

## Information on Sustainability Matters



2025 m.

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# ABOUT THIS REPORT

This section presents the annual report of AB ŽEMAITIJOS PIENAS (Sedos g. 35, LT-87101 Telšiai, hereinafter referred to as Žemaitijos Pienas, the Company) and its subsidiary ABF Šilutės Rambynas (Klaipėdos g. 3, Šilutė, hereinafter referred to as Šilutės Rambynas or the subsidiary) and their branches (hereinafter collectively referred to as the Group) on sustainability matters (hereinafter referred to as the sustainability report or the Report). The Report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS).

## BP-1 GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

The information presented in the Report has been prepared on a consolidated basis. The scope of consolidation of sustainability information coincides with that of the financial statements, thus ensuring consistency and compatibility between financial and sustainability data.

The report reviews the Group's achievements and objectives in the areas of environment, social and governance (ESG).

The sustainability report covers the Group's direct activities and the upstream and downstream parts of its value chain, as specified in ESRS 1 section 5.1.

The Group did not exercise the option to omit certain information on intellectual property, know-how or the results of research and development, as provided for in 1 ESRS section 7.7, "Confidential and proprietary information and information on intellectual property, know-how or the results of research and development". The Group also did not exercise the option not to disclose information about future changes in its activities or matters relating to ongoing negotiations, as provided for in Articles 19a (3) and 29a(3) of Directive 2013/34/EU.

## BP-2 DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

### Time horizons

In the Report, the Group follows the definitions of short, medium and long term specified in ESRS 1 section 6.4 "Definition of short-, medium- and long-term for reporting purposes".

### Value chain estimation. Sources of estimation and outcome uncertainty. Changes in preparation or presentation of sustainability information. Reporting errors in prior periods

Value chain estimates were not used. The Group identified errors in the previous reporting period related to the disclosure of quantitative data. Inaccuracies were identified in the disclosure of data for 2024 in the following sections: E3-4 – Water consumption, E5-5 – Resource outflows, S1-6 – Characteristics of the undertaking's employees, S1-14 – Health and safety metrics, as calculation errors were identified in the previous year's figures. Accordingly, each table in the Report where corrections have been made includes a note stating that the 2024 data has been corrected and explaining the reason for the correction.

### Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

In addition to the information required to be disclosed under ESRS, the Group includes in its sustainability report information disclosed in accordance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council (EU Taxonomy Regulation) and the Commission Delegated Regulations, which specify the content and presentation of the information to be disclosed.

### Incorporation by reference

The following information is included by means of a reference to other parts of the Management Report: GOV-1 21 par. (c).

### Use of phase-In provisions in accordance with Appendix C of ESRS 1

The Group has followed ESRS 1 Appendix C and considered the provisions of Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025, which postpones the date of application of certain disclosure requirements. The Group has chosen not to provide the detailed disclosures required by standards E4, S2, S3 and S4 on a temporary basis. Based on the materiality assessment performed, these topics are considered material, but to properly prepare for disclosure, the comprehensive presentation of information is postponed.

Nevertheless, in accordance with the provisions of BP-2, each of these topics is briefly discussed in this Report, providing essential information on the policies applied, actions implemented, objectives and key metrics. These brief descriptions are included in the relevant sections on environmental, social and governance topics, as required by BP-2, paragraph 17.

# GOVERNANCE OF SUSTAINABILITY MATTERS

## GOV-1 THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### COMPOSITION OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Group's management bodies with the highest decision-making powers are the boards of **Žemaitijos Pienas** and **Šilutės Rambynas**. They act as collegial management bodies representing shareholders between their meetings and making decisions on the most important issues of the Group's economic activity.

The board of Žemaitijos Pienas consists of four members – all of whom are executive members. The Board consists of two women and two men. The Board of Šilutės Rambynas consists of five members, three of whom are executive and two are non-executive. The gender ratio on the Board is three men and two women. There are no independent board members in the Group. Žemaitijos Pienas has a Supervisory Board consisting of three independent members (two women and one man), which elects the members of the board. Šilutės Rambynas does not have a Supervisory Board.

The experience of the administrative, management and supervisory bodies in relation to the Group's sectors, products and geographical locations is presented in the Management Report (reference: Consolidated Management Report, information on the governance of the Companies – pp. 40-44).

There are no employee representatives among the administrative, management and supervisory bodies. However, the Group has a Works Council consisting of 11 members who were nominated and elected by the Group's employees. This council represents the interests of employees and participates in the discussion of issues related to labour relations.

### ROLE AND RESPONSIBILITIES OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Group's boards discuss and approve the operational and management structure, determine employee positions, and establish the statutes of branches and representative offices. Each month, it also approves the range and quantity of products manufactured for free tastings for market research or development purposes. In addition, the boards decide on the positions for which employees are recruited through a competitive selection process and determine the job descriptions and salaries of managers.

Board members are responsible for overseeing sustainability-related impacts, risks, and opportunities within their assigned areas of responsibility. The areas of responsibility and duties of board members are approved by the minutes of the Board meeting.

To date, board members have been involved in addressing sustainability matters at the project level, i.e. by implementing specific actions related to sustainability matters. They receive information on the implementation of related projects, planned and ongoing projects, and the progress achieved through initiatives. Progress towards the objectives is discussed during monthly board meetings, where results and costs are assessed.

During the reporting period, sustainability matters and sustainability reporting within the Group were handled by the **Sustainability Group**, which was established by order of the CEO and consists of specialists from different areas of the Group. The Sustainability Group consists of department heads who are responsible for the involvement of their departments in sustainability initiatives and the implementation of tasks.

During the reporting period, **the position of sustainability and environmental protection specialist was added to the Sustainability Group**. The appointed person coordinates issues related to the Sustainability Strategy, Sustainability Policy, data collection and reporting, and other processes. The Board supervises the activities of the Sustainability Group, ensuring that its activities are in line with the Group's strategic objectives and legal requirements. The main objective of this group is to coordinate and promote sustainability initiatives in all Group processes. The Sustainability Group coordinates and supervises the implementation of the set objectives and reports on their progress to the boards. The group does not yet apply specific control measures to manage impacts, risks and opportunities – sustainability matters are addressed through general management principles. Decision-making on sustainability matters is integrated into daily business processes.

The Supervisory Board conducts a quarterly assessment of the members of the Management Board to determine whether the bodies have the appropriate skills and expertise to manage the necessary issues. During the reporting period, the Group engaged external experts and consultants to supplement its knowledge in certain areas of sustainability to ensure competent oversight and management of sustainability matters. The Group used the services of sustainability consultants to ensure the quality of double materiality assessments, climate risk assessments, GHG emissions calculations and sustainability reporting.

## **G1 GOV-1 THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES RELATED TO BUSINESS CONDUCT**

The role of the Group's administrative, management and supervisory bodies in relation to business conduct is regulated by the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Supervisory Board.

The Group encourages members of its administrative, management and supervisory bodies to deepen their expertise in business ethics by actively participating in business ethics conferences and training courses.

## **GOV-2 INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

The Sustainability Group assesses the sustainability topics addressee in ESRS relevant to the Group on an annual basis, based on the results of the double materiality assessment and updated data. The assessment process helps to identify the most material impacts, risks and opportunities.

The Sustainability Group informs the boards about the results of the materiality assessment once a year, i.e. after the double materiality assessment has been updated annually. It also reports on the results and effectiveness of the policies, actions, metrics and targets adopted to respond to them.

When overseeing the overall implementation of the Group's strategy, conducting significant transactions and assessing risks, the administrative, management and supervisory bodies take sustainability matters into account based on the insights of the Sustainability Group. These issues are discussed at strategic meetings, where trade-offs between sustainability objectives and other business priorities are assessed to ensure balanced decision-making and long-term value for the Group.

During the reporting period, the Group had not yet established permanent procedures for informing administrative, management and supervisory bodies about material impacts, risks and opportunities.

During the reporting period, the boards examined the significant impacts, risks, and opportunities identified through the double materiality assessment, as these were the topics on which the content of the Sustainability Strategy was based.

## GOV-3, E1 GOV-3 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

The Group currently has no incentive systems or remuneration policies related to sustainability matters, including climate-related aspects.

## GOV-4 – STATEMENT ON DUE DILIGENCE

Although the Group does not have a formalised due diligence system in place, certain elements of it are applied in the Group's activities. The main aspects and stages listed in ESRS 1 section 4 "Due Diligence", relate to several horizontal and thematic disclosure requirements under the ESRS. In the table below, the Group indicates how and where the most important aspects and stages of the due diligence process are reflected in its sustainability report.

Table 1. Core elements of the due diligence process

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	GOV-2, SBM-2, IRO-1, MDR-P, S1-2
c) Identifying and assessing adverse impacts	IRO-1, SBM-3
d) Taking actions to address those adverse impacts	MDR-A, E1-3, E2-2, E3-2, E5-2, S1-4
e) Tracking the effectiveness of these efforts and communicating	MDR-M, MDR-T, E1-4, E1-5, E1-6, E2-3, E2-4, E3-3, E3-4, E5-3, E5-5, S1-5, S1-6, S1-7, S1-8, S1-9, S1-10, S1-11, S1-13, S1-14, S1-15, S1-16, S1-17, G1-6

## GOV-5 RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

During the reporting period, the Group did not apply a specific formalised risk assessment and control system for risks related to sustainability reporting. The Group has not yet formally identified specific risks related to sustainability reporting.

The Group's internal control processes in sustainability reporting are part of general business procedures, which include data collection, analysis and reporting. These processes apply to all key areas of the Group's operations, including disclosures related to material sustainability matters.

To ensure the completeness and accuracy of sustainability reporting data, a control measure is applied to involve many employees who are responsible for data submission and report preparation, dividing them into relevant areas.

The data collection process is organised by the Sustainability Group, which distributes responsibilities among the heads of individual departments, who in turn distribute them among their employees.

# STRATEGY, BUSINESS MODEL AND VALUE CHAIN

## SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Žemaitijos Pienas, together with its subsidiary, is engaged in the production and sale of dairy products. The Group's products include cheese and cheese products, packaged cheese, processed cheese and processed spreadable cheese, cream, buttermilk, milk fat, pasteurised cream, dried milk products and fresh milk products. The group markets its products under the following brands: Džiugas, Germantas, Žemaitijos, Magija, Pik-Nik, Rambyno, Dobilas, Gaja, TICHÉ, etc.

The main activity of Šilutės Rambynas is the production and sale of unrepented cheese. During the reporting period, the following changes took place in the product groups: 27 new products were launched, and 12 products were discontinued or replaced.

The Group's products are sold in 49 countries. Sales are carried out through retailers, distributors and other partners. There were no changes in the markets or among customers during the reporting year. The search for new markets is ongoing, and the product range is being expanded in individual markets, with a focus on "shelf" products.

During the reporting period, the Group employed **1,478** people.

The Group does not have any products that are prohibited in certain markets. The Group does not operate in the sectors listed in ESRS 2 SBM-1 40 d.

Table 2 below presents the Group's value chain and a description of its main activities.

Table 2. Description of the value chain

STAGE	Upstream →	→ Group's activities →		→ Downstream			
	Supply	Production of dairy products and other additional activities		Delivery of goods	Supply	Production of dairy products and other additional activities	Delivery of goods
		AB Žemaitijos Pienas	ABF Šilutės Rambynas				
Purchase and supply of raw milk	Farm activities, other processors	Purchasing (PSP) Production of dairy products (fresh dairy products, cheese, processed cheese, butter, dry dairy products, etc.)	Purchasing (PSP) Production of unrepented cheese Production of pasteurised cream and pasteurised whey	Logistics companies - roads, sea, planes	Activities of shops, retail chains, distributors  Specialised shops  Sales of industrial products	Final consumption - at home - in restaurants and food production	Packaging management  Recycling and disposal of unused products
Production and supply of additional raw materials	Enzymes, sugar, salt, flavourings, etc. components  Packaging, auxiliary equipment (pallets)  Fuel (for transport, heating, pellets, etc.)	Packaging Sales / Wholesale (branch activities) Delivery/transport of goods Storage Rent (premises)  <b>Additional activities:</b> production of non-alcoholic beverages: natural mineral water and other bottled water (in accordance with the operating licence issued by the State Food and Veterinary Service on 22 May 2020)	Wholesale Rent(premises) Storage Transportation Servicing of milk collection points Delivery of goods				
Equipment, repair and maintenance and other services	Equipment manufacturing, maintenance  Construction and repair services						

The Group's business model is focused on the production and sale of dairy products. The main inflows required for the production process and the Group's activities are:

- Raw milk supplied by Lithuanian farmers. The Group cooperates with milk producers who sell milk directly from their farms or deliver raw milk to milk collection points. Raw milk is purchased from 10 different groups of raw milk sellers, according to the addresses specified in the approved and open-ended contract.
- Additional raw materials, such as enzymes, sugar, salt, flavourings and other components used in the production process, are supplied by international manufacturers with whom the Group has long-term contracts.

The main outflows of the Group's activities are dairy products: cheese (fermented, processed, processed spreadable), cream, pasteurised products, buttermilk, milk fat, fresh dairy products.

The Group's activities create benefits for its stakeholders: customers are guaranteed high-quality dairy products that meet international safety and quality standards, investors enjoy a steadily growing export market and stable financial indicators, and suppliers benefit from long-term cooperation opportunities with one of the largest dairy producers in Lithuania. The Group's objectives include the organisation and implementation of activities specified in the Articles of Association with a view to generating income and profit, while ensuring that the financial interests of shareholders and the welfare of employees are satisfied.

#### **Current benefits:**


- For customers:
  - High-quality dairy products that meet strict food safety and quality standards.
  - A wide range of products to meet different consumer needs, including lactose-free, organic and innovative products. The product range is constantly expanding every year to meet consumer expectations.
- For investors:
  - Stable financial growth and market share increase in both domestic and export markets.
  - Effective optimisation of production processes, which reduces costs and increases profitability.
  - Introduction of innovations in production processes and development of new products, which increases competitive advantage.
- For other stakeholders:
  - Employees – continuous opportunities for qualification improvement and professional development.
  - Suppliers – long-term cooperation relationships that ensure stable raw material supply chains.
  - Community – social responsibility initiatives.

#### **Expected future benefits:**

- For customers:
  - New, even healthier and more innovative products that meet global food consumption trends.
  - Digital solutions that allow consumers to be better informed about product composition, origin and benefits.
  - Further development of the sustainability strategy – recyclable packaging and optimised production processes.
- For investors:
  - Expansion into new markets to increase export volumes and strengthen the international brand.

- New production technologies that enable more efficient milk processing and the creation of higher value-added products.
- Strengthening risk management strategies to ensure stable and sustainable growth.
  
- For other stakeholders:
  - Employees – better working conditions, incentive schemes and wage increases.
  - Suppliers – closer cooperation and modernised supply chains.

In 2025, the Group prepared a Sustainability Strategy for 2025-2030, which includes material topics identified through a double materiality assessment. Table 3 presents the main sustainability topics, and the objectives set for them, which are divided into four main sustainability areas. The objectives are not further divided by product and service groups, customer categories, geographical locations or stakeholder relationships.



**Methodology used to set targets:** To set targets, the Group identified key areas based on material topics identified through the double materiality assessment conducted in 2025. It also relied on a sector review, assessing which topics are recommended in widely applied international standards for the Group's sector (MSCI, SASB). After identifying specific areas and topics that are relevant to the Group, a competitor analysis was performed and the current situation in the Group was assessed, specifying the objectives set in the selected areas. When setting its objectives, the Group considered the metrics disclosed in the ESRS standard.

Table 3. Group's Sustainability Strategy Objectives

Sustainability areas	Sustainability theme	Goals for 2030
Reducing our environmental impact	Air and water pollution, Pollutant spill incidents	<ul style="list-style-type: none"> <li>● 0 pollution accidents (spills and other incidents not specified in pollution permits).</li> <li>● 0 exceedances of environmental air pollution limits specified in permits.</li> </ul>
	Circular economy (resources, packaging, waste)	<ul style="list-style-type: none"> <li>● Maintain the amount of rPET in beverage production between 25% and 30%.</li> <li>● Replace non-recyclable packaging used for curd and butter products with recyclable packaging.</li> <li>● Reduce the weight of secondary cardboard packaging by 10%.</li> </ul>
We ensure good working conditions and human well-being	Working conditions	<ul style="list-style-type: none"> <li>● Employee turnover is no higher than:                             <ul style="list-style-type: none"> <li>Žemaitijos Pienas - 9%</li> <li>Šilutės Rambyne - 5%.</li> </ul> </li> <li>● 0 registered work-related deaths.</li> <li>● &lt;5 recorded work-related accidents.</li> <li>● 0 incidents of discrimination, including harassment.</li> <li>● Increase the average number of training hours per employee:                             <ul style="list-style-type: none"> <li>Žemaitijos Pienas - 7 hours for administrative staff and 4 hours for factory workers</li> <li>Šilutės Rambynas - 13 hours for all employees.</li> </ul> </li> </ul>

Sustainability areas	Sustainability theme	Goals for 2030
We create healthier and safer products	Consumers and end users: Health and safety	<ul style="list-style-type: none"> <li>• 0 (zero) products withdrawn from sale due to safety violations.</li> <li>• 0 justified complaints.</li> <li>• Maintaining a stable production volume of health-promoting/beneficial products with the prospect of increasing it.</li> </ul>
We promote ethical and responsible behaviour throughout the value chain	Corporate culture, corruption and bribery, Political engagement	<ul style="list-style-type: none"> <li>• 0 confirmed cases of corruption</li> <li>• 100% of employees and managers whose positions involve corruption risk participated in anti-corruption and anti-bribery training.</li> <li>• 100% of employees who participated in training on business ethics and the basic principles of the Code of Ethics</li> </ul>
	Management of supplier relationships and Reducing environmental impact through the supply chain (pollution, biodiversity, and other environmental issues)	<ul style="list-style-type: none"> <li>• 100% of raw materials used (where applicable) comply with EUDR requirements</li> <li>• 100% of packaging and raw material suppliers familiarised with the Responsible Business Code (appendix to the contract)</li> <li>• 100% of farms audited, including issues related to sustainability aspects (including compliance with environmental requirements, commitments to reduce GHG emissions, manage and reduce pollution, impact on biodiversity, conserve resources, animal welfare standards).</li> <li>• 100% of farms with no recorded animal welfare incidents</li> <li>• 80% of packaging and raw material suppliers meeting environmental and social criteria.</li> </ul>

The Group discloses its performance in the reporting year related to its sustainability-related objectives in the Report’s thematic disclosures.

## SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

Operating in the dairy production and trade sector, the Group identifies and assesses the interests of stakeholders to ensure successful operations. The table below shows how the Group identifies the main expectations of stakeholders and the issues that are important to them, as well as how these are considered in the Group's strategy and business model.

To assess the views of stakeholders on key sustainability matters, anonymous surveys were conducted in 2025. Questionnaires were sent to employees, customers and suppliers to better assess the impact of the Group's activities. The data collected helped the Group to perform a double materiality assessment. The table below summarises the main topics of concern that were identified following these surveys.

Table 4. Stakeholder engagement

Key stakeholders	Description of engagement	Purpose of engagement	Interests and views	How does the Group address the interests and views of its stakeholders?	Additional survey organised during the DMA process	Topics of concern
Employees	Annual performance reviews; Feedbacks; The Work Council and the Health and Safety Committee represent the interests of employees vis-à-vis management; Employees can also always express their opinions and dissatisfaction to the HR department.	To improve conditions for employees, identify areas of concern	Working conditions; training needs and career opportunities; working environment; relationships with colleagues/managers.	In the event of violations of work ethics or other violations, a commission is formed to resolve the issue.  The Work Council collects data and submits proposals to the Group on economic, social and labour issues relevant to employees, Group decisions and the implementation of labour law standards.	Yes	Working hours, fair pay, health and safety, work-life balance, training and skills development
Value chain employees	Not directly involved/consulted				No	
Suppliers	Suppliers are periodically assessed using an audit questionnaire, which is updated every two years and sent for re-completion. Based on the responses received, a risk analysis is performed and, if necessary, corrective actions are identified.	The aim is to determine the level of attention paid to occupational health and safety and environmental protection. Potential supply, quality and sustainability risks are identified.	Long-term cooperation Compliance with Group standards	Risks are assessed and integrated into the terms of the contracts. Priority is given to certified, sustainability-compliant suppliers.	Yes	Urgent enquiries, payment practices, cooperation
Communities	Community's concerns are accepted through all available channels: by post, email, telephone or in person at the company.	Ensure the quality of life and good neighbourliness of surrounding communities.	Noise from Šilutė Rambynas factory	In 2024, a bypass road and a dedicated access route for heavy vehicles were constructed, redirecting traffic away from	No	

				residential areas. No complaints have been received in recent years.		
<b>Customers</b>	<p>Export department employees who interact with customers conduct customer surveys in various forms: conversations, meetings, questionnaires, e-mail correspondence, etc.</p> <p>The data is recorded in survey logs. Once a year, a customer survey is conducted on the quality of products sold, packaging, product delivery, etc.</p> <p>A "Customer Satisfaction Questionnaire" survey is organised.</p>	<p>The aim is to obtain feedback on customer satisfaction, the quality of the Group's service, the terms of the contract, to assess the quality products, to identify areas for improvement and customer expectations.</p>	<p>Fast, smooth, and courteous service</p> <p>High-quality goods</p> <p>Group sustainability standards and practices</p>	<p>The data is analysed as needed and considered during management evaluation.</p>	Yes	<p>Product safety and quality, sustainable operations and supply chain</p>
<b>Consumers</b>	<p>1. Remote and live surveys are conducted in Lithuania and foreign markets to which the Group exports its products.</p> <p>2. Consumer opinions are recorded through various channels:</p> <ul style="list-style-type: none"> <li>- toll-free quality hotline number provided on product packaging</li> <li>- by email: <a href="mailto:quality@zpienas.lt">quality@zpienas.lt</a>, <a href="mailto:info@zpienas.lt">info@zpienas.lt</a>, <a href="mailto:kokybe@zpienas.lt">kokybe@zpienas.lt</a></li> <li>- on social networks</li> <li>- comments can be left in the website <a href="http://www.zpienas.lt">www.zpienas.lt</a>.</li> </ul>	<p>1. The survey aims to find out consumer opinions on the taste, quality, texture and visual presentation of Žemaitijos Pienas products. The purpose of the survey is to identify which flavours, product characteristics or packaging solutions are most appealing and memorable to consumers. In addition, the survey aims to assess consumer attitudes towards the use of natural ingredients, sustainability principles and environmental aspects. The questions allow us to see whether consumers notice a responsible approach to</p>	<p>Product appeal</p> <p>Product taste</p>	<p>The responses received help the Group to further improve its product lines in line with consumer expectations, taste experiences and sustainability standards.</p> <p>Feedback is provided to consumers on all issues. The opinions expressed by consumers enable us to respond to their needs.</p>	No	

		<p>production and whether environmentally friendly packaging and product composition are important to them.</p> <p>2. All customer opinions are recorded and considered when developing new products or modifying product packaging.</p>				
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### Changes in the Group's strategy and business model

To consider the interests and opinions of stakeholders, the Group developed a Sustainability Strategy during the reporting period. It also plans to take the following actions:

- Cooperate with suppliers to reduce GHG emissions throughout the value chain
- Improve working conditions for employees, considering their feedback and assessments of the working environment.
- Developing dialogue with milk suppliers, customers and other partners to ensure transparency and cooperation in sustainability.
- Conduct a full supply chain analysis and assess areas for applying sustainability standards.
- Develop pilot projects for the use of recycled packaging.

In response to growing customer expectations, an internal document is being prepared in cooperation with the Purchasing Department to regulate compliance with customer requirements and clearly define responsibilities and management principles. This will ensure consistent, structured and transparent compliance with customer sustainability expectations.

### Impact on stakeholder relations and opinion

The Group expects that the actions implemented will have a positive impact on stakeholder relations:

- Trust between the Group and its milk suppliers and customers will be strengthened through more transparent communication and the implementation of the Sustainability Strategy.
- Employee engagement and satisfaction will increase due to better working conditions and the Group's commitment to sustainability.
- Customers will appreciate the Group's efforts to reduce GHG emissions.

### Informing administrative, management and supervisory bodies

Administrative, management and supervisory bodies are regularly informed about the opinions and interests of stakeholders in the following ways:

- Regular board meetings to analyse stakeholder feedback.
- Annual and quarterly reports presenting the main challenges related to sustainability and ways to address them.
- Internal seminars and training on sustainability policy and its implementation within the Group.

These actions ensure that the Group's decision-makers are informed about the most important sustainability matters and can adjust their business strategy and actions accordingly.

# DOUBLE MATERIALITY ASSESSMENT

## SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Table 5 summarises the results of the double materiality assessment – the identified material impacts, risks and opportunities.

All material impacts, risks and opportunities according to SBM-3 and other topical ESRS requirements are described in detail later in this report, according to the relevant sustainability topics.

### Meaning of symbols:



Actual positive impact



Potential positive impact



Opportunities



Actual negative impact











Potential negative impact





















Risks

Table 5. Material impacts, risks and opportunities









ESRS / SUSTAINABILITY TOPIC	MATERIAL SUB-TOPICS	MATERIAL IMPACTS, RISKS, OPPORTUNITIES	VALUE CHAIN			RISK DRIVERS		
			Upstream	Group's activities	Downstream	Impacts	Dependencies	Other risk factors
E1 Climate change	Climate change mitigation Energy	 Negative impact on the environment due to GHG emissions (s.m.l. periods).	Y	Y	Y			

	Adaptation to climate change	Transition risks (all risks are considered material only in the long term, which was analyzed in the Climate Risk Assessment, i.e., 2030-2050):								
			Higher pricing of GHG emissions: Emissions taxation or other regulatory requirements that would increase the Group's costs.							
			Changes in customer behaviour/priorities: Without offering alternatives with a lower carbon footprint, changes in consumer behaviour may lead to a decline in consumption.		Y					Y
			Higher raw material costs: Increased raw material costs due to agricultural and dairy farms adapting to climate mitigation requirements.							
			Increased stakeholder concern: Failure to address GHG emissions across operations, including the value chain, may lead to higher borrowing costs and increased pressure from customers and partners.							
E2 Pollution	Air pollution		Pollutants released into the air (e.g. manufacturing, transport, farming) (s.m.l. periods).	Y	Y	Y				
	Water pollution		Pollutants discharged with wastewater during production (s.m.l. periods).		Y					
			Incidents and increased costs due to other reasons related to the generation of polluted wastewater (s.m.l. periods).		Y		Y			

	Water and soil pollution		There may be a risk of soil and water pollution in the supply chain (s.m.l. periods).	Y					
	Incidents: spillage of pollutants into the air/water/soil		Pollutant spills due to a potential incident in the ammonia compressor room (s.m.l. periods).		Y				Y
E3 Water and marine resources	Water resources:		Negative impact on water resources due to farming activities associated with high water consumption (s.m.l. periods).	Y					
	Water consumption		Water consumption in additional activities - non-alcoholic beverage production (s.m.l. periods).		Y				
	Water discharge		Discharge of polluted wastewater (s.m.l. periods).		Y				
E4 Biodiversity and ecosystems	Direct factors contributing to biodiversity loss		Suppliers' activities may have a negative impact on biodiversity and ecosystems, for example through pollution, deforestation (dairy farming, cocoa, chocolate, palm oil cultivation) (s.m.l. periods).	Y					
	Impact on and dependence on ecosystem services		The use of pesticides in farming can disrupt ecosystem services such as pollination and soil health (s.m.l. periods).	Y					
			Impact of ecosystem changes on the quality, price and availability of raw materials (s.m.l. periods).	Y				Y	
E5 Circular economy	Resource inflows		Resource-intensive production, including raw milk, water and other ingredients, increases the use of natural resources and environmental pollution (s.m.l. periods).	Y					

			Declining availability of raw materials, fluctuations in purchase prices and the resulting increase in costs (s.m.l. periods).	Y				Y	Y
	Resource outflows		The use of non-recyclable packaging contributes to waste accumulation and long-term environmental burden (s.m.l. periods).		Y	Y			
			Risk if the Group fails to implement solutions for more sustainable packaging in a timely manner in response to regulatory changes and changing consumer priorities (s.m.l. periods).		Y		Y		Y
	Waste		Waste generated throughout the value chain increases environmental pollution and requires additional resources for its management (s.m.l. periods).	Y	Y	Y			
S1 Own workforce	Working time		Current work schedule, shift work, causing physical and emotional stress (relevant to Šilutė Rambynas) (s.m.l. periods).		Y				
	Adequate wages		Lack of transparency in remuneration policy may reduce employee satisfaction (relevant to Šilutės Rambynas) (s.m.l. periods).		Y				
	Social dialogue Freedom of association, the existence of works councils and the information, consultation and participation rights of workers		Insufficient opportunities for employee representation and consultation reduce their involvement, motivation and job satisfaction (s.m.l. periods).		Y				
	Work-life balance		Various additional benefits are provided (additional payments, rest days, medical days, etc.) (s.m.l. periods).		Y				
	Health and safety		Workload, conditions and related negative emotional impact.		Y				

			Potential work-related safety incidents (serious injuries) (s.m.l. periods).						
	Gender equality and equal pay for work of equal value	⊖	Different pay for the same work can lead to demotivation, dissatisfaction and poor emotional well-being among employees (s.m.l. periods).		Y				
	Training and skills development	⊕	Additional training courses are organised to help improve employees' skills and motivation (s.m.l. periods).		Y				
	Measures against violence and harassment in the workplace	⊖	Deterioration of employees' emotional and psychological well-being due to manifestations of violence or harassment in the workplace (s.m.l. periods).		Y				
	Diversity	⊖	Incidents of discrimination at work can cause emotional stress, feelings of insecurity and demotivation in employees (s.m.l. periods).		Y				
	Labour shortage	⚠	Shortage of specialists (production workers) due to the specific nature of the territory and activities. (s.m.l. periods).		Y			Y	
S2 Value chain employees	Working conditions; Equal treatment and equal opportunities for all;	⊖	Potential impact on value chain workers in countries where human rights in the workplace are poorly enforced (West African countries, Indonesia, Malaysia) (s.m.l. periods).	Y					
	Other work-related rights	⚠	Reputational damage if suppliers in the value chain are associated with human rights violations (e.g. West African countries, Indonesia, Malaysia) (s.m.l. periods).	Y			Y		

S3 Affected communities	Communities' economic, social and cultural rights		Transport and manufacturing noise affecting local residents, contributing to a decline in living conditions (relevant to Šilutė Rambynas) (s.m.l. periods).		Y				
	Information-related impact on consumers and/or end users Personal safety of consumers and/or end users		Healthier products contributing to a healthier diet (e.g. organic, enriched with beneficial substances) (s.m.l. periods).		Y	Y			
S4 Consumers and end users			Planned expansion of product ranges for people with allergies, enrichment with ingredients aimed at health promotion (s.m.l. periods).		Y	Y	Y		
			Incidents related to consumer data leaks and their financial impact on the Group (fines, reputation) (s.m.l. periods).						
G1 Business ethics	Corruption and bribery		Incidents of corruption can have a negative impact on employees and other stakeholders, as they undermine trust in the organisation, foster a sense of injustice and can lead to unsafe or unethical working conditions (s.m.l. periods).		Y				
	Management of relationships with suppliers, including payment practices		When selecting suppliers, not only economic criteria are assessed, but also environmental and social criteria. In this way, the negative impact on the environment and people in the sector could be reduced (s.m.l. periods).	Y					
	Corporate culture		Promotion of ethical business through applicable measures and initiatives (s.m.l. periods).		Y				
	Political engagement		Political influence that poses a risk of conflicts of interest (s.m.l. periods).		Y				

	+	Responsible political participation in pursuit of sustainable, responsible policy decisions (s.m.l. periods).						
	!	Violations, cases of non-compliance with the law when participating in lobbying activities (reputational damage, fines) (s.m.l. periods).		Y		Y		
		<i>No material impacts identified, but the topic is considered material due to the specifics of the sector.</i>	Y					
Animal welfare								

**Note:** Abbreviations for periods are indicated next to impacts, risks, and opportunities: s (short): 1 year, m (medium): 2–5 years, l (long): 5–10 years.

The Group has updated the list of material impacts, risks and opportunities in accordance with the double materiality assessment established by the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) and the European Sustainability Reporting Standards (ESRS). It should be noted that the Group is constantly improving its processes for identifying actual and potential impacts, risks and opportunities, and therefore the list of material sustainability topics identified during the double materiality assessment will be reviewed regularly in the future and may be adjusted.

## Climate risk assessment and management

### E1 CLIMATE CHANGE: SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL, IRO-1 DESCRIPTION OF PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In 2024, to prepare for the CSRD sustainability reporting requirements, the Group conducted a climate change risk and opportunity assessment in accordance with ESRS requirements and the EU Taxonomy Regulation's criteria for significant harm to climate change adaptation (Annex A to Delegated Acts No. 2021/2178 and No. 2023/2486 of the Taxonomy). The assessment guidelines were developed based on the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter referred to as TCFD) and the scenario analysis guidelines for non-financial companies. Physical climate risks and transition risks and opportunities were identified and assessed using scenario analysis. The assessment was based on the best available information. The Group updated this assessment in 2025. It is planned to review this assessment annually and/or when there are significant changes in operating conditions or when there are significant updates to the forecasts of physical and transition events.

#### Physical risk assessment

The physical risk assessment was carried out in proportion to the scale and expected duration of the Group's operations. The following periods were set for the assessment: short term – until 2026, medium term – from 2026 to 2030, long term – from 2030 to 2050 (very long term (2050-2100) – only for physical assets).

The assessment was based on the introductory report of the Ministry of the Environment's programme "Environmental Protection, Energy and Climate Change" entitled "Preparation of Climate Change Forecasts until 2100"<sup>1</sup> (forecasts in a 12x12 km grid) and the "Study of Climate Change Risks in the Middle of the 21st Century" prepared by the Climate and Research Department of the Lithuanian Hydrometeorological Service<sup>2</sup> (forecasts by county). Based on the data provided in these sources, the Intergovernmental Panel on Climate Change (IPCC) scenarios RCP4.5 and RCP8.5 for typical air pollutant concentrations were analysed.

The Group assessed climate-related risks across its entire operations and supply chain. In the supply chain, the focus was on the supply chain for the main raw material, raw milk, and the risks associated with it. First, it was analysed whether the Group's assets or operations would be adversely affected if climate-related risks materialised in their most extreme form, including in combination with other climate-related risks. Next, an assessment was made of whether the potential negative impact on assets or business activities could significantly affect economic performance. If a material negative impact on the results of economic activity was identified, the probability of the specific risk and the

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<sup>1</sup> Preparation of climate change projections, national studies on the sensitivity and vulnerability of Lithuanian municipalities to climate change, and preparation of a climate change adaptation plan for the most sensitive municipalities. STAGE I: PREPARATION OF CLIMATE CHANGE PROJECTIONS UNTIL 2100. INTRODUCTORY REPORT; Report prepared by the Ministry of Environment of the Republic of Lithuania, Riga 2022).

<sup>2</sup> Study on climate change risks in the middle of the 21st century (Lithuanian Hydrometeorological Service, Climate and Research Department; analysis commissioned by the Lithuanian Banking Association, Vilnius 2023).

magnitude of the financial impact would be further assessed. The materiality of the risks was assessed using the same methodology as for the double materiality assessment.

The Group did not identify any material physical climate risks.

The climate risk assessment covered the entire list of physical hazards set out in Appendix A to Commission Delegated Regulation (EU) 2021/2139.

**Transition risk and opportunity assessment**

The following time horizons were used for the transition risk assessment: short term – until 2026, medium term – from 2026 to 2030, long term – from 2030 to 2050. The Group analysed expected and potential events under a net-zero emissions scenario by 2050, which is consistent with the Paris Agreement and the European Green Deal's goal of achieving climate neutrality by 2050. The assessment was carried out in accordance with the TCFD guidelines, using the TCFD classification of climate-related transition events.

The main assumptions considered, and the identified transition risks are summarised in Table 6.

Table 6. Material climate-related transitional risks

Risk assessment		
Transition events (TCFD)		Potential financial impact
Policy and law	Policy and law	Emissions taxation or other regulatory requirements that would increase the Group's costs.
Market	Market	Without offering alternatives with a lower carbon footprint, changes in consumer behaviour could lead to a decline in consumption.
	Pabrangusios žaliavos	Increased raw material costs due to agricultural and dairy farms adapting to climate impact mitigation requirements.
Reputation	Reputation	Failure to focus on reducing GHG emissions across all activities, including the value chain, may lead to higher borrowing costs and increased pressure from customers and partners.

The transition to less polluting alternatives and green energy can help differentiate the Group in the market, strengthen its reputation, attract sustainability-conscious consumers, and ultimately optimise costs and increase resilience to climate change risks.

**IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES**

The Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) and the European Sustainability Reporting Standards (ESRS) have established the double materiality principle as the basis for sustainability disclosures. At the end of 2024, in line with the new sustainability reporting requirements, the Group conducted its first double materiality

assessment, which was updated in 2025. The purpose of this analysis is to identify the most important environmental, social and governance sustainability matters for the Group, which will form the basis for the scope of sustainability disclosures and the development of the Group's future strategy.

The double materiality assessment process in the Group was developed in accordance with the requirements of the ESRS. The materiality assessment was carried out in consultation with internal experts in the field, considering the best information available at the time of the assessment. ESRS does not specify a specific methodology for how the Group should plan or perform the double materiality assessment. Therefore, considering the nature and circumstances of its activities and the best practices applied to date, the Group has developed a process that meets the requirements and criteria set out in ESRS. During the materiality analysis, the Group considered both the impact and financial materiality aspects and their interrelationships.

Department heads and specialists responsible for areas of activity related to the Group's material sustainability topics participated in the process of identifying and assessing material impacts, risks and opportunities. The assessment also examined the list of sustainability matters to be included in the materiality assessment provided by ESRS (ESRS 1, TR 16).

The Group assessed the materiality of each sustainability issue separately, based on the ESRS criteria, considering the specifics and circumstances of its activities. In assessing materiality, objective information, expert insights, and widely accepted scientific recommendations were relied upon to the extent possible. Impacts, risks and opportunities were assessed in the short, medium and long term, which coincide with the period definitions specified by ESRS.

**The main steps in the Group's double materiality assessment were as follows:**

1. Analysis of the operating context (value chain and business model, sector analysis).
2. Identification of existing and potential impacts, risks and opportunities.
3. Assessment of the materiality of impacts, risks and opportunities.
4. Summary, review and approval of materiality results.

Other due diligence processes applied by the Group to identify, assess and monitor the Group's current and potential positive and negative impacts throughout the value chain, as well as consultations with stakeholders, are summarised together with the information disclosed in accordance with the GOV-4 disclosure requirements. All material impacts, risks and opportunities, including factors that increase the risk of negative impacts, are described in detail below in this report, in accordance with the requirements of the standard, together with the information disclosed in the relevant topical ESRS.

In its materiality analysis, the Group considered impacts, risks and opportunities related to the Group through its own operations or due to its business relationships.

The Group reviews the results of the double materiality assessment annually.

Following an initial analysis of the context of its activities, certain areas were identified where impacts on the environment and people could be concentrated:

- in the supply chain, when sourcing ingredients used in the Group's production (milk, etc.),
- in the Group's production activities (impacts on the environment, employees, communities),
- in the final chain, affecting consumers and end users through nutrition and affecting the environment through product packaging waste.

When identifying relevant impacts and risks, attention was paid to countries in the supply chain where, based on publicly available information, practices that have an impact on nature (e.g. deforestation) and people (country risk of human rights violations) could be used.

In conducting the double materiality assessment, the Group relied on the opinions and expectations of stakeholders, which were identified through ongoing communication with these parties, as well as through additional surveys. The purpose of the surveys was to understand the Group's potential or actual impact on each of the stakeholders. The insights of these parties were assessed not only in terms of identifying actual or potential impacts, but also in terms of their materiality. Nature was considered a silent stakeholder. The assessment was based on information known to the Group about the environmental impact of its activities and other sources, including sector analysis.

**Impact assessment.** Sustainability is relevant in terms of impact when it relates to the Group's material actual or potential, positive or negative impact on people or the environment in the short, medium and long term: an inside-out perspective.

In assessing the materiality of the impact, the Group followed the general ESRS criteria (1 ESRS Section 3.2 "Material Issues and Materiality of Information") and the practical application guidelines of the European Financial Reporting Advisory Group (EFRAG). The Group assessed the materiality of actual negative impacts based on the severity of the impact and the materiality of potential negative impacts based on severity and likelihood. The severity of the impact was assessed based on the scale, scope and irreversible nature of the impact. In assessing the potential negative impact on human rights, the severity of the impact is more important than the likelihood, so the Group applied appropriate weightings to increase the severity of the impact relative to the likelihood when assessing human rights issues. The Group assessed the materiality of positive impacts in terms of actual impacts – based on scale and scope – and potential impacts – based on scale, scope and likelihood.

After assessing each impact, risk and opportunity, a numerical value was assigned to each qualitative assessment, for example, the scale of the impact was assessed as 5 when a very high impact on the environment was identified, and 1 when the impact was very low (minor, easily manageable changes). After multiplying the scores for the probability and severity of each impact, risk, and opportunity, they were classified into low, medium, and high materiality according to the established risk assessment matrix. High and medium materiality are considered material for disclosure in this report.

**Assessment of financial impact.** When assessing risks and opportunities that have or may have a financial impact, the Group considered the links between its impact and dependence on risks and opportunities that may arise from that impact and dependence, as well as other risk factors.

To determine financial materiality, the Group assessed risks and opportunities based on the likelihood and magnitude of their impact, applying quantitative and qualitative thresholds. Likelihood was assessed on a scale of 1 to 5, where 1 is very low likelihood (less than 20%), 5 – very high probability (more than 80%), and the magnitude of impact on a scale from 1 to 5, where 1 – very low, 5 – very high financial impact. The financial impact was assessed based on the following thresholds: very low (<0.25% profit before tax (up to EUR 70,000)), low (0.251% to 1.5% profit before tax (EUR 70,100 to EUR 300,000)), medium (from 1.51% to 2.50% profit before tax (from EUR 301,000 to EUR 680,000)), high (from 2.51% to 5% profit before tax (from EUR 681 thousand to EUR 1,500 thousand)), very high (>5% profit before tax (over EUR 1,500 thousand)).

During the double materiality assessment, the Group assessed only sustainability-related risks.

The decision on the assessment of impacts, risks and opportunities was discussed during working sessions, to which the persons responsible for the relevant areas under review were invited. The assessment was then reviewed and approved by the persons responsible within the Group.

The double materiality assessment process is not currently integrated into the Group's overall risk assessment and management process. The need to integrate these processes will be considered by the Group, taking into account emerging and established best practices in the market.

The main change in the materiality assessment compared to the previous reporting period is that during this reporting period, a detailed survey of selected stakeholders was conducted.

## **IRO-1 E2 DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO POLLUTION**

In performing the double materiality assessment, the Group analysed its locations and business activities to identify actual and potential pollution-related impacts, risks and opportunities in its operations, upstream and downstream value chain. A value chain analysis was performed to identify the Group's core activities, geographic locations and stakeholders affected by those activities, including nature.

No additional consultations with affected communities on pollution issues were conducted.

## **IRO-1 E3 DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WATER RESOURCES**

The Group analysed its assets and activities to identify actual and potential water-related impacts, risks and opportunities in its operations and value chain. The Group identified that material impacts are related to the water used in the production of the Group's beverages.

The Group has TICHÉ mineral water well, which produces high-quality mineral water. Advanced production technology, EU-compliant equipment and a quality and food safety management system are used for bottling, ensuring high product quality.

No additional consultations with affected communities were organised on this topic.

## **IRO-1 E4 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BIODIVERSITY**

The Group assessed material impacts, risks, dependencies and opportunities in accordance with the process described in the IRO-1 methodology.

Identified physical risks: Due to environmental factors and the deteriorating condition of ecosystems, as well as the spread of diseases, the Group may face a decline in the quality/quantity/price volatility and availability of raw materials.

The Group has no operations in areas of vulnerable biodiversity.

## **IRO-1 E5 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CIRCULAR ECONOMY**

In performing the double materiality assessment, the Group analysed the locations of its operations and business activities to identify actual and potential resources and waste related impacts, risks and opportunities in its operations and at the beginning and end of the value chain. A value chain analysis was performed to identify the Group's core activities, geographical locations and stakeholders affected by those activities, including nature.

No additional consultations with affected communities were organised on this matter.

## **IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT**

The list of disclosure requirements that were considered in the sustainability report, based on the results of the materiality assessment, is provided in the section "List of ESRS indicators" of this report.

A table of all data items that must be disclosed in accordance with other EU legislation specified in Appendix B of the ESRS standard is provided in the section "List of ESRS data items required by other EU legislation".

The material information to be disclosed was determined through a double materiality assessment, in accordance with the criteria set out in section 3.2 of ESRS 1, "Material issues and materiality of information".

### **Minimum disclosure requirements**

The Group provides and publishes information in accordance with the minimum disclosure requirements relating to policies (MDR-P), actions (MDR-A), metrics (MDR-M) and targets (MDR-T), together with the relevant disclosure requirements set out in the topical ESRS, as set out in this sustainability report.

## Environmental information



## E1 CLIMATE CHANGE

### SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the disclosure requirements of SBM-3.

Table 7. Material impacts, risks and opportunities in the area of climate change.

Material sub-topics	Material impacts, risks and opportunities
Climate change mitigation; Energy	Actual negative impact: Negative impact on the environment due to GHG emissions throughout the value chain. ~98% of the Group's total emissions are Scope 3 emissions, 97% of which are generated due to production of raw milk.
Adaptation to climate change	Risks (based on climate risk assessment): <ul style="list-style-type: none"> <li>● Emissions taxation or other regulatory requirements that would increase the Group's costs.</li> <li>● Without offering alternatives with a lower carbon footprint, changes in consumer behaviour may lead to a decline in consumption.</li> <li>● Increased raw material costs due to agricultural and dairy farms adapting to climate mitigation requirements.</li> <li>● Failure to focus on reducing GHG emissions across all activities, including the value chain, may lead to higher borrowing costs and increased pressure from customers and partners.</li> </ul>

Material impacts and risks arise directly from the Group's business model. The greatest impact is concentrated in the initial value chain, particularly in agriculture due to methane emissions from cows, as well as in transport and logistics processes. Therefore, partnerships with farmers are planned to help establish and promote sustainable farming practices. The Group also plans to review its production processes and transportation to reduce energy consumption and support transition to renewable energy sources.

The current quantitative financial impact has not yet been determined, but the Group's material risks may have an impact on its financial position, operating results and cash flows. In the near future, the main focus should be on regulatory changes, the implementation of sustainability initiatives and the strategic management of resources and investments.

So far, the Group has only conducted a preliminary analysis of the resilience of its strategy and business model by performing a climate risk assessment using a qualitative method. This assessment identified material transition risks and reviewed how they are managed.

## E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

The Group does not have a transition plan related to its efforts to mitigate climate change. The plan is expected to be prepared and approved by the end of 2026.

## E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The principles related to significant impacts on climate change are set out in the Group's Sustainability Policy.

Under this policy, the Group is committed to contributing to climate change mitigation by reducing GHG emissions throughout the value chain, increasing energy efficiency and transitioning to renewable energy sources in its operations.

The commitments in the policy relate to climate change mitigation, energy efficiency and the use of renewable energy sources. How the Group addresses these issues is described in more detail in section E1-3 – Actions and resources related to climate change policy.

The sustainability policy covers all the Group's activities. The CEO is responsible for implementing the policy. Stakeholders interested in the policy can familiarise themselves with it in the internal document management system, at meetings or by submitting a request to their immediate supervisor.

## E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

The commitments set out in the sustainability policy regarding climate change mitigation and reducing environmental impact are implemented through annual investment, activity and savings plans.

Actions implemented by the Group:

- **Renewable energy solutions**

In July 2025, after receiving a permit to generate electricity, the Group launched wind farms.

The Group invested in renewable energy production (more than EUR 6 million was invested in renewable energy generation facilities). Wind turbines with an installed capacity of 9,350 kW were installed. These investments will reduce GHG emissions and increase independent green energy production in the long term.

In 2025, the Group achieved 99.9% of its electricity consumption from renewable sources, of which 40.7% was generated by its own wind turbines.

In the second half of 2025, the installation of a solar power plant on the roof of the Tichė production building began. The planned launch date is the first half of 2026. A solar power plant has already been installed in the territory of Šilutės Rambynas.

- **Renewal of the transport fleet**

The transport fleet is being renewed by purchasing electric and hybrid cars, thus reducing related operational emissions. One car was purchased during the reporting period.

The Group is also continuing to expand its network of electric vehicle charging stations. In 2025, a station was installed at the Vilnius branch and work began on installing stations at the Panevėžys and Kaunas branches.

- **Modernisation of refrigeration equipment**

In the mineral water division, freon equipment was replaced with propane equipment in two refrigeration units. This decision reduces the use of fluorinated greenhouse gases and their potential impact on the climate in the event of a leak. The action contributes to the reduction of direct (Scope 1) GHG emissions.

- **Change of fuel type in production**

Šilutės Rambynas has started using natural gas instead of liquefied petroleum gas (propane, butane). Natural gas has lower GHG emissions, so this change reduces GHG emissions from energy production.

- **Use of renewable fuels in transport**

The company's own petrol station uses diesel with HVO (hydrotreated vegetable oil), which accounts for about 50% of the total diesel consumption of Žemaitijos Pienas. The rest of the fuel is purchased at retail petrol stations – diesel with RME bio additives is used (Šilutės Rambynas uses this fuel exclusively).

The group has prepared an action plan for reducing GHG emissions for the period 2026-2030:

Scope 1 and 2 GHG emissions:

- **Modernisation of the transport fleet and optimisation of operations.** It is planned to develop a transport route optimisation system to reduce fuel costs, assess the possibility of modernising the transport fleet, start switching to biomethane and electric vehicles, and assess the possibilities of using HVO fuel.
- **Procurement of energy from renewable sources.** Plans are in place to further increase the share of renewable energy. The Group generates part of the electricity it needs from renewable sources (sun, wind), while the rest is purchased. An assessment of the purchase of long-term energy (PPA) or guarantees of origin is planned to find the most economically beneficial decision. This action is planned to be implemented in 2026.

Scope 3 GHG emissions:

- **Improving data quality.** In cooperation with farms (through surveys), it is planned to refine the assessment of the GHG footprint of purchased raw milk, based on accurate data on livestock farming practices. These actions are planned to be implemented in 2026-2027.

The Group's Sustainability Strategy also provides for the following:

- Conduct an energy efficiency audit in 2026 and implement short-term measures accordingly.
- To set specific GHG reduction targets and prepare a plan of initiatives for the short to medium term.

In 2026, the Group plans to purchase a biomethane-powered vehicle for its milk delivery division. According to preliminary calculations, this investment would reduce the CO<sub>2</sub> footprint by about 5%.

The main climate change mitigation actions according to decarbonisation levers can be divided into the use of renewable energy sources and fuel substitution to achieve a more sustainable transport fleet.

Information on the key performance indicators required by Commission Delegated Regulation (EU) 2021/2178 is provided in the section *Overview of EU Taxonomy alignment*. No capital expenditure plan was provided for this reporting period in accordance with Commission Delegated Regulation (EU) 2021/2178.

## Resources

Investments in wind farm projects amounted to **EUR 6,872,399 (2024)**, financed by a green loan. At present, the Group has not determined the amount of future financial resources. This information will be determined for the next reporting period. The human and technical resources of existing divisions and contracted technical maintenance services are used to implement the activities.

The Group does not anticipate that the implementation of the action plan will require significant operating or capital costs.

## E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group has not set measurable and results-oriented targets for managing significant sustainability matters in the area of climate change. The targets are planned to be set by the end of 2026.

In 2026, it is planned to implement the actions set out in the GHG reduction action plan (as described in section **E1-3 – Actions and resources related to climate change policy**). Once specific targets have been set, the Group plans to start monitoring the implementation of the targets set. The Sustainability Group will be responsible for implementing the actions, while the boards will be responsible for overseeing them. A progress report will be prepared every six months to show what has been achieved.

GHG emission metrics will be used to measure climate mitigation targets and their implementation.

The Group's main goal is to achieve climate neutrality in terms of GHG emissions by 2050. Therefore, the detailed targets to be set will be aligned with this goal.

## E1-5 – ENERGY CONSUMPTION AND MIX

This section of the report discloses information on energy consumption related to the Group's operations. The data is presented in Tables 8 and 9.

Table 8. Energy consumption and energy mix

Energy consumption and mix	2023			2024			2025		
	Žemaitijos Pienas	Šilutės Rambynas	Group	Žemaitijos Pienas	Šilutės Rambynas	Group	Žemaitijos Pienas	Šilutės Rambynas	Group
(1) Fuel consumption from coal and coal products (MWh)	0	0	0	0	0	0	0	0	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	25,968	19,918	45,886	25,868	16,879	42,747	24,777	4,340	29,117
(3) Fuel consumption from natural gas (MWh)	11,719	0	11,719	15,063	2,436	17,499	23,905	14,966	38,871

(4) Fuel consumption from other fossil sources (MWh)	0	0	0	0	0	0	0	0	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	25,393	4,433	<b>29,825</b>	15,597	2,880	<b>18,477</b>	98.79	0	<b>98.79</b>
<b>(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)</b>	<b>63,079</b>	<b>24,351</b>	<b>87,430</b>	<b>56,527</b>	<b>22,195</b>	<b>78,722</b>	<b>48,781</b>	<b>19,306</b>	<b>68,087</b>
<b>Share of fossil sources in total energy consumption (%)</b>	52.05	100	<b>60.07</b>	44.86	90.61	<b>52.31</b>	33.73	79.54	<b>40.32</b>
<b>(7) Consumption from nuclear sources (MWh)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Share of consumption from nuclear sources in total energy consumption (%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	58,121	0	<b>58,121</b>	58 399	0	<b>58,399</b>	65,133	0	<b>65,133</b>
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	0	0	0	11,078	2,299	<b>13,377</b>	16,968	4,159	<b>21,127</b>
(10) The consumption of self-generated non-fuel renewable energy (MWh)	0	0	0	0	0	0	13,721	806.49	<b>14,528</b>
<b>(11) Total renewable energy consumption (MWh) (calculated as</b>	<b>58,121</b>	<b>0</b>	<b>58,121</b>	<b>69,476</b>	<b>2,299</b>	<b>71,776</b>	<b>95,823</b>	<b>4,966</b>	<b>100,789</b>

the sum of lines 8 to 10)									
Share of renewable sources in total energy consumption (%)	47.95	0.00	<b>39.93</b>	55.14	9.39	<b>47.69</b>	66.27	20.46	<b>59.68</b>
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	121,200	24,351	145,551	126,004	24,464	150,498	144,604	24,272	168,876

The Group produced 76,395.74 MWh of heat and electricity from renewable sources (biofuel, wind and solar energy). Non-renewable resources (natural gas, liquefied petroleum gas) were used to produce 39,009.78 MWh of heat energy.

In 2025, both Žemaitijos Pienas and Šilutės Rambynas began producing electricity from renewable sources. The facilities producing electricity did not start operating at the beginning of the year, so it is likely that the share of self-generated energy will increase even further next year. Overall, the share of renewable energy in total energy consumption increased by 12% compared to 2024 and exceeded the consumption of non-renewable resources by a ratio of 60% to 40%.

Table 9. Energy consumption intensity

Energy intensity per net revenue	2023	2024	% N/N-1	2025	% N/N-1
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/EUR)	0.0005236	0.00048920	-6.56%	0.00049622	-5.22%

**Note.** Based on manufacturing sector (NACE 105100) with a material impact on the climate.

Table 10. Net income from activities in sectors with a material impact on the climate, EUR

Detailed information on net income	2023	2024	2025
Net revenue from activities in high climate impact sectors used to calculate energy intensity	278,003,792	307,643,000	340,322,215
Total net revenue (Financial statements)	278,003,792	307,643,000	340,322,215

**Note.** Reference to the income line in the financial statements: income from contracts with customers in the company and consolidated financial statements

## E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

In Table 11, the Group discloses the quantities GHG emissions released into the atmosphere.

Table 11. GHG emissions

Type of emissions	Retrospective data					
	Base year 2023	2024	Comparison with previous years (% N / N-1)	2025	Comparison with base year	Comparison with previous year (% N / N-1)
<b>Scope 1 GHG emissions</b>						
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	15,180	15,288	0.7%	16,359	7.8%	7.0%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0		0		
<b>Scope 2 GHG emissions</b>						
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	17,348	10,450	-39.8%	9.1	-99.9%	-99.9%
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	4,502	3,778	-16.1%	4,069	-9.6%	7.7%
<b>Significant scope 3 GHG emissions</b>						
Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)	554,416	593,643	7.1%	654,904	18.1%	10.3%
1. Purchased goods and services	535,510	572,276	6.9%	635,881	18.7%	11%
2. Capital goods	3,362	4,634	37.8%	5,091	51.4%	9.9%
3. Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	4,437	4,557	2.7%	4,212	-5.1%	-7.6%
4. Upstream transportation and distribution	1,389	1,761	26.8%	2,040	46.9%	15.9%

5. Waste generated in operations	338	380	12.5%	408	20.9%	7.5%
6. Business traveling	27	54	99.4%	37	34.9%	-32.3%
7. Employee commuting	587	622	6.0%	621	5.9%	-0.1%
8. Upstream leased assets	0	0	-	0	-	-
9. Downstream transportation	8,766	9,358	6.8%	6,613	-24.6%	-29.3%
10. Processing of sold products	0	0	-	0	-	-
11. Use of sold products	0	0	-	0	-	-
12. End-of-life treatment of sold products	0	0	-	0	-	-
13. Downstream leased assets	0	0	-	0	-	-
14. Franchises	0	0	-	0	-	-
15. Investments	0	0	-	0	-	-
<b>Total GHG emissions</b>						
Total GHG emissions (market-based) (tCO <sub>2</sub> e)	586,944	619,381	5.5%	671,272	14.4%	8.4%
Total GHG emissions (location-based) (tCO <sub>2</sub> e)	574,098	612,708	6.7%	675,332	17.6%	10.2%

46,363 tonnes of biogenic CO<sub>2</sub> were generated in 2025 from the combustion of biofuel at the Žemaitijos Pienas boiler house and the Vilnius branch due to central heating consumption. In 2024, operations generated 38,016 tonnes of biogenic CO<sub>2</sub>, and in 2023, operations generated 37,836 tonnes of biogenic CO<sub>2</sub>.

Table 12. GHG intensity

GHG intensity of pollution by net income	Base year 2023	2024	Comparison with previous year (% N / N-1)	2025	Comparison with base year	Comparison with previous year (% N / N-1)

Total GHG emissions (market-based method) divided by net revenue (p CO <sub>2</sub> e / Eur)	0.00211	0.00201	-4.6%	0.00197	-6.6%	-2.0%
Total GHG emissions (based on location-based method) divided by net revenue (t CO <sub>2</sub> e / Eur)	0.00207	0.00199	-3.6%	0.00198	-3.9%	-0.4%

**Note.** Cross-reference to the net income line or disclosure in the financial statements: Line in the consolidated financial statements of the Company - income from contracts with customers.

### GHG calculation methodology

Calculations were performed in accordance with the Greenhouse Gas Protocol (GHG) and Intergovernmental Panel on Climate Change (IPCC) guidelines.

The assessment includes all emissions-generating activities carried out by the Group's companies in accordance with the principles of operational control, including the assessment of all three GHG scopes.

Emissions calculations include not only CO<sub>2</sub>, but also other greenhouse gases generated by the activities (CH<sub>4</sub>, N<sub>2</sub>O, HFCs), converting them into CO<sub>2</sub> equivalents according to standard coefficients (IPCC AR5) and indicating the final total number of CO<sub>2</sub> equivalents.

Sources of emission factors used:

- IPCC
- IPCC AR5 for refrigerants
- European Environment Agency air pollution inventory guidelines
- Association of Issuing Bodies (AIB, Residual mix and Production mix) for electricity
- DEFRA
- IEA for energy losses
- Cornell Hotel Sustainability Benchmarking (CHSB) index 2021
- PROBAS database
- AGRIBALYSE, 2023
- Journal of Dairy Science Volume 105, Issue 12, December 2022, Pages 9713-9725



100% of Scope 3 emissions in 2025 are estimated based on specific activity data.

The following assumptions and assessment limits apply to Scope 3 emissions:

**Purchased goods and services:** Purchases of key raw materials are assessed (by weight, from 3 tonnes).

**Capital goods:** All expenditures on fixed assets are assessed using category average cost emission factors.

**Fuel and energy-related activities (not included in Scope 1 or 2):** All expenditures on fixed assets are assessed using average expenditure emission factors for expenditure categories

**Upstream transportation and distribution:** All costs for transport (third-party services) are assessed.

**Waste generated in operations:** Waste transferred for treatment according to the GPAIS report.

**Business traveling:** Costs of flights, bus and train tickets, and taxis. Also, accommodation costs.

**Employee commuting:** Employee travel to work by private transport (results extrapolated based on responses from employees who participated in the survey).

**Upstream leased assets:** Not applicable, all related emissions are included in the Scope 1 and Scope 2 assessment.

**Downstream transportation:** Road and sea freight transported is assessed based on start and end points and freight weight.

**Processing of sold products:** Not applicable, no emissions are generated.

**Use of sold products:** Not applicable, no emissions are generated.

**End-of-life treatment of sold products:** Not calculated due to low materiality and lack of reliable data; small amounts of emissions arise from packaging released onto the market, but there is no information on its management.

**Downstream leased assets:** Not applicable, no emissions.

**Franchises:** Not applicable, no emissions.

**Investments:** Not applicable, no emissions.

## E1-7 – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

The Group has not implemented or contributed to projects designed to absorb or store GHG emissions.

The Group did not finance climate change mitigation projects by purchasing carbon credits.

## E1-8 – INTERNAL CARBON PRICING

The Group does not apply carbon pricing systems.

## E1-9 – ANTICIPATED FINANCIAL EFFECTS FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES

The Group, taking advantage of the option to disclose information gradually, does not disclose the financial impact of climate-related physical and transition risks and potential opportunities.

## E2 POLLUTION

### SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the disclosure requirements of SBM-3.

Table 13. Material impacts, risks and opportunities in the area of pollution.

Material sub-topics	Material impacts, risks and opportunities
Air pollution	<p><b>Actual negative impact:</b> Air pollution from production activities, transport and farming activities.</p> <p>Air pollution in production activities is regulated in accordance with the Group's TIPK (Integrated Pollution Prevention and Control) permit. The permit sets out the permissible emission standards for pollutants into the ambient air and other operating conditions, which the Group strictly complies with. Monitoring data is submitted to the responsible authorities in accordance with the established procedure. However, it is considered that both production activities and supply chain activities and transportation have a certain impact on the environment.</p>
Water pollution	<p><b>Potential negative impact:</b> Pollutants discharged together with wastewater during production.</p> <p>The Group has not identified any violations, nor is there any known inefficiency in wastewater treatment or impact on the environment.</p> <p>The Group's companies do not have their own treatment facilities – all production wastewater is discharged into the municipal treatment networks of UAB Telšių vandenys and UAB Šilutės vandenys.</p> <p><b>Risk:</b> Incidents and increased costs due to other reasons related to the generation of polluted wastewater.</p>
Water pollution; Soil pollution	<p><b>Potential negative impact:</b> Due to the risks inherent in the agricultural sector, there is a risk of soil and water pollution in the supply chain. No cases of pollution have been recorded. The assessment is based on general information about the nature of the sector's activities and the potential environmental risks associated with them.</p>
Incidents: spillage of pollutants into the air/water/soil	<p><b>Risk:</b> Potential spills in the ammonia compressor room. No incidents have been recorded in practice, but the risk is considered material due to the potential financial impact if such an incident were to occur.</p>

These impacts and risks arise directly from the Group's business model – dairy production processes, engineering infrastructure, wastewater management – and are also partly related to farm activities and sector-specific risks.

Pollution prevention is integrated as a priority area in the Group's Sustainability Strategy ("Reducing our environmental impact"). It provides for:

- systematic reduction of air, water and soil pollution;
- incident prevention and response plan preparation;
- the implementation of modern prevention and monitoring measures;
- strengthening employee competences.

The impact of pollution determines the Group's operational decisions – chemical analyses are carried out, technological upgrades are planned, and additional filtration, wastewater management and monitoring measures are envisaged.

No current financial impact has been identified, but DMA results show that incidents or exceedances of pollution limits could have a material financial impact due to potential fines, repair and clean-up costs, and damage to reputation. Therefore, the Group prioritises pollution prevention as a strategic area.

During the previous reporting period, the topic of pollution was not considered material, so no related disclosures were made.

The Group did not perform a strategy and business model resilience analysis during the reporting period, except for the analysis of the following areas, which was performed during the double materiality assessment.

## E2-1 – POLICIES RELATED TO POLLUTION

The main principles in the Group's Sustainability Policy include commitments related to the prevention and control of air and water pollution.

In accordance with the Sustainability Policy, the Group is committed to systematically reducing air and wastewater emissions from its operations and implementing modern prevention, reduction and monitoring measures. The policy is not linked to any specific pollutant or substance. The commitments relate to the Group's activities and do not cover the value chain.

In its policy and Sustainability Strategy, the Group sets out how it mitigates the negative impact associated with air and water pollution, including prevention and control. The Group plans to assess opportunities to change the materials and processes that contribute most or may contribute to air and water pollution. Specific planned actions are described in more detail in section E2-2 – Actions and resources related to pollution.

These commitments apply to both Žemaitijos Pienas and Šilutės Rambynas. The CEO is responsible for implementing the policy. Stakeholders interested in the policy can familiarise themselves with it in the internal document management system, during meetings or by submitting a request to their immediate supervisor.

## E2-2 – ACTIONS AND RESOURCES RELATED TO POLLUTION

The Group consistently implements actions aimed at reducing air and water pollution, strengthening prevention and improving the effectiveness of pollution management.

For several years, the Group has been implementing production optimisation measures that also contribute to reducing pollution. By-products generated during production are transferred to biogas production, thereby reducing the organic load and BDS<sub>7</sub> indicators in wastewater.

In 2025, the Group also began to inventory pollutants entering wastewater to better manage and reduce wastewater pollution.

Actions planned for 2026:

- Perform chemical analysis to identify substances that may be harmful to health or the environment and assess the possibility of replacing them with safer alternatives.
- Based on the inventory of wastewater pollutants, draw up and implement an action plan to reduce the most significant pollutants.
- Organise regular training for employees on the proper handling of chemicals.
- Conduct an analysis to identify the main sources of air, water and soil pollution and assess the reasons for exceeding pollution limits.
- Assess the possibilities of installing additional filtration systems or other wastewater treatment measures.
- Analyse the possibilities for sorting by-products so that they are not discharged into wastewater.
- Analyse the possibilities for capturing nitrogen and phosphorus from wastewater.
- Consider assessing the benefits, possibilities and risks of installing primary wastewater treatment facilities before discharging wastewater into the municipal treatment networks.

No significant capital investments are planned for the implementation of pollution management plans. Operating costs are mainly related to internal processes (analyses, training, preparation of procedures).

## E2-3 – TARGETS RELATED TO POLLUTION

The Group has set the following objectives in its Sustainability Strategy:

- 0 pollution accidents (spills or other violations not covered by environmental permits).
- 0 exceedances of environmental air pollution limits set in permits.

The targets set are related to the Group's objectives set out in the Sustainability Policy (as disclosed in section E2-1 – Policies related to pollution) – related to the prevention and control of air and water pollution. No accidents or exceedances of air pollution limits were recorded during the reporting period. The Group does not use substances of concern or substances of very high concern in its activities. The objectives set by the Group are not voluntary – they are based on compliance with applicable legislation and permit requirements.

The targets apply to all the Group's production activities. Progress in achieving the targets is monitored through continuous pollution monitoring analysis.

In addition, incidents are recorded, and response processes are improved to ensure a timely and effective response to potential pollution incidents.

## E2-4 – POLLUTION OF AIR, WATER AND SOIL

Nitrogen and phosphorus in wastewater are formed during the production of dairy products, as these substances are naturally present in milk. During production, technological lines are washed (CIP) to remove product residues containing nitrogen and phosphorus compounds.

Compared to 2024, 2025 saw an increase in phosphorus and a decrease in nitrogen in wastewater. The increase in phosphorus may have been influenced by the increase in production volumes and the start of the whey demineralisation process, as well as changes in the composition of cleaning agents associated with the new process.

The changes in nitrogen may have been caused by a change in the wastewater flow regime – increased production volumes and additional processes may have increased the proportion of less polluted water in the total wastewater flow, resulting in a decrease in nitrogen concentration. There may also have been temporary fluctuations in production volumes or raw material composition during the sampling period.

Table 14. Pollutants

Pollutant	Threshold for releases		Actual releases	
	to water, kg/year	to land, kg/year	to water, kg/year	to land, kg/year
			<b>2024</b>	<b>2025</b>
<b>Total nitrogen</b>	50,000	50,000	87,165	65,782
<b>Total phosphorus</b>	5,000	5,000	11,537	20,339

**Note:** Only emissions from facilities that exceed the emission limits are included in the consolidated amount. Such exceedances occur only in the activities of Žemaitijos Pienas. Therefore, the amounts disclosed in the table include only emissions (wastewater) generated in the activities of Žemaitijos Pienas.

The amount of wastewater discharged by Žemaitijos Pienas falls within the limits set out in the Provisions on the Monitoring of Entities, approved by Order D1-546 of the Minister of the Environment of the Republic of Lithuania, which stipulate that the pollutants discharged with wastewater must be monitored.

Based on the provisions, Žemaitijos Pienas' Integrated Pollution Prevention and Control (IPPC) permit includes an Environmental Monitoring Programme agreed with the Environmental Protection Agency, according to which the Company conducts wastewater pollution tests. The programme specifies the frequency of sampling as once a month. The results of these samples form the basis for calculating the annual amount of pollutants discharged with wastewater (including nitrogen and phosphorus), which is calculated in accordance with the provisions of the Water Use and Wastewater Management Accounting Procedure.

## E3 WATER AND MARINE RESOURCES

### SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the disclosure requirements of SBM-3.

Table 15. Material impacts, risks and opportunities in the area of water and marine resources.

Material sub-topics	Material impacts, risks and opportunities
Water consumption	<b>Actual negative impact:</b> Farming activities are associated with high water consumption.
	<p><b>Potential negative impact:</b> Water consumption in additional activities – the production of non-alcoholic beverages.</p> <p>Tichė mineral water and Gaja soft drinks (made from Tichė natural mineral water) are produced by Group.</p>
Water discharge	<b>Potential negative impact:</b> Discharge of contaminated wastewater.

The Group's activities may have a negative impact on water resources

- through the value chain due to farming activities associated with high water consumption, and
- through the discharge of polluted wastewater.

The impact arises both through direct activities (production, wastewater generation) and through the specific nature of the activities (the dairy sector's dependence on water resources).

One of the Group's areas of activity is the production of mineral water and beverages. To date, no negative impact on water resources has been identified because of the Group's activities, but the topic is considered significant because water resources are necessary for the Group to operate. The impact arises directly from the Group's business model.

The Group did not perform a strategy and business model resilience analysis during the reporting period, except for the analysis of these areas, which was performed during the double materiality assessment.

Compared to the previous reporting period, the Group has revised the wording of the material impacts following the update of the double materiality assessment. The material topics remain the same.

### E3-1 – POLICIES RELATED TO WATER AND MARINE RESOURCES

In accordance with its Sustainability Policy, the Group is committed to complying with applicable environmental legislation, reducing its environmental impact and implementing preventive measures to reduce pollution. These general commitments also apply to water and wastewater management practices, but no separate policy on water and marine resources has been adopted yet.

Policy commitments related to contaminated wastewater are described in more detail in section *E2-1 – Policies related to pollution*. This section and section *E2-2 – Actions and resources related to pollution* describe in more detail how issues related to the prevention and reduction of water pollution caused by the Group's activities are addressed.

The policy does not cover commitments related to the reduction of significant water consumption in water risk areas in the upstream value chain, as according to the available assessment, no such risk areas have been identified in the Group's activities or supply chain.

## E3-2 – ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

To use resources more efficiently, water consumption is reduced and collected water is reused in production where possible.

Activities related to contaminated wastewater are described in more detail in section E2-2 – Actions and resources related to pollution.

The Group does not allocate specific actions or resources to water risk areas, including areas of high-water scarcity, as according to the available assessment, no such areas have been identified in the Group's operations or supply chain.

The Group does not implement any additional actions in this area.

## E3-3 – TARGETS RELATED TO WATER AND MARINE RESOURCES

The Group has set a measurable and results-oriented target in this area. The implementation of this target contributes to the reduction of wastewater pollution. Target: to reduce the BOD<sub>7</sub> indicator of wastewater pollution from 1,280 mg/l to 800 mg/l by 2030. Progress achieved in previous reporting periods – reduction of wastewater pollution BOD<sub>7</sub> from 1,280 mg/l to 1,100 mg/l, as stipulated in the contract with the wastewater treatment operator. In 2025, the maximum BOD<sub>7</sub> pollution was 1,076 mg/l, so the reduced pollution level is being maintained steadily.

This objective is linked to the strategic goal of reducing wastewater pollution, thereby optimising operating costs, reducing wastewater treatment costs and making better use of resources.

The target covers the activities of Žemaitijos Pienas at its factory located at Sedos g. 35, Telšiai.

Progress has been measured since 2018, when the initial BOD<sub>7</sub> wastewater pollution indicator value was 1,720 mg/l. During the period 2018-2023, the indicator was reduced to 1,280 mg/l through various measures. In 2024, the indicator reached 1,100 mg/l and remained similar in 2025.

The BOD<sub>7</sub> wastewater pollution indicator is determined by tests carried out by an accredited laboratory. The wastewater pollution indicator was agreed with the wastewater treatment operator. The data collection and calculation processes remained unchanged.

Wastewater pollution indicators are monitored through the meterOn system. Wastewater pollution (BOD) data is also displayed on a screen in the production corridor so that all employees can see the wastewater pollution indicators for the last 10 days.

The Group has not set any other targets related to water consumption.

## E3-4 – WATER CONSUMPTION

Information on the Group's water consumption during the reporting period is presented in Table 16. Water consumption in the Group is recorded and calculated based on meter readings. Water consumption increases in proportion to the increase in production volumes.

Table 16. Water consumption in 2024–2025

	Total water consumption (m <sup>3</sup> )	Total Water Recycled and Reused* (m <sup>3</sup> )	Water intensity: total water consumption in own operations in m <sup>3</sup> per million EUR net revenue	Total water consumption (m <sup>3</sup> )	Total Water Recycled and Reused* (m <sup>3</sup> )	Water intensity: total water consumption in own operations in m <sup>3</sup> per million EUR net revenue
	2024			2025		

<b>Total</b>	32,413	3,383,630	105.359	40,152	3,712,144	117.982
<i>Žemaitijos Pienas:</i>						
Fresh water wells	21,317	3,383,630		28,443	3,712,144	
Mineral water well	10,982	0		11,490	0	
Public water supply	114	0		219	0	
<i>Šilutės Rambynas:</i>						
Public water supply	0	0		0	0	
Well water	0	0		0	0	

**Note:** All data provided has been collected using direct measurement methods. The [lamus](#) system is used to monitor and analyse water consumption. The data for 2024 has been adjusted and the data for 2025 has been provided in accordance with ESRS requirements, excluding water discharged to the wastewater treatment plant, i.e. water consumption includes the amount of water taken into the company (or facility) and not discharged into the water environment or transferred to a third party during the reporting period.

\*The amount of circulating water and reused water consists of the amount of ice water circulation (water is cooled to +2C in the compressor room and supplied to production as a coolant for production processes, then returns and is cooled again – circulation in the system) and water/condensate from products that was used for initial rinsing/cooling – instead of being discharged into the sewer system.

## E4 BIODIVERSITY AND ECOSYSTEMS

### Material impacts, risks and opportunities, and their relationship to the business model and strategy

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, SBM-3 – *Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the requirements of BP-2 17.

Table 17. Material impacts, risks and opportunities in the area of biodiversity and ecosystems.

Material sub-topics	Material impacts, risks and opportunities
Direct impact drivers of biodiversity loss	<b>Potential negative impacts:</b> Suppliers' activities may have a negative impact on biodiversity and ecosystems, for example through pollution, land use (farms), deforestation (e.g. suppliers of cocoa, chocolate, chocolate chips, palm oil).

Impacts and dependencies on ecosystem services	<b>Potential negative impacts:</b> The use of pesticides in farming can disrupt ecosystem services such as pollination and soil health.
	<b>Risk:</b> Impact of ecosystem changes on raw material quality, price, and availability.

These potential negative impacts are assessed based on publicly available information about the sectors in which certain ingredient suppliers operate. No specific negative impacts have been identified in the value chain.

Material impacts and risks are directly related to the Group's business model, as they relate to certain ingredients required for production, the extraction of which may have a negative impact on the environment. In the Group's Sustainability Strategy, these impacts and risks are directly linked to one of the four strategic directions: "We promote ethical and responsible behaviour throughout the value chain".

### Description of objectives and policy

In its Sustainability Policy, the Group commits to ensuring responsible practices both within its organisation and throughout the supply chain to reduce negative impacts on the environment and people, with a particular focus on sustainable practices in the supply chain.

Žemaitijos Pienas also has an approved **Deforestation Prevention Policy**, in which it commits to:

- not to source, process or use raw materials obtained from areas where deforestation has taken place after 31 December 2020;
- ensure that all raw materials used are produced in accordance with the relevant legislation of the country of origin,
- require suppliers to provide all necessary information on the origin, place of production, certificates and legal compliance of raw materials,
- actively cooperate with responsible supply chain partners to ensure sustainability.
- continuously monitor and evaluate suppliers' compliance with these requirements and take corrective action if non-compliance is identified.

The Company's policy also states that it will only select suppliers who:

- ensure that their supply practices do not contribute to deforestation and forest degradation,
- provide reliable and verifiable information on the origin of their products,
- sign declarations of compliance and undertake to comply with this Policy and Regulation (EU) 2023/1115 of the European Parliament and of the Council on the supply of certain commodities and products to the EU market and their export (Regulation (EU) 2025/2650 of the European Parliament and of the Council of 19 December 2025 amending Regulation (EU) 2023/1115 as regards certain obligations of operators and traders (EU) 2025/2650 of the European Parliament and of the Council of 19 December 2025 amending Regulation (EU) 2023/1115 as regards certain obligations of operators and traders) (hereinafter referred to as the EUDR).

In its Sustainability Strategy, the Group has set the following targets for 2030, some of which also cover the Group's broader aspirations for a sustainable supply chain:

- 100% of raw materials used (where applicable) comply with EUDR requirements

- 100% of packaging and raw material suppliers familiarised with the Responsible Business Code (appendix to the contract)
- 100% of farms audited, including questions related to sustainability aspects (including compliance with environmental requirements, commitments to manage and reduce pollution, impact on biodiversity).
- 80% of packaging and raw material suppliers meet environmental and social criteria.

The Group has set these targets during the reporting period, so no progress has been assessed yet.

**Description of actions and metrics**

During the reporting period, the Group developed the Sustainability Strategy and related policies for managing negative impacts and risks. No additional actions were implemented during the reporting period, and the calculation and monitoring of metrics is not yet being carried out

## E5 RESOURCE USE AND CIRCULAR ECONOMY

### SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the disclosure requirements of SBM-3.

Table 18. Material impacts, risks and opportunities related to the topic of circular economy.

Material sub-topics	Material impacts, risks and opportunities
Resource inflows	<b>Actual negative impact:</b> Production is resource-intensive, including raw milk, water and other ingredients, the extraction and production of which may have a negative impact on the environment.
	<b>Risks:</b> Declining availability of raw materials, fluctuations in purchase prices and resulting cost increases.
Resource outflows	<b>Actual negative impact:</b> The use of non-recyclable packaging contributes to waste accumulation and environmental pollution.  Some of the products supplied to the market are packaged in non-recyclable packaging.
	<b>Risks:</b> Risks associated with regulatory changes and changing consumer priorities due to the availability of more sustainable packaging on the market.

Material sub-topics	Material impacts, risks and opportunities
Waste	<p><b>Actual negative impact:</b> Waste is generated at all stages of the value chain, from raw material cultivation and production to packaging, transport and consumption. This includes ingredient packaging, transport materials and other waste related to operations. Its generation increases environmental pollution and creates a need for additional resources for waste collection, management and disposal.</p>

All identified material impacts and risks are directly related to the Group's business model, which is based on the production and distribution of food products and includes the purchase of raw materials, production processes, the use of packaging and logistics throughout the value chain. Therefore, these activities are inevitably resource-intensive and have a certain impact on the environment, including through waste generation and packaging use.

To reduce this impact, the Group focuses on more efficient use of raw materials, reducing waste in its operations and increasing the recyclability of packaging. The Group has also included this topic in its Sustainability Strategy, in which it commits to responsible resource and waste management, focusing on packaging sustainability, evaluating supplier practices including environmental aspects.

The feasibility of some of these goals also depends on technological advances in the sector, such as the availability of more sustainable packaging solutions on the market. Therefore, the Group continuously evaluates possible improvements and their integration into its activities. These actions help to strengthen the resilience of operations, ensure compliance with legislation and maintain long-term competitiveness.

At the same time, the Group faces risks related to the availability of packaging with a lower environmental impact, stricter regulatory requirements for packaging, changing consumer expectations and market pressure to reduce environmental impact. These factors may affect operating costs and are therefore important for the Group's strategic planning and decision-making.

At present, no current financial impact on the Group's financial position, operating results or cash flows has been identified.

The Group did not perform a resilience analysis of its strategy and business model during the reporting period, except for the assessment performed during the double materiality analysis.

Compared to previous years, the same topics remained material in the reporting year, but the Group additionally identified and refined the material impacts and risks associated with them.

## E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The Group has several policies related to material sustainability matters in the area of the circular economy.

The CEO is responsible for the implementation of all the policies listed below. Stakeholders interested in the policy can familiarise themselves with it in the internal document management system, during meetings or by submitting a request to their direct manager. The policies are established considering the expectations of customers, consumers and clients, which are expressed through questionnaires, the Quality Line and the terms and conditions of contracts with customers.

Table 19. Policies related to the circular economy

Policy and its description	Material topics related to the policy
<p><b>The Quality and Food Safety Policy</b> sets out the objective of "preserving the environment by reducing material and energy consumption at all stages of production".</p> <p>On this basis, production processes and packaging materials are constantly reviewed to meet updated EU requirements.</p> <p>The commitments set out in the policy apply to both Žemaitijos Pienas and Šilutės Rambynas.</p> <p>The implementation of the quality and food safety policy is based on the requirements of the BRCGS, IFS and FSSC food safety standards (listed are the certificates held by Žemaitijos Pienas, while Šilutės Rambynas holds FSSC and BRCGS certificates).</p>	<p>Resource inflows Resource outflows</p>
<p><b>Commitments set out in the Sustainability Policy:</b></p> <ul style="list-style-type: none"> <li>to manage resources responsibly, optimise waste generation and minimise the negative impact of packaging on the environment.</li> <li>Reduce the amount of waste generated from packaging materials.</li> <li>Increase the use of recycled packaging materials (secondary and tertiary corrugated cardboard and plastic containers).</li> <li>Optimise packaging in terms of composition, type and weight, in line with the requirements of the packaged product.</li> </ul> <p>Implementation directions: Assess the possibilities for reducing, reusing and recycling waste generated in production processes and transport (in accordance with the waste management hierarchy). Seek solutions to replace packaging with a greater environmental impact (e.g. bio-based packaging, single-component packaging) without compromising product quality and shelf life.</p>	<p>Resource inflows Resource outflows Waste</p>

The Group's policies do not seek to directly reduce the use of primary resources or increase the relative use of secondary (recycled) resources when it comes to ingredients used in food production, as this is an essential part of the Group's operations and necessary to ensure product quality and safety. However, the Group strives to ensure the efficient use of raw materials, reduce losses in production processes and, where possible, use recycled packaging and increase the recyclability of packaging.

The Group seeks to ensure a sustainable supply of resources by working with reliable suppliers, assessing the origin of raw materials and promoting their responsible use.

## E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In 2025, the Group continued to apply various measures to manage significant topics in the area of the circular economy.

Table 20. Group actions related to the circular economy

Theme	Actions in 2025	Planned actions in 2026
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<p>Resource inflows</p>	<p>Raw material suppliers are selected according to established criteria, including the use of sustainable packaging. Suppliers complete a declaration on the recyclability of packaging. Preference is given to recyclable packaging, but other important aspects, such as price, are also considered.</p> <p>Water collected during the production process is reused whenever possible. This solution contributes to more efficient use of resources and reduces water consumption.</p>	<ul style="list-style-type: none"> <li>● Introduce supplier control of packaging (secondary packaging) through procurement procedures (to introduce criteria and requirements for packaging recyclability).</li> <li>● Implement a sustainable supply chain management system and organise employee training on the practical application of sustainability and circular economy principles.</li> </ul>
<p>Resource outflows</p>	<p>By optimising the primary packaging of a single product, the net product volume per transport pallet increased by 33%, resulting in more efficient use of transport space.</p> <p>Additional projects are being developed related to the use of 100% recyclable packaging materials and the improvement of packaging design.</p> <p>A project study has been launched with partners on the recycling of dairy industry waste that is unsuitable for human and animal consumption into packaging.</p> <p>Considering transportation risks, where possible, a transition to the use of 100% recycled tertiary packaging is being made.</p> <p>The suitability of packaging for the product is balanced with maximum shelf life and packaging pollution taxes.</p>	<ul style="list-style-type: none"> <li>● Seek alternatives to non-recyclable composite packaging in the form of recyclable single-component packaging without compromising product quality and shelf life.</li> <li>● Look for opportunities/technological solutions for the use of packaging of biological origin</li> </ul>
<p>Waste</p>	<p>The waste management system continues to be improved. Solutions for optimising secondary cardboard packaging and making it lighter have saved 21.8 tonnes of corrugated cardboard from being released onto the market in 2025.</p> <p>The use of returnable containers for the movement of products between production units and for delivery to the market is being developed, thus reducing the consumption of corrugated cardboard.</p> <p>In 2025, a trial was conducted to replace the cardboard cores used to supply 23-micron packaging film to reduce the amount of packaging waste generated during production. Preliminary calculations show that the implementation of this</p>	<ul style="list-style-type: none"> <li>● Analyse the flow of mixed packaging waste (generated within the Group), its recyclability and the possibility of sorting it;</li> <li>● Assess the waste generated and review the possibilities for optimising/reorganising its quantities in accordance with the waste management hierarchy, analyse existing waste reuse and recycling technologies.</li> </ul>

	change (planned for 2026) could reduce cardboard roll waste by approximately 1,280 kg per year.	
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The main actions described apply to the Group's manufacturing activities and relate to production processes and the raw materials and packaging used. These actions mainly cover the Group's direct activities, but are also related to the upstream value chain, including the selection of raw material and packaging suppliers, and the downstream chain – product packaging placed on the market. The actions are implemented at the Group's sites and are relevant to internal stakeholders, as well as suppliers involved in the supply of raw materials and packaging and end users.

These actions are ongoing and integrated into the Group's daily activities, so no specific completion date has been set for them. The Group continuously evaluates and improves the measures applied, considering technological progress, operational needs and sustainability goals.

In addition, an annual savings plan is drawn up for the Group, the implementation of which is monitored on an ongoing basis (interim reports are prepared to ensure the implementation of the savings plan). Cost-saving measures are set for individual positions rather than for a general category to manage resources more accurately and optimise costs.

The Group does not anticipate that the implementation of the action plan will require significant operating or capital expenditure and therefore does not disclose more detailed information on the planned resources.

### E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In 2025, the Group prepared its Sustainability Strategy for 2025-2030, which sets out the objectives disclosed in the table below.

The objectives set are related to the Group's goals set out in the Sustainability Policy (as disclosed in section E5-1 – Policies related to resource use and circular economy).

Table 21. The Group's goals related to the circular economy by 2030.

Objective	Result in 2025
<p>Maintain the amount of rPET in beverage production between 25% and 30%.</p> <p>The target is related to the reduction of resource outflows and the increase in the use of circular materials.</p>	<p>PET used in the production of mineral water and soft drinks so that they contain 30% recycled PET (rPET).</p>
<p>Replace non-recyclable packaging used for curd and butter products with recyclable packaging:</p> <ul style="list-style-type: none"> <li>● 2026: Replacement of 100 g and 180 g curd combined non-recyclable packaging film with recyclable HDPE2</li> <li>● 2030: Replacement of non-recyclable combined packaging film for butter with recyclable packaging</li> </ul> <p>The target is related to the topic of Resource outflows. It aims to increase the recyclability of packaging placed on the market.</p>	<p><i>In progress.</i></p>

<p>Reduce the weight of secondary cardboard packaging by 10% by 2030 (base year 2024).</p> <p>The target is related to the Waste topic. It aims to reduce the amount of waste generated in the value chain. The waste hierarchy level is prevention.</p>	<p>By optimising the boxes for three product positions, 21.8 tonnes of corrugated cardboard were saved (the sustainability strategy sets targets of 1-2 positions per year).</p>
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**Note.** Methodology used to set targets: to set targets, the Group identified key areas based on material topics identified through a double materiality assessment conducted in 2025. It also relied on a sector review, assessing which topics are recommended in widely applied international standards for the Group's sector (MSCI, SASB). After identifying specific areas and topics that are important to the Group, a competitor analysis was carried out and the current situation in the Group was assessed, specifying the objectives in the selected areas. When setting its objectives, the Group considered the indicators disclosed in the ETAS standard.

Stakeholders were not specifically involved in setting specific targets for each material sustainability matter. The Group's target of using 25% (and 30% from 2030) recycled PET raw material in PET packaging is mandatory under the provisions of the Law on Packaging and Packaging Waste Management of the Republic of Lithuania.

The targets listed in the table have not yet been monitored periodically, as they were only set in the reporting year. The group anticipates that the Sustainability Group will be responsible for monitoring and implementing the plan. Monitoring will be carried out by preparing periodic progress reports. Progress towards the objectives will be measured from 2025 onwards.

The Group plans to expand and specify the objectives set out in the current strategy in the future.

The targets are related to increasing the recyclability of packaging and reducing the amount of packaging waste.

### E5-4 – RESOURCE INFLOWS

The Group's business model is focused on the production and sale of dairy products and non-alcoholic beverages. The main inflows related to the identified material impacts and risks, which are necessary for the production process and the Group's activities, are:

- Raw milk supplied by Lithuanian farmers. The Group cooperates with milk producers who sell milk directly from their farms or deliver raw milk to milk collection points.
- Additional raw materials, such as enzymes, sugar, salt, flavourings and other components used in production processes (supplied by international manufacturers with whom long-term contracts are in place).
- Water (fresh water well, mineral water well, municipal water). For more information on water consumption, see section E3-4 – Water consumption.

Table 22. Materials used in the manufacture of products

	2024		2025	
	Total weight (tonnes)	Sustainably sourced biological materials (including packaging) * Percentage	Total weight (tonnes)	Sustainably sourced biological materials (including packaging) * Percentage
Raw milk	459,000	2.7	508,327	2.6

Other ingredients	3,477	2.3	3,193	1.3
Packaging	2,950	48.2	3,178	47.2

**Note:** Raw milk: sustainably produced milk is considered to be organic milk that has been certified in accordance with the provisions of Regulation (EU) 2018/848; The principle of cascading use applies when raw milk is first used in the production of dairy products and the by-products are used in the production of milk powder (for more details, see section E5-5). Sustainably sourced other ingredients are considered to be chocolate and cocoa powder that are Rainforest Alliance certified and supplied to private label products. Sustainable packaging is considered to be cardboard packaging that is FSC certified. The principle of cascading use does not apply to these materials, as they are fully consumed in the product manufacturing and packaging processes; only insignificant residues enter the wastewater.

**Calculation methodology.** Raw milk volumes were determined based on milk purchase accounting data. Purchased milk volumes were converted to standardised milk equivalent based on actual fat content to ensure data comparability and accuracy.



The share of organic milk was calculated by determining the percentage ratio between the total amount of organic milk purchased during the reporting period and converted according to fat content and the total amount of converted milk.

The quantities of other significant ingredients were determined based on the GHG emission calculation methodology applied by the company. The assessment used data on the largest groups of raw materials in terms of volume, identified during the greenhouse gas emission accounting process

## E5-5 – RESOURCE OUTFLOWS

The main products and materials of the Group resulting from the Group's production process are described in more detail in ESRS 2 SBM-1 - Strategy, Business Model and Value Chain.

An example of a product that complies with the principles of circularity is high-quality milk powder produced from skimmed milk and whey. Advanced membrane technology allows even the acidic whey obtained from cheese production to be demineralised, which would otherwise be unsuitable for powder production. Thus, thanks to this process, the by-product of one production process becomes the raw material for another production process.

Product logistics tables have been created, which detail the material properties, classification category and weight of the packaging used for the product. Each material used is assigned a separate packaging description, which details the compatibility of the packaging with the packaged product, as well as the components and properties of its constituent parts.

Table 23. Percentage of recyclable materials in packaging

Category	Percentage of recyclable materials	
	2024	2025
Packaging	89.45 %	89.01 %

**Note:** The percentage is calculated based on the total amount of packaging placed on the market, assessing the proportion of recyclable packaging based on GPAIS packaging accounting data. The 2024 result has been recalculated and adjusted due to an error in the calculation methodology for the previous reporting period.

Table 24. Waste generated by the Group's activities

Category	2024			2025		
	Total amount (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)	Total amount (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)
Waste generated	1,524.665	103.623	1,421.042	1,309.191	74.937	1,234.254

**Note:** No radioactive waste is generated during operations. The data for 2024 was updated after receiving additional data for 2024 and revising the calculation methodology.

Table 25. Breakdown of waste diverted from disposal

Recovery Operation Type	2024			2025		
	Total amount (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)	Total amount (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)
Preparation for reuse	0	0	0	0	0	0
Recycling	1,045.366	17.146	1,028.22	845.78	23.855	821.925
Other Recovery Operations	79.63	79.63	0	191.46	46.16	145.3
Total amount of waste diverted from disposal	1,124.996	96.776	1,028.22	1,037.24	70.015	967.225

**Note:** Data for 2024 has been updated following the receipt of additional data for 2024 and a revision of the calculation methodology.

Table 26. Breakdown of waste directed to disposal

Disposal Type	2024			2025		
	Total amount (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)	Total amount (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)
Incineration	351.549	6.847	344.702	239.401	4.922	234.479
Landfill	48.12	0	48.12	32.55	0	32.55

Other disposal operations	0	0	0	0	0	0
Total amount of waste directed to disposal	399.669	6.847	392.822	271.951	4.922	267.029

**Note.** The waste management operator carries out the disposal procedure, but the waste is not sent to landfill. The data for 2024 has been updated following the receipt of additional data for 2024 and a revision of the calculation methodology.

Table 27. Non-recycled waste

Category	2024		2025	
	Total amount (tonnes)	Percentage	Total quantity (tonnes)	Total amount (tonnes)
Non-Recycled Waste	399.669	26.21	271.951	20.77

**Note** Non-recycled waste – the amount of waste sent for disposal. The data for 2024 was updated after receiving additional data for 2024 and revising the calculation methodology.

The waste generated by the Group's activities is typical production waste related to a wide range of activities: raw material packaging, construction waste, vehicle fleet maintenance waste, surface water treatment waste, etc.

Waste generated within the Group is accounted for in the GPAIS system. The amount of waste is accounted for based on the information provided in the waste transfer notes submitted by waste management operators after weighing the waste transferred by the Group.

Waste management is carried out in accordance with contracts concluded with waste management operators.

The total amount of waste remains stable, with a slight decrease in 2025 compared to 2024. Annual waste volumes may be affected by repair or maintenance work, as well as the amount of old equipment written off.

## Overview of EU Taxonomy alignment

The European Union (EU) Taxonomy (the Taxonomy Regulation (EU) 2020/852 and related Delegated Acts) is a classification system for economic activities designed to direct private investment towards environmentally sustainable activities that contribute to the environmental objectives of the European Green Deal.

The Taxonomy defines the following environmental objectives:

- CCM – climate change mitigation.
- CCA – climate change adaptation.
- WTR – the sustainable use and protection of water and marine resources.
- CE – the transition to a circular economy.
- PPC – pollution prevention and control.
- BIO – the protection and restoration of biodiversity and ecosystems.

The Taxonomy establishes science-based criteria used to assess the sustainability of activities. Economic activities that fall within the scope of the Taxonomy and meet the specified criteria may be classified as sustainable and attract green investment.

A taxonomy-eligible economic activity is defined as an activity described in the relevant Delegated Acts of the Taxonomy Regulation, i.e. included in the Taxonomy. Undertakings that determine that their economic activities' revenue, capital expenditure (CapEx) and/or operating expenditure (OpEx) are associated with activities described in the Delegated Acts are required to perform an analysis and disclose the extent to which their activities meet the Taxonomy criteria based on these KPIs. A taxonomy-aligned activity is defined as a taxonomy-eligible activity that meets the technical screening criteria of the Taxonomy, i.e. makes a substantial contribution to at least one of the six environmental objectives, does no significant harm (DNSH) to the remaining objectives and complies with the minimum safeguards.

In accordance with the provisions of the Taxonomy Regulation and the related Delegated Acts, the key performance indicators (KPIs) of the Group's activities (AB "ŽEMAITIJOS PIENAS" together with its subsidiary) and information on the alignment of taxonomy activities with the criteria are disclosed below.

In this report, the Group applies the updated EU Taxonomy disclosure requirements established by the "Omnibus" Delegated Act, applicable from 1 January 2026.

### **Identification of taxonomy-eligible activities and calculation of indicators**

In 2025, the Group carried out taxonomy-eligible activities and/or invested in Taxonomy measures that may contribute to climate change mitigation and the transition to a circular economy. The Group did not carry out activities that could contribute to the other environmental objectives of the Taxonomy.

The Group performed a comprehensive climate risk assessment to evaluate the potential impact on operations and assets and to determine compliance with the climate change adaptation DNSH criterion. No significant physical risks were identified; therefore, the activities are considered to comply with this criterion. As no significant physical climate risks were identified, the Group did not undertake climate change adaptation investments, and consequently no climate change adaptation (CCA) activities are disclosed in the report.

It is important to note that the Group complies with the minimum safeguards requirement: it has implemented the recommended measures for socially responsible and ethical business set out in the OECD Guidelines for Multinational Enterprises and adheres to the UN Guiding Principles on Business and Human Rights. The Group assessed compliance with the minimum safeguards requirement in line with the European Commission Platform on Sustainable Finance report Final Report on Minimum Safeguards (2022).

### **Taxonomy-aligned activities**

Below is the list of activities that meet the Taxonomy criteria and the related assessment for 2024–2025, i.e. the reporting and previous financial years. The assessment confirmed that the activities presented in the table meet the applicable substantial contribution to CCM and DNSH criteria.

Taxonomy-eligible activity	Code	Compliance with criteria in 2024–2025
Installation of energy efficiency equipment	CCM 7.3	In 2024, ventilation systems (air handling units) were replaced; maintenance costs were incurred in 2024–2025. The equipment is classified as energy efficiency class A or B.
Installation of charging stations for electric vehicles in buildings and parking spaces	CCM 7.4	Electric vehicle charging stations were acquired in both periods.
Installation of renewable energy technologies	CCM 7.5	In 2025, a solar power plant was installed on the building roof and will be operational from 2026.
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	In 2024, low-emission vehicles (CO <sub>2</sub> < 50 g/km) and one electric vehicle (0 g CO <sub>2</sub> e/km) met the substantial contribution to CCM and DNSH criteria. In 2025, an electric vehicle (0 g CO <sub>2</sub> e/km) met the substantial contribution criteria; however, due to the installation of winter tyres (lower noise and efficiency class), it did not meet DNSH requirements and is therefore not included as taxonomy-aligned in 2025.
Electricity generation using solar photovoltaic technology	CCM 4.1	In 2025, the Group company “Šilutės Rambynas” installed a solar power plant. Electricity is generated using photovoltaic technology.
Electricity generation from wind power	CCM 4.3	The Group operates two wind turbines generating electricity from wind energy.

### Other taxonomy-eligible activities (non-aligned)

At present, other taxonomy-eligible activities identified by the Group’s companies are classified as non-aligned, as they do not yet meet one or more of the technical screening criteria or sufficient information or evidence is not available for a full assessment. Detailed information and the related indicators for these activities are provided below in the Taxonomy table templates. The Group intends to pursue greater alignment of its activities with the Taxonomy requirements in the future.

The assessment of activity CCM 4.24 “Production of heat or cooling from bioenergy”, which in the previous period had been assessed as aligned, has been revised to non-aligned. The analysis performed in 2025 showed that the activity does not meet the DNSH criteria in the area of pollution prevention and control: although the installations do not exceed the emission limit values set by applicable legislation, the Taxonomy technical criteria are more stringent and are therefore considered not to be fully met.

### Calculation of the Taxonomy indicators

Information on the calculated Taxonomy indicators is presented below. All disclosed indicators have been calculated avoiding double counting. The Group does not have a CapEx plan aimed at expanding taxonomy-aligned economic activities or enabling taxonomy-eligible economic activities to become taxonomy-aligned economic activities.

## Revenue

The Group's main activities are currently not included in the Taxonomy; therefore, the Taxonomy criteria do not apply to them. The fact that an activity is not included in the Taxonomy does not mean that it cannot be carried out in an environmentally sustainable manner – the list of taxonomy activities may be expanded in the future.

The Group companies generate revenue from other, ancillary activities that are included in the Taxonomy. Part of the revenue earned by the Company and its subsidiary in 2024–2025 corresponds to the following Taxonomy-defined activity:

- Premises rental to third parties – acquisition and ownership of buildings.

The share of revenue from Taxonomy activities is calculated by dividing revenue from products and services associated with taxonomy-eligible activities by the Group's total revenue.

In the 2025 financial statements, the line item that best corresponds to the Taxonomy revenue KPI is the first line of the “Company and consolidated statement of comprehensive income” – ŽP Group – 2025 “revenue from contracts with customers”: 340.322 M EUR

## Capital expenditure (CapEx)

Part of the Group's additions to long-term assets in 2025 corresponds to the following Taxonomy-defined activities:

- Construction of a new building for own use – construction of new buildings.
- Acquisition of electric vehicle charging stations – installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).
- Acquisition of a solar power plant (on a building roof) – installation, maintenance and repair of renewable energy technologies.
- Acquisition of vehicles – freight transport services by road.
- Acquisition of vehicles – transport by motorbikes, passenger cars and light commercial vehicles.
- Acquisition of a solar power plant (on land) – electricity generation using solar photovoltaic technology.

Capital expenditure related to Taxonomy activities is calculated by dividing investments associated with Taxonomy-defined activities by total Taxonomy CapEx. Taxonomy CapEx includes only those additions required to be disclosed under the EU Taxonomy Regulation.

In the 2025 financial statements, the line item that best corresponds to the Taxonomy CapEx KPI is Note 5 “Intangible and tangible fixed assets; Asset acquisitions” in the notes to the Company and Consolidated financial statements (intangible assets – EUR 73 thousand (Consolidated financial statements and financial statements, p. 24), long-term tangible assets – EUR 18,399 thousand (Consolidated financial statements and financial statements, p. 26) investment assets – EUR 33 thousand (Consolidated financial statements and financial statements, p. 28).

## Operating expenses (OpEx)

Part of the Group's operating expenses under the Taxonomy in 2025 corresponds to the following Taxonomy-defined activities:

- Maintenance or repair costs of owned buildings – acquisition and ownership of buildings.

- Maintenance or repair costs of ventilation equipment – installation, maintenance and repair of energy efficiency equipment.
- Maintenance or repair of vehicles – freight transport services by road.
- Maintenance or repair of vehicles – transport by motorbikes, passenger cars and light commercial vehicles.
- Maintenance or repair of wind turbines – electricity generation from wind power.
- Periodic overhaul and servicing of the biofuel boiler – production of heat or cooling from bioenergy.

The definition of operating expenditure (OpEx) under the Taxonomy differs from the definition commonly applied in financial accounting and covers a significantly narrower scope of costs. Under the Taxonomy definition, the OpEx denominator includes only asset maintenance and repair costs and short-term lease expenses. The OpEx KPI is calculated by dividing operating expenditure associated with Taxonomy-defined activities by total Taxonomy OpEx.

### Summary of Taxonomy indicators

Percentage of turnover, capital expenditure and operating expenditure derived from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities. The information disclosed relates to 2025 (summary KPIs).

KPI	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Breakdown by environmental objectives of Taxonomy-aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial year 2024	Proportion of Taxonomy-aligned activities in previous financial year 2024
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
Text	Eur	%	Eur	%	%	%	%	%	%	%	%	%	%	Eur	%
Turnover	340,322	0.12%	0	0%	0%	-	-	-	-	-	0%	0%	0%	0	0%
CapEx	19,815	5.55%	431	2.17%	2.17%	-	-	0%	-	-	0.80%	0%	0%	7,684	38.25%
OpEx	3,601	30.91%	152	4.23%	4.23%	-	-	-	-	-	0.71%	0%	0%	82	3.48%

**Turnover KPI (revenue)**

Percentage of revenue associated with taxonomy-eligible or taxonomy-aligned economic activities. Information is disclosed for 2025 (breakdown by activity type).

Turnover (revenue)													
Financial year 2025													
Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible CapEx)	Taxonomy-aligned KPI (monetary value of CapEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned CapEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text	Code	%	Eur	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Acquisition and ownership of buildings	CCM 7.7	0.12%	0	0%	0%	-	-	-	-	-	-	-	0%
Sum of alignment per objective					0%	-	-	-	-	-			
Total KPI (Turnover)			0	0%							0%	0%	0%

### CapEx KPI

Percentage of capital expenditure associated with taxonomy-eligible or taxonomy-aligned economic activities. Information is disclosed for 2025 (breakdown by activity type).

CapEx													
Financial year 2025													
Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible OpEx)	Taxonomy-aligned KPI (monetary value of OpEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned OpEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	Eur	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Construction of new buildings	CCM 7.1 / CE 3.1	0.73%	0	0%	0%	-	-	0%	-	-	-	-	0%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.06%	11	0.06%	0.06%	-	-	-	-	-	E	-	100%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.74%	147	0.74%	0.74%	-	-	-	-	-	E	-	100%
Freight transport services by road	CCM 6.6	2.54%	0	0%	0%	-	-	-	-	-	-	-	0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.10%	0	0%	0%	-	-	-	-	-	-	-	0%

CapEx													
Financial year 2025													
Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible OpEx)	Taxonomy-aligned KPI (monetary value of OpEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned OpEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	Eur	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Electricity generation using solar photovoltaic technology	CCM 4.1	1.37%	272	1.37%	1.37%	-	-	-	-	-	-	-	100%
Sum of alignment per objective					2.17%	-	-	0%	-	-			
Total KPI (CapEx)			431	2.17%							0.80%	0%	39%

**OpEx KPI**

Percentage of operating expenditure associated with taxonomy-eligible or taxonomy-aligned economic activities. Information is disclosed for 2025 (breakdown by activity type).

OpEx													
Financial year 2025													
Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible OpEx)	Taxonomy-aligned KPI (monetary value of OpEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned OpEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	Eur	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Acquisition and ownership of buildings	CCM 7.7	18.97%	0	0%	0%	-	-	-	-	-	-	-	0%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.71%	26	0.71%	0.71%	-	-	-	-	-	E	-	100%
Freight transport services by road	CCM 6.6	1.70%	0	0.00%	0.00%	-	-	-	-	-	-	-	0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1.72%	0	0%	0%	-	-	-	-	-	-	-	0%
Electricity generation from wind power	CCM 4.3	3.51%	127	3.51%	3.51%	-	-	-	-	-	-	-	100%
Production of heat or cooling from	CCM 4.24	4.30%	0	0%	0%	-	-	-	-	-	-	-	0%

OpEx													
Financial year 2025													
Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible OpEx)	Taxonomy-aligned KPI (monetary value of OpEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned OpEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	Eur	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
bioenergy													
Sum of alignment per objective					4.23%	0	0	0	0	0			
Total KPI (OpEx)			153	4.23%							0.71%	0%	14%

## Social information



# S1 OWN WORKFORCE

## SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the disclosure requirements of SBM-3.

Table 28. Material impacts, risks and opportunities in the area of Own workforce.

Material topics	Material impacts, risks and opportunities
Working time	<p><b>Actual negative impact:</b> Current work schedule, shift-based work causing physical and emotional stress (relevant to Šilutės Rambynas).</p> <p>The impact is temporary, related to increased production volumes during the reporting period and the resulting employee shortage. The impact affects employees working in production departments.</p>
Adequate wages	<p><b>Actual negative impact:</b> Lack of transparency in remuneration policy may reduce employee satisfaction (relevant to Šilutės Rambynas). The impact is considered systemic as it stems from internal processes within the company and the identified need to increase transparency.</p>
Social dialogue. Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	<p><b>Potential negative impact:</b> Insufficient opportunities for employee representation and consultation reduce their involvement, motivation and job satisfaction. The impact is considered systemic because it arises from internal processes within the company and the identified need to promote dialogue.</p>
Work-life balance	<p><b>Actual positive impact:</b> Various additional benefits (additional family allowances, medical days, etc.) contribute to employee well-being. The benefits are available to all Group employees.</p>
Health and safety	<p><b>Potential negative impact:</b> Increased workload and specific working conditions may have a negative impact on employee health. In certain positions, depending on the nature of the work, there is a risk of occupational safety incidents, including serious injuries.</p> <p>The Group's DMA showed that the highest risk of injury is for employees in production, support functions, service and transportation departments. The impact is related to isolated potential incidents and is relevant to individuals working in specific conditions.</p>
Gender equality and equal pay for work of equal value	<p><b>Potential negative impact:</b> Different pay for the same work can lead to demotivation, dissatisfaction and poor emotional well-being among employees.</p>

Material topics	Material impacts, risks and opportunities
	This potential impact has been identified due to a possible lack of transparency. The Group has approved remuneration criteria based on position, without distinction based on gender or other characteristics (approved remuneration categories).
Training and skills development	<b>Actual positive impact:</b> Additional training courses are organised to help improve employee competence and motivation.
Measures against violence and harassment in the workplace	<b>Potential negative impact:</b> Decline in employees' emotional and psychological well-being due to incidents of violence or harassment in the workplace. The impact is systemic as it relates to the circumstances in which the Group operates (large number of employees), but is associated with isolated incidents.
Diversity	<b>Potential negative impact:</b> Incidents of discrimination at work can cause emotional stress and feelings of insecurity for employees and reduce their motivation. The impact is systemic because it is related to the circumstances in which the Group operates (large number of employees), but it is associated with isolated incidents.
Workforce shortage	<b>Risk:</b> Shortage of specialists due to the territory of operations. This risk is related to the Lithuanian cities where production takes place – Telšiai and Šilutė.

In 2025, the Group updated its double materiality assessment, which allowed it to identify topics relevant to the Group and the related impacts, risks and opportunities. When updating the 2025 assessment, an additional employee survey was also conducted to better understand the impacts and issues of concern to employees.

All persons working in the Group are employees. In identifying material impacts, risks and opportunities, the Group included all employees in the assessment. Each impact was analysed to determine whether it was widespread and applicable to all employees in terms of its own workforce, or whether it only affected specific groups of employees.

The Group's business model and strategy consider the identified impacts on its own workforce in several key areas (all actions are subject to approved procedures and orders):

- ensuring a transparent and uniform remuneration system where pay does not differ according to gender;
- implementing a system of material support and one-off incentive payments to employees;
- applying an annual training plan, which is part of the personnel management procedures;
- applying the Violence and Harassment Prevention Policy and the Equal Opportunities Policy;
- providing additional benefits such as fuel allowances, scholarships and referral bonuses.

The Group did not perform a strategy and business model resilience analysis during the reporting period, except for the analysis performed during the double materiality assessment.

The Group has not identified any material impact on its workforce related to restructuring plans to reduce negative environmental impacts and ensure climate-neutral operations. Furthermore, the Group has not identified any operations that could pose a material risk of forced or compulsory labour or child labour, either by type of operation or by country of operation.

## S1-1 – POLICIES RELATED TO OWN WORKFORCE

The Group has several policies related to material sustainability matters under the topic of Own Workforce. The policies listed apply to all Group employees.

The Chief Executive Officer is responsible for the implementation of all policies listed below. Policy stakeholders can access the policies via the internal document management system, during meetings, or by submitting a request to their line manager or the Human Resources Department.

Table 29. Group policies relating to its own workforce.

Policy	Description
Employee Health and Safety Policy	The main objective of the policy is zero accidents at work and continuous improvement of working conditions.
Human Rights Policy	The policy covers aspects such as the prohibition of child labour, the prevention of forced labour, human trafficking and slavery, and the promotion of equal opportunities. In developing and implementing this policy, the Group has considered and committed to comply with the provisions of the laws in force in the Republic of Lithuania, the International Charter of Human Rights, and the requirements of suppliers and/or customers.
Violence and Harassment Prevention Policy	The aim of this policy is to identify and assess potential risks at work, eliminate them and implement preventive measures to create a healthy and respectful working environment.
Equal Opportunities Policy	<p>It aims to eliminate discrimination, including harassment, promote equal opportunities and increase diversity and inclusion. The Group's policy covers all the grounds for discrimination listed: racial and ethnic origin, skin colour, sexual orientation, gender identity, disability, age, religion, political opinion, nationality, social origin and other forms of discrimination covered by European Union and national legislation.</p> <p>The Group implements policy measures aimed at preventing and reducing discrimination and resolving identified cases. <b>Discrimination prevention is ensured through:</b></p> <ul style="list-style-type: none"> <li>● the responsibility for line managers to foster a respectful and inclusive working environment in which any form of discrimination or harassment is prohibited;</li> <li>● employee awareness-raising and training on discrimination risks, preventive measures, and employees' rights and responsibilities;</li> <li>● the availability of channels enabling employees to report potential discrimination cases anonymously to the Human Resources function;</li> <li>● the systematic investigation of all reports of alleged breaches;</li> <li>● timely and appropriate responses to identified or potential breaches;</li> <li>● the analysis of received complaints and the outcomes of investigations;</li> <li>● protection against retaliation for employees who submit complaints.</li> </ul>
Sustainability Policy	<p>The Sustainability Policy covers several key areas related to our workforce. In this policy, the Group commits to striving to create decent working conditions, ensuring transparent and fair remuneration, promoting respectful dialogue between managers and employees, caring for the health and safety of employees, provide opportunities for continuous professional development and manage workforce market challenges.</p> <p>The Group does not tolerate discrimination on the following grounds: racial or ethnic origin, skin colour, sexual orientation, gender identity, disability, age, religion, political opinion, nationality or social origin, or other forms of discrimination covered by Union and national law.</p>

	<p>The interests of stakeholders were assessed before this policy was drawn up. The policy was developed following a double materiality assessment (based on the results of material topics and the Group's strategic perspective), which analysed topics of concern to employees, and an additional survey was also organised.</p>
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The Group is committed to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The Group supports the United Nations Global Compact and follows ten principles of responsible business in the areas of human rights, labour standards, environmental protection and anti-corruption in its activities. These commitments are enshrined in the Group's Sustainability Policy.

The Group has processes and mechanisms in place to monitor compliance with these commitments, including management responsibility for policy implementation and regular employee training. Employees are given the opportunity to provide feedback or report possible violations through established internal channels, which are described in more detail in section S1-3 – *Processes for remedying negative impacts and channels through which the workforce can express concerns*.

The Group's overall approach to respecting the human rights of employees is based on prevention and ongoing dialogue to ensure dignified, safe and fair working conditions for all members of its workforce.

The Group has not made any specific policy commitments regarding the inclusion of or positive action towards groups at particularly high risk of vulnerability.

## S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

The Group has processes in place to ensure that employee views are considered in decision-making and operations:

- **Work Council.** The Group has a Work Council that represents the interests of employees. It operates independently and is independent of the employer. The Work Council represents all Group employees in information and consultation procedures, as well as in resolving any issues that may affect the social and economic situation of Group employees. The Work Council operates in accordance with the Work Council Rules of Procedure.
- **Employee Safety and Health Committee.** Employee representatives are elected to the Employee Safety and Health Committee, which contributes to ensuring involvement in safety and health matters. The Committee operates in accordance with the Employee Safety and Health Committee Regulations, approved by order of the CEO.

Regular involvement of employees through these representatives is not provided for – it takes place as needed or in response to specific situations. The chair of the Work Council organises meetings as needed and is responsible for maintaining dialogue between employees and the management. The Health and Safety Committee operates on the same principle, but specifically on health and safety issues.

The Group does not apply formal measures to assess the effectiveness of employee involvement. The effectiveness of employee involvement is assessed on the basis that no complaints or negative feedback are received on this issue.

### S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

The Group's overall approach is to ensure an effective response to potential and actual impacts on its own employees to which it has contributed or with which it is associated.

The Group has a mechanism for submitting and investigating complaints related to employee issues. The Group has established channels for employees to directly express their concerns or needs:

- **Feedback boxes.** This channel allows all employees to submit comments, suggestions or queries directly. In addition, the Work Council uses this channel to submit summarised queries and comments, representing the interests and opinions of employees.
- **Direct contact with the HR department.** Specific email addresses are provided for this purpose, which employees can use to express their opinions (or contact an HR department employee directly).
- In addition, as of 2025, posters displaying a QR code linked to the complaints submission form have been placed throughout the Company, enabling employees to submit a complaint at any time by scanning the code.

Employees are informed about the existence, purpose and use of these channels during introductory training on their first day of work.

Additional information about the complaint channels is regularly provided to employees through the internal document management system, notice boards, screens in common areas, and communication from managers to employees.

The effectiveness of the channels is assessed based on whether questions are received through them and whether they are responded to.

Although there is no separate policy on protection against retaliation, this issue is partly covered by **the Violence and Harassment Prevention Policy**, which ensures the anonymity and protection of the person making the report.

There is no formal periodic assessment within the Group to understand whether the employees know about these channels for expressing concerns or needs, or whether they trust them.

However, questions about trust and awareness of complaint channels were included in a survey of employees conducted during the DMA process. Most respondents indicated that they were aware of and trusted the complaint channels. The average trust rating was slightly higher than neutral ("neither agree, nor disagree"), and awareness was higher than "agree", indicating that the channel is known to the employees.

### S1-4 – TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

In 2025, the Group continued to apply various measures to manage material sustainability matters.

Table 30. Group actions related to its workforce.

Topic	Actions
<p><b>Safety and health</b></p>	<p>To implement employee safety and health measures, the Group has established an Employee Safety and Health Committee, which consists of occupational health specialists in employee safety and health. The committee is formed on a bilateral basis, consisting of representatives of the employer (management officials) and an equal number of elected employee representatives.</p> <p>To prevent injuries and negative physical effects, the Group regularly conducts occupational risk assessments in the workplace, organises employee instruction and training, and performs internal controls. Psychosocial risk assessment helps to prevent negative psychological effects.</p> <p>All structural units and departments of the Group have appointed employees trained in occupational safety and health issues or department employees who are responsible for the safety, health and fire safety of the department's employees. They perform: ongoing risk assessments, violation control, employee trainings and other functions to ensure employee safety and health.</p> <p>All employees are insured against accidents, thus ensuring financial protection and support in the event of an accident.</p> <p>In 2025, a wellness walk was organised for the Group's employees.</p>
<p><b>Work-life balance</b></p>	<p>Events are organised for children (children's Christmas party, Christmas project for children, Children's Day celebration).</p> <p>Various additional benefits are provided:</p> <ul style="list-style-type: none"> <li>• One-off payments for families</li> <li>• Payments for future first-year students.</li> <li>• Two medical days per year.</li> </ul>
<p><b>Training and skills development</b></p>	<p>All Group employees can improve their knowledge and skills in person or remotely through internal and external training, courses, seminars and conferences.</p> <p>Each year, the Group approves a training plan based on the Personnel Management Procedure.</p> <p>Topics of training courses and seminars attended by employees in 2025:</p> <ul style="list-style-type: none"> <li>• Training on the EU Deforestation Regulation (EUDR);</li> <li>• Latest environmental changes for industry;</li> <li>• Industrial and commercial management systems: maintenance and operation specifics, F-gas use issues and alternatives, key changes to the F-gas Regulation.</li> </ul> <p>In addition, employees of relevant positions participated in conferences on the following topics: employee safety and health, waste, energy and related newest trends.</p>
<p><b>Measures against violence and harassment in the workplace</b></p>	<p>In 2025, training on the prevention of violence and harassment was organised, which will continue in 2026.</p>

Topic	Actions
<p><b>Diversity</b></p> <p><b>Gender equality and equal pay for work of equal value</b></p> <p><b>Adequate wages</b></p>	<p>The Group organises recruitment without regard to age, gender, race or other factors of discrimination.</p> <p>A transparent remuneration system has been developed, in which remuneration is determined according to position, without distinction based on gender or other characteristics (approved remuneration categories). During the reporting period, consultations were held with external consultants on wage transparency and equal pay for women and men for equal work or work of equal value (regarding new legislation on this subject and the development of appropriate procedures within the Group).</p> <p>The distribution of men and women is monitored to ensure gender equality within the organisation.</p>

All the actions described apply to all Group employees, regardless of their position or place of work.

In order to achieve the goals, set out in the Sustainability Strategy, the Group plans to implement the following actions in 2026:

- Organise employee well-being events (health, mental health/emotional resilience, sustainability weeks/days).
- Conduct an annual employee satisfaction survey and measure the employee satisfaction index. Based on the results of the survey, develop an action plan and identify possible improvements.

During the reporting period, there was a negative impact related to working hours due to the work schedule at Šilutės Rambynas. In response to this impact, the Company has developed stable work schedules, regularly organises meetings with employees and conducts surveys on the desired workload and working hours. One of the measures is strict compliance with working hour standards to avoid employee fatigue, which can lead to errors or accidents and employee dissatisfaction.

Internal resources are currently being used to implement the measures. No significant additional financial resources are planned for 2026 to implement the measures disclosed.

The Group determines what actions to take in response to actual or potential negative impacts on its workforce based on complaints received, if any, and issues that arise.

The Group allocates various resources to manage material impacts, involving different levels of management. Senior management develops strategies related to working conditions and employee well-being, department heads are responsible for communication and employee training, and the Work Council assesses the impact of such implemented changes.

The Group applies practices and processes to ensure that its activities do not cause or contribute to material negative impacts on its own workforce, including responsible work organisation, employee engagement and grievance analysis. When addressing potential tensions between business pressures and the prevention of negative impacts, solutions are sought that do not compromise employee rights and well-being.

The main actions taken by the Group to manage the identified risks related to workforce shortages (shortage of specialists due to the specific nature of the territory and activities) are related to improving working conditions and creating attractive jobs.

To manage the identified risks associated with workforce shortages, particularly the shortage of qualified specialists and production workers due to the geographical location and specific nature of the business, the Group implements a consistent employee recruitment and retention strategy. The main areas of focus include:

- **Improving working conditions and creating attractive jobs:** The Group invests in a safe, ergonomic and modern working environment; develops a competitive remuneration package, expands the range of social benefits and strengthens an organisational culture that encourages cooperation and professional growth.
- **Attracting employees:** The Group cooperates with educational institutions and the Lithuanian Employment Services, invites employees' children (in accordance with Lithuanian law) to work during the summer, accepts interns and offers scholarships.

Administrative employees who live further away from their workplace are given the opportunity to use the Group's vehicle, which can be used by several employees to travel to work together. Production employees in certain positions are compensated for fuel costs incurred when travelling to work.

## S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

In 2025, the Group prepared its Sustainability Strategy for 2025-2030, which sets out the targets related to the management of both positive and negative impacts on employees, as disclosed in the table below. These targets apply to all Group employees.

The targets set are related to the Group's objectives set out in the Sustainability Policy: to care for the health and safety of employees, to provide opportunities for continuous professional development, and to not tolerate discrimination on the following grounds: racial and ethnic origin, skin colour, sexual orientation, gender identity, disability, age, religion, political opinion, nationality or social origin, and other forms of discrimination.

Table 31. Group objectives for 2025-2030 relating to its workforce

Target	Baseline year 2024	Result in 2025
Maintain employee turnover at no more than: <ul style="list-style-type: none"> <li>● Žemaitijos Pienas - 9%</li> <li>● Šilutės Rambyne - 5%</li> </ul> (calculations include those who left voluntarily and those dismissed at the Group's initiative. Those who reached retirement age and those who did not work for 2 months are not included).	12%	Žemaitijos Pienas - 9% Šilutės Rambynas - 23% Consolidated - 10%
0 registered work-related fatalities	0	0
<5 recorded work-related accidents	8	6
0 incidents of discrimination, including harassment	0	2

Target	Baseline year 2024	Result in 2025
Increase the average number of training hours per employee <ul style="list-style-type: none"> <li>• Žemaitijos Pienas - 7 hours for administrative employee and 4 hours for production workers</li> <li>- Šilutės Rambynas - 13 hours for all employees</li> </ul>	Žemaitijos Pienas: <ul style="list-style-type: none"> <li>• administrative employees - 5.23 hours,</li> <li>• production employees - 2.51 hours;</li> </ul> Šilutės Rambynas: <ul style="list-style-type: none"> <li>• All employees 11.45</li> </ul>	Žemaitijos Pienas: <ul style="list-style-type: none"> <li>• All employees – 4.02 hours</li> </ul> Šilutės Rambynas: <ul style="list-style-type: none"> <li>• All employees - 5.49 hours.</li> </ul>

**Note.** Methodology used to set targets: to set targets, the Group identified key areas based on material topics identified through a double materiality assessment conducted in 2025. It also relied on a sector review, assessing which topics are recommended in widely applied international standards for the Group's sector (MSCI, SASB). After identifying specific areas and topics that are important to the Group, a competitor analysis was carried out and the current situation in the Group was assessed, specifying the objectives in the selected areas. When setting its objectives, the Group considered the indicators disclosed in the ESRS standard.

Stakeholders – employees – were not specifically involved in setting specific targets for each material sustainability matter. However, employee opinions were considered when performing a double materiality assessment – an employee survey was organised to better understand employee expectations and topics of concern.

The targets listed in the table have not yet been monitored periodically, as they were only set in the reporting year. The Group anticipates that the Sustainability Group will be responsible for monitoring and implementing the plan. Monitoring will be carried out by preparing periodic progress reports.

The Group plans to expand and specify the objectives set out in the current strategy in the future.

## S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

Information about the Group's employees is presented in Tables 32, 33, 34. The number and gender distribution of employees in the Group remained stable between 2024 and 2025.

Table 32. Breakdown of the number of employees by gender in 2024-2025.

Gender	Number of employees	
	2024	2025
Male	804	803
Female	676	675
Other	-	-
No data	-	-
<b>Total</b>	<b>1,480</b>	<b>1,478</b>

**Note.** The actual total number of Group employees at the end of the reporting period (as at 31 December 2025 and 31 December 2024, respectively) is presented in the table, regardless of full-time equivalence (*headcount*). Information on the number of employees is disclosed in the Group's Management report on page 23 of the annual report (for 2024) and on page 26-28 (for 2025). The dimensions of this indicator have not been verified by an external body that is not a provider of assurance services.

Most employees in the Group are employed under permanent employment contracts. There are no temporary employees at Šilutės Rambynas. A small proportion of employees at Žemaitijos Pienas are employed under fixed-term employment contracts. This is standard practice for new production department employees before they are offered permanent employment.

Table 33. Breakdown of the number of employees by gender and type of employment contract in 2025-2024.

Category	Number of employees (by gender)				
	Female	Male	Other	Not disclosed	Total
	<b>2025</b>				
Number of employees	675	803	-	-	1,478
Number of permanent employees	616	754	-	-	1,370
Number of temporary employees	59	49	-	-	108
Number of non-guaranteed hours employees	-	-	-	-	-
	<b>2024</b>				
Number of employees	676	804	-	-	1,480
Number of permanent employees	630	755	-	-	1,385
Number of temporary employees	46	49	-	-	95
Number of non-guaranteed hours employees	-	-	-	-	-

**Note.** The actual total number of Group employees at the end of the reporting period (as at 31 December 2025 and 31 December 2024, respectively) is presented in the table, regardless of full-time equivalence (*headcount*). During the reporting period, only Žemaitijos Pienas had temporary employees. The dimensions of this indicator have not been confirmed by an external institution that is not a provider of assurance services.

The employee turnover rate remains stable. The Group's employee turnover rate increased by several per cent due to the wider use of fixed-term contracts for new production employees and an increase in the number of seasonal employees.

Table 34. Employee turnover in 2024-2025

Group	Employees who left or	Employee turnover rate*	Employees who left or	Employee turnover rate*
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company	were dismissed, number		were dismissed, number	
	2024		2025	
Žemaitijos Pienas	320	24%	374	29%
Šilutės Rambynas	46	28%	44	26%
<b>Total</b>	<b>366</b>	<b>25%</b>	<b>418</b>	<b>28%</b>

\* The employee turnover rate is calculated as follows: the number of employees who left the company voluntarily or were dismissed, retired, or died while in employment (headcount basis) divided by the total number of employees (headcount basis); the result is multiplied by 100%. The overall group indicators are calculated by dividing the total number of employees who left/were dismissed by the number of employees working on 31 December 2025. The dimensions of this indicator have not been approved by an external body that is not a provider of assurance services.

## S1-7 – CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE

In 2025, the Group did not have any non-employee workers as part of its workforce. The disclosure was determined based on the definition that non-employees are persons who have concluded service agreements with the Group's companies – self-employed persons or persons provided by companies mainly engaged in recruitment activities.

## S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

No collective agreement has been signed within the Group.

The Group has a Work Council that represents the interests of employees. The Work Council represents all employees of the Group.

Table 35. Social dialogue in 2024-2025

Social dialogue	
Coverage rate	Employees - EEA (for countries with >50 employees, representing >10% total employees)
0-19%	
20-39%	
40-59%	
60-79%	
80-100%	Lietuva (100%)

## S1-9 – DIVERSITY METRICS

The distribution of employees by gender at the senior management level in 2025 changed slightly, with men accounting for a 10% higher share.

Table 36. Distribution of employees by gender at senior management level in 2024-2025.

	Number of employees	Percentage of employees	Number of employees	Percentage of employees
	2024		2025	
<b>Male</b>	7	50	6	55
<b>Female</b>	7	50	5	45
<b>Total</b>	14	100	11	100

**Note:** The definition of senior management - top-level managers, including members of the board. The dimensions of this indicator have not been approved by an external body that is not a provider of assurance services.

The age composition of employees remains stable. The percentage decrease in the younger age group may be related to the fact that existing employees have moved to another age group. The Group is dominated by middle-aged employees (30-50 years old), who make up almost half of the total workforce. There is also a relatively large group of employees over the age of 50, which indicates that the Group has a mature and experienced workforce. A slight increase in the age of older employees can be observed. This is also influenced by the demographic situation in the region where the Group is located. As a result, the Group may face challenges in the future due to generational change and knowledge transfer.

Table 37. Distribution of employees by age group in 2024-2025.

	Number of employees	Percentage of employees	Number of employees	Percentage of employees
	2024		2025	
<b>Under 30</b>	183	12	169	12
<b>30–50 years old</b>	719	49	697	47
<b>Over 50 years old</b>	578	39	612	41
<b>Total</b>	1,480	100	1,478	100

**Note** The actual total number of Group employees at the end of the reporting period (as at 31 December 2025 and 31 December 2024, respectively) is presented in the table, regardless of full-time equivalence (*headcount*). The dimensions of this indicator have not been validated by an external body that is not a provider of assurance services.

## S1-10 – ADEQUATE WAGES

All employees of the Group are paid adequate wages in accordance with contractual obligations and applicable laws, i.e. not less than the minimum wage in Lithuania.

## S1-11 – SOCIAL PROTECTION

All Group employees are covered by social security against loss of income in the event of illness under public programmes or benefits offered by the Group. The Group complies with the requirements of the Labour Code of the Republic of Lithuania and other legal acts regarding social security for employees.

## S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS

Table 38. Percentage of employees who participated in regular performance and career development reviews in 2024–2025

Category	Percentage of employees who participated in regular performance and career development reviews, 2024–2025	
	2024	2025
<b>All employees</b>	48.01	58.69
<b>Male</b>	38.81	50.27
<b>Female</b>	59.05	68.99

**Note:** The percentage of employees who participated in regular reviews was calculated by comparing the number of employee assessment questionnaires recorded with the number of employees with permanent employment contracts, as disclosed in Table 33. The dimensions of this indicator have not been approved by an external body that is not a provider of assurance services.

Table 39. Average number of training hours per employee and by gender in 2024-2025.

Category	Average number of training hours per employee	
	2024	2025
All employees	3.65	4.19
Male	3.06	4.06
Female	4.38	4.34

**Note:** This indicator is calculated by dividing the total number of training hours offered to and completed by employees by the total number of employees in each gender category. In disclosing the average number of training hours in total and by gender, the total number of employees and the number of employees by gender, as presented in the tables under the ESRS S1-6 disclosure requirement, were used. The dimensions of this indicator have not been validated by an external body that is not a provider of assurance services.

The average number of training hours per employee increased by 12 per cent overall. In 2025, the number of training hours for women remained stable, but the number of training hours for men increased, so the distribution of training between genders was almost equal in 2025.

## S1-14 – HEALTH AND SAFETY METRICS

All employees are covered by the Group's health and safety management system, which is based on national legal requirements. Information on incidents related to the health of Group employees is presented in Table 40.

The number of accidents and their frequency rate decreased compared to 2024. In 2025, the number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health, also decreased significantly.

It should be noted that the number of working days lost does not directly correlate with the number of accidents, as it depends on the specific incident and the severity of the injuries sustained, as well as the length of the employee's recovery period.

No fatalities related to accidents at work, injuries sustained at work or ill health were recorded during the reporting period.

Table 40. Health and safety indicators for 2024–2025 .

	Group employees	
	2024	2025
The number of fatalities as a result of work-related injuries and work-related ill health	0	0
The number of recordable work-related accidents	8	6
Total number of hours worked per year by all employees	2,437,672	2,429,597
The rate of recordable work-related accidents	3.28	2.47
The number of cases of recordable work-related ill health	0	1
The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill	1,065	183

Group employees		
	2024	2025
health and fatalities from ill health		

**Note:** Due to an error, the Group recalculated the rate of recordable work-related accidents for 2024 (the total number of hours worked per year by all employees was incorrectly stated). The rate of recordable work-related accidents is calculated by dividing the number of work-related accidents by the total number of hours worked by the workforce and multiplying by 1,000,000. The dimensions of this indicator have not been validated by an external body that is not a provider of assurance services.

## S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

Table 41. Gender pay gap, per cent, 2024-2025

Year	Gender pay gap, per cent
2024	14
2025 Žemaitijos Pienas	15
2025 Šilutės rambynas	6

**Note.** Formula used to calculate the gender pay gap: (Average hourly earnings before tax of male employees – average hourly earnings before tax of female employees) / Average hourly wage of male employees before tax x 100. The dimensions of this indicator have not been approved by an external body that is not a provider of assurance services.

Table 42. Total remuneration ratio

Year	The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)
2024	3/1
2025 Žemaitijos Pienas	2.4/1
2025 Šilutės Rambynas	2.63/1

**Note.** Formula used to calculate the total remuneration ratio: Annual total remuneration for the undertaking's highest paid individual / Median employee annual total remuneration (excluding the highest – paid individual). The dimensions of this indicator have not been validated by an external body that is not a provider of assurance services.

## S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

During the reporting period, the Group recorded two incidents of discrimination, including harassment. After reviewing the situations, sanctions were imposed in one case by decision of the commission, while in the other case it was decided not to impose sanctions.

No such incidents were recorded in 2024.

No complaints were submitted through the channels available to employees to raise concerns about impacts affecting them (excluding the discrimination incidents referred to above). No such complaints were recorded in 2024.

No severe incidents related to the Group's workforce were identified in the area of human rights.

## S2 – WORKERS IN THE VALUE CHAIN

### Material impacts, risks and opportunities, and their relationship to the business model and strategy

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in ESRS Chapter 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the requirements of BP-2 17.

Table 43. Material impacts, risks and opportunities in the topic Value chain employees.

Material sub-topics	Material impacts, risks and opportunities
Working conditions; Equal treatment and equal opportunities for all; Other work-related rights	<p><b>Potential negative impacts:</b> Potential impacts on value chain workers in countries with weaker human rights protection in the workplace (West African countries, Indonesia, Malaysia).</p> <p>The identified potential impact relates to the countries of the Group's suppliers from which certain ingredients necessary for production are sourced.</p> <p>The Group is not aware of any cases of human rights violations in the value chain. Therefore, the assessment is based on general insights about the countries, based on publicly available information*.</p> <p><b>Risk:</b> Reputational damage if suppliers in the value chain are associated with human rights violations (e.g. West African countries, Indonesia, Malaysia).</p>

\*According to LABOUR RIGHTS INDEX 2024 data, national legislation in West African countries, Indonesia and Malaysia only partially protects workers' rights, including in areas such as freedom to join trade unions, collective bargaining, protection against discrimination and forced labour,

The material impact and risk are directly related to the Group's business model, as they concern certain ingredients required for production. In the Group's Sustainability Strategy, the impact and risk are directly linked to one of the four strategic directions: "We promote ethical and responsible behaviour throughout the value chain".

### Description of targets

In 2025, the Group prepared its Sustainability Strategy for 2025-2030, which sets out objectives related to the Group's supply chain. The Group does not disclose the base year, as well as the results and progress in 2025, as the metrics for achieving these objectives are yet to be measured. The Group's objectives for 2025-2030 related to value chain employees:

- Ensure that 80% of packaging and raw material suppliers meet environmental and social criteria.
- Ensure that 100% of packaging and raw material suppliers are familiar with the Responsible Business Code.

### Description of policy

The Group has several policy provisions **related to the working conditions of value chain employees**, as they enshrine compliance with human rights, labour standards and responsible business principles throughout the value chain:

- **Sustainability policy:** The Group is committed to ensuring responsible operations both within its own organisation and in its supply chain to reduce negative impacts on the environment and people, with a particular focus on sustainable practices in the supply chain.
- **AB Žemaitijos Pienas Responsible Business Code:** The Code applies to and is binding to the Company, all suppliers who supply goods, provide services or perform work for the Company, and customers who purchase the Company's products or services or otherwise cooperate with the Company (hereinafter collectively referred to as partners). The Company expects all partners to adhere to the same high standards as it does, to operate in compliance with the laws, regulations and industry standards applicable in the various jurisdictions in which they operate, including those relating to labour and employment, health and safety, and human rights. In this code, the company defines the basic principles related to human rights in the following areas: prohibition of child labour, forced labour, harassment, equal opportunities and non-discrimination, freedom of association, safe and healthy conditions, fair wages, respect for privacy.

### Description of actions and metrics

During the reporting year, the Group identified this topic as material and included it in the Sustainability Strategy, setting out objectives and actions accordingly. The Group did not take any additional actions to manage this topic.

In its Sustainability Strategy, the Group planned to take the following actions to manage the potential negative impact on value chain workers:

- Conduct a supplier analysis, identify the main risky ingredient categories (including those with potential impacts on human rights and risks to the Group).
- Conduct a certification analysis accordingly (i.e. determine which certificates would best help manage the risks associated with potential impacts on employees throughout the value chain) and implement a clear supplier certification control system.
- Prepare detailed social criteria for suppliers and apply them in procurement.

## S3 – AFFECTED COMMUNITIES

### Material impacts, risks and opportunities, and links to the business model and strategy

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in Chapter 2 of ESRS, *SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the requirements of BP-2 17.

Table 44. Material impacts, risks and opportunities in the topic Affected communities.

Material sub-topics	Material impacts, risks and opportunities
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<p>Economic, social and cultural rights of communities</p>	<p><b>Actual negative impacts:</b> Transportation and production noise experienced by residents.</p> <p>This noise can reduce the quality of life of residents, cause discomfort and negatively affect their satisfaction with their living conditions.</p> <p>The impact is more closely associated with the Šilutės Rambynas factory, which operates near residential buildings.</p>
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The material impact is directly related to the Group's business model, as it is directly linked to dairy production processes, logistics. In the Group's Sustainability Strategy, this impact is managed through one of the four strategic directions: "We ensure good working conditions and people's well-being".

### DESCRIPTION OF TARGETS AND POLICIES

The Group has not set specific quantitative time-bound targets related to reducing the impact of noise on affected communities.

However, the Group in its Sustainability Policy commits to reducing the impact of the Group's activities on communities living near the Group's premises, maintaining open dialogue, creating opportunities for communities to express their opinions, and seeking ways to involve them in decision-making.

The Group respects the human rights of affected communities, recognises their right to be heard and to participate in decisions that may affect their quality of life.

#### Description of actions and metrics

During the reporting period and in previous years, the Group took the following actions to identify, monitor and reduce the actual negative impact on communities related to noise in Šilutė:

##### 1. Identification and monitoring of noise impact

In 2025, a noise study was conducted to assess the level of noise from transportation and production activity around the Šilutė Rambynas production area and its impact on nearby residents. Noise was measured again this year to obtain updated data on the situation. The noise levels complied with legal requirements. This study is one of the main tools for objectively assessing the actual impact and planning further measures.

##### 2. Measures related to infrastructure

In August 2024, a bypass was built to divert traffic away from the most sensitive residential areas. This is one of the measures aimed at reducing transport noise resulting from the Group's activities that is experienced by local residents.

The Group has not set specific measurable targets in this area.

## S4 – CONSUMERS AND END-USERS

### Material impacts, risks and opportunities, and their relationship to the business model and strategy

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the requirements of BP-2 17.

Table 45. Material impacts, risks and opportunities in the area of consumers and end users.

Material sub-topics	Material impacts, risks and opportunities
Personal safety of consumers and/or end users	<b>Actual positive impact:</b> Healthier products that contribute to a balanced diet (e.g. organic, enriched with beneficial substances).
Health and safety	<b>Opportunity:</b> Expansion of the range by producing healthier.
Personal safety of consumers and/or end users - Health and safety	<b>Risk:</b> Incidents related to consumer data leaks and related financial impact on the Group (fines, reputation).

The Group impacts consumers and end-users through its business model, which includes the development, production and sale of dairy products. The strategy's direction "We create healthier and safer products" encompasses the Group's commitments to high-quality products and safety standards, as well as its commitment to offering healthier alternatives.

The topic of privacy is not directly related to the Group's business model, as the Group rarely has access to consumers' personal data, and most marketing activities that may involve the collection of consumer data are carried out by partners. However, these risks were identified as material during the DMA due to their potential impact on consumer trust and the organisation's reputation.

### Description of targets and policies

The Sustainability Policy sets out commitments to provide consumers with health-promoting products, consistently ensuring safety and high quality at all stages of production, from raw material supply to the end consumer.

The Sustainability Policy encompasses the Group's overall commitment to act responsibly and ethically, ensuring high product quality, transparency, integrity and respect for human rights.

Targets set out in the Sustainability Strategy:

- 0 (zero) product recalls due to safety violations.
- 0 justified complaints related to product safety or consumer health risks.
- Maintaining a steady level of production of health-promoting products with a view to increasing it.

During the reporting period, the Group met its targets – no product recalls or justified complaints were recorded. The production volume of health-promoting products also remained stable.

### **Description of actions and metrics**

During the reporting year, the Group identified this topic as material and included it in the Sustainability Strategy, setting out objectives and actions. The Group did not take any additional actions to manage this topic.

In 2025, the Group prepared the Sustainability Strategy, in which it planned to take the following actions to manage the impacts on consumers and end-users:

- Assess the current share of healthier products in the range and establish an internal definition that would help to clearly distinguish healthier products from other product groups.
- Consider collaborating with universities or other institutions to establish scientifically based criteria for healthier products (e.g. lower sugar content, higher protein content, better nutritional value).
- Prepare a plan to gradually expand the range of healthier products, for example by reducing sugar content, developing products with higher protein content, increasing the nutritional value of products, etc., while maintaining the desired taste characteristics.

The indicators and progress on this topic are described in the section Description of targets and policies.

## Governance information



## G1 BUSINESS CONDUCT

### SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities identified during the double materiality assessment (hereinafter referred to as DMA) are summarised in the table in section ESRS 2, *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*. This section provides additional information based on the disclosure requirements of SBM-3.

Table 46. Material impacts, risks and opportunities in the area of Business Conduct.

Material topics	Material impacts, risks and opportunities
Corporate culture	<b>Potential positive impact:</b> Ethical business principles are promoted through various measures and initiatives, including strategic employee sessions. Strengthening the corporate culture has a positive impact on employees by promoting greater engagement, motivation and well-being in the workplace.
Management of relationships with suppliers including payment practices	<b>Potential positive impact:</b> When selecting suppliers, not only economic but also environmental and social criteria are considered. This could reduce the negative impact of the sector on the environment and people.
Corruption and bribery	<b>Potential negative impact:</b> Incidents of corruption that could have a negative impact on employees, customers, supply chain participants, the public, etc.
Political engagement	<b>Potential negative impact:</b> Political influence that could raise the risk of conflicts of interest.
	<b>Potential positive impact:</b> Responsible participation in lobbying activities to achieve sustainable, responsible policy decisions.
	<b>Risks:</b> Violations, non-compliance with laws when participating in lobbying activities (reputational damage, fines). The Group participates in this activity indirectly – through registered lobbying organisations, contributing to the legislative process. The activity is carried out in compliance with all applicable legal requirements, and no violations of the law have been identified in the reporting period or in previous periods. Failure to comply with the law in carrying out these activities could have a negative impact on employees, customers, supply chain participants, the public and other stakeholders.
Animal welfare	<i>The Group has not identified any material impacts or risks but considers this topic to be material due to the specific nature of the sector.</i>

The Group's ethical activities, including the material impacts and risks identified in this topic, are an integral part of its strategy and business model. The Group has set out one of the directions in its Sustainability Strategy: “We promote ethical and responsible activities throughout the value chain.” The Group is committed to adhering to strict ethical

standards, fostering a corporate culture and seeking to reduce the negative impact on the environment and people throughout the value chain by assessing suppliers' practices according to environmental and social criteria.

To respond to potential negative impacts related to corruption and bribery risks, the Group follows a Corruption Prevention Policy. It also applies a Responsible Business Code, which contributes to the formation of a transparent corporate culture and the fostering of relationships with suppliers. Relationships with suppliers are managed through processes implemented by the Supply Department. In the area of political participation, to prevent potential violations, external consultants are engaged as needed, and cooperation is limited to reliable, registered lobbying organisations.

The assessment did not identify any material risks or opportunities that would currently have a material financial impact on the Group's financial position, operating results or cash flows, and no significant adjustments to the values of assets or liabilities are expected in the near future. At present, the Group has not performed a separate analysis of the resilience of its strategy and business model in this area, except for the part that was included in the DMA process.

Compared to the Sustainability Report for the previous reporting year, the Group, having updated its DMA assessment, has additionally identified the material topic of Political Engagement and revised the impacts and risks in other topics.

### G1-1 –BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

The Group relies on the documents listed in the table below to manage material business ethics matters and promote the Group's corporate culture. All these policies are valid and applicable in both Group companies.

Table 46. Policies related to Business conduct.

Policy and description	Material topics covered by the policy	Responsibility for implementation
Code of Ethics – sets out the basic principles of conduct, standards of transparency and integrity. Ethics and work culture are ensured by continuously improving working conditions and internal communication and encouraging employee engagement. Information is provided to employees as needed, as well as in reports, meetings or surveys.	Corporate culture, business ethics	Company manager
Corruption prevention policy – establishes measures and mechanisms to reduce the risk of corruption.	Corruption and bribery	Company manager
Responsible Business Code – regulates responsible business practices in pursuit of social and environmental responsibility.  The Business Code reflects the Company's commitment to operating to the highest standards and strengthening sustainable cooperation with partners by promoting lawful, professional and honest practices that encompass business ethics, respect for human rights, social and environmental goals.  The Business Code applies to and is binding to the Company, all suppliers who supply goods, provide services or perform work for the Company, and customers who purchase the Company's products or services or otherwise cooperate with the Company.	Management of relationships with suppliers including payment practices	Company manager

Policy and description	Material topics covered by the policy	Responsibility for implementation
<p>The Company expects all partners to adhere to the same high standards as it does, to operate in compliance with the laws, regulations and industry standards applicable in the various jurisdictions in which they operate, including those relating to labour and employment, health and safety, and human rights.</p>		
<p>Sustainability policy – which sets out the Group's commitments to act responsibly both within its own organisation and throughout the supply chain to reduce negative impacts on the environment and people. The policy establishes a zero-tolerance approach to corruption, responsible participation in political processes within the limits set by law, and an obligation to assess and manage the impact of suppliers on the environment and human rights. The policy also provides for employee training, risk management measures and supply chain transparency to ensure high governance standards across the Group.</p>	<p>Political engagement, corporate culture, corruption and bribery, management of relationships with suppliers including payment practices</p>	<p>Head of Corporate Affairs</p>

The implementation of these documents and measures is continuously monitored to ensure their effectiveness and compliance with the Group's values and legal requirements. All Group employees are familiarised with the relevant policies at the beginning of their employment, considering their current duties and qualifications.

Business ethics matters were discussed at strategic sessions organised by the Group, which were attended by top-level managers and department heads. No additional, separate training on this topic was organised during the reporting period.

Within the Group, the greatest risk of corruption and bribery arises in the following positions: procurement manager, finance director, sales and marketing director.

The Group has not established an animal welfare policy.

The Group consistently fosters an organisational culture based on clearly defined internal policies and the personal example set by its managers. Particular attention is paid to creating a responsible, ethical and collaborative working environment. To ensure the smooth integration of new employees, a structured induction process is in place, with each new employee being assigned a mentor for the first three months to help them familiarise themselves with the organisation's activities and working principles. This strengthens employee engagement, mutual trust and the continuity of the common organisational culture.

**Group's objectives**

The significant goals of this topic are integrated into the Sustainability Strategy and distributed according to thematic priorities. The main tasks set for the period 2026-2030, reflecting the most material risks and impacts related to corporate culture, corruption prevention, political engagement and responsible supply chain management, are as follows:

- Ensure zero confirmed cases of corruption or bribery across the Group. This objective is in line with the Group's zero tolerance policy on corruption and is assessed annually based on the recording and investigation of incidents.
- Ensure that 100% of employees and managers whose positions are associated with corruption risk participate in anti-corruption and bribery prevention training.
- Ensure that 100% of employees participate in training on business ethics and the principles of the Code of Ethics.
- Ensure that all raw material suppliers are assessed against responsible business criteria and, where applicable, comply with EUDR requirements.
- Ensure that 100% of farms are audited against criteria related to environmental protection, biodiversity, GHG management, pollution and animal welfare.
- 100% of farms with no recorded animal welfare incidents.
- 80% of packaging and raw material suppliers meeting environmental and social criteria

The targets apply to both Group companies. The targets were set during the reporting period, so progress within the Group has not yet been measured. Stakeholders were not additionally involved in setting the targets (except as described in section *SBM-2 - Stakeholder interests and opinions*).

### Reports of illegal or unethical behaviour

The Group has a Whistleblowing Procedure in place, which allows for anonymous (or identified) reporting of possible violations. All interested parties can report various issues of concern related to the Group's activities, illegal behaviour or behaviour that violates its Code of Conduct or similar internal rules in the following ways:

- During the Company's working hours, by visiting the Company in person (Sedos g. 35, Telšiai, Lithuania);
- by sending a notification by post to Sedos g. 35, 87101 Telšiai, Lithuania;
- by sending a notification to the Company's e-mail address [pranesu@zpienas.lt](mailto:pranesu@zpienas.lt) or, if the notification relates to the Company's Production and Raw Materials Procurement Department, to [gamyba@zpienas.lt](mailto:gamyba@zpienas.lt)

Information about the possibility of submitting such report is publicly available on the Group's [website](#).

The possibility to submit reports is granted to any person who is or was associated with the Group by employment or contractual relations (purchase-sale, consulting, contract, subcontract, internship, practice, etc.) or employment or other pre-contractual relations, as well as persons with self-employed status, shareholders or persons belonging to the Group's administrative, management or supervisory bodies, or any person working under the supervision and management of contractors, subcontractors and/or suppliers.

Employees may also use special physical mailboxes installed on company premises (described in more detail in section **S1-3** of this report – ***Processes for remedying negative impacts and channels through which employees can express their concerns***).

Employees are familiarised with the Group's reporting procedures during introductory training.

Persons responsible for reviewing reports are appointed for specific areas; their composition is not rotated. The group of responsible persons is approved by a decision of the CEO.

Employees are not provided with additional information about the appointment or training of persons responsible for receiving reports.

In accordance with the Law on the Protection of Whistleblowers of the Republic of Lithuania, the Company establishes a protection mechanism for persons who have provided information about violations in the Company with which they have or had contractual relations. The Group guarantees the protection of whistleblowers from retaliation by ensuring their anonymity in accordance with the applicable legislation implementing Directive (EU) 2019/1937 of the European Parliament and of the Council. The Group has an approved whistleblower protection policy and has established procedures for the prompt, independent and objective investigation of business ethics incidents, including cases of corruption and bribery.

## G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

The Group does not currently have a specific policy in place to prevent late payments, particularly to SMEs. However, the Group adheres to the principles of fair business practices and strives to ensure timely payments to its suppliers.

The Group applies a consistent supplier management strategy to reduce supply chain risks and ensure compliance with sustainability principles.

- **Supplier assessment and audit.** Risk assessment is performed before signing a contract and reviewed annually. Suppliers complete an approved Supplier Assessment form and Audit Questionnaire (during periodic audits).
- **Supplier performance improvement.** Both employees and suppliers are encouraged to continuously improve. Procurement procedure documents are regularly updated, suppliers are evaluated according to quality and other important indicators, feedback is provided, and seminars and training courses are organised.
- **Principles of responsible business.** The Group adheres to the Responsible Business Code, which covers human rights protection, environmental protection and responsible business principles. This code is publicly available on the website and is sent to suppliers when they sign a contract.
- **Supplier diversification and monitoring.** The list of suppliers is constantly updated. The Group cooperates with various suppliers, but conducts a thorough risk assessment, monitors supplier activities, performs audits and concludes clear contracts. Supply sources are also diversified.
- **Ensuring supply stability.** The Group's goal is to develop long-term relationships with suppliers and ensure the stability of the supply chain. The quality of goods received is checked through periodic audits.
- **Supplier evaluation system.** The evaluation is carried out on a 100-point scale – if a supplier scores less than 70 points, they cannot supply goods or raw materials to the Group. After the audit, conclusions and feedback are provided.
- **Specifics of milk supply.** Long-term contracts are signed with milk producers to ensure the continuity of raw material supply. The producer must give 30 days' notice of termination of the contract. Sanctions provided for in milk purchase and sale contracts also apply. Milk producers are visited regularly, and events and seminars are organised.

This strategy allows the Group to effectively manage the supply chain, ensure quality and minimise supply-related risks.

The group takes social and environmental criteria into account when selecting suppliers. Preference is given to suppliers who ensure a sustainable supply chain and meet social responsibility standards.

The Group has set out the following further actions in its Sustainability Strategy to address material matters in this area:

- Conduct an analysis of dairy farms and biological raw material categories/suppliers, identifying the main risky ingredient categories (due to potential impacts on the environment, human rights, risks to the Group).
- Conduct a certification analysis accordingly (i.e. determine which certificates the Group should require from suppliers to manage relevant risks).
- Prepare detailed environmental and social criteria for suppliers and apply them in procurement.
- Review farm audit questionnaires and, where necessary, supplement them with sustainability aspects identified during the materiality assessment (GHG emissions, risks of soil and water pollution due to farming activities, potential impact on ecosystems due to nutrient runoff from farms).

The Group intends to implement these actions in 2026. The Group does not anticipate that the implementation of the action plan will require significant operating or capital costs and therefore does not disclose any additional information in this regard.

During the reporting period, the Group prepared the Sustainability Strategy and related policies. No additional actions were taken in this area.

### G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

The Group has approved the Corruption Prevention Policy that sets out procedures to prevent, detect and respond to allegations or incidents of corruption and bribery. The policy stipulates that the Group does not tolerate any form of criminal activity or dishonesty: soliciting, accepting, giving or allowing bribes, bribing officials, participating in cartel agreements, improper accounting practices or tax evasion. A neutral approach to politics is also established, and employees are prohibited from campaigning on behalf of the Group using the Group's premises and channels. The Group gives priority to business partners who adhere to anti-corruption principles. Acceptable and unacceptable types of gifts are also specified. Employees are given the opportunity to report violations safely in accordance with the Procedure for Reporting and Investigating Violations, which provides for the protection of whistleblowers and the investigation process. Investigators or the investigation committee are separate from managers at various levels involved in the area under investigation.

Although no formal procedure has been established within the Group, the reporting of results to the administrative, management and supervisory bodies is carried out as necessary, using protocols and internal orders.

The Group ensures that its Corruption Prevention Policy is accessible and understandable to all interested parties. Employees are familiarised with the Group's policy when they start work, and this information is provided to partners in contracts.

The Group has not organised any training on combating corruption and bribery. The Group's Sustainability Strategy envisages the following actions to be taken in 2026:

- Prepare a list of positions/departments that are associated with corruption risk;
- Prepare a training programme on anti-corruption for employees in selected high-risk positions;
- Determine how the Group could organise and monitor employee training.

The Group does not anticipate that the implementation of the action plan will require significant operating or capital costs and therefore does not disclose any additional information in this regard.

During the reporting period, the Group prepared the Sustainability Strategy and related policies. No additional actions were taken in this area.

### **G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY**

In 2025, no convictions were handed down against the Group for violations of anti-corruption and bribery laws. No fines were imposed on the Group for violations of this nature. Therefore, no anti-corruption and anti-bribery measures were taken to remedy the violations.

### **G1-5 – POLITICAL INFLUENCE AND LOBBYING ACTIVITIES**

The Group does not directly engage in lobbying activities – it works with partners who are licensed to engage in lobbying activities. The representative responsible for supervising these activities is the Head of Corporate Affairs.

The Group does not make political contributions, i.e. it does not provide financial or non-monetary support (either direct or indirect) to political parties, their elected representatives or persons seeking political office.

The Group's indirect lobbying activities are mainly focused on the Lithuanian legal framework and the regulatory environment of the sector. The Group provides positions and comments on legislative amendments proposed by institutions and sector participants. In addition, the Group initiates amendments to legislation and regulatory procedures to update or improve outdated or changeable provisions. During the reporting period, activities were related to the matters concerning sugar excise duty and the regulation of Law on Milk.

Members of the Group's administrative, management and supervisory bodies did not hold similar positions in public administration during the two years prior to their appointment during the current reporting period.

### **G1-6 – PAYMENT PRACTICES**

The Group pays invoices within different periods, depending on the nature of the contract. The payment term for the main raw material, milk, is regulated by the procedure established by the Government of the Republic of Lithuania and may not exceed 30 calendar days. The Group's payment term for raw milk is 15 days. This term is strictly adhered to - 100% of such payments were made within the term.

The average payment period for other invoices (excluding raw milk) was 37.21 days in 2024 and 47.42 days in 2025.

The standard payment term for raw materials purchased by the Group (excluding raw milk) is 60 days (food ingredients: average payment term – 50 days, packaging materials: average payment term – 57 days). 52% of all payments were made in accordance with this standard term, i.e. 60 days. There are no exceptions or other conditions related to SMEs.

Currently, the Group has no pending legal proceedings regarding late payments.

When calculating the average payment period, the most important categories of invoices received during the reporting period (excluding raw milk invoices) were analysed. The methodology used is based on the sum of the days of all payments and division by the total number of invoices (excluding raw milk).

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This appendix is an integral part of the ESRS 2. The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation.

Disclosure Requirement and related datapoint	SFDR <sup>3</sup> reference	Pillar 3 <sup>4</sup> reference	Benchmark Regulation <sup>5</sup> reference	EU Climate Law <sup>6</sup> reference	Page
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<sup>3</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

<sup>4</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”) (OJ L 176, 27.6.2013, p. 1).

<sup>5</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>6</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) (OJ L 243, 9.7.2021, p. 1).

<sup>7</sup> Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

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<sup>8</sup> Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

<sup>9</sup> Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p.1.).

<sup>10</sup> Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		10
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<p>ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).</p>		<p>Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral</p>		<p>42</p>
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ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not applicable
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not applicable
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not applicable
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not applicable
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ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not applicable
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not applicable
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not applicable
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not applicable
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not applicable
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				92

<p>ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)</p>	<p>Indicator number 6 Table #3 of Annex 1</p>			<p>93</p>
<p>ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)</p>	<p>Indicator number 17 Table #3 of Annex 1</p>		<p>Delegated Regulation (EU) 2020/1816, Annex II)</p>	<p>98</p>

