
SUSTAINABILITY REPORT 2022 – GRIGEO GROUP

THE FUTURE IS CIRCULAR

PRESENTATION
May 2023

CEO MESSAGE

“ Dear members of the society,

We have been dealing with unprecedented multifaceted challenges for several years now. The global pandemic of 2020 was overshadowed by the leaps in raw materials, energy, and logistics prices the year after, and last year everything was dwarfed by the war in Ukraine, which brought the prices of the resources to new heights just as it made its own adjustments to the supply chains and the market situation. And so, against all odds, placed against this background of geopolitical tensions, unprecedented inflation, and increasingly stronger signals of recession, we and our team had to remain quick and maintain our precision and focus on creating long-term value for our employees, partners, and investors.

Prior to this reporting period, we had made a commitment to our stakeholders to set a number of ambitious sustainability targets for ourselves. We did this in the area of environmental protection, social responsibility, and governance, and we followed the best international practices in doing so. Furthermore, we have clearly defined our contribution to achieving the United Nations goals of sustainable development. We are committed to showcase these indicators and the process of compliance thereto in our annual sustainability reports.

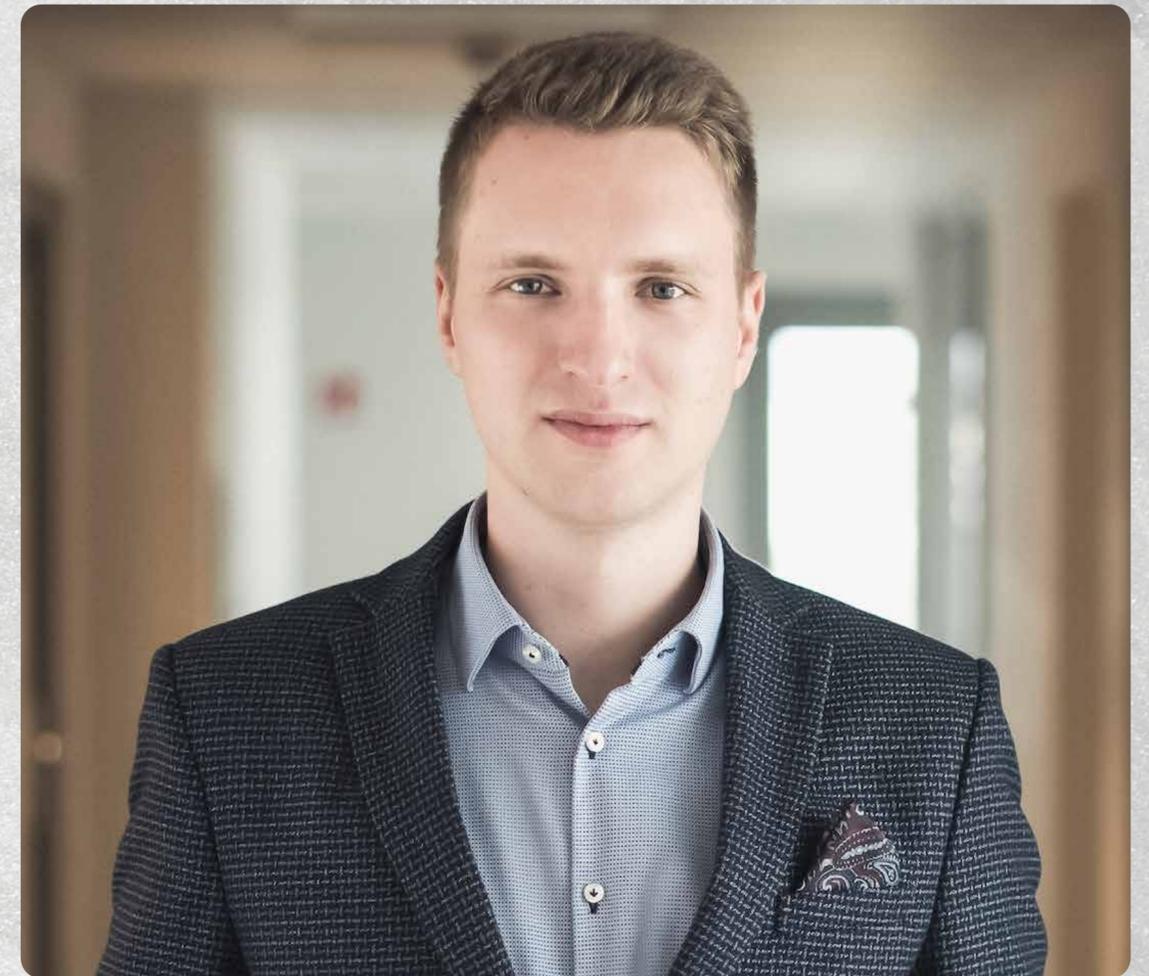
Environmental aspects cover a significant portion of our sustainability targets. Our industrial operations require substantial energy resources, which makes environmental indicators relevant both to ourselves and to our stakeholders. We have set ourselves ambitious goals to reduce our CO2 emissions, improve energy efficiency, reduce waste disposal by way of landfill and the amount of waste water generated by our manufacturing process, among other things.

In the area of social responsibility, we still prioritise the health and safety, personal satisfaction with work, and engagement of our employees. We have also set ourselves a goal to minimise the number of on-job incidents as well as employee turnover indicators. When it comes to governance, we have identified 10 internal policies that we agreed to update or create to achieve a synergy between the Group's strategy, sustainability requirements, and best international practices.

Next year, we will continue to consistently improve the financial, environmental, social, and governance sustainability of the Group and pursue our mission of building a circular future.

”

Grigeo



Tomas Jozonis
CEO of Grigeo AB

OUR ACTIVITIES

Grigeo Recycling SIA

Grigeo Klaipėda AB

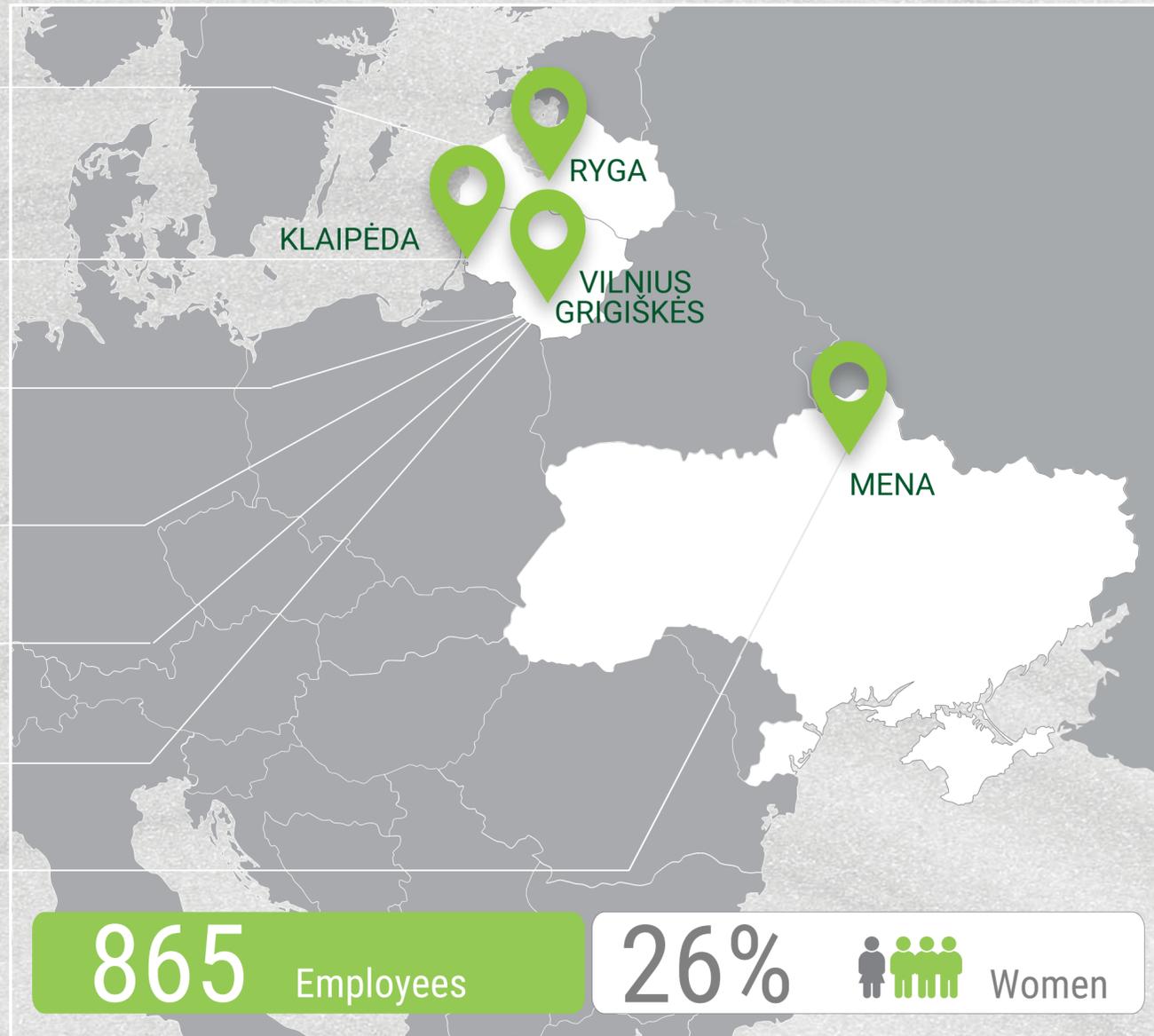
Grigeo AB

Grigeo Baltwood UAB

Grigeo Packaging UAB

Grigeo Recycling UAB

Mena Pak AT



Grigeo Group is the only group in Lithuania and one of the largest paper and wood industry groups in the Baltics.

GROUP BUSINESS SEGMENTS

	<p>TISSUE PAPER AND PAPER PRODUCTS Grigeo AB</p>
	<p>WOOD FIBREBOARDS Grigeo Baltwood UAB</p>
	<p>RAW MATERIAL FOR CORRUGATED BOARD AND RELATED PRODUCTS Grigeo Klaipėda AB Grigeo Packaging UAB Grigeo Recycling UAB Grigeo Recycling SIA Mena Pak AT</p>

SUSTAINABILITY RATINGS



The Group was awarded the **NASDAQ Environmental, Social, and Governance (ESG) Transparency Partner Label** in 2022, demonstrating the Group's commitment to market transparency and promoting ESG standards directly to investors and the general public.

MEMBERSHIP



OUR PRODUCTS

TISSUE PAPER



FIBREBOARD

- solid and painted solid panels

CONTAINERBOARD AND PACKAGING

- collection of secondary raw materials
- recycled paper as a raw material (testliner | fluting)
- corrugated cardboard packaging
- honeycomb filling

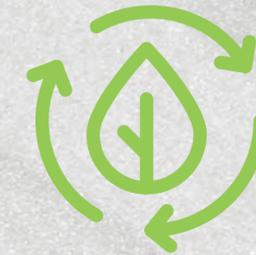


ISO 14001
ENVIRONMENTAL
MANAGEMENT SYSTEM

ISO 45001
OCCUPATIONAL HEALTH
AND SAFETY
MANAGEMENT STANDARD

ISO 9001
QUALITY
MANAGEMENT SYSTEM

Good manufacturing practice (GMP)
Management requirements



Our products are made from

98%

renewable raw materials



Recycled paper comprises

76%

of raw materials used for
production of new corrugated
boxes



Corrugated fibre-based
packaging material can be
recycled up to *

*Based on a recent independent study
conducted by Graz University of Technology
(Austria) in 2021

CREATING A CIRCULAR FUTURE: BUSINESS STRATEGY AND MISSION

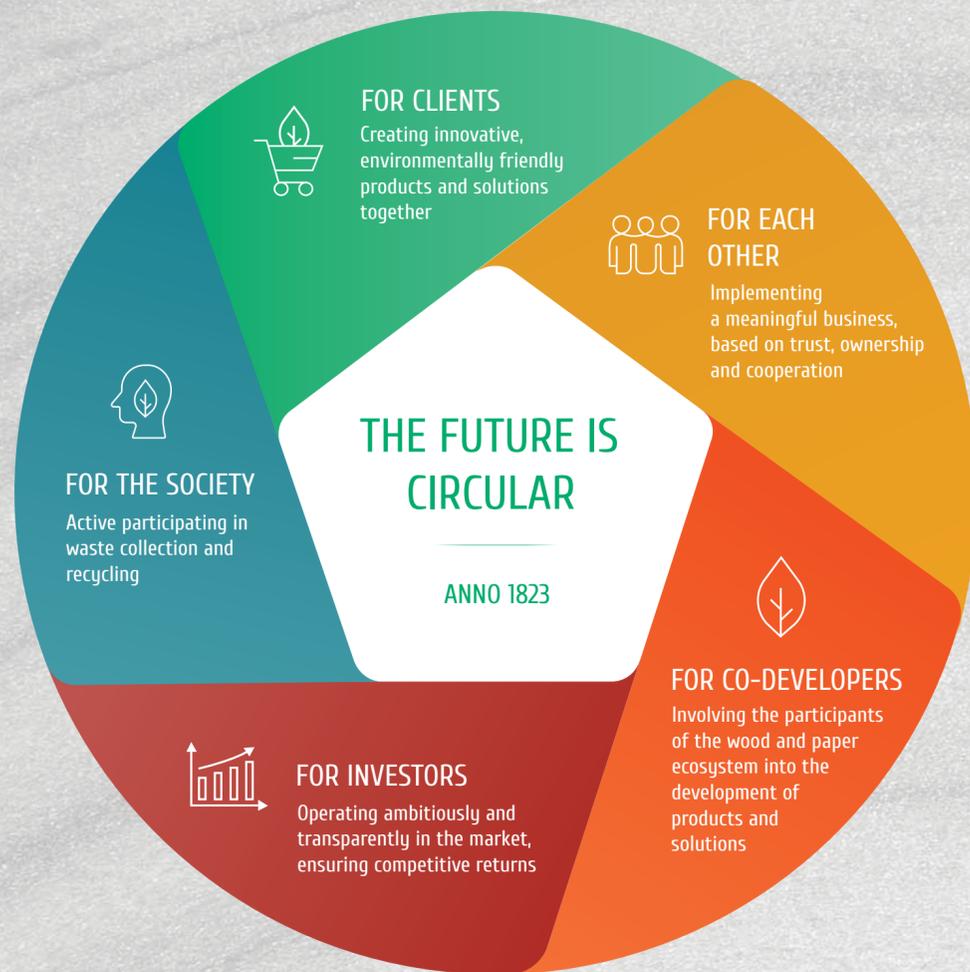
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MISSION AND VALUES

MISSION

STRATEGIC DIRECTIONS FOR 2026

VALUES



FOR CLIENTS:

Creating innovative, environmentally friendly products and solutions together



FOR EACH OTHER:

Implementing a meaningful business, based on trust, ownership and cooperation



FOR CO-DEVELOPERS:

Involving the participants of the wood and paper ecosystem into the development of products and solutions



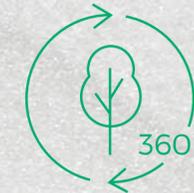
FOR INVESTORS:

Operating ambitiously and transparently in the market, ensuring competitive returns



FOR THE SOCIETY:

Active participating in waste collection and recycling



360° RESPONSIBLE



AGILE



PROFESSIONAL



TEAMWORK

SUSTAINABILITY: DIRECTIONS AND COMMITMENTS

COMMITMENT

DIRECTION

ENVIRONMENTAL



Environmental

- Reducing our GHG emission intensity
- Improving nature- and people-friendly product properties
- Improving energy mix
- Investing in energy efficiency
- Promoting responsible collection of waste paper
- Reducing chemical compound intensity
- Wastewater quality management
- Reducing disposable waste

SOCIAL



Reliable supplier and partner

- Responsible supply chain management
- Reducing virgin plastic packaging consumption

GOVERNANCE



Meaningful activities based on trust and cooperation

- Accident-free workplace
- Training and development
- Consistent feedback seeking
- Dialogue with local communities
- Promoting healthier lifestyle



Ambition and transparency in the market, ensuring competitive returns

- Zero tolerance to compliance breaches
- Increased transparency: sustainability reporting
- Strong and widely accepted policies



Reliable supplier and partner

- Supply chain transparency

SUSTAINABILITY TARGETS

THE GROUP HAS COMMITTED TO PURSUE THE FOLLOWING TARGETS:

TARGETS	UNIT OF MEASUREMENT	RESULT IN 2021	INTERIM RESULT IN 2022	CHANGE	TARGET FOR 2026	
ENVIRONMENTAL TARGETS	Reducing GHG intensity (Scope 1)	kgCO ₂ /ton of production	114.1	101.5	-11.0 %* ↓	-5.0 %
	Increasing energy efficiency	MWh/ton of production	2.56	2.54	-0.8 % ↓	-3.0 %
	Reducing waste that is diverted to disposal	kg/ton of production	53.0	50.8	-4.1 % ↓	-9.0 %
	Effluent reduction	m ³ /ton of production	7.1	6.8	-4 % ↓	-17.0 %
	Compliance with integrated pollution prevention and control requirements (IPPC)	Number of non-compliances	none	none	none ↓	none
	Increasing waste paper collection and sorting	Thousands of tons	53.0	60.0	+13.0 % ↑	+50.0 %
SOCIAL TARGETS	Reducing accidents at work	TRI ratio (number of accidents among employees per one million hours worked)	17.1	11.4	-5.7 ↓	8.0
	Employee turnover	Ratio of retired employees to the average number of employees	30.8 %	23.8 %	-7.0 pp ↓	22.0 %
	Employee retention rate	Ratio of workers employed for more than one year to total workers	85.7 %	87.0 %	+1.3 pp ↑	91.0 %
GOVERNANCE TARGETS	We have identified 10 internal policies that we will update or create to improve alignment with the Group's strategy, sustainability requirements and modern practices	The update of policies by the end of 2023	-	5	+5 ↑	10

* To reduce Scope 1 emissions, the Group is constantly investing in new facilities. However, the main factor leading to the reduction of Scope 1 emissions in 2022 was lower consumption of natural gas, when production processes had to be temporarily stopped due to the energy crisis, thus biofuel boilers were used more intensively. This indicator should be evaluated in the context of longer term of Group's activities.

ASSESSMENT OF KEY SUSTAINABILITY TOPICS

SIGNIFICANCE FOR INTERESTED PARTIES



- Environmental topic
- Social topic
- Economic topic
- Governance topic

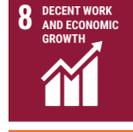
SIGNIFICANCE FOR GRIGEO GROUP

We analyzed the Grigeo Group's Strategic Materiality Assessment in 2022, which examined the most significant environmental, social, economic, and governance topics and impacts that were pertinent to our business and stakeholders.

The important subjects are linked to the Group's strategic objectives as well as the UN Sustainable Development Goals (SDGs).

LINKING SIGNIFICANT TOPICS TO SDGs

	RENEWABLE ENERGY	WATER MANAGEMENT	CIRCULAR ECONOMY	GHG EMISSIONS	WASTE MANAGEMENT	OCCUPATIONAL SAFETY AND HEALTH	HUMAN RIGHTS	EMPLOYEE WELL-BEING	FAIR COMPETITION	BIODIVERSITY	QUALITY CONTROL OF RAW MATERIAL	RETURN TO SHAREHOLDERS
3 GOOD HEALTH AND WELL-BEING						●						
5 GENDER EQUALITY							●					
8 DECENT WORK AND ECONOMIC GROWTH	●		●	●		●		●	●		●	●
9 INDUSTRY INNOVATION AND INFRASTRUCTURE		●										
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		●	●		●					●		
13 CLIMATE ACTION	●			●								
14 LIFE BELOW WATER		●										
15 LIFE ON LAND	●			●							●	



Environmental topic

Social topic

Economic topic

Governance topic

RELATION OF ACTIONS AND COMMITMENTS TO SDGS



SUSTAINABLE DEVELOPMENT GOALS



- Occupational safety and health (OSH) initiatives.
- Regular health checks.
- Health promotion.
- Improving the TRI indicator.



- Wastewater evaporator (Grigeo Baltwood UAB).
- Anaerobic bioreactor (Grigeo Klaipėda AB).



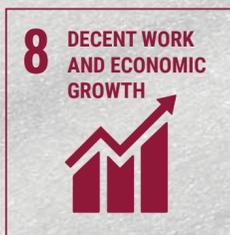
- Ensuring that all employees and applicants for management positions have equal opportunities.
- Track and disclose the percentage of women in management positions.



- Reduction waste that is diverted to disposal.
- Increasing waste paper collection.
- Effluent reduction.
- Compliance with water cumulative pollution indicators



- Wastewater evaporator (Grigeo Baltwood UAB).
- Anaerobic bioreactor (Grigeo Klaipėda AB).
- No direct discharge of wastewater into water bodies.



- Increasing the share of biofuels in the energy mix (Scope 1).
- Increase the share of renewable packaging.
- Increasing the collection of wastepaper.
- Occupational safety and health (OSH) initiatives.
- Improvement of the TRI indicator (reduction of accidents at work).



- Reduction of GHG emission intensity (Scope 1).
- Increasing the share of biofuels in the energy mix (Scope 1).



- Control of raw materials – to ensure that raw materials and biofuels are sourced from sustainably managed forests.
- Traceability of the supply chain.
- Improving energy efficiency.

OVERVIEW OF 2022: KEY IMPACTS OF SUSTAINABILITY AND ACHIEVEMENTS

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THE FUTURE IS CIRCULAR: KEY NUMBERS IN 2022

TISSUE PAPER

- Recycling of white waste paper.
- **24,599 tonnes** recycled into hygienic tissue paper.

COLLECTING, SORTING AND RECYCLING OF WASTE PAPER

- **131,557 tonnes** collected.
- **81%** total waste paper to cardboard paper production.

CONTAINERBOARD

- **99%** of reclaimed all materials
- **106,958 tonnes** of waste paper recycled into containerboard.



- **32%** of the paper produced by Grigeo Klaipeda AB is further converted into corrugated cardboard in our packaging factories.

- **100%** of our packaging is custom-made .

KEY NUMBERS IN 2022

Received subsidies under programs for companies in sectors particularly affected by energy prices:

 EUR **1.0** m

Support provided by the Group:

 EUR **0.3** m

Share of purchases from local suppliers (%)

 **66.5**

Export share of total production (%)

 **63.5**

Paid taxes EUR **11.7** m

Consolidated revenue EUR **203.2** m

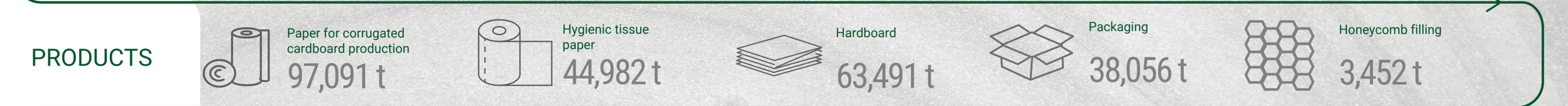
Consolidated EBITDA EUR **21.4** m

Consolidated net profit EUR **10.6** m

Employee remuneration fund EUR **23.4** m

IMPACT

RESOURCES



INVESTMENTS IN SUSTAINABILITY PROCESSES IN 2022



INVESTMENT

IMPACT

INDUSTRIAL TISSUE (SHEET) CONVERTING LINE (NEW BUSINESS SEGMENT PRODUCT).

The value of the project is **EUR 3.8 m**

The automatic line replaced the former semi-automatic production line. Waste paper and cellulose processing capacity increased by **4,200 t** per year.

Operating at full load avoids at least **182 t** of CO₂ equivalent emissions from transport.

CENTRALIZED WASTE COLLECTION SYSTEM

The value of the project is **EUR 0.7 m**

The concentration of dust in the air has decreased.

Works automatically, thus reducing the amount of unnecessary or suboptimal operations. Eliminated the need to transport scraps.

The scraps are automatically pressed. It improved work safety and saved additional space in the workplace.

INTERNAL LOGISTICS SYSTEM

The value of the project is **EUR 0.85 m**

The fully automated system has replaced liquefied petroleum gas (LPG) powered forklifts.

100% increase in lifting capacity has halved transport distances.

100% electric system will significantly reduce CO₂ emissions.

EVAPORATOR OF WASTEWATER

The value of the project is **EUR 2 m**

Up to **2%** of organic material is returned to the production cycle.

Wastewater treatment efficiency **>95%**.



INVESTMENTS IN SUSTAINABILITY PROCESSES IN 2023

INVESTMENT

IMPACT



CONDENSING ECONOMISER

The value of the project is **EUR 2 m**

CO2 emissions are expected to be reduced by **24 tons** per year.

The aim is to reduce technical heat losses by **50%**.

3 MWH ROOFTOP SOLAR POWER STATION

The value of the project is **EUR 2.1 m**

Annual electricity generation is expected to reach **2,900 MWh**.

About **2%** of the Group's electricity needs would be in-house generated.



ANAEROBIC BIOREACTOR

The value of the project is **EUR 2.65 m**

COD/BOD₇ reduction at waste water approximately **80%**.

Biogas from the anaerobic processes will be used for energy by reducing natural gas at boiler house up to **8%**.

Odor control.

GRIGEO BALTWOOD UAB EVAPORATOR OF WASTEWATER

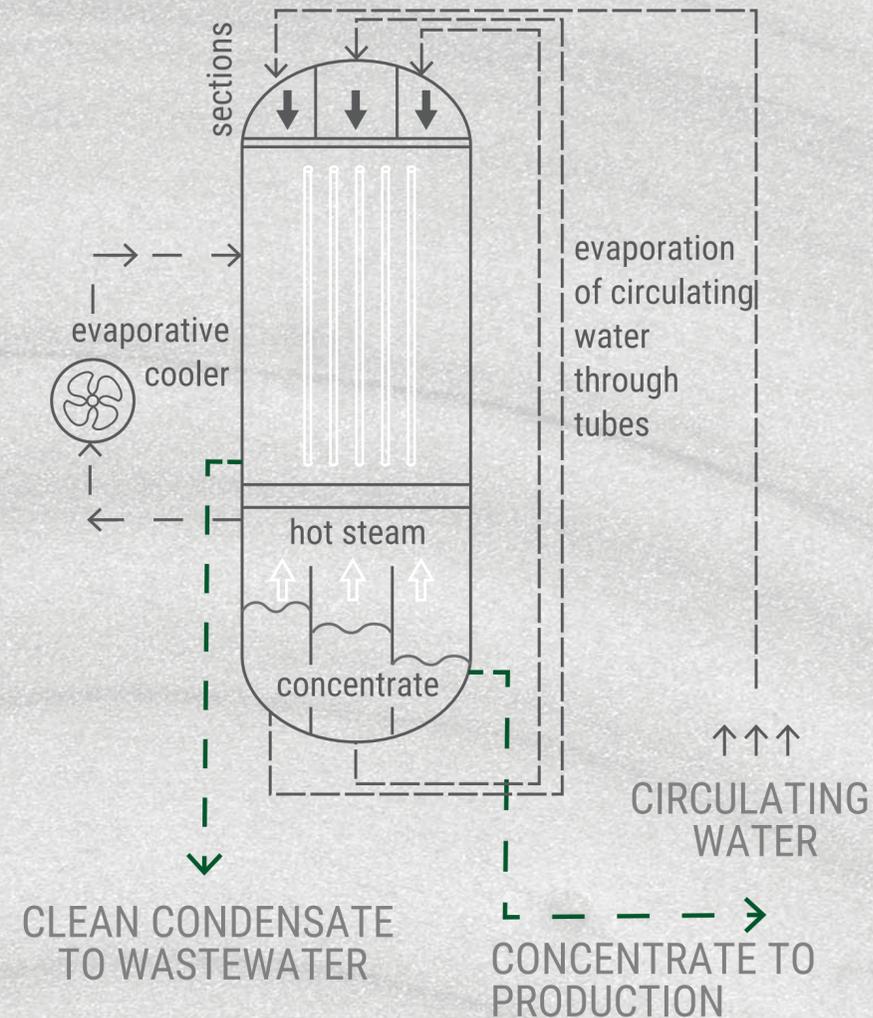
GOAL

TO REDUCE THE SATURATION OF ORGANIC MATTER IN THE WASTEWATER GENERATED IN FIBREBOARD PRODUCTION PROCESS.

CHALLENGE

It is estimated that up to 3% of fiber material processed by Grigeo Baltwood UAB end up in wastewater. This is due to the production technology where the finer fibers are washed out together with the effluent. These micron-sized fibers join with resin from softwood used in the production, become sticky and therefore cannot be effectively filtered. High temperature of the waste water further complicates the cleaning process.

SOLUTION - EVAPORATOR OF WASTEWATER

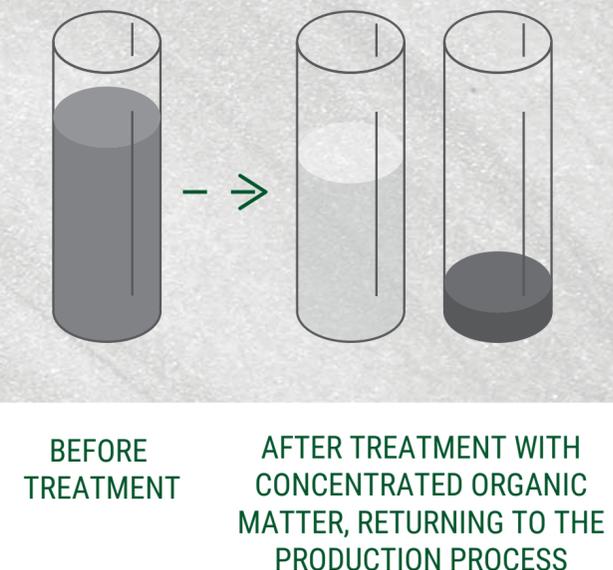


FIRST RESULTS

Water usage reduced by **50 %**

The concentration of organic materials allows us **to return** them to fibreboard production process.

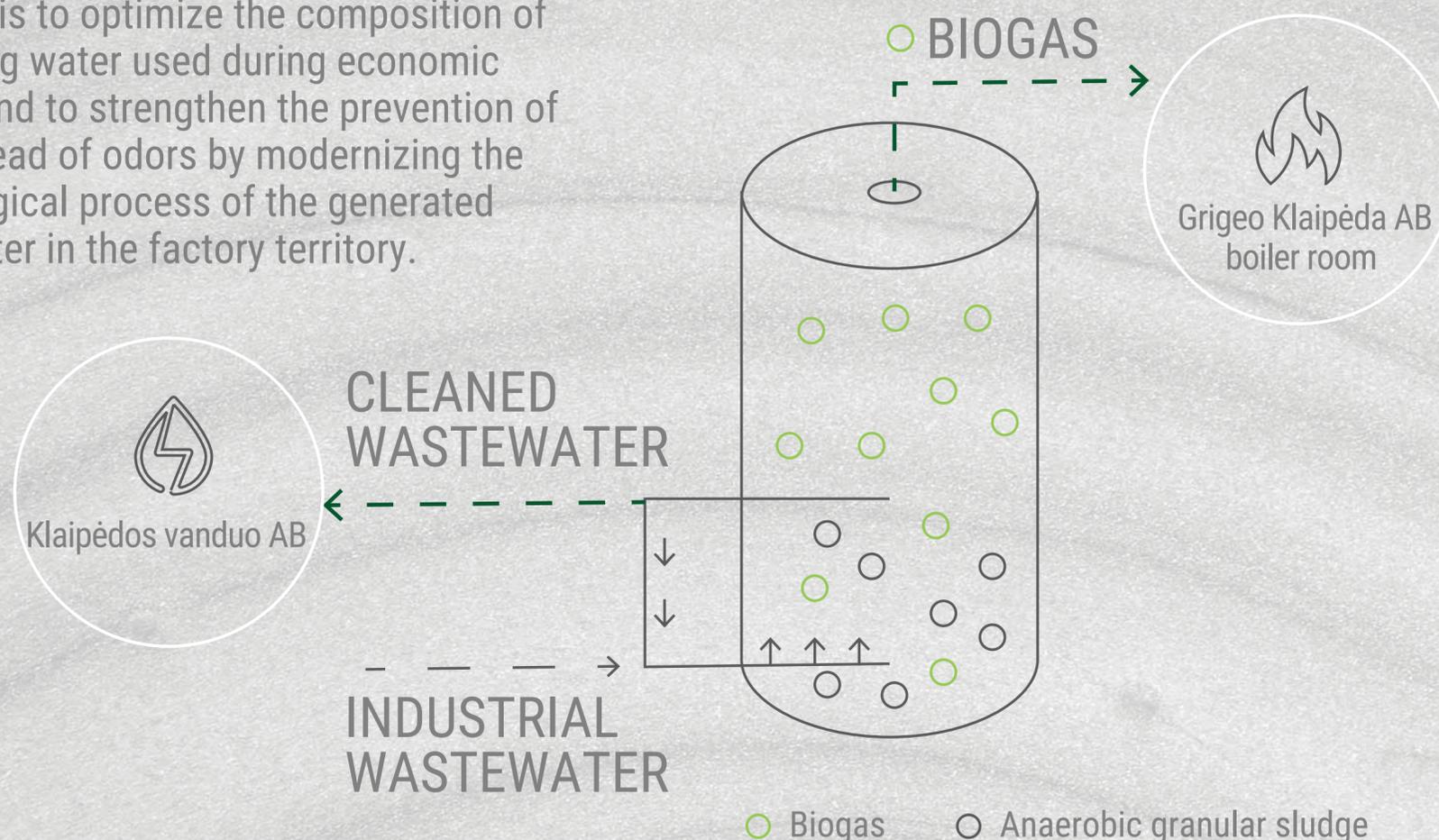
The efficiency of this wastewater treatment is higher than **95 %**



ANAEROBIC BIOREACTOR GRIGEO KLAIPĖDA AB

ANAEROBIC BIOREACTOR IS ONE OF THE MOST INNOVATIVE INDUSTRIAL WASTEWATER TREATMENT TECHNOLOGIES WHICH IS WIDELY USED IN THE PAPER INDUSTRY

The goal is to optimize the composition of circulating water used during economic activity and to strengthen the prevention of local spread of odors by modernizing the technological process of the generated wastewater in the factory territory.



EXPECTED IMPACT

~ **80%** reduction of BOD₇ / COD wastewater pollution.

The use of biogas in the production process will reduce the use of natural gas by up to **8%**. Accordingly, it would affect the reduction of CO₂ emissions in scope 1.

More effective management of the dispersion of the resulting odors.

GRIGEO KLAIPĖDA AB SOLUTIONS TO RESTORE THE ENVIRONMENT*

THE EFFECT OF CUTTING OF REEDS ON THE ENVIRONMENT

CUTTING OF REEDS IS AN EFFICIENT WAY OF REMOVING BIOGENIC POLLUTANTS (MOSTLY NITROGEN AND PHOSPHORUS) FROM BODIES OF WATER.

Cutting and removal of reed biomass would result in the restoration of the specific to the Curonian lagoon sandy coasts as well as habitats for rare animal and plant species, and the reduction of organic matter accumulating in the Curonian lagoon, which altogether would alleviate negative effects of eutrophication. Having restored open bays and having formed branches, the processes of waterlogging of the coasts of the Curonian lagoon would be eliminated, as well as recreational space and views to the Curonian lagoon would open, which would increase the biodiversity and recreational potential of the region.

MODERNIZATION OF SURFACE WASTEWATER TREATMENT FACILITIES (PREVENTIVE MEASURE)

In 2022, a trilateral cooperation agreement was concluded between Klaipėda City Municipality, Klaipėdos vanduo AB and Grigeo Klaipėda AB, in which the parties agreed to prepare and implement the construction and operation program of Klaipėdos vanduo AB surface wastewater treatment facilities.

This measure would reduce the entry of oil products, floating substances, and organic matter into the Klaipėda Strait. This would have a positive impact on reducing the eutrophication of the Curonian Lagoon.

The approximate value of the project is EUR 2m., which will be financed free of charge by Grigeo Klaipėda AB.

OTHER AREAS OF OUR RESEARCH

Removal of cyanobacteria from the Curonian lagoon

Creation of wetlands in the Minija basin area

Growth of Dreissenidae (mollusks)

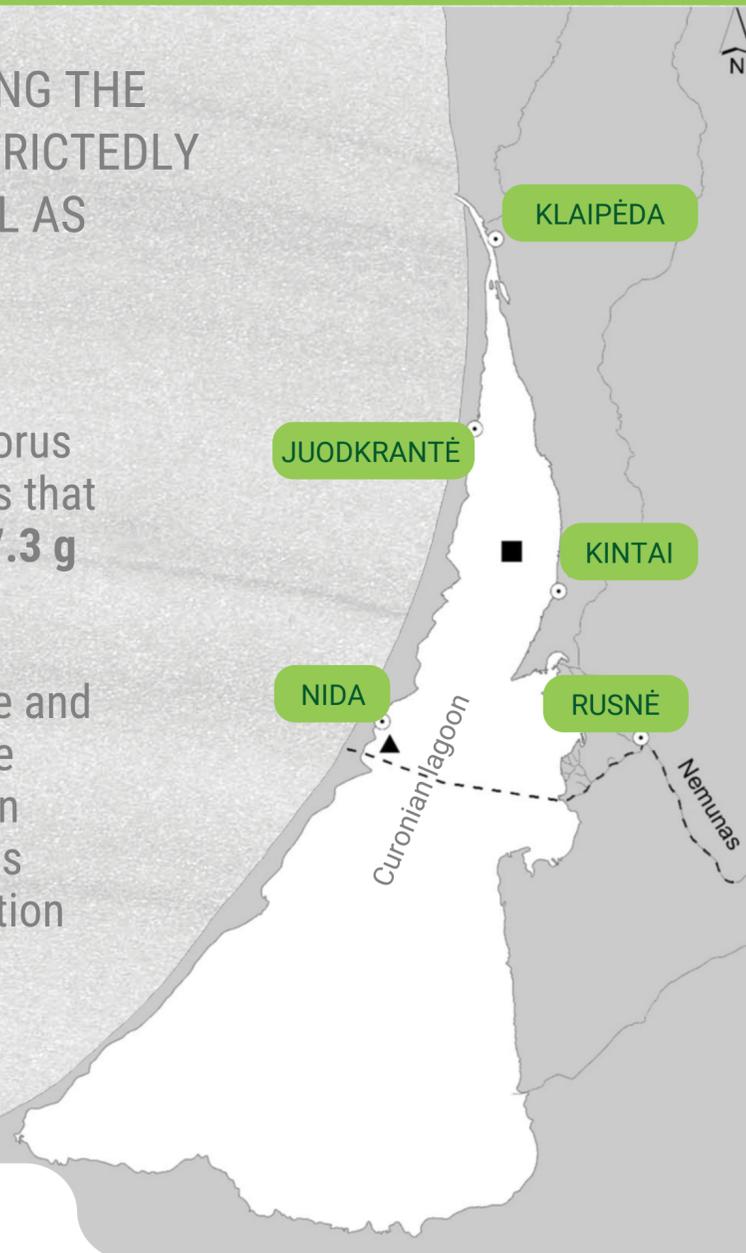
* Grigeo Klaipėda AB plans and projects of ecological restoration designed to achieve a sustainable change due to the environmental incident in 2020, when it was concluded that Grigeo Klaipėda AB released only partially biologically treated wastewater through the treated wastewater collector of municipal company Klaipėdos vanduo AB. Grigeo Klaipėda AB industrial wastewaters contained such pollutants (which could have affected the Curonian lagoon) as nitrogen, phosphorus, and BOD₇ (biological oxygen demand). In 2021, Grigeo Klaipėda AB with the help of Lithuanian and foreign scientists as well as environmental experts assessed various feasible alternatives for the removal of pollutants from the natural environment and/or environmental restoration to improve the quality of water in the Curonian lagoon. Grigeo Klaipėda AB assumed responsibility for this incident, conducted internal inspections and commissioned international scientific expertise to establish the fact and the scale of possible environmental damage.

CUTTING OF REEDS: PILOT PROJECT

AROUND 5 THOUSAND HA REED BEDS STRETCH ALONG THE CURONIAN LAGOON AND ITS COASTS. THEY UNRESTRICTEDLY SPREAD DUE TO AGRICULTURAL POLLUTION AS WELL AS DOMESTIC AND INDUSTRIAL WASTEWATER*.

Intensive growth of reed beds and their spread is a consequence of the excess of pollutants (mostly phosphorus and nitrogen) in the water. Conducted research concludes that 1 sq. m. of reeds accumulate **7.2 g** of phosphorus and **87.3 g** of nitrogen of during the season.

Grigeo Klaipėda AB, removing reeds on their own initiative and at their own expense, seeks to remove pollutants from the Curonian lagoon and implement environmental restoration measures. The measure used to remove reed biomass has been initiated and presented to the Environmental Protection Department based on the EU regulations in the sphere of environmental protection.



* Overview of the status of the Curonian lagoon (in Lithuanian).

www.grigeoklaipeda.lt/poveikis-aplinkai/kursiu-mariu-tarsos-incidentas/

** The absolute dry weight of reed biomass is given.



IN 2021, 15,5 T OF REEDS WERE HARVESTED**

Amounts of pollutants were removed from the Curonian Lagoon
(results based on the laboratory):

0.07 t
of nitrogen

11.63 t
of BOD₇ matter

0.02 t
of phosphorus

Pilot project period: 22.11.2021 – 26.11.2021.

IN 2022, 165,4 T OF REEDS WERE HARVESTED**

Amounts of pollutants were removed from the Curonian Lagoon
(results based on the laboratory):

0.4 t
of nitrogen

148.11 t
of BOD₇ matter

0.05 t
of phosphorus

Pilot project period: 24.03.2022 – 14.04.2022.

THE RESULTS OF CUTTING OF REEDS PILOT MEASURE

IN 2021-2022, GRIGEO KLAIPĒDA AB IMPLEMENTED TWO PILOT PROJECTS FOCUSED ON CUTTING OF REEDS. THE RESULTS OF THESE PROJECTS WERE VERIFIED BY LABORATORY TESTS:

The weight of harvested reeds:

180.9 t

The amount of pollutants removed:

nitrogen (N) 0.47 t

phosphorus (P) 0.07 t

BOD₇ 159.74 t

THE HARVESTED REEDS ARE USED IN SUSTAINABLE WAYS, IN SUCH ORDER OF PRIORITY:

FOR ROOFING

New product is being developed, whose longevity is approx. 50 years

FOR BIOFUEL

Helps reduce the demand for fossil fuels, biogenic CO₂ is released

FOR COMPOST

As green waste returned to the environment



INVESTMENTS IN ENVIRONMENTAL PROTECTION RESEARCH

2022 RESULTS

I PROGRAM



The creation and implementation of monitoring system of air pollution (industrial and from transportation, as well as volatile organic compounds) in the city of Klaipėda.

- Conducted a scientific literature review on the possibilities of utilization of neural networks for assessment of ship emissions
- Based on the conducted analysis, the article on possible assessment methods of ship emissions with the help of direct measurement instruments and using mathematical models was published
- Based on the analysis, the artificial neural network modelling software license was selected and purchased.
- AIS (Automatic identification system) of data processing algorithm was created
- Using the methods of neural networks, the first prototype of a forecasting model for ship emissions in Klaipėda port was created

II PROGRAM



The application of advanced treatment technologies for the containment and disposal of hazardous organic micro-pollutants in urban wastewater treatment plants.

- The program is in progress and its results will be announced in forthcoming reports.

III PROGRAM



The provision of support for bachelor's and master's study projects in the preparation of graduation papers.

- The program is in progress and its results will be announced in forthcoming reports.



IN JUNE 2020, GRIGEO KLAIPĖDA AB SIGNED A SUPPORT AGREEMENT WITH THE KLAIPĖDA UNIVERSITY REGARDING THE PROVISION OF TARGETED SUPPORT OF EUR 500 THOUSAND FOR THE DEVELOPMENT OF ENVIRONMENTAL POLLUTION REDUCTION SOLUTIONS IN THE KLAIPĖDA REGION AND TRAINING OF ENVIRONMENTAL SPECIALISTS.

EUR 500 thousand

5 years

3 environmental protection programs

Long-term solutions

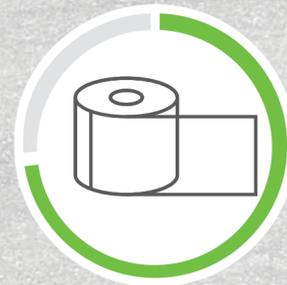
PROTECTION OF THE ENVIRONMENT



ENERGY

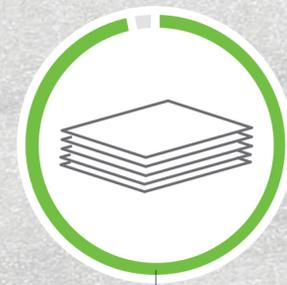
USE OF RENEWABLE ENERGY

TISSUE PAPER



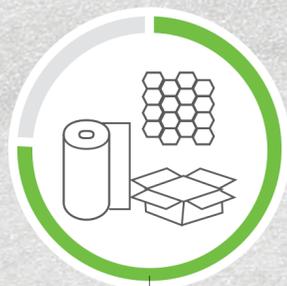
69%

FIBREBOARD



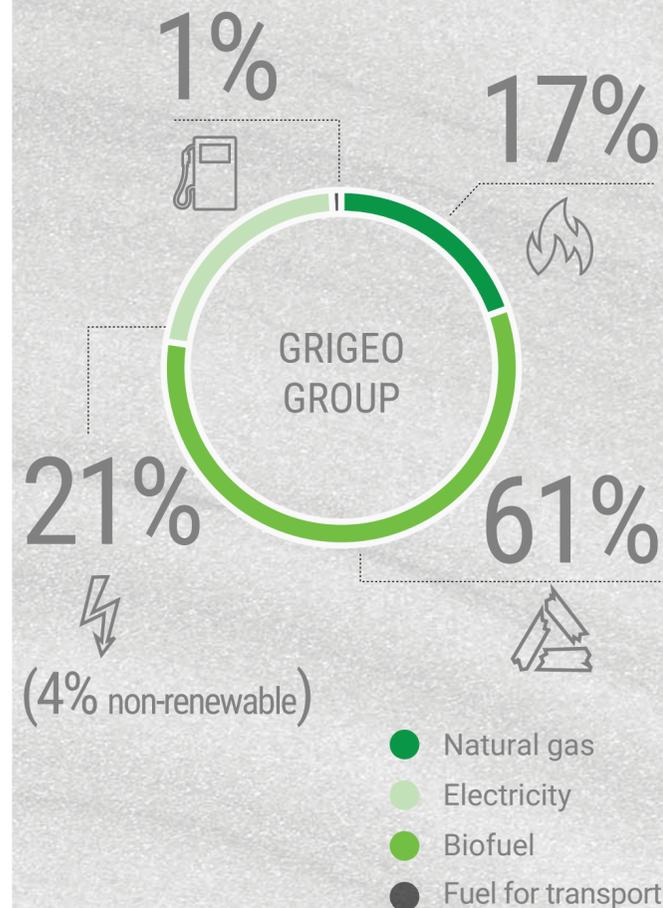
96%

CONTAINERBOARD AND PACKAGING



73%

ENERGY MIX GRIGEO GROUP %



78% certified renewable energy in the Group biofuel and electricity

PAPER PRODUCTION IS A RESOURCE AND ENERGY IMPACTIVE INDUSTRY.

The economic and environmental performance of our production facilities is largely determined by their energy efficiency. Energy efficiency investments will continue to be a strategic priority of our investments.

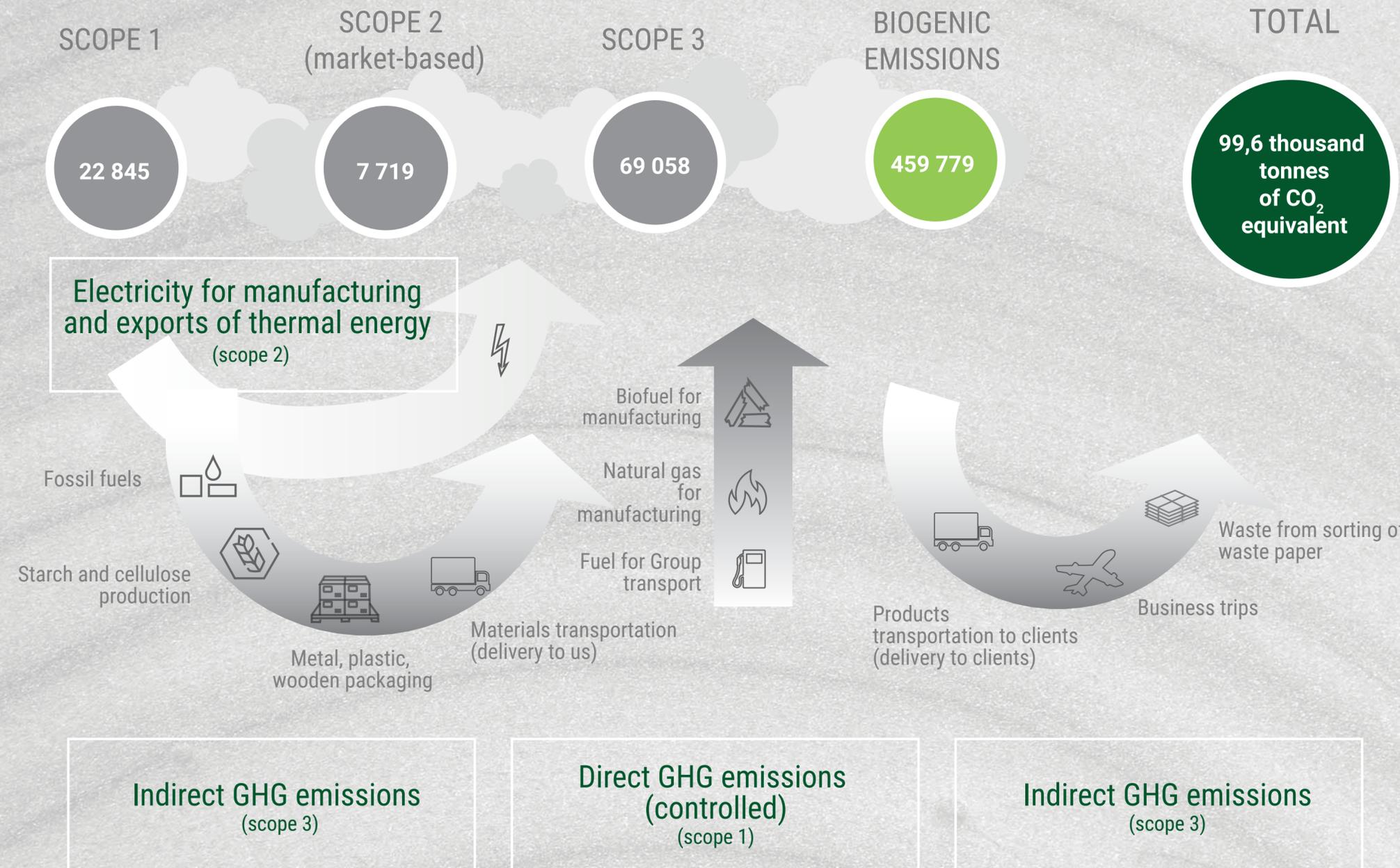
Our consumption of electricity amounted to **117GWh in 2022**. It is the second-largest source of energy used in our manufacturing. **1% of Lithuania's total electricity** was used by the Group.

In 2022, the Group decided to invest in renewable energy generation capacity rather than green certificates, the price of which had skyrocketed on the market. More than **3 MWh solar power facility** in Grigiškės is scheduled to begin operations in 2024.

Reduction in energy consumption per produced tonne (from **2 556 KWh** to **2 536 KWh**)

↓ **- 0,8%**

CLIMATE CHANGE: OUR IMPACT



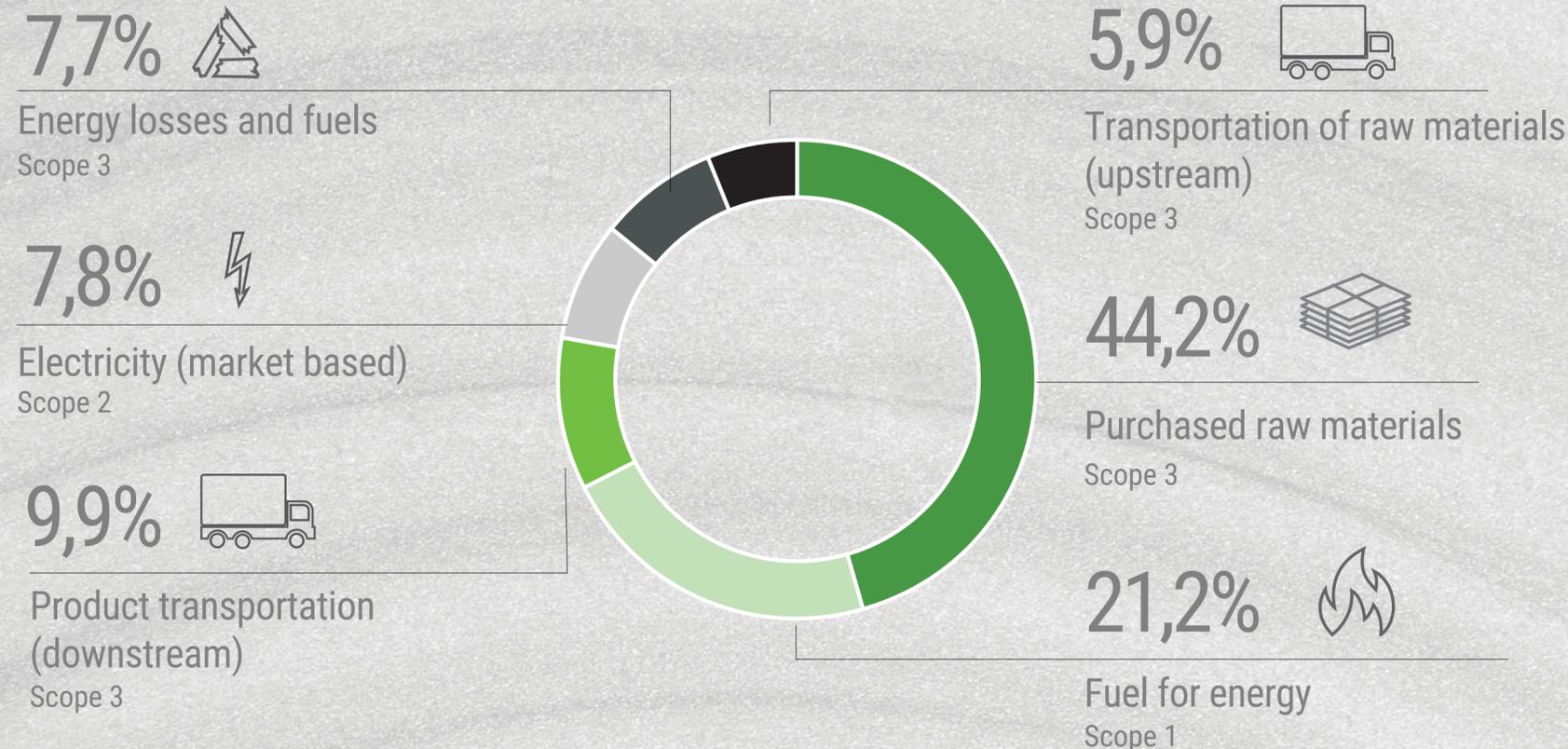
We have committed to reduce our GHG (kgCO₂e emissions) intensity by 5% per tonne of production in **Scope 1** by 2026 ↓ **- 5%**

STRATEGIC DIRECTIONS:

- Increasing the share of biofuels in the energy mix
- Group investments in new installations

The GHG emissions from the Group's and Group companies' activities are calculated in compliance with the GHG Protocol standard. A Corporate Accounting and Reporting Standard.

CLIMATE CHANGE: GHG EMISSION CATEGORIES



SCOPE 2 EMISSIONS

In 2021, almost all of our Group's electricity consumption was generated from renewable sources (virtually no GHG emissions).

Scope 2 emissions in 2022 increased by **94%** compared to 2021.

In 2022, the Group decided to invest in renewable energy generation capacity, abandoning green certificates, whose price, on the purchase market, had risen drastically.

SCOPE 3 EMISSIONS

accounted for **70%** of total emissions in 2022 (**73%** in 2021).

Transport (sale of products, purchase of raw materials, as well as transport of intermediate products and raw materials between Group companies) accounts for a significant share of emissions (**16%** in 2022 and **18%** in 2021).

AVERAGE GHG EMISSIONS KG CO₂e TONS OF PRODUCT (Scope 1 and 2)

196,6 Tissue paper

44,3 Fibreboard

168,5 Containerboard and packaging

CLIMATE CHANGE RISKS AND POTENTIAL IMPACTS

	SHORT- AND LONG-TERM IMPACTS OF CLIMATE CHANGE	ILLUSTRATIVE IMPACT ON THE VALUE CHAIN	GUIDELINES FOR OUR ACTIVITIES
TECHNOLOGY AND MARKET SHIFTS	<ul style="list-style-type: none"> • Policies and investments to build a low-carbon economy. 	<ul style="list-style-type: none"> • Increased demand for energy-efficient and low-carbon products. • New technologies that are transforming traditional industries. 	<ul style="list-style-type: none"> • Shifting to renewable energy to eliminate scope 2 GHG emissions. • Increasing energy consumption efficiency. • Refurbishing of machinery. • Diligent monitoring of performance.
REPUTATION	<ul style="list-style-type: none"> • Increasing awareness of climate change. • Rising expectations for responsible manufacturing. • Public attention to deforestation. • Concerns about manufacturing waste. • Concerns about water consumption. 	<ul style="list-style-type: none"> • Growing concern and public pressure. • Opportunity to improve reputation and brand value. • Opportunity for consistent communication with stakeholders. 	<ul style="list-style-type: none"> • Improving transparency. • Assessing and measuring our impact. • Updating our procurement policy. • Active engagement with stakeholders. • Regular reporting. • Increased contribution to other environmental objectives, e.g. circular economy.
POLICY AND LEGAL	<ul style="list-style-type: none"> • Increasing requirements. • Regulatory changes at national and EU level. 	<ul style="list-style-type: none"> • Stricter permitting procedures. • Increased operating costs. • Rising taxes. • Concerns about corporate liability. 	<ul style="list-style-type: none"> • Monitoring and anticipating changes in legislation directly affecting our operations. • Tracking regulatory changes through the supply chain.
PHYSICAL RISKS	<ul style="list-style-type: none"> • Increased intensity and duration of extreme weather events such as heat waves, storms and floods. • Increased evaporation of surface water. • Increased mineral content of surface water. • Rising sea levels. • Rising air temperatures. • Increase in the risk of fires. • Changes in the seasons. 	<ul style="list-style-type: none"> • Increased supply chain disruptions. • Production disruptions. • Impaired reliability of material supply. • Unpredictable asset values and insurance claims. • Increased cost of capital. • Volatility of share price. • Increase in CAPEX.. 	<ul style="list-style-type: none"> • Intensive monitoring. • Climate Change Adaptation Plans. • Continuous engagement with suppliers. • Improving climate change scenario analysis. • Regular review of climate change scenarios.

We used the TCFD (Task Force on Climate – Related Financial Disclosures) reporting principles to analyse the potential impacts of climate change on the Group's activities.

RAW MATERIALS

98% OF OUR RAW MATERIALS ARE RENEWABLE

TISSUE PAPER



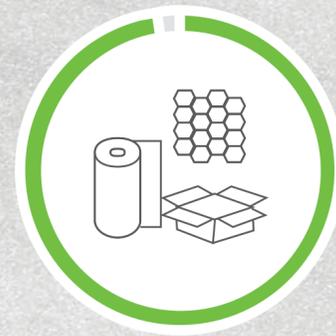
97%

FIBREBOARD



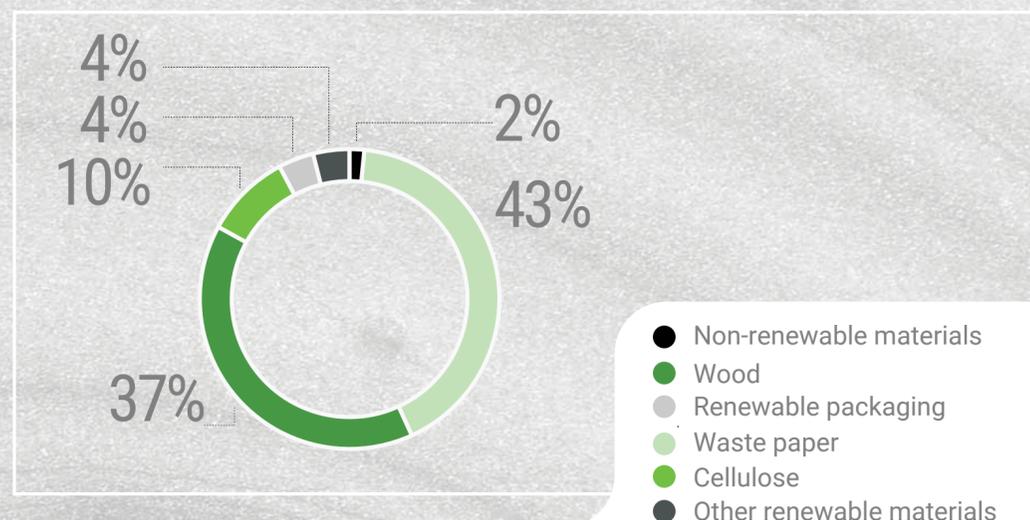
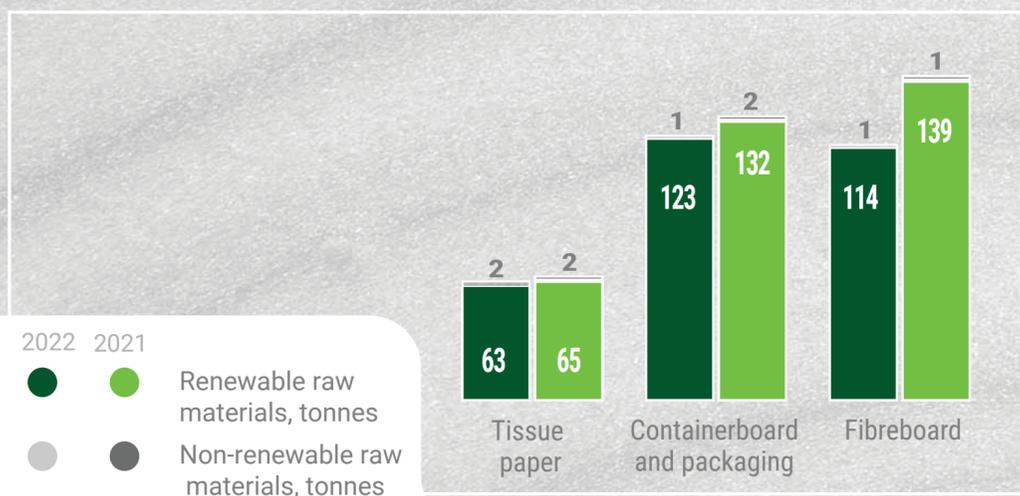
99%

CONTAINERBOARD AND PACKAGING



99%

CONSUMED RAW MATERIALS



WE STRIVE TO ENSURE SUSTAINABLE AND RESPONSIBLE SOURCING OF RAW MATERIALS AND SUPPLIES.

All fibre (cellulose, wood) produced and purchased is **FSC®** Chain of Custody certified.

Responsible sourcing is also ensured by the **Group's Procurement Policy**, which sets out key principles and guidelines for procurement.

The policy is available on the Grigeo Group website

www.grigeo.it/en/policies

RATIONAL USE OF WATER AND WASTEWATER QUALITY – OUR PRIORITY

WE ARE CONTINUOUSLY IMPROVING THE RECYCLING CYCLE DURING PRODUCTION TO REUSE WATER. THE FREQUENCY OF REUSE VARIES DEPENDING ON PRODUCT SPECIFICATIONS.



The composition of water discharged from our facilities is mostly influenced by the materials used in our manufacturing process. Water is used at virtually every stage of paper (hygienic, containerboard, and fiberboard) production.



The quality of waste streams from paper, containerboard, or hardboard manufacturing is typically measured as Biological Oxygen Demand (BOD), the amount of phosphorus and solid particles.



As per our agreements with third-party water treatment providers, we monitor wastewater pollution regularly.

In 2022,
131 thousand tonnes
waste paper was recycled.

During the treatment, various particles (adhesive labels, plastic, polystyrene, etc.) are removed, which become waste and affect wastewater.

We have committed to reduce **wastewater** m³ per tonne of production by 2026 **↓ -17%**

PROGRESS

Wastewater per m³ tonne of production decreases by 4% in 2022 (compared to 2021) **-4%**

In 2022, Grigeo AB implemented a project to collect rainwater from the roofs of buildings. **0,5%** the amount collected - of the water used for production processes.

OUR WATER-RELATED DATA ARE ACCESSED HERE:

GRIGEO AB monitoring platform [>](#)

GRIGEO KLAIPĖDA AB monitoring platform [>](#)

WASTEWATER TONS OF PRODUCT PRODUCED, m³

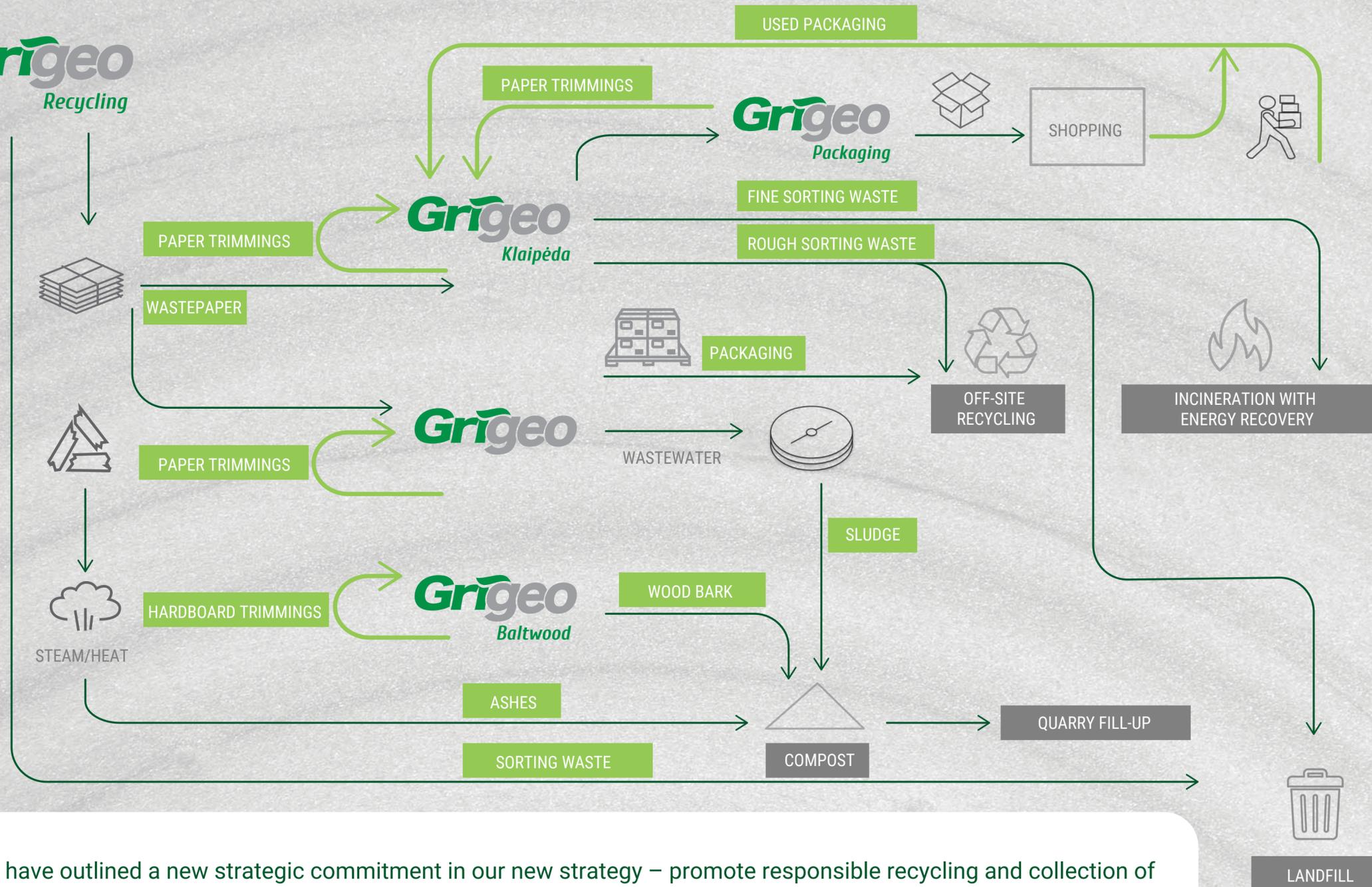
10,6 Tissue paper

5,1 Fibreboard

6,3 Containerboard and packaging

WASTE

Grigeo
Recycling



We have outlined a new strategic commitment in our new strategy – promote responsible recycling and collection of wastepaper, reduce the amount of waste directed to landfill sites, as well as reinforce responsible supply chain management.

Grigeo

In 2022,

305 thousand t
of materials used
for production

GRIGEО GROUP,
2022

Our activities generated

28 thousand tonnes of waste

39%

Diverted to disposal
(with energy recovery
and to landfill)

61%

Directed to recycling
and other operations

A LARGE PART OF WASTE CAN BE RETURNED INTO THE PRODUCTION CYCLE WITHIN THE GROUP MAKES OUR MANUFACTURING PROCESS UNIQUE.



22%

all waste - paper and cardboard scraps and defective products - have been returned to the recycling and manufacturing cycle within our Group.

WASTE

The amount of waste diverted to disposal per tonne of production has been reduced from **53.0 kg/t** in 2021 to **50.8 kg/t**

↓ -2,2%



Improved operation of Grigeo Klaipėda's AB wastepaper handling facilities and raw material control process.



Waste from the thermal processes of Grigeo Klaipėda AB – the ash from the biofuel boiler house, is not sent to landfill, but composted by the waste manager and used to produce another product (organic fertiliser and compost).

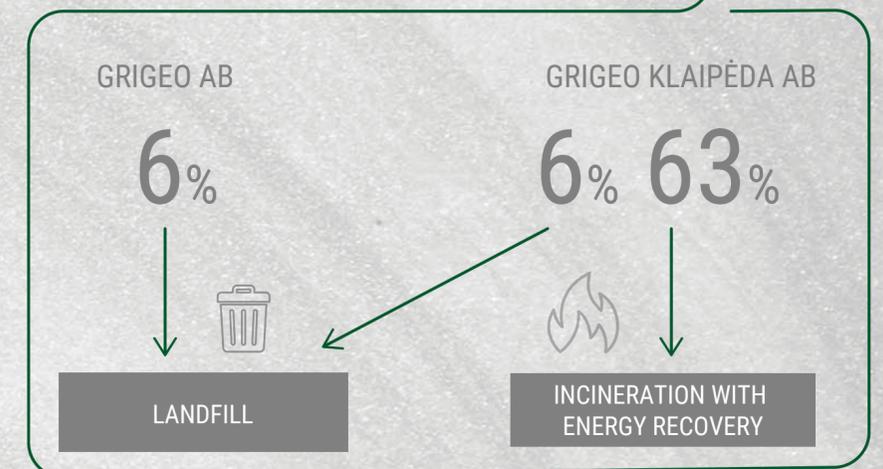
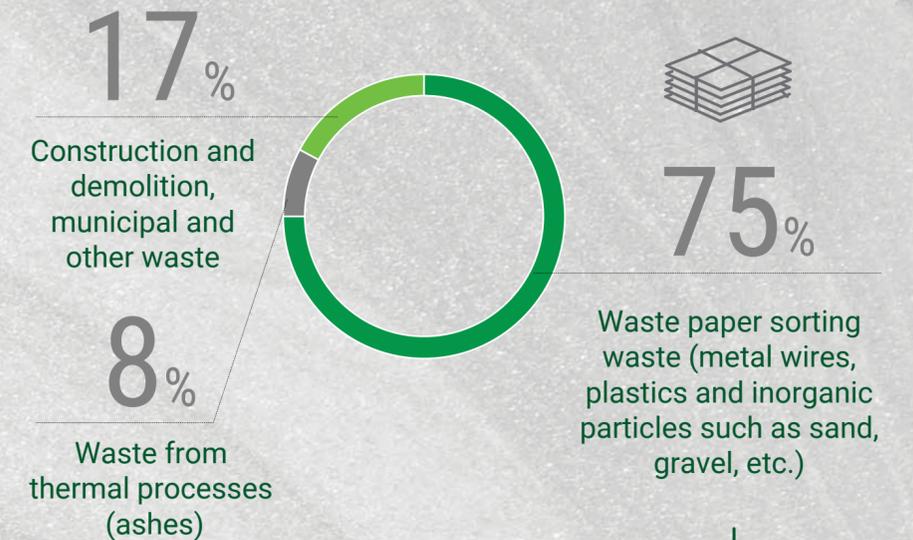


Grigeo AB has a centralised waste collection system.

We strive to continuously improve our waste paper handling facilities and quality control processes for the raw materials we collect. It is important for us to contribute to public education on waste sorting. The high quality of the raw materials ensures that what we collect for recycling is actually recyclable.



WASTE DIVERTED TO DISPOSAL OUTSIDE THE GROUP



99,6% of generated waste is non-dangerous

EMPLOYEES AND SOCIAL RESPONSIBILITY

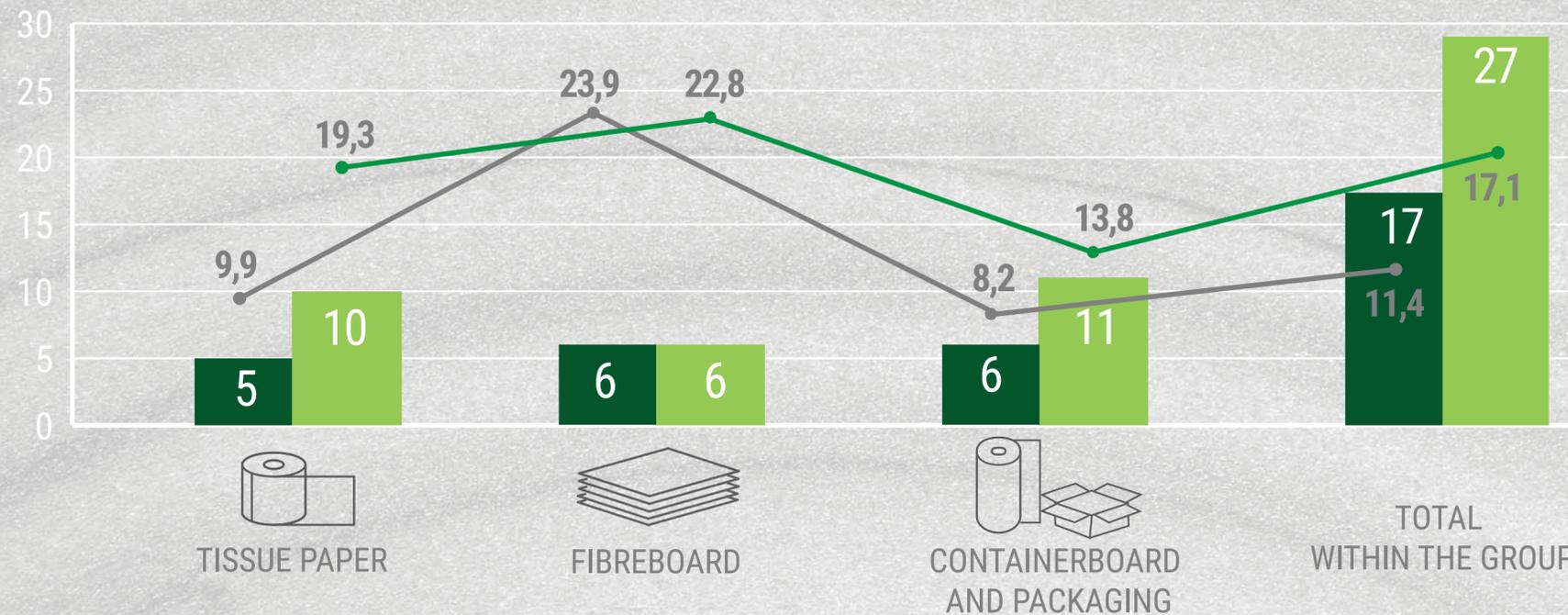
A circular logo with the word "Grigeo" in green is visible on a bottle in the background image. Below the main title, there is a white horizontal line and a thick, solid green horizontal bar.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

Our occupational health and safety management processes ensure:

ISO 45001
OCCUPATIONAL HEALTH AND SAFETY management standard

THE NUMBER OF LIGHT ACCIDENTS IN 2021-2022



● 2022 ● 2021

In Group companies in 2022 there has not been a single recorded case of serious injury, either among our employees or outsourced contractors.

— 2022 — 2021

Total Recordable Incident Rate (TRIR). Total number of accidents per 1 000,000 hours worked.

ENSURING A SAFE WORKING ENVIRONMENT - The Group's strategic priority. We constantly improve occupational safety areas and processes, and invest in ensuring and preventing OSH.

Until 2026 we are committed to **reducing the number of accidents at work.**

↓ **8** TRIR

PROGRESS

Compared to 2021 TRIR indicator

-5,7%

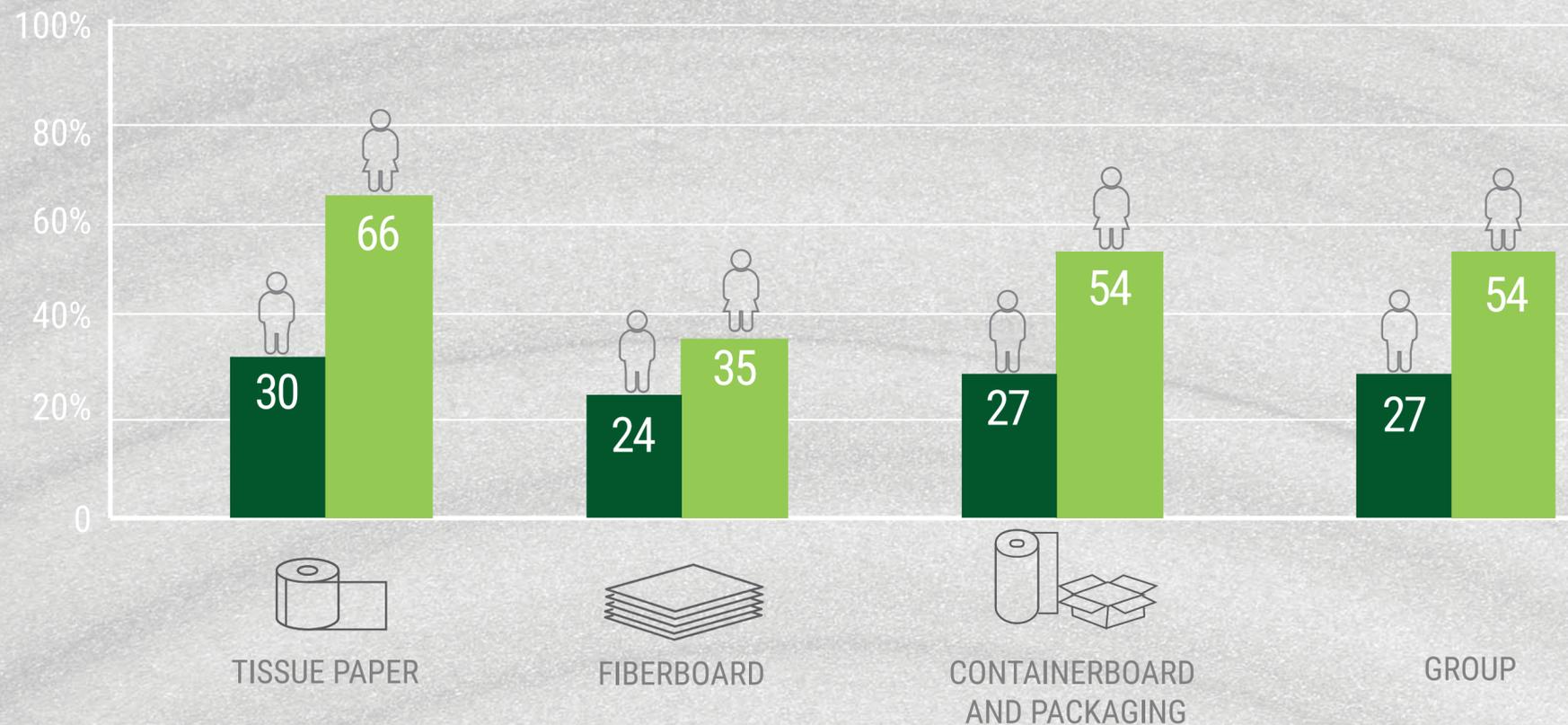
Our employees are encouraged to report potentially dangerous breaches or risks in the internal **E-REGISTER**, which allows consolidating a zero-tolerance policy to breaches of occupational safety.

In the Group of the companies, **OSH committees** are established, consisting of employer and employee representatives.

The Group takes care of the health of its employees by providing **ADDITIONAL HEALTH INSURANCE**.

DIALOGUE AND FEEDBACK

SHARE OF EMPLOYEES RECEIVING ANNUAL PERFORMANCE REVIEW



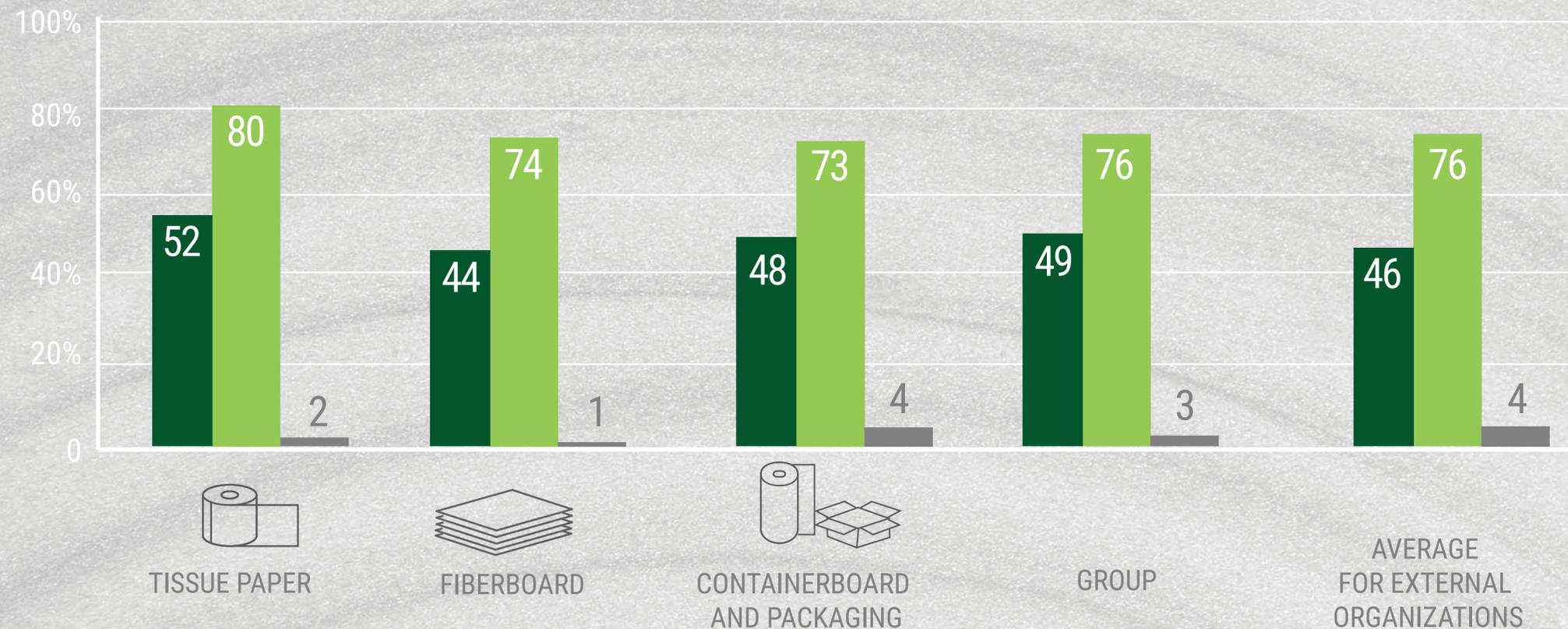
● Men ● Women

The form of providing feedback is a **DISCUSSION OF PERFORMANCE RESULTS**, which aims to review the performance results of employees, career prospects and development expectations, strengthening the motivation of employees to actively pursue new goals, thereby contributing to the Group's good performance.

In the Group, feedback interviews are held with **employees at all levels** and are always based on gender equality and other non-discrimination grounds.

EMPLOYEE ENGAGEMENT

RESULTS OF THE ANNUAL SURVEY



● Engaged
 ● Satisfied
 ● Not engaged

Our long-term success is determined by **engaged and motivated people** with whom we seek to grow together.

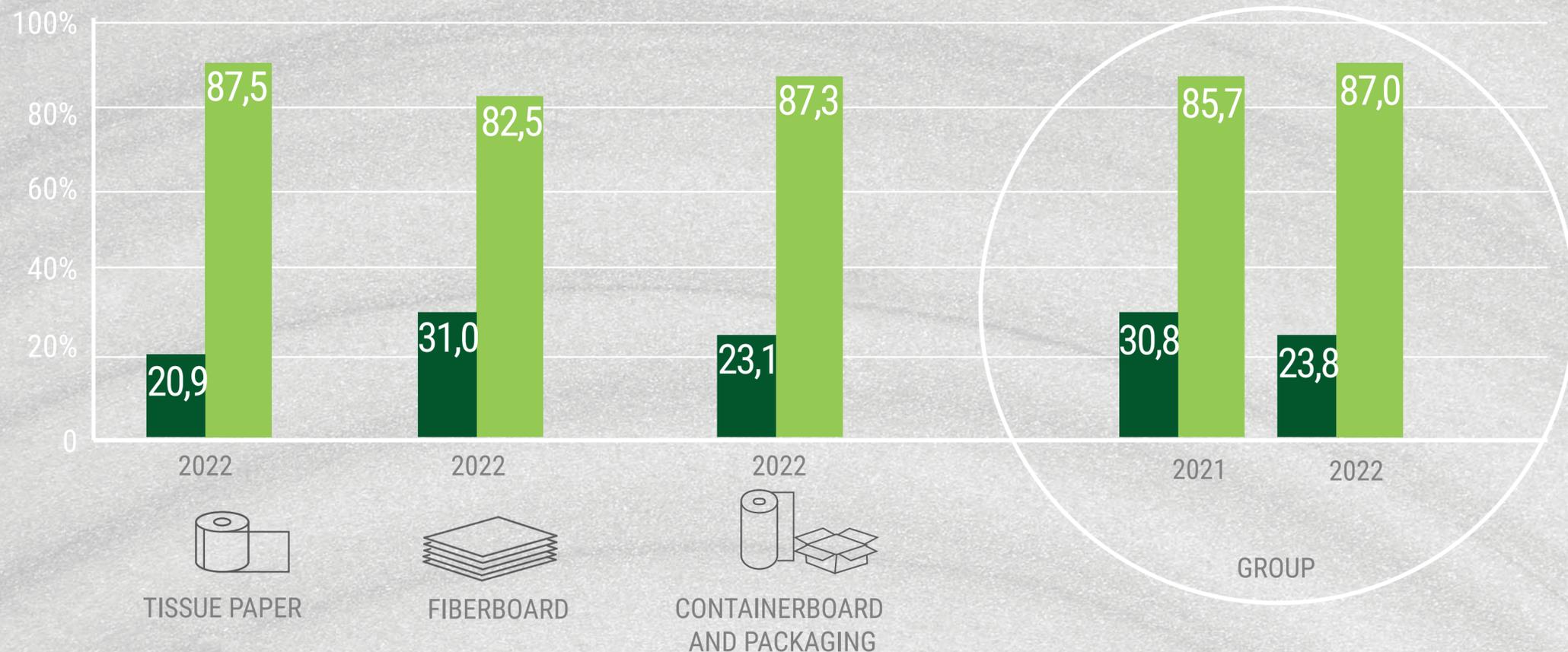
The Group places great emphasis on employee experience management. We conduct an **annual survey to determine the current level of employee engagement**. The results of the engagement survey are presented and discussed with the employees.

It helps Group's companies to **strengthen organizational culture**, positive employee experience, physical work environment and technology.

Compared to 2021 increased rate of engaged employees **+3%**

EMPLOYEE RETENTION AND TURNOVER

EMPLOYEE TURNOVER AND RETENTION RATES



● Employee turnover

● Employee retention rate

The Group pays special attention to employee retention and talent attraction.

Until 2026 we are committed to **reducing employee turnover*** ↓ - 22%
and **increase employee retention**** ↑ 91%

PROGRESS

Employee turnover ↓ - 7.00pp
Employee retention ↑ 1,3pp

- ✓ Competitive salary
- ✓ Interesting and meaningful work
- ✓ Competence development
- ✓ Involvement in ongoing projects
- ✓ Evaluation of employees for achieved results

* The ratio of employees with whom the employment relationship was terminated to the average number of employees

** Ratio of employees working for more than one year to all employees

INVESTMENTS IN GROWTH

PREPARATION OF UNIQUE INDUSTRY PROFESSIONALS

52 thousand hours
of formal training in 2022.

132 Eur
Formal training fund per employee

67 hours
Formal training per employee, including
in-house training

Eur **101** thousand
Training budget, 2022



Training programs for
production workers



Professional growth
programs for specialists



Need-based professional
improvement training for
management

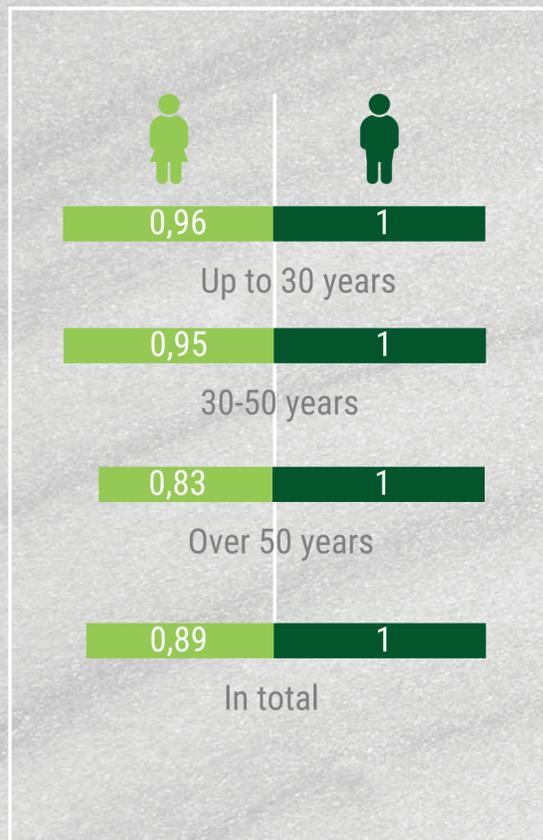
Work in paper industry means **running powerful, complex, and oftentimes potentially dangerous equipment.**

Only **highly qualified professionals** can control and manage such machinery.

Our professional training programs are designed to **maximize the potential of all employees** and provide them with growth opportunities.

PAYROLL SYSTEM

THE GENDER PAY GAP RATIO



● Women ● Men

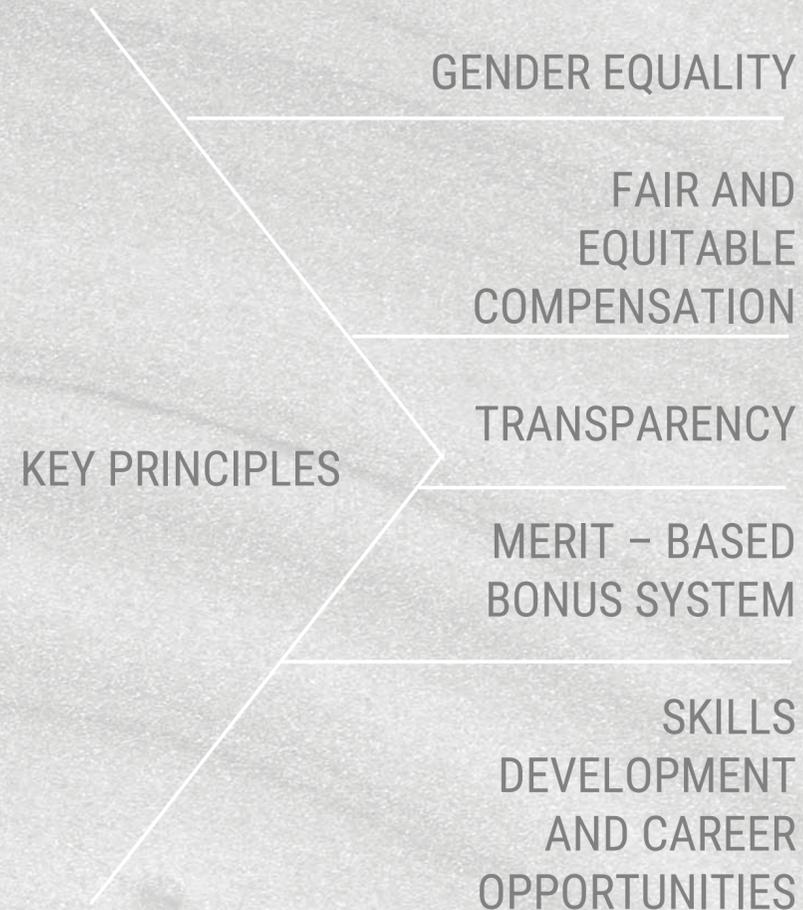
KEY REMUNERATION NUMBERS

EUR **23.4 m.**
General Group remuneration

6 %
Annual Remuneration Fund Growth

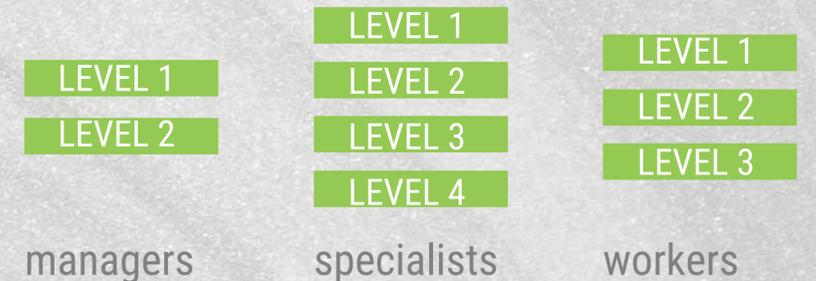
8.6
The ratio of the annual remuneration of the president of Grigeo AB compared to the median remuneration of all employees

PRINCIPLES OF PAYROLL SYSTEM



The Group strives to constantly motivate its employees and provide the opportunity to use additional benefits.

POSITIONS IN GROUP COMPANIES ARE DIVIDED INTO THREE MAIN GROUPS OF POSITIONS:



Additional monetary incentive systems are applied to all groups of positions or certain individual positions.

SUPPORT TO COMMUNITIES

GRIGEO GROUP SUPPORT IN 2022

EUR **291** thousand



EUR **196** thousand

Support of environmental and social projects and initiatives of external organizations for implementation.



EUR **95** thousand

Support for Ukraine

One of our most important commitments for society –



FOSTERING DIALOGUE WITH LOCAL COMMUNITIES

We seek to find the best ways to foster open dialogue with employees, neighbor communities, and other interested parties.

Group's companies provide financial support for the implementation of environmental and social projects and initiatives of various external organizations. Since the beginning of the war in Ukraine, the Group has been supporting Ukraine by providing humanitarian and financial support to charity and support organizations. In 2022 the implementation of the support agreement between Grigeo Klaipėda AB and Klaipėda University was continued in order to create solutions for reducing environmental pollution in the Klaipėda region.

WE OPERATE ETHICALLY AND RESPONSIBLY: PRINCIPLES OF GOVERNANCE

WHILE IMPLEMENTING THE GROUP'S STRATEGIC GOALS, WE AIM TO ENSURE TRANSPARENCY, OPENNESS AND GOOD MANAGEMENT PRACTICES TO OUR STAKEHOLDERS:



TRANSPARENCY,
FAIRNESS AND
ANTI-CORRUPTION



RESPECT FOR
HUMAN RIGHTS
AND FREEDOMS



RESPECT FOR
THE
ENVIRONMENT
AND SOCIETY



AVOIDANCE OF
CONFLICTS OF
INTEREST



CONFIDENTIALITY

The code of business ethics and other sustainability management policies of Grigeo Group

www.grigeo.it/en/policies

OUR FULL REPORT
CAN BE
ACCESSED HERE:

