



# Consolidated Social Responsibility Report and Sustainability Report 2022

AB „Rokiškio sūris“,  
Lithuania

# Table of contents

|  |    |
|--|----|
| <b>Message from CEO</b> .....              | 3  |
| <b>About the report</b> .....              | 4  |
| <b>About the company</b> .....             | 5  |
| Highlights, main facts, achievements ..... | 5  |
| Business model .....                       | 6  |
| Strategy - vision, mission, values .....   | 8  |
| Governance .....                           | 10 |
| Risk management .....                      | 15 |
| <b>Sustainability approach</b> .....       | 21 |
| Principles and commitments .....           | 22 |
| Materiality analysis .....                 | 23 |
| Stakeholder engagement .....               | 24 |
| Materiality matrix .....                   | 25 |
| Contribution to SDGs .....                 | 27 |
| <b>Environmental management</b> .....      | 30 |
| <b>Social management</b> .....             | 39 |
| <b>Economic management</b> .....           | 51 |
| <b>GRI Index</b> .....                     | 56 |
| NASDAQ ESG Disclosures .....               | 60 |
| UN Global Copact Index .....               | 62 |

# Message from the CEO



Sustainability is increasingly becoming an integral part of a company's operations. During 2022, the company's Sustainability Group has added new members, strengthened its activities, introduced sustainability initiatives and is increasingly spreading the idea of sustainability so that all employees apply the principles of sustainability in their work and work towards common goals by assessing the positive impact in the social, environmental and governance fields. It is important to realise that sustainability is not just a passing fad, that it must be embedded in the strategy and mindset of the whole company, and that it is up to all of us to shape the future for our children and grandchildren.

As defined in the Strategic Plan 2022-2024 of AB Rokiškio sūris, we aim to make the milk processing process as sustainable as possible at all stages, from the collection of raw milk to the final product. By updating our 3-year strategic plan, we will strive to increase our efforts in the environmental, social and governance (ESG) areas, so that we remain a leader in the dairy industry, not only in Lithuania, but also in the Baltic States, in five, ten and even more years.

We are committed to sharing this information with all our stakeholders through our main communication channels. We thank our employees, customers, suppliers of raw milk and other materials and services, and all our business partners for their strong commitment and support in our joint efforts towards sustainability.

Dalius Trumpa  
CEO of Rokiskio suris, AB

A handwritten signature in blue ink, appearing to read 'D. Trumpa', located below the printed name and title.



# About the report

Sustainability Report 2022 | AB "Rokiškio sūris"

This consolidated Corporate Social Responsibility Report and Sustainability Report of AB Rokiškio sūris Group (the "Group") (the "Sustainability Report") is presented for the period from 1 January to 31 December 2022 and covers the activities of the entire Group. The Sustainability Report is published as a stand-alone document and as part of the Group's annual report.

This Sustainability Report is the Group's report in accordance with the GRI (Global Reporting Initiative) standards (2021 update) and the Bank of Lithuania's recommendations on disclosure of sustainability-related information. The report contains the best information available at the time of publication but has not been formally audited. The content of the report has been compiled on the basis of materiality and taking into account the principles of the United Nations (UN) Global Compact.

Provides information on the Group's contribution to the UN Sustainable Development Goals (SDGs). The information is also in line with Nasdaq's US disclosure guidelines and describes activities and achievements in the areas of environmental, social and governance (ESG). This report meets the requirements for a corporate social responsibility report as stipulated in the legislation of the Republic of Lithuania.



The Sustainability Report should be read in conjunction with the Group's Consolidated Annual Report

Consolidated annual report



## — Previous reports and contact point

The previous Corporate Social Responsibility Report published on 7 April 2022 as part of the Consolidated Annual Report covering the previous calendar year, as well as other sustainability information can be accessed on the website ([www.rokiskio.com](http://www.rokiskio.com)).

We know the importance of understanding stakeholder perspectives, so we'd appreciate your feedback on this report and our performance. Please email us at [ausra.ziboliene@rokiskio.com](mailto:ausra.ziboliene@rokiskio.com) (contact person - Aušra Zibolienė, Assistant to the CEO).



# About the company

Sustainability Report 2022 | AB "Rokiškio sūris"

— Business overview / Key facts 2022



## 490 640

tonnes of milk processed



## 42

export markets



## 37 831

tonnes of different kinds of cheese manufactured



## 1291

employees



An overview of the Group's business activities in 2022 is provided in the Consolidated Annual Report 2022 Section: Types of main activities of the company and the company group

# Business model

---

Sustainability Report 2022 | AB "Rokiškio sūris"

Rokiskio suris, AB Group based in Lithuania (headquarter – Pramonės g. 3, Rokiškis) is a public limited liability company and consists of the parent company AB Rokiskio suris and five subsidiaries.



Rokiskio pienas, UAB;



Rokiskio pieno gamyba, UAB;



DairyHub.lt, UAB;



Latvian company Jekabpils piena, SIA

Latvian company Kaunata, SIA

(not included in the report due to its insignificance)

Consolidation of Information is made in accordance with the International Financial Reporting Standards (IFRS).

The main activity of the joint-stock company Rokiskio suris, AB is the activity of dairies and cheese production. The main products are cheeses, butter, dry dairy products and short shelf life dairy products.

# Subsidiaries:

The main activity of pieno gamyba, UAB is the production of fresh dairy products (milk, kefir, sour milk, butter, curd, curd cheese, sour cream, glazed cheeses, desserts) and milk powders.

The main activity of pieno gamyba, UAB is the production of fresh dairy products (milk, kefir, sour milk, butter, curd, curd cheese, sour cream, glazed cheeses, desserts).

The activity of SIA Jekabpils piena kombinat is the purchase of raw milk. The activity of SIA Kaunata is the purchase of raw milk.

DairyHub.lt, UAB started its operations in 2021, and its main activities cover sales of dairy products.

Operations of the Group Rokiškio sūris, AB are organized according to the main functions:

raw milk purchasing

production

sales

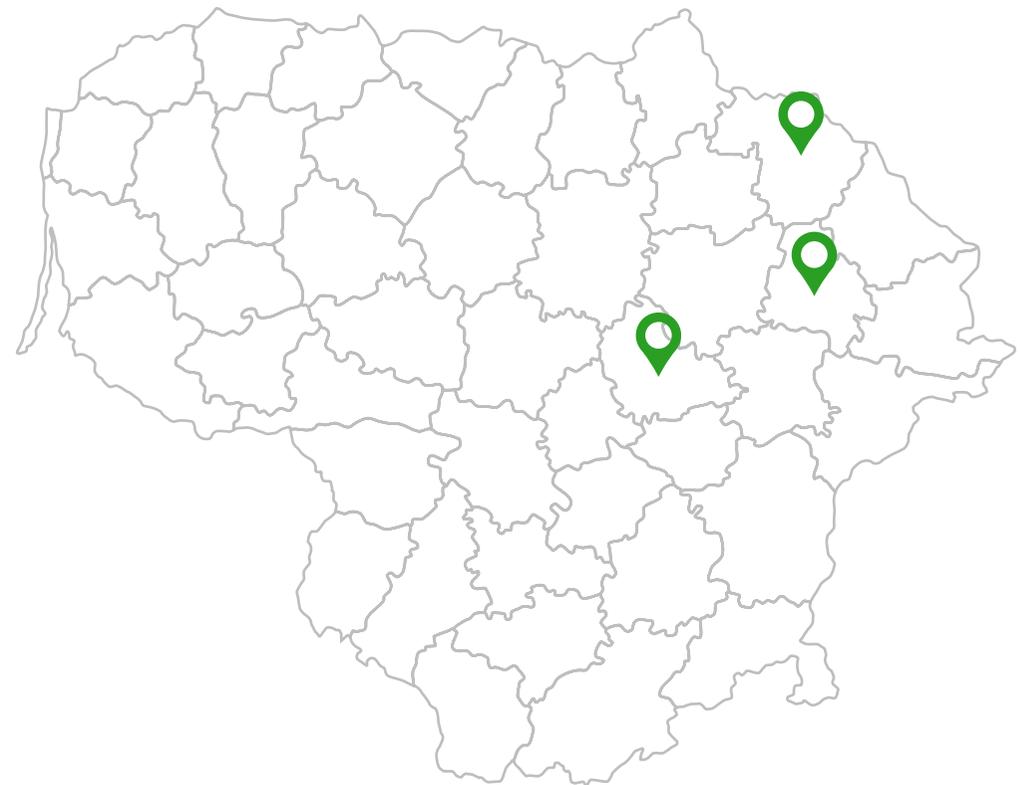
logistics

finance management

security

## Production is performed in three specialized factories:

Rokiškis (fermented cheese, lactose, whey protein concentrate), Utena (short shelf life dairy products, butter, milk and whey powders) and Ukmergė (curds).



# Strategy:

## vision, mission, values

In order to ensure that all members of the Group's management bodies have a clear understanding of its objectives, directions and aspirations, the Group's strategy for long-term strategic goals and objectives is being prepared. The Group operates in accordance with a 3-year strategic plan approved by the Board, which sets out the Group's vision and mission and defines its objectives as well as long-term aspirations.

The Management has planned the next update of the strategic plan in 2025 with sustainability being one of the main focus areas.

The main provisions of the strategic plan are set out below:

**Mission:** Trusted dairy professionals

**Vision:** Processing more than 1 million tonnes of raw milk per year, as Lithuania turns into Baltland

### Objectives:

Sustainable milk processing;

Leadership in the dairy sector in the region;

Flexible production and sales of premium quality products exceeding consumer expectations;

To be the most attractive and reliable partner for dairy farmers; To continuously increase shareholder value.

### Values and strengths:

Cohesive team and good management practices

Modern technology

Good workmanship

Financial stability

Speed and flexibility in decision making and responding to external changes

Continuous improvement (The Group pays a lot of attention and dedicated financial resources to the development of professional and general competencies, abilities and skills of its employees)

A more detailed overview of the initiatives under the 3-year Strategic Plan is provided in the 2022 Consolidated Annual Report (see section "Group strategy and objectives").

# Governance model

Sustainability Report 2022 | AB "Rokiškio sūris"

Currently, there are 3 management bodies in the Group: General Meeting of Shareholders; Board of Directors; Chief Executive Officer (Director). They act for the benefit of the Group and its shareholders, and pursue laws and legal acts of the Republic of Lithuania.



The General Meeting of shareholders is the supreme body of the Group. The Board of the Group is elected by the General Meeting of Shareholders and the term of office of the members of the Board is 4 years.

The shareholders' meeting is held at least once a year. The Group also submits notifications through the Central Regulated Information Base of the AB Nasdaq Vilnius Stock Exchange regarding significant events from the economic, social and environmental point of view.

According to the Group's Articles of Association, the Board consists of 6 members (2 of whom are independent members). The Group's Board Chairman is not an employee of the Group.

In compliance with the best corporate governance practices the Company's Articles of Association determine the following functions and responsibilities of the Board:

The competence of the Board is in accordance with the provisions of the Law on Companies of the Republic of Lithuania (Articles 33 and 34).

## The Board shall consider and approve:

1. the annual report of the Company and the Group;
2. the management structure of the Company and the positions of its employees;
3. the positions to be filled by competitive recruitment;
4. the regulations of the Company's branches and representative offices.
5. The Board shall elect and dismiss the Chief Executive Officer of the Group, determine his remuneration and other terms and conditions of his employment, approve the regulations governing his duties, and grant him incentives and penalties.
6. The Board shall adopt:
  - a) decisions for the Company to become a founder or participant of other legal entities;
  - b) decisions to establish branches and representative offices of the Company;
  - c) decisions on the investment, transfer, lease of fixed assets with a balance sheet value exceeding 1/5 of the Company's authorised capital (calculated separately for each type of transaction), unless the Articles of Association state a different value;
  - d) decisions on pledges and mortgages of fixed assets with a book value exceeding 1/5 of the company's authorised capital (calculated as the total amount of the transactions), unless the Articles of Association specify a different value;
  - e) decisions on guaranteeing or indemnifying other persons for the performance of obligations of the company in an amount exceeding 1/5 of the company's authorised capital, unless a different amount is specified in the statutes;
  - f) decisions to acquire fixed assets for a price exceeding 1/5 of the company's authorised capital, unless the articles of association specify a different price;

The Board is responsible for convening and holding General Meetings of Shareholders in a timely manner. The members of the Board shall be obliged to protect the Group's commercial (industrial) secrets and confidential information which they have become aware of in their capacity as members of the Board.

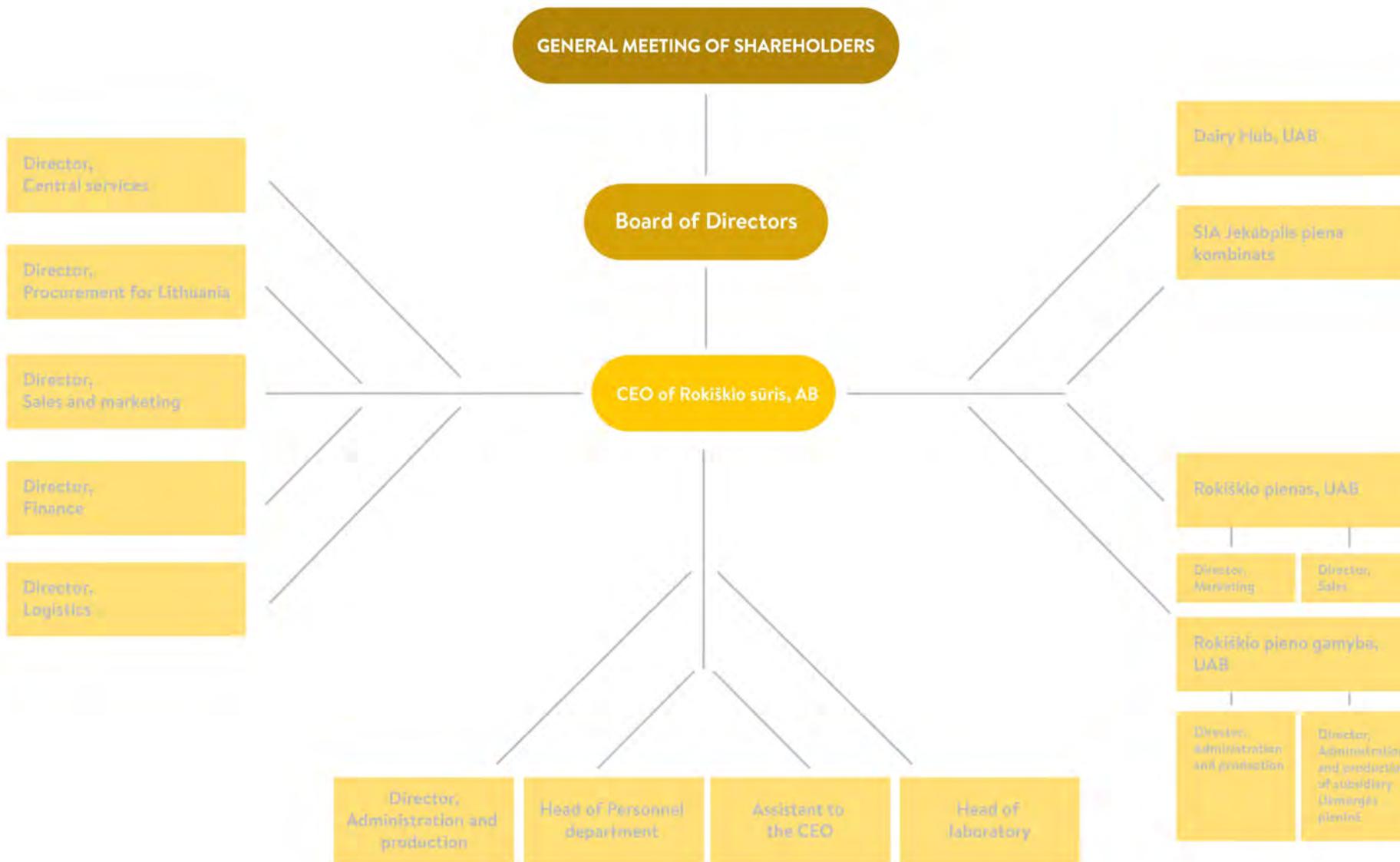
There were no critical concerns communicated to the Board during the reporting period.

There is also an Audit Committee which consists of 3 members (2 male and 1 female, 2 independent members). The functions, rights and duties of the Audit Committee shall be regulated by the Regulations on the Establishment and Activities of the Audit Committee of AB "Rokiškio sūris", approved by the General Meeting of Shareholders of the Company, as well described in other documents regulating the activities of the Audit Committee.

## The main functions of the Audit Committee include:

1. Monitor the process of preparing the financial statements of the Group and its Subsidiaries;
2. Monitor the effectiveness of the Group's internal control, risk management and internal audit systems;
3. To make recommendations to the Board of Directors of the Group in relation to the selection of the external audit firm and to monitor the audit process;
4. To monitor the independence and objectivity of the external auditor and the audit firm;
5. To inform the Board of Directors of the Group of significant deficiencies in internal control over the financial statements identified by the external and internal auditors and to make recommendations for their remediation;
6. Act honestly and responsibly for the benefit and welfare of the Group and its shareholders.

There is currently no Supervisory Board at the Group.



# Members of the Management of the Group

---



**Dalius Trumpa**  
Chief Executive Officer



**Antanas Kavaliauskas**  
Director of Finance



**Ramūnas Vanagas**  
Director of Milk Purchasing



**Jonas Kvedaravičius**  
Director of Vindication



**Jonas Kubilius**  
Director of Logistics



**Darius Norkus**  
Sales and Marketing Directo

# Members of the Sustainability Team



In 2022, the Sustainable Action Group added new members. Currently, the group consists of 11 specialists from different areas of the company, from all companies of the Rokiškio sūris Group.

The Sustainability Group is structured to cover all three levels of sustainability: environmental, social and governance, and includes specialists from the environment, human resources, quality management, procurement, energy, preparation and marketing.

The members of the group shall meet/discuss at least once a month. The meetings discuss various sustainability initiatives which are disseminated within the company to make employees aware of sustainability issues and opportunities to contribute to these initiatives.

During these discussions, the members of the group have set themselves the ambitious goal of making sustainability an integral part of their company-wide activities.

The requirements for candidates to nominate members of the Group's management bodies do not discriminate against candidates for age, gender, education or professional experience. The key criteria for selecting members of the management bodies is the candidate's competence.

Top Management has developed and continues to implement and maintain the following policies:

Anti-corruption policy



Food safety, quality and environmental policy



Personal data protection policy



Equal opportunities policy



Remuneration policy



Violence and harassment prevention policy



Code of Ethics



Human rights policy



All policies are also introduced to each employee of the company. Specific measurable goals for the responsible divisions of the Company Group are also set in order to maintain the positions stated in the above documents. The implementation and results of the goals are reviewed at least once a year during the annual management review. For a more in depth overview of the governance practices please refer to the Consolidated Annual Report 2022 (please refer to section: Management bodies of the company)

# Risk Management

In order to achieve its strategic objectives and to respond to the dynamic operating environment, the Rokiškio sūris Group carried out a sustainability risk assessment in 2022 in relation to the Group's material sustainability themes. The ability to proactively respond to evolving risks is crucial and ensures that our management receives the most relevant and timely information to make the necessary decisions.

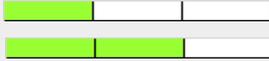
A team from the Sustainability Group has been appointed to assess sustainability topics. The Sustainability Team assesses risks against the following criteria:

- From the point of view of residual risk: taking into account the control measures already in place at AB Rokiškio sūris to mitigate the potential impact of their materialisation.
- In terms of probability of occurrence (past and future).
- In terms of their impact on three aspects: economic, organisational and/or reputational.

## Sustainability risks and key measures to manage them

| Material topic               | Description   | Related risks   | Risk management   | Probability of occurrence/ Impact |
|------------------------------|---|---|---|-----------------------------------|
| <b>ENVIRONMENTAL FACTORS</b> |   |   |   |                                   |
| <b>CLIMATE CHANGE</b>        | Greenhouse gas calculations across the value chain, strategic mitigation, energy efficiency, renewables energy use. | - GHG air pollution directly from own production facilities and indirectly in the value chain.  | - GHG accounting (Scope 1, 2, 3).<br>- A plan to reduce GHG emissions is developed and regularly reviewed.  |                                   |
|                              |   | - Market availability and cost of renewable energy.<br>- Availability of green freight transport.<br>- Ensuring uninterrupted energy supply.<br>- Technological interchangeability, adoption of new technologies. | - Installation of own green energy plants.<br>- Installation of boilers for hot water from renewable sources in production.<br>- Conversion of thermal energy to renewable energy is technically feasible.<br>- The substitution of automotive fuels by renewable sources is so far only available for light transport.<br>- Heat pumps have been installed to reduce the amount of thermal energy purchased.<br>- Medium-voltage switchgear is fed from two independent sources to power transformers. In the event of a voltage failure in one substation, the other is immediately supplied.<br>- Replacement of electricity with renewable energy.<br>- Strict contractual conditions for the supply of thermal energy (steam).<br>- Installed steam metering to control and ensure the consumption and needs of the respective workshops.<br>- Own heat production in two boiler houses in Utena and |                                   |

| Material topic                  | Description   | Related risks   | Risk management  | Probability of occurrence/ Impact |
|---------------------------------|---|---|--|-----------------------------------|
| <b>ENVIRONMENTAL FACTORS</b>    |   |   |  |                                   |
| PRODUCTION WASTE                | Production waste handling, strategic waste reduction, separation and management of waste streams.   | <ul style="list-style-type: none"> <li>Inadequate waste handling, failure to implement circular economy principles (waste management charges, loss of valuable raw materials).</li> </ul>                         | <ul style="list-style-type: none"> <li>Waste sorting, accounting, recycling targets (e.g. packaging waste), waste reduction targets.</li> <li>Cooperation with waste managers.</li> <li>Target to reduce the amount of waste going to landfill (tracking indicator).</li> <li>Tracking and adapting innovations.</li> </ul>  |                                   |
| CIRCULAR ECONOMY                | Applying the circular economy model to the business chain.  |   |  |                                   |
| CONSERVATION OF WATER RESOURCES | Responsible management of water availability and quality, rational use in the supply chain, wastewater handling.  | <ul style="list-style-type: none"> <li>Water scarcity.</li> <li>Overexploitation, pollution and declining availability of water resources.</li> <li>Inadequate wastewater management.</li> </ul>                  | <p>Ensuring the rational use of water through accounting and control, in compliance with all applicable laws.</p> <ul style="list-style-type: none"> <li>Water reduction targets.</li> <li>Treatment of industrial and surface wastewater, control studies, accounting and analysis of pollutants.</li> <li>As far as possible, on-site groundwater, treated water shall be reused.</li> </ul> |                                   |
| ANIMAL WELLBEING                | Responsible treatment of animals; rational use of antibiotics for the treatment of animal diseases; responsible cooperation policy between livestock and feed suppliers; responsibility for the entire life cycle of animals. | <ul style="list-style-type: none"> <li>No sustainability risks have been identified: suppliers are subject to rigorous and effective national and EU regulation in this respect.</li> </ul>                       | <ul style="list-style-type: none"> <li>Animal welfare is continuously monitored through milk quality indicators.</li> <li>There is constant direct contact with farms: suppliers can consult, seek advice on financing, etc.</li> <li>Regular audits of farms are carried out by buyers and our shareholder Fonterra.</li> </ul>   | No risks identified in 2022       |
| PRODUCT PACKAGING AND WASTE     | Responsible product packaging design and lifecycle responsibility, innovative packaging solutions.  | <ul style="list-style-type: none"> <li>Pollution from packaging waste due to inadequate waste management, lack of environmentally friendly packaging innovations for dairy products, high cost burden.</li> </ul> | <ul style="list-style-type: none"> <li>Packaging is optimally designed to meet the necessary quality requirements.</li> <li>Proper labelling of the composition of the packaging shall be ensured.</li> <li>Preference shall be given to manufacturers using the latest technology when selecting packaging suppliers.</li> </ul>  |                                   |

| Material topic                          | Description   | Related risks   | Risk management  | Probability of occurrence/ Impact   |
|---|---|---|--|---|
| <b>SOCIAL FACTORS</b>                   |   |   |  |   |
| PRODUCT SAFETY AND QUALITY              | Ensuring the quality and safety of dairy products for the health of consumers; ensuring a healthy and wholesome diet and the nutritional quality of products.   | <ul style="list-style-type: none"> <li>• Products do not meet safety and quality requirements</li> </ul>  | <ul style="list-style-type: none"> <li>• The Group's manufacturing companies have implemented and certified food safety systems in accordance with International Food Standards (IFS), ensuring compliance with the highest safety and quality requirements. All the Group's factories are rated at Higher level by independent auditors.</li> <li>• All production processes are measured and controlled by parameters and laboratory control tests.</li> <li>• Ingredients used in production are sourced from a list of trusted suppliers, with documents confirming quality. Quality checks are carried out at the time of acceptance by the companies.</li> <li>• A portion of the production of each batch is retained in the establishment and stored under defined conditions to allow for inspection during the shelf life (in case of complaints from customers).</li> </ul> |  |
| WORKING CONDITIONS AND EMPLOYEE WELFARE | Ensuring a good working environment and safe working conditions, including work organisation, work activities, training and health.<br>Enhancing work-life balance and physical and emotional well-being. | <ul style="list-style-type: none"> <li>• Inadequate workplace design.</li> <li>• Failure to comply with the general minimum requirements for work equipment.</li> <li>• Collective agreement penalties.</li> <li>• Injuries and other health-related cases.</li> <li>• Improper use of chemicals (which may cause risks to workers, products and the environment).</li> </ul> | <ul style="list-style-type: none"> <li>• The Group complies with all occupational health and safety laws.</li> <li>• Work processes are continuously reviewed and preventive measures are implemented where necessary.</li> <li>• Collective agreements are reviewed at the initiative of the employees or at the request of the company's trade union.</li> <li>• The Group operates a non-hospital medical facility (see report).</li> <li>• Employees have access to psychological counselling when needed.</li> </ul>  |  |
| HUMAN RIGHTS                            | Protecting human rights, including all persons affected by the Group's actions.   | <ul style="list-style-type: none"> <li>• No sustainability risks identified: the Group strictly adheres to established and approved human rights policies.</li> </ul>   | During 2022, additional documents were updated and adopted to ensure a minimum level of human rights violations: anti-corruption policy, code of ethics, equal opportunities policy, human rights policy, violence and harassment prevention policy.   | No risks identified in 2022   |

| Material topic                     | Description   | Related risks  | Risk management   | Probability of occurrence/ Impact |
|------------------------------------|---|--|---|-----------------------------------|
| <b>SOCIAL FACTORS</b>              |   |  |   |                                   |
| SUPPORT FOR LOCAL COMMUNITIES      | Maintaining mutually beneficial relationships with the communities in which we operate, including social and educational projects.            | <ul style="list-style-type: none"> <li>Refusing to support local communities could lead to dissatisfaction and damage the Group's reputation.</li> </ul>   | <ul style="list-style-type: none"> <li>The Group aims to maintain its status as a trusted social partner by contributing to solving pressing social problems in our society and by supporting various institutions, organisations and their projects, promoting various initiatives. We also support various cultural events, sports development projects and help improve the living environment of socially vulnerable groups.</li> </ul>   |                                   |
| <b>GOVERNANCE/ECONOMIC FACTORS</b> |   |  |   |                                   |
| INNOVATION                         | Deploying innovative technologies across the business chain, applying numerical technologies to improve business efficiency and productivity. | <ul style="list-style-type: none"> <li>The lack of speed and smoothness in the implementation process is linked to a lack of competences in certain areas. Risk of failure due to lack of knowledge in certain areas.</li> </ul> | <ul style="list-style-type: none"> <li>The Group is currently focusing on innovation at the boundaries of the production process, as they are the experts in this field and have the best knowledge of the potential and need for the production process. Selection of innovations, management of the planning process. Most of the innovative projects are based on the experience of the business partners -Fonterra-, which ensures the success and profitability of the project.</li> <li>The Group aims to train an increasing percentage of its employees in sustainability in order to be able to adequately develop sustainable innovations covering the entire value chain up to the final product.</li> </ul> |                                   |
| RESPONSIBLE INVESTING              | Applying environmental, social and governance criteria to the Group's operational investments.  | <ul style="list-style-type: none"> <li>No assessment of environmental and social aspects has been identified in this topic. Investments are made in the context of economic - financial return.</li> </ul>                       | <ul style="list-style-type: none"> <li>Financial investments are made in line with the Group's strategic objectives. Projects are evaluated against the mandatory implementation requirements for that project.</li> <li>Certain environmental and social aspects are required by national law, e.g. for the construction of new buildings.</li> <li>The Group has also established investment management plans and reviews them annually. Each year, prior to the approval of the budget and investments, a list of assumptions is drawn up, on the basis of which each department prepares its planned investments and the investments are approved by the company's managers.</li> </ul>                             |                                   |

| Material topic  | Description  | Related risks   | Risk management  | Probability of occurrence/ Impact |
|---|--|---|--|-----------------------------------|
| <b>GOVERNANCE/ECONOMIC FACTORS</b>                    |  |   |  |                                   |
| REGULATORY COMPLIANCE AND TAX                         | Compliance with all dairy industry requirements and fair payment of taxes.   | <ul style="list-style-type: none"> <li>Už pažeidimus numatytos baudos, veiklos apribojimas ar sustabdymas, neigiamas poveikis Grupės reputacijai.</li> </ul>  | <ul style="list-style-type: none"> <li>The Group has a Code of Ethics and an Anti-Corruption Policy which clearly and publicly declares its negative attitude towards bribery and corruption. The provisions of this policy apply to all employees, agents, intermediaries, suppliers and subcontractors of the Group, with the aim of preventing it in all its activities.</li> <li>Periodic training of professionals and related control measures are also carried out in Group companies.</li> <li>The Group maintains a list of approved suppliers. Approved suppliers have implemented and certified food safety/quality management systems in accordance with international standards. Where this is not the case, the Group's specialists carry out audits to determine whether the suppliers comply with the requirements. Repeated audits are carried out every 3 years for food ingredients and every 5 years for packaging.</li> <li>We also carry out annual assessments of suppliers against defined assessment criteria, taking into account historical data. In the event of an unsatisfactory assessment, suppliers may be removed from the list of approved suppliers. This also means that suppliers have to go through the supplier re-approval process in order to resume cooperation.</li> </ul> |                                   |
| SUSTAINABILITY AND RESPONSIBILITY IN THE SUPPLY CHAIN | Achieving positive environmental, social and economic impacts in the supply chain, taking into account the sustainability practices of supplier companies. | <ul style="list-style-type: none"> <li>Negative environmental, social or economic impacts in the supply chain resulting from a lack of supplier responsibility.</li> <li>Insufficient information on suppliers and their environmental and social performance.</li> </ul> | <ul style="list-style-type: none"> <li>The Group has a Code of Ethics and an Anti-Corruption Policy which clearly and publicly declares its negative attitude towards bribery and corruption. The provisions of this policy apply to all employees, agents, intermediaries, suppliers and subcontractors of the Group, with the aim of preventing it in all its activities.</li> <li>Periodic training of professionals and related control measures are also carried out in Group companies.</li> <li>The Group maintains a list of approved suppliers. Approved suppliers have implemented and certified food safety/quality management systems in accordance with international standards. Where this is not the case, the Group's specialists carry out audits to determine whether the suppliers comply with the requirements. Repeated audits are carried out every 3 years for food ingredients and every 5 years for packaging.</li> <li>We also carry out annual assessments of suppliers against defined assessment criteria, taking into account historical data. In the event of an unsatisfactory assessment, suppliers may be removed from the list of approved suppliers. This also means that suppliers have to go through the supplier re-approval process in order to resume cooperation.</li> </ul> |                                   |

The risk management process consists of four main steps: risk identification, risk assessment, management strategy definition and monitoring. It is foreseen that new risk management measures will be planned on an annual basis, where appropriate, and new potential sources of sustainability risks will be reviewed. New sources of risk will be identified immediately, risks will be assessed, a management strategy will be defined and risk management will be monitored periodically.

All sustainability topics and the wider management of their impacts are described in this report.

NB:            Low risk       Medium risk       High risk

Should the Group of companies cause or contribute to critical negative impacts through its activities, it shall act in accordance with its internal Procedure for the Management of Food Safety, Quality and Environmental or other emergencies. The Group's commitments to remediation of negative impacts are established in its Policies.

The Group of companies have a grievance system established. All complaints are evaluated and addressed. When they are considered substantiated, appropriate action is taken; if necessary, immediate action is taken. After the complaints are analyzed, preventative actions are taken to avoid the recurrence of non-conformities. The results of the analysis of complaints are made available to the responsible persons, including the Management.

A procedure for the Management of nonconforming products, processes, activities is in place. Corrective actions are taken for each nonconformity identified according to a Corrective Action procedure. For the monitoring of the environmental impact, a program is carried out in agreement with the Environmental Protection Agency.

A more in depth overview of the risk management is outlined in the Consolidated Annual Report 2022 (please refer to section: Risk factors and risk management).



# Sustainability approach

A sustainable business is one whose development is based on a balance between economic growth, social well-being and environmental prosperity. For Rokiškio sūris AB, maintaining its leading position in the dairy sector is a challenge to find the right balance between creating sustainable value for shareholders and focusing more efforts on ESG issues. Sustainability is still more commonly understood at the corporate level as environmental protection, but on a sustainability-by-sustainability basis, it is safe to say that the company has always been committed to both social well-being and to caring for the environment in which it operates.

The Group's activities are guided by a 3-year strategic plan approved by the Board of Directors, which sets out the Group's mission, vision, goals and long-term objectives. We plan to update our strategic plan to integrate sustainability and the most material sustainability areas identified (see section "Materiality assessment").

We communicate the Group's achievements to all stakeholders. We will strive to ensure that all the Group's activities are guided by the principles of sustainability. We will not limit ourselves to what has already been achieved and to best practices, but will continue to look for new ways where and how we can apply a more sustainable approach to our activities.

The Group's day-to-day impact on the economy, nature and people is coordinated by the Sustainability Group, reporting directly to the Group Chief Executive. The Group is made up of senior managers and other employees who, by the nature of their work, have direct responsibility for important areas of the Group's sustainability.

The disclosures in the Sustainability Report, including the most significant areas of sustainability, are presented and approved at the General Meeting of Shareholders.

The Sustainable Operations Group defines its mission as "to make sustainability an integral part of the way we do business across the enterprise". That is, to embed sustainability more deeply in the company's philosophy and in all business processes, to go beyond isolated investments in environmental and social projects, and to permeate all activities with the idea of sustainability. To increase the spread of sustainability awareness, the company organises external training and seminars and involves its employees in sustainability initiatives.

The Group's top management has developed, implements and oversees a Food Safety, Quality and Environmental Policy that includes the promotion of sustainable practices throughout the value chain. The Quality Policy is communicated to every employee of the Group and is mapped to specific measurable objectives of the respective business units. The implementation of the objectives is continuously

Our sustainability initiatives include membership of Sedex, through which we are working to ensure responsibility in the supply chain, and a subscription to the EcoVadis sustainability assessment. Our strategic partner in sustainability is our shareholder Fonterra, a New Zealand dairy cooperative.

In addition, the company's ESG data is now uploaded and distributed through Nasdaq Genium Consolidated Feed. Rokiškio sūris AB has been certified as a Nasdaq ESG Transparency Partner, demonstrating its involvement in ensuring market transparency and raising environmental standards.



# The main principles and commitments

---

## **The Group's strategic direction reflects the main sustainability principles we pursue in our daily activities:**

We take into account the environmental, social and economic aspects of our operations and strive to create value in a holistic and sustainable way. That strengthens synergies between financial and non-financial return goals.

We seek to make a positive contribution to the Sustainable Development Goals (SDGs), representing our material sustainability impacts (see Our Goals and Contributions to SDGs section).

We contribute to the implementation of the European Green Deal and the Paris Agreement, with a commitment to reduce net emissions to zero by 2050.

We encourage circular economy by working on innovative packaging solutions as well as rational and sustainable resource management and use.

We recognise the importance of comprehensive stakeholder involvement in shaping sustainable development actions and we promote ethical, transparent and honest cooperation with all stakeholders.

We recognise the importance of comprehensive stakeholder involvement in shaping sustainable development actions and we promote ethical, transparent and honest cooperation with all stakeholders.

# Materiality analysis

In 2021 we conducted our first materiality analysis following the GRI guidelines. The analysis allowed us to identify our sustainability priorities in order to formulate our sustainability strategy and determine the sustainability report's content.

## The materiality analysis was performed in the following steps:

We conducted a sector analysis and put together a list of environmental, social and governance (economic) topics, which are relevant for sustainability among our industry peers. The analysis also included an overview of recommendations specific to the dairy industry by Dairy Sustainability Framework (DSF), Sustainability Accounting Standards Board (SASB) and MSCI Industry Materiality Map.

We analyzed our stakeholders and conducted a survey to find out the areas of sustainability that matter the most to them. The survey took place between 15 November and 10 December 2021 and was answered by 393 respondents, representing each stakeholder group, except academic community - this group was contacted, however, no response was received. The views of our consumers were represented by the Lithuanian Consumers Alliance.

We assessed all the topics according to their impact on society and environment, as well as their strategic relevance to our Group, and put together a materiality matrix, which was reviewed and approved by the Management.

# Stakeholder engagement

We view our stakeholders as those individuals or organisations that are highly interested in and/or significantly impacted by our business activities, and those who can significantly influence our ability to achieve our strategy. It is our interest and responsibility to ensure an ongoing meaningful engagement with our stakeholders, while exchanging the necessary information about the Group and receiving their feedback for improvement.

## Our main stakeholder groups and shared interest:

|                                      |   |
|--------------------------------------|---|
| Shareholders and other investors     | Conducting profitable and sustainable operations in compliance with the law and the Group's Articles of Association   |
| Customers (wholesale buyers)         | Long-term business-to-business (B2B) cooperation  |
| Employees (including trade unions)   | Creating the right working conditions, ensuring safety, developing competences and improving process efficiency   |
| Consumers                            | Responding to market needs as well as possible, developing safe, quality products   |
| Raw milk suppliers                   | Seeking long-term partnerships and creating mutual value by continuously improving environmental and animal welfare conditions  |
| Suppliers of other materials&service | Selecting suppliers in accordance with ethical business and environmental requirements  |
| Government institutions              | To comply with the laws of the Republic of Lithuania in good faith and to obtain advisory assistance or financial support for the Group's ongoing investment projects |
| Media                                | Provide transparent and reliable information to the public  |
| Local communities and NGO'S          | Fostering community by supporting various initiatives and contributing to the well-being of our employees   |
| Academia                             | Collaborate in research on new product development, packaging and process improvement; develop the younger generation   |

# Materiality matrix

## Importance to stakeholders

|           |   |   |   |
|-----------|---|---|---|
| Very high | <ul style="list-style-type: none"> <li>E Animal wellbeing</li> <li>E Product packaging and waste</li> </ul>   | <ul style="list-style-type: none"> <li>E Climate change</li> <li>E Production waste</li> <li>E Water conservation</li> <li>S Human rights</li> </ul>  | <ul style="list-style-type: none"> <li>S Product safety and quality</li> <li>S Employment conditions and employee well-being</li> </ul> |
| High      | <ul style="list-style-type: none"> <li>E Soil health</li> <li>E Use of resources</li> <li>E Biological diversity</li> </ul>   | <ul style="list-style-type: none"> <li>G Compliance with regulations and fair tax payment</li> <li>E Sustainable and responsible supply chain management</li> <li>E Circular economy</li> </ul> | <ul style="list-style-type: none"> <li>S Supporting local communities</li> <li>G Use of innovative technologies</li> </ul>              |
| Medium    | <ul style="list-style-type: none"> <li>S Talent attraction and retention</li> <li>G Science and education</li> <li>G Market development</li> <li>S Diversity and equal opportunities at work</li> <li>G Transparency and stakeholder engagement</li> <li>G Data security and privacy</li> </ul> | <ul style="list-style-type: none"> <li>G Business ethics and anti-corruption</li> <li>S Responsible marketing and communication</li> <li>S Resilience of the rural community</li> </ul>         | <ul style="list-style-type: none"> <li>G Responsible capital investment</li> </ul>  |
|           | Medium  | High  | Very high   |

**Impact on society and environment**

The following matrix is a visual representation of social, environmental and governance (economic) topics that are the most relevant to our business sustainability. All of these topics are important, however, we prioritise them according to their relative importance to stakeholders and their impact on society and environment.

Legend:

- E** environmental topics
- S** social topics
- G** governance (economic) topics

Based on the analysis, the following 14 topics are considered material:

**PRODUCT SAFETY AND QUALITY:** Ensuring the quality of dairy products, their safety to consumer health and good nutritional value

GRI 416

**WORKING CONDITIONS AND EMPLOYEE WELLBEING:** Ensuring a good working environment and safe working conditions, incl. work organisation and work activities, training, health, safety, physical and emotional well-being, working time and work-life balance

GRI 401; GRI 403

**CLIMATE CHANGE:** Calculation and strategic reduction of the greenhouse gas emissions across the value chain; energy efficiency; using renewable energy

GRI 302; GRI 305

**PRODUCTION WASTE:** Industrial waste management; strategic waste reduction; separation and management of waste streams

GRI 306

**WATER CONSERVATION:** Responsible management of water availability and quality, rational use of water throughout the supply chain

GRI 303

**HUMAN RIGHTS:** Protecting the human rights of everybody affected by our business activities

GRI 405; GRI 406

**SUPPORTING LOCAL COMMUNITIES:** Establishing and maintaining mutually beneficial relationships with the communities in which we operate, including social and educational projects

GRI 413

**USE OF INNOVATIVE TECHNOLOGIES:** Deploying innovative technologies across the business chain, using digital technologies to improve business efficiency and productivity

**ANIMAL CARE:** Treating animals responsibly and with care (ensuring that they are free from hunger and thirst, discomfort, pain, etc.); rational use of antibiotics for the treatment of animal diseases; responsible policy of cooperation between livestock and feed suppliers; responsibility for the entire lifecycle of the animals

**PRODUCT PACKAGING AND WASTE:** Responsible product packaging design and responsibility for the entire lifecycle of packaging; innovative packaging solutions

**RESPONSIBLE CAPITAL INVESTMENT:** Applying environmental, social and governance criteria to corporate investments

**COMPLIANCE WITH REGULATIONS AND FAIR TAX PAYMENT:** Compliance with all legal requirements for the dairy industry and fair payment of taxes

GRI 207

**SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN MANAGEMENT:** Taking into consideration the sustainability practices of suppliers to positively contribute to the environmental, social, and economic factors of their activities

GRI 308; GRI 414

**CIRCULAR ECONOMY:** Applying the circular economy model to the business value chain

GRI 306

# Our goals and contributions to SDG's

In 2015, the United Nations agreed to pursue sustainable international development and to achieve 17 Sustainable Development Goals (SDGs) by 2030. These goals set a universally accepted direction for sustainable development, and we are committed to make a positive contribution towards the goals. Our activities contribute the most to the 10 SDGs listed in the table below.

| Material topics                                     | Most relevant SDG's  | Most relevant SDG targets  | Our long-term sustainability direction   | Our goals for 2023   |
|---|--|----------------------------|--|--|
| <b>Environmental</b>                                |  |                            |  |  |
| Climate change                                      | <br> | 7.2<br>7.3<br>13.1<br>13.2 | <p>Join the climate change initiative to keep temperatures below 1.5 (2)°C, set science-based targets and reduce our carbon footprint as much as possible, or even become CO<sub>2</sub> neutral. In the short term, pursue a policy of reducing the use of fuel, energy, water and other materials per unit of output.</p> <p>Switch to 100% renewable energy by 2050. By 2025, achieve 50% of energy consumption from renewable sources.</p> <p>Reduce GHG emissions by 25% by 2025 and achieve appropriate relative targets across all major business units.</p> <p>Become a climate-neutral market player by 2050.</p> | <p>1% reduction in Group fuel costs compared to 2022.</p> <p>Reduce energy consumption.</p> <p>Deployment of renewable energy sources and implementation of the action plan.</p> |
| Water conservation                                  |    | 12.2<br>12.6               | Control water consumption, increase the use of recycled water and continuously look for process improvements.  |  |
| Sustainable and responsible supply chain management |   |                            | <p>Reduce environmental impacts throughout the supply chain. Encourage suppliers to adopt environmentally friendly practices in their operations and supply chain that also benefit the local community.</p> <p>Work with suppliers towards the common goal of producing sustainable food products. To work with suppliers who apply good agricultural practices and monitor the safety of their products. To continuously improve our audit programme to achieve better results over time. Act ethically and in compliance with applicable laws.</p>  |  |
| Circular economy                                    |  | 12.4<br>12.5               | develop a packaging strategy to reduce the use of plastics and make as much packaging as possible recyclable.  |  |

| Material topics             | Most relevant SDG's   | Most relevant SDG targets | Our long-term sustainability direction   | Our goals for 2023   |
|-----------------------------|---|---------------------------|--|--|
| <b>Environmental</b>        |   |                           |  |  |
| Production waste            |    | 12.4<br>12.5              | To improve the recycling of waste generated and require sustainable waste management from upstream suppliers, to join a zero to landfill initiative.   | <p>]To reduce the Group's fuel consumption by 1% compared to 2022.</p> <p>Group wide integration of renewable energy sources and action plan for implementation.</p>   |
| Product packaging and waste |   |                           | To reduce the amount of packaging put on the market. To look for more environmentally friendly packaging that is easily recyclable, safe and/or made from recycled materials. To guarantee that packaging does not contain hazardous or toxic chemicals.   |  |
| Animal well-being           |   |                           | To increase the volume of milk purchased with a somatic cell count below the previous year's average and to reduce the volume of milk purchased with a somatic cell count above the targets. To continue to actively collaborate with dairy farms, recommending investment in new buildings to improve housing conditions, in increasing herds, and continuing farm evaluations to achieve change over time.   |  |
| <b>Social</b>               |   |                           |  |  |
| Human rights                |   | 8.8                       | To continue to ensure equal working conditions for all employees, equal opportunities for professional development, vocational training, retraining, practical work experience, and equal benefits irrespective of an employee's gender, race, nationality, caste, origin, social status, religion, beliefs or opinions, age, sexual orientation, disability, ethnic origin, or religious belief. To continue to support and respect internationally proclaimed human rights throughout our business activities, to ensure the protection of human rights in our operations, and to prevent any violation of human rights. | <p>Establish Group guidelines for cooperation with local communities, according to which the Group's companies work in local communities to increase community involvement in various activities (cultural, events, other initiatives) through patronage, sponsorship and support. Continue to work actively to ensure the implementation of all codes of conduct (starting from supplier code of conduct) and policies in force in the Group's companies, regularly update employee knowledge, and consistently adhere to and develop the social policy model throughout the Group.</p> |
| Product safety and quality  |  | 12.4                      | To produce products made from the highest quality raw materials. To expand our offer of healthier products, such as sugar-reduced products, an organic product line, a line of reduced-fat products, products with enriched proteins, etc. Particular attention will be paid to products whose end consumer is infants.  |  |

| Material topics                                  | Most relevant SDG's  | Most relevant SDG targets | Our long-term sustainability direction   | Our goals for 2023  |
|--|--|---------------------------|--|---|
| Working conditions and employee wellbeing        | <br> | 10.2<br>10.3              | To continue to create healthy and safe working conditions throughout the value chain, and a friendly atmosphere for employees to feel good, to develop their skills and knowledge.   | <p>In 2023, annual training for all staff will be provided to enhance their skills in relevant areas. Moreover, following our top management training in the field of sustainability in 2022, we will be putting an emphasis on the middle level managers in 2023.</p> <p>We are also planning to conduct an employee experience survey - eNPS (Employee Net Promoter Score). This survey reveals how employees feel about different organisational experiences, how satisfied they are with the Group and whether they would recommend it to their friends and colleagues.</p> |
| Supporting local communities                     |   | 11.a                      | To continue to positively impact the local community through support for various initiatives, job creation, and cooperation with the district municipality to create a more comfortable and quality life for the residents of the city and district. To focus on projects with long-term benefits, community education and capacity building. To continue to maintain close relations with local communities in order to contribute to better living and leisure conditions for community members, particularly focusing on activities for children and youth. |   |
| <b>Governance (Economic)</b>                     |  |                           |  |   |
| Use of innovative technologies                   |    | 9.4                       | Responsibly deploy innovative technologies to increase the Group's productivity, reduce environmental impact and improve working conditions.   | <p>Set environmental, social and economic criteria for investments in the Group's activities.</p> <p>Continue independent sustainability assessment through the EcoVadis system. The final assessment was carried out on 6 October 2022, in which the Group's performance was assessed with a score of 57 (out of 100).</p>   |
| Responsible capital investment                   |   | 16.5                      | Ensuring that the Group's investments help us achieve our strategic goals and have a positive impact on nature, people and the economy.  |   |
| Compliance with regulations and fair tax payment |  |                           | We will also ensure continued compliance with all legislation and adhere to the approved tax strategy. We will implement the Group's approved policies (Food Safety, Quality and Environmental Policy, Sustainable Purchasing Policy, Ethical Employer Policy, Business Ethics Policy).  |   |

# Animal care

The Group's main raw material is cow's milk, purchased from farms in Lithuania, Latvia and Estonia. We only buy milk after entering into detailed milk purchase and sale agreements, which also include animal welfare requirements. By signing the contract, the seller confirms that the milk sold comes from cows kept in herds that are part of the EU competent authorities' agricultural surveillance system and comply with EU rules.

The Group's farms and those of its partners are regularly inspected to ensure compliance with the highest ethical standards of animal welfare. 2 times a year, according to pre-arranged schedules, we carry out a self-monitoring programme: we organise visits to dairy farms to assess compliance with farm animal welfare requirements. In rare cases of non-compliance, more frequent audits may be carried out and the business partnership may be terminated.

In addition to on-farm inspections by the company's specialists, periodic on-farm audits are carried out by an international Fonterra-approved audit team. The audit criteria include: acceptability of the raw milk farm, milk testing, farm infrastructure, on-farm quality management, animal health and morbidity management, safety and sustainability.

**We only buy raw milk from EU compliant farms that ensure the welfare of the cows in accordance with the five freedoms principle:**

freedom from hunger, thirst and malnutrition;

freedom from discomfort;

freedom from pain, injury or disease;

freedom to express normal behaviour;

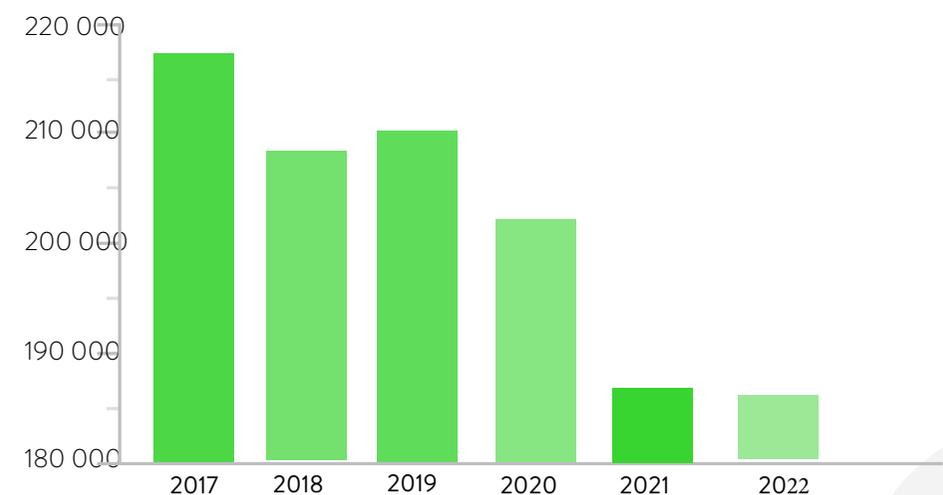
freedom from fear and distress.

We work closely with UAB Pieno tyrimai, a Lithuanian accredited laboratory, which provides up-to-date information on issues of relevance to both the company and the dairy farms themselves. UAB Pieno tyrimai provides seminars for farmers, runs a programme to monitor animal performance, feed quality testing, and a PCR testing programme to identify the causative agents of mastitis in cows. Through these measures, we help dairy farms to implement sustainable practices and grow steadily.

Although Rokiškio sūris AB can only partially influence the implementation and improvement of sustainable practices on farms, these aspects are strongly controlled by governmental bodies. The Group in turn supports farms implementing modern practices, organises training, and helps to implement various on-farm maintenance systems, which have a direct impact on the company itself, its efficiency and the quality of its products.

Only good quality milk can produce quality dairy products, and good quality milk can only come from healthy animals (milk is only purchased from farms with healthy herd status). We monitor the somatic cell count (SCC) of all milk delivered from farms. Over the last five years, according to statistics provided by UAB Pieno tyrimai, the number of somatic cells in the milk purchased by AB Rokiškio sūris has decreased by about 9%. This is due to our choice to buy more raw milk from large farms that are strictly supervised, adhere to high sustainability standards, provide animals with balanced and consistent feed, have modern premises and highly qualified staff.

**Somatic cell count\***  
( per cm<sup>3</sup>)



\* Somatinių ląstelių skaičius yra pieno kokybės rodiklis. Kuo mažesnis skaičius, tuo aukštesnė pieno kokybė.

# Product packaging and waste

The packaging of food products must first and foremost be safe and ensure the quality and safety of the product throughout its shelf life. Dairy products are very sensitive to environmental influences, so the functionality and design of the packaging is essential to ensure product safety. The ever-increasing consumption worldwide has led to environmental problems, diminishing resources and waste accumulation.

We are concerned about the impact of packaging on health and the environment and, as far as possible, we choose packaging manufacturers who are equally concerned about these issues. When choosing our packaging suppliers, we give preference to manufacturers who use the latest technologies, who avoid waste and who do not use harmful substances in their operations. The main types of packaging we use are plastic, wooden, cardboard, metal and composite. The environmental impact of packaging is linked to the extraction of raw materials, production and waste management, so we strive to rationalise the use of resources by using as little packaging as possible, and we are constantly looking for modern packaging solutions. The Group accounts for and manages its packaging waste in accordance with the Law on Packaging and Packaging Waste Management. In accordance with this law, the accounting of packaging and packaging waste and the payment of taxes for environmental pollution by packaging waste are ensured. The management of packaging waste is entrusted to a licensed packaging waste management organisation in Lithuania, Žaliasis taškas.

Our food safety, quality and environmental policy is committed to meeting our customers' needs, protecting the environment, conserving resources, complying with legal requirements, and continuously improving our processes to ensure sustainable operations.

In order to use only the necessary quantities of packaging and the best solutions to ensure the quality and safety of our products, we continue to use proven practices such as reduced-weight (due to design decisions) carton packaging, using flattened wrapping film and no cartons, using recyclable wooden and plastic pallets, reduced-weight three-layer packaging for bulk products, and the use of a single large package per pallet. The results for the packaging used in the 2022 Group: 78.5% of the packaging used is recycled, 21.5% is non-recycled.

Since the beginning of this year, Lithuania has differentiated rates of environmental pollution tax on packaging waste for recyclable and non-recyclable packaging, with non-recyclable packaging subject to a higher tax. One of the priorities is to explore new opportunities and maximise the use of non-recyclable packaging. However, we face another challenge: the extremely high requirements for primary packaging in contact with food.

We are delighted that our new product "Spreadable Cheese" is packaged in 100% recyclable packaging. Polypropylene is used for the packaging. Once properly collected and returned, it can be recycled an unlimited number of times. The in-mould label is made of the same recyclable polypropylene. Therefore, it does not need to be separated during sorting, which makes the recycling process even easier. Each package is labelled with a special recyclable product mark. This distinguishes polypropylene from other plastics and helps the consumer to sort their waste.

# Production

## waste

Sustainability Report 2022 | AB "Rokiškio sūris"

We strive to use raw materials as efficiently as possible to save costs and protect the environment. Waste from production that cannot be avoided is separated and used for biomass preparation (composting or electricity generation), feed and other approved management methods. **89% of our industrial waste is used to produce biomass, i.e. for composting (fertiliser) or electricity generation.** All other waste generated is sorted and passed on to waste handlers.

All our industrial waste is managed in accordance with environmental requirements. Contracts with waste handlers are in place, waste records are kept, procedures for waste management are in place in the organisation's departments, and responsible persons are appointed. Our main objective in this area is to avoid the generation of waste and to make the most efficient use of available raw materials. For example, by improving our production processes, we have achieved that 100% of whey is recycled into other products. All waste generated is accounted for in the government's electronic system, the Unified Product, Packaging and Waste Accounting Information System (GPAIS), with annual reporting. We analyse the data on waste generated, compare it with previous periods and look for ways to improve processes. The contract for the collection and management of packaging waste generated during production is concluded with the waste handlers UAB Ekonovus and UAB Ekobazė. Biodegradable waste has decreased due to a change in the way dairy waste is managed. When milk is processed and used as animal feed, it is not accounted for as waste.

Our food safety, quality and environmental policy is committed to meeting our customers' needs, protecting the environment, conserving resources, complying with legal requirements, and continuously improving our processes to ensure sustainable operations. You can read the policy here.

| Waste category (t)  | 2021           | 2022           |
|---------------------|----------------|----------------|
| Biodegradable waste | 4 813.6        | 6 209.0        |
| Hazardous waste     | 36.2           | 22.7           |
| Other waste*        | 672.2          | 608.0          |
| <b>TOTAL:</b>       | <b>5 522.0</b> | <b>6 839.7</b> |

# Climate change

While direct greenhouse gas (GHG) emissions from our production facilities are relatively low, a significant proportion of emissions come from energy consumption, through mobile sources of contamination, and the largest share comes from the GHG emissions from processed milk. Greenhouse gases are gases that absorb some of the infrared radiation that enters the atmosphere, causing the Earth's surface temperature to rise as they accumulate. In addition to the most well-known carbon dioxide (CO<sub>2</sub>), there are two other types of GHGs that are often produced in the dairy industry: nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>). To calculate the GHG emissions (carbon footprint) resulting from our activities, we express the different greenhouse gases in terms of their impact on climate warming in terms of carbon dioxide equivalent (CO<sub>2</sub>eq).

To manage environmental risks and improve performance, AB Rokiškio sūris voluntarily implemented the ISO 14001 Environmental Management System standard in 2001 (subsidiaries in 2002 and 2003). The management system has been certified and independently audited by UAB Bureau Veritas Lit. No observations or non-conformities were identified during the internal and external audits in 2022.

The internal environmental procedure regulates the organisation's environmental and energy performance accounting activities. In accordance with these procedures, the data are analysed and presented to the management. Proposals are made to achieve objectives and improve processes, improvement plans are drawn up and investments are made to implement the plans. We are committed to the Paris Agreement to keep temperature rise below 2°C and to work towards keeping global warming below 1.5°C. This is a science-based long-term goal.

\*Calculated using the "market based method", based on actual electricity purchases. Calculated using the "location based method", based on the country-specific generation profile, the Scope 2 Group's emissions in 2022 would be 11 325.1 t CO<sub>2</sub> eq.

## Scope 1, 2 and 3

Calculations are based on the Greenhouse Gas Protocol (GHG) standard and IPCC guidelines. All direct Scope 1 emissions are related to the Group's controlled activities, e.g. emissions from the Group's vehicles and other direct emissions from production facilities. "Scope 2 emissions are indirect operational emissions generated by our energy suppliers (electricity and heat). We have included CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and fluorinated greenhouse gases (HFCs and PFCs) in the calculations, expressed in carbon dioxide equivalent. "Scope 3: assesses the areas most relevant to our activities: 1. Goods and services purchased, 3. Fuel and energy related activities, 4. Upstream transport and distribution, 5. Waste generated by operations, 9. Transportation and downstream distribution.

The following are included in the assessment of the CO<sub>2</sub> emissions of the group of companies: Rokiškio sūris AB, Rokiškio pieno gamyba UAB, Rokiškio pieno gamyba UAB, Ukmergės pieninė UAB, Jekabpils piena kombinats SIA, milk buying stations, rented warehouses.

In accordance with the GHG Protocol, the Group discloses its biogenic CO<sub>2</sub> emissions separately. In 2022, these emissions amounted to 9.5 tCO<sub>2</sub>eq in Scope 1, and 38 541.3 t CO<sub>2</sub>eq in Scope 2. The largest part of the biogenic CO<sub>2</sub> emissions is due to the purchase of heat from renewable energy sources.

| Emissions, t CO <sub>2</sub> eq. | 2021             | 2022             |
|----------------------------------|------------------|------------------|
| Scope 1                          | 25 321.4         | 17 154.7         |
| Scope 2*                         | 15 044.2         | 13 725.5         |
| Scope 3                          | 617 733.5        | 658 291.3        |
| <b>TOTAL:</b>                    | <b>658 099.1</b> | <b>689 171.5</b> |

# GHG Emissions intensity

Sustainability Report 2022 | AB "Rokiškio sūris"

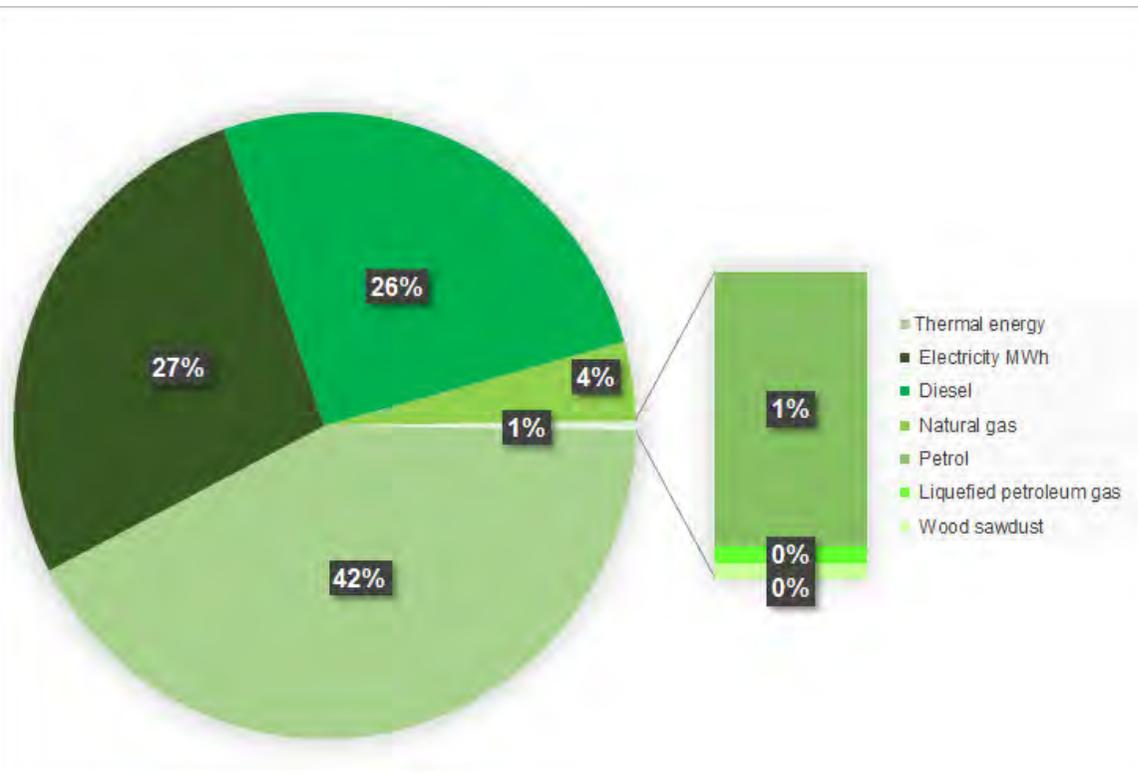
The emission intensity indicator is calculated by dividing the annual GHG emissions by the units of economic activity, in this case revenue, number of employees, output (t) and milk volume (t), using the relative milk unit (milk output is converted to 4% fat and 3.3% protein corrected milk; FPCM "Fat and protein corrected milk"). It shows the CO<sub>2</sub> emissions resulting from the Group's activities, calculated over the selected activity units. The decrease in the emission intensity indicator in 2022 is due to an increase in revenues, a decrease in the number of employees and a higher percentage of milk processed, which accounts for 95% of CO<sub>2</sub> eq. emissions.

|                                       | 2021     | 2022     |
|---------------------------------------|----------|----------|
| t CO <sub>2</sub> e / 1 m Eur revenue | 2 623.81 | 1 934.41 |
| t CO <sub>2</sub> e / 1 employee      | 496.30   | 533.83   |
| t CO <sub>2</sub> e / t production    | 6.454    | 6.770    |
| t CO <sub>2</sub> e / t FPCM milk*    | 1.408    | 1.379    |

\*- output is converted to 4% fat and 3.3% protein corrected milk (FPCM). For the calculation of GHG emission intensity we have included Scope 1, Scope 2 and Scope 3 emissions.

# Energy

In 2022, the Group consumed 718 077 gigajoules (GJ) of energy in its operations. In 2021, energy consumption was 1% higher at 723 300 GJ. Most of the energy consumed was electricity, heat and diesel for transport. By 2022, we have achieved 50% of our energy consumption from renewable sources (excluding the share of biofuels in transport fuels). We remain committed to actively seeking ways to save energy and improve energy efficiency.



# Energy intensity

The energy intensity indicator is calculated by dividing the annual energy consumption by the selected economic activity units corresponding to the organisation's activities: turnover, number of employees, and converting the output into 4% fat and 3.3% protein corrected milk (FPCM - Fat and Protein corrected milk). We calculate the energy intensity from the last financial year. The energy types included are fuel, electricity and heating.

|                       | 2021    | 2022    |
|-----------------------|---------|---------|
| GJ / 1 m. Eur revenue | 2 883.5 | 2 015.4 |
| GJ / 1 employee       | 545.4   | 556.2   |
| GJ / t production     | 7.09    | 7.05    |
| GJ / t FPCM milk*     | 1.55    | 1.44    |
| Revenue (m. Eur)      | 250 818 | 356 269 |
| Number of employees   | 1 326   | 1 291   |
| Production (t)        | 101 975 | 101 795 |
| FPCM milk (t)*        | 467 413 | 499 845 |

\* output is converted to 4% fat and 3.3% protein corrected milk (FPCM).

# Water conservation

Sustainability Report 2022 | AB "Rokiškio sūris"

The production of dairy products requires sanitary and hygienic conditions, which is why the Group consumes a relatively large amount of groundwater. We aim to conserve water resources as much as possible and, as far as possible, we reuse treated water instead of groundwater.

The Group has its own water point in Rokiškis, where it extracts and treats water for internal use. 39% of the water consumed is produced from its own waterworks, while the remaining 61% is supplied by urban centralised water production companies. The Group's waterworks are operated in compliance with all statutory regulations and the amount of groundwater used does not pose a risk to the local ecosystem. The water point is registered, the water resources are approved by the Lithuanian Geological Survey, the resources used are accounted for and controlled, and reports are submitted in accordance with the established procedures. The extraction and proper use of groundwater resources is regulated by the Ministry of the Environment and supervised through a system of permits, reports and fees.

In order to conserve groundwater, we use treated water for some processes, which accounts for 9.5% of our water consumption (154 416 m<sup>3</sup>). In order to effectively manage water consumption and efficiency, we comply with the rules of the Lithuanian Geological Survey. The water captation sites are well maintained and water consumption is accounted for. The Group has implemented a number of measures to reduce water consumption: pipelines are regularly maintained and leak-proofed, and automated washing systems are in place.

Our food safety, quality and environmental policy is committed to meeting customer needs, protecting the environment, conserving resources, meeting legal requirements, and continuously improving processes to ensure sustainable operations. The policy can be found here.

| Water consumption | 2021          | 2022          |
|-------------------|---------------|---------------|
| m <sup>3</sup>    | 1 627 071     | 1 632 543     |
| litrai            | 1 627 071 000 | 1 632 543 000 |
| megalitrai        | 1 627.071     | 1 632.543     |

Grupė matuoja vandens suvartojimą m<sup>3</sup> pagal nustatytas vidines procedūras.

Pastaba: į skaičiavimus neįtrauktas pieno ūkiuose sunaudojamas vanduo. Vandens suvartojimas matuojamas naudojant išbandytus matavimo prietaisus.

|                                | 2021          | 2022          |
|--------------------------------|---------------|---------------|
| Water consumption (litres)     | 1 627 071 000 | 1 632 543 000 |
| Total production (tons)        | 101 975       | 101 795       |
| Ltr / 1 t production           | 15 556        | 16 038        |
| m <sup>3</sup> / 1 t FCPM milk | 3.48          | 3.27          |

# Sustainable supply chain management

We assess all suppliers against social, economic and environmental sustainability criteria. We understand the risks that can arise in the supply chain, so we make responsible purchases with a focus on security of supply. 100% of new suppliers are screened against environmental and social criteria. For environmental validation, suppliers are required to provide ISO 14001 certification of their environmental management system. The social criteria are included in the contracts signed with the suppliers before the procurement is executed. A periodic evaluation of suppliers is carried out once a year in December.

The company publishes Guidelines for Supplier Conduct.

To ensure that the needs of our customers are met and to contribute to a more sustainable world, Ukmergės pieninė, a branch of UAB Rokiškio pieno gamyba, was certified in accordance with the requirements of the Roundtable on sustainable palm oil (RSPO) Supply Chain Certification Systems version 2 on 22-03-2022.

RSPO is a global initiative to make sustainable palm oil the standard. RSPO is a non-profit organisation of palm oil producers, processors, retailers, environmental and social NGOs working to develop and implement global standards for sustainable palm oil. Palm oil is used as an ingredient in the production of glazed cottage cheese.



# Circular economy

Sustainability Report 2022 | AB "Rokiškio sūris"

To use our resources as efficiently as possible, we follow a number of principles: using milk as rationally as possible for the production of our products, fully recycling the whey produced, and producing products with higher added value.

In 2022, our operations generated a total of 6 839.89 tonnes of waste. Waste that is not suitable for the production of products is used for biomass, composting or in bio-power plants to generate electricity. In this way, we create a circular chain in our operations. Although we do not carry out the biotransformation processes ourselves, the waste is passed on to other legal handlers, with whose help we ensure that the waste is properly used. For example, we work with farmers and agricultural companies who use the sludge from our wastewater treatment to fertilise their fields, and we use modern technology to process whey into water for sanitation. All hazardous and non-hazardous waste generated is passed on to specialised waste management organisations, which ensure that the waste is properly managed.

**In 2022, 4,954.5 tonnes of dairy waste was converted into biogas and compost, and a further 1,146.8 tonnes was used as fertiliser in agriculture.**



Our food safety, quality and environmental policy commits us to meeting our customers' needs, protecting the environment, conserving resources, complying with legal requirements, and continuously improving our processes to ensure sustainable operations.

# Social management

Respect and care for people, their rights and their well-being is at the heart of the Group's culture. We will continue to create healthy and safe working conditions throughout the value chain, fostering a welcoming atmosphere for our employees to feel good, to develop their skills and knowledge.

In 2022, the average number of employees in the Rokiškio sūris Group was 1,291 (2021: 1,326) (733 men, 558 women; 808 in Rokiškis, 292 in Utena, 191 elsewhere).

| Employees (headcount) by contract type in 2022 | Part time | Full time | Temporary | Permanent |
|--|-----------|-----------|-----------|-----------|
| Women  | 92        | 466       | 25        | 533       |
| Men  | 9         | 724       | 50        | 683       |
| Total:   | 101       | 1 190     | 75        | 1 216     |

The Group's workforce increases slightly during the summer season (only about 10%), when the volume of raw milk purchased is at its peak and production is higher.

Number of non-Group employees: 41. Nature of work: Safety, cleaning services, maintenance of cleaning equipment; repairs, installation; maintenance of air conditioning systems; maintenance of electrical systems.

# Diversity

We apply the principles of equality, fairness and transparency to all candidates.

Our Equal Opportunities Policy emphasises zero tolerance of discriminatory treatment on the grounds of race, sex, nationality, political or religious beliefs, health or disability. Recruitment and recruitment progress are determined solely on the basis of an individual's personal qualities and criteria relevant to the job in question.

In all cases, the focus is on the ability to do the job well.

## Age of employees

| Age of employees | Average number of employees 1291 (%) |                  |
|------------------|--------------------------------------|------------------|
|                  | Women 558 (43.22%)                   | Men 733 (56.78%) |
| Under 30         | 36 (2.79%)                           | 38 (2.94%)       |
| 30-50            | 208 (16.12%)                         | 330 (25.56%)     |
| Over 50          | 314 (24.32%)                         | 365 (28.27%)     |

Percentage of individuals within the organisation's governance bodies in each of the following diversity categories:

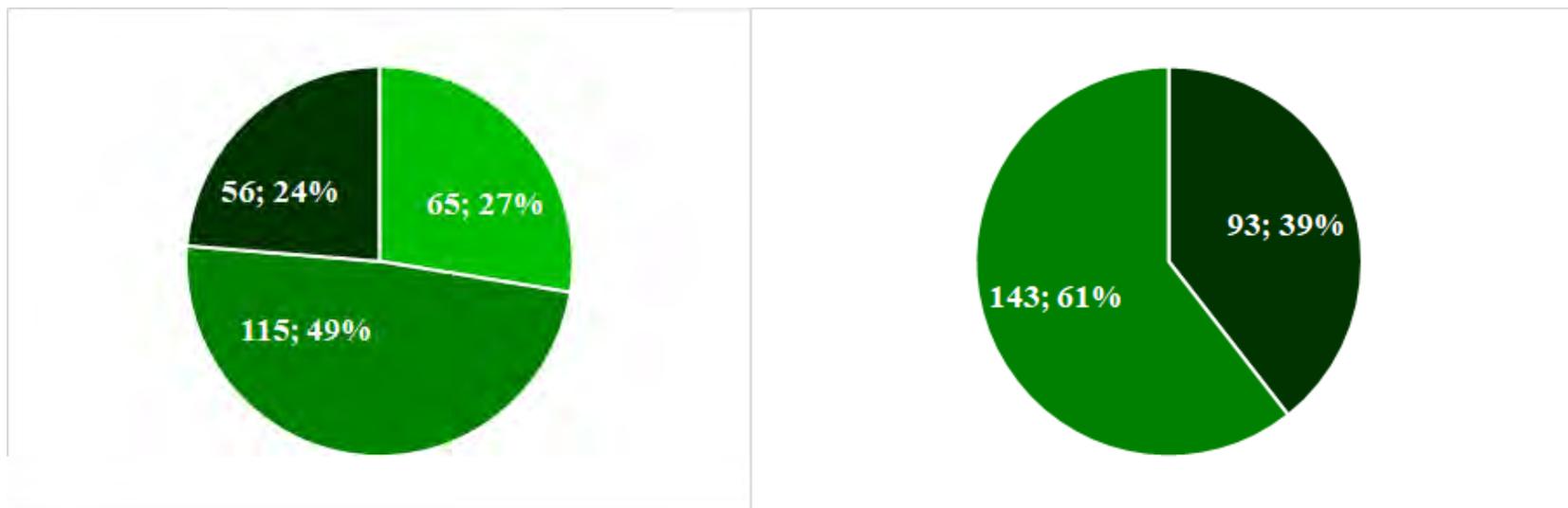
6 members of the Board:

By Gender: male - 100%

Age group: under 30 - 0 ; 30-50 - 16.67%; over 50 - 83.33%

# New hires and turnover

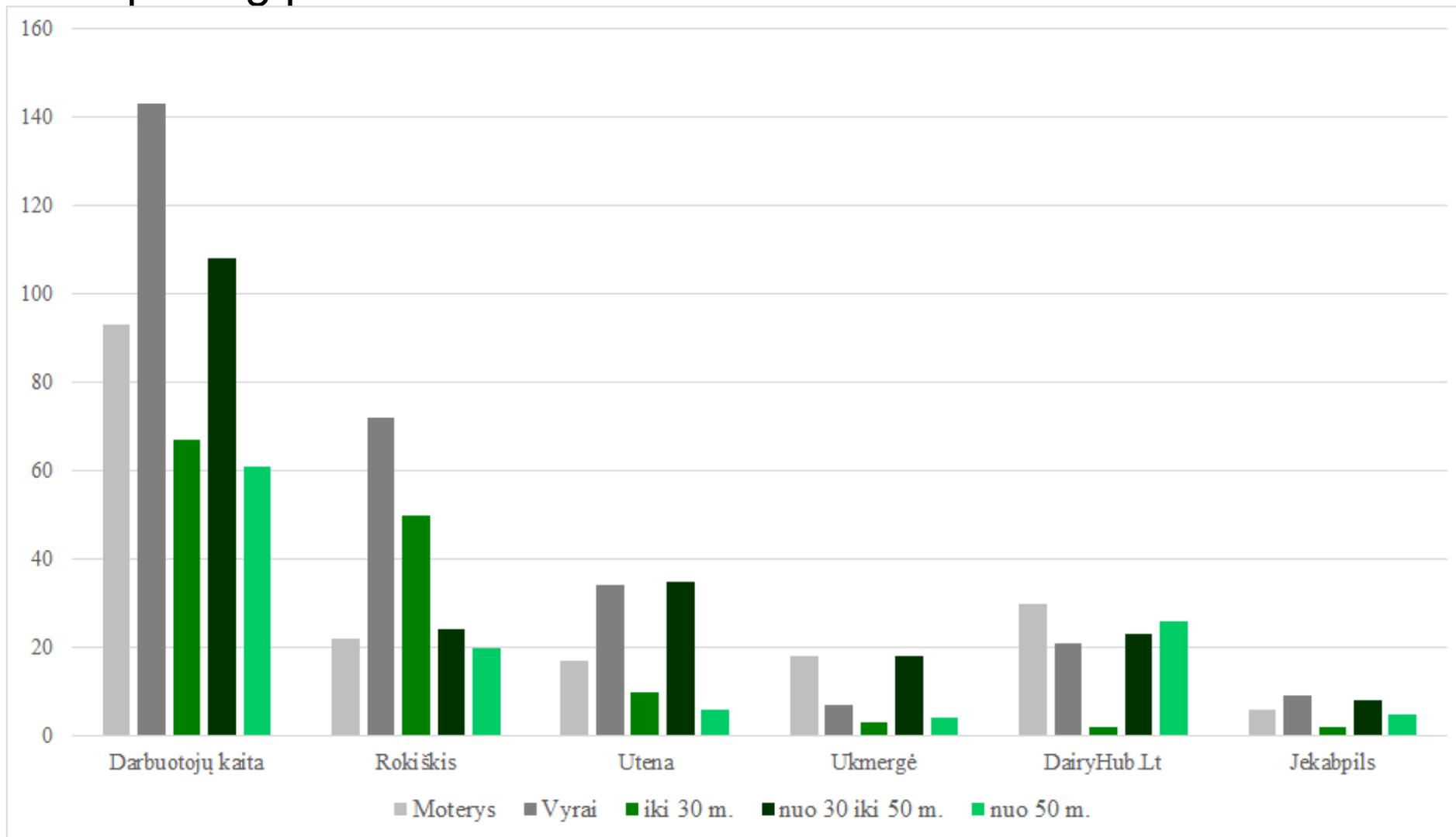
**236** new hires



- Under 30
- 30-50
- Over 50.

- Women
- Men

# Total number and rate of employee turnover during the reporting period



In its Code of Ethics, the Group opposes forced, involuntary labour and child exploitation. Only persons of the legal age of the Republic of Lithuania shall be employed.

# Remuneration and its distribution

Sustainability Report 2022 | AB "Rokiškio sūris"

People are the Groups most important asset and a lot of attention is paid to making sure they feel valued and motivated at work. The Remuneration Policy regulates the procedure for the remuneration of employees. The Group has implemented a remuneration policy that covers all forms of remuneration, including fixed remuneration, performance-based benefits, pension modules and severance payments. The Company's Remuneration Policy is also approved by the General Meeting of Shareholders.

## Pay ratio in 2022

| Company                     | Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees |
|-----------------------------|---|
| AB „Rokiškio sūris“         | <b>1:0.3817</b><br>(2021: 1:0.3117)   |
| UAB „Rokiškio pienas“       | <b>1:0.5444</b><br>(2021: 1:0.5186)   |
| UAB „Rokiškio pieno gamyba“ | <b>1:0.3513</b><br>(2021: 1:0.3108)   |

The remuneration system of the Group is based on the principles of gender equality. Therefore, different remuneration for equal work is not applied.

| Company                     | Ratio of the salaries of men working in the organisation to the median ratio of women's salaries |
|-----------------------------|--|
| AB „Rokiškio sūris“         | <b>1:0.8605</b><br>(2021: 1:0.8277)  |
| UAB „Rokiškio pienas“       | <b>1:0.7551</b><br>(2021: 1:0.7029)  |
| UAB „Rokiškio pieno gamyba“ | <b>1:0.9936</b><br>(2021: 1:0.9513)  |

Over 2022, salaries for employees increase by around 13%.

# Additional incentives

In the Collective Agreement updated in August 2022, the Group defined additional financial incentives for employees.

The purpose of this Collective Agreement is to create conditions for harmonious collective activity, to guarantee a level of work, remuneration, health and safety and other working conditions for various categories of employees that is better than that provided for by the laws of the Republic of Lithuania, governmental decrees and legal acts. The Group aims to provide the best possible employment and social guarantees for the Company's employees.

## The following additional financial incentives are provided to the Group's employees:

A material allowance of 1 minimal monthly salary shall be paid once a year to an employee raising a disabled child;

A funeral allowance is paid to employees of the Group in the event of the death of a family member (spouse, parent, child); In the event of the death of an employee of the Company, a one-off funeral allowance is granted to the family of the employee;

On work anniversaries (20th, 25th, 30th, 35th, 40th, 45th, 50th), an additional allowance is paid to employees of the Company;

Support is provided to the Company's employees with serious and prolonged illnesses and injuries;

Company employees, family members of employees, employees who have worked for the Group and retired employees are granted a discount for medical treatment at the Company's preventive health centre;

Unpaid leave provided for the celebration of an employee's marriage, for the attendance of an employee at the funeral of a deceased family member, shall be paid in accordance with the general procedure for granting leave. In addition, leave shall be granted for the marriage of employees to their children.

In 2022, 258 employees of the Group benefited from the social guarantees of the collective agreement (2021: 400).

# Human rights

---

The Group is fully aware of its responsibility to its customers, employees, partners, the environment and society and therefore adheres to the principles of human rights protection and respects and promotes international human rights protection in its operations.

The Group does not have any negative impacts on human rights in its operational chain. The Group's human rights stance is enshrined in the Human Rights Policy and is communicated to every employee of the Group.

The Human Rights Policy also describes the principles of zero tolerance of forced labour of children and other persons, which are based on international law.

Any violation or suspected violation of the Policy must be reported to a supervisor, or the information may be communicated confidentially through the channels specified in the Policy. The Company undertakes not to disclose the identity of the person making the report. Reports received shall be dealt with in accordance with the procedures adopted by the Group.

Employees are given the opportunity to express their opinions and make suggestions anonymously or by contacting their department head or the company's CEO directly.

Since 2018. The Group has an elected 11-member Works Council (last re-elected on 26 May 2021). The Council is set up for a term of three years, starting from the beginning of the Council's mandate. Employees of Group companies are guaranteed the right to participate in trade union activities. The companies have a trade union committee which defends the labour, economic and social rights and interests of its members, defends the right to employment and social security of its members, promotes professional qualification, develops professional ethics, and seeks to increase the wages and other incomes of workers in the food industry.

## Non-discrimination

---

The Group is pleased that in 2022 no cases of employee discrimination were recorded. The mechanisms currently in force are effective, and the work ethic of employees and management complies with the principles of non-discrimination defined by the Group.

An equal opportunities policy, approved by the Board, is drawn up by the laws in force in the Republic of Lithuania and the most important principles of international human rights. The policy also emphasises no tolerance for discriminatory behavior based on race, gender, nationality, political or religious beliefs, health or disability.

## Working conditions and employee wellbeing

---

It is vital that the Group's employees feel safe in the work environment. Employee safety is a priority for the Group. The Company is continuously reviewing its work processes and implementing various preventive measures to minimise the factors that may adversely affect employee health or safety.

# COVID-19: business continuity and safety measures

In 2022, as in previous years, the Group ensured safety and maintained stable operations. This had a positive impact on the well-being of employees and the general atmosphere in the Group's companies.

## In 2022, we continued to apply these safety measures:

- Providing employees with all the necessary personal safety equipment;.
- Regulating the floor space per person;.
- Performing body temperature checks of employees;.
- Adopting preventive measures to reduce the risk of exposure to COVID-19 from third parties;.
- Establishing a procedure for a response if an employee tests positive for COVID-19;.
- Remote working as much as possible.

Since the beginning of the spread of the Covid-19 virus, the Group has been monitoring the disease situation in all companies and has fully financed employee testing. The same preventive and control actions have been implemented throughout the Group.

The acknowledgement received from the Mayor of the Municipality of Rokiškis proves that the company managed the pandemic well and was able to continue its activities smoothly throughout the pandemic.

The ability to contain the spread of Covid-19 disease demonstrates the company's ability to organise its activities properly in emergency situations.



## Impact of the war in Ukraine

In the opinion of the Group's management, the war against Ukraine caused by Russia does not have a material direct or indirect impact on the Group's operations, financial position, results of operations, markets or supply chains.

For its part, the Company supports the initiatives in support of Ukraine and has contributed various products valued at EUR 85,880.84 during 2022. The donations were channelled through the Charity and Support Fund "Maisto bankas", the Charity and Support Fund "Saulės smiltys", the Rokiškis Business Club and the Rokiškis District Municipality.

Since the beginning of the war, the company has been using the premises of the guest house to accommodate Ukrainian refugee families.

# Occupational health and safety

All workers, including new employees, must comply with the established safety requirements in the workplace and regularly update their knowledge. The Group's occupational health and safety management system is implemented in accordance with the Occupational Safety and Health Law of the Republic of Lithuania and the standards applied in the Group's companies:

- - the social responsibility standard SA 8000:2014 (implemented at UAB Rokiškio pienas);
- - International Food Safety Standard (IFS) Food Version 7;
- - environmental standard ISO 14001:2015.

The occupational safety and health management system applies to all activities.



# Accidents at work

During 2022, 8 accidents occurred in the group companies. During these incidents, workers suffered minor injuries, contusions of the shoulders; sprains of ligaments. Accident-affected workers recovered quickly. No employee was required to register for long-term incapacity.

To avoid similar accidents in the future, additional instructions of workers at the workplace were provided. Accidents at work are also recorded in the "Logbook of accidents records".

Risk assessment of the degree of potential injury or damage to health in the event of a hazardous situation is carried out in accordance with the regulations for the assessment of occupational risks approved by Order of the Minister of Social Security and Labour of the Republic of Lithuania.

In accordance with the Occupational Safety and Health Act of the Republic of Lithuania, in order to ensure the safe work of contractors, the Group has also adopted requirements for contractors carrying out work on the company's territory, industrial and other premises. These requirements are communicated to the persons in charge of the contractors by the Group's coordinator, who monitors the work carried out by the contractors.

Occupational safety and health training is also provided to heads of departments.

Employees can use the company's on-site preventive health centre. Employees receive priority access to treatment at this facility, and are also given discounts on treatment fees, and, with a doctor's appointment, can benefit from one type of treatment free of charge once a year such as procedures related to problems with the mobility apparatus. Registrations for psychological counselling are also available

# Additional benefits

---

Employees have access to the Group's preventive health centre as well as access to psychology consultations. More information can be found in the Collective Agreement which defines additional benefits for each employee beyond what is provided for by the laws of the Republic of Lithuania, Government resolutions and other Legal acts.

## Training

---

The development of Rokiškio sūris staff and the improvement of special and general skills is one of the company's top priorities, as the production of high quality products requires educated employees with the right knowledge and experience.

Development plans are drawn up annually, taking into account the Group's objectives and the competence of the staff required to achieve these objectives. The Group's employees are provided with opportunities to improve their knowledge and skills at various training courses, seminars and conferences, and the Company supports the acquisition of professional education at national universities, colleges or other qualified training institutions. A strong emphasis is placed on foreign language learning. The Group continuously trains its employees internally, taking into account the nature of the work and the requirements of the workplace and product quality.

In addition, employees have the opportunity to participate in external training. In 2022, the company's Sustainability Group was expanded with new members, allowing 4 more employees to train with the Sustain Academy sustainability organisation. Remote sustainability training was provided to all employees.

Rokiškio sūris also organises special courses and trainings for raw milk suppliers to help them successfully take care of the health of their herds, properly maintain milking, cooling and storage equipment, and modernise the dairy farm. A modern dairy farm, milk quality and herd health are key to the success of a dairy business.

# Product safety and quality

Product safety and quality are our top priority. The Group's senior management has developed, implements and maintains a Food Safety, Quality and Environmental Policy, last updated on 14 January 2022 (available at [www.rokiskio.com](http://www.rokiskio.com)).

In 2022, all (100%) of our products were assessed for health and safety impacts.

To identify key customer requirements and needs, the Group has a process in place whereby the information gathered is used to continuously improve performance. During the reporting period, the Group received 17 complaints about product safety and quality (7 in Rokiškis, 5 in Utena and 5 in Ukmergė). There were no cases of non-compliance with the law or internal policies.

The Group has a system in place to manage complaints and written reports received from the competent authorities, including the actions that the Group would take in the event of non-compliance or non-compliance with rules. The results of the analysis of complaints are made available to those responsible for the relevant area and to senior management. In-house staff are trained to carry out inspections of the food safety and quality system. From time to time, audits are carried out by Food Safety System Certification auditing companies and by the main buyers of our products.

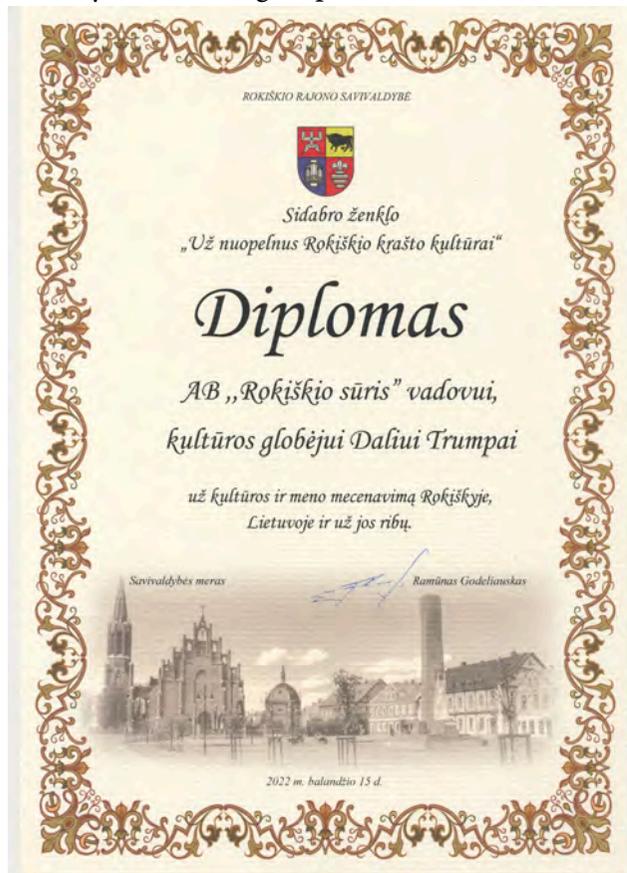
The State Operational Control Authority (State Food and Veterinary Service) has carried out checks on compliance with the law. No deficiencies were found during the inspections in 2022.

The Group's food safety and quality system is audited by independent auditing companies to assess compliance with food safety standards (FSSC 22000, IFS). The Group's companies have the highest scores under the IFS system.



# Supporting local communities

The Group aims to maintain its status as a trusted social partner by contributing to solving pressing social problems in our society and by supporting various institutions, organisations and their projects and initiatives. We support various cultural events and the local community, sports development projects and help improve the living environment of socially vulnerable groups.



In 2022, Director Dalius Trumpa was awarded the silver mark "For Merits to the Culture of Rokiškis Region" by the Rokiškis District Municipality as a patron of culture.

The group is the most active and maintains close relations with the communities where it operates - in Rokiškis, Utena, Ukmergė. Traditionally, we have been supporting the following events in Rokiškis for many years in a row: the Lithuanian Professional Theatre Festival "Vaidiname žemdirbiams", the International Amateur Theatre Festival "Interrampa", the Rokiškis Classical Music Festival, and many other cultural and sports events. We often support local community events and initiatives with our products.

The Group also cooperates with various local farmers in order to create an efficient and sustainable dairy farm. Rokiskio suris, AB follows the Lithuanian Government's policy in agriculture, both in the implementation of sustainability principles, strategies and recommendations, and in the creation of competitive dairy farms in the global market. The focus on competitive dairy farming is primarily aimed at helping farmers to develop a sustainable approach to dairy farming: ensuring good quality of raw milk, generating as little waste as possible in the dairy supply chain, and using fewer resources.

Any potential negative effects to the community (such as noise and odour) arising from production activities of plants in Rokiskis and Utena are managed in accordance with Directive 2010/75/EC of the European Parliament and of the Council on industrial emissions (Integrated Pollution Prevention and Control - IPPC) AB Rokiskio suris and UAB Rokiskio pieno gamyba are classified as installations subject to an IPPC permit. The Best Available Techniques (BAT BREF), resource consumption and emission levels of AB Rokiškio sūris are in line with those achieved in the European Union, IPPC Reference Document on the Best Available techniques in the Food, Drink and Milk Industries.

# Economic management

---

## Innovating

Our sustainability depends to a large extent on the use of modern technologies. We can only achieve some of our sustainability goals, such as reducing CO2 emissions, using resources more efficiently, creating better working conditions and increasing operational productivity, through innovation. Therefore, our investment in innovative solutions in our operations and supply chain can have a significant positive impact. Where manual work is replaced by robotic systems, we avoid negative impacts on workers by enabling them to change their qualifications, their workplace, learn new skills and use their abilities.

Each innovative project is evaluated in terms of its effectiveness and impact on the Group's sustainability. The implementation of innovative technologies covers a wide range of areas that are essential for the development of the company, for the penetration of new markets with improved product quality, for the improvement of existing production processes, for the protection of the environment, for the improvement of people's working and leisure conditions, and for the saving of energy resources.

In this area, the company's main cooperation is with its strategic investor, Fonterra, which gives it the opportunity to learn from experience and best practice.



# Responsible capital investment

The value of investments made by the Group during the financial year 2022 amounted to EUR 13.7 million (2021: EUR 14.9 million). In order for these investments to provide a long-term financial return and thus contribute to our sustainability, we need to take environmental, social and economic criteria (impact) into account when making investment decisions.

# Compliance with regulations and fair tax payment

Compliance with all legal requirements applicable to the dairy industry and the fair payment of taxes are essential for the sustainability of our operations. Our commitment to compliance, fair and ethical business practices is enshrined in our internal policies (Food Safety, Quality and Environment, Remuneration, Anti-Corruption Policy, Code of Ethics). Processes are in place to monitor, disseminate and evaluate legislation. There were no significant cases of non-compliance with laws and regulations during the reporting period.

The Group's approach to tax is to correctly calculate, fairly declare and pay all taxes due in accordance with the laws of the Republic of Lithuania. The monitoring and control of the fair tax payment is a responsibility of a Finance Director, and legislative compliance is ensured through independent third-party audits of financial reports. The annual reports are audited by an international independent auditor appointed by the General Meeting of Shareholders. The Group's stand-alone and consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as required under the rules of the European Union. In 2020 Rokiskio suris, AB was presented with an award by the State Social Insurance Fund Board, which is provided to stable businesses paying the highest taxes to the state. This award recognises our Group as a reliable employer that pays salaries and taxes without any disruption.



# Business ethics and anti-corruption

The Group has a zero-tolerance approach to corruption in all its forms. This is clearly and publicly declared in our Business Ethics Policy, which applies to all the Group's employees, representatives, intermediaries, suppliers, and subcontractors, to prevent corruption along the business chain. We support the UN Global Compact and adhere to its principle to work against corruption and bribery.

**The government is not present in the Group's shareholding structure. Financial assistance received from the government in 2022 includes:**

Support from the Ministry of Agriculture for private storage of products for the Group in 2022 (2021: 29 541 eur).

Real estate tax relief granted for Rokiskio suris, AB – 6 390 eur (2021: 3 960 eur).

During the annual audit, the potential risk of conflicts of interest is assessed and the independent auditor presents his/her opinion, stating that: "During the reporting period, there were no injurious transactions failing to comply with the Group's objectives or normal market conditions, infringing the interests of the shareholders or other groups of persons, or adversely affecting or threatening to adversely affect in future the Group's operations or performance. There were no transactions concluded due to conflicts of interests between the obligations of the Group's managers, controlling shareholders, or other related parties toward the Group and their private interests and/or obligations." The annual audited consolidated financial statements and the annual consolidated report is available to all stakeholders.

# Data privacy

The Group has a Personal data protection policy, which sets out the requirements for the processing and protection of personal data, the purposes, principles, grounds, rules, procedures, rights of data subjects and the procedure for their implementation, technical and organizational measures for data protection. In processing personal data, the Group follows the following essential principles:

the principle of fairness,

legality and transparency;

the purpose limitation principle;

the principle of accuracy;

the principle of data reduction;

the principle of limiting the storage period;

the principle of integrity and confidentiality.

In order to implement the above-mentioned data protection principles, the Group ensures that data is collected and processed fairly and lawfully. All reasonable steps shall be taken to ensure that personal data are kept up to date, accurate and stored only for a specified period of time. Depending on the category to which the data subject belongs, the data collected shall be used only on a fair and lawful basis:

The above policy is communicated to employees and / or published on the Group's website [www.rokiskio.com](http://www.rokiskio.com), giving them access to them, and to express their observations on violations or suspected violations of working conditions or rights, directly to the trade union, personnel department, anonymously email by post, telephone, as well as through offer boxes in the Group. There were no complaints concerning breaches of data privacy and losses of personal data during the reporting period.

# Statement regarding EU Taxonomy-eligible economic activities in 2022

The EU taxonomy disclosure requirements came into force on 1 January 2022. The taxonomy is the EU's classification system for what economic activities can be considered environmentally sustainable. The main activities of the Rokiškio sūris AB Group - dairy operations and cheese production - are not classified as having a significant impact on climate change and significant harm to other environmental objectives. These activities were previously excluded, but now in the Delegated Regulation, food production may be eligible if it meets the criteria of contributing to biodiversity or promoting the transition to a circular economy.

In this report, we highlight the eligibility of investments to the criteria of the Taxonomy Regulation. The following activities are included in the reporting: 4. Freight transport services; 7. Acquisition and ownership of buildings. With the annual report for 2023, we believe we will cover more activities and provide more detailed information.

| Group of Rokiškio sūris, AB                        |            |            |
|--|------------|------------|
|  | 4 activity | 7 activity |
| Technical analysis criteria ( $\geq 1$ )           | ✓          |            |
| Not causing significant damage ( $\geq 1$ )        |            | ✓          |
| Minimum protective measures assurance ( $\geq 1$ ) | ✓          | ✓          |



# GRI content index

|   |  |          |
|---|--|----------|
| Statement of use                                | Rokiskio suris, AB has reported in accordance with the GRI Standards for the period January 1 - December 31 2022 |          |
| GRI 1 used                                      | GRI 1: Foundation 2021   |          |
| Applicable GRI Sector Standards                 | Not applicable   |          |
| <b>GRI 2: General Disclosures 2021</b>          |  |          |
| Disclosure                                      |  | Location |
| 1. The organisation and its reporting practices |  |          |
| GRI 2-3   | Reporting period, frequency and contact point  | 4p.      |
| GRI 2-4   | Restatements of information  | 4p.      |
| GRI 2-5   | External assurance   | 4p.      |
| 2. Social management                            |  |          |
| GRI 2-7   | Diversity  | 39p.     |
| GRI 2-8   | Workers who are not employees  | 39p.     |
| 3. Governance                                   |  |          |
| GRI 2-9   | Governance structure and composition   | 10p.     |
| GRI 2-10  | Nomination and selection of the highest governance body  | 10p.     |
| GRI 2-11  | Chair of the highest governance body   | 10p.     |
| GRI 2-12  | Role of the highest governance body in overseeing the management of impacts                                      | 21p.     |

|  |   |          |
|--|---|----------|
| GRI 2-13                                   | Delegation of responsibility for managing impacts               | 21p.     |
| GRI 2-14                                   | Role of the highest governance body in sustainability reporting | 21p.     |
| GRI 2-15                                   | Conflicts of interest   | 53p.     |
| GRI 2-16                                   | Communication of critical concerns                              | 19p.     |
| GRI 2-17                                   | Collective knowledge of the highest governance body             | 21, 48p. |
| GRI 2-18                                   | Evaluation of the performance of the highest governance body    | 21p.     |
| GRI 2-19                                   | Remuneration policies   | 43p.     |
| GRI 2-20                                   | Process to determine remuneration                               | 43p.     |
| GRI 2-21                                   | Annual total compensation ratio                                 | 43p.     |
| <b>4. Strategy, policies and practices</b> |   |          |
| GRI 2-22                                   | Statement on sustainable development strategy                   | 3,21p.   |
| GRI 2-23                                   | Policy commitments  |          |
| GRI 2-24                                   | Embedding policy commitments                                    | 21p.     |
| GRI 2-25                                   | Processes to remediate negative impacts                         | 20p.     |
| GRI 2-26                                   | Mechanisms for seeking advice and raising concerns              | 20p.     |
| GRI 2-27                                   | Compliance with laws and regulations                            | 52p.     |
| GRI 2-28                                   | Membership associations   | 21p.     |
| <b>5. Stakeholder engagement</b>           |   |          |
| GRI 2-29                                   | Approach to stakeholder engagement                              | 24p.     |
| GRI 2-30                                   | Collective bargaining agreements                                | 44, 48p. |

## GRI 3: Material Topics 2021

|                                    |   |  |
|------------------------------------|---|--|
| GRI 3-1                            | Process to determine material topics          | 23p.   |
| GRI 3-2                            | List of material topics                       | 25p.   |
| GRI 3-3                            | Management of material topics                 | 25p.<br>Management approach of each material topic is also described in corresponding paragraphs throughout the report |
| Economic topics                    |   |  |
| GRI 201: Economic Performance 2016 |   |  |
| GRI 201-4                          | Financial assistance received from government | 53p.   |
| GRI 207: Tax 2019                  |   |  |
| GRI 207-1                          | Approach to tax                               | 52p.   |
| Environmental topics               |   |  |
| GRI 302: Energy 2016               |   |  |
| GRI 302-1                          | Energy consumption within the organisation    | 35p.   |
| GRI 302-3                          | Energy intensity                              | 35p.   |
| GRI 303: Water and Effluents 2018  |   |  |
| GRI 303-5                          | Water consumption                             | 36p.   |
| GRI 305: Emissions 2016            |   |  |
| GRI 305-1                          | Direct (Scope 1) GHG emissions                | 33p.   |
| GRI 305-2                          | Energy indirect (Scope 2) GHG emissions       | 33p.   |
| GRI 305-4                          | GHG emissions intensity                       | 34p.   |
| GRI 306: Waste 2020                |   |  |
| GRI 306-3                          | Waste generated                               | 33p.   |
| GRI 306-4                          | Waste diverted from disposal                  | 38p.   |

## GRI 308: Supplier Environmental Assessment 2016

|           |   |      |
|-----------|---|------|
| GRI 308-1 | New suppliers that were screened using environmental criteria | 37p. |
|-----------|---|------|

## Social topics

## GRI 403: Occupational Health and Safety 2018

|           |  |      |
|-----------|--|------|
| GRI 403-1 | Occupational health and safety management system | 47p. |
|-----------|--|------|

|           |  |      |
|-----------|--|------|
| GRI 403-2 | Hazard identification, risk assessment, and incident investigation | 47p. |
|-----------|--|------|

|           |   |      |
|-----------|---|------|
| GRI 403-5 | Worker training on occupational health and safety | 47p. |
|-----------|---|------|

|           |                            |      |
|-----------|----------------------------|------|
| GRI 403-6 | Promotion of worker health | 47p. |
|-----------|----------------------------|------|

|           |                       |      |
|-----------|-----------------------|------|
| GRI 403-9 | Work-related injuries | 47p. |
|-----------|-----------------------|------|

## GRI 405: Diversity and Equal Opportunity 2016

|           |  |  |
|-----------|--|--|
| GRI 405-1 | Diversity of governance bodies and employees | 40p.<br>Information unavailable for 405-1 b., as the Group is not compiling the diversity data per employee categories |
|-----------|--|--|

## GRI 406: Non-discrimination 2016

|           |  |      |
|-----------|--|------|
| GRI 406-1 | Incidents of discrimination and corrective actions taken | 45p. |
|-----------|--|------|

## GRI 413: Local Communities 2016

|           |  |      |
|-----------|--|------|
| GRI 413-2 | Operations with significant actual and potential negative impacts on local communities | 50p. |
|-----------|--|------|

## GRI 414: Supplier Social Assessment 2016

|           |  |      |
|-----------|--|------|
| GRI 414-1 | New suppliers that were screened using social criteria | 41p. |
|-----------|--|------|

## GRI 416: Customer Health and Safety 2016

|           |   |      |
|-----------|---|------|
| GRI 416-1 | Assessment of the health and safety impacts of product and service categories | 49p. |
|-----------|---|------|

|           |   |      |
|-----------|---|------|
| GRI 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 49p. |
|-----------|---|------|

# NASDAQ ESG disclosures index

| Nasdaq ESG metrics | Title                          | Location  |
|--------------------|--------------------------------|---|
| Environmental data |                                |   |
| E1                 | GHG Emissions                  | 33p.  |
| E2                 | Emissions Intensity            | 34p.  |
| E3                 | Energy Usage                   | 35p.  |
| E4                 | Energy Intensity               | 35p.  |
| E5                 | Energy Mix                     | 35p.  |
| E6                 | Water Usage                    | 36p.  |
| E7                 | Environmental Operations       | 21, 33p.  |
| E8                 | Climate Oversight / Board      | 10, 21p.  |
| E9                 | Climate Oversight / Management | 10, 21p.  |
| E10                | Climate Risk Mitigation        | Information not available, the Group is not compiling such data |
| Social data        |                                |   |
| S1                 | CEO Pay Ratio                  | 43p.  |
| S2                 | Gender Pay Ratio               | 43p.  |
| S3                 | Employee Turnover              | 41p.  |
| S4                 | Gender Diversity               | 40p.  |
| S5                 | Temporary Worker Ratio         | 40p.  |

|                        |                          |             |
|------------------------|--------------------------|-------------|
| S6                     | Non-Discrimination       | 45p.        |
| S7                     | Injury Rate              | 47p.        |
| S8                     | Global Health & Safety   | 47p.        |
| S9                     | Child & Forced Labour    | 45p.        |
| S10                    | Human Rights             | 45p.        |
| <b>Governance data</b> |                          |             |
| G1                     | Board Diversity          | 10p.        |
| G2                     | Board Independence       | 10p.        |
| G3                     | Incentivized Pay         | 43p.        |
| G4                     | Collective Bargaining    | 44p.        |
| G5                     | Supplier Code of Conduct | 27, 37p.    |
| G6                     | Ethics & Anti-Corruption | 53p.        |
| G7                     | Data Privacy             | 53p.        |
| G8                     | ESG Reporting            | 4p.         |
| G9                     | Disclosure Practices     | 4, 21, 27p. |
| G10                    | External Assurance       | 4p.         |

# UN Global Compact index

| UN Global Compact principle  | Location |
|--|----------|
| 1 We support and respect the protection of internationally proclaimed human rights.  | 45p.     |
| 2 We ensure that business practices are not complicit in human rights abuses.  | 45p.     |
| 3 We uphold the freedom of association and the effective recognition of the right to collective bargaining.  | 45p.     |
| 4 We do not tolerate forced and compulsory labour of any kind.   | 45p.     |
| 5 We do not exploit child labour and try to play our part in destroying it in an environment where we can influence it.  | 45p.     |
| 6 We do not discriminate and strive to contribute to the elimination of discrimination in employment and occupation in an environment where we can have an impact. | 45p.     |
| 7 We take preventive measures to protect the environment.  | 33p.     |
| 8 We take initiatives to increase environmental responsibility where we can make a difference  | 33p.     |
| 9 We encourage the development and widespread adoption of environmentally friendly technologies.   | 51p.     |
| 10 We do not tolerate corruption and fight all forms of it, including bribery, graft and influence peddling.   | 53p.     |