

/Translation from the Lithuanian language/

ŽEMAITIJOS PIENAS, AB
Reporting period:
1 January 2020 to 31 December 2020



SOCIAL RESPONSIBILITY REPORT

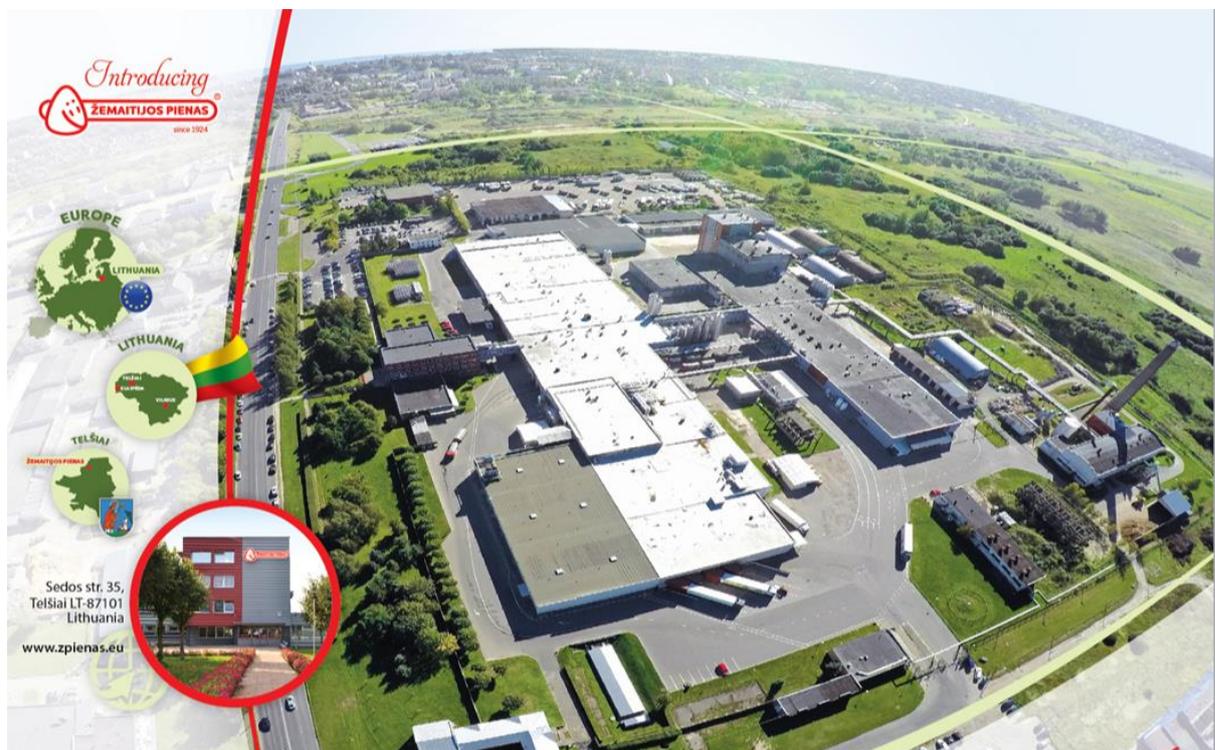
Social Responsibility Report 2020 of ŽEMAITIJOS PIENAS, AB

This social responsibility (SA) report reviews the social and environmental protection activities carried out and planned by ŽEMAITIJOS PIENAS, AB, assessing the results already achieved and thus informing the Company's stakeholders (consumers, employees, partners, suppliers, investors, public authorities, non-governmental organisations, civil society and other entities) on responsible business practices. The report is prepared not only because of the relevant requirement under the Law on Financial Reporting by Undertakings, which implements EU Directive 2014/95/EU, but also because of the Company's understanding that reporting on social responsibility issues promotes innovation and learning, which helps companies grow their business, increase the value of their organisation, as well as strengthen their image, as an employer.

The report has been developed in accordance with the guidelines of the Global Reporting Initiative (GRI).

The SR report covers information on the issues concerning the environmental protection, social, personnel, human rights, anti-corruption and bribery-related areas, and the main risks related to these areas.

The present Social Responsibility Report is already the fourth report of this type prepared by ŽEMAITIJOS PIENAS, AB. The report is a separate document linked to the annual report of the Company and published in accordance with the procedure established by legal acts.



CEO's Foreword



Looking back to 2020, we realise that there was no shortage of challenges, as well as of discoveries. The pandemic, which came as a threat at the beginning of the year and gradually invaded the entire country in its full force, slowed down and detached our lives. Despite that, it did not stop Žemaitijos Pienas, AB. We decided unanimously – it's a *Take it and Act!* year. To ensure the health and safety of our employees, we moved to work from home, where we worked diligently making use of creativity and information technology. We distributed flows and kept monitoring the health of

our employees to prevent the spread of the disease within the Company. We kept in touch with those feeling unwell and provided friendly support to those in isolation. It is important to note that no employees were dismissed due to the pandemic. The Company confidently met and bid farewell to the year 2020 together with its competent employees, strong and well-established brands, foreign markets behind them and clearly visible achievements. Because we *took it and acted!*

ŽEMAITIJOS PIENAS, AB consistently continues implementing its ongoing projects and initiatives that help to create a safe and healthy workplace and a motivating working environment, improve employment opportunities for young people, and prevent the Company's negative effects on the environment.

The Company always strives for maximum quality, therefore it continuously consults with the leaders of the dairy industry around the world, invests in the latest technologies, makes use of the world's most advanced Bactocatch milk sterilisation technology, expands the range of products, improves employee competences and takes care of environmental protection issues.

We believe that the growth of the Company is only possible through continuous cooperation with our customers and other stakeholders, making use of innovation and striving for sustainable development.

CEO

A handwritten signature in blue ink, appearing to read 'R. Pažemeckas', written in a cursive style.

Robertas Pažemeckas

About ŽEMAITIJOS PIENAS, AB

ŽEMAITIJOS PIENAS, AB is the Public Limited Liability Company (*akcinė bendrovė (AB)*) registered in the Republic of Lithuania whose registered office is at Sedos Str. 35, Telšiai, Lithuania (hereinafter referred to as 'the Company').

The Company has its own structural subdivisions with warehouses and means of transportation in Vilnius, Kaunas and Panevėžys.

The group of companies of ŽEMAITIJOS PIENAS, AB consists of ŽEMAITIJOS PIENAS, AB, the managing company, and Šilutės Rambynas, ABF, a subsidiary thereof.

Since 1997, the ordinary registered shares of the Company have been listed on the Baltic Secondary Trading List of Nasdaq Vilnius stock exchange.

ŽEMAITIJOS PIENAS, AB is the Lithuanian company operating in the dairy sector. The Company has the long tradition of milk processing, fosters classic recipes and technologies for dairy production, promotes the revival and consumption of the products that reflect the heritage and culture formed over centuries, as well as seeks innovation and offers consumers novel and exceptional products.

The beginnings of ŽEMAITIJOS PIENAS, AB could be traced already in 1924, when the Telšiai Dairy was established. At that time, the capacity of the dairy was considered to be truly impressive. Having started operations in new premises in 1984, the Company successfully carried out its activities until the opening and privatization of the Telšiai cheese factory, which was the largest in the Baltics.

Impeccable work and quality is the Company's flag, which undoubtedly signifies reliability and steadiness of ŽEMAITIJOS PIENAS, AB, maintaining a strong position in the domestic market and supplying products that promote Samogitia and the entire Lithuania all over the world. Currently the Company employs about 1200 professional and creative employees whose substantial contribution, optimism and wisdom enables the Company to pursue ambitious goals and overcome new challenges both on local and international markets.

Currently, thanks to extensive experience and unique recipes, the Company can offer its consumers a wide range of products distinguished by the excellent taste and high quality. Today, the Company offers over 200 products favoured by the consumers, including the DOBILAS organic dairy product group. The products of the MAGIJA brand have earned consumers' trust and astonishing popularity since the

very beginning. Buyers like our fermented and processed cheeses, as well as PIK-NIK, the only fresh cheese strings in Lithuania.

The DŽIUGAS hard cheese is the pride of both the Company and Lithuania earning highest awards at numerous Lithuanian and international exhibitions. The Company is proud of its production: milk, kefir, yoghurt, sour cream, cream, cottage cheese and glazed curd cheese bars, also natural and seasoned butter and many other products, all consumer favourites. The Company also promotes the national culinary heritage. Some of the Company's products are manufactured according to traditional technologies and solely from traditional raw materials and additives, which has earned these products of the exceptional taste the certificates of the Lithuanian Culinary Heritage Foundation. Such our products bear the special mark of the Foundation.

The DŽIUGAS cheese produced by the Company has been awarded the Protected Geographical Indication (PGI) from the European Commission. In order to be granted the Protected Geographical Indication mark, it is necessary to demonstrate the product's links with a specific geographical region and indicate what makes it different from similar products produced in other areas. To be categorised as a traditional product, it must be produced from traditional raw materials and using traditional methods passed down from generation to generation for at least 30 years. Historical sources, technological documentation or other information has to be provided as evidence. The connection of DŽIUGAS cheese with the geographical area is based on the good name of the product, the experience of the craftsmen and a legend. The geographical indication status granted sends the consumer a message that what he/she has purchased is a special, unique and high-quality product, which builds confidence in the product, creates a greater added value and helps producers of regional specific products to remain competitive in the market.

In line with the global trends aimed at reducing sugar consumption, ŽEMAITIJOS PIENAS, AB continues to consistently reduce the amount of sugar in organic yogurts of the Dobilas brand. It should also be noted, that the Company constantly aims at improving the quality of the ingredients, in principle maintaining continuity in developing new flavours.

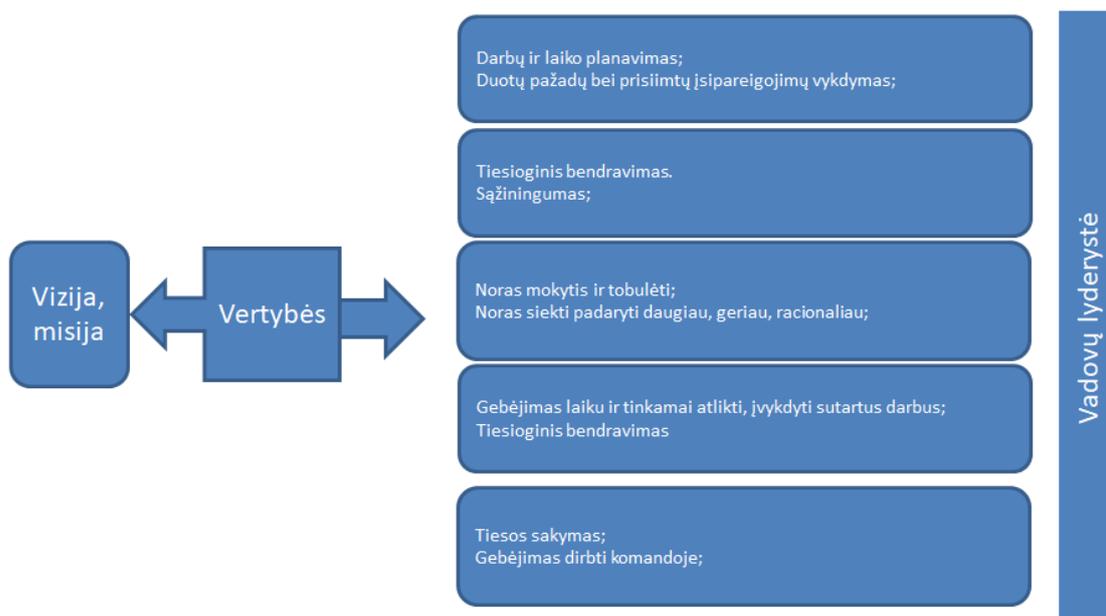
Seeking to remain competitive in both raw milk procurement and dairy sales markets, the Company is constantly investing into the modernisation of production equipment by introducing the most advanced technology. As of 2015, the Company has implemented and started using several new technologies. One of these is the high-capacity milk sterilisation line. The Company also invests into energy saving and business management processes improvement every year, and does its best to allocate funds to other activities as well.

As of the end of 2016, all inspections of compliance with international food safety standards have been carried out without prior coordination, i.e., all audits are conducted according to an unannounced audit scheme, which guarantees reliability and transparency of audits.

Vision, Mission and Values

Seeking for the leading position in the Lithuanian dairy market, the priority of ŽEMAITIJOS PIENAS, AB is not only to produce high-quality, healthy and safe products, which would become the benchmark for exceptional taste even for the pickiest of buyers, thus developing their habit of choosing goods only with the ŽEMAITIJOS PIENAS brand, but also to be a socially-responsible company in all areas of activity.

We keep striving to satisfy our clients' expectations and look for new markets, establishing there not only based on excellent products, services and other types of development but also by attracting specialists to professionally represent the Company's interests in cooperation with customers and market partners.



Vision, mission Values

Work and time planning;

Keeping promises given and fulfilling obligations.

Direct communication;

Honesty.

Striving for learning and improvement;

Striving for doing more, better and more rationally.

The ability to complete works appointed on time and appropriately;

Direct communication.

Telling the truth;

Teamwork.

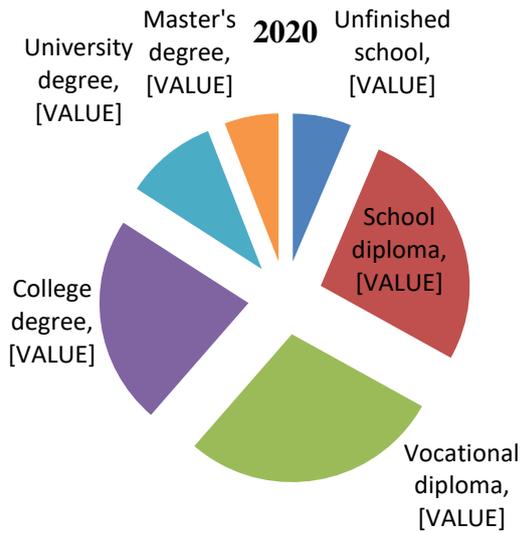
Leadership of the management

Employees

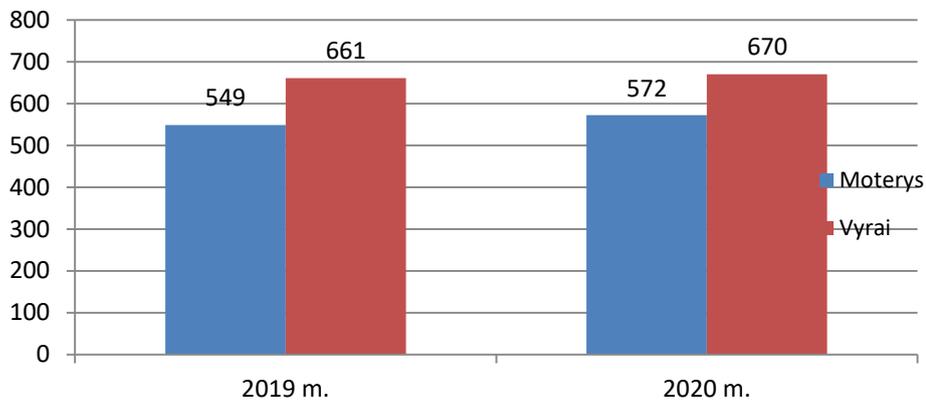
On 31 December 2020, ŽEMAITIJOS PIENAS, AB employed 1242 staff members, which was 2.64 percent more than in 2019. The majority of the employees were men: 670 (the respective number in 2019: 661), while the number of women working at the Company in 2020 totalled 572 (the respective number in 2019: 549). In 2020, the Company employed 16 disabled persons (the respective number in 2019: 9).

The Company has been actively implementing a human resource policy seeking not only to prevent discrimination on the grounds of gender or disability but also to integrate into the work process people from all age groups (See Diagrams 1 and 4). In summer, the Company temporarily hired 90 young persons without the required experience, aged 16-22, who could easily integrate into the Company and adapt to its processes. They are eager to get to know the specifics of this type of work and learn from the experienced employees of the Company. Often, young persons, having familiarised themselves with the work at the Company during their summer holidays, return to continue their careers in the Company after finishing studies.

Distribution of employees by education (Diagram 1)

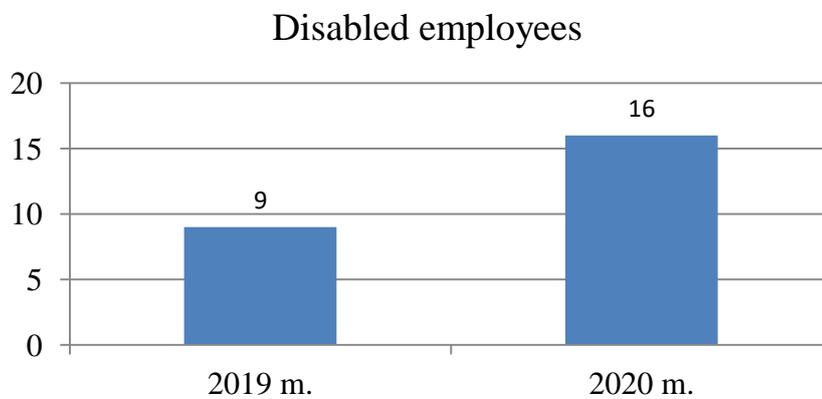


Distribution of employees by gender (Diagram 2)

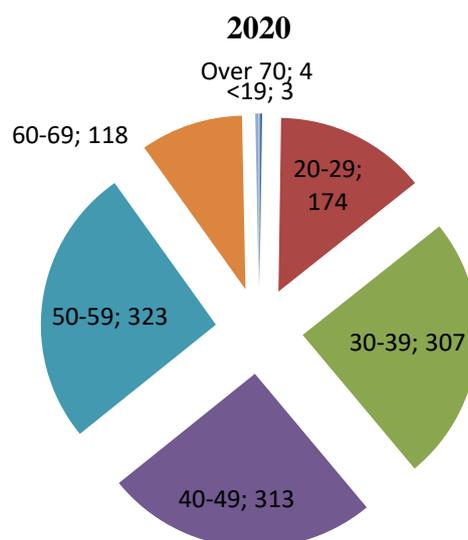


Women
Men

Employees with disabilities (Diagram 3)



Number of employees by age groups (Diagram 4)



Occupational Safety and Health

To implement the occupational safety and health measures, the Occupational Safety and Health Service has been established in the Company, which consists of the specialists in occupational safety and health and occupational health areas. Specialists of the mentioned service participate in various conferences, seminars and trainings every year in order to improve their qualification.

All structural subdivisions and units of the Company have appointed employees/heads of subdivisions trained in occupational safety and health issues, who are responsible for the safety, health and fire safety of the employees of the relevant subdivision. These specialists carry out continuous risk assessment, violation control, employee training and other functions to ensure the safety and health of employees.

The Company continuously strives to ensure that all employees of ŽEMAITIJOS PIENAS, AB be trained and instructed on occupational safety and health issues. All newly hired employees are trained in occupational safety and health, fire safety, as well as first aid provision before starting work. To provide first aid, the Company purchased a modern automatic external defibrillator.

For several years now, the Company has been additionally insuring all employees against accidents at work and outside work.

All persons to be employed by ŽEMAITIJOS PIENAS, AB are required to undergo medical examination in a health care institution, as well as a hygiene training concerning the work with food products.

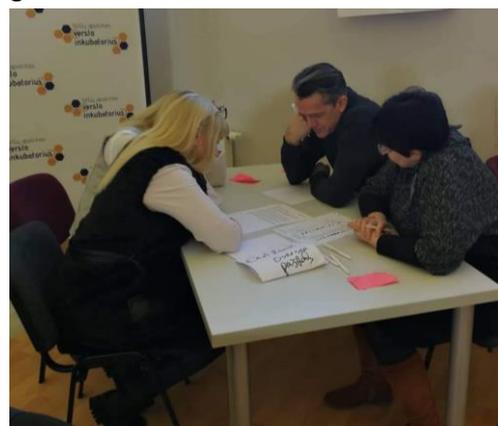
The Company also implements other measures to promote employee health: organises health promotion events, during which the Company's employees and their family members hike, participate in sports competitions, and organise *Bicycling to Work* campaigns.



Participants of the *Bicycling to Work* campaign

Trainings and Refresher Courses

All employees of the Company have opportunities to improve their knowledge and skills at internal trainings and external trainings/courses/seminars/conferences. In



2020, 893 employees participated in internal trainings and 817 employees in external trainings.

The company conducts employee knowledge assessments/certification for managers, experts and production staff.

In 2020, the Company has implemented the *Pažangos formulė (Formula for Progress)* project, project code: 09.4.3-ESFA-K-814-01-0030, under the *Kompetencijos LT (Competence LT)* measure No. 09.4.3-ESFA-K-814-01, and the *Pažanga LT (Progress LT)* project, project code: 09.4.3-ESFA-K-814-01-0017, under the *Kompetencijos LT* measure No. 09.4.3-ESFA-K-814-01, training the Company's employees: foremen, heads of departments/subdivisions, TOP managers and other specialists. Employees participating in the training acquired new competencies, improved leadership competencies as well as general competencies.

Social Dialogue

The Company employs the KAIZEN suggestion system, which is a part of the modern LEAN system. It allows employees to make suggestions that, upon approval of management, are implemented immediately. The Company has a system for managing complaints, suggestions and observations, which has the following features: (i) independence, (ii) accessibility, (iii) clarity, and (iv) opportunity for the injured party to obtain information.

Material Welfare Package

The Company constantly takes care of the material well-being of its employees and thus not only pays competitive wages, which meet legal requirements and conditions of the labour market but also aims to provide an appropriate material welfare package for those, who do their job well and achieve their goals. In order to ensure that its employees seek for the best results, the Company makes sure that wages of any employee correspond to his/her performance as best as possible. Employees are provided with opportunities to gain additional earnings (by implementing additional tasks, taking additional work, proposing candidates to job openings, etc.).

The Company provides various additional benefits to the employees, such as leisure activities (swimming pool, bicycling and wellness hikes), various events for the employees and their family members, additional payments and benefits on occasion of first marriage, or in case of a death in the family or a difficult financial situation. Employees can also be granted loans, have their studies funded, their children can be hired for a summer job, as well as there are incentive grants for graduating with a

Bachelor's or a Master's degree, employment anniversaries or personal anniversaries.

Human Rights

The Company seeks to respect and defend human rights, as defined in the Universal Declaration of Human Rights adopted by the United Nations General Assembly, and pursues this goal following conventions related to human rights to which the Republic of Lithuania is a party.

ŽEMAITIJOS PIENAS, AB pursues policies of equal opportunities and intolerance to harassment, also respects and does best to ensure the employees' rights to privacy. Regarding the latter, the Company has been doing more than just what is necessary. Provisions for creating a positive working environment, as established in the internal rules of ethics, is one example. The Company ensures equal opportunities for the employees, regardless of their race, nationality, gender, political or religious views or other qualities. Employees are judged solely on their performance and dedication to the Company.

Seeking to prevent misappropriation of the Company's products by the employees or other persons, the Company has established a security division that, in its operations, follows and observes the following: the Rules of Procedure, the Law on Protection of Persons and Property of the Republic of Lithuania, as well as other legal acts establishing the possibilities and limitations of using physical coercion and special measures against a person.

ŽEMAITIJOS PIENAS, AB acts responsibly not only in carrying out its activity but also in choosing business partners and suppliers. The Company pays a special attention to the social responsibility strategies employed by its potential partners. The Company seeks to agree on compliance with the principles of social responsibility on all cases when signing cooperation agreements.

ŽEMAITIJOS PIENAS, AB does not use child labour in its activities and chooses only those goods, the production of which does not involve exploitation of children.

Career Opportunities for Youth

The Company consistently takes care of career opportunities for young people, aiming to ensure that the long-time employees, who have accumulated a lot of meaningful experience, would pass on their extensive knowledge to young potential talents. To this end, the Company has developed internal training programmes, which enable young people, who have the necessary skills but no experience, to acquire the necessary experience through practical training and this way get their dream job.

The Company aims to reduce the scale of emigration from regional areas. To his end, the HR staff, with the help of colleagues from other departments, often make presentations in the schools of the region aimed at directing students to the right career path. However, due to the pandemic that shook the world in 2020, the Company's presentations at schools have been delayed until the situation improves. Nevertheless, before the quarantine restrictions were tightened, 11 students had been acquainted with their future specialty up close during their internship at the Company in 2020. Students who associate their future with ŽEMAITIJOS PIENAS can sign study financing agreements or apply for a nominal scholarship.

Seeking to educate the young generation, the Company accepts pupils and students for summer jobs. The number of youth purposefully spending their summer at the Company in 2020 was 90, 47 of whom were aged 16-18.

The goal of ŽEMAITIJOS PIENAS, AB for the future is to continue ensuring respect for human rights to the best extent possible and appropriately appreciating its employees. Good results are expected from investments in youth, and it is also expected that the young talents attracted will bring useful innovations to the activities of the Company.

Activities of the Companies of the Group in the Field of Environmental Protection

Žemaitijos Pienas, AB, being a company engaged in production and sale of dairy products, according to the criteria established in the Rules for the Issue, Renewal and Revocation of Integrated Pollution Prevention and Control Permits is attributed to the companies that use the equipment that requires a special permit in accordance with the said rules. It was already back in 2006 that the Company was issued an Integrated Pollution Prevention and Control Permit that does not expire but may be amended due to changes. The Company does not produce a negative effect on the environment the reduction of which would be subject to urgent measures. Nevertheless, the Company is constantly monitoring its operation indices, planning and introducing latest technology that would allow to reduce energy consumption as well as production and operation costs, and to improve the status of the Company in terms of environmental protection in every possible way.

The Company keeps perfecting and improving the integrated quality and food safety management system that meets the requirements of the BRC, ISO 22000, and FSSC (ISO 22000, ISO/TS 22002-1) international standards.

The Company Žemaitijos Pienas, AB strives to use all kinds of measures to save natural resources and rationalise their use. Everyone knows that natural resources

determine countries' economic development. States that save natural resources have much greater opportunities to develop their production, trade and social sphere. The Company is well aware of the fact that its activities can cause significant damage to nature, and that only a complex use of economic, legal, technical and biological measures may guarantee a rational use of natural resources now and in the future, therefore, the environmental impact is controlled with the help of coordinated monitoring programmes. Company's expansion and technology updates are subject to environmental impact assessments to ensure that the Company's development does not exceed the permissible environmental standards, as well as industrial wastewater, biofuel quality and other factors that may affect the surrounding environment are monitored. The Company is constantly updating its fleet in order to reduce air pollution from mobile sources. Seeking to reduce pollution from stationary sources, the Company uses the best production methods available.

Waste is managed in accordance with the established environmental protection requirements through the GPAIS (product packaging waste information system) environmental protection electronic data collection system, as well as by submitting (developing) quarterly waste generation accounting reports and issued-imported packaging waste accounting reports. Hazardous and non-hazardous waste is stored and managed in the area in such a way that it does not have a negative impact on the environment, as well as it is sorted out and its storage places are marked accordingly. The generated waste is transported to waste management companies in a timely manner. Žemaitijos Pienas, AB sorts out packaging waste at its generation site, pressing it and preparing for recycling. The Company also separates non-recyclable packaging waste, which is systematically transferred to collectors and recyclers of this type of waste.

Packaging plays an important role in the production process of Žemaitijos Pienas, AB. The products are packed in glass, PET, plastic, paper, combined, wooden and other packaging. For the purposes of efficient packaging waste management, in 2020 the Company cooperated with Gamtos Ateitis, VŠĮ that took care of the collection and recycling of the packaging. For the remuneration received from Žemaitijos Pienas, AB (for the submitted documents, evidencing that the waste was processed), Gamtos Ateitis, VŠĮ undertook to educate the society on the issues of packaging (waste) management as well as to contribute to the development of the infrastructure for collecting packaging from the consumers (to supply the residents with containers for sorting out waste).

The Company is continuously implementing investment projects, during which it introduces new modern technologies that enable a more efficient use of renewable energy resources, reduction of emissions and application of other environmental protection measures. Žemaitijos Pienas, AB is continuously conducting research and

expanding in search of new, environmentally friendly business models. In 2018, a new version of the AXAPTA business management system was introduced, which helps us to account more accurately, prepare and submit reports as well as transfer data to other systems.

During 2020, the Company implemented investments planned for 2020-2021 targeted at production development to increase the Company's competitiveness, the level of automation and technical support, to improve product quality, employee working conditions and safety, as well as introduced measures for reducing wastewater pollution and ensured sustainable implementation of environmental protection requirements. To reduce greenhouse emissions, Žemaitijos Pienas, AB seeks to avoid using freon gas equipment or acquire equipment that uses more environmentally-friendly types thereof.

The Company keeps improving its management structure in terms of environmental protection issues. We have come to conclusion that all employees and their managers should contribute to saving energy and reducing pollution, therefore, as of 2018, environmental protection issues are no longer a responsibility of a single person, office of an ecologist-engineer. At the same time, the Company started measuring wastewater pollution in each unit separately, which also enabled to control, analyse and take preventive action against the entry of polluted wastewater into the wastewater treatment plant, which concurrently resulted in improved overall communication between subdivisions and opportunity to see what areas require more investments or organisational problem-solving measures.

Furthermore, the Company has been actively implementing and promoting the use of renewable resources. Žemaitijos Pienas, AB has a 10MW biofuel boiler house that uses renewable energy sources, i.e. wood chips (SM2), instead of natural gas. During 2020, Žemaitijos Pienas, AB consumed 1,403,728 m³ of gas, which is 23.04 percent more than in the previous year. The increase in gas consumption was due to the preventive repair work of the biofuel boiler house. In 2020, the Company consumed 4,180.082 toe of biofuel, which means that, compared to 2019, biofuel consumption decreased by 8.42 percent.

The Company, being a socially responsible enterprise and taking care of the environment and its protection, purchases electricity generated from renewable energy sources. In 2020, Žemaitijos Pienas, AB consumed 21,317,402 kWh of electricity, which means that the consumption of electricity increased by 1.23% compared to 2019. The increase was due to higher volumes of processed raw materials. The data of indirect energy consumption shows that the greatest energy amounts in 2019 were used for the preparation of ice water, that is, 4,014,987 kWh. In 2020, pressurised air compressors were renewed. This will allow saving up to 8%

of the electricity used for compressed air production. The new equipment also has integrated heat exchangers for hot water preparation, which will help to save energy used for hot water production, as well as any unnecessary heat will not be released into the environment. Žemaitijos Pienas, AB consumed 879,258 m³ of water in 2020, which is 5.64% more than in 2019. Such an increase was also due to higher volumes of processed raw materials.

The Company respects and complies with the laws of the Republic of Lithuania related to environmental protection, and pays all compulsory pollution taxes in due course. When selecting suppliers, Žemaitijos Pienas, AB takes into consideration the environmental protection strategies applied by them and their compliance with environmental protection requirements, and requests provision of guarantees that the transferred waste will be properly managed. In the future, Žemaitijos Pienas, AB will continue to make every effort to become an increasingly more environmentally friendly business. It is expected that we will manage to increase the share of the energy from renewable sources used in our activities and to reduce the emissions of pollutants into the environment.

Prevention of Corruption and Bribery

ŽEMAITIJOS PIENAS, AB applies zero tolerance to corruption policy and puts great effort in preventing it in all chain links. The Company has a clear procedure applicable to cooperation with its partners. The Employee Code of Ethics states that employees have to avoid situations that could raise a conflict of interest. The Company's policy concerning these issues strictly forbids accepting gifts, invitations to meetings, cultural or other events if that could result in mutual obligations between parties. Employees have to report immediately all equivocal or ambiguous situations to their line managers. One of the major operation principles of ŽEMAITIJOS PIENAS, AB is to develop honest and transparent cooperative relationships with suppliers, customers and other entities. Nevertheless, the Company's policy forbids its employees to offer the clients, suppliers, partners or other persons any presents that would help maintain cooperation. This rule does not apply to presents of extremely small value, such as holiday cards and greetings.

Efforts are made to have the widest/largest possible group of suppliers. When purchasing goods and selecting a supplier, not only the price but also the quality and supplier reliability criteria play an important role in the evaluation methodology applied by ŽEMAITIJOS PIENAS, AB. The relevant suppliers are audited before purchasing goods from them, and it is only then that a decision concerning the purchase of goods or services is made. ŽEMAITIJOS PIENAS, AB purchases goods and services in compliance with the principles of equality, non-discrimination, mutual recognition, proportionality and transparency.

For the purpose of implementing and fulfilling the requirements related to the provisions of the Law on the Protection of Whistleblowers and in order to establish violations related to the rights and interests of the Company committed currently or previously or commenced in the Company, an internal procedure for providing information on violations, investigation thereof and informing persons was put in place by the Company in 2019, and the person responsible for receiving, registering, investigating (examining) the relevant reports, as well as decision-making and storage of the documentation was appointed. No violations were reported in 2020.

Social Responsibility

ŽEMAITIJOS PIENAS, AB actively carries out both long-term and short-term social campaigns.

Probably the longest running campaign, which has been taking place for nine years in the row, is the *Finish the Second Grade Knowing How to Swim* campaign, during which the second-graders from the entire Telšiai district are taught to swim and awareness in the water. The campaign is implemented by ŽEMAITIJOS PIENAS, AB, the initiator of the idea, together with Telšiai District Municipality and Ateities Lower Secondary School on the basis of a tripartite cooperation agreement. Since the beginning of the campaign until 2019, 3411 pupils learned how to swim in the school's swimming pool. Unfortunately, due to the situation that arose in 2020, this social campaign was suspended. However, it is planned to continue the project in the future.

In summer of 2020, Žemaitijos Pienas, AB organised as many as 54 educational programmes in the summer camps hosting about 10 thousand children. The fun and purposeful programmes for children were organised out not only by the Telšiai, Vilnius, Panevėžys and Kaunas branches - the children camping in Latvia and Estonia were also delighted by the ingenious educational programmes provided by Žemaitijos Pienas. During the attractive and entertaining meetings, the children were provided with information on the products of Žemaitijos Pienas, as well as the values and benefits of such products. The campers had the opportunity to enjoy a virtual visit to the production facilities of the DŽIUGAS hard cheese, PIK-NIK fresh cheese strings and MAGIJA curd cheese bars glazed with real chocolate.



In the camps, team entertainment was encouraged, and children could test themselves at PIK-NIK cheese string tearing championships, during which each team had a task to tear a single PIK-NIK cheese string into 30 more or less equal parts within the shortest time possible. The best team 'tearing' result: 3 minutes and 35 seconds. Other campers enjoyed no less interesting and fun entertainment: they were developing creative thinking and motor skills by arranging colourful MAGIJA glazed curd cheese bars puzzles, and showing that everyone can be observant, fast and smart.

A truly valuable thing was that the campers could test their knowledge at the witty 'exam' concerning the products of ŽEMAITIJOS PIENAS. The programme was attended by 5000 children approximately, who were also treated with the tasty ŽEMAITIJOS PIENAS products. The participants of the spirited educational competition received certificates, stating that they have become true experts of the DŽIUGAS, PIK-NIK, MAGIJA, RAMBYNO, GERMANTO and TICHĖ brands.

Apart from that, every year Žemaitijos Pienas, AB supports Kaltinėnai Parish Elderly Care Home by providing various products. In 2020, the value of the support totalled nearly EUR 7,000. The Company also supports Telšiai Bishop Vincentas Borisevičius Priest Seminary, Žemaitė Drama Theatre, Public Institution Žemaitija Tourist Information Centre and other activities of importance for Telšiai city and region. ŽEMAITIJOS PIENAS, AB did not stand aside when the global pandemic started: we bought artificial lung ventilators for over EUR 33,000 euros for SE Telšiai Regional Hospital.

Šilutės Rambynas, ABF – a Subsidiary of ŽEMAITIJOS PIENAS, AB

Šilutės Rambynas, ABF, legal entity registration number 277141670, registered office address at Klaipėdos g. 3, Šilutė District Municipality, registration date:

09/12/1992. ŽEMAITIJOS PIENAS, AB manages more than 87 percent of the shares of Šilutės Rambynas, ABF. The main activity of the subsidiary is dairy production. It also offers rental, transportation, warehousing, management of milk purchasing points and other services.

Being a subsidiary, Šilutės Rambynas, ABF complies with the operation policy requirements of ŽEMAITIJOS PIENAS, AB concerning environmental protection, social and employee related issues, protection of human rights, and prevention of corruption and bribery. Its goals, modes and forms of operation coincide with those of ŽEMAITIJOS PIENAS, AB. The goals and objectives are implemented through cooperation, e.g., participation in social campaigns, the provision of the material welfare package, the search for employees, the training of employees and the like, and therefore this social report does not address these issues separately. It should be noted that the consolidated annual report of 2020 discloses and provides more detailed information and data that complement the present report, therefore, only two aspects, i.e. issues related to personnel and environmental protection, are discussed in this report.

The Company focuses most of its attention on the employees creating the greatest value for Šilutės Rambynas, ABF and its shareholders. Consistent effort is made to ensure that employees of the subsidiary feel safe in all terms and satisfied with their working environment. Among other things, great attention is paid to the improvement of their qualification through the application of the same principles and methods as those used at ŽEMAITIJOS PIENAS, AB.

At the end of the reporting period, the company employed the staff of 171, which showed a decrease by 15 employees (7.85 percent) compared to 2019.

Šilutės Rambynas, ABF seeks to create and develop long-term relationships with employees, therefore, the continuous improvement of employees in their professional field is encouraged. Employees at Šilutės Rambynas, ABF have the opportunity to improve their knowledge and skills in various seminars and courses. Šilutės Rambynas has developed training programmes based on which specialists, production workers, machinery operators, operators, metalworkers, foremen and masters are trained and certified.

Šilutės Rambynas focuses on ensuring production quality and safety. In 2020, Šilutės Rambynas was applying the following integrated food safety and quality management systems to its operations:

- Food safety management system, which meets requirements of ISO 22000 – since 2009;

- BRC (British Retail Consortium) Global Standard for Food Safety – since 2010, and, as of 2014 – unannounced audit A+ level);
- Certified according to the requirements of the HALAL standard since 2015;
- IFS Food (International Featured Standards) – since 2015;
- EkoAgros – organic food production – since 2007;
- Pik-Nik cheese strings production according to VLOG Ohne Gentechnik Standard (products without GMO-free products) – since 2017;
- In February 2019, the FSMS of Šilutės Rambynas, ABF was supplemented with respect to the requirements of the FSSC 22000 standard. It is a food safety certification scheme that covers ISO 22000:2005, the technical specification of prerequisite programmes applicable to the sector – ISO TS 20002-1:2009, and additional requirements of FSSC 22000.

Since 2018, the NBCUniversal social audits have been conducted, which is the assessment of the company in terms of the manufacturer's code of conduct. Confirmation was received that the company complies with the highest standards pertaining to social and environmental responsibility and ethical conduct, as well as with all applicable laws and regulations related to work, immigration, health, work safety and the environment.

For a number of years, Šilutės Rambynas has been paying great attention to environmental protection, maintaining that the most important goal is the reduction of industrial waste and sparing use of natural resources:

- Reduction of quantities of plastic, replacing packaging with environmentally friendly packaging and the packaging that is 100% recyclable;
- After concentrating the whey, the remaining whey water is purified using a membrane system, making the obtained water suitable for washing equipment and thus reducing the amounts of water used and waste water;
- For the treatment of industrial wastewater, the company is equipped with wastewater accumulation and mixing tanks, which enables to avoid instantaneous contamination and control the quality of wastewater discharged into the treatment facilities Šilutės Vandenys, UAB;
- High-concentration wastewater is collected in a separate tank and, depending on the production volumes, transported once or twice a week to the biogas producers operating in Tytuvėnai.

The industrial wastewater treatment system operating at Šilutės Rambynas, ABF produces positive results, which are given in the table below and show that the values are significantly lower than required by law.