

AB ŽEMAITIJOS PIENAS
Reporting period:
1 January 2019 – 31 December 2019



SOCIAL RESPONSIBILITY REPORT

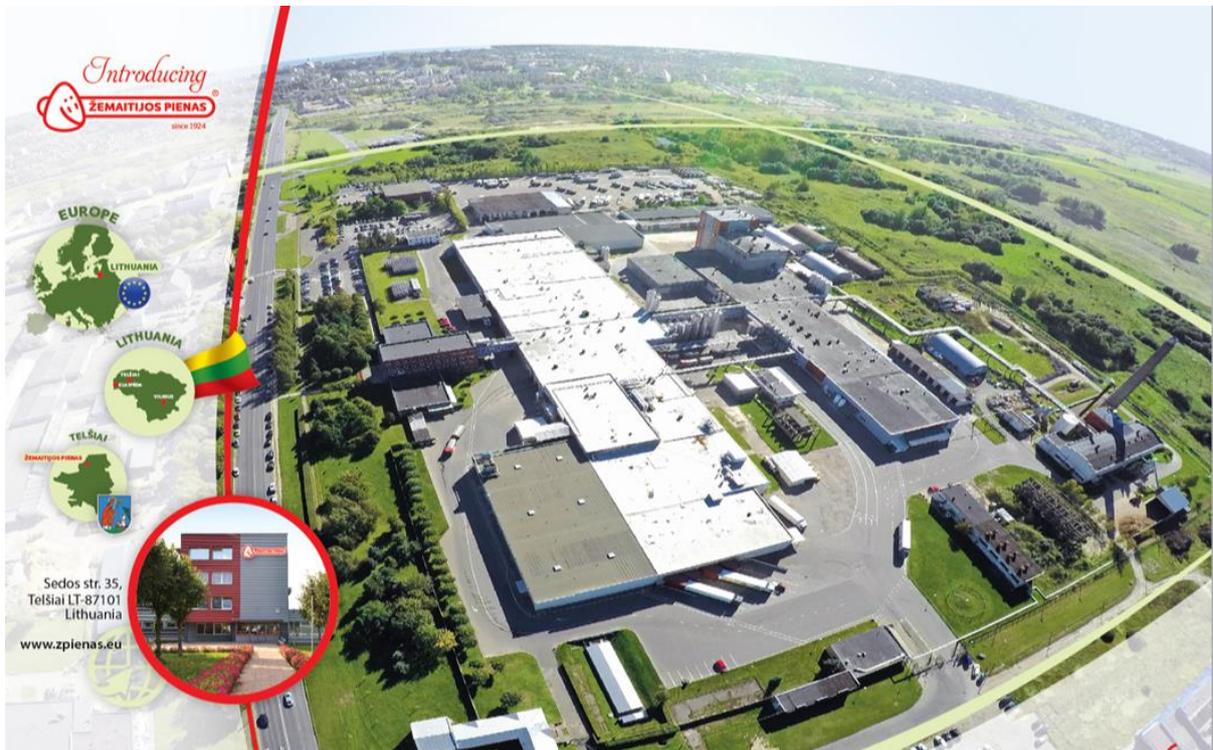
AB ŽEMAITIJOS PIENAS Social Responsibility Report for 2019

This social responsibility (SR) report provides an overview of the social and environmental activities, implemented or planned to be implemented by AB ŽEMAITIJOS PIENAS, with an assessment of the results already achieved and thus informing the parties, interested in the company (consumers, employees, partners, suppliers, investors, authorities, non-governmental organisations, civic society) on its responsible business practice. This report is prepared not only because it is mandatory according to the Law on Company Financial Statements of the Republic of Lithuania, which implements the EU Directive 2014/95/EU, but also the Company's understanding that social responsibility reporting promotes innovations and learning, which helps companies grow their business, increase their organisation's value and strengthen their image as an employer.

The report has been prepared according to the Global Reporting Initiative (GRI) guidelines.

The social responsibility report provides information, related to environmental protection, social and staff issues, human rights, corruption and bribery prevention, also the major risks that are related to these fields.

This is the third social responsibility report, prepared by AB ŽEMAITIJOS PIENAS and, although a separate document, it is related to the Company's annual report.



Word from the CEO



The year of 2019 was the year of breakthrough and we have confidently started it with competent employees and strong and established brands, supported by foreign markets and clearly-visible achievements.

AB ŽEMAITIJOS PIENAS consistently continues its initiatives that help to create a safe and healthy working place and a motivating working environment, also improve youth employment opportunities and prevent the company's negative effect on the environment.

The company always strives for maximum quality, thus constantly consulting with the leaders of dairy production sector all over the world, investing into latest technology and using high-end Bactocatch milk sterilisation technology, increasing the assortment of goods, improving staff competencies and taking care of environmental issues.

Everyone at our company knows that trying is not enough – you can only enjoy the results that you have achieved. You can also achieve highest results by taking steps – even small, but confident – every day. We believe that the company's growth is possible only by cooperating with our clients and other interested parties, using innovation and striving for sustainable development.

CEO Robertas Pažemeckas

A handwritten signature in blue ink, appearing to read 'R. Paž.' with a stylized flourish at the end.

About AB ŽEMAITIJOS PIENAS

AB ŽEMAITIJOS PIENAS is a stock company, registered in the Republic of Lithuania, with its address at Sedos g. 35, Telšiai, Lithuania (hereinafter – Company).

The Company has structural divisions with warehouses and transport in Vilnius, Kaunas, Klaipėda and Panevėžys.

The consolidated AB ŽEMAITIJOS PIENAS company group consists of the parent company AB ŽEMAITIJOS PIENAS and its subsidiary ABF Šilutės Rambynas.

As of 1997, the Company's ordinary registered shares have been included into the Baltic Secondary Trading List of Nasdaq Vilnius stock exchange market.

AB ŽEMAITIJOS PIENAS is a Lithuanian dairy company with long dairy processing traditions, cherishing classic dairy production recipes and technology, promoting the revival and consumption of heritage and cultural products with a century-old history, also striving for innovation, as well as developing and offering new and unusual products for its consumers.

The beginning of AB ŽEMAITIJOS PIENAS dates back to 1924 – the establishment of Telšiai Dairy. At the time the dairy's capacity was regarded as truly high. In 1984, the Company moved to new premises and successfully implemented its activity until the opening and privatisation of Telšiai Cheese Factory, which was the largest in the Baltic States.

Impeccable work and quality is the Company's flag, which undoubtedly signifies that AB ŽEMAITIJOS PIENAS is a reliable and solid company, established in the local market and promoting Samogitia and 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 seek for ambitious goals and overcome new challenges both in local and international markets.

With years of work experience and unique recipes the Company can offer its consumers a wide range of products, known for their excellent taste and high quality. To this day, the Company has more than 200 new products that consumers already like, including DOBILAS organic dairy products. MAGIJA products have earned consumers' trust and astonishing popularity since the very beginning. Buyers love fermented and melted cheeses, also PIK-NIK – the only unripened cheese strings in Lithuania.

The hard cheese DŽIUGAS is the pride of both the Company and Lithuania, earning highest awards at numerous Lithuanian and international exhibitions. The company is proud of its 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 our national culinary heritage. Some of the Company's products are based on traditional technology and are made of only traditional raw materials and additives, earning these unique products certificates of Lithuanian culinary heritage and the special Fund brand.

The cheese brand DŽIUGAS has been awarded a Protected Geographical Indication (PGI) from the European Commission. In order to earn the Protected Geographical Indication, it is necessary to prove the product's relations with a specific geographic region and what makes it different from similar products, produced in other places. To be categorised as a traditional product, it must be produced from traditional raw materials and for at least 30 years using traditional methods passed down for generations. The proof of such includes historical sources, technological documentation or other information. The relation of DŽIUGAS cheese and its geographic location is based on the product's good name, experience of its producers and a legend. The geographical indication sends the consumer a message that what he has purchased is a special, unique and high-quality product, which builds confidence in the product, creates a greater added value and helps the producers of regional specific products to compete in the market.

In line with the global tendencies of reducing sugar consumption, AB ŽEMAITIJOS PIENAS continues to reduce the amount of sugar in organic DOBILAS yoghurts – in the first half of 2019 the amount of sugar was reduced by about 10 % more. It should also be noted that the Company constantly aims at improving the quality of its ingredients, maintaining continuity in developing new flavours.

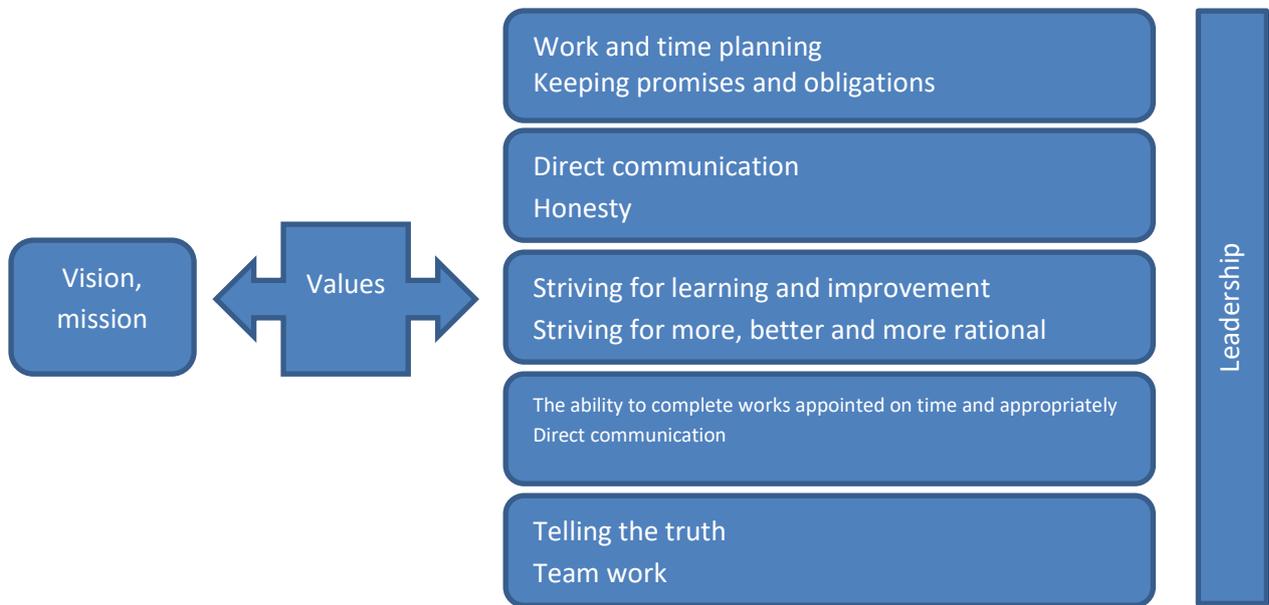
Seeking to remain competitive in both raw milk procurement and dairy sales markets, the Company is constantly investing into the modernisation of production equipment introducing the most advanced technology. As of 2015, the Company has implemented and started using several new technologies. One of these is the high-capacity milk sterilisation line. The Company also invests into saving energy and improving business management processes 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.

Vision, mission, values

Seeking for the leading positions in the Lithuanian dairy market, the priority of AB ŽEMAITIJOS PIENAS falls not only on producing 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 with ŽEMAITIJOS BRAND, but also on being a socially-responsible company in all areas.

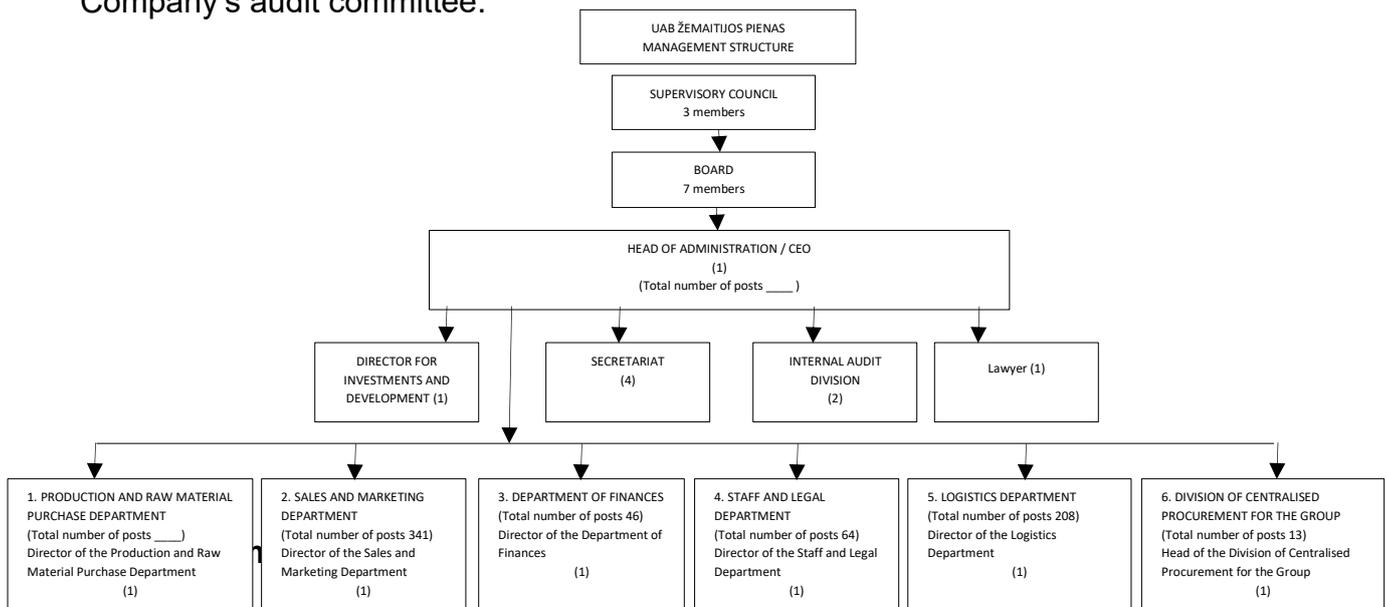
We keep striving to satisfy our clients' expectations and look for new markets, establishing not only with excellent products, services and a different type of development, but also attracting experts, who represent the Company's interests while cooperating with our clients and market partners in a professional way.



Management structure

The Company's management bodies consist of the board and the CEO. The Board currently consists of five de facto members (6 members by 10 January 2020), De jure has seven board members foreseen. The number of their tenures is unlimited. The chairman of the board is elected by the board members from the board members.

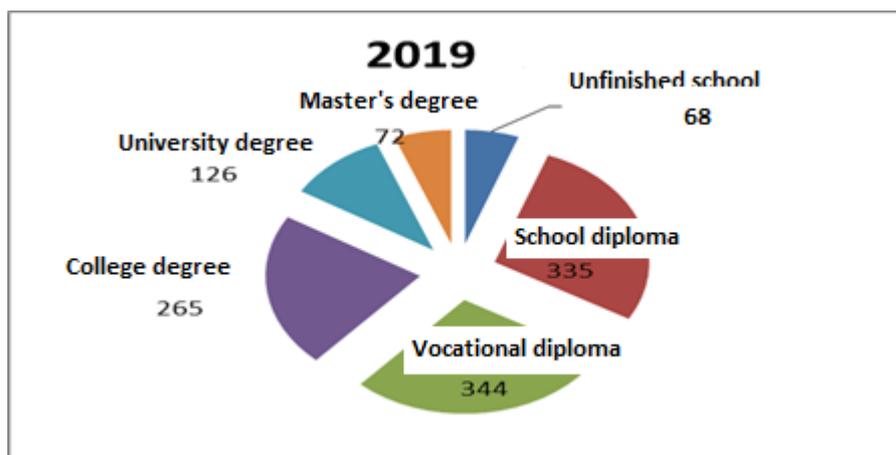
In addition to that, the Company has a supervisory body – the supervisory council, which consists of three members, elected for a tenure of four years at the general meeting of shareholders. The supervisory board is advised by the Company's audit committee.



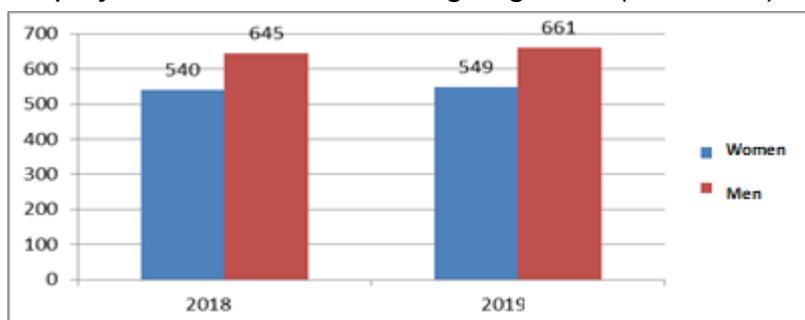
On 31 December 2019, AB ŽEMAITIJOS PIENAS employed 1210 staff members, which is 2.1 per cent more than in 2018. The majority of the staff members consisted of men – 661 (the number in 2018 was 645), while the number of women, working at the Company in 2019, was 549 (the number in 2018 was 540). In 2019, the Company employed 9 disabled persons (the number in 2018 was 12).

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 all age groups into the labour process (see schemes 1 and 4). In summer, the Company hired 72 young and inexperienced persons, 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. Very often youth, upon having a taste of working at the Company as their summer job, return to continue their careers after finishing their studies.

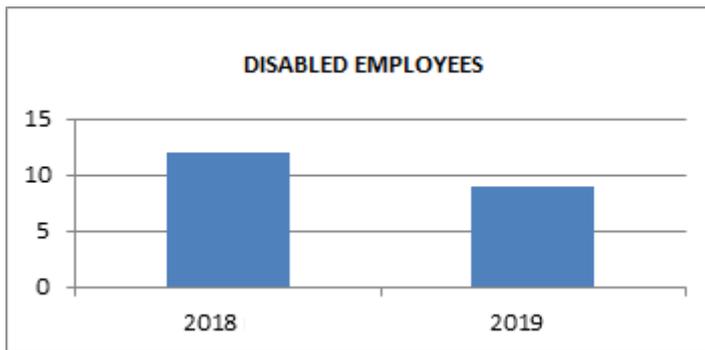
Employee distribution according to education (scheme 1)



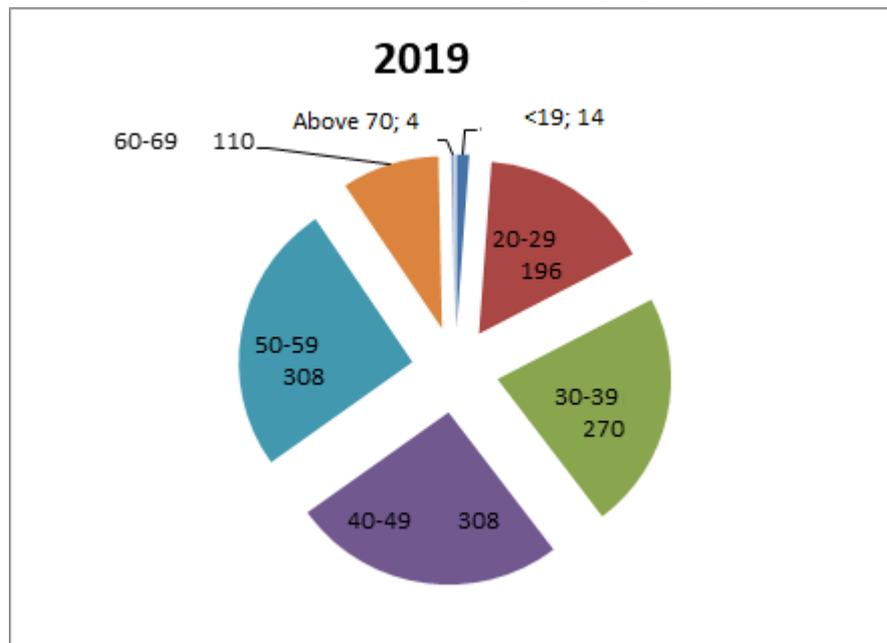
Employee distribution according to gender (scheme 2)



Disabled employees (scheme 3)



The number of employees according to age groups (scheme 4)



Staff safety and health

The purpose of the Staff Safety and Health Service, consisting of staff safety and health, also vocational health experts, is to implement staff safety and health measures at the Company. Seeking to improve their qualifications, the experts of the said service participate at various conferences, seminars and trainings every year. The Company's goal is to ensure that all AB ŽEMAITIJOS PIENAS employees are trained for dangerous work, vocation, working with machinery, also instructed on staff safety and health issues before they start their employment, followed by periodical annual trainings.

All structural divisions and departments of the Company have employee/division managers, trained on staff safety and health, who are responsible for the staff safety and health, and also fire safety at their division. These employees

conduct ongoing risk assessment, violation control, employee instructing and other functions to ensure staff safety and health.

For several years in a row the Company has been purchasing additional insurance from accidents at work and non-working time.

All AB ŽEMAITIJOS PIENAS employees have to check their health at a medical institution and also attend training on hygiene in working with food products.

The Company has also been implementing other measures to promote employee's health, for example, twice a week, all employees and their family members can enjoy a swimming pool and a sauna; there are also end-of-season swimming pool and wellness festivals, during which employees and their family members take part at various sporting competitions and hikes.

In 2019, the Company purchased a modern automated external defibrillator for first aid. The Company's employees also attend periodic first aid trainings.



Trainings and qualification improvement

All of the Company's employees can improve their knowledge and skills at internal trainings and external trainings/courses/seminars/conferences. In 2019, internal trainings were attended by 1204 employees, while external trainings – 880. The purpose of the seminar on the topic of 'Attentive Awareness' was to introduce the employees to stress management, reducing anxiety, fatigue, improving sleep, reducing absent-mindedness using awareness techniques.

The company also conducts staff examinations/certification for managers, experts and production employees.

In 2018, the Company signed an agreement with LitMEA Lithuanian Food Exporters Association regarding the implementation of the 'Progress Formula' project under the investment measure 'Competence LT' of



the European Union funds, the purpose of which is to ensure consistent improvement of the staff qualifications level, their professional mobility, creating opportunities of highest quality special training for the Company's employees.

For several years in a row, the Company's employees (manager reserve, managers, masters) have been participating at the 'Leadership Reserve Academy', 'Master Academy' and 'Leadership Academy iLEAD', which consists of 5-6 training modules. The participants of the Leadership Reserve implement educational tasks/projects.

Social dialogue

Back in 2017, the Company established a labour council. During meetings with the employer in 2019, the labour council coordinated the issues of joining AB Baltijos Mineralinių Vandenių Kompanija to AB ŽEMAITIJOS PIENAS and consulted regarding transferring the employees to the Company, made suggestions on mitigating the legal, economic and social outcome on the employees.

The Company employs the KAIZEN suggestion system, which is a part of the modern LEAN system. It enables the employees to make suggestions, which, upon leadership approval, would be immediately implemented. The Company also has a complaint, suggestion and notice management system, characterised by the following qualities: (I) independence; (ii) accessibility; (iii) clarity; (iv) providing an opportunity for an injured party to get information.

Material welfare package

The Company constantly cares of the employees' material welfare and thus not only pays competitive wages, which meets legal requirements and conditions of the

labour market, but also aim to provide an appropriate material welfare package for those, who work well and achieve their goals. In order to ensure that its employees seek for the best results, the Company makes sure to have the employee's wages represent the work results as best as possible. The employees are offered opportunities to earn more (by implementing additional tasks, taking additional work, offering 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 for the occasion of first marriage, in case of a death in the family or a difficult financial situation; employees can also take loans, have their studies funded, their children can be hired for a summer job, there are also incentive grants for graduating with a Bachelor's or a Master's degree, employment anniversaries or personal anniversaries.

Human rights

The Company aims to respect and defend human rights, described in the Universal Declaration of Human Rights, adopted by the United Nations General Assembly, and does that following conventions, related to human rights that the Republic of Lithuania is a member of, and also its own internal regulations.

AB ŽEMAITIJOS PIENAS has been implementing 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 not only what is necessary, but even more. Provisions for creating a positive work environment, established in the internal rules, is one example. The Company ensures equal opportunities for the employees, regardless of their race, nationality, gender, political or religious attitudes and other qualities. Employees are judged solely on their performance and dedication to the Company.

Seeking to prevent thefts of the Company's production by the employees or other persons, the Company has established a security division, the operations of which adhere to: rules of procedure, the Law on Personal and Property Protection of the Republic of Lithuania, as well as other legal acts, which define the possibilities and limitations of using physical coercion and special measures against a person.

AB ŽEMAITIJOS PIENAS is responsible not only in implementing its activity, but also choosing business partners and suppliers. The Company pays a special attention on the social responsibility strategies, implemented by its potential partners. In all cases when signing cooperation agreements, the Company aims to make agreements regarding adherence to the principles of social responsibility.

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

Youth career opportunities



The Company takes care of youth career opportunities, aiming to ensure that the long-time employees, who have accumulated a lot of meaningful experience, would share their knowledge with young potential talents. For this purpose, the Company has developed internal training programmes, which enable the youth, who has the necessary skills, but no experience, to acquire the necessary experience through practical training thus landing their dream job.

The Company aims to reduce the scale of emigration from regional areas, thus, staff members and their colleagues from other divisions, often make presentations in regional schools, with

the purpose of directing pupils on the right career path. In 2019, the company introduced its activity at 12 schools. During the academic year the Company accepts youth for training and final practicum. In 2019, AB ŽEMAITIJOS PIENAS introduced 33 students to their future vocation. Students that are planning their future with ŽEMAITIJOS PIENAS can sign study funding agreements or apply for a nominal grant.

Seeking to educate the young generation, the Company accepts pupils and students for summer jobs. The number of youth spending their summer at the Company in 2019 was 79, 36 of whom were aged 16-18.

AB ŽEMAITIJOS PIENAS future goal is to continue ensuring respect to the human rights and showing appropriate appreciation to its employees. The Company also expects good results from its investments into youth, also hoping that the new talents would bring useful innovation to the Company.

Activities in environmental protection

According to the criteria, established in the Rules for the Issue, Renewal and Revocation of Integrated Pollution Prevention and Control Permits, AB ŽEMAITIJOS PIENAS is attributed to companies, which use equipment that requires special permits, issued according to the said rules. Back in 2006, the Company has been

issued an Integrated Pollution Prevention and Control Permit, which does not expire, but can be amended due to changes. Despite the fact that the Company has no negative effect on the environment, which would be subject to urgent measures, it is constantly monitoring its operation indices, planning and introducing latest technology to reduce production, operation and energy costs and thus improve the Company's environmental condition in all ways.

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

The Company also uses 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 activity could do a lot of damage to the nature and only a complex use of economic, legal, technical and biological measures can guarantee a rational use of natural resources now and in the future, thus the effect on the environment is controlled according to coordinated monitoring programmes. Company development and technology updates are subject to environmental impact assessments to ensure that the Company's development does not exceed environmental standards. The assessment includes monitoring of the production waste, biofuel quality and other factors that could affect our environment. The Company is constantly updating its vehicle park in order to reduce air pollution from mobile sources. Seeking to reduce pollution from stationary sources, the Company uses the best production technology available.

The waste is managed according to environmental requirements and via GPAIS environmental data storage e-system (product packaging waste information system); the Company also submits quarterly waste accumulation accounting reports and accounting reports on the released-imported packaging waste. Dangerous and not dangerous waste in the territory is stored, managed and sorted in a way to prevent its negative effect on the environment, and their storage locations are appropriately marked. The waste is also timely removed to waste management companies. AB ŽEMAITIJOS PIENAS sorts packaging at the place, where the waste is generated, pressing it and preparing for sorting. The Company also separates the packaging waste for recycling, which is later transferred to collectors and processors.

Packaging plays an important role in AB ŽEMAITIJOS PIENAS' production process. The products are packed into glass, PET, plastic, paper, combined, wooden and other packaging. For the purpose of efficient packaging waste management, in 2019, the Company cooperated with VŠĮ Žaliasis Taškas, which took care of collecting and recycling packaging. For the revenue, received from AB Žemaitijos Pienas (for the documents, which prove that the waste was processed), VŠĮ Žaliasis

Taškas has undertaken to educate the society on the issues of packaging (waste) management, also to contribute to the development of the infrastructure for collecting packaging from the consumers (to supply appropriate sorting containers to the residents).

The Company is constantly implementing investment projects, which include introduction of modern technology, enabling to use renewable energy resources more efficiently, reduce emissions to the environment and apply other environmental measures.

UAB ŽEMAITIJOS PIENAS is constantly conducting research and expanding the search for new, environmentally-friendly operation models. 2018 marked the introduction of the new version of AXAPTA business management model, which will help us conduct the accounting, prepare and submit reports and data to other systems.

In 2019, the Company implemented investments, planned for 2019-2020, which target production development and increase the company's competitiveness, the level of automation and technical support, also improve the product quality, staff working conditions and safety, also implemented measures, which enabled to reduce waste pollution and ensured sustainable implementation of environmental requirements.

Seeking to reduce greenhouse emissions, AB ŽEMAITIJOS PIENAS seeks to avoid freon gas equipment or acquire equipment, which uses more environmentally-friendlier types.

The Company keeps improving its management structure on environmental issues. It has come to an opinion that all employees and their manager should contribute to energy saving and reducing pollution, thus, as of 2018, environmental protection does not fall on a single person or office of an ecologist-engineer. At the same time, the Company started using waste pollution in each division individually, which also enabled to control, analyse and take preventive action against the entry of polluting waste water into the waste water treatment plant of UAB Telšių Vandenys. This enabled to improve general communication between the divisions and notice, which areas require more investments or organisational problem-solving measures.

The Company has been actively implementing and promoting the use of renewable resources. AB ŽEMAITIJOS PIENAS has a 10MW biofuel boiler room, which uses renewable energy resources – wood chips (SM2), instead of natural gas. In 2019, AB Žemaitijos Pienas used 1,140,881 m³ of gas, which is 32 per cent more than in the previous years due to increased production volumes. In 2019, the Company also used 4,564.561 toe of biofuel, which means that, compared to 2018, biofuel costs reduced by 1.97 per cent.

Being socially-responsible and taking care of the environment and its protection, the Company has been purchasing electricity that is produced from

renewable resources. In 2019, AB ŽEMAITIJOS PIENAS consumed 21,317,402 kWh of electricity, which means that due to increased production volumes, compared to 2018, electricity consumption increased by 5.29%. Looking at the data of indirect energy consumption, the most energy in 2019 was used for the ripening and storage of cheese, that is, 926,546 kWh.

In 2019, AB ŽEMAITIJOS PIENAS used 832,615 m³ of water, which is 16.17% than in 2018. The increase of energy resources was determined by larger quantities of raw materials which is 8.74% more than in 2018.

The Company respects and keeps to the Lithuanian legislation, related to environmental protection and pays all compulsory pollution taxes on time.

When choosing suppliers, AB ŽEMAITIJOS PIENAS considers their environmental protection strategies, if they meet environmental protection requirements and demands for guarantees that the waste transferred would be appropriately treated.

AB ŽEMAITIJOS PIENAS will continue to put all efforts in seeking to become an increasingly environmentally-friendly company in the future. It is expected that the share of energy from renewable resources will increase, while emissions to the environment – decrease.

Corruption and bribery prevention

AB ŽEMAITIJOS PIENAS applies zero tolerance to corruption policy and puts great effort in preventing it in all chain links. The Company has a clear procedure that is used in cooperation with its partners. The employee code of ethics states that employees must avoid situations, which could raise a conflict of interest. The Company's policy strictly forbids accepting gifts, invitations to meetings, cultural or other events, which could cause mutual obligations. Employees must immediately report all doubtful or ambiguous situations to their direct managers. One of the major operation principles of AB ŽEMAITIJOS PIENAS 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, which would help save cooperation. This rule does not apply to particularly small-value presents, for example, holiday greeting cards.

The circle of suppliers must be as large as possible. When purchasing goods and selecting a supplier, AB ŽEMAITIJOS PIENAS assessment method is mostly based on not only the criterion of price, but also quality and reliability of the supplier. Before making the decision regarding purchasing goods or services, the suppliers are audited. AB ŽEMAITIJOS PIENAS purchases goods and services based on the principles of equality, non-discrimination, mutual recognition, proportionality and transparency.

Seeking to implement and fulfil the requirements, related to provisions of the Law on the Protection of Informers, in order to identify the violations, related to the Company's rights and interests, committed or commenced, in 2019, the Company introduced an internal procedure of reporting, investigating and informing on violations, appointing persons, responsible for accepting, registering and investigating reports, making decisions and archiving documentation. There were no reported violations in 2019.

Social responsibility

AB ŽEMAITIJOS PIENAS has been actively implementing both long-term and short-term social campaigns.

Probably the longest one is the 'Finish the Second Grade Knowing How to Swim': second-graders from the entire Telšiai district are taught how to swim and awareness in the water for already nine years. The campaign has been implemented by the initiator of the idea AB ŽEMAITIJOS PIENAS, also Telšiai District Municipality and Ateities Lower Secondary School on the basis of a tripartite cooperation agreement. 3411 pupils learned how to swim at the school's swimming pool since the beginning of the campaign until 2019. The campaign of teaching children how to swim will continue for two more academic years with prospects to extend it, since it received considerable interest. In 2019, the Company allocated more than 7000 Eur to this project.

In summer of 2019, AB ŽEMAITIJOS PIENAS implemented a project at children's summer camps all over Lithuania. There was a total of 52 camps,

organised in the Baltic States, participated by about 20 thousand children. In 2019, staff members from Klaipėda, Telšiai, Vilnius, Panevėžys and Kaunas divisions implemented a fun educational programme for children. As it was



already mentioned, the education programmes of AB ŽEMAITIJOS PIENAS were offered for children at summer camps in Latvia and Estonia as well. They could test themselves at PIK-NIK cheese string tearing championships, where they had to divide a single PIK-NIK cheese string into 30 more or less equal parts in the shortest

time possible. Other campers enjoyed the fun activity of creating a package for MAGIJA glazed curd cheese bars, showing that anyone can become an artist. The culmination of the activity was picking the most beautiful MAGIJA package. Winners of both educational programmes were awarded with valuable and tasty prizes. At the summer camps children also tested their knowledge at the witty test of what they know about the products, produced by AB ŽEMAITIJOS PIENAS. The programmes were attended by 5146 children, 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 DŽIUGAS, PIK-NIK, MAGIJA, RAMBYNO and DOBILAS brands.

This social campaign has been allocated a budget of 10,000 Eur.

Every year AB ŽEMAITIJOS PIENAS also supports Kaltinėnai Parish Elderly Care Home with various products and the value of the support in 2019 amounted to nearly 7,000 Eur. The Company also supports Šilutė Elderly Care Home, the Union of Telšiai District Pensioners, the Chapel of Our Lady of Consolation, Žemaitė Drama Theatre, Public Institution Žemaitija Tourist Information Centre and other important activities in Telšiai city and region.

ABF Šilutės Rambynas – a subsidiary of AB ŽEMAITIJOS PIENAS

ABF Šilutės Rambynas, legal entity code 277141670, office address at Klaipėdos g. 3, Šilutė district municipality, registration date – 09/12/1992. AB ŽEMAITIJOS PIENAS manages more than 87 per cent of ABF Šilutės Rambynas' shares.

This subsidiary is mostly engaged in producing dairy products, also offering renting, transportation, warehousing, milk collection outlet service and other services.

Being a subsidiary, ABF Šilutės Rambynas also keeps to the operation policy requirements of AB ŽEMAITIJOS PIENAS regarding environmental protection, ensuring social, staff and human rights, corruption and bribery prevention. Its goals and modes of operation are the same as that of AB ŽEMAITIJOS PIENAS. The goals and objectives are implemented through cooperation, e.g. participating at social campaigns, the application of the wellness package, looking for new employees, staff training, etc.; therefore, these issues will not be discussed separately in this report. It should be noted that the consolidated annual report of 2019 reveals and provides detailed information and data, which supplements this report, thus only two aspects – staff and environmental protection – will be highlighted here.

The Company focuses most of its attention on the staff, who create the greatest value for ABF Šilutės Rambynas and its shareholders. Seeking to ensure that the staff members feel completely safe and satisfied with their working environment, among else, a lot of attention is focused on the improvement of their qualifications by applying the principles and methods used at AB ŽEMAITIJOS PIENAS.



At the end of the reporting period the number of employees at the company was 191 and it has increased by 3 employees (1.6 per cent) since 2018. The changes in the distribution of the staff according to education, are provided in the table:

Education of the employees	31/12/2019	31/12/2018
Master's degree	9	7
University degree	26	23
College degree	27	26
Vocational school diploma	69	63
School diploma	48	50
Unfinished school	12	19
Total:	191	188

ABF Šilutės Rambynas aims at creating and developing long-term relationships with its employees and thus encourages their professional development. The staff of ABF Šilutės Rambynas can improve their knowledge and skills at various seminars and courses. Šilutės Rambynas has created training programmes for training and certification of specialists, production workers, machinery operators, operators, metalworkers, foremen and masters.

Šilutės Rambynas focuses a lot of attention on ensuring production quality and safety. In 2019, Šilutės Rambynas has been working according to the following integrated food safety and quality management systems:

- Quality management system, which meets ISO 9001 standard requirements – since 2009;

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

-BRC (British Retail Consortium) Global Standard for Food Safety - since 2010, and, as of 2014 – unannounced audit A + level);

-Certified according to HALAL standard requirements since 2015;

-EkoAgros – organic food production – since 2007;

-Pik-Nik cheese string production according to VLOG Ohne Gentechnik Standard (products without GMO) – since 2017.

Šilutės Rambynas dedicates a lot of attention to environmental protection for many years, mostly aiming at reducing production waste and saving natural resources:

-after concentrating the whey, the remaining whey water is purified using a membrane system, making it suitable for washing equipment and thus reducing the amounts of water used and waste water;

-the company manages its production waste using the accumulation and mixing tanks, which enable to prevent instant contamination and control the quality of the waste water, released to the waste water management facilities of UAB Šilutės Vandenys.

-High concentrations of waste are accumulated to a separate tank and, depending on the production volumes, transported to the biogas producers of Tytuvėnai once or twice a week.

The results of the production waste water management system at ABF Šilutės Rambynas are shown in the table below and are notably lower than required by the law.

Indicators	Highest concentration allowed	Basic concentration	Average factual concentration in 2019
BDS7 mgO2/l	800	350	310
Reaction in pH units	6.5-8.5	6.5-8.5	7.8
Floating substances mg/l	350	350	113
Total nitrogen mg/l	50	50	35.5
Total phosphorus mg/l	10	10	8.7