Grigeo

SUSTAINABILITY REPORT 2021

THE FUTURE IS CIRCULAR

CONTENT

ABOUT THIS PUBLICATION

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. GRI is a universally applicable, comparable framework that facilitates transparency and accuracy.
GRI reporting process and final report is delivered by the independent third-party sustainability consulting company. This report demonstrates our effort to consolidate the Group's impacts and disclose the scope of our businesses' effect on people and nature.

Timeframe

Unless otherwise indicated, information represents 2021 calendar year, and data is accurate as on 31 December 2021.
The reporting of employee and Health and Safety data reflects the situation at the end of 2021.

Major changes

Compared to 2020, there were no significant changes in operations, capital structure, nor the location of facilities.
No restatements of the past periods affect the reporting for 2021.

Topics, issues, and targets

Grigeo AB fully recognises that sustainable development embraces social and business issues, as well as environmental ones. These issues have been selected on the basis of input from various stakeholder groups. Grigeo AB collected data from all its manufacturing operations that were operational at the end of 2021.

Stakeholder inclusiveness

We present all the stakeholders, to whom we consider ourselves accountable.
The report content is consistent with the outcomes of stakeholder engagement processes used by our companies in our ongoing activities, and as required by the legal and institutional framework, in which we operate.

Sustainability context

We aim to present our impacts to people and environment, taking into account a broader appropriate geographic and industry-specific contexts.

Materiality

We performed an extensive materiality assessment process, taking into consideration:

- Stakeholders' expectations & grievances;
- Industry specifics;
- Business model & risk;
- The main topics and future challenges for the sector, as identified by peers and competitors;
- Laws, regulations, international agreements, or voluntary agreements of strategic significance to the organisation and its stakeholders;
- Key organisational values, policies, strategies, operational management systems, goals, and targets;
- The core competencies of the organisation and the manner in which they can contribute to sustainable development.

Completeness

This report does not omit relevant information that substantively influences stakeholder assessments and decisions, or that reflects significant economic, environmental, and social impact.

Comparability

Our targets are measured against produced tonnes of products rather than absolute values. Other information is reported in absolute figures, unless otherwise stated.

Accuracy

Unless stated otherwise, all data provided is traceable to the company books.

Reliability

Where applicable, we disclose audited results.

Balance

We aim to cover both favourable and unfavourable results and topics.

External assurance

No external assurance was commissioned for this report.

Reporting frequency

This is a first GRI report produced by Grigeo AB.
For upcoming periods, we intend to produce GRI reports annually.

Contacts

Key contacts are Finance Director, Martynas Nenėnas martynas.nenenas@grigeo.lt / Sustainability Manager, Klaudija Kionies klaudija.kionies@grigeo.lt.
We welcome suggestions and encourage open dialogue about opportunities to improve. Please contact us to provide feedback or to request more information about topics covered in this report.

GRI: 102:1 102:10 102:32 102:48 102:49 102:50 102:51 102:52 102:53 102:54 102:55 102:56

FOREWORD

Dear society members,

You've already heard and read it on numerous occasions and yet, there is no other way to describe the year 2021 as a period of challenges. Turbulence in the markets of raw materials, energy, logistics and other rocked the whole world. However, despite this, Grigeo AB group of companies has demonstrated a consistent and sustainable growth, which reveals that we have strong business fundamentals and people who are capable of creating value even in the most dynamic environment.

To support this, we present you the report for 2021 which provides information about the key performance indicators and significant events in the areas of finance, environmental protection, social responsibility and governance of Grigeo AB group of companies.

Operating in a sustainable manner, the financial performance of Grigeo AB group of companies was excellent in 2021. The pandemic kept on changing consumer habits by boosting the online sales, which resulted in a growing demand for packaging, while the increasing consumers' and businesses' sensitivity to environment encouraged to search for alternatives to plastic packaging. Recyclable, multi-purpose and reliable corrugated packaging has strengthened its position in the segment of e-trade as a highly sustainable and popular solution.

A growing need for sustainable products will have a positive long-term effect on the group of companies. As much as 98% of the Group's products were manufactured using renewable raw materials. Secondary raw material reached 32% of all raw material used in production during the last year. And in 2021, the total of more than 139K tons of waste paper was processed.

In 2021, we have also revised our long-term strategy. We are an integral part of circular economy, thus we have decided to take on a mission – create a future circular society. Last year we carried out an extensive analysis of stakeholders and assessed the needs of our operation and their significance. It enabled us to precisely identify economic, social and environmental challenges which are key to the group of companies and stakeholders.

As for social area, the occupational safety and health remained our priority. Maximum attention and responsibility when applying COVID-19 management measures allowed us to guarantee uninterrupted production, and an opportunity for the employees to take advantage of additional health insurance enabled us to provide people with a broad access to health care services. In 2021, the assessment of employee engagement was carried out in the Group companies as well. The results of the survey have exceeded the average of production companies, however – what is even more important – these results have enabled us to place a stronger focus on the employees' expectations.

A significant increase in prices of raw materials and resources in 2021 added extra challenges to those caused by the pandemic. Even though the pandemic had no material direct impact on the financial performance of the Group, rising prices of raw materials and energy resources had an adverse effect on the profitability indicators. In 2021, the Group's EBITDA was at EUR 23.7 million which is less by 9.6% if compared to 2020, and EBITDA margin remained on a high level, i.e. at 14.5%. The overall increase in prices resulted in the Group's revenue soaring to record highs in 2021, i.e. EUR 163.2 million.

In 2021, the investments made by the Group amounted to EUR 12.4 million, the major portion whereof was aimed at acquisition of modern, more efficient facilities and improvement of processes of environmental protection. We see investments from the perspective of sustainability – we seek is that changes helped to strengthen safety at work and ensured a more efficient use of resources.

After the environmental incident in Grigeo Klaipėda AB that took place in 2020, in 2021 the prosecutor's office completed the pre-trial investigation regarding the wastewater treatment carried out by Grigeo Klaipėda AB, and the criminal proceedings were referred to the court. We assume the moral responsibility and hope that the fact of damage to natural environment will be established by the court and, once it has been established, an objective scope of damage will be determined as well. This will allow Grigeo Klaipėda AB to recover the impact made on the natural environmental in a fair manner and in compliance with international standards.

In 2021, for the first time the Group prepared a sustainability report according to the GRI (Global Reporting Initiative) standards. The implementation of this standards will make it possible for us to achieve the highest level of the Group's accountability and transparency in the society. The calculation of GHG emissions was carried out by the Group for all entities. Having made estimates of our impacts, the matters of sustainability were included in our Group's obligations. After the assessment of the regulatory environment, expectations of stakeholders and standards of the industry, we have projected the main challenges which have a direct impact on the long-term sustainable development. In 2022 we are going to approve common sustainability objectives.

As for the coming year, we will strive to maintain the profitability indicators of the Group, manage the effect of prices of raw materials and energy on the production. After the environmental incident Grigeo Klaipėda AB will seek to recover the impact made on the natural environment. Having integrated the sustainability objectives in our long-term strategy, we will work towards turning of the sustainable operation into the axis of strategic activity and efficient execution of the mission that we took on – to create a future circular society.

President of Grigeo AB

Gintautas Pangonis

GRI: 102:14 103:2

BUSINESS MODEL

We are driven by circularity

CIRCULAR ECONOMY

The Circular Economy is business as usual in our Group. Recycling keeps materials like paper and containerboard in use for a long time. Corrugated packaging is the example of the perfect circle: packaging is collected after use, sorted, and sent to Grigeo Klaipėda AB for recycling to become paper, and comes to Grigeo Packaging UAB to become board for a new packaging. This happens over and over again within our Group.

In 2021, 17.8% of total collected waste paper was recycled to tissue products, 82.2% of total reclaimed paper was recycled to containerboard which in turn was converted into cardboard for packaging. Cardboard packaging is :

- 100% recyclable;
- Recycled paper provides 76% of the raw material for new packaging, ensuring the continuous life of the fibres while making a reliable and versatile packaging for our costumers;
- Bio-based and biodegradable.

Historically, corrugated cardboard recycling infrastructure is well developed and works efficiently making that paper is one of the most recycled packaging material. Well established collection and recycling processes allow paper fiber to remain in the production cycle.

The 2021 study, conducted by Graz University of Technology in Austria, concluded that fibre-based packaging material – paper, board, cardboard, and folding boxes – can be recycled more than 25 times with little to no loss of integrity, according to the latest independent research.

Tissue paper

- Pulping white waste paper
- 25,393 tonnes of white waste paper for tissue

Collecting and sorting waste paper

- 139 270 tonnes collected
- 82.2% of total waste paper to cardboard paper production

Containerboard

- 99% reclaimed materials
- 113,877 tonnes of waste paper recycled into containerboard

Facilitating delivery of your favourite products

- Reducing food waste: corrugated cardboard packaging is suitable for transporting and storing fruits and vegetables for longer periods.
- Fewer trucks on the road: corrugated cardboard packaging is cost-efficient and highly versatile which allows optimisation of pace for transport and storage.

Converting paper to packaging

- 35% of paper made by Grigeo Klaipėda AB is further converted to corrugated packaging in our packaging plants
- We cooperated closely with our clients, 100% of our packaging is custom-made.

Circularity of our paper and packaging business

GRI: 102:9 102:15 301:1 301:2 301:3

OUR MISSION AND VALUES

OUR MISSION (Our commitments)

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 participation in waste collection and recycling

HOW WE DO IT (Our values)

RESPONSIBLE 360°:
Whatever we do, let's always think about the impact on our environment because it's our home.
The best measurement of our work is a satisfied client
Working like for ourselves makes us proud with the work done

AGILE:
We grow faster than the market
Even the best result can be better
Every investor's euro that is targeted makes us more valuable.

PROFESSIONAL:
A preconception is eliminated while considering proposed ideas
Knowing everything is impossible – we improve by learning and sharing a good practice
We speak the language of numbers and facts

TEAMWORK:
Good result is a merit of a good team
The team is as strong as you are in it
Before demanding from others, demand more from ourselves

Lithuanian Confederation of Industrialists
KLAIPĖDOS PRAMONININKŲ ASOCIACIJA
EUROPEAN PANEL FEDERATION
ASSOCIATION LMA
FEFCO Corrugated Packaging

YEAR 2021

2021 KEY NUMBERS

Grigeo Group recycled 139,270t of waste paper into containerboard and tissue paper

Grigeo Baltwood UAB produced 2,623ha of fiberboard

450,000km of containerboard paper.
Enough to wrap the equator 11 times

Grigeo Packaging UAB issued 100km^2 of corrugated cardboard

EUR 10.67m paid in taxes

Export share of total production 66%

EUR 163.2m
Consolidated revenue

EUR 23.7m
Consolidated EBITDA

EUR 12.4m
Consolidated profit

No financial government assistance

GRI: 102:1 102:13 102:16 201:2 201:4

LEADERSHIP

Vigmantas Kažukauskas
Grigeo AB, Vice President of Business Development

Grigeo AB, Board Member since 2001.
Grigeo Baltwood UAB, Board Member since 2012.
Grigeo Klaipėda AB, Board Member since 2010.
Grigeo Packaging UAB, Board Member since 2017.
Mena Pak, AT, Member of the Supervisory Council since 2015.
Joined in 2001.
Education: Automatic Electric Communication Engineer, Kaunas University of Technology.

Saulius Martinkevičius
Grigeo AB, Vice President of Procurement and Logistics

Grigeo AB, Board Member since 2019.
Grigeo Baltwood UAB, Board Member since 2019.
Grigeo Klaipėda AB, Board Member since 2019.
Grigeo Packaging UAB, Board Member since 2019.
Joined in 2019.
Education: Master of Business Administration (MBA), Bachelor of Economics and Business IT Systems, Vilnius University.

Robertas Krutikovas
Grigeo Investicijų Valdymas UAB, Managing Director

Grigeo Baltwood UAB, Board Member since 2020.
Grigeo Klaipėda AB, Chairman of the Board since 2020.
Grigeo Packaging UAB, Chairman of the Board since 2020.
Grigeo Recycling UAB, Board Member since 2019.
Grigeo Recycling SIA, Member of the Supervisory Council since 2019.
Mena Pak AT, Chairman of the Supervisory Council since 2020.
Joined in 2008.
Education: Executive Master in Business Administration, Baltic Management Institute, Printing Industry Engineer, Bachelor, Kaunas University of Technology.

Tomas Eikinas
Grigeo Klaipėda AB, Managing Director

Joined in 2019.
Education: Master in Electrical Engineering, Kaunas University of Technology.

Otonas Valiušis
Grigeo Packaging UAB, Managing Director

Joined in 2005.
Education: Business Management and Administration, Kaunas University of Technology.

Tomas Jozonis
Grigeo AB, Managing Director

Grigeo AB, Board Member since 2019.
Grigeo Recycling SIA, Member of the Supervisory Council since 2019.
Grigeo Recycling UAB Board Member since 2020.
Joined in 2013.
Education: Bachelor of Management and Business Administration, ISM University of Management and Economics; Master of Business, Vilnius University.

Viktoras Tirevičius
Grigeo Baltwood UAB, Managing Director

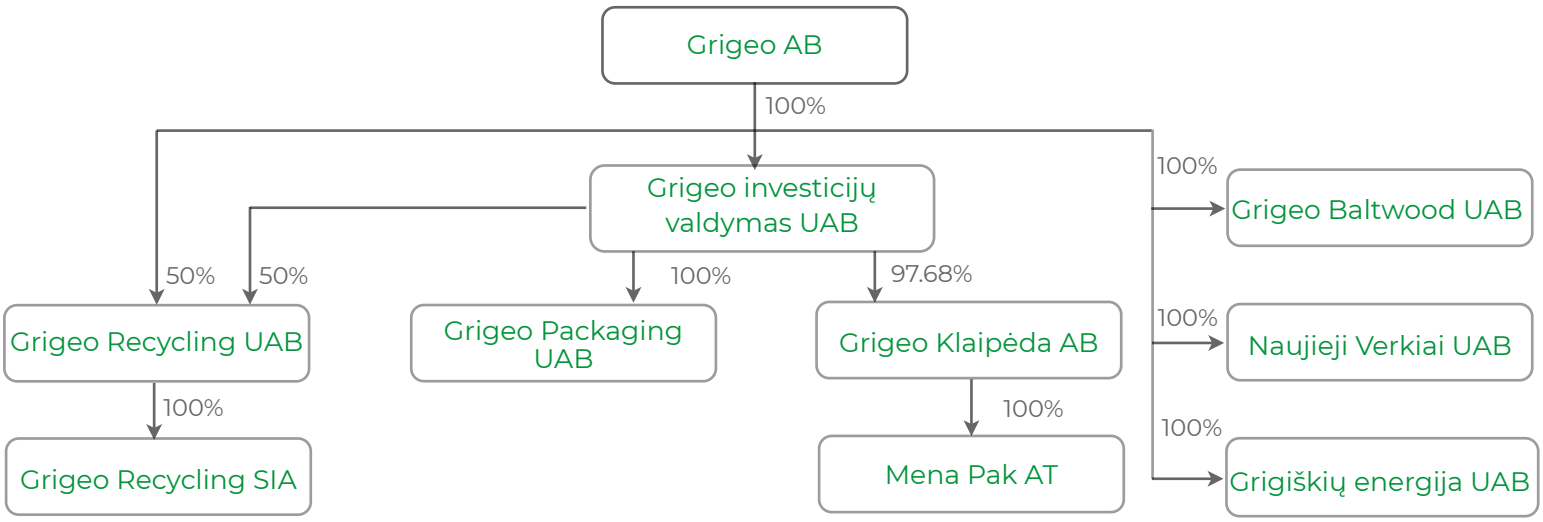
Joined in 2005.
Education: Bachelor in Mechanical Engineering, Vilnius Gediminas Technical University.

Almantas Tamošiūnas
Grigeo Recycling UAB, Director

Grigeo Recycling SIA, Board Member since 2020.
Joined in 2009.
Education: Bachelor in Management and Economics, Vytautas Magnus University

GRI: 102:19 102:22

STRUCTURE AND OWNERSHIP



SHAREHOLDERS

Registered ordinary shares of Grigeo AB are listed on the Baltic Main List of Nasdaq Vilnius stock exchange (ticker – GRG1L).

On 31 December 2021, Grigeo AB had 4,360 shareholders.

Shareholders holding more than 5% of the company's authorised capital on 31 December 2021 and/or 31 December 2020 are as follow:

NAME AND SURNAME OF SHAREHOLDER (COMPANY NAME, TYPE, REGISTERED OFFICE ADDRESS, COMPANY CODE)	31 DECEMBER 2021			31 DECEMBER 2020		
	Number of ordinary registered shares owned by the shareholder, units	Share of the authorised capital held, %	Share of voting rights granted by the shares held, %	Number of ordinary registered shares owned by the shareholder, units	Share of the authorised capital held, %	Share of voting rights granted by the shares held, %
Ginvildos investicija UAB*	60,809,151	46.28	46.28	28,582,407	43.50	43.50
Irena Ona Mišeikienė	17,168,342	13.07	13.07	8,584,171	13.07	13.07

*100% shares of Ginvildos investicija UAB is held by Gintautas Pangonis

Based on the decision of the Annual General Meeting of Shareholders held on 30 April 2021, the company's authorised share capital was increased on 19 May 2021 out of the company's retained earnings from EUR 19.05m to EUR 38.11m by issuing 65,700,000 ordinary registered shares with a nominal value of EUR 0.29.

GROUP ID

COMPANY	STATUS	CODE	REGISTERED OFFICE	LEGAL FORM	Grigeo AB OWNERSHIP INTEREST
Grigeo AB	Parent company	110012450	Vilniaus str. 10, Grigiškės, Vilnius City Municipality	Public limited liability company	The Company has not acquired own shares
Grigeo Klaipėda AB	Subsidiary	141011268	Nemuno str. 2, Klaipėda	Public limited liability company	97.68%
Grigeo Packaging UAB	Subsidiary	302329061	Vilniaus str. 10, Grigiškės, Vilnius City Municipality	Private limited liability company	100 %
Grigeo Baltwood UAB	Subsidiary	126199731	Vilniaus str. 10, Grigiškės, Vilnius City Municipality	Private limited liability company	100 %
Grigeo Recycling UAB	Subsidiary	302529158	Vilniaus str. 10, Grigiškės, Vilnius City Municipality	Private limited liability company	100 %
Grigeo Recycling SIA	Subsidiary	40203001091	Ėdoles str. 5, Riga, Latvia	Private limited liability company	100 %
Mena Pak AT	Subsidiary	383260	Koshovoho str. 6, Chernihiv region, Mena, Ukraine	Public limited liability company	100 %
Grigeo Investicijų Valdymas UAB*	Subsidiary	302416687	Vilniaus str. 10, Grigiškės, Vilnius City Municipality	Private limited liability company	100 %
Naujieji Verkiai UAB**	Subsidiary	300015674	Popieriaus str. 15, Vilnius	Private limited liability company	100 %
Grigiškių Energija** UAB	Subsidiary	302674488	Vilniaus str. 10, Grigiškės, Vilnius City Municipality	Private limited liability company	100 %

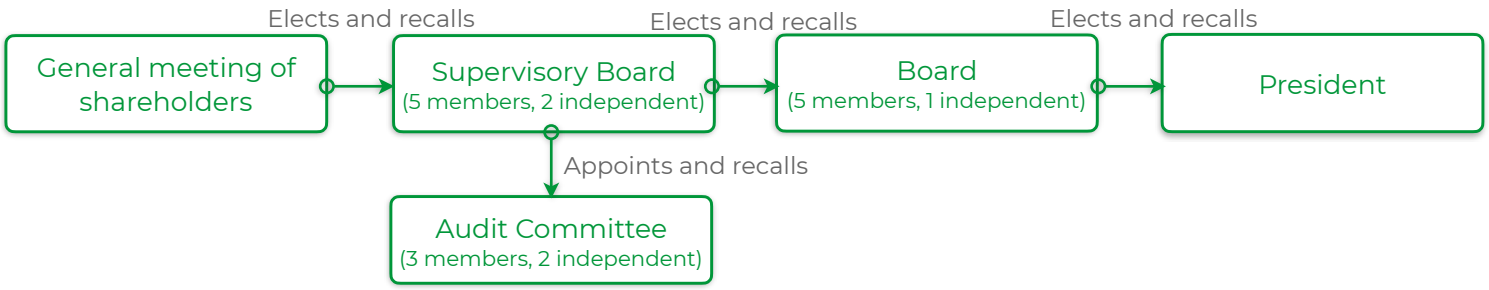
*NOT included in further disclosures: impacts through production companies

**NOT included in further disclosures: dormant companies in 2021

GRI: 102:1 102:3 102:4 102:5 102:10 102:19 102:45

LEADERSHIP

According to the Company's Articles of Association, Grigeo AB bodies are the General Meeting of Shareholders; the collegial supervisory body is the Supervisory Board; the collegial management body is the Board; and the Company's Manager is the President. The Audit Committee is formed, which is the advisory body to the Company's Supervisory Board.



Name, surname	Position	Education	Tenure	Capital share, votes
SUPERVISORY BOARD				
Norimantas Stankevičius	Chairman	Vilnius University, Physicist	From 26 April 2019 till 2023	4.42
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		
Romualdas Degutis	Member	Kaunas University of Technology, Telecommunications Engineer		0.03
Normantas Paliokas	Member	Vilnius Gediminas Technical University, Architect		
Daiva Duksnienė	Independent Member	Vilnius University, Economist		
AUDIT COMMITTEE				
Daiva Duksnienė	Chairwoman (independent Member)	Vilnius University, Economist	From 26 April 2019 till 2023	
Norimantas Stankevičius	Member	Vilnius University, Physicist		4.42
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		
BOARD				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer		Indirectly 46.28*
Algimantas Variakojis	Independent Member (from 13 July 2020)	Vilnius University, Economist	From 26 April 2019 till 2023	
Vigmantas Kažukauskas	Member	Kaunas University of Technology, Telecommunications Engineer		0.88
Saulius Martinkevičius	Member	Vilnius University, MA in Business Administration		0.17
Tomas Juzonis	Member	Vilnius University, MA in Business Administration		
MANAGER OF THE COMPANY				
Gintautas Pangonis	President	Kaunas University of Technology, Telecommunications Engineer		Indirectly 46.28*

**Ginvildos Investicija UAB owns 46.28% of Grigeo AB shares. 100% of shares of Ginvildos investicija UAB are held by Gintautas Pangonis.*

We understand that shareholder profitability is no longer the only measure used to determine corporate success. Inevitably, investors and other stakeholders are raising their standards and working on broadening their understanding of how companies create value, looking to ESG performance as an additional layer to understand long-term risk-adjusted returns. Our Board and key decision makers are embracing the shift in paradigm by actively engaging in sustainability assessment and setting sound and relevant sustainability commitments.

We incorporate environmental, social, and governance considerations into our everyday processes. This ensures that we adequately address risks, indicate opportunities for more sustainable operations, and serve increasing market needs as a critical infrastructure operator for a circular economy creating long-term value.

The collegial bodies that are elected by the shareholders are responsible for the strategy and risk profiling as well as for developing and maintaining the vision, mission, and values of companies Grigeo Group. The governing bodies of the companies in the Grigeo Group have appointed persons responsible for financial, environmental, and social matters who report directly to the CEOs of the companies.

Our sustainability, human resources, and sourcing leaders handle the operational management of sustainability in their given areas. This work is supported by the leadership forming a cross-functional team co-led by our CFO and sustainability officers. Key decision makers from each of our businesses, as well as representatives from communications, legal, human resources, and other staff functions, take an active part in sustainability strategy development, implementation, and oversight.

Designated staff at the corporate, business, and facility levels help identify, prioritise, and manage economic, social, and environmental risks and opportunities. Business leaders are responsible for planning and managing business-specific sustainable development priorities, from fibre procurement to the end-use and recovery of our products. As such, the remainder of this report is organised around the key impact points along our value chain.

GRI: 102:11 102:17 102:18 102:20 102:22 102:26 102:32 102:26 103:2

SCALE OF ORGANISATION

Our impact

INPUT

WATER

Curonian Lagoon
784thous. m³

Vokė river
1,151thous. m³

Tap water
44.3thous. m³

RENEWABLE ENERGY

Wood chips
343GWh

Electricity
128GWh

NON-RENEWABLE ENERGY

Natural gas
118GWh

Petrol
5.4GWh

Electricity
1GWh

RECLAIMED MATERIALS

139,270t
Sorted waste paper

Wooden packaging
2,141t

RENEWABLE MATERIALS

Cellulose
31,712t

Starch
4,999t

Third-party paper
13,703t

Wooden packaging
10,274t

Wood logs
49,195t

Wood chips
87,061t

NON-RENEWABLES

Reagents, polymers, etc.
4,213t

Plastic packaging
1,187t

PROCESS

Tissue paper manufacturing
Grigeo AB

Hardboard manufacturing
Grigeo Baltwood UAB
Grigeo Klaipėda AB

Recycled paper products and packaging
Grigeo Packaging UAB
Mena Pak AT

Waste paper collection
Grigeo Recycling UAB

OUTPUT

Paper for corrugated cardboard production
104,380t

Tissue paper
48,285t

Hardboard
69,729t

Packaging
48,840t

Honeycomb
4,356thous. m²

Emissions
22,484tCO_2e

Effluents
1,645thous. m³

Recyclable waste
17,853t

Incinerated waste
6,109t

Directed to landfill
3,638t

Group's inputs and outputs

GROUP ID

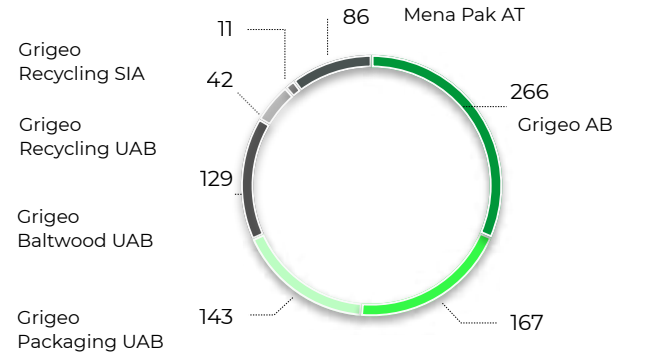
Indicator	2021	2020
Revenue	163,215	129,602
Operating costs	149,970	115,667
Profit tax paid	1,250	1,646
Other taxes	596	502
Wages and benefits	22,100	20,622
Dividends paid	7,884	3,942
Interest payments to banks	202	317
EBITDA	23,726	26,243
Market capitalisation	121,676	87,381
Debt to equity ratio	41%	38%
Total assets	133,125	123,181
P/E	9.92	6.57
Dividend pay-out ratio	64.3%	-
Earnings per share, EUR	0.093	0.101

Grigeo Group financial performance

845 EMPLOYEES

Lithuania: 748
Ukraine: 86
Latvia: 11

25% Women



Number of people by companies, 2021

GRI: 102:2 102:7 102:8 102:9 102:15 201:1 301:1 301:2 301:3 302:1 303:1 303:3 305:2 306 401

KEY IMPROVEMENTS

Sustainability improvements

KEY INVESTMENTS IN 2021

COMPANY	INVESTMENT	IMPACT
Grigeo AB	Introduced new flow control chemicals	Reduced discharge of chemicals by 24.5% or 52.9t per year.
	Improved energy monitoring system	Water consumption intensity in Grigeo AB down by 2% or 14 olympic swimming pools per year.
		Energy consumption intensity down by 2%.
	Primary plastic packaging of paper towels reduced by 50% Secondary plastic packaging of all tissue products reduced by 50%	Reduction in plastic packaging: 92t per year.
	Additional safety walls and safeguards in packaging lines New cooling system in converter line	Increased safety at work.
	A modern non-stop industrial tissue production line (project value EUR 4.9m)	Replaced old line, increased recycling capacity by 8,500t.
		Avoidance of at least 520t CO_2 equivalent emitted by transportation of waste paper to other recycling facilities.
Grigeo Klaipėda AB	Second floater was launched	Improved catch of solid waste paper particles in circulating water.
	Improved energy monitoring system	Energy consumption intensity down by up to 5%
Grigeo Baltwood UAB	Investments in energy eficiency	Upgraded water/mass pumps reduced electricity intensity by 4.7%.

SUSTAINABILITY IMPROVEMENTS THAT LAST

In 2020, all Lithuania-based companies shifted to electricity produced from renewable sources. As a result, in 2021 we saved 16,740t of CO2 equivalent that could have been alternatively emitted.

The modernisation of the corrugation unit at Grigeo Packaging UAB in January 2020 resulted in the average speed of the unit increasing by 4%, reduced intensity of steam and energy consumption by 11% and 4% respectively. As a result, we saved 8.4MWh of energy per month.

As a result of LED lightning installed in 2020 under the roof of Grigeo Packaging UAB, we avoided consumption of approximately 95MWh of electricity and improved safety at work.

Refurbishment of fibreboard production line performed by Grigeo Baltwood UAB in 2020 still yields savings of energy and downtime. Compared to 2010, energy required for production of 1m² of fiberboard decreased by 40% from 6.46KWh down to 3.85KWh in 2021.

Powerful tunnel press installed in Grigeo Recycling UAB in 2020 reduced transportation needs by 24%. Even though this reduction might seem insignificant, it allows us to reduce the intensity of GHG emissions for one square meter of packaging produced by 22%.

GRI: 103:2 302:4 302:5

PLANS FOR 2022

Investments to be accomplished in 2022

COMPANY	INVESTMENT	IMPACT
Grigeo AB	Industrial tissue (leaves) conversion line (project value EUR 3.8m)	Will replace old semi-automatic paper conversion line.
		The processing capacity of paper and cellulose is projected to increase by 4,200t per year.
		Avoiding transportation emissions of at least 182t CO_2 equivalent.
	Compressed air pipelines for paper scraps and dust collection (project value EUR 0.7m)	Reducing dust saturation in the air.
		Eliminating the need for manual collection of scraps.
		Eliminating the need for transportation of scraps.
		Scraps will be pressed automatically, saving space and increasing safety.
	Internal logistics system (lifters and robots) (project value EUR 0.85m)	Optimisation of internal transport system by automatic Laser Guided Vechiles operating within product sites.
		100% increased lifting capacity, reducing number of trips twice.
		100% electric system is estimated to cut scope 1 GHG emissions significantly.
Grigeo Baltwood UAB	Evaporator of wastewater (project value EUR 2m)	Returning up to 2% of organic material back to production cycle.
		The efficiency of this wastewater treatment method is higher than 95%.
Grigeo Klaipėda UAB	Anaerobic bioreactor for waste water treatment (project value EUR 2.65m)	CoD / BoD_7 reduction at waste water approx. 80% . Biogas from the anerobic processes will be used for energy by redusing natural gas at boiler house up to 8% Odour control

EVAPORATOR

The key challenge for Grigeo Baltwood UAB was to reduce the saturation of organic matter in the wastewater generated in fibreboard production process. 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 fibers are micron-sized, in addition, we use a lot of softwood in the production, as well as a little resin is added to the product, the said fine fiber becomes sticky and cannot be effectively filtered. High temperature of the waste water further complicates the cleaning process.

To solve the filtering problem a wastewater evaporation method was chosen after the thorough research.
In 2021, Grigeo Baltwood UAB started to install an evaporator as a wastewater treatment plant.
The common name for this type of purification is the concentration of the product by evaporation. Our chosen technology is FFE (Falling Film Evaporator). Applying this technology, the wastewater is fed to a vertical heat exchanger. During the process, the water of the effluent is condensed and fiber particles forms into concentrated mass.

New evaporator, Grigeo Baltwood UAB

ESTIMATED IMPACT

- The concentration process will allow to collect micron-sized suspended fiber particles and other materials that we plan to return to the hardboard production;
- We estimate that this technology will save up to 2% of total fiber materials used in production;
- The efficiency of this wastewater treatment method is higher than 95%. It is expected that the concentration of suspended material (SM) will not exceed 350 mg / l, meanwhile BOD_7 should not be higher than 800 mg / l;
- Upon completion of the project Grigeo Baltwood UAB should be able to reduce process water usage by at least 50%.

STRATEGY

GRI: 102:15 103:2 302:4 302:5: 303:2

COMMITMENTS

Setting sustainability guidelines

In 2021, Grigeo Group updated the Group's business strategy. We invested our time and effort to make sure that sustainability agenda is an integral part of our general strategy.
To make sure we address critically material topics and target significant impacts, we evaluated our activities Group-wide. All decision makers were actively involved and challenged to assess our ability to improve the Group's performance. In the following chapters, this report covers in detail our stakeholder and materiality assessment. The following chapters are devoted to the detailed disclosure of our key inputs, processes, and outputs. Based on all this data combined with our know-how, we were able to come up with relevant commitments.

AGENGA	COMMITMENT	DIRECTION
ENVIRONMENTAL	*Environment protection*	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
	Reliable supplier and partner	Responsible supply chain management
		Reducing virgin plastic packaging consumption
SOCIAL	*Meaningful activities based on trust and cooperation*	Accident-free workplace
		Training and development
		Consistent feedback seeking
		Dialogue with local communities
		Promoting healthier lifestyle
GOVERNANCE	*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 agenda, Grigeo Group

PLANS FOR 2022

In line with the agenda, we are to set targets and define key performance indicators (KPIs) for our sustainability work. Progress to be regularly monitored on the Group level and via division-level business reviews. Consolidated results on our performance will be reported annually in our Sustainability report.

STRATEGY

ENVIRONMENTAL AGENDA:

We have set clear guidelines for our further development. All relevant impacts are evaluated and verified.
A previous shift to renewable electricity avoided GHG emissions of 16,740t of CO_2 equivalent. In order to set an ambitious and effective GHG reduction goals, in 2022 we are working on:

- Evaluation of our ability to ensure long-term decline in natural gas intensity;
- Forecast of long-term energy efficiency improvement costs and effects.

Even though we are an integral part of circular economy, it was agreed to focus on reducing our waste volumes directed to landfill and wastewater quality. Bearing in mind that the majority of waste and pollution is transferred embedded in waste paper, our task for 2022 is to:

- Evaluate the feasibility to optimise waste paper management and recycling process to reduce water pollution;
- Finalise our wastewater treatment projects;
- Set reasonable and ambitious KPI's for waste quality and intensity (waste volumes per tonne of production).

SOCIAL AGENDA:

- Our key goal is to be an accident-free workplace with the highest health and safety standards.
- In 2022, we aim to assess and pilot ways to ensure a higher quality dialogue both with our employees, neighbours and any other stakeholders.

GOVERNANCE AGENDA:

- Our business is subject to more than 200 laws and regulations. We are committed to zero tolerance to compliance breaches.
- The Groups' internal policies were revised and all potentially material gaps assessed. We aim to create and implement a more comprehensive set of relevant policies by 2024.
- More intensive supply chain control and supplier assessment is relevant for all sustainability areas; finalised performance indicators to be confirmed by 2023.

GRI: 102:11 102:15 102:26 102:32 103:1 103:2

ADJUSTMENTS

Safety always comes first in manufacturing

Just like for everyone else, 2021 was a second year operating in the pandemic setup.
Business-wise, we saw a significant contraction in tissue paper sales for HORECA segment due to the sector's lockdown during the first four months of the year.
On the other hand, COVID-19 pandemic boosted online shopping, which in turn accelerated the demand for paper packaging and packaging materials. Business diversification helped us offset the negative impacts of the lockdown on our consolidated bottom line.

Back to our manufacturing facilities, we were faced with a workforce shortage risk due to the possible COVID-19 outbreaks in our manufacturing sites. Both in 2020 and 2021, all Grigeo Group's companies managed to operate with no disruptions. We did not lose a single workday to the virus. None of our companies were eligible to governments financial assistance.

On a daily basis, we operate powerful machinery and potentially dangerous equipment; thus, safety regimen is indisputable in our premises. Our colleagues demonstrated high alertness and cooperation levels to help us implement and maintain COVID-19 safety protocol.

COVID-19 PROTOCOL IN GRIGEO GROUP

Maximised physical distancing

Appropriate PPE (masks, gloves, respirators)

Temperature checks for everyone entering Grigeo premises

Remote work for administration

Constant disinfection of all premises and surfaces, use of antibacterial cleaning and air disinfection system

Preventive testing of employees

Continuous instructions on compliance with preventive measures

In cooperation with Vilnius City Municipality, vaccination bus visited our facilities in Grigiškės for the convenience of our staff

We have a contract with a clinic providing testing services. Medics arrive to our facilities to perform rapid antigen, antibody tests, or PCR tests, if necessary. A table below summarises the results of testing performed onsite; testing of the Group's employees outside our premises is not included.

Combined with the above-listed measures, testing proved effective while preventing virus outbreaks within the company. Detecting infection in a timely manner helped us isolate exposed people and maintain control of our business.

YEAR 2021	Grigeo AB	Grigeo Klaipėda AB	Grigeo Packaging UAB	Grigeo Baltwood UAB	Grigeo Recycling UAB/ Grigeo Recycling SIA	AT Mena Pak
COVID-19 tests performed	1,261	545	2,147	1,459	194	-
COVID-19 cases detected	44	30	34	24	10	14
Immunisation rate	90-100%	90-100%	90-100%	80-89%	100 %	50-60%

Statistics of COVID-19 cases and testing at work, Grigeo Group, 2021

COVID-19 AFTERMATH

Deployment of robust infection control measures served as a comprehensive training and a platform to revise our health promotion policies.
As a result, we are integrating the promotion of healthier lifestyle of our people into our company strategy.

COVID-19

GRI: 403:6 403:7

TRANSPARENCY, FAIRNESS, AND INTOLERANCE OF CORRUPTION

- Relations with employees, customers, partners and the state are based on honesty and transparency.
- Obey the law, pay due taxes.
- Settle with employees in a transparent manner.
- Only officially documented financial transactions.
- No corruption of any form.
- No unjustified renumeration ton employees or other workers.
- Highest compliance standards for our suppliers.
- Transparent and fair procurement process.

RESPECT FOR HUMAN RIGHTS AND FREEDOMS

- We respect and ensure human rights and freedoms as defined in the Universal Declaration of Human Rights adopted by the United Nations General Assembly, the Convention for the Protection of Human Rights and Fundamental Freedoms adopted by the European Council, the Conventions of the International Labour Organisation, and legal acts of the Republic of Lithuania.
- No child labour
- Any persons at the age between 16 and 18 years may be employed only in strict compliance with laws.
- No forced or mandatory labour.
- Our employees are granted the right to form or join associations including trade unions,
- We strictly oppose any discrimination, or instruction to discriminate either direct or indirect on the grounds of sex, race, nationality, language, origin, social status, belief, convictions or views, age, sexual orientation, disability, ethnicity, or religion.
- Fair and equal selection criteria, employment terms and equal working conditions and guarantees to all people irrespective of the gender, race, religion, nationality, language, origin, citizenship, social status, beliefs, family, age, sexual orientation, political views, disability or health.
- Zero tolerance to any harassment, abuse or exploitation in respect to our employees.
- Zero tolerance to any antisocial behaviour that compromises or has the intent of compromising another's personal dignity on the grounds of the sex of that person.
- Zero tolerance to the creation of, or the intent of creating, a terrifying, hostile, insulting or humiliating work environment.
- We do not use nor support&allow the use of any physical punishments, violence or any other form of psychological or physical coercion.
- No system of public warnings or punishments.

THE AVOIDANCE OF CONFLICTS OF INTEREST

- Members of the supervisory and management bodies and employees of Grigeo Group should avoid situations where their personal interests conflict or may conflict with the interests of Grigeo Group.
- Members of the supervisory and management bodies and employees of Grigeo Group may not confuse with their own and company's property, the use whereof has not been specifically discussed with such a person. This person may not use any property or information acquired as a member of a body or an employee of the company for any activities which, according to the laws of the Republic of Lithuania, are illegal, or for personal gain or for the gain of third parties.

CONFIDENTIALITY

- The employee, during both working and non-working time, will respect and protect confidential information of the companies of Grigeo Group that their may have received or become aware of during the course of his work. -
- Their will not use such information for personal gain or for the gain of other persons.

ENFORCEMENT OF THE CODE OF BUSINESS ETHICS

- Employees can report infringements as well as post questions and complaints related to this Code of Business Ethics to their direct supervisors, the Personnel Manager, the Head of the Company, or drop such comments into special boxes installed on the premises of the company.
- The management of each company of Grigeo Group is responsible for the implementation of the provisions of this Code, for the censure and the prompt and honest correction of actions that are not in compliance with the provisions of this Code.
- Grigeo Group supports employees who honestly adhere to the provisions of the Code and encourages others to adhere to them.
- Any non-compliance with the provisions of this Code shall not be tolerated and shall be reported. No breaches were detected in 2021.

GRI: 102:17 102:25 103:2 205:1 206:1

BREACHES

INCIDENT OF 20 JULY 2021

On 20 July 2021, in the course of scheduled repairs, a technical breakdown occurred which disrupted the maintenance of the working level of Grigeo Klaipėda AB circulating process water basin. During the overflow of the basin area, 18.6 m^3 of circulating process water entered the Klaipėda city rainwater collection system through the leaky cleanout pipe of the rainwater collection system and then entered the Curonian Lagoon after the preliminary treatment at Klaipėdos vanduo AB rainwater treatment plant. This temporary breakdown was rectified expeditiously, and action plans were immediately drawn up and risks assessed to prevent a recurrence of the incident.
The Environmental Protection Agency has established that the pollution at the state environmental monitoring sites generated by Grigeo Klaipėda AB did not affect the concentrations of the measured polluting substances in surface water and the ecological condition (potential).

Grigeo Klaipėda AB case

In this section, Grigeo Klaipėda AB presents environmental restoration plans and projects designed to achieve a sustainable long-term change after the environmental incident in 2020, when it was established that Grigeo Klaipėda AB released partially biologically treated wastewater into the Curonian Lagoon through the treated wastewater collector of municipal company AB "Klaipėdos vanduo".
Grigeo Klaipėda AB assumed legal responsibility for this incident, carried out internal inspections and commissioned international expert investigations in order to establish, through scientific research, the fact and extent of possible environmental damage. It also started implementing environmental remedial measures on its own initiative to remove the pollutants discharged with its wastewater from the natural environment.
Pollutants released into the natural environment with the wastewater of Grigeo Klaipėda AB that was only partially biologically treated are nitrogen and phosphorus (i.e. water-soluble nutrients of organic origin that are necessary for every living organism) and BOD_7 (biochemical oxygen demand per 7 days). Pollutants contained in the biologically untreated wastewater of Grigeo Klaipėda AB are attributable to non-hazardous pollutants that have not had a significant negative impact on (significant damage to) the water state, biota, and ecosystem of the Curonian Lagoon.
Grigeo Klaipėda AB seeks to cooperate with public authorities in implementing wastewater management solutions and environmental remedial measures that would remove the pollutants released by it from the natural environment, implement environmental remedial measures (improvement of the state of water of the Curonian Lagoon), restore lost public confidence, and ensure business resilience in the long run. It is very important to the management of Grigeo Klaipėda AB that this incident not only becomes a painful lesson for the company, but also prevents the recurrence of such cases in the future in all economic activities of the country.

IMPORTANCE OF ENVIRONMENTAL REMEDIAL MEASURES FOR THE CURONIAN LAGOON

One of the most acute problems of the Curonian Lagoon is eutrophication. In general, terms, it means the increase in the biological productivity of a water body due to the excess, loadings and/or accumulation of nutrients, mainly phosphorus and nitrogen. Approximately 75% of nitrogen is transported to the Baltic Sea by rivers and 25% enters from the atmosphere. Meanwhile, most of the phosphorus, around 95%, enters the Baltic Sea via rivers.
Nitrogen, phosphorus and BOD_7 (biological oxygen demand) were the main elements of pollution in the industrial wastewater of Grigeo Klaipėda AB that could have an impact on the Curonian Lagoon. Environmental remedial measures of Grigeo Klaipėda AB and the analysis of their alternatives are aimed at the elimination of these pollutants, contributing to the reduction of eutrophication of the Curonian Lagoon.
In 2021, Grigeo Klaipėda AB engaged Lithuanian and foreign scientists and environmental experts and assessed various possible alternatives for the removal of pollutants from the natural environment and/or implementation of environmental remedial measures to improve the water state in the Curonian Lagoon.
To achieve this result, the following alternatives for the removal of pollutants from the natural environment (environmental remedial measures) were evaluated:

- Cutting and removal of reed biomass on the coasts of the Curonian Lagoon
- Creation of wetlands in the Minija river basin area
- Removal of cyanobacteria from the Curonian Lagoon

Grigeo Klaipėda AB case

CUTTING AND REMOVAL OF REED BIOMASS ON THE COASTS OF THE CURONIAN LAGOON

High content of nutrients promotes the Curonian Lagoon overgrowth with aquatic plants. Reed beds stretching along the coasts of the lagoon create bays sheltered from the wind and waves that turn into swamps (with organic matter accumulating in them). This way, eutrophication increases even further and the self-cleaning potential of the Curonian Lagoon decreases.

The unrestricted spread of reeds has a significant negative impact on the decline of plant communities and biodiversity. Due to unrestricted domination of reed, rare species and communities and species and communities with a narrow ecological amplitude quickly disappear in all plant ecological zones. Two types of habitats disappear with reed communities taking root on the lagoon coast: sandy washed shores and small open bays. The lagoon coast is also an important habitat for rare animal species.

The only way to change the situation is to reduce the areas occupied by reeds. Regular cutting of reeds is one of the main measures to restore open coastal habitats. Like other plants, reeds absorb nitrogen, phosphorus, and heavy metals during vegetation. After cutting the reeds and removing them from the water, the excess chemicals and nutrients are removed from the water together with them.

Reeds in Kintai, Photo: Grigeo Klaipėda AB

In the course of assessment of this measure, the State Scientific Research Institute Nature Research Centre, the Curonian Spit National Park Directorate, foreign experts and organisations, such as The Race For the Baltic and John Nurminen Foundation, working with the Baltic Sea water state improvement projects were consulted and the best practices of foreign states[1] [2] [3], as well as publicly available studies and articles in Lithuania were followed. Public consultations and assessments of the carried out studies supported the relevance and environmental value of reed cutting as an environmental remedial measure.

WORK STARTED

In 2021, Grigeo Klaipėda AB, having assessed three scientifically based environmental remedial measures (Cutting and removal of reed biomass on the coasts of the Curonian Lagoon; Creation of wetlands in the Minija river basin area and Removal of cyanobacteria from the Curonian Lagoon) chose, and prepared a plan of environmental remedial measures for cutting and removal of reed biomass on the coasts of the Curonian Lagoon. The aim of this measure is to remove the amount of pollutants (phosphorus, nitrogen and carbon) from the Curonian Lagoon and to contribute to the creation of more favourable conditions for the restoration (regeneration) of biodiversity, thus reducing eutrophication processes in the Curonian Lagoon.

In November 2021, Grigeo Klaipėda AB started the first cuttings in Šilutė district, on a private plot of the mainland Curonian Lagoon coast of Kintai eldership. 20.60 tonnes (1.5398 ha) were cut out. According to the laboratory tests carried out in January 2022, the following amounts of pollutants were removed from the Curonian Lagoon in terms of carbon, nitrogen, and phosphorus: Nitrogen (N) – 0.0651 t, Carbon (C) – 6.8626 t, Phosphorus (P) – 0.0180 t.

By means of environmental remedial measures, Grigeo Klaipėda AB plans to achieve an environmental effect that will help remove organic pollutants from the natural environment (waters of the Curonian Lagoon) and conditions will be created for the gradual restoration (return to the original state) of the Curonian Lagoon waters.

Reed cutting will significantly contribute to the solution of the eutrophication problem in the Curonian Lagoon. The other two alternatives are described in detail later in this section (see remedial options).

Cur reeds in Kintai, Photo: Grigeo Klaipėda AB

[1] GUIDEBOOK OF REED BUSINESS, the publication is supported by the EU through the European Regional Development Fund, Project partners, main coordinators and their E-mail addresses: Turun University of Applied Sciences, Anne Hemmi, anne.hemmi@turkuamk.fi Centre for Economic Development, Transport and the Environment of Finland, Iiro Ikonen, iiro.ikonen@ely-keskus.fi Livia ammatikoulu, Veli-Matti Jalli, veli-matti.jalli@livia.fi Tallinn University of Technology, Ülo Kask, ykask@staff.ttu.ee Estonian University of Life Sciences, Jaan Miljan, jaan.miljan@emu.ee Riga Technical University, Aigars Laizans, aigars.laizans@rtu.lv Vides Projekti, prieiga per - https://dspace.emu.ee/xmlui/handle/10492/4490.

[2] The Coastal Reed Project, John Nurminen Foundation, prieiga per internetą - The Coastal Reed Project / John Nurmisen Säätiö (johnnurmisensaatio.fi)

[3] Read up on Reed, Reed strategy project is implementing Interreg III A programme between Southern Finland and Estonia, the publication is supported by the European Union through the European Regional Development Fund (ERDF), the Southwest Finland Regional Environmental Centre, Turku 2007, prieiga per internetą- Kansi1AS.pdf (doria.fi).

GRI: 102:15 103:2 304:3

CREATION OF WETLANDS IN THE MINIJA RIVER BASIN AREA

In 2021, at the request of Grigeo Klaipėda AB, scientists from the Marine Research Institute of the Klaipėda University conducted a feasibility study 'Assessment of wetland efficiency in reducing loadings of organic and biogenic substances into the Curonian Lagoon from the Minija river basin based on the basin model'. Based on the analysis presented in this study, it is stated that recent studies of nutrient loadings from the Nemunas river basin area into the Baltic Sea show that despite the improved wastewater treatment after the modernisation or new installation of centralised municipal wastewater treatment plants, the nutrient loadings remain high, as compared to the maximum possible loadings from the basin of the rivers. The Ministerial Declaration of the Helsinki Baltic Marine Environment Protection Commission (HELCOM) in Brussels in 2018 states that the highest levels of nutrient pollution still come from agriculture. The creation of wetlands[4] (artificial or natural, permanently submerged or periodically flooded areas) on agricultural land could help reduce such pollution. Wetlands are natural filters of nature.

Creation of wetlands may be used as one of the measures that can be effective if combined with agricultural, household and industrial wastewater management and fisheries pollution prevention measures. The analysis commissioned by Grigeo Klaipėda AB simulated the creation of three potential wetlands in the Minija river basin area that would be the most effective in the containment of total nitrogen and phosphorus across the area they occupy. Assessment of the possibility of creation and effectiveness of wetland in the containment of nutrients and sediments was carried out using the SWAT model (Soil Water Assessment Tool). This model is one of the most popular and widely used river basin hydrological models in the world. The analysis demonstrated that the creation of a wetland of about 50 ha in the Minija river basin allows for a maximum containment of up to 53.3 t of suspended sediments. The average wetland nutrient containment potential is 6% of total nitrogen and up to 29% of total phosphorus. A maximum of 1,309.2 kg of total nitrogen and 181.2 kg of total phosphorus can be contained by creating a wetland of about 50 ha.

Taking into account that the respective land will no longer be fertilised, the creation of wetlands would reduce the amount of nitrogen up to 6,344.0 kg and the amount of phosphorus up to 949.3 kg per year in total.

The performed analysis demonstrated that the creation of wetlands is not complicated. This measure is scientifically justified as very important in solving environmental pollution problems in the long run, but does not ensure the maximum intended effect required in order to eliminate Grigeo Klaipėda AB wastewater pollution. The effectiveness of wetlands depends significantly on natural phenomena such as precipitation. A large area is required for the implementation of the project, and it is also necessary to ensure that the land used for the creation of wetlands is not fertilised. The actual efficiency of the created wetland is determined by continuous measurements.

Nemunas delta, by Marco Bartoli

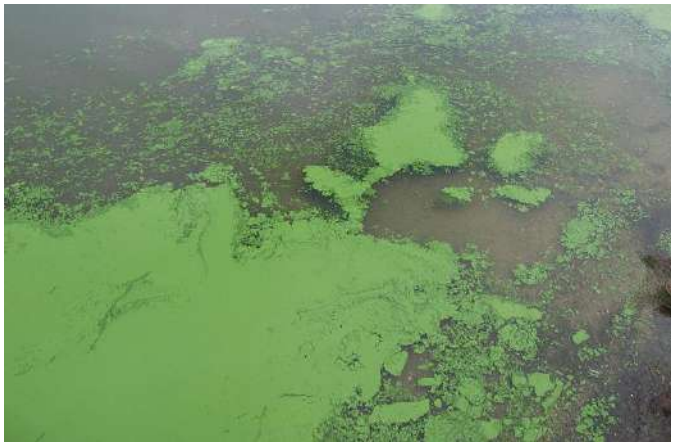
REMOVAL OF CYANOBACTERIA FROM THE CURONIAN LAGOON

"Blooms" of cyanobacteria means the intensive uncontrolled growth of blue-green algae (cyanobacteria) as a consequence of eutrophication and the accumulation of excess biomass in the surface water layer that has a harmful effect on biota and human health. With the decay of algal biomass, water ecosystems lose oxygen, the concentration of nutrients increases, and an unpleasant odour occurs. Algae in ecosystems serve as a natural biofilter that accumulates nitrogen, phosphorus and CO_2.

The collection of excess algal biomass from aquatic ecosystems could therefore be an effective measure to reduce the nutrient content[5].

Grigeo Klaipėda AB cooperated with the State Scientific Research Institute Nature Research Centre regarding the possibility of implementation of environmental remedial measures intended to collect biomass in the Curonian Lagoon and from the Nemunas basin, thus removing organic pollutants contained therein.

Taking into account that various technologies can be applied for the collection of algae and cyanobacteria, but most of them are still in the prototyping stage, and also the possibilities of biomass application (disposal) are being tested, the implementation of this measure has been abandoned at least at the moment.



Cyanobacteria , Environment protection agency (US) 2021,

[4]Wetlands are swamps, lakes, lagoons, river deltas, marshes, atolls, ponds, wet grasslands, bogs or peatlands that are natural or artificial, temporarily or permanently flooded with flowing or standing fresh, saline or marine water. Source: Study of the Marine Research Institute of the Klaipėda University 'Assessment of wetland efficiency in reducing loadings of organic and biogenic substances into the Curonian Lagoon from the Minija river basin based on the basin model', p. 6.

[5]Source: AlgaeService for LIFE project, available at: https://algaeservice.gamtostyrimai.lt/lt/ and the project publication 'Can water blooms be controlled?', available at: https://algaeservice.gamtostyrimai.lt/wp-content/uploads/2022/01/Leidinys-LT-2022-01-03-final.pdf

GRI: 102:15 103:2

LONG - TERM SOLUTIONS

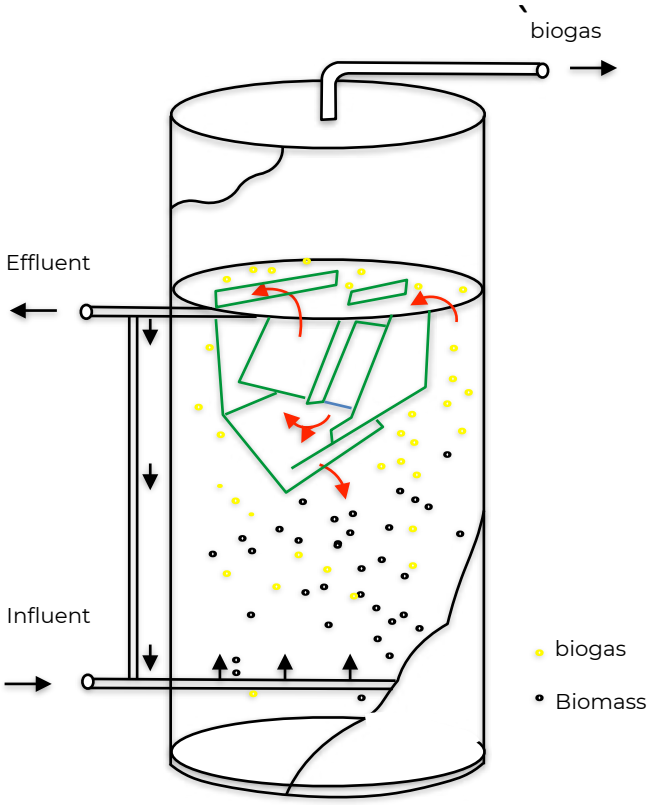
GRIGEO KLAIPĖDA AB WASTEWATER TREATMENT SOLUTIONS

Water is fundamental in our everyday activities of paper waste recycling and paper production. This is one of the most important sources in our supply chain. We understand clearly that the use of water in production processes affects not only the environment, but also local communities in the Klaipėda region. One of our most important strategic considerations is to conserve nature. We no longer have the right to make mistakes. In order to meet our goals, we have tightened up our internal processes for its rational use, we are closely monitoring the amount of discharged wastewater and the level of pollutants, and we are seeking sustainable solutions in the area of water management.

For more than two years now, Grigeo Klaipėda AB wastewater is being transferred to AB "Klaipėdos vanduo" for treatment. As of 7 January 2020, Grigeo Klaipėda AB is no longer using its own treatment facilities in Dumpiai for the treatment of industrial wastewater.

In order to optimise the composition of circulating water used during economic activities and to reinforce the prevention of local dispersion of odours, Grigeo Klaipėda AB intends to modernise the technological process of the generated wastewater by constructing an anaerobic bioreactor with appurtenances on the plant territory. It is one of the most innovative technologies for the treatment of industrial wastewater widely applied in paper industry.

This technological equipment is intended to modernise the processes of treatment of circulating process water generated in the production. Innovative technology will allow reducing the load of the currently used treatment plants and will significantly reduce the amount of waste (sludge) generated after the biological treatment of circulating water in Klaipėdos vanduo AB facilities. Accordingly, the anaerobic reactor will also contribute significantly to even more efficient management of local odour dispersion generated during the treatment of circulating water. The efficiency of the anaerobic reactor in reduction of BOD_7 / COD wastewater pollution is estimated to amount to 80%. This project is important in terms of a fully sustainable use of energy resources. Biogas generated during the anaerobic process will be used for thermal energy production at Grigeo Klaipėda AB gas boiler house. This way, the use of natural gas would be reduced up to 8%, accordingly CO_2 emissions as well.



Anaerobic reactor

Taking into account the fact that Grigeo Klaipėda AB is located next to Klaipėda city centre, odour control will be even more stable, and we will fully meet the expectations of the neighbouring city communities.

Currently, the implementation of the project is coordinated with the responsible authorities. Upon completion of this process, Grigeo Klaipėda AB would be ready to implement the technology in its production area in an optimally short period of time. The expected investment amounts to approx. EUR 2.65m.

INVESTMENT IN THE ENVIRONMENTAL SCIENTIFIC RESEARCH

Back in 2020, in order to fulfil the promise made to the society to finance research carried out in order to determine the state of water in the Curonian Lagoon and to implement environmental social initiatives, Grigeo Klaipėda AB was looking for partners with the highest competencies. It is important for us that the scientific potential for significant environmental research is constantly strengthened and that business organisations can obtain the latest studies to ensure the sustainability of their activities.

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.

Under the terms of the agreement, a five-year programme of environmental action is being implemented, focusing on the long-term value creation. Based on the agreement, three separate programmes have been planned for development. The first one is for the development and installation of an ambient air pollution (industrial and transport pollutants, volatile organic compounds) monitoring system in Klaipėda city. The second one is for the application of advanced treatment technologies for the containment and disposal of hazardous organic micro-pollutants in urban wastewater treatment plants. The third one is for the provision of support for bachelor's and master's study projects in the preparation of graduation papers.

GRI: 102:15 103:2 303:2

CARDBOARD

We are driven by circularity

SUSTAINABILITY IN A BOX

Cardboard is made of

100%

waste paper

MYTH: Making recycled paper is environmentally damaging.

FACT: Paper recycling saves trees, energy, and water; produces less GHG emissions than virgin paper production. It also solves a waste paper disposal problem.

MYTH: Paper recycling uses large amounts of toxic chemicals.

FACT: The only area, in which recycled paper creates more disposal materials, is the greater amount of sludge produced than virgin paper making. But potentially toxic materials that accumulate into recycled paper sludge would otherwise be scattered throughout landfills or concentrated in incinerator emissions or ash. In Klaipėda, sludge is treated by a third party supplier.

MYTH: It is better to burn paper for energy than to recycle it.

FACT: The 2021 study, conducted by Graz University of Technology in Austria, concluded that fibre-based packaging material – paper, board, cardboard, and folding boxes – can be recycled more than 25 times with little to no loss of integrity, according to the latest independent research. The cardboard paper can be recycled as many as 25 times before becoming too short for paper making, saving resources, water, and energy, and reducing pollution each one of those times. The impact and value of these repeated savings outweigh the negative impact of the recycling process.

MYTH: Zero waste lifestyle has no adverse effects to the environment.

FACT: Recycling business is messy. Your waste paper goes through a rigorous processing which does have a significant water and waste footprint, which is still smaller, compared to the virgin paper production.

STAKEHOLDER ENGAGEMENT

Reliable feedback

STAKEHOLDERS

To make sense of stakeholder engagement, we invested our time and effort in the following steps:

STEP ONE: BENCHMARKING

- We assessed industry specific issues and best practices;
- Identified gaps in our stakeholder engagement vs. peers/best practices.

STEP TWO: IDENTIFICATION

- We revised our entire supply chain and came up with a full list of our stakeholders;
- All stakeholders were mapped based on their influence and interest in our sustainable development;
- Our management and decision makers were actively involved in defining key stakeholder groups.

STEP THREE: ENGAGEMENT PLAN

- We assessed the most effective methods and communication channels to reach our stakeholders;
- Relevant specific objectives for stakeholder engagement were identified.

STEP FOUR: PERFORMANCE

- We thoroughly revised and documented existing engagement activities Group wide;
- Made sure we understood key expectations and grievances of our stakeholders;
- Whenever it was possible, we reached out to our stakeholders to verify our understanding of their expectations and grievances;
- Whenever we came across data discrepancies or gaps, we made a significant effort to ensure we collected missing information;
- Whenever we were not able to collect missing information, we updated our stakeholder engagement plan for upcoming reporting periods.

STEP FIVE: ANALYSIS

- A dedicated team analysed information on stakeholder engagement at the company level;
- All stakeholders were subdivided into major groups;
- Expectations and grievances were consolidated on the Group level;
- The key points on stakeholder engagement are reported in the following section, DIALOGUE.

GRI: 102:29 102:40 102:42 102:43 102:46 103:1 103:2

OUR STAKEHOLDERS

State Tax Inspectorate
The State Social Insurance Fund Board
The Environmental Protection Agency
Environmental Protection Department under the Ministry of Environment
National Public Health Centre
State Labour Inspection of the Republic of Lithuania
Employment Services
Klaipėda City Municipality
Vilnius City Municipality
Grigeo Group administration
Management
Production associates
Labour unions
Local communities
Society in general
Potential employees
Media
Politicians and public figures
Support beneficiaries
Banks
Insurance companies
Stock exchange
Shareholders
Competitors (product market)
Universities
Professional education
Schools
NGO's
Business associations
B2C Tissue
Retailers
B2B Tissue
B2B Fiberboard
B2B paper clients
B2B cardboard honeycomb
B2B packaging users
B2B packaging distributors
Cellulose suppliers
Paper and containerboard suppliers
Waste-paper suppliers
Water
Production materials
Electricity
Natural gas supplier
Waste management providers
Machinery
Spare parts and service providers
Packaging suppliers
Third party transportation
Scientific advisory
Certification agencies
Consulting, Legal, Audit, Marketing, PR services
Other suppliers (IT, post, Communications)

Detailed list of all stakeholders

DIALOGUE

	COMMUNICATION CHANNELS	THEIR EXPECTATIONS	WHAT WE STRIVE TO ACHIEVE
CLIENTS	Sales relationships Regular business meetings Collaboration through the full packaging value chain Quality control Public meetings Media Site visits Surveys	Packaging solutions that enable safe delivery of our customers' products Packaging solutions that cut waste and improve recyclability Tissue paper quality Operational efficiency Water stewardship Recovered finer content Air+GHG emissions Good reputation	Optimal, high quality, sustainable design packaging Creating and fostering circular economy through efficient waste paper collection and recycling process Responding to sustainability data requests from customers Proactively disclose our social and environmental impacts including GHG emissions Setting ambitious yet realistic sustainability agenda Reporting consistently on our sustainability efforts
INVESTORS AND FINANCIAL INSTITUTIONS	Regular calls and in-person meetings Business strategies Financial returns Risk mitigation Audited annual reports Public announcements via stock exchange	Investors expect us to communicate honestly and transparently on our sustainability effort Reducing reputational risk Streamlining supply chains to reduce CO2 emissions and minimise waste Sustainable packaging innovations deliver an attractive return on investment	Ensuring we do our part to address environmental and social issues material to our business Generate financial return in a most transparent way Starting reporting consistently on our non-financial results Improving our ESG assessment
EMPLOYEES	Safety programmes Employee training Company-wide communication Fostering human connection Involving employees in sustainability reporting Fostering involvement in setting sustainability goals Daily face-to-face meetings Intranet Surveys	Our people want to feel proud of the company they work for Safety Personal development Fair and transparent compensation Consistent career development Participation in decision making process	We ensure our employees are fully aware of our role within the circular value chain Exchange of talent and ideas across operations to share best practice Focusing on circular economy promotion. Making sure personal values are reflected in their workplace Fostering high employee engagement so that our people would be confident they can make real changes
SUPPLIERS	Supplier relationships Request for information Supplier sustainability audits Quality control Negotiations Contract terms	Steady demand Business continuity	Highest compliance standards for our suppliers Transparent and fair procurement process. Promote responsible best practices Assess the feasibility social and environmental and social auditing
COMMUNITIES	Economic and charitable relationships Employee-led fundraising Plant tours Media Product donations Meetings and presentations	Air emissions Air quality Biodiversity Fair neighbourship Economic impact Community engagement Sustainable and responsible business practices Water use and wastewater quality	Supporting local business ecosystems through short supply chains Proactively engaging with community stakeholders to address water-related issues Reducing our air emissions Addressing odour issues Enhancing our transparency
REGULATORS AND POLICY MAKERS	Legislative meetings Trade association meetings Formal hearings One-on-one meetings Collaboration Facility visits Reports Liaisoning with municipalities	Health and safety Paper recycling and recovery Taxes and environmental policy Compliance Fines and compensation Legal processess Biodiversity	Solving impending issues in the most sustainable manner Committing to meet or exceed legal requirements Educating policy makers on our commitment to circular economy Educating policy makers on the strategic/ critical importance of our recycling infrastructure on the national level

Stakeholder engagement: key groups of stakeholders

GRI: 102:12 102:15 102:29 102:40 102:43 102:44 102:45 103:1

MATERIALITY

MATERIALITY ASSESSMENT

In 2021, we performed a non-financial materiality assessment for the first time. To make the most of this process, we instructed and engaged our key decision makers. The assessment, co-led internally by the heads of sustainability and finance, was undertaken by an independent third party to ensure complete impartiality.
We believe that time and effort invested in the analysis helped us identify the economic, social, and environmental issues that are of the highest importance to our business and our stakeholders.
The materiality assessment results also serve as an input for our sustainability targets and action plans approved by the boards of the Group companies.

STEP ONE: STAKEHOLDER ASSESSMENT

We began our 2021 materiality assessment by conducting stakeholder assessment.

STEP TWO: IDENTIFICATION

To build a solid ground for our first materiality assessment, we considered the following sources to identify a range of potentially material topics:
- Concerns, questions, expectations, and grievances raised by stakeholders both directly and indirectly during the year;
- Sustainability topics covered in reports released by peers and customers;
- External sustainability reporting standard guidelines (GRI);
- External sustainability rating systems (e.g., CDP, DJSI, MSCI);
- Priority focus areas identified by our partners;
- Existing and emerging legislation and policies (both national and EU);
- Relevant quality certificates and business practices;
- General sustainability context;
- Sustainability reporting guidelines and requirements issued by regulators (both local and EU level).

STEP THREE: IMPACT MEASUREMENT

- Sustainability indicators are often categorised in three ways:
  - Economic (e.g., capitalisation, revenue, profit, company turnover);
  - Social (e.g., labour statistics, human capital development, human rights, occupational health and safety, consumer health, community impact);
  - Environmental (e.g., biodiversity, water stewardship, greenhouse gas emissions, waste management, materials).
- Qualitative assessment: what issues might be of critical importance to our business lines.
- Quantitative assessment: how much resources (materials, water & energy) we withdraw from the environment in terms of volume, and how much product we deliver to make your life more enjoyable, as well as what kind of residual outputs exit our facilities in the form of emissions, waste, and effluent.
- To make our analysis more holistic, we included governance topics as well.

STEP FOUR: PRIORITISATION

To make sure we are responsive to those with the greatest potential to impact our performance or to be impacted by our actions moving forward, we prioritised all topics.

STEP FIVE: VALIDATION

- We reviewed the final list of topics, prioritised as highly material, with our cross-functional team and leadership for feedback and approval.
- After the list has been approved, we mapped the highly material topics to the appropriate GRI Standard following the GRI reporting protocol. We identify and report on the indicators within each relevant GRI Standard to ensure the completeness of the report.
- We do not limit ourselves to the topics of relevant GRI standards and disclose information on all topics of critical importance.
- The report is subsequently reviewed and approved by Grigeo Group's executive leadership team before public release.
- Our leadership is committed to reviewing economic, environmental, and social topics and their impacts, risks, and opportunities annual.

GRI: 102:20 102:22 102:29 102:32 102:46 103:1

CRITICAL TOPICS

Mapping our materiality

Our 25 material issues have been organised under our four material issue categories.
Through the materiality assessment, we refine our commitments and identify areas for improvement.

We determine where we can have a positive impact across our value chain, from forest managers to environment-conscious consumers trusting us to recycle their used packaging and other paper products.

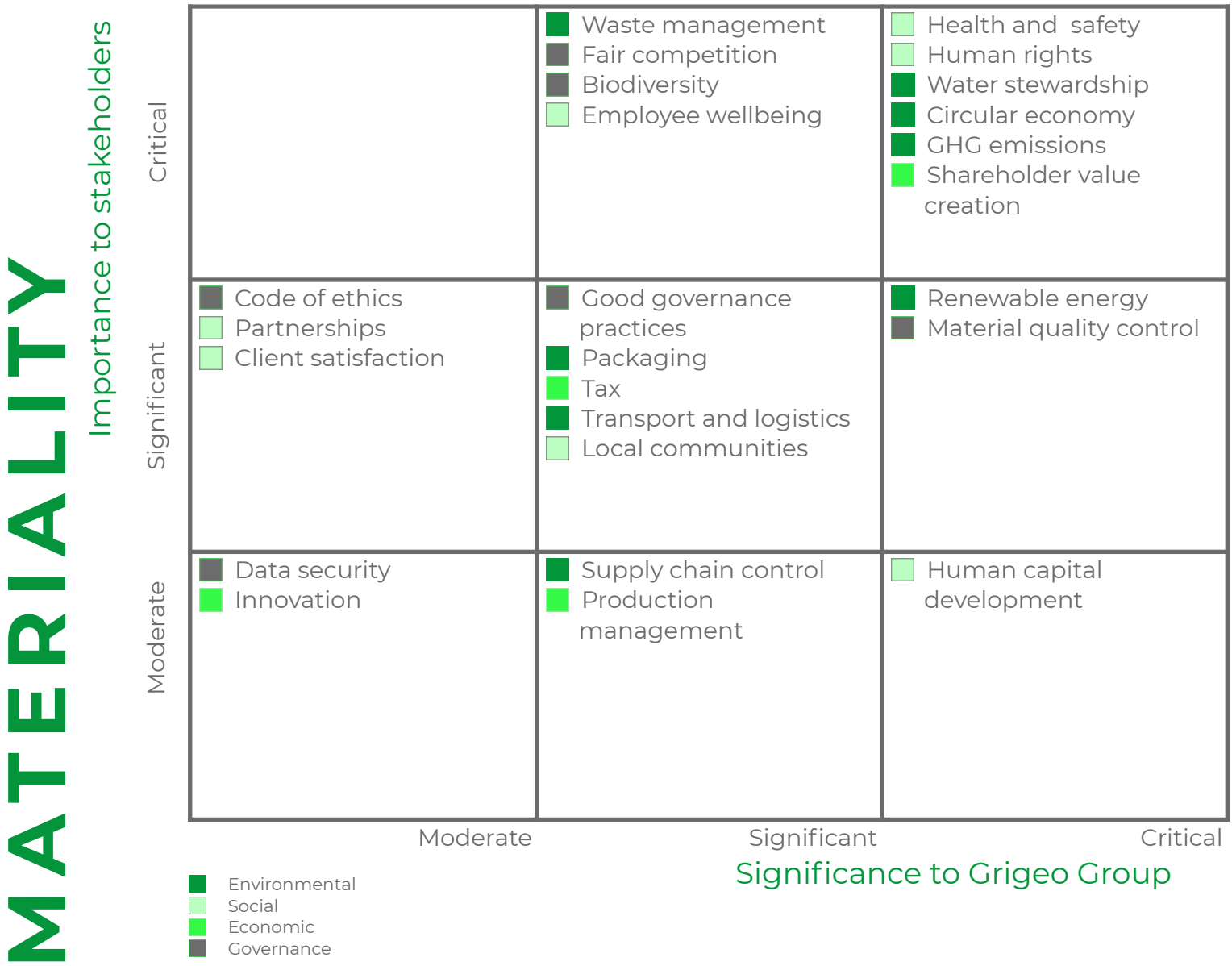
According to GRI, significance in financial statements is generally considered to be a threshold influencing the economic decisions of those who use an organisation's financial statements, particularly investors. A similar concept is also important for sustainability reporting, but it has two dimensions. This table provides a list of the material topics mapped to indicate significance to our business continuity against the importance to our stakeholders.

By conducting our materiality assessment, we can identify and respond to the needs of all these stakeholders. Some of these issues are essential for protecting and growing our revenues. Others have significant influence on our cost structure, supply chain, and risk.

The most material topics and impacts are analysed and disclosed in the following sections of the report, using GRI standards.

Materiality assessment also reflects the key risks for the organisation. Key topics covering major risks for business future and long-term success are prioritised as having critical significance to Grigeo Group.

In this report, we disclose in detail our impacts on material topics of critical importance, both to us and our stakeholders. Topics of moderate and significant importance are disclosed to support disclosures on material topics of critical importance.



GRI: 102:15 102:44 102:46 102:47 103:1

Grigeo

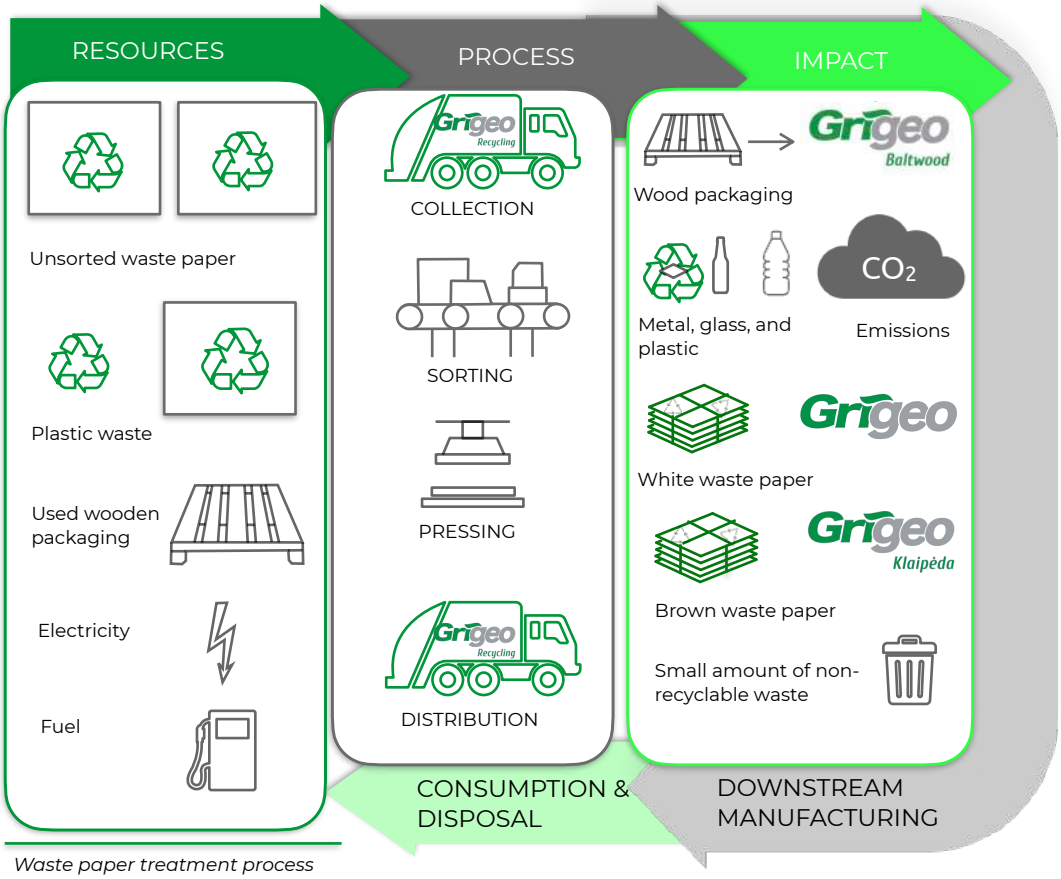
2021

BUSINESS

This section is devoted to introducing you to:
Our products
Key materials
Processes
Brands
Consumer markets
Product specifications
Regulations and certifications relevant to each product

SORTED WASTE PAPER

We are here to ensure a new life for used paper



Waste paper treatment process

Consumers are right to believe that paper is easier to recycle. According to Eurostat, in Europe 84% of paper packaging is recycled, making it the most recycled packaging material in the world. Glass has a recycling rate of 74%, metal 80%, and plastic 42%.

Grigeo Recycling UAB and Grigeo Recycling SIA collect waste paper in Lithuania and Latvia respectively.

PRODUCTS

WHAT WE DO

- Install press containers and take care of their timely replacement. Our certified, metrologically verified scales determine the exact weight of incoming raw materials.
- Sort plastic waste and sell it to plastic recycling companies.
- Collected wooden packaging, including their production waste and broken wooden pallets are further recycled by Grigeo Baltwood UAB.

WE DO COLLECT

- Industrial waste from printing houses;
- Office waste paper;
- Documentation after the expiration of mandatory storage period;
- Cardboard, corrugated cardboard, and its packaging; cardboard production waste;
- Defective paper and paperboard production in rolls and sheets;
- Wooden pallets;
- Plastic waste originating from polyethylene and polypropylene films and the packaging thereof. Also we buy packaging (stretch) film, and polyethylene bags.

	Lithuania	Latvia
White waste paper	4,327	381
Brown waste paper	23, 206	5 948
Mixed waste paper	4,972	703

Waste paper collected by country, tonnes, 2021

WASTE PAPER SHOULD BE FREE OF

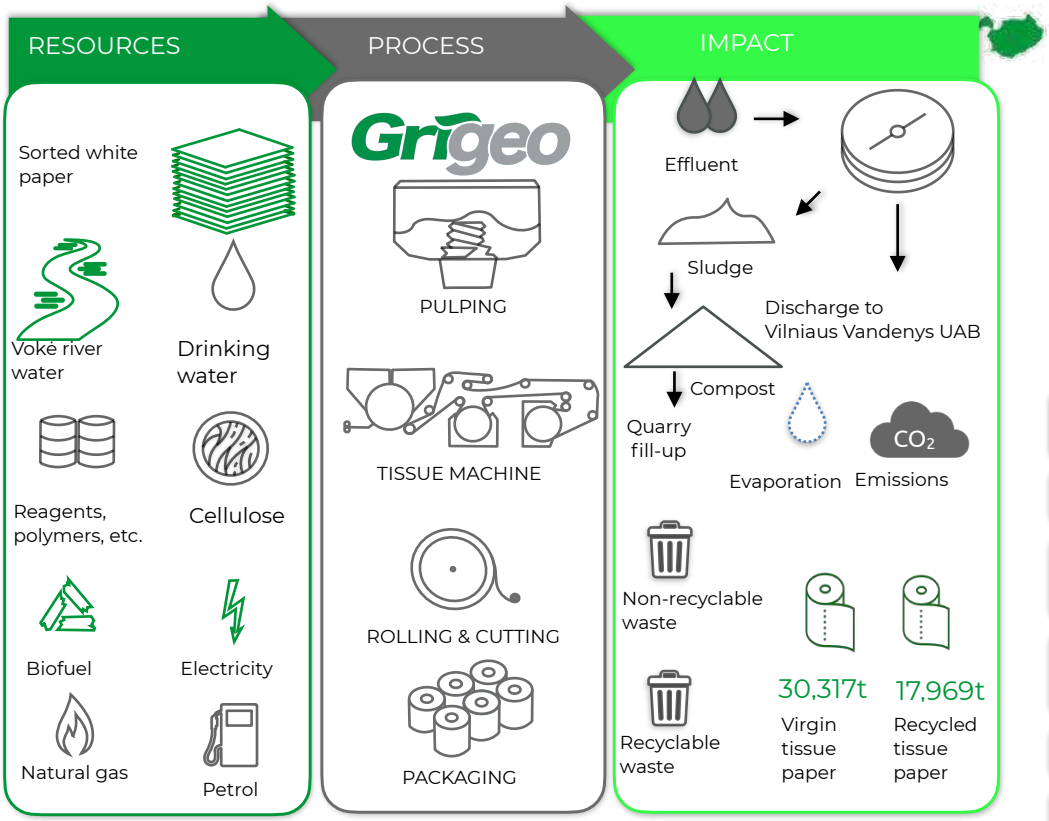
- Non-paper impurities based on EN 643:2014: metal, plastics, glass, textiles, wood, sand, construction, and synthetic materials;
- Coated paper and cardboard unsuitable for recycling;
- Contaminated paper (chemicals or hazardous substances);
- Greaseproof, metallised sandpaper, paper and cardboard bags for food, construction and chemicals, any paper impregnated with glue or varnish;
- Rotten, moldy, burnt paper;
- Intensely coloured paper (black, green, red, etc., except white);
- Paper egg trays.

Grigeo Recycling UAB container

GRI: 102:2 102:6 102:7 102:9

TISSUE PAPER

200 years of commitment to better life



Tissue production, input, process, output

Our export markets

RESPONSIBLE SOURCING

All of our products are certified and must meet the highest standards imposed by our clients; in turn, it is our duty to ensure maximum transparency of the supply chain.
Grigeo AB has adopted a supplier auditing system based on BRC, IFS, and ISO9001.
Supplier auditing helps our partners improve their processes, management, and product processes.
Our people closely cooperate with our partners in order to ensure that both Grigeo AB and our suppliers are able to supply sustainable products and materials.

HOW TISSUE PAPER IS MADE

1. Pulping: Diluting cellulose or waste paper in water to release fibre. The interim product has up to 98% of water.
2. Forming: We operate modern tissue machines. Complex machinery sprays liquid pulp on the web and forms base for tissue, presses some water out.
3. Drying: The remaining water is removed from the paper web by heat drying. Steam generated in the boiler plant heats up the so-called Yankee cylinder (the large barrel of the machine) and the hood above it, which acts as a hot air conductor. As a result, prepared generic material for tissue paper is rolled to jumbo rolls (weight: 2t, radius: 2m, height: 2.75m). This raw material is further used in paper conversion lines to make specific products.
4. Rolling and cutting: Jumbo rolls of generic material are re-rolled and cut to the customised properties of final product.

	UNIT	VIRGIN FIBRE PAPER	RECYCLED FIBER PAPER
Water	Liters	1.1	1.1.
CO_2 (scope 1+2)	Grams	18.4	18.4
CO_2 (scope 3)	Grams	77	39
Cellulose	Grams	104	
Waste paper	Grams		141

Impact of one paper roll (100g), 2021

Jumbo roll of tissue paper

GRI: 102:2 102:6 102:7 102:9 303:3

QUALITY

- IFS HPC
- FSC® CoC (Chain-of-Custody) certificate
- European Union eco-label – the EU Flower
- Nordic Swan Ecolabel
- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management Standard
- Good Manufacturing Practices (GMP) Management Standard

SPECIFIC REGULATIONS

- Pollution prevention
- Environment monitoring
- Natural resources stewardship
- Climate change
- Waste management
- Consumer health and safety
- Packaging management
- Management of chemical compounds
- Hazardous waste management
- Sludge management
- KompostasComposting

PRODUCTS

CONSUMER BRANDS

GRITE

GRITE and GRITE PROFESSIONAL are the main brands of GRIGEO tissue products, counting a long history. GRITE products are for home users and have been valued by our customers for over 25 years. GRITE PROFESSIONAL products are designed for business needs. In 2021, we offered more than 60 products: folded towels, cleaning paper, kitchen towels, toilet paper, handkerchiefs and much more.

Grite PROFESSIONAL

100% recycled tissue (toilet paper and folded paper towels) line for HORECA (Hotels, Restaurants, and Cafés) and AFH (Away From Home) segments.

Grite WHITE RABBIT

More paper in a roll means less plastic packaging per kilogram of paper. More kilograms of paper are transported as the finished product, which results in lower CO_2 emissions.

Grite ECOLOGICAL

The Plius Ecological family is intended for everyone who wants to contribute to the Earth's wellbeing, environmental protection, and sustainability by using recycled 3-ply toilet paper.

Grite FAMILY

The soft recycled 3-ply toilet paper and paper towels became daily companions for thousands of families.

Grite NO

A more simple paper made from cellulose – two layers of high-quality, white and durable paper

Grite BLOSSOM

100% cellulose tissue. Decorated in field flowers, these 3-ply products are soft, gentle, and strong. The softness is due to cellulose.

Grite ORCHIDEA

Orchidea products are 3-ply, soft, gentle, and strong. The softness comes from cellulose.

Grite CHARISMA

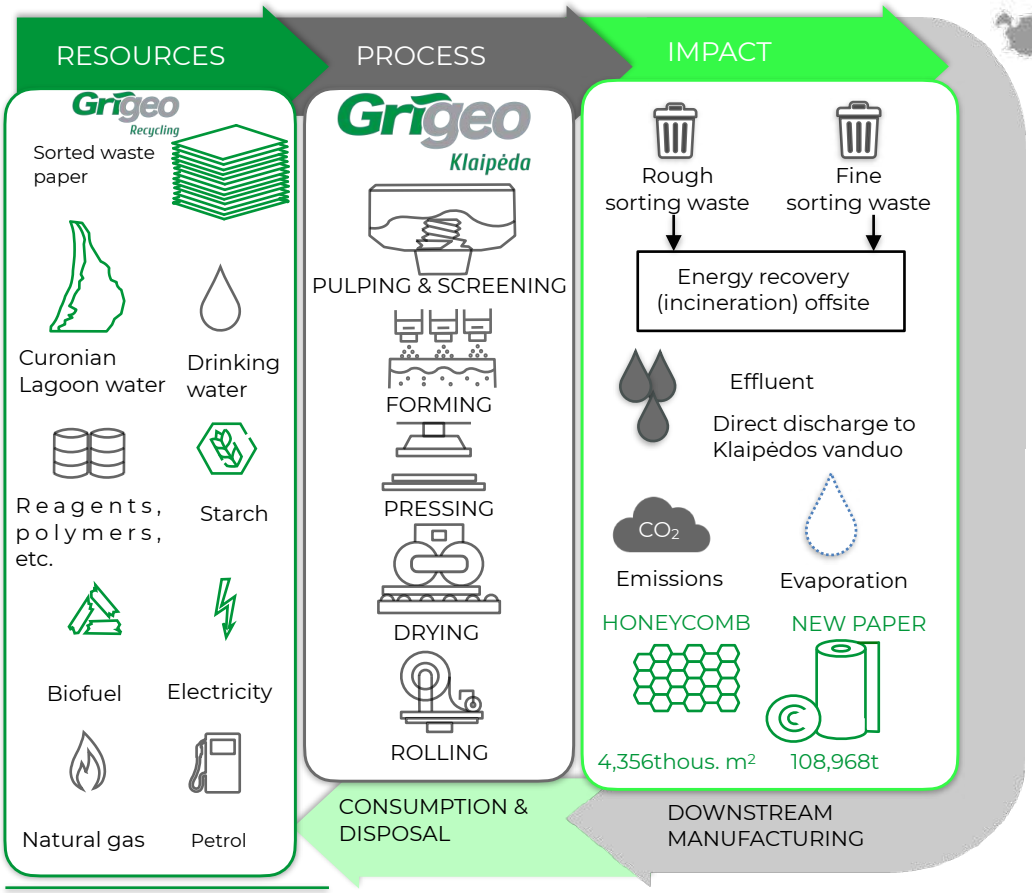
This top-quality range will not simply meet your expectations, but will exceed them by far: the patterned paper towels and 4-ply toilet paper are made from cellulose, so they are especially gentle, soft, white, and strong. This is a real *haute couture* masterpiece.

PRODUCTS

GRI: 102:2

RECYCLED PAPER

A cornerstone of circular economy of paper in the region



Recycled paper production, input, process, output

Our export markets

QUALITY

- ISO 14001 Environmental Management System
- FSC® CoC (Chain-of-Custody) certificate
- ISO 45001 Occupational Health and Safety Management Standard

SPECIFIC REGULATIONS

- Pollution prevention
- Environment monitoring
- Odour control
- Effluence management
- Natural resources stewardship
- Climate change
- Waste management
- Consumer health and safety
- Packaging management
- Noise prevention
- Steam production management
- Management of chemical compounds
- Hazardous waste management
- Sludge management

COMPOSITION OF CONTAINERBOARD

Grigeo Klaipėda AB is a major player in recycling industry in the Baltic states. Basically, we divert paper from landfill by returning valuable fibre back to new paper by producing material for corrugated cardboard packaging.
In 2021, we recycled 113,877t of waste paper and packaging scraps. To bring waste paper back to business, we needed to add 4,995t of native starch. Waste paper and starch accounts for 98.6% of total materials used.

HOW RECYCLED PAPER IS MADE

1. Pulping: waste paper comminuted and mixes with circulating water in pulper to create fiber and water mass.
2. Screening: impurities are removed during pre-treatment (eg scrap metal, plastic, etc. from the binding of waste paper). Fine cleaning removes fine particles such as polystyrene, inorganic materials such as sand, gravel and the like.
3. Forming: the cleaned waste paper mass is evenly distributed on the net.
4. Pressing: through application of pressure by rotting press, most of the water is removed and circulated back to the production cycle.
5. Drying: the remaining moisture is removed and the basic form is dried by applying high pressure and temperature. The combination of the applied heat and starch used results in a very robust containerboard.
6. Rolling: recycled paper is rolled into jumbo rolls according to the specifications of the final product.

PRODUCTS

HONEYCOMB

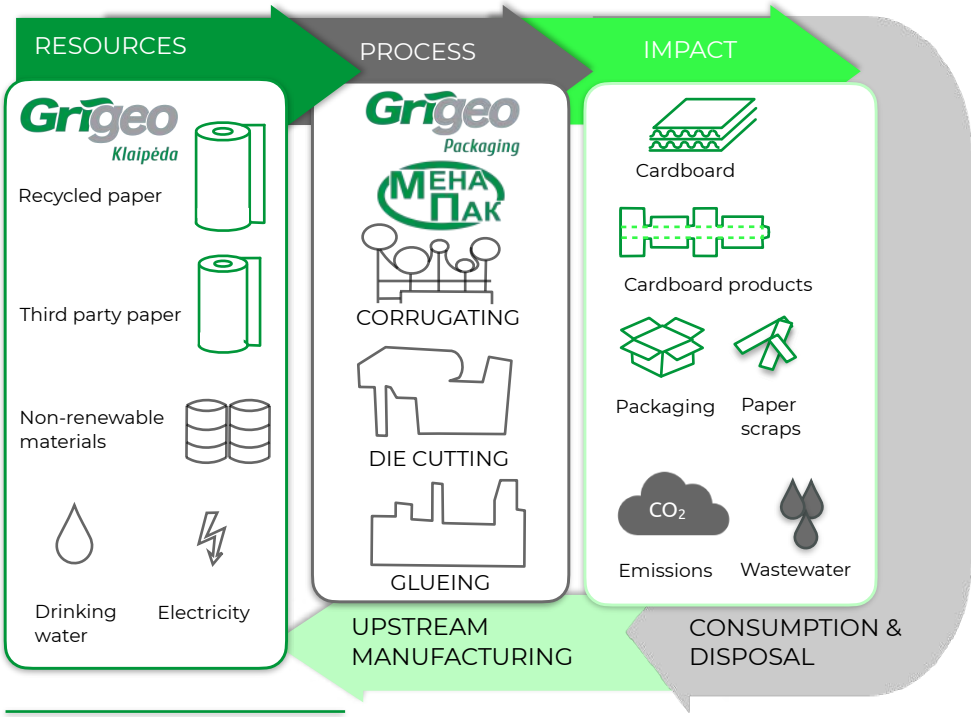
Grigeo Klaipėda AB converts produced paper into honeycomb for the furniture industry.
By nature a sustainable product (100% recycled material, light weight and easily transported), honeycomb serves as a filling material ensuring durability and light weight of wooden furniture.

Honeycomb

GRI: 102:2 102:6 102:7 102:9 303:3

PACKAGING

Converting recycled paper to reliable packaging



Production of corrugated cardboard and packaging: input, process, output

Our export markets

Most goods, products, or electronic equipment you bought were safely transported in boxes made of corrugated cardboard as a third or secondary packaging. Many items are sold in individual cardboard boxes as primary packaging. Arguably, corrugated cardboard is the most versatile packaging material:

- Provides maximum protection;
- Easily customised;
- Cost-effective;
- Sustainable;
- Great for branding;
- Lightweight;
- Recyclable and reusable.

THE CORRUGATOR

A corrugator is a set of machines designed to bring together three or five sheets of paper to form a single, double or triple wall board in a continuous process.

Four major steps:

1. Unrolling: three or five sheets of paper (containerboard) are unrolled simultaneously on the corrugator: the inner liner, the outer liner, and in the middle, the medium (also called fluting);
2. Corrugating and gluing: corrugating the flutes (forming waves of middle layer by pressing the sheet under heat through grooved metal rolls) and gluing to a single liner (flat outer layer);
3. Gluing: the second outer layer is glued on to make a rigid board. In the case of 5-layer corrugated cardboard, an additional layer of corrugated and a single liner are glued. On;
4. Cutting: the board is cut to the desired size.

The corrugated board comes out of the equipment as a flat board sheet.

CONVERSION OF THE CORRUGATED BOARD

Unlike other companies in our Group, Grigeo Packaging UAB has an unlimited portfolio of products. All our output is customised to meet specific requirements.
The converting of corrugated board includes all processes of transformation, from a flat board to a finished product (mainly packaging).
These processes consist of printing, die cutting, folding, and gluing. Different operations are carried out based on a customer's specification and according to the type of packaging.

GRI: 102:2 102:6 102:7 102:9

QUALITY

- FSC® CoC (Chain-of-Custody) certificate
- ISO 9001 Quality Management System both in Grigeo Packaging UAB and Mena Pak AT
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management
- Good Manufacturing Practices (GMP) Management Standard

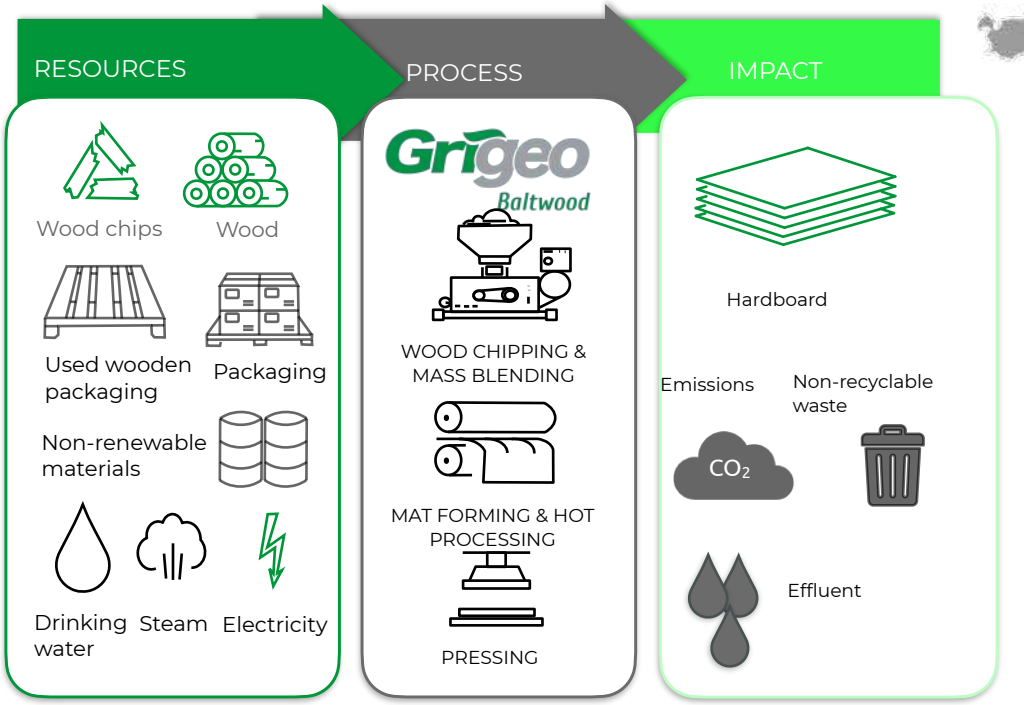
SPECIFIC REGULATIONS

- Pollution prevention
- Environment monitoring
- Natural resources stewardship
- Consumer health and safety
- Packaging management
- Noise prevention
- Climate change
- Waste management
- Management of chemical compounds
- Hazardous waste management

PRODUCTS

FIBERBOARD

Durable and environmentally conscious material



Tissue production, input, process, output

Our export markets

COMPOSITION OF HARDBOARD

For more than 50 years, Grigeo Baltwood UAB operates traditional fiberboard production line. In 2021, we processed 138,693 tonnes of wooden materials (wood chips, wood logs, and used wooden packaging), and only 1,520 tonnes of non-renewable materials, such as resin, varnish, paraffin, and reagents. The technology allows producing durable material made of 99% renewable material.

HOW HARDBOARD IS MADE

1. Wood chipping and blending: wooden materials (wood chips, wood logs, wooden packaging waste) are chipped, heated with steam and blended to derive fibre which is diluted with water;
2. Mat forming and hot processing: the prepared mass is formed into the mat, dewatering takes place. The water pressed out off the mass is recirculated back to blending.
3. Pressing: we use steam-powered pressing machine to apply heat and pressure on fibre mass to "cook" fibreboards.
4. Cutting: the margins of produced sheets are cut and returned to production cycle.
5. Painting: if needed, we cover our products in white water-based paint.

KEY CHARACTERISTICS

- High resistance
- High density
- High flexibility
- Maximum durability
- Suitable for indoor uses
- Made of 99% renewable materials
- Easily recyclable
- Highly versatile

NFB
Natural FiberBoard

In 2021, we produced 26.2km^2 of fibreboard which could cover Vilnius Airport area in 8 layers.
If placed evenly, our production could cover 3,620 IFAB standard football fields.

GRI: 102:2 102:6 102:7 102:9 303:4

QUALITY

- NFB label from. EFM organisation (European Federation of MDF Manufacturers)
- FSC® CoC (Chain-of-Custody) certificate
- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management Standard

SPECIFIC REGULATIONS

- Pollution prevention
- Environment monitoring
- Natural resources stewardship
- Steam productions
- Packaging management
- Noise prevention
- Climate change
- Waste management
- Effluents management
- Hazardous waste management
- Sludge management
- Composting
- Management of chemical compounds

PRODUCTS

Grigeo

2021

SOCIAL

This section in brief:

Our people

How we collect feedback

Human development and professional training

How we manage health and safety at the workplace

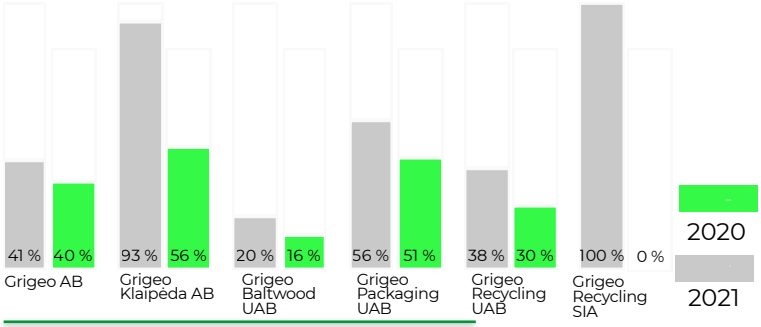
Compensation

Addressing grievances of local communities

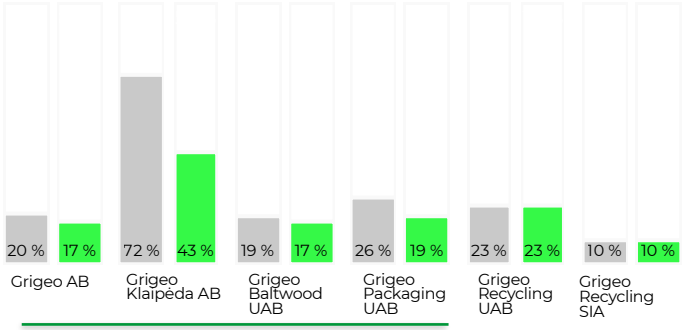
Dialogue and feedback

We understand the meaning of a feedback as a very important and significant work for the manager, the employee, and the company. The feedback is given to employees at all levels and is always based on gender equality and other non-discrimination grounds at Grigeo Group companies. The feedback providing form is a performance discussion, which aims to discuss employee performance, career perspectives and development expectations, strengthening employee motivation to pursue new goals actively, thus contributing to the good performance of the Grigeo Group.

The performance objectives of the Grigeo Group companies are set for the year, usually during the strategic session of the top management while using X matrix strategy development tool. Objectives are delegated in departments to employees of all levels. Objectives are measured by setting KPIs (key performance indicators) and performance is periodically reviewed. The periodicity of the discussion is determined by the nature of the objectives at different levels of organisation, in the position groups: for managers, the performance is discussed during the annual performance evaluation, for specialists – quarterly, for workers – daily and monthly during the meetings, while training and instructing. In 2021, Grigeo Klaipeda AB started one-to-one meetings of workers and managers every six months.



% female employees receiving annual performance review 2021 vs. 2020



% male employees receiving annual performance review 2021 vs. 2020

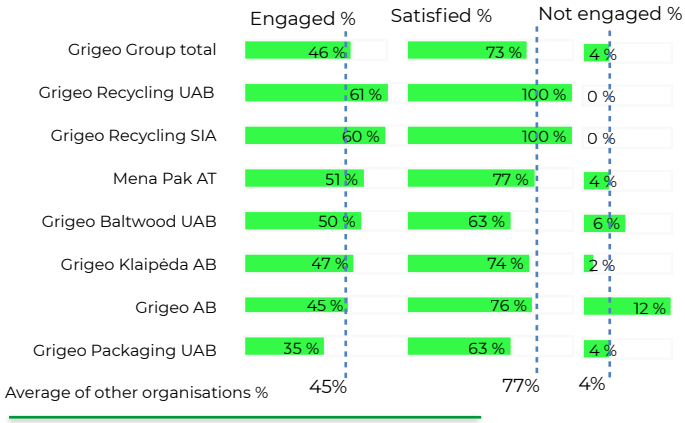
EMPLOYEE SURVEY

Our long-term success is built by engaged and motivated people. As an employer, we strive to grow together with our people. We conduct an annual employee engagement survey to determine the current level of our employee engagement, assess how well we use the opportunities for employee's engagement, according to the opinion of employee, in our organization, highlight the strengths of our employees' experiences and aspects for improvement, which is a priority while maintaining and strengthening employee's engagement.

The overall Grigeo Group employee engagement rate is 46 %, i.e., 1 % higher engagement rate in comparison with other organizations, participating in this survey. The results of engagement survey are presented and discussed with employees, which:

- Sets a direction of working conditions' improvement;
- Helps prepare/develop training programs
- Provides valuable insights on wage and benefit system modification;
- Gives us a better understanding on the competence of a manager.

We encourage and strive to create the conditions to our employees to express their observations, complaints, and deal with any work-related issues as soon as they occur



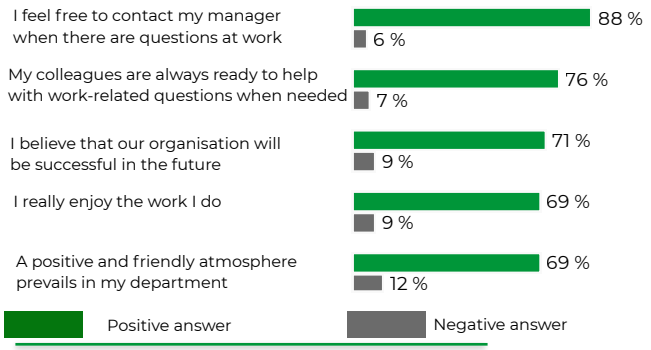
Results of employee survey, 2021

IMPROVING THE EMPLOYEE ENGAGEMENT

According to the results, the most positive Grigeo Group employee experiences highlight the strengths of our organisational culture.

The survey also identified 5 priority areas for improvement, which are the focus of Grigeo Group companies to increase employee engagement: improve the fairness of the remuneration received, reduce work-related stress for employees, strengthen the cooperation to achieve the objectives of the organisation, to expand an attractive professional growth and development opportunities for employees. opportunities for professional growth and training opportunities.

Grigeo Group companies have drawn up an action plan for coming years, which would help to improve employee engagement.



Results of employee survey, 2021

GRI: 102:8 404:3

OUR PEOPLE

TRAINING

Fostering unique industry professionals

Operating in paper industry means running powerful, complex, and often potentially hazardous equipment. Control and management of aforementioned machinery should be placed into highly qualified hands.
So that we remain capable to deliver to our clients and to ensure our business is operational, we need a robust array of skills, experience, and knowledge. Our employee training and education programme is designed to maximise the potential of all employees and provide them with professional growth opportunities.

Considering a wide range of responsibilities and functions, we designed and keep on improving three different frameworks for training and education:
- Training programmes for production workers;
- Professional growth programmes for specialists;
- Need-based professional improvement training for the management.

TYPE	DURATION	PARTICULARITY	CERTIFICATION	ASSUMING DUTIES
TRAINING PROGRAMMES FOR PRODUCTION WORKERS				
Mandatory in-house	On avertage 172 hours	Introductory, individually designed based on direct functions an employee performs	Mandatory exam (function-specific matters, health & safety, and LEAN) passing grade: 75%	We operate potentially dangerous equipment, so "real life" skills must be acquired strictly under the supervision of senior colleagues, shift manager, etc.
PROFESSIONAL GROWTH PROGRAMMES FOR SPECIALISTS AND WORKERS				
Mandatory in-house	av. 2 hours	Introductory OHS training based on informal programs	Attestation, passing grade: 75%	Department-specific. Depending on position, employees are subject to re-examination every 5 years
Certification by third-party agencies	8 - 64 hours	Based on formal and informal training programs	Depending on the nature (annually, every 3 or 5 years)	All employees operating potentially hazardous equipment must have an update of certification
Voluntary in-house	Varies	Specialist seeking higher positions within the Group	Qualification test	Seeking promotion
MANAGEMENT AND SPECIALISTS TRAINING				
Mandatory in-house	av. 20 hours	Individual introductory	n/a	Function specific for all new employees
Voluntary by the third party	Varies	Specific need-based training	Varies	Better understanding of the matter, higher motivation, improved professional skills

Formal training programmes for employees

It is in our best interest to encourage employees to seek career development within our Group. Our dedicated training coordinators are in charge of collecting emerging demand for training, both bottom up and top down. This process ensures:
- The number of Qualified Employees required to deliver our products and services;
- Employees improve their qualification;
- Acting along the company's values in their daily activities;
- Seeking development of professional skills;
- Fair remuneration for each employee, taking into account acquired qualifications.

SUPERVISION & MANAGEMENT OF TRAINING PROGRAMMES:

- Dedicated personnel consults the leadership and heads of departments to assess the demand and possibilities for training.
- Training coordinators monitor the market for third-party trainings and provide suggestions to relevant managers.
- Special attention is devoted to professional attestation subject to expiration and re-attestation.
- In 2020, COVID-19 pandemic led us to consider personal wellbeing and emotional support seminars and trainings.

KEY NUMBERS

35,274 hours
of formal training in 2021

EUR48,299
Formal training budget in 2021

44.8 hours
of formal training per employee in 2021

EUR61.4
Formal training budget per employee in 2021

GRI: 404:1 404:2

TRAINING

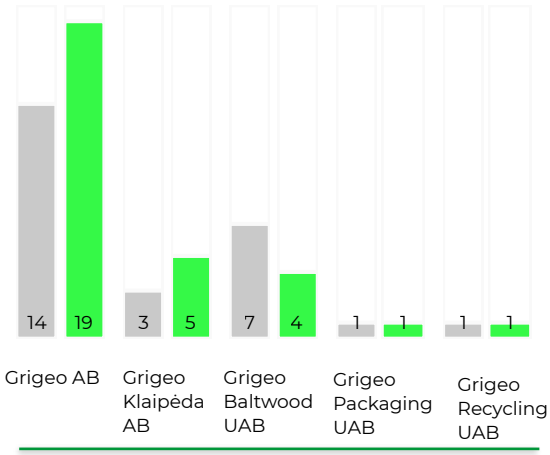
A continuous process

ONGOING AD-HOC INSTRUCTING

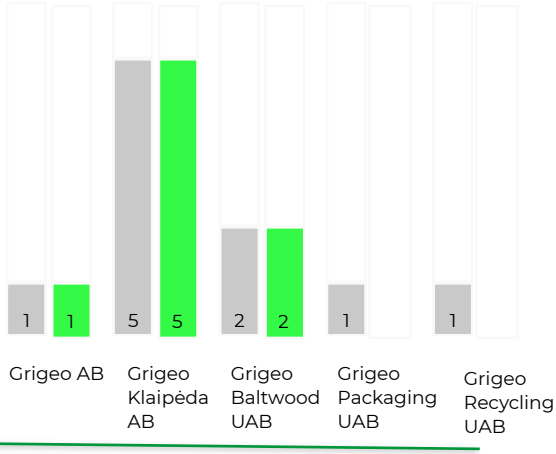
Provided the complexity of our business, in cooperation with respective management our training coordinators constantly update us on:

- Innovations in production or services: new methods of operation, control or management; new technologies;
- Updates and explanations of the requirements of LST EN ISO 9001:2015, LST EN ISO 14001:2015, LST EN ISO 45001:2018, FSC standards;
- Analysis and explanation of the principles of good manufacturing practice;
- Introduction to the new national and international regulations;
- Instruction on occupational safety and health;
- Integrated management systems;
- Hygiene and sanitation;
- Environmental impact management;
- Procurement and other process improvement.

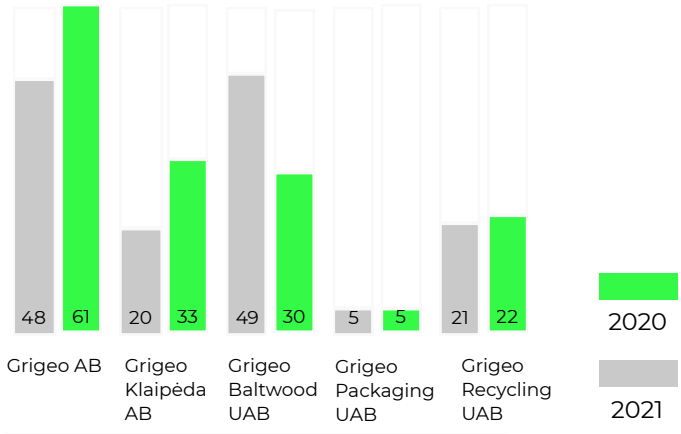
FORMAL TRAINING IN NUMBERS



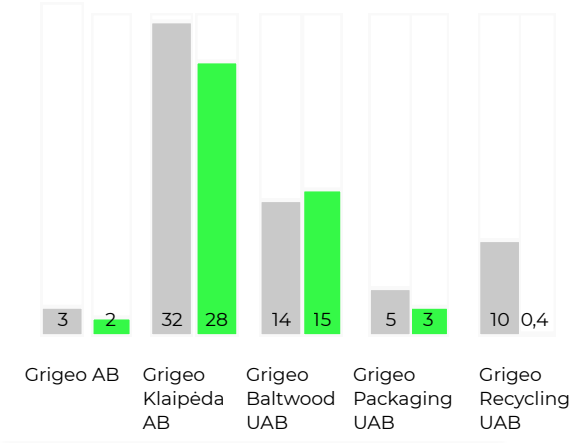
Hours of in-house training 2021 vs. 2020 (thous.)



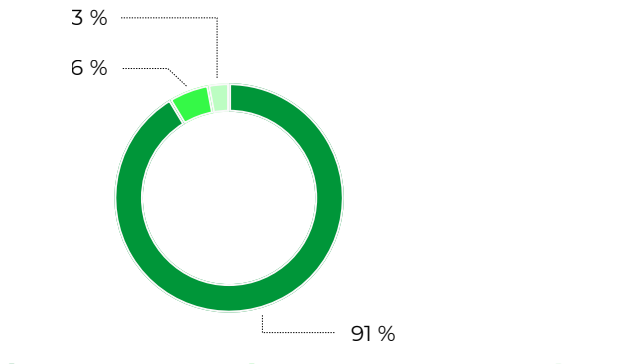
Hours of third-party training 2021 vs. 2020 (thous.)



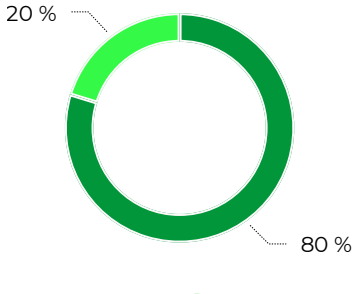
Av. hours of in-house training per employee 2021 vs. 2020



Av. hours of third-party training per employee 2021 vs. 2020



Composition of in-house training, Group level 2021 (hours)

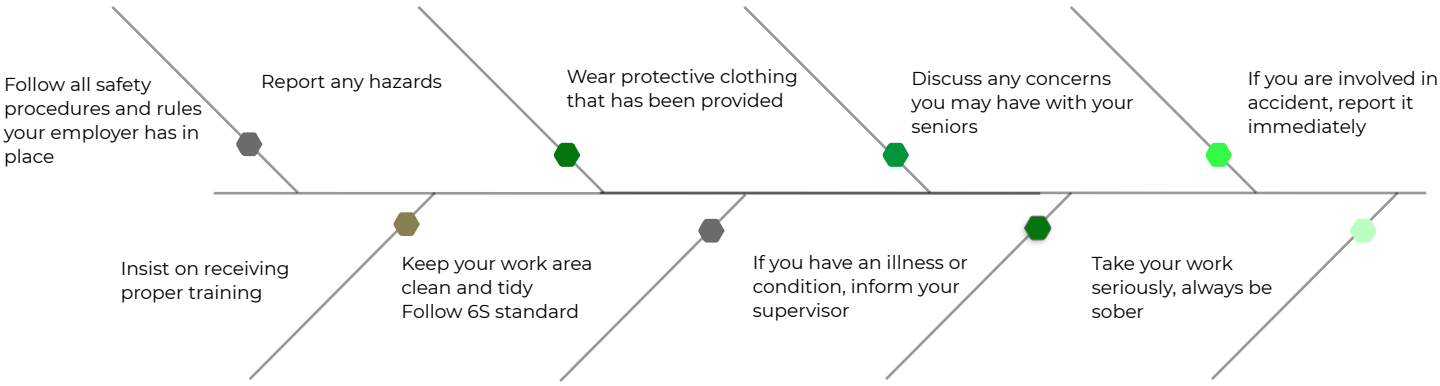


Composition of third-party training, Group level 2021 (hours)

GRI: 403:5 404:1 404:2

OSH SYSTEM

Safety first



General safety guidelines for every employee

HEALTH AND SAFETY

In 2016, our companies, with an exception of MenaPAK AT, implemented the OHSAS 18001:2007 Occupational Health and Safety Management Standard (ISO 45001 from 2021). This standard helps ensure the company's occupational health and safety, reducing the likelihood of accidents at work and occupational morbidity. Group-wide we strive to achieve a zero accident workplace.

KEY FEATURES OF OUR OSH SYSTEM

- Compliance with legal requirements and the code of Business Ethics;
- Fostering high awareness and personal interest;
- Encouraging initiative to actively contribute;
- Providing workers with safe and healthy working conditions to prevent work-related injuries and illness;
- Identifying and eliminating hazards in a timely manner;
- Prioritising OSH standards in procurement processes and selecting suppliers;
- Constantly analysing, assessing, and implementing the needs of stakeholders; looking for ways to implement their requirements more effectively;
- Strict control over any contractor operating within our facilities;
- OSH management applies to all employees and contractors, visitors, suppliers, interns;
- Constant training and timely certification of people in charge.

KEY NUMBERS

	2021			2020		
	High-consequence	Minor	Hours worked	High-consequence	MInor	Hours worked
Grigeo AB	0	11	518,908	0	7	524,541
Grigeo Klaipėda AB	0	4	291,579	0	7	296,610
Grigeo Baltwood UAB	0	6	262,905	0	4	264,703
Grigeo Packaging UAB	0	7	263,492	0	2	246,455
Mena Pak AT	0	0	152,339	0	0	147,610
Grigeo Recycling UAB	0	1	70,416	0	2	69,530
Grigeo Recycling SIA	0	0	19,915	0	0	18,049
TOTAL	0	29	1,417,215	0	22	1, 419,888

Work-related accidents by companies 2021 vs. 2020

Fire management instruction

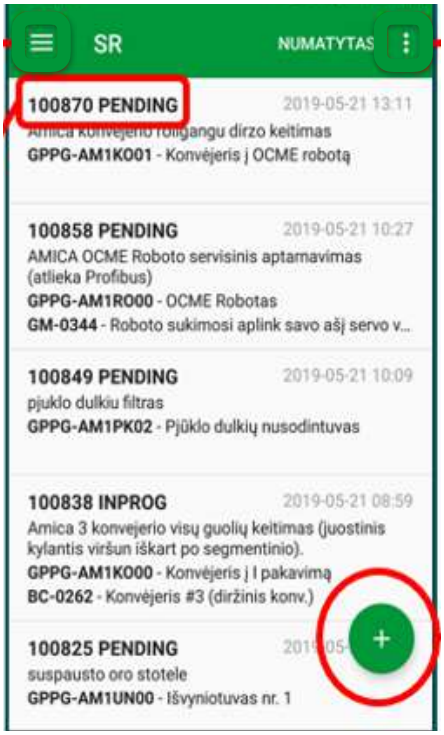
Standard management of chemicals

GRI: 403:2 403:5 403:8 403:9

HAZARD IDENTIFICATION

In 2021, we operated without a single life-changing accident. No workers (both our employees and those employed by our contractors) suffered a major injury. We are dedicated to maintaining a safe and reliable workplace for everybody performing their duties within our Group.

- Occupational risk assessment is performed by an external company.
- The risk assessment of production processes performed internally involves OSH specialists, production management, employees, and the quality department.
- Incident investigation – through a register of unsafe situations or in the event of a more serious incident, a team is selected to investigate the incident.
- Constantly evaluating risk factors.
- Close cooperation with production workers on a daily basis.



Mobile app to register technical tasks

KEY RISK FACTORS

- Rotating parts of equipment;
- Moving transport, loading works;
- Night work;
- Work at height;
- Works in wells;
- Manual lifting of loads;
- Working with chemicals;
- Use of potentially dangerous equipment (cranes, pressure vessels, elevators).

AVOIDING ACCIDENTS

- All employees are required to report potentially dangerous working situations. All reported situations are registered and administered via the registry of unsafe working situations.
- A mobile application is designed to log technical problems. Registered problems travel to the Maximo system, where technical staff plans repairs or reacts quickly to the problem:
  * PM – preventive maintenance identifying potentially risky situations or malfunctions;
  * SR – service request, a specific task;
  * WO – work orders directed to the technical crew.

In case an employee is not willing or able to use a mobile app, paper form might be used.

- Safety issues are addressed during daily shift meetings.
- All employees have access to OSH specialists.
- Nobody is allowed to solve technical problems independently.
- Employees are represented in occupational health and safety committee.
- Employees are involved evaluating risks and hazards.
- All personal and group protective gear is tested and approved by production workers.
- We promote employees' responsibility, and it is always emphasised that, although the employer is responsible for the safety and health of workers, all safety remains in the hands of the workers themselves.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

OSH committees composed of employer and employee representatives have been set up in the companies of the Grigeo gro
Main responsibilities:

- Analysis and assessment of the state of safety and health of employees within Grigeo Group's companies;
- Consideration of preventive measures to prevent accidents at work and occupational diseases;
- Analysis of safety training and instruction of employees in every company.
- Observation of the established procedure and the provision of employees with collective and personal protective equipment and the supervision of these measures.

GRI: 403:1 403:3 403:7 403:8

WAGES AND BENEFITS

Rewarding and transparent

PAYROLL SYSTEM

PAYROLL SYSTEM

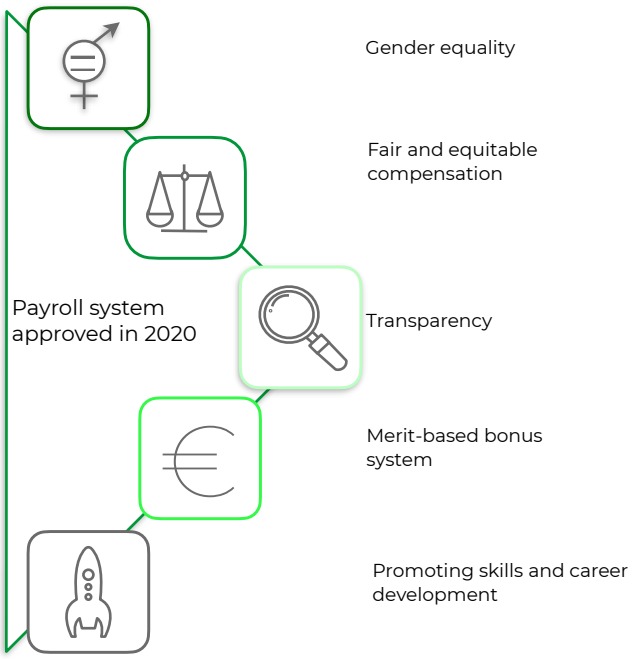
A transparent and clear wage management system, approved in 2020, helps to retain and attract talents, promotes productive and efficient work, and allows fair renumeration for work performed and results achieved.

In all our companies of the Group, positions are divided into three main groups: managers (2 levels), specialists (4 levels) and workers (3 levels). Additional monetary incentive systems are applied to all groups of positions or certain individual positions. The social dialogue between the employer and the employees of the Group companies is ensured together with the existing trade unions and/or work councils. The relations of Grigeo AB and Grigeo Klaipėda AB with the employees are defined by the provisions of the collective agreement.

We take care of our employees, strive to ensure that the employees of Group companies would feel engaged, motivated, and safe, and provide employees with the access to additional benefits. The list of benefits is constantly reviewed according to the needs of the employees. Benefits are rated very favourably and used actively by employees.

The basic wage is determined based on the category and level of position as well as objective criteria relating employee 's education, experience, competencies, abilities in relation of responsibility degree, the nature and complexity of work performed, and the results obtained.

The motivation is strengthened by providing other additional benefits, such as: health promotion initiatives, events and means; team building events; prizes and gifts for employees and their kids; election and awards of the best employee, reflecting the values of the Group companies.

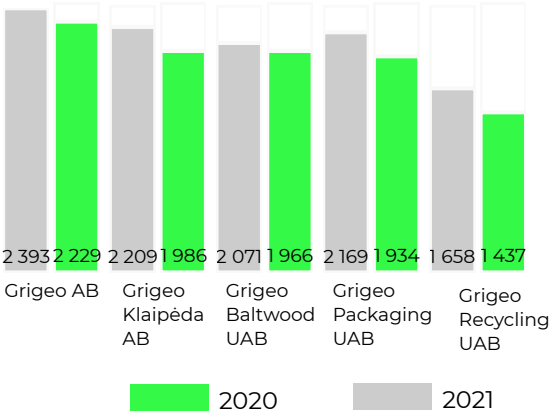


Key principles of our payroll system

HEALTH INSURANCE

In 2021 we provided employees with an opportunity to take out an additional health insurance by choosing from two health insurance value propositions EUR5,255 and EUR5,210 which include:

- Outpatient treatment and diagnosis;
- Inpatient treatment in public hospitals;
- Medicines, vitamins, food supplements, optic;
- Dentistry, optics;
- Preventive health checks + vaccination;
- Rehabilitation treatment;
- Critical illness (lump sum).



Average monthly gross remuneration

FRINGE BENEFITS FOR HEALTH

- Information on COVID-19 prevention is constantly updated and communicated to the employees;
- Until COVID-19 pandemic, football tournaments were our tradition;
- Employees are invited to participate in hikes, jogging, cycling marathons.;
- Grigeo Klaipėda AB employees were encouraged and actively participated in „Run of Hope" marathon;
- Mental health promotion seminars.;
- Promoting a healthy lifestyle;
- Gym membership compensation;
- Influenza, tick-borne encephalitis vaccination;
- Health checks are performed regularly every 2 years or as directed by your doctor;
- Defibrillators were purchased: most employees are trained to use them in case of emergency so to possibly save lives by providing first aid before the arrival of doctors.

EUR 22.1m
Total remuneration budget in 2021, Group level

7.2%
Annual increase in total remuneration budget

7.7 times
President of Grigeo AB (CEO) payout ratio 2021 to the median annual total compensation for all employees

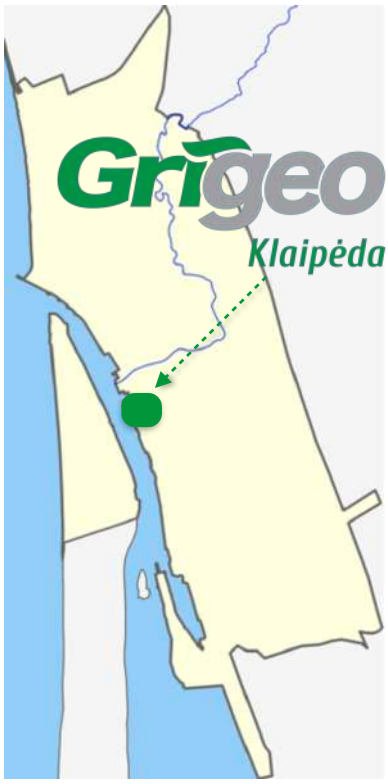
GRI: 102:39 201:1 103:2 204:2 403:6

OPERATING IN THE CITY

Key grievances

ODOURS

- Recycled fibers consist of increased amounts of short fibre and are often contaminated with chemicals, glue, and other substances, which leads to increased deposit problems, such as slime and stickers. In the centre of Klaipėda city, we recycle used paper. Paper recycling process provides favourable conditions for microbes to grow and reproduce. Those microbes might cause intense odours.
- Based on our research, the intensity of the odour is dependent on the quality of paper being recycled.
- In addition, we use raw water from the Curonian Lagoon, which adds contamination to the process and accelerates the reproduction of microbes.
- In 2020, an external supplier conducted an extensive analysis of the causes and a programme to reduce them.



Location of our factory in Klaipėda city

LOCAL COMMUNITIES

OUR ACTIONS

- Increased hygiene standards: the sewer at the factory cleaned, disinfected. PROBIOstopOdor is added to the sewer, which prevents rotting and extinguishes the smell of hydrogen sulphide and ammonia.
- Portable constant measurement station for ammonia and hydrogen sulfide emissions.
- State-of-the-art chemical dosing equipment and online monitoring and control technology.
- Three different dosing systems that should eliminate the causes of odours.
- We can monitor all data in real time online, so we can react immediately to all incidents of increased pollution, thus preventing more pollution entering residential areas.

OFFICIAL EVALUATION

- The National Public Health Laboratory, which is accredited to perform odour sampling and odour concentration, performed the evaluation in June-July 2021.
- Air samples were collected from all 35 stationary pollution sources.
- The conclusion of the inspection was that the odour concentration in the nearest urban environment (Šermukšnių St., Klaipėda) about 250m from our factory, reaches from 1.6 to 4.2 European odour units (OUE/m^3).
- Thus, according to the official investigation, our attempts to reduce odours were successful.
- In 2021, the maximum legal limit for odour concentration was 8 OUE/m^3.
- In 2024, this limit will be reduced to 5 OUE/m^3.

RESULTS

Number of official complaints from our neighbours in Klaipėda declined sharply

2021	2020	Change
21	138	-127

Number of complaints concerning odour

Data based on www.klaipedoskvapas.lt

The concentration of odours within legal limits:
1.6-4.2 OUE*/m^3 in 2021.
(Legal limit: 8 OUE/m^3)

**OUE: European Odour Unit*

FURTHER STEPS

-Analyzing potential solutions in order to collect and ozonate the air flow from the production premises ducts;
-Analyzing potencial solutions to install carbon filters at the production facilities, which will reduce emissions of pollutants, but its odours as well;
-We analyze the content of sulfates in water of Coronian lagoon. This water is used in our production cycle and bacteria decompose sulfates to hydrogen sulfide (H_2S) under anaerobic conditions;
- We cooperate and consult with Lithuanian and foreign universities and experts on odour removal solutions.

GRIGEO GROUP SUPPORT TO LOCAL COMMUNITIES

Support to Communities in 2021: EUR 174.4 thous.

GRI: 102:4 102:15 102:44 413:1 413:2

Grigeo

2021

ENVIRONMENT

This section reports on our impact on the environment:

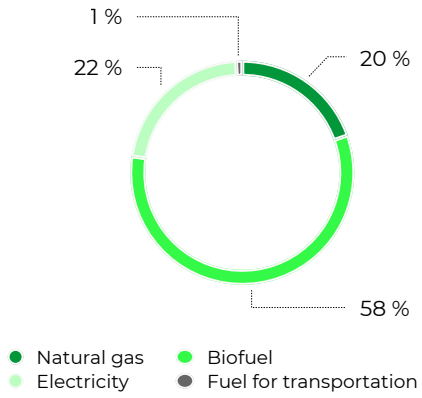
Water
Energy
GHG Emissions
Pollution
Waste
Materials

ENERGY MIX IN OUR OPERATIONS

Grigeo AB is one of the largest paper and wood industry company groups in the Baltic states. By nature, paper production is resource- and energy-intensive business. Our responsibility is to ensure production efficiency in order to reduce our negative impacts. In 2021, our energy consumption almost reached 0.6TWh per year.

Grigeo Group is one of the largest wood chip consumers in the market. In 2021, we consumed 29 thous. tonnes of oil equivalent of wood chips, which converts to 343GWh or 58% of total energy mix within the Group.

In 2020, Group companies based in Lithuania shifted to green electricity produced from solar, wind, hydroelectric, and other renewable resources. Our consumption of electricity amounted to 129GWh in 2021, making electricity the second-largest energy resource used for our production lines. Since all Lithuanian operations were supplied with green energy, more than 79% of total energy needed to maintain our operations is certified as renewable. According to electricity distributor Litgrid, AB, total electricity consumption in Lithuania in 2021 was 12TWh, so we estimate that Grigeo Group consumed 1.08% of total electricity in Lithuania.



Energy mix, Grigeo Group, 2021

	Grigeo Klaipėda AB	Grigeo Packaging UAB	MenaPAK AT	Grigeo Recycling UAB	Grigeo Recycling SIA	Total for corrugated cardboard products	Grigeo Baltwood UAB	Grigeo AB	Group level
Renewable energy									
Biofuel	147	0	0	0	0	147	24.8	171.3	343
Electricity	62.5	2.5	0	0.2	0	65.2	19.9	43.1	128
Non-renewable energy									
Natural gas	65.6	0	4.8	0	0	70.5	0	45.5	116
Electricity	0	0	0.8	0.07	0.06	0.9	0	0	1
Diesel for transportation	0.6	0.006	0.04	1.4	0.3	2.35	1.2	0.03	3.5
Petrol for transportation	0.11	0.09	0.1	0.09	0.02	0.4	0.09	0.35	0.9
LPG for transportation	0	0.44	0.12	0	0.02	0.58	0	0.34	0.91
TOTAL ENERGY USED	**275.8**	**3.04**	**5.86**	**1.76**	**0.4**	**287**	**46**	**260.6**	**593.3**
% of renewable energy	76 %	80 %	0 %	11 %	0 %	74 %	97.2%	82.3 %	79.4%

Energy consumption GWh, Grigeo Group, 2021

ENERGY EFFICIENCY

We understand that our product energy impact is managed via energy mix (shifting to renewable energy sources) and improving energy efficiency.

Energy efficiency is a key performance indicator both for economic and environmental performance of our manufacturing facilities. Compared to 2021, our total energy consumption increased insignificantly; however, increased energy prices inflated our energy costs by 74.5% from EUR 13.56m in 2021 up to EUR 23.67m in 2021. Taking into account all considerations, investments in energy efficiency improvements will remain our key investment direction.

	Grigeo Klaipėda AB	Grigeo Packaging UAB	MenaPAK AT	Grigeo Baltwood UAB	Grigeo AB
Renewable energy					
Biofuel	1,351	0	0	356	3,640
Electricity	575	67	0	285	915
Non-renewable energy					
Natural gas	603	3	425	0	966
Electricity	0	0	70	0	0
Diesel for transportation	6	0.3	3.6	17	0.4
Petrol for transportation	1	0.5	9	1.3	7.4
Liquid gas for transportation	0	12	9	0	5
TOTAL ENERGY USED	**2,536**	**83**	**517**	**659**	**5,534**

Energy consumption KWh/t, Grigeo Group, 2021

ENERGY

GRI: 102:15 302:1 302:2 302:3 302:4 302:5

CLIMATE RISKS

Addressing climate change risks

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We acknowledge the gravity of scenario analysis in disclosure of climate-related risks and opportunities. For FY2021 reporting, we chose to start with qualitative analysis to help the management explore the potential range of climate change implications. Quantitative approaches are limited to availability of existing external industry- & location-specific scenarios and models, as well as limited internal resources for extensive modelling. We employed TCFD reporting principles to analyse possible climate change to limited capacity.

Climate change related disclosures:

- We contract independent assessor to calculate GHG emissions on company as well as Group level;
- We report on scope 1, 2 & 3;
- Consolidated GHG emissions in 2021 amounted to 86.8 thous. tonnes CO_2 equivalent;
- The reliability of scope 1 & 2 results is high, as input data is directly transferred from company invoices; national emission factors are applied;
- The reliability of the accounting for scope 3 is average; there are no national emission factors, and therefore DEFRA emission factors have been applied. Starch producers did not provide data, so a publicly available emission factor was applied to the uncertainties associated with the high probability.

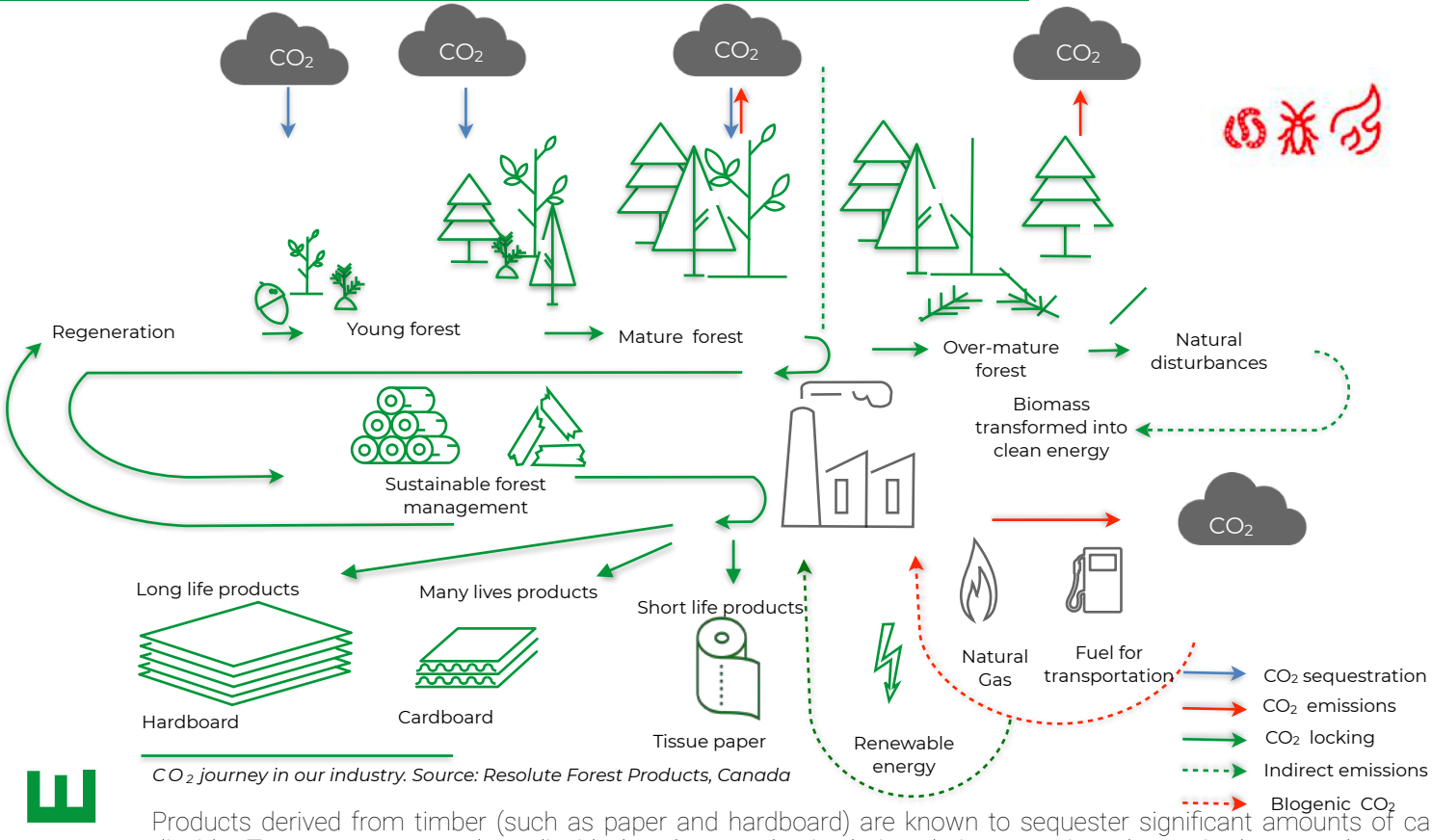
CATEGORIES OF CLIMATE-RELATED RISKS AND OPPORTUNITIES	RELEVANT SHORT- AND LONG-TERM PHYSICAL CLIMATE IMPACTS	ILLUSTRATIVE EFFECTS ON VALUE CHAIN	APPROACH GUIDELINES
MARKET AND TECHNOLOGY SHIFTS	- Policies and investments to ensure a low carbon emissions economy	- Increased demand for energy-efficient lower-carbon products - New technologies that disrupt markets	- Shift to renewable energy to eliminate GHG scope 2 emissions - Increase energy consumption efficiency - Refurbishing of machinery - Scrutinised performance measurement
REPUTATION	- Raising awareness of climate change - Growing expectations for responsible manufacturing - Public attention to deforestation - Concerns about manufacturing waste - Concerns about water usage	- Threats to securing social license to operate - Opportunity to enhance reputation and brand value - Opportunity to engage with stakeholders consistently	- Improving company transparency - Our impact assessment and measurement - Updating our procurement policies - Active engagement with stakeholders - Regular reporting - Increasing contribution to other environmental objectives, such as circular economy - Improving transparency
POLICY AND LEGAL	- Evolving requirements - Regulatory changes on the national and EU level	- Threats to securing legal license to operate - Increased operating costs - Increased tax - Emerging concern about liability	- Closely monitoring the development of industry-specific regulations - Monitoring changes in regulation through supply chain
PHYSICAL RISKS	- Increased intensity and duration of extreme weather events, such as heat waves, storms, and floods - Precipitation extremes and flooding - Increased evaporation of surface water - Increased mineral content of surface water - Rising sea level - Rising temperatures - Increased wildfires - Shifts in seasons	- Increased business interruption - Damage across operations and supply chains - Compromised reliability of material supply - Volatility of input costs and revenues - Unpredictable asset values and insurance claims - Increased cost of capital - Shareprice volatility - Increase in CAPEX	- Monitoring - Climate change adaptation plans - Continuous engagement with suppliers - Improved Climate Change Scenario analysis starting

Climate change risks and potential impact on our business lines

GRI: 103:2 201:2 305:1 305:2 305:3

GHG EMISSIONS

Calculating Group's impact



CO₂ journey in our industry. Source: Resolute Forest Products, Canada

Products derived from timber (such as paper and hardboard) are known to sequester significant amounts of carbon dioxide. Trees sequester carbon dioxide by photosynthesis during their vegetation phase. So long as the tree and products made from the tree haven't decomposed or been burnt (at which point the carbon joins with two oxygen, becoming carbon dioxide again), the carbon remains locked in and serves as a carbon sink. To grow up, trees need water and carbon dioxide, breaking it down in photosynthesis to produce energy and releasing oxygen as their emission. The carbon stays within fiber even after trees are cut and processed into cellulose and later to paper, making paper a CO2 sink. Responsibly managed forests avoid decomposing of mature or over-mature forests and help to secure CO_2 trapped in trees.

Based on Lithuania's Greenhouse Gas Inventory Report, it is estimated that hardboard produced by our Grigeo Baltwood UAB factory locked in more than half a million tonnes of CO_2.

We make recycled containerboard, basically renewing the carbon sinks. It is estimated that one tonne of containerboard locks in 1,474g of CO_2; based on this, our annual output carries around 160 thous. tonnes of CO_2, which would be otherwise emitted if waste paper was burnt or disposed to landfill.

Provided a short life of tissue paper, the CO_2 circulation is swift.

In addition, biofuels (scraps, branches, and other byproducts and biomass) account for 58% of total the energy needed for our operations. Burning biofuel emits biogenic CO_2 previously collected and locked in by trees, thus no additional CO_2 is emitted as a result of burning biomass.

EMISSIONS BY SCOPES

Scope 1: Direct GHG emissions occur from sources that are owned or controlled by the company, such as emissions from our combustion boilers. Our scope 1 emissions are essentially caused by natural gas combustion in our facilities located in Klaipėda and Grigiškės. GHG emissions not covered by the Kyoto Protocol, e.g., CFCs, NOx, etc., are not included in scope 1.

Scope 2: Indirect GHG emissions caused by generation of externally produced energy such as electricity. Since 2020, virtually all electricity consumed in our Group came from renewable sources, thus GHG emissions are virtually non-existent. Location-based scope 2 emissions indicate alternative GHG emissions in case the company uses energy from non-renewable sources. In our case, scope 2 (location-based) is a solid indicator of how much GHG emissions were avoided thanks to the Group's choice to switch to renewable. In other words, we avoided 16.7 thous. tonnes of CO_2e in 2021.

Scope 3: Other indirect emissions emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the Group. Scope 3 calculations are less reliable, since we had to make estimates for production of key materials, such as cellulose and starch. To be able to reduce our scope 3 emissions, we must be able to estimate GHG emissions of our suppliers. To do so, we have confirmed a strategic direction to improve our supply chain assessment. Approximately 33% of our scope 3 emissions are attributed to transportation. In 2021, it is estimated that trucks delivering our materials travelled 4.3m kilometres. Materials were shipped by ships and trains as well. Meanwhile, trucks delivering our products travel approximately 16.8m kilometres. Due to low reliability and complicated traceability, scope 3 is usually an optional disclosure.

GRI: 102:9 102:15 305:1 305:2 305:3

CLIMATE CHANGE

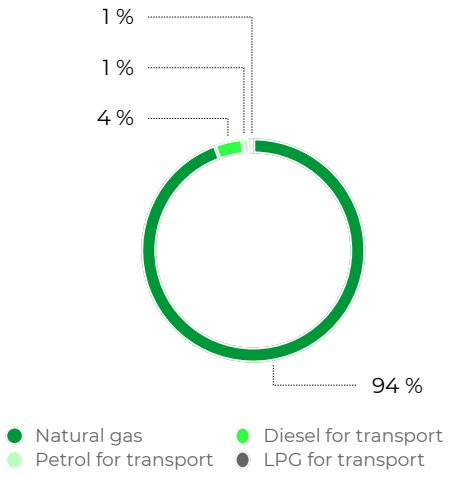
SCOPES 1, 2 & 3

Calculating our impact

GHG emissions were calculated by an independent third-party provider applying control approach.
Under the control approach, a company accounts for 100% of the GHG emissions from operations, over which it has operational control. Base year: 2020.

Scope	Emissions, t					
	CO_2	CH_4	N_2O	HFCs	Total	Biogenic CO_2
	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
Scope 1	21,880	229	372	3	22,484	109,232
Scope 2 (location-based)	17,761	0	0	0	17,761	0
Scope 2 (market-based)	1,022	0	0	0	1,022	0
Scope 3	62,998	13	305	0	63,315	455,146
TOTAL location-based	102,640	241	677	3	103,561	564,378
TOTAL market-based	85,900	241	677	3	86,821	564,378

Consolidated emissions, Grigeo Group, 2021



Scope 1 emissions by source , 2021, CO_2eq

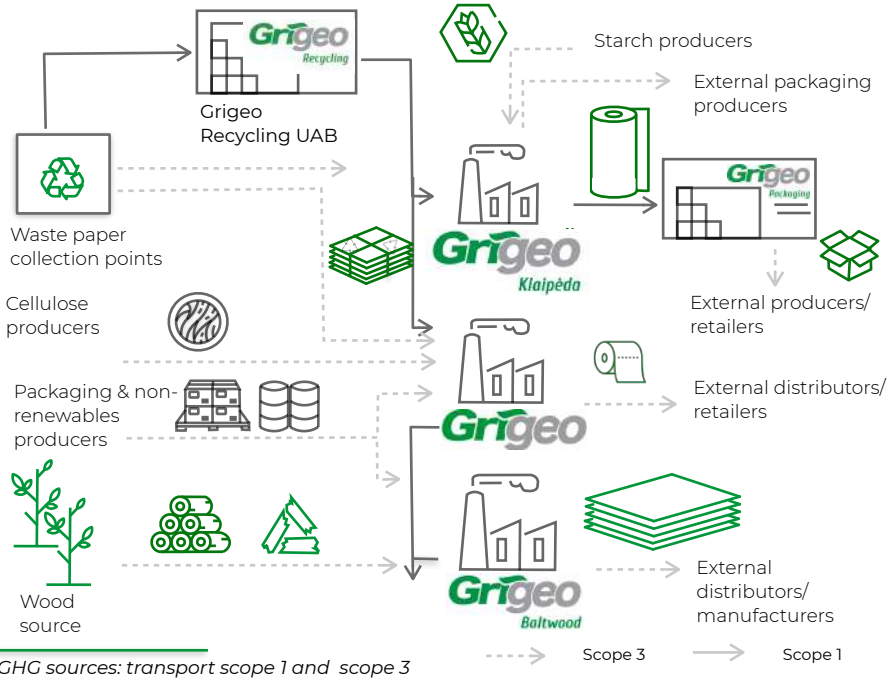
Biogenic carbon dioxide (CO_2) is carbon dioxide released during the combustion or decomposition of biomass and other organic material. Only if biomass used for biofuel is cultivated in a sustainable way, biogenic CO_2 is not recognised as a greenhouse gas emission. It is very important to note, that all timber and it's products as well as biomass consumed for production and combustion come from sustainably managed sources.

Tissue paper produced from virgin cellulose requires the most energy per tonne; therefore, its GHG emissions are substantially higher compared to the emissions of recycled paper production. Scope 3 in tissue category is inflated by two main factors: manufacturing of cellulose and both upstream and downstream transportation.
So far we have accurate GHG estimates for 2020 and 2021; we are determined to set GHG emission targets for product categories and develop a comprehensive GHG reduction plan in the nearest future.

	Grigeo Klaipėda AB	Grigeo Packaging UAB	MenaPAK AT	Grigeo Baltwood UAB	Grigeo AB
Scope 1	110.5	1.18	81.4	4.6	184.6
Scope 2 (location-based)	75.9	9.66	41.9	44.32	117.2
Scope 2 (market-based)	0	0.815	41.9	6.68	0
Scope 3	108	199.1	121.1	177.13	630.2
Total (location-based)	294.5	209.9	244.6	226.1	932.1
TOTAL (market-based)	218.5	201.1	244.6	188.46	814.8

Average GHG emissions, $kgCO_2e/t$ Grigeo Group, 2021

SCOPE 3: TRANSPORT



GHG sources: transport scope 1 and scope 3

EMISSION SOURCE	tCO_2e	%
Downstream transportation	15,998	25.3 %
Production of cellulose	11,166	17.6 %
Production of starch	5,294	8.4 %
Upstream transportation	4,156	6.6 %
Well to tank (fossil fuels)	3,948	6.2 %
Paper and board mix	3,788	6.0 %
Containerboard production (third parties)	3,777	6.0%
Wood preparation	3,196	5 %
Resin	3,094	4.9 %
Plastic packaging production	2,834	4.5 %
Transmission and distribution losses of electricity	2,377	3.8 %
Varnishes, paints, paraffin	1,787	2.8 %
Other	1,899	3.0%

Scope 3 emissions by source , 2021, CO_2eq

GRI: 102:15 305:1 305:2 305:3 305:4

CLIMATE CHANGE

AIR AND WATER QUALITY

Performance and challenges

POLLUTION

AIR EMISSIONS

SOURCE	Grigeo AB			Grigeo Klaipėda AB		
	2021	2020	Acceptable norm	2021	2020	Acceptable norm
NO_x as NO_2	138.52	133.03	248.24	87.37	69.48	162.59
SO_x as SO_2	6.98	6.73	10.86	5.85	4.75	25.60
CO	193.68	186.40	322.16	296.71	311.33	723.48
Particulate matter	36.45	36.65	50.38	5.02	5.65	20.5

Air emissions, 2021 vs. 2020

Grigeo AB and Grigeo Klaipėda AB are key emitters, as these two companies operate boiler houses. Grigeo AB supplies steam to Grigeo Baltwood UAB which does not burn any sort of fuels needed for the production of hardboard.
Monitoring of all air pollutants emitted from our boilers is performed in accordance with the approved Environmental Monitoring Programme twice a year (in the warm and cold seasons).
All measurements are done by an independent third-party supplier.

Chimney in Grigiškės

THE NATURE OF WATER POLLUTION

The composition of water discharged from our facilities is mostly defined by the materials used in our production process. As we disclose in the upcoming section, MATERIALS, 98% of total materials used come from renewable sources in the form of fiber. To produce a quality product, we need fiber that is long enough to form tissue paper, containerboard, or hardboard.
Water is used in virtually all stages of paper (both tissue and containerboard) production. In addition, hardboard production process also heavily depends on water supply. The impact/quality of waste streams from paper and hardboard manufacturing is typically measured as Biological Oxygen Demand (BOD_7).
BOD_7 represents the amount of dissolved oxygen needed (i.e., demanded) by aerobic biological organisms to break down organic material present in a given water sample at a certain temperature over a specific time period. In other words, BOD_7 represents the organic matter in the waste water produced by our factories.
The fiber in paper products going through repetitive recycling cycles deteriorates over time and becomes too short to form new paper. Short or retired fiber forms suspended solids. It is estimated that up to 80% of suspended solids settle down in the form of sludge during the initial water treatment stage. As per our agreements with third-party water treatment providers, we monitor wastewater pollution on a daily basis.
In addition, in 2021 we recycled 139 thous. tonnes of waste paper that comes in coloured, stained, and/or glued. All these impurities become our waste and pollution.

As per STRATEGY section, we are installing a new modern evaporator which is projected to collect wood fiber from hardboard manufacturing wastewater to bring to household wastewater standards.
As described in KLAIPĖDA CASE section, we are working to implement more effective waste paper recycling solutions to improve wastewater quality in Grigeo Klaipėda AB.
We expect to report substantial waste water quality improvements for both locations in the nearest future.

WASTEWATER QUALITY

SOURCE	Grigiškės*		Klaipėda**	
	2021	2020	2021	2020
BOD_7	1,069	1,123	2,537	2,532.7
Nitrogen (N)	0	0	33.3	57.6
Phosphorus (P)	0	0	3.4	3.2
Suspended solids (SS)	342	245.8	311	435
Total	**1,411**	**1,368.8**	**2,885.7**	**3,028.5**

*Grigeo AB, Grigeo Baltwood UAB, Grigeo Packaging UAB, Grigeo Recycling UAB
** Grigeo Klaipėda

Pollution by operating sites, tonnes, 2021 vs. 2020

COMPANY	2021	2020
Grigeo AB (according to Nordic Swan & Ecolabel standards)	10.9	12
Grigeo Baltwood UAB (BOD_7+SS)	260	210
Grigeo Klaipėda AB (BOD_7+N+P+SS)	25.9	30.9

Total pollution kilogram per tonne of production, 2021 vs. 2020

New evaporator, Grigeo Baltwood UAB

GRI: 102:15 302:2 303:4 305:5

WATER IN NUMBERS

How much water do we need

WATER WITHDRAWAL

Paper industry is water intensive, compared to 2020 in 2021 total consumption of water decreased by 7% and amounted to 2.17 million cubic meters.
Vokė river and Curonian lagoon are the key sources for our water withdrawal. Tap water from municipal water supply networks makes up only to 2% of total water we take info our product lines. 3.3% of all water comes in through out gate embedded in materials. Rain water, currently not used in production cycle, accounted for 5.4% of total water within Grigeo Group.

SOURCE	Grigeo AB				Baltwood UAB		Grigeo Packaging UAB		Total in Grigiškės*		Grigeo Klaipėda AB		Mena Pak AT		TOTAL GROUP	
	Tissue paper		Steam		Hardboard		Packaging				Recycled paper		Packaging			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Vokė river	525.6	481.2	199.9	138.3	419.9	351	5.7	4.3	1,151	974.6					1,151	974.6
Groundwater													2.5	1.6		
Tap water	11.9	15.3	0.2	0.2	9.9	10.9	0.8	0.7	22.9	27.3	17	16,7	1.7	2.9	44.2	48.3
Cellulose	3.2	3.2							3.2	3.2					3.2	3.2
Timber					55.7	38.2			55.7	38.3					55.7	38.3
Curonian lagoon											784.3	830			784.3	830
Waste paper	2.1	2.1							2.1	2.1	11.4	10.3			13.5	12.4
Rain water	42.9	33			43.3	33.3	18.3	18.2	104.4	84.6	13.3	14.1			117.7	98.7
TOTAL	**585.6**	**534.8**	**200.1**	**138.5**	**528.8**	**433.4**	**24.8**	**23.2**	**1,339.3**	**1,130**	**826**	**871.1**	**4.2**	**4.5**	**2,169.5**	**2,005.5**

* Includes withdrawal by Grigeo Recycling 0.3thous. m³ in total

Water withdrawal by source, Grigeo Group, thous. m³ 2021/2020

WATER DISCHARGE

Surface water we use needs to be filtered and treated before entering production cycle. In addition, water treatment and discharge to third party treatment facilities is expensive and high regulated. We are instantly improving thee circularity of water within production cycle so that we are able to reuse water multiple times. The reuse rate varies depending on product specifications.

SOURCE	Grigeo AB				Baltwood UAB		Grigeo Packaging UAB		Total in Grigiškės		Grigeo Klaipėda AB		Mena Pak AT		TOTAL GROUP	
	Tissue paper		Steam		Hardboard		Packaging				Recycled paper		Packaging			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2020	2021	2021	2020
Evaporation	54.2	51.9	173.2	119.2	33.4	54.5			260.8	225.6	101.6	83.8			362.4	309.5
Embeded in products	2.9	2.4			2.3	2.1			5.1	4.5	8.2	7.4			13.3	11.9
* Untreated effluent to treatment plants											711.1	747.7	4	4.5	715.4	752.2
** Treated effluent to treatment plants	485.6	447.5	26,9	19.3	437.6	333.8	6.5	4.9	956.7	805.5					956.7	805.5
* Treated effluent to the effluent collector												28,2				28.2
Water embedded in sludge and waste					12.2	9.6			12.2	9.6	5.1	4			17.3	13.6
Rain water discharge	42.9	33			43.3	33.3	18.3	18.3	104.5	84.6	***	***			104.4	84.6
TOTAL	**585,6**	**534,8**	**200.1**	**138.5**	**528.8**	**433.4**	**24.8**	**23.2**	**1,339.3**	**1,130**	**826**	**871.1**	**4.2**	**4.5**	**2,169.5**	**2,005.5**

* Third party treatment facilities and collector operated by Klaipėdos vanduo AB
**. Third party treatment facilities operated bu Vilniaus Vandenys UAB
*** In Grigeo Klaipėda AB, rain water inis discharged together with production effluent

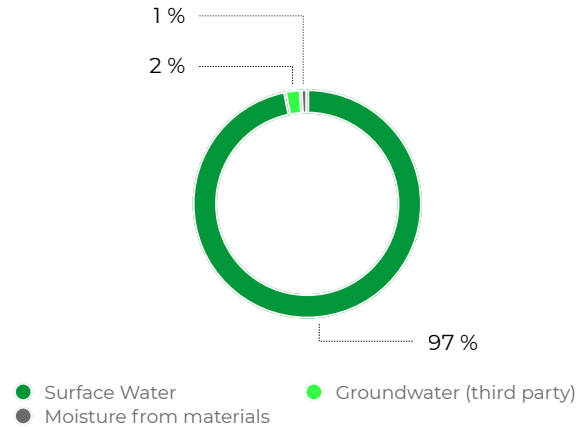
Water discharge and consumption, Grigeo Group, thous. m³ 2021/2020

WATER

WATER IS ESSENTIAL

Production of tissue paper as well as containerboard and hardboard is highly dependent on water:
- Used for softening timber,
- Needed for pulping both waste paper and cellulose,
- Steam carries heat energy for production,
- Water embedded in final product holds fiber together.
- Anybody can monitor our water withdrawal and consumption data on our monitoring platforms:

GRIGEO AB MONITORING PLATFORM
GRIGEO KLAIPĖDA AB MONITORING PLATFORM

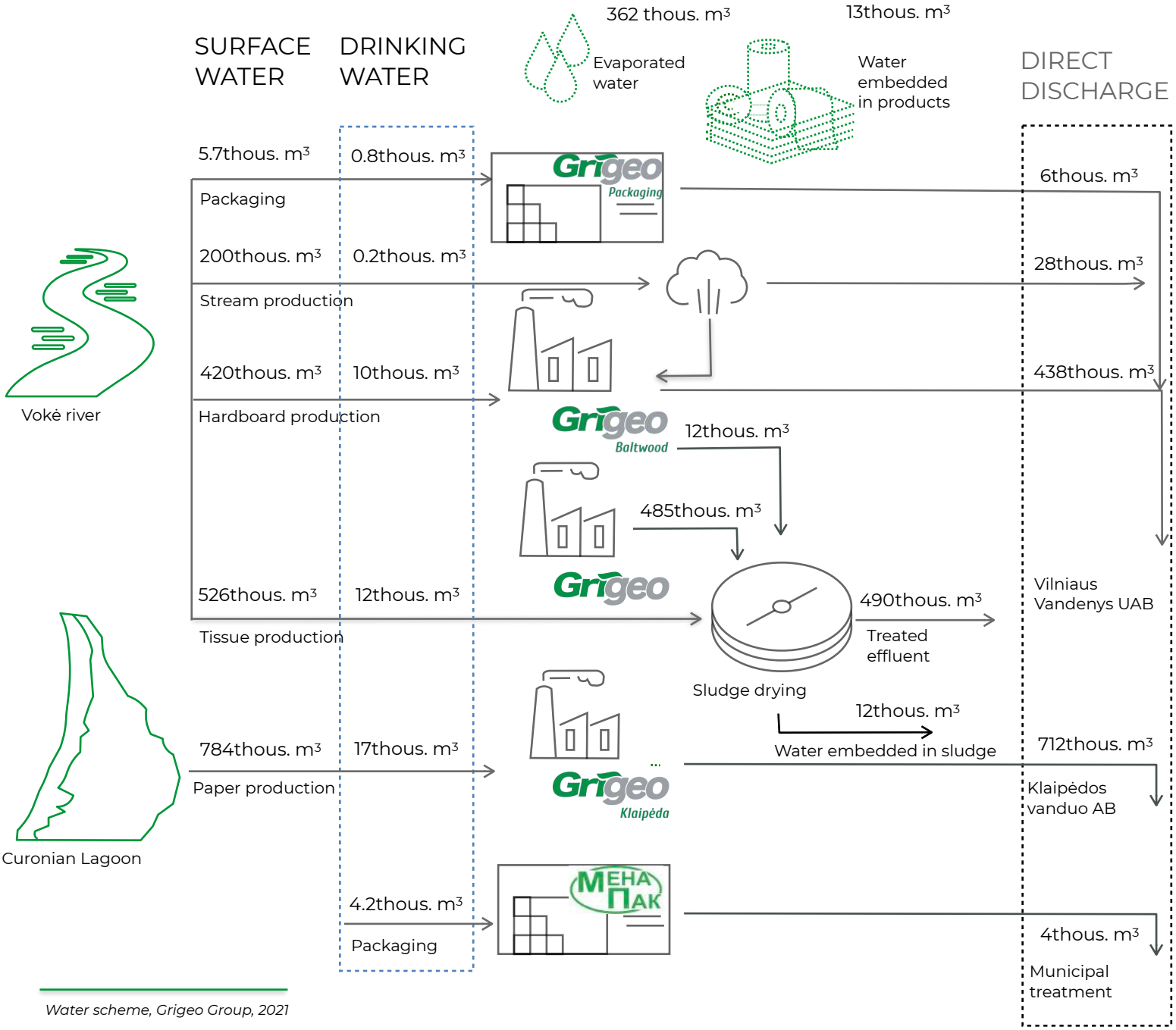


Water withdrawal by source, Grigeo Group, 2021

GRI: 102:15 303:1 303:2 303:3 303:4 303:5

WATER WITHIN THE GROUP

Water circulation



Water scheme, Grigeo Group, 2021

WATER

WHERE IS WATER

Our factories use rolls and presses that are internally heated with steam. Maintaining a uniform temperature across the surface of the roll is essential for making quality product. Since steam is a gas, it fills the entire volume of the roll and evenly distributes heat as it condenses.
Both in paper and hardboard production lines, water is used to obtain fibre. Grigeo Baltwood UAB uses water to derive fiber from wood for hardboard. Grigeo AB need water to pulp cellulose and waste paper for tissue production. Finally, in Klaipėda we use water to dissolve brown waste paper for recycling.

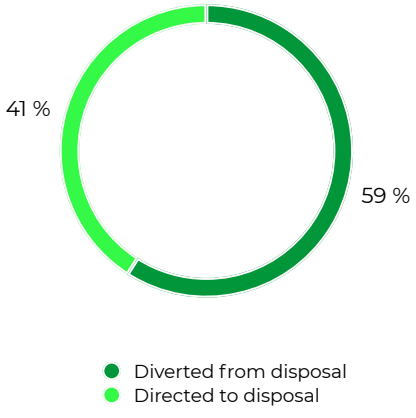
Hardboard press, Baltwood UAB

GRI: 102:15 303:1 303:2 303:3 303-4 303-5

WASTE IN NUMBERS

How we manage what is left after production

In 2021, we processed 343.4 thous. tonnes of materials, our activities generated 30.2 thous. tonnes of waste, 59% of which were diverted from disposal. Our production process is unique in a way that the majority of waste generated can be returned to the production cycle. In 2021, 24.6% of all waste was returned to production in the form of material within our Group.
Paper recycling waste which is generated mostly during the sorting process from Grigeo Klaipėda AB accounts for the largest part of incinerated waste. As a result of incineration, operator generates energy and has a technology to collect metal scraps, such as wires primarily used to package waste paper.
We see the total volume of waste directed to disposal as one of the strategic challenges. In 2021, we directed 3.6 thous. tonnes of construction debris and municipal waste to the landfill. Our short-term goal is to assess sustainable alternatives to reduce total waste directed to disposable and determine a long-term strategy.



Waste treatment, Grigeo Group, 2021

	WASTE GENERATED	WASTE DIVERTED FROM DISPOSAL	WASTE DIRECTED TO DISPOSAL
Thermal process waste	1,562	780	782
Other mechanical treatment waste	1,155	237	918
Paint and varnish waste	163		163
Municipal waste	550	60	491
Wood and paper recycling and its production process waste	18,927	9,608	9,319
Packaging waste	552	522	29
Oil products	6	4	2
Demolition and construction waste	861	197	664
Paper scraps and rejects	6,441	6,441	0
Other	9	3	6
TOTAL WASTE	**30,228**	**17,853**	**12,378**

Waste generated by composition, in metric tonnes (t), Grigeo Group, 2021

	ON-SITE	OFF-SITE	TOTAL
HAZARDOUS WASTE			
Preparation for reuse	0.0	0.0	0.0
Recycling	0.9	3.9	4.8
Other recovery operations	0.0	0.0	0.0
NON-HAZARDOUS WASTE			
Preparation for reuse	0.0	0.0	0.0
Recycling	7,433	1,508	8,941
Other recovery operations	0.0	8,908	8,908
TOTAL WASTE DIVERTED FROM DISPOSAL	**7,434**	**10,419**	**17,853**

Waste diverted from disposal, in metric tonnes (t), Grigeo Group, 2021

Paper scraps from Grigeo Packaging UAB, ready for recycling

WASTE

Packaged waste paper

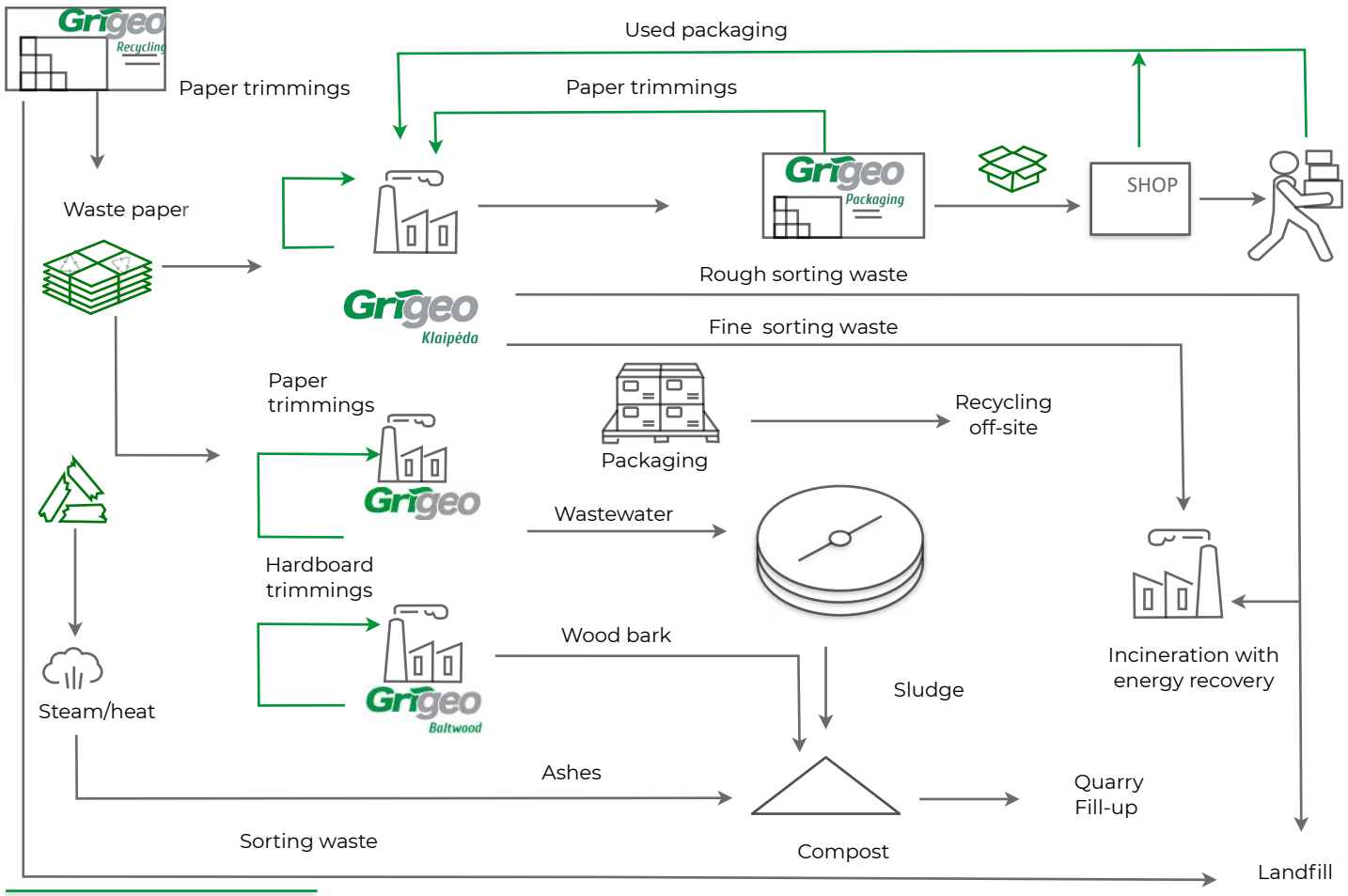
	ON-SITE	OFF-SITE	TOTAL
HAZARDOUS WASTE			
Incineration (with energy recovery)	0.0	81	81
Incineration (without energy recovery)	0.0	0.0	0.0
Landfilling	0.0	0.0	0.0
Other disposal operations	0.0	0.0	0.0
NON-HAZARDOUS WASTE			
Incineration (with energy recovery)	0.0	8,650	8,650
Incineration (without energy recovery)	0.0	0.0	0.0
Landfilling	0.0	3,638	3,638
Other disposal operations	0.0	6	6
TOTAL WASTE	**0.0**	**12,375**	**12,375**

Waste directed to disposal, in metric tonnes (t), Grigeo Group, 2021

GRI: 306:1 306:2 306:3 306:4 306:5 306:6

WASTE MAP

Where waste occurs



Waste scheme, Grigeo Group

KEY WASTE SOURCES

Within our production sites, we are able to return all manufacturing scraps and defected batches back to the production cycle. In case of Grigeo Klaipėda AB, all waste comes in through the gate together with waste paper. To produce new containerboard, we must obtain usable fibre, so we need to sort out lose objects at first and separate embedded non-fibre materials, plastics, such as adhesive labels, polystyrene particles, and inorganic particles such as sand, gravel, etc. The result of these sorting steps is directed to Gren Klaipėda UAB for incineration with energy recovery.

As per our strategic commitments, we are evaluating viable options to optimise our recycling processes to reduce our waste streams from paper recycling to foster a more circular and sustainable business. The issue of fiber extraction and the waste generated by it will become more acute in the future. Although cardboard can be recycled up to 25 times, during each recycling cycle the fiber gradually loses its quality properties and becomes unsuitable for forming new paper.

WASTE

SLUDGE TREATMENT

Sludge is a naturally occurring organic matter that remains after mechanical and biological wastewater treatment. Like most waste, sludge must be disposed of properly.

Following 7 January 2020, all the wastewater generated by Grigeo Klaipėda AB was transferred to Klaipėdos vanduo AB for treatment under the agreement. All sludge formed in the wastewater treatment process is decomposed, dried, etc. by Klaipėdos vanduo AB and handed over to the waste manager. No sludge is generated in our treatment facility in Dumpiai. in 2021, all sludge from facilities operated by Grigeo Klaipėda AB was cleaned and diverted from our sites.

In Grigiškės, we separate sludge (retired fibre which is too short to form a new product) from tissue production in the mechanic effluent treatment plant. All sludge generated during the wastewater treatment is drained in a decanter. We compost it ourselves at the installed biodegradable waste composting site. In 2021, Grigeo AB generated 8.5 thous. tonnes of sludge. Composted sludge, amounting to 8.9 thous. tonnes, was sold to recover the quarry.

GRI: 102:9 102:15 306:1 306:2 306:3 306:4 306:5

RENEWABLES

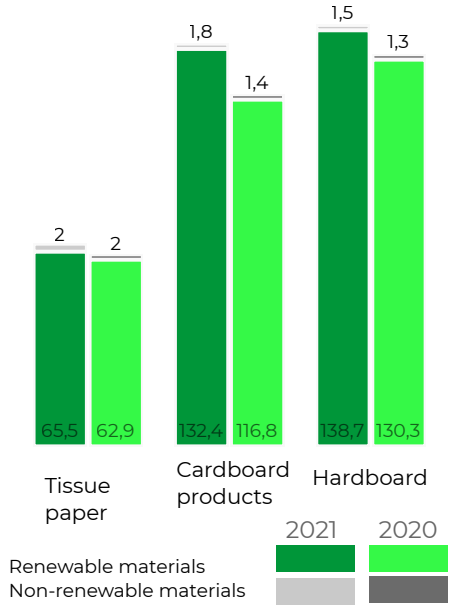
Virtually all our materials come from renewable sources

	Grigeo Klaipėda AB	Grigeo Packaging UAB	MenaPAK AT	Containerboard for corrugated cardboard and related products	Grigeo Baltwood UAB	Grigeo AB	Group level
RENEWABLE MATERIALS							
Raw materials	0	0	0	0	136,256	0	136,256
Process materials	118,701	6,157	4,979	129,836	296	57,107	187,240
Semi-manufactured goods or parts	0	0	0	0	0	0	0
Packaging and packaging materials	358	1,678	535	2,571	2,141	8,371	13,082
Total renewable	119,058	7,835	5,514	132,407	138,693	65,478	336,579
NON-RENEWABLE MATERIALS							
Raw materials	0	0	0	0	0	0	0
Process materials	0	0	0	0	0	0	0
Semi-manufactured goods or parts	1,641	126	39	1,806	1,462	945	4,213
Packaging and packaging materials	4	50	18	72	57	1,058	1,187
Total non-renewable	1,645	176	57	1,878	1,520	2,003	5,401
TOTAL MATERIALS USED	**120,703**	**8,011**	**5,570**	**134,285**	**140,213**	**67,482**	**341,979**
Recycled materials (total)	108,183		2,909	111,092	0		111,092
Reclaimed products and their packaging materials	113,877		3,061.8	116,939	0.00	25,393	142,332
% of renewables	99 %	98 %	99 %	99 %	99 %	97 %	98 %
% of recycled materials	90 %	0 %	52 %	82 %	0 %	0 %	32 %
% of reclaimed materials	94 %	0 %	55 %	86 %	0 %	38 %	41 %

Nature of our materials used in 2021, tonnes

RESPONSIBLE SOURCING

In 2021, we spent EUR 96.5m on raw materials and energy. Sourcing materials and energy accounts for 76% of total operating costs for Grigeo Group. As such, Sustainable and Responsible Sourcing is an integral part of our sustainability vision and strategy. All fibre produced and purchased is CoC (Chain of custody) certified under **FSC.** The Forest Stewardship Council, an independent international certification organisation, promotes environmentally friendly, socially responsible, and economically viable management of the world's forests. We prioritise the FSC® certification system, and encourage all suppliers to work toward certification.



Nature of our materials used in 2021 vs. 2020, tonnes

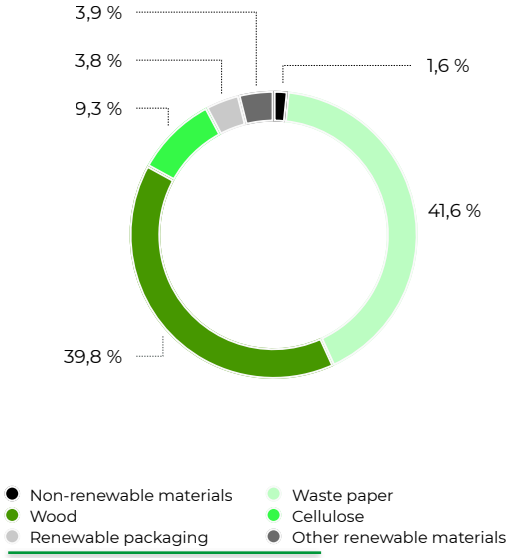
1.6% OF NON-RENEWABLES

On the Group level, only 1.6% of all raw materials used were non-renewable. In comparison, 37% of these raw materials are used for the production of tissue paper, 35% for the production of corrugated cardboard and packaging, and 28% for the production of fibreboard. It was identified that improved sorting and waste paper treatment and management are projected to reduce amount of chemical compounds needed. These issues are included in our environmental and governance agenda.

All tissue paper and manufactured corrugated paper boxes come in some plastic packaging. This packaging makes a large proportion of non-renewable materials in our Group. We are cooperating closely with our packaging suppliers to reduce the total impact of non-renewable packaging. Now, all packaging used is recyclable.

RIGHT MIX OF MATERIALS

Both new and recovered fiber are necessary to sustain an efficient supply chain. After several lifecycles of reuse and reprocessing, recovered fiber eventually begins to break down and is no longer suitable for use in paper and paperboard. Although this fiber can no longer be used in our products, it can be beneficially reused in many other ways, such as for energy or fertilizer. The ability to use recovered fiber would cease to exist if responsibly managed new fibers were not introduced to the fiber cycle. With high recovery rates and well-managed forests to source from, fiber-based products are among the most sustainable products in the world.



Nature of our materials used in 2021, tonnes

GRI: 102:9 102:15 301:1 301:2 301:3

MATERIALS

Grigeo

2021

ANNEXES

This section is devoted to some summaries:
Our group in numbers
Materiality index
Glossary

KEY NUMBERS 2021

INPUT

Renewable materials		
Wood	49 ,195	Tonnes
Wood chips*	87,061	Tonnes
Cellulose	31,712	Tonnes
Waste paper	139,270	Tonnes
Third party paper or containerboard**	10,184	Tonnes
Starch all types	6,068	Tonnes
Packaging	13,082	Tonnes
Other organic raw materials	947	Tonnes

Non-renewable materials		
Packaging materials	1,187	Tonnes
Semi-manufactured goods or parts	4,213	Tonnes

Energy		
Natural gas	10,988	thous. m^3
Wood chips	29,517	tne
Renewable electricity	128.2	GWh
Non-renewable electricity	0.9	GWh
LPG	134.8	Tonnes
Diesel	354.1	Tonnes
Petrol	100.7	Tonnes

Water		
Surface water (total)	1,935.5	thous. m^3
Drinking water (total)	44.3	thous. m^3

OUTPUT

Production		
Tissue paper	47,090	Tonnes
Containerboard	104,380	Tonnes
Packaging	48,840	Tonnes
Honeycomb	4,356	Thous. m^2
Fibreboard	69,729	Tonnes

Emissions to air		
CO_2 fossil Scope 1	22,484	tCO_2eq
CO_2 biogenic	109,232	tCO_2eq
SO_x from processes	12.8	Tonnes
NO_x from processes	226.9	Tonnes

Energy output		
Thermal energy to third party	1,113	MWh

Waste		
Hazardous waste	86	Tonnes
Non-hazardous waste sent to landfill	3,638	Tonnes
Non-hazardous waste recycled	8,941	Tonnes
Non-hazardous waste other recovery operations	8,908	Tonnes
Incineration of non-hazardous waste with energy recovery	8,650	Tonnes

Composition of effluent		
Effluent	1,667	thous. m^3
BOD_7	3,606	Tonnes
Total suspended solids	653	Tonnes
Nitrogen	57.6	Tonnes
Phosphorous	3.2	Tonnes

* The quality of wood chips used as material in hardboard production is equivalent to chips for energy production.
** We buy "white" containerboard and specific types of testliner are sources by Grigeo Packaging UAB from the third party producers based on demand our our suppliers

	2021		2020	
	Female	Male	Female	Male
Grigeo AB	69	197	72	224
Grigeo Klaipėda AB	43	124	40	120
Grigeo Baltwood UAB	35	94	43	102
Grigeo Packaging, UAB	36	107	35	106
Mena Pak AT	17	69	15	69
Grigeo Recycling , UAB	16	26	20	26
Grigeo Recycling SIA	1	10	1	10
Total	**217**	**627**	**226**	**657**

Employees by company and gender, 2020/2021

GRI: 102:7 301:1 301:2 301:3 302:1 303:3 303:4 305:1 306:3 306:4 306:5

GRI INDEX

GRI standard number	Disclosure number	Disclosure Title and Description	Page(s)/value
GRI 102: general standard disclosures			
Organisational profile			
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GRI 419	GRI 419:1	Non-compliance with laws and regulations in the social and economic area	NO incidents

GLOSSARY

annual total compensation
compensation provided over the course of a year can include compensation such as salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value and non-qualified deferred compensation earnings, and all other compensation.

anti-competitive behaviour
action of the organisation or employees that can result in collusion with potential competitors, with the purpose of limiting the effects of market competition

anti-trust and monopoly practice
action of the organisation that can result in collusion to erect barriers for entry to the sector, or another collusive action that prevents competition

area of high biodiversity value
area not subject to legal protection, but recognised for important biodiversity features by a number of governmental and non-governmental organisations

area protected
area that is protected from any harm during operational activities, and where the environment remains in its original state with a healthy and functioning ecosystem

area restored
area that was used during or affected by operational activities, and where remediation measures have either restored the environment to its original state, or to a state where it has a healthy and functioning ecosystem

base year
historical datum (such as year) against which a measurement is tracked over time

baseline
starting point used for comparisons

basic salary
fixed, minimum amount paid to an employee for performing his or her duties, excluding any additional remuneration, such as payments for overtime working or bonuses

benefit
direct benefit provided in the form of financial contributions, care paid for by the organisation, or the reimbursement of expenses borne by the employee

biogenic carbon dioxide (CO_2) emission
emission of CO_2 from the combustion or biodegradation of biomass

brown waste paper
recycled cardboard, corrugated cardboard and its packaging, cardboard production waste

carbon dioxide (CO_2) equivalent
measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP)

circularity measures
measures taken to retain the value of products, materials, and resources and redirect them back to use for as long as possible with the lowest carbon and resource footprint possible, such that fewer raw materials and resources are extracted and waste generation is prevented

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts

close call
work-related incident where no injury or ill health occurs, but which has the potential to cause these

collective bargaining
all negotiations which take place between one or more employers or employers' organisations, on the one hand, and one or more workers' organisations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers

conflict of interest
situation where an individual is confronted with choosing between the requirements of his or her function and his or her own private interests

conservation and efficiency initiative
organisational or technological modification that allows a defined process or task to be carried out using less energy

continued employability
adaptation to the changing demands of the workplace through the acquisition of new skills

corruption
'abuse of entrusted power for private gain',1 which can be instigated by individuals or organisations

direct (Scope 1) GHG emissions
GHG emissions from sources that are owned or controlled by an organisation

disposal
any operation which is not recovery, even where the operation has as a secondary consequence the recovery of energy

DJSI The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios.

due diligence
In the context of the GRI Standards, 'due diligence' refers to a process to identify, prevent, mitigate and account for how an organisation addresses its actual and potential negative impacts.

effluent
treated or untreated wastewater that is discharged

employee
individual who is in an employment relationship with the organisation, according to national law or its application

employee category
breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production)

employee turnover
employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service

employment type
Full-time: A 'full-time employee' is an employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time (such as national legislation which defines that 'full-time' means a minimum of nine months per year and a minimum of 30 hours per week).
Part-time: A 'part-time employee' is an employee whose working hours per week, month, or year are less than 'full-time' as defined above.

energy indirect (Scope 2) GHG emissions
GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organisation

energy reduction
amount of energy no longer used or needed to carry out the same processes or tasks

environmental laws and regulations
laws and regulations related to all types of environmental issues applicable to the organisation

environmental protection expenditure
expenditure on environmental protection by the organisation, or on its behalf, to prevent, reduce, control, and document environmental aspects, impacts, and hazards

exposure
quantity of time spent at or the nature of contact with certain environments that possess various degrees and kinds of hazard, or proximity to a condition that might cause injury or ill health (e.g., chemicals, radiation, high pressure, noise, fire, explosives)

financial assistance
direct or indirect financial benefits that do not represent a transaction of goods and services, but which are an incentive or compensation for actions taken, the cost of an asset, or expenses incurred

formal joint management–worker health and safety committee
committee composed of management and worker representatives, whose function is integrated into an organisational structure, and which operates according to agreed written policies, procedures, and rules, and helps facilitate worker participation and consultation on matters of occupational health and safety

freedom of association
right of employers and workers to form, to join and to run their own organisations without prior authorization or interference by the state or any other entity

freshwater
water with concentration of total dissolved solids equal to or below 1,000 mg/L

full coverage
plan assets that meet or exceed plan obligations

global warming potential (GWP)
value describing the radiative forcing impact of one unit of a given GHG relative to one unit of CO_2 over a given period of time

governance body
committee or board responsible for the strategic guidance of the organisation, the effective monitoring of management, and the accountability of management to the broader organisation and its stakeholders

greenhouse gas (GHG)
gas that contributes to the greenhouse effect by absorbing infrared radiation

GLOSSARY

grievance mechanism
system consisting of procedures, roles and rules for receiving complaints and providing remedy

groundwater
water that is being held in, and that can be recovered from, an underground formation

hazardous waste
waste that possesses any of the characteristics contained in Annex III of the Basel Convention, or that is considered to be hazardous by national legislation

health promotion
process of enabling people to increase control over and improve their health

hierarchy of controls
systematic approach to enhance occupational health and safety, eliminate hazards, and minimize risks

high-consequence work-related injury
work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months

highest governance body
formalized group of persons charged with ultimate authority in an organisation

high-potential work-related incident
work-related incident with a high probability of causing a high-consequence injury

impact
In the GRI Standards, unless otherwise stated, 'impact' refers to the effect an organisation has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development.

incineration
controlled burning of waste at high temperatures

indicator of diversity
indicator of diversity for which the organisation gathers data

indirect political contribution
financial or in-kind support to political parties, their representatives, or candidates for office made through an intermediary organisation such as a lobbyist or charity, or support given to an organisation such as a think tank or trade association linked to or supporting particular political parties or causes

infrastructure
facilities built primarily to provide a public service or good rather than a commercial purpose, and from which an organisation does not seek to gain direct economic benefit

landfilling
final depositing of solid waste at, below, or above ground level at engineered disposal sites

local community
persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by an organisation's operations

local supplier
organisation or person that provides a product or service to the reporting organisation, and that is based in the same geographic market as the reporting organisation (that is, no transnational payments are made to a local supplier)

management approach disclosure
narrative description about how an organisation manages its material topics and their related impacts

marketing communication
combination of strategies, systems, methods, and activities used by the organisation to promote its reputation, brands, products, and services to target audiences

material topic
topic that reflects a reporting organisation's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders

MSCI is an acronym for Morgan Stanley Capital International. It is an investment research firm that provides stock indexes, portfolio risk and performance analytics, and governance tools to institutional investors and hedge funds.

non-renewable energy source
energy source that cannot be replenished, reproduced, grown or generated in a short time period through ecological cycles or agricultural processes

non-renewable material
resource that does not renew in short time periods

OHS
set of interrelated or interacting elements to establish an occupational health and safety policy and objectives, and to achieve those objectives

occupational health and safety risk
combination of the likelihood of occurrence of a work-related hazardous situation or exposure, and the severity of injury or ill health that can be caused by the situation or exposure

occupational health services
services entrusted with essentially preventive functions, and responsible for advising the employer, the workers, and their representatives in the undertaking, on the requirements for establishing and maintaining a safe and healthy work environment, which will facilitate optimal physical and mental health in relation to work and the adaptation of work to the capabilities of workers in the light of their state of physical and mental health

other indirect (Scope 3) GHG emissions
indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organisation, including both upstream and downstream emission

preparation for reuse
checking, cleaning, or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived

produced water
water that enters an organisation's boundary as a result of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material, and has to consequently be managed by the organisation

product
article or substance that is offered for sale or is part of a service delivered by an organisation

product and service information and labelling
information and labelling are used synonymously, and describe communication delivered with the product or service, describing its characteristics

product or service category
group of related products or services sharing a common, managed set of features that satisfy the specific needs of a selected market

protected area
geographic area that is designated, regulated, or managed to achieve specific conservation objectives

reclaimed
refers to collecting, reusing, or recycling products and their packaging materials at the end of their useful lives

recordable work-related injury or ill health
work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness

recovery
any operation wherein products, components of products, or materials that have become waste are prepared to fulfil a purpose in place of new products, components, or materials that would otherwise have been used for that purpose

recycled input material
material that replaces virgin materials, which are purchased or obtained from internal or external sources, and that are not by-products and non-product outputs (NPO) produced by the organisation

recycling
reprocessing of products or components of products that have become waste, to make new materials

reduction of greenhouse gas (GHG) emissions
decrease in GHG emissions or increase in removal or storage of GHG from the atmosphere, relative to baseline emissions

regular performance and career development review
review based on criteria known to the employee and his or her superior

remuneration
basic salary plus additional amounts paid to a worker

renewable energy source
energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes

renewable material
material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation

reporting period
specific time span covered by the information reported

GLOSSARY

Reporting Principle
concept that describes the outcomes a report is expected to achieve, and that guides decisions made throughout the reporting process around report content or quality

runoff
part of precipitation that flows towards a river on the ground surface (i.e., surface runoff) or within the soil (i.e., subsurface flow)

Scope of GHG emissions
classification of the operational boundaries where GHG emissions occur

seawater
water in a sea or in an ocean

security personnel
individuals employed for the purposes of guarding property of the organisation; crowd control; loss prevention; and escorting persons, goods, and valuables

senior executive
top ranking member of the management of an organisation that includes a Chief Executive Officer (CEO) and individuals reporting directly to the CEO or the highest governance body

services supported
services that provide a public benefit either through direct payment of operating costs or through staffing the facility or service with an organisation's own employees

significant air emission
air emission regulated under international conventions and/or national laws or regulations

significant impact on biodiversity
impact that can adversely affect the integrity of a geographic area or region, either directly or indirectly, by substantially changing its ecological features, structures, and functions across its whole area, and over the long term, so that habitat, its population levels, and the particular species that make the habitat important cannot be sustained

significant operational change
alteration to the organisation's pattern of operations that can potentially have significant positive or negative impacts on workers performing the organisation's activities

significant spill
spill that is included in the organisation's financial statements, for example due to resulting liabilities, or is recorded as a spill by the organisation

spill
accidental release of a hazardous substance that can affect human health, land, vegetation, water bodies, and ground water

stakeholder
entity or individual that can reasonably be expected to be significantly affected by the reporting organisation's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives

supplier
organisation or person that provides a product or service used in the supply chain of the reporting organisation

supplier screening
formal or documented process that applies a set of performance criteria as one of the factors in determining whether to proceed in a relationship with a supplier

supply chain
sequence of activities or parties that provides products or services to an organisation

surface water
water that occurs naturally on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams

sustainable development/sustainability
development that meets the needs of the present without compromising the ability of future generations to meet their own needs

tax jurisdiction
country or territory with autonomous taxing powers similar to a country

termination payment
all payments made and benefits given to a departing executive or member of the highest governance body whose appointment is terminated

third-party water
municipal water suppliers and municipal wastewater treatment plants, public or private utilities

topic
economic, environmental or social subject

topic Boundary
description of where the impacts occur for a material topic, and the organisation's involvement with those impacts

value chain
An organisation's value chain encompasses the activities that convert input into output by adding value

waste
anything that the holder discards, intends to discard, or is required to discard

waste disposal method
method by which waste is treated or disposed of

water consumption
sum of all water that has been withdrawn and incorporated into products, used in the production of crops or generated as waste, has evaporated, transpired, or been consumed by humans or livestock, or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party over the course of the reporting period

water discharge
sum of effluents, used water, and unused water released to surface water, groundwater, seawater, or a third party, for which the organisation has no further use, over the course of the reporting period

water stewardship
use of water that is socially equitable, environmentally sustainable, and economically beneficial, achieved through a stakeholder-inclusive process that involves facility- and catchment-based actions

water storage
water held in water storage facilities or reservoirs

water stress
ability, or lack thereof, to meet the human and ecological demand for water

water withdrawal
sum of all water drawn from surface water, groundwater, seawater, or a third party for any use over the course of the reporting period

white waste paper
office waste paper and documentation with an expired term of storage

worker
person that performs work

worker consultation
seeking of workers' views before making a decision

worker participation
workers' involvement in decision-making

work-related hazard
source or situation with the potential to cause injury or ill health

work-related incident
occurrence arising out of or in the course of work that could or does result in injury or ill health

work-related injury or ill health
negative impacts on health arising from exposure to hazards at work