns of Pagėgiai, Tauragė and Kelmė. In 2021, as in 2020, the Company supported with products to Lithuanian Samaritan Community,

Tauragė basketball club, and others. For many years the Group supports Pagėgiai school, Pagėgiai and Vilkyškiai feasts, international organ music festival.

Last year, we supported: support fund of the Academy of Agriculture of the Vytautas Magnus University "Aid for Regional Youth Studies." "The aim of the fund is to help and enable young people from the regions who are motivated to study agricultural sciences to enter the academy, thereby promoting education, research, improve the agribusiness community in the region and to nurture professional partners or future colleagues.

### **Cooperation with the basketball team "Žalgiris"**

Promoting sports and reflecting Lithuanian traditions, since 2009 "Vilvi Group" has been sponsoring the "Žalgiris" basketball team. A long-standing and sustainable partnership has already become an integral part of both brands. The cooperation between "Vilvi Group" and Žalgiris is also noticeable during the match - the black cat, one of the symbols of the Vilkyškių brand, is constantly entertaining the audience in the arena, and various partner competitions are constantly taking place. The Company contributes to the organization of tournaments, and the employees cheer for the Žalgiris team at every match.





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