



## ŽEMAITIJOS PIENAS, AB CODE OF RESPONSIBLE BUSINESS

### SECTION I. GENERAL PROVISIONS

1. The Code of Responsible Business of ŽEMAITIJOS PIENAS, AB (a public limited liability company (*Lith. akcinė bendrovė (AB)*)) (hereinafter referred to as 'the Business Code') sets out the main values and provisions concerning conduct of ŽEMAITIJOS PIENAS, AB and legal entities controlled, whether directly or indirectly, by it (hereinafter referred to as 'the Company'), compliance with which constitutes prerequisites and conditions for implementing the highest standards of business ethics.
2. The Business Code reflects the Company's aspiration to act in line with the highest standards and strengthen sustainable cooperation with partners, promoting lawful, professional and honest practices that include business ethics, respect for human rights, as well as social and environmental protection goals.
3. The Business Code is applicable and should be observed by the Company, all suppliers/service providers who supply the Company with goods, provide services, and perform work, and all customers who purchase the products or services of the Company or cooperate with the Company in any other way (hereinafter all collectively referred to as 'the partners').
4. The Company expects all partners to act in line with the same high standards as the Company itself, to operate in compliance with the laws, regulations and industry standards in force in the various jurisdictions where the partners operate, including those related to labour and employment, occupational safety and health, and human rights.

### SECTION II. PRINCIPLES AND MANAGEMENT OF RESPONSIBLE BUSINESS

5. **Legal Compliance:** The Company strives to conduct its activities in line with the highest standards of business ethics and to comply with the laws in force in the countries where it operates, and expects the same from others.
6. **Anti-Bribery and Anti-Corruption:** Company managers and employees should not be involved in any form of bribery or corruption either directly or through third parties. This includes any inadequate gifts that may create a conflict of interest. Modest gifts and hospitality may be permitted as long as they are not given in consideration of something, are of small value, not frequent, not solicited, reasonable and customary in the relevant business. We hope that the Company's partners will encourage compliance with requirements concerning anti-bribery, anti-corruption and conflict of interest in their organizations by creating their own standards based on compliance with legal requirements.
7. **Fair Competition:** The Company does not seek competitive advantage through any illegal or unethical means. The Company operates in competitive markets and, therefore, competes constantly in compliance with requirements of the legal acts governing competition and fair market conduct. Getting to know Company's competitors is an important part of the Company's activities, which ensures business competitiveness in the market. However, information about competitors may be collected, used and shared applying solely lawful and ethical means.
8. **Confidentiality and Privacy:** The Company respects and protects confidential information, complies with personal data protection requirements, and makes use of the data in exceptional cases and only for the purposes agreed on by the parties. The partners should protect the confidential information received, use the personal data received exclusively where necessary, without violating the requirements of legal acts.
9. **High-Quality Products and Services:** The Company ensures that products/services meet high standards and customer needs, as well as improves products/services continually, and reasonably expects the same from its partners.
10. **Transparency of Supply Chain:** The Company may request the partners to provide information about their supply chain, as this helps ensure that products are manufactured ethically and meet high standards.
11. **Prevention of Conflicts:** The Company avoids conflicts, promotes continuous dialogue, conflict resolution mechanisms and fair dispute resolution.

12. **Sustainability:** The Company aims to effectuate sustainability through the application of international sustainability standards, recommendations and good practices; the Company's activity covers social, environmental and economic responsibility within a whole sustainable chain, starting with raw milk suppliers up to waste handlers and more. The Company submits a Sustainability Report annually in line with the Global Reporting Initiative (GRI) standard. The content of the Sustainability Report includes the latest information available at the time of publication thereof. The Sustainability Report is an individual document to be acquainted with together with the Consolidated Annual Report of the group of entities of the Company, which can be found on the website of the Company.
13. **Sanctions:** The Company, its shareholders, beneficiaries, and members of management bodies do not violate any sanctions imposed by the European Union, the United Nations or other international organizations or at a national level, and expect the same from the partners. For this reason, before entering into business relations, the Company collects the relevant information on its own or submits a questionnaire to the other party to the transaction with the aim to determine not only the identity of a potential partner but also to make sure that the partners refrain from conducting transactions (operations) with persons who are subject to the application of any international financial sanctions and/or other restrictive measures.

### SECTION III. PROTECTION OF HUMAN RIGHTS

13. **Prohibition of Child Labour:** The Company strictly opposes to child labour, respects children's right to childhood and education, and therefore does not employ persons younger than the minimum age of admission to work, as established by the Labour Code of the Republic of Lithuania (hereinafter referred to as 'the LC of RL') or other legal acts. The Company understands that persons under the age of eighteen should be protected against any risk to their safety, health or development that may arise due to the lack of experience of such persons, absence of knowledge in what risks are present or may arise, or the immaturity of such persons.
14. **Forced Labour:** The Company does not seek benefits through compulsory and forced labour, does not intend to engage in human trafficking or slavery in any way, is against any physical and psychological punishments, as well as any other cruelty or other measures unacceptable to a person. The Company does not use forced labour in any form, including labour relations concerning any work for which a person has not offered himself or herself voluntarily or certain conditions thereof related to applying deposits or withholding personal documents and restrictions on free movement.
15. **Coercion and Harassment:** The Company strives to treat each employee, milk producer, product buyer, service provider, contractor, State institution, and their representatives with dignity and respect, to avoid any coercion and harassment, as well as is strictly against and will not tolerate any physical punishments, violence, sexual harassment, threats, and psychological or verbal abuse. Furthermore, the Company will not tolerate harassment in any work-related circumstances outside of work.
16. **Equal Treatment and Non-Discrimination:** The Company avoids any direct and indirect discrimination and implements the equal treatment and non-discrimination principles regardless of sex, race, nationality, citizenship, language, origin, social status, faith, beliefs or views, age, sexual orientation, disability, ethnicity, health status, marital and family status, membership in a political organization, trade union or association, religion, intention to have a child (children), and social status, as well as regardless of the fact that an employee exercises or exercised the rights provided for by the LC of the RL, as well as of any circumstances unrelated to the professional qualities of an employee, or other bases provided for by law. For this purpose, the Company selects and recruits employees, applies incentives and promotes them, and selects partners based solely on their qualifications, professional qualities and reliability, as well as promotes diversity.
17. **Freedom of Association:** The Company respects the right of employees to cooperate, join associations, and conduct collective bargaining in accordance with applicable laws.
18. **Safe and Healthy Working Environment:** The objective and duty of the Company is to provide employees with a safe and healthy working environment in all work-related aspects in compliance with valid laws governing occupational safety and health and other applicable legal acts and internal procedures. Identification of risks takes place continually, they are assessed and preventive measures to control them are established. Employees are informed, instructed, trained and supervised on a regular basis to ensure their safety while performing various works. In view of factors harmful to health and hazardous works, risks in the workplaces are assessed and preventive measures are implemented continually.
19. **Decent Pay:** The Company respects the employee right to a fair and adequate remuneration for work, ensuring a dignified life for a person and his or her family, and the employee right to rest. For this purpose, the Company seeks to create for employees favourable working conditions, including working hours, remuneration for work and other benefits, thus, not only complying with the obligations provided for by legal acts concerning overtime, holidays and respect to family-related obligations but also paying a competitive wage.

20. **Respect for Privacy:** The Company respects the rights of its employees, and those of the partners and their employees to a private life and to the protection of their personal data, does not interfere in their private life and correspondence and, therefore, collects and stores only those data that are necessary for the fulfilment of agreements and obligations provided for by legal acts, and solely to the extent permitted by the legal acts and consents given by individuals voluntarily.

#### SECTION IV. ENVIRONMENTAL PROTECTION

21. The Company carries out its daily activities in compliance with environmental protection laws, regulations and permits. The Company encourages the partners to take measures to reduce the impact of their activities on the environment and, therefore, expects the partners to comply with applicable environmental protection laws, regulations and standards, apply and use environmentally-friendly technologies and develop responsible business practices.
22. The Company monitors its performance indicators continually, plans and introduces the latest technologies enabling to reduce production/operational costs and energy costs, spare natural resources and keep improving the environmental protection status of the Company in every way possible, striving, among other things, to duly identify and sort out waste and product packaging.
23. The Company assumes responsibility for the impact of its activities on the environment.
24. The Company's sustainability report drawn up annually and published on the website covers all issues and indicators concerning environmental protection.

#### SECTION V. IMPLEMENTATION OF THE BUSINESS CODE

25. The Company applies all measures possible to ensure the compliance with the present Business Code, has prepared and approved relevant detailed internal procedures and policies, and educates its employees continuously. Employees have to be informed of the applicable standards in an understandable form so that they are aware of their rights and obligations arising out of the Business Code.
26. The Business Code is freely available on the website of ŽEMAITIJOS PIENAS, AB and may also be provided to the partners in another manner: personally, sent by e-mail or mail.
27. All business partners should ensure the implementation of and compliance with the principles set forth in the Business Code in their enterprises through appropriate and verifiable means, as well as should inform their suppliers about the content of this Business Code and request such suppliers to observe the requirements and standards listed herein.
28. The Company approves new partners after they confirm that they have acquainted with the provisions of the Business Code and undertake to comply with them.
29. The Company has the right to request the partners to substantiate their compliance with the present document, and the partners have the obligation to submit documents or otherwise justify that they comply with the Business Code and that they request the same from their own partners.
30. Duly informed partners agree that, at the request of the Company, social audits be carried out in their enterprises or in the production facilities of the respective sub-suppliers. Such social audits are conducted by the Company itself or by third parties authorized by the Company. The purpose of such an audit is to document compliance with or the state of implementation of the principles listed herein with the aim of identifying together possible measures for improvement.
31. Where it is found out that any potential or existing partner fails to meet the requirements set forth by the present document, this may result in the suspension or termination of cooperation. In the event of a failure to observe the Business Code, a partner has to take appropriate corrective measures. To resume cooperation, such a partner has to draw up a corrective action plan, which should be implemented within the shortest time possible.