

Material  
HDPE

Neck Finish  
28/18

Application  
Food Products

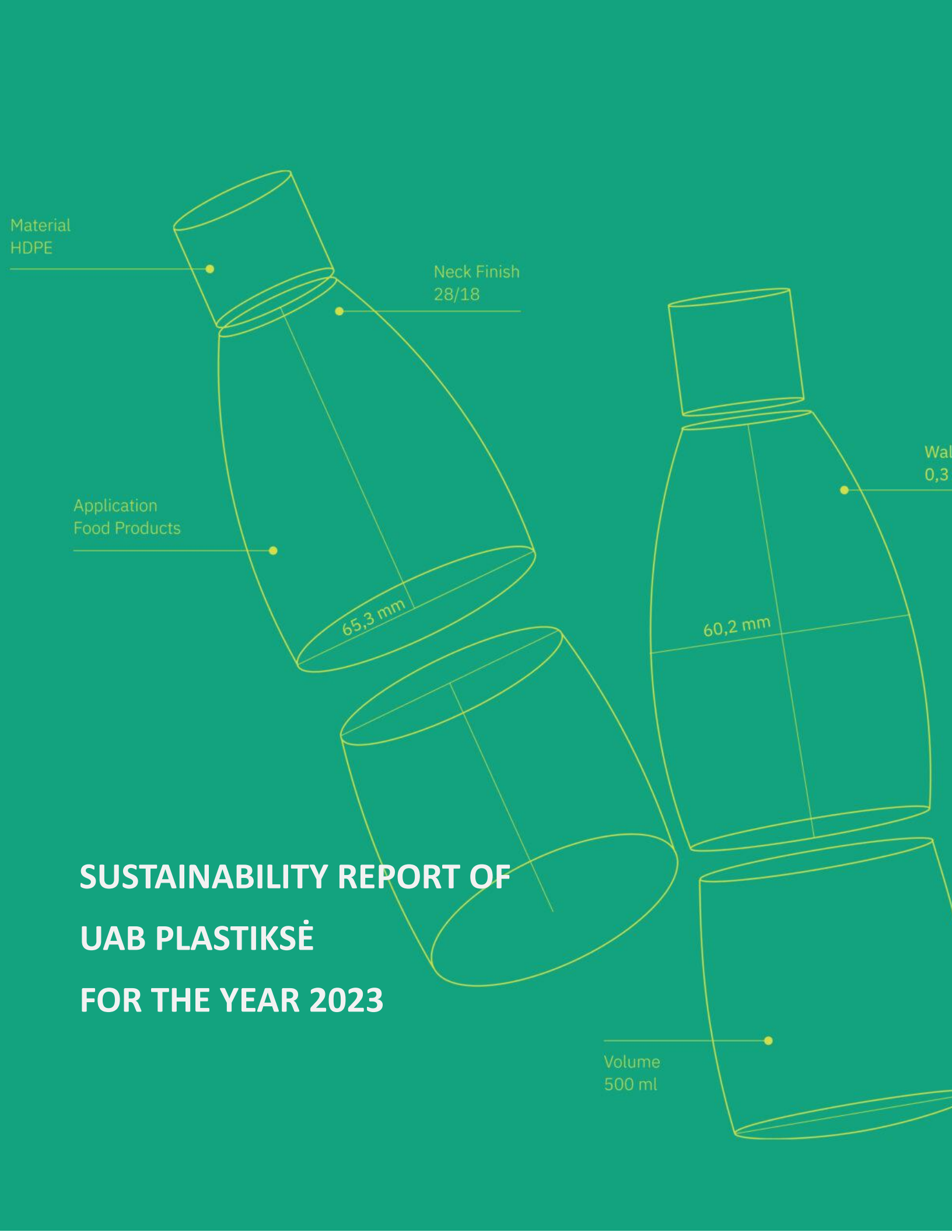
65,3 mm

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60,2 mm

# SUSTAINABILITY REPORT OF UAB PLASTIKSĖ FOR THE YEAR 2023

Volume  
500 ml



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## Overview. General Information

### About the Sustainability Report

UAB PLASTIKSĚ has reviewed its activities and has decided to apply sustainability principles in its day-to-day operations, as we believe that investing in sustainability pays off, adding value to the Company's image, the environment, its employees, suppliers, customers and the public around us.

This is our first sustainability report, through which we aim not only to show the Company's sustainability strategy and goals, but also what we are doing to achieve them. That is why we assess and report on the current situation in all environmental, social, and governance (ESG) areas. With a thorough assessment of our performance in all areas, we now have a clear picture of where we are and can draw conclusions, plan the way forward and what we need to do to become even more sustainable.

The Sustainability Report has been prepared on a voluntary basis in accordance with the Voluntary Small and Medium Enterprise European Sustainability Reporting Standard developed by the European Financial Reporting Advisory Group (EFRAG) (the draft of which was made public on 22 January 2024)<sup>1</sup>.

This Report presents annual data as at 31 December 2023 and coincides with the period presented in the financial statements. Although the companies are exempted from presenting comparative information for previous accounting periods while preparing the Sustainability Report for the first time, this exemption has been used only partially in order to be as transparent about the current situation as possible. Therefore, where possible, most of the indicators are presented together with comparable data for the previous period. We hope that by presenting and explaining the dynamics of the indicators, users of the report will get a more accurate picture of the Company's performance. All information is presented at the Company level and is not consolidated.

### Key Facts about the Company

UAB PLASTIKSĚ was founded in 2000 and has been successfully operating on the market for 23 years.

The current number of employees is 254 (186 in 2022).

Revenue amounts to EUR 21 million (EUR 17.5 million in 2022).

The balance sheet assets amount to EUR 18.7 million (EUR 16.4 million in 2022).

More detailed information on performance and ongoing activities shall be disclosed in the Company's annual reports for the year 2023.

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<sup>1</sup><https://efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FVSM%2520ED%2520January%25202024.pdf>

## Market Situation. Business Model, Vision, Mission and Strategy

The main activity of UAB PLASTIKSÉ is the production of plastic packaging – bottles, jars, tanks, caps and lids for the food, pharmaceutical, chemical and cosmetics industries. The Company produces PET and RPET (PCR) bottles in a variety of sizes, ranging from 10 ml bottles to 8 l tanks. Since 2013, the Company has been producing and supplying HDPE plastic ROPP-standard caps, and since 2016 it has been producing PP lids for jars. As part of the Company's rapid expansion of its sales and markets, in 2017 the Company was certified according to the FSSC 22000 standard. Later on, the Company also implemented the ISO 9001:2015 standard. The Company is now able to offer customers a complete package: jar, lid, printing on products and labelling according to the customer's wishes.



The Company has its own vision, mission, quality and food safety policies. The quality and food safety management system covers all the Company's activities; all production processes, products and the printing service.

### ***Our mission***

Supplying customers with high-quality, food-safe and custom-designed plastic packaging in international and domestic markets. That is why we are constantly responding to the expectations of our customers, sharing our experience and knowledge. We strive to continuously develop individual, innovative offers and complete packages for our customers.

### ***Our vision***

To become a leading producer of plastic packaging in international and domestic markets, therefore, the Company invests at least 30% of its net profit every year to achieve its goals.

### ***Our strategy***

The strategy is focused on ensuring sustainable market success through the provision of Company-specific services. This approach emphasises constant adaptation to market changes and a commitment to meeting customer needs.

## Double Materiality. Assessment of Impact Materiality and Financial Materiality

UAB PLASTIKSÉ has carried out a double materiality assessment for the end of 2023. The concept of double materiality is commonly used to highlight the importance of a company's particular activity,

decision or process to two or more different dimensions or interest groups, i.e. how the process or activity affects different interest groups, and how it affects them in the long-term. For example, a production process may have a positive impact on the local community, providing jobs and economic growth, but when assessing all impacts, risks and opportunities, it is also necessary to take into account whether or not there is a negative impact on the health of the population or on the local environment due to the emission of pollutants or the use of natural resources. The production and sales of products benefit the profitability of the Company, contributing to its long-term success and the return on its shareholders' investment, but beyond the short term, it is important to take into account the competitive environment, other suppliers, and the positive impact it has on the regional economy of the country.

The assessment of the double materiality was carried out taking into account stakeholders' expectations. In this Sustainability Report, we present all relevant and correct information identified in the assessment on the impacts, risks and opportunities for all environmental, social and governance issues that have been determined to be material from the perspective of the impact materiality, or from the perspective of the financial materiality, or from both of those perspectives.

Double materiality assessment is the process by which a company identifies material information about sustainability impacts, risks and opportunities. This is achieved through the identification of material matters, the material information that needs to be disclosed in relation to the impact that the Company has on the environment and people, and the impact that the environment is likely to have on the value of the entity, its cash flows, and its future earnings in the short, medium, and long term. The main groups of stakeholders identified are the following: company employees, financial institutions, regulatory authorities, customers, partners, suppliers. The Company conducts annual surveys of customers, suppliers and employees. The identification of key objectives and risks is based on the involvement of as many relevant parties as possible. In accordance with approved internal instructions, complaints about products are promptly responded to and, wherever possible, defective products are rectified within the shortest possible time. Nature and the environment around us are the "silent" stakeholders. Recognising our huge responsibility to mitigate climate change, we comply with current legislation and the principles of the circular economy, we do not use water in the production process, and the heat generated during the production process is used for space heating. To be a socially responsible, sustainable company, we take into account not only the interests of our profitability, but also the interests of all our stakeholders, in order to attract new employees or to further involve existing employees, to

engage with local communities, and to meet the expectations of the government and the financial institutions.

The assessment of double materiality has been carried out against the list of sustainability issues set out in ESRS 1 “General requirements” in AR 16. It should be noted that this list does not replace the process of identifying material issues for the Company and that Company-specific circumstances must always be considered. As a result thereof, the names of the material areas identified by UAB PLASTIKSÉ have been slightly modified and adapted to the Company's activities. However, all three areas of sustainability, i.e. environmental, social and governance, have been taken into account and assessed in the identification of sustainability issues relevant to the Company.

The assessment of the impact materiality took into account the Company's activities, business relationships and stakeholders. The analysis of the information led to the identification and assessment of positive and negative impacts (actual and potential, where measurable) and to the identification of issues of significance, taking into account the thresholds identified. The severity of an impact was determined by its scale (how strong the negative impact is or how positive it is in terms of benefits for people and the environment), its scope, i.e. how widespread the impact is, and its irremediability (whether the negative impact can be remedied). The assessment of the impact materiality followed the assessment principles set out in the European Sustainability Standards – any of the three attributes (scale, scope, or irremediability) could lead to a severe negative impact, but for the assessment of potential negative impacts on human rights, the severity of the impact took precedence over the likelihood. In assessing the impact materiality, the management used assumptions, business plans, actual performance and external publicly available information.

The assessment of financial materiality considered how impacts and dependencies are sources of risks and opportunities, i.e. how the Company's business model depends on changes in the quality, availability and pricing of natural resources. It also took into account whether the adverse effects could lead to certain negative financial consequences for the Company's operations under the applicable legal framework (e.g. increased reputational risk, including potential fines, chances of cancellation of contracts and/or non-receipt of orders, branding risk, or increased recruitment or employee costs), and for the Company's relationships with its business partners. The starting point for financial materiality is the number of risks or opportunities that affect, or are reasonably likely to affect, the financial position, performance, cash flows, access to finance or cost of capital in the short, medium and long term. The assessment of financial materiality considered whether there is a dependence on natural and social resources (as a source of

financial impact), and assessed the risks and opportunities that affect the future expected changes in cash flows. Once all potential risks and opportunities have been identified, an assessment has been made as to which of them are material for reporting purposes. The assessment was carried out on the basis of a combination of two elements: the likelihood of occurrence and the scale of the financial impact, by setting thresholds and taking into account how these risks and opportunities contribute to the financial impact in the short, medium and long term. The assessment of financial materiality was based on management's assumptions about forecasts/scenarios and potential financial effects that are not currently recognised as assets and/or liabilities in the financial statements, but have, or are expected to have in the future, a material effect on the financial performance.

The key areas of materiality identified are presented with a brief description of each area, how it affects the environment and people, the actual and potential impact on the Company's current and future financial position and performance, as well as its strategy):

1. **Rights, health and safety of the employees.** Skilled employees are the Company's greatest potential, ensuring the continuity of all production processes. Investing in a comfortable and safe working environment for employees ensures that the actual and potential impact on the Company's current and future financial position and performance is optimally managed.
2. **Product quality and safety.** In the view of the Company's management, this area of sustainability is one of the most important in the Company's performance in all three sustainability areas. The Company's management makes every effort to ensure that the raw materials used in the production process meet the requirements, that the product produced is safe for the consumer, that packaging is easy to recycle, and that the people working in the production facilities are trained, qualified and safe. The Company's management is constantly looking for solutions to contribute to climate change mitigation, educating its business partners on possible alternatives to reduce environmental damage by applying innovative circular economy processes.
3. **Biodiversity.** Although the production of plastic packaging may not seem to be directly linked to biodiversity, as part of our commitment to sustainability, we have a responsibility to ensure that our plastic production activities do not damage biodiversity and the balance of nature. In the future, we will take biodiversity into account in our research and development of new products, which could include the use of renewable raw materials in the production of plastics or recycling operations. We understand that many species can be linked to the destruction and recycling of materials, making conservation and protection an important part of sustainability.

4. **Plastic packaging, waste and pollution.** Given the environmental impact of plastics, i.e. their long degradation time in nature, decisions have been taken to improve the recycling of packaging and waste and reduce the impact of pollution. Innovative solutions are foreseen in the longer term, taking into account stricter legislative requirements for recycling plastic packaging and reducing waste and pollution.
5. **Circular economy.** The plastic production process can use large amounts of energy and other resources, but by applying circular economy principles, it is possible to reduce energy and resource use throughout the entire plastic life cycle, from production to recycling. We understand that the transition to a circular economy in plastics production will require investments and changes in the Company's operations. The Company already uses 100% recycled plastic to produce RPET packaging. In the future, by applying the principles of the circular economy and recycling low-quality production ourselves, we believe that we will continue to increase the attractiveness of our products to consumers in the long term, thereby securing future cash flows and reducing our environmental impact.
6. **Risk management.** Helps identify, assess and address potential threats and events that could affect our operations, projects or objectives. Proper implementation of risk management processes and procedures helps to avoid the unexpected and ensure the long-term success and sustainability of the Company. In addition, effective risk management can mitigate external threats such as geopolitical risks, natural disasters or internal risks (process failures, fraudulent behaviour of employees), rationalise the allocation of resources, increase investor/customer confidence, and ensure compliance with the legislation applicable to the activities carried out, thus avoiding fines or other legal consequences.
7. **Business ethics (including prevention of corruption and bribery).** This is the basis for long-term success and the well-being of the environment and the public. This also promotes long-term value creation for the Company, taking into account the needs of the public's well-being and environmental sustainability, promoting honesty and transparency, environmental and social responsibilities, reducing legal and conflict risks, and increasing consumer and employee loyalty.
8. **Responsible marketing** is an important communication tool with customers and the public to promote sustainability by raising consumer awareness, encouraging the choice of environmentally friendly labelled products, drawing attention to innovation and thus increasing market competitiveness.



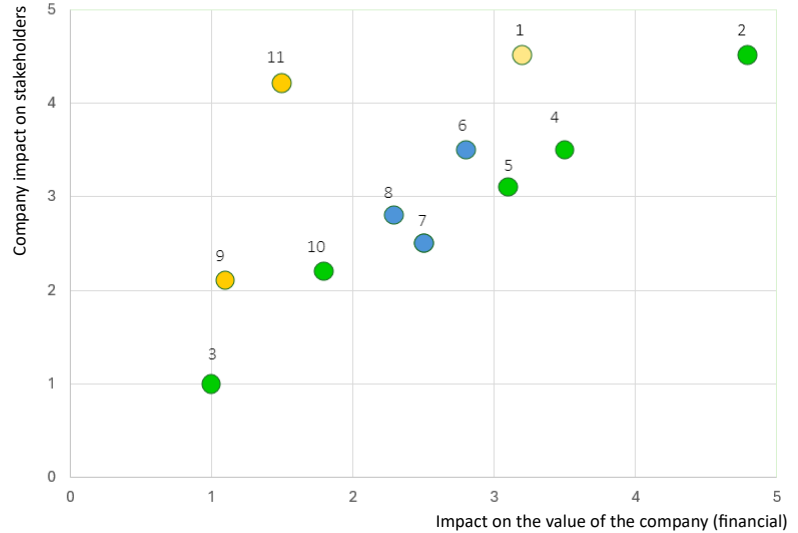
9. **Affected communities.** In our case, this may include local residents, environmental organisations, local businesses, public authorities and other stakeholders. Involving all these stakeholders is crucial for sustainability. We try to take into account the needs and opinions of local residents when making decisions. We also try to establish constructive dialogues and cooperation with the communities concerned for mutual benefit, providing information on Company activities and projects. This usually includes project partnerships, programme funding, support for local community projects, etc.
10. **Management of electricity consumption.** Plastic production can be a very energy-intensive activity. Energy efficiency measures and technologies aim to efficiently reduce electricity consumption, not only reducing production costs but also GHG emissions and environmental impacts. Responsible management of electricity consumption enhances the Company's reputation and attractiveness, which is why we consider effective management of electricity consumption to be an important factor in the sustainability of our operations.
11. **Employee training and inclusion.** This is one of the key sustainability factors that may help the Company achieve its goals. In addition to improving employees' skills and abilities, training can be useful for improving employees' sustainability knowledge and understanding of sustainability principles, strategy development and practices. Employees not only become more involved in the successful achievement of the Company's sustainable goals, but also become conscious and active (and thus loyal) participants.

The material sustainability areas identified in the double materiality assessment, where the Company has the greatest impact on the environment and people, and the impact (financial materiality) on the Company's value, cash flow and cost of capital are shown in a double materiality matrix.



### Double materiality

- 1 – Rights, health and safety of the employees
- 2 – Product quality and safety
- 3 – Biodiversity
- 4 – Plastic packaging, waste and pollution
- 5 – Circular economy
- 6 – Risk management
- 7 – Business ethics (including prevention of corruption and bribery)
- 8 – Responsible marketing
- 9 – Affected communities
- 10 – Management of electricity consumption
- 11 – Employee training and inclusion



### Governance of Material Areas

The Company shall disclose how it governs material areas in this Sustainability Report:

1. In order to ensure **the safety and quality of the product**, the Company is certified under the ISO 9001 and FSSC 22000 certification schemes. Under these schemes, a large amount of documentation is included, such as descriptions of all processes, quality control plans, procedures, quality and food safety policies, HACCP analysis, etc. These schemes are continuously updated and improved. The Company actively participates in various exhibitions, conducts customer audits, and takes preventive action to ensure that we meet all customer expectations. In 2023, Odoo Enterprise Resource Planning (ERP) was implemented in the Company, which includes a unified system from raw material procurement, ordering, resource management, production, sales, and, most importantly, a fast-tracking process.
2. **Rights, health and safety of the employees.** Since 2023, the Company has focused a lot of attention and action on developing new procedures, policies and updating existing ones. Equal opportunities and violence prevention procedures have been developed and implemented, while the payroll system has been updated. All wages in the Company comply with national laws, as set out in Directive (EU) 2022/2041 of the European Parliament and of the Council. The Company also actively employs Ukrainian refugees. The personnel analysis also reveals that the Company has an even gender split in management positions (50/50).

Over the last two years, the Company has renovated its administrative and production facilities, creating more ergonomic and spacious workplaces. Changing rooms with sanitary facilities have been enlarged in the production area. The redevelopment of the new workplace premises is ongoing.

3. **Biodiversity.** The Company manages its discharges to the environment responsibly, with wastewater treatment plants sampled and periodically tested in accredited laboratories. Microbiological contamination is also analysed in the production environment at least once a year.
4. **Plastic packaging, waste and pollution.** The Company feels a responsibility to the “silent” stakeholder, therefore internal rules have been developed to manage low-quality products and packaging during production, a dedicated sorting area has been set up, and employees are continuously educated. The sorted waste is distributed to approved waste managers.
5. **Circular economy.** This area is managed by keeping up to date with current legislation in Lithuania and the EU and by updating internal documents. The packaging produced is labelled with the statutory markings to make it easily identifiable by material (type of plastic). Customers, employees and members of the local community are continuously educated about PET, PP, and HDPE packaging sorting and reuse. Discussions are held with customers on optimising RPET volumes (using no more than 50% RPET in packaging) and giving preference to transparent packaging. Investments are being made in the production of lighter-weight packaging and the necessary upgrading of technological parameters. The Company has invested in the production of an innovative RPET raw material, and the production technology has been described and submitted to EFSA (European Food Safety Authority). The Company is currently awaiting approval to start producing food-approved RPET. As a producer of packaging, the Company regularly declares the quantities of all types of packaging in GPAIS (Product, Packaging and Waste Accounting Information System). Data on quantities supplied (quantities sold in Lithuania) in tonnes from GPAIS.

| Type of packaging                             | 2022 | 2023 |
|---|------|------|
| Plastic secondary (tertiary) packaging (bags) | 17.0 | 15.2 |
| Paper (cardboard) secondary (tertiary)        | 18.7 | 19.5 |

The Company sorts the waste generated during production, low-quality secondary packaging, according to approved internal rules and in special areas. The quantities collected are recorded in the

Odoo system. The sorted waste is distributed to waste managers. The quantities that have been transferred to waste managers are provided below.

| Name of the waste                                      | Transferred to waste manager, t |
|--|---------------------------------|
|  | 2023                            |
| Paper and cardboard packaging                          | 25.4                            |
| Other plastic packaging                                | 9.4                             |
| Plastics (films) (carry-over quantities for two years) | 39.4                            |

9. **Affected communities.** Over the past year, the Company has carried out employee and customer surveys based on validated questionnaires. More than EUR 20,000 has been allocated for grants. Children were given an educational tour by the Company's administrative employees on packaging production, quality inspection and sorting. The Company's team, together with other Vievis communities, took part in a canoe race (Vievis Dragon Boat Festival 2023), and at the same time the Company supported the event.

10. **Management of electricity consumption.** In the last 8 years, the Company has actively participated in LVPA (Innovation Agency) projects, upgraded equipment and automated packaging lines. UAB PLASTIKSĖ has benefited from the Innovation Agency's measure "Lithuanian Industry Digitisation" and has purchased modern equipment to automate production processes and make the Company's operations even more sustainable.

11. **Employee training and inclusion.** Training plans have been developed annually at the Company since 2017, when the Company was certified to the FSSC standard. Subsequently, following the updates of ISO 9001 and FSSC 22000, the Company described a procedure for a food safety culture. In 2023, managers participated in training provided by UAB Vadovavimas. It related to their job functions and received occupational safety certificates. The second half of the year, managers were actively involved in external training in the field of sustainability. A total of 180 hours of training was provided to employees in different areas during 2023. Key external trainings are presented at periodic meetings of the food safety group.

The competency assessment for the year is carried out in the following departments according to approved methodologies: production, warehouse and laboratory.

All employees are given the same conditions and opportunities for promotion, depending on their competences and performance. Career progression is encouraged, resulting in a number of transitions in 2023.

We are pleased to announce that, for the first time, the company held a Christmas party for all its employees at the end of the year. The theme of the evening was “Casino Fever”, which involved the employees of all departments through various activities. Christmas presents are also given annually to the Company's employees and their children.

**Planned changes and the objectives the Company is pursuing:**

UAB PLASTIKSÉ aims to develop an even more sustainable and environmentally friendly business, therefore we have set ourselves short-term (1 year), medium-term (1-5 years) and long-term (more than 5 years) goals that we believe will not only increase the Company's transparency and accountability, and promote operational efficiency, but will also benefit the environment and all stakeholders.

| 1 year period for the year 2024 |   |
|---------------------------------|---|
| 1.                              | Certification of RPET packaging in accordance with EN 15343:2007/RecyClass.   |
| 2.                              | Ecovadis certification.   |
| 3.                              | Continuous improvement of ISO 9001 and FSSC 22000 systems: <ul style="list-style-type: none"> <li>a. Introduction of quality inspectors or alternative posts on shifts.</li> <li>b. Introduction of new measuring machines.</li> <li>c. Regular meetings of the food safety group.</li> </ul> |
| 4.                              | Participation in international exhibitions.   |
| 5.                              | Increasing of profits (5-10%) and introduction of new product designs.  |
| 1 year period for the year 2024 |   |
| 6.                              | Replacement of equipment with more efficient ones (energy-efficient).   |
| 7.                              | Production of RPET, launch of European Food Safety Authority (EFSA) approved technology: <ul style="list-style-type: none"> <li>a. Process certification in RecyClass.</li> <li>b. Quality control during production (from raw material control to the final product).</li> </ul>             |
| 8.                              | Completion of warehouse construction (6,000 sq. m).   |
| 9.                              | Ongoing training of employees in accordance with an internal annual plan, with a minimum of 16 hours of training per employee per year.   |
| 10.                             | LEAN consultancy.   |
| 11.                             | Improvement of infrastructure with the following measures: <ul style="list-style-type: none"> <li>a. Certified new treatment plants, 3x600 m<sup>3</sup>.</li> <li>b. Lunch break for employees.</li> </ul>   |

|  |  |
|--|--|
|  | c. Cybersecurity.  |
| 12.                                      | Updating of the Company's organisational structure.  |
| 13.                                      | More effective stakeholder surveys: suppliers, customers, employees.   |
| 14.                                      | Joining of international associations of PET product manufacturers and RPET raw material producers.  |
| <b>Long-term goals for up to 5 years</b> |  |
| 1.                                       | Talent attraction (attraction of competent people to leadership positions).  |
| 2.                                       | Change of the governance structure and formation of a new governing body, the Management Board.  |
| 3.                                       | Implementation of LEAN.  |
| 4.                                       | Service development for existing customers and prospective customers: <ul style="list-style-type: none"> <li>- Packaging of the product according to the customer's request;</li> <li>- Offering of different types of labels or alternatives to customers;</li> <li>- Creation of new designs – design work;</li> <li>- Multi-product bundling.</li> </ul>            |
| 5.                                       | Sales growth + 15% (annual growth), market expansion (expansion of product categories).  |
| 6.                                       | Creation of a new product research and development department (searching for new production technologies, recipes).  |
| 7.                                       | Education initiatives: <ul style="list-style-type: none"> <li>- Collaboration with academic institutions to set up training programmes specific to the skills shortage of our organisation.</li> </ul>   |
| <b>Long-term goals for up to 5 years</b> |  |
| 8.                                       | The Company commits to allocate at least 50% of its net profit each year to: <ul style="list-style-type: none"> <li>- Improving quality and food safety management systems;</li> <li>- Equipment renewal and maintenance;</li> <li>- Improving infrastructure;</li> <li>- Improving internal communication;</li> <li>- Responding to customer expectations.</li> </ul> |
| 9.                                       | To aim for at least 20% of the Company's electricity needs to come from its own renewable power plants.  |
| 10.                                      | To reduce the amount of defects to 1% of production even as production grows (2023 defects are estimated at 1.5% to 2.0% of total production per year).  |

|   |   |
|---|---|
| 11.                                       | To reduce the number of accidents at work to 0.   |
| 12.                                       | To open small new factories in response to customer needs and markets according to product import requirements. This will reduce transport costs and GHG emissions. |
| <b>Over a period of more than 5 years</b> |   |
| 1.  | To become the leading producer of plastic packaging in the EU.  |

## Responsibility for Meeting Sustainability Targets

The Company does not have a Supervisory Board or a Management Board. The sole governing body of UAB PLASTIKSÉ is the Company's General Manager, who, together with the heads of the Company's divisions, is responsible for defining and monitoring the Company's sustainability goals on an ongoing basis. In 2024, we plan to update the Company's internal policies and procedures to bring them fully in line with sustainable business objectives, and to this end, the specific limits of responsibility and control of employees will be reviewed once again.

## Environmental Information

### GHG Emissions Calculations

For the first time, UAB PLASTIKSÉ has decided to take advantage of the exemption from the voluntary European Sustainability Reporting Standards for Small and Medium-Sized Enterprises (SMEs) and has calculated only Scope 1 and Scope 2 emissions, and has compared them with the previous reporting period 2022.

Definition of the organisational boundary (operational boundary) is an essential step in the Company's GHG accounting. This step determines which operations are included in the Company's organisational boundary and how the reporting Company consolidates the emissions from each operation, as detailed in the GHG Protocol Corporate Standard and ISO 14064-1:2018. As part of our financial accounting approach, we have chosen the activity-based control method for our emissions inventory, which allows us to account for all the GHG emissions that the Company controls. The source of direct emissions data is invoices or the Company's internal accounting system. The carbon footprint expressed in CO<sub>2</sub> equivalent (t CO<sub>2</sub>e.) is obtained by multiplying the activity data by the verified emission factors.

Scope 1 emissions are GHG emissions directly from sources owned or controlled by the Company. Greenhouse gases are emitted by all fuel-burning vehicles owned or leased by the Company. Typically, this

includes cars powered by petrol or diesel engines and stationary combustion fuels. The quantities of fuel consumed by the Company (primary data) were obtained from the internal accounting system. Fuel consumption data is collected in litres. For the calculation of GHGs, we used the conversion factors provided by the Department for Environment, Food & Rural Affairs (DEFRA). Scope 2 GHG emissions are indirect – from the production of purchased electricity, steam, heat or cooling consumed by the Company. UAB PLASTIKSĒ uses only green electricity in its operations (supporting certificates from UAB Enefit). Green energy comes from clean, sustainable and renewable energy sources, without emitting greenhouse gases or polluting the environment. The lighting, operation and heating of the facilities leave no CO<sub>2</sub> footprint, resulting in zero CO<sub>2</sub> emissions at Scope 2. It should be noted that the decisions already taken by the management to heat the premises with electricity and to purchase all the electricity used exclusively from renewable energy sources have already led to a significant reduction in the Scope 2 GHG emissions. Without this decision, Scope 2 emissions would have amounted to 1,091 t CO<sub>2</sub>e in 2022 and 1,646 t CO<sub>2</sub>e in 2023. We have calculated these emissions using the emission factors provided by LTD Carbon Footprint, which are used to calculate GHG emissions from electricity use. The Company aims to develop an energy-sustainable and environmentally friendly business, which is why it is also a green energy producer. Since 2022, we have been generating renewable solar energy (615 kW of solar power plants) and using it in our own operations (supporting certificates from UAB Eternia Solar LT). In 2024, we will further increase the amount of solar energy we produce by installing additional plants on the roof of a new warehouse under construction.





Scope 1 emissions in tonnes of CO<sub>2</sub>e:

|                                   | 2022 | 2023 | Change, percent |
|-----------------------------------|------|------|-----------------|
| Vehicles                          | 85   | 101  | +18.82          |
| Buildings                         | -    | -    | -               |
| Total CO <sub>2</sub> e in tonnes | 85   | 101  | +18.82          |

### Reasons for Change

As the business grew and the organisation's activities expanded, the number of employees and the number of cars owned increased, resulting in an overall increase in Scope 1 CO<sub>2</sub> emissions, but a 37% reduction in CO<sub>2</sub>e per employee compared to the previous year.

### Water Consumption

We do not use water in the production of our products. Nevertheless, clean and high-quality water is essential for business operations. The Company is supplied with water from a local borehole, which is legalised and operated in accordance with current legislation. Annual reports on water use are submitted

to the Environmental Protection Agency. Given the Company's operations, hand hygiene is a priority to prevent microbiological contamination of the products. Therefore, water quality is checked at least once a year by independent, accredited laboratories in order to ensure that the water's microbiological and chemical parameters meet hygiene standards. The Company also has a special filtration system to ensure that employees have quality drinking water (cold, sparkling and hot). As the number of employees grows, so does water consumption – in 2023, our water consumption increased by 25% compared to the 2022 reporting period.

| Water consumption     | 2022  | 2023  |
|-----------------------|-------|-------|
| Total, m <sup>3</sup> | 1,166 | 1,460 |
| m3/employee           | 1.87  | 1.85  |

### Water treatment equipment

The Company maintains water treatment equipment for managing water quality. The equipment is subject to periodic maintenance. Pollutants discharged by pollution sources into the natural environment in surface water are monitored continuously. The designated responsible person takes samples for testing on a regular basis, according to a set schedule. Samples are tested in accredited laboratories. No deviations from the accepted norms have yet been recorded in the Company.

### Responsible Consumption. Resources Used. Circular Economy and Waste Management

Our main target is to operate sustainably, eliminating, recycling or avoiding waste and pollution. This can be achieved not only by improving processes in the Company's operations, but also by taking into account the proper use, reuse, reparability, dismantling and remanufacturing aspects. We are working to educate our customers and communities about product reuse, the colourfulness of PER/RPET packaging, the importance of choosing transparent PET/RPET packaging as a priority, and the importance of collecting HDPE, PP and PET packaging. We aim to inform the public about why PET packaging needs to be collected, how it is recycled and how it can be recycled again and used to produce other packaging. We also offer our customers alternatives to labels, such as printing on the bottle, which improves the quality of the recycled PET bottle. This is a great solution in the circular economy, allowing PET bottles to be returned for recycling.

All the Company's activities are based on responsible consumption, with the aim of restoring nature's essential ecological functions, which are being lost due to irresponsible human activities.

At UAB PLASTIKSĒ, we try to choose our suppliers responsibly. We have a quality management system in place and an approved responsible sourcing process intended to guide our purchases of certified goods and services. The Company uses sustainable, certified products in its internal processes. First of all, the Company only purchases certified green electricity. There are also two solar power plants on the roofs of the Company's buildings, with a capacity of 400 kWh and 215 kWh, generating 558 kWh of electricity per year for internal use. By installing two solar power plants that produced electricity, we saved 260 tonnes of CO<sub>2</sub>e in 2023. The data provided has been calculated in the Fronius Solar. Web application developed by Fronius International GmbH using an emission factor of 0.47 kg CO<sub>2</sub>e/unit.

The Company is also investing in the development of its hybrid fleet, with two certified charging stations for electric vehicles. In 2022, we had 4 more sustainable vehicles, in 2023 we had 9, and in 2024 we plan to add 3 more sustainable vehicles to our fleet.

The equipment used in the production and quality control of the products is certified and regularly monitored. Laboratory equipment has monitoring and inspection plans as well as associated records. Raw materials used in the production of products are purchased according to pre-agreed and approved criteria and only from approved suppliers. Raw materials have their own database of documentation and certificates, RPET raw materials have additional documentation, and only recycled plastic raw materials approved by the European Food Safety Authority (EFSA) are used. Production workers are educated on sorting defective products, secondary and tertiary packaging. The Company has sorting rules in place, as the sorting is based on chemical composition (colour) to ensure the cyclical recyclability of plastics. Correctly sorted waste is only handed over to entities approved by the Register of Waste Managers.

The Company has all the conditions in place for sorting waste, including batteries, electronics and deposit packaging. Although we do not currently recycle any plastic waste ourselves, we are planning to do so and are awaiting for the EFSA's confirmation on the feasibility of generating RPET raw materials in-house.

The Company is committed to the health and safety of its employees. Therefore, our employees are only provided with certified CE-marked personal protective equipment. The Company also issues labelled and easily traceable workwear to production and warehouse workers, whose supplier, UAB Elis textile service, is certified with quality and environmental certificates (ISO 9001, ISO 14001). We see this as a strength of the Company, as the enterprise that provides the workwear care service ensures that the laundry detergents used to care for the clothes and the cleaning (or laundering) process itself are safe for workers and the environment.

While overall energy consumption has increased due to the expansion of production, increase in the number of manufacturing equipment and employees, compared to the previous reporting period, we are making every effort to use electricity as efficiently as possible. We believe that the introduction of energy-saving measures (LED bulbs, upgraded lighting system, replacement of electric heaters with energy-efficient air conditioners) has led to savings in electricity consumption per unit of income earned.

More preventive measures are planned for the future as business growth stabilises, but currently the Company does not use any fossil fuels to heat its buildings. The production facilities are heated in winter by the manufacturing equipment, while the administrative offices are heated by electricity. In other personnel rooms, unsustainable heating appliances have been replaced with energy-efficient ones.

## Social Information

### General Information on Employees

The Company ensures all the basic principles of human rights in accordance with the legislation of the Republic of Lithuania. We want our employees to feel safe and free from discrimination. There is no forced or child labour in the Company's activities. This is ensured by the Company's policies on Employee Psychological Safety and Employee Equality. The vast majority (92%) of employees work on standard open-ended contracts.

Distribution of employees by type of employment contract:

| Number of employees             | 2022 | 2023 | Change, percent |
|---------------------------------|------|------|-----------------|
| Fixed-term employment contracts | 0    | 7    | 100             |
| Permanent employment contracts  | 186  | 247  | 32.8            |
| Total                           | 186  | 254  | 36.6            |

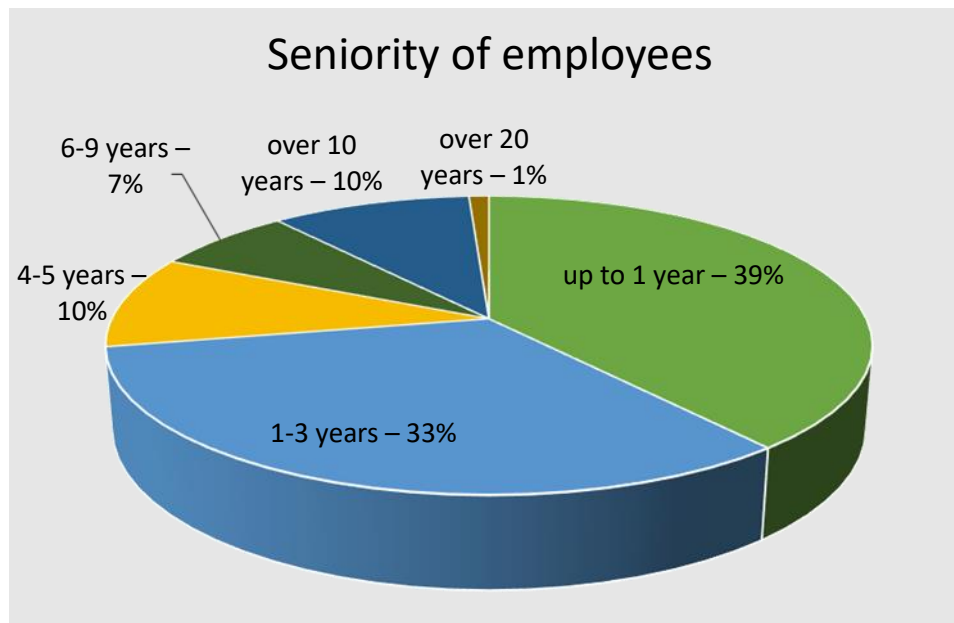
In the summer of 2023, a summer project for the youth aged 18 and over has been created due to increased production volumes. The youth were employed on fixed-term contracts for the summer period. The youth worked in the production department, assembling our gasketed caps according to customer requirements. The interest was higher than the number of temporary jobs created. The project was successful because we reduced the delivery time of the gasketed caps to the customer.

At the end of 2023, the number of employees was 254 (compared to 186 in 2022). Throughout 2023, UAB PLASTIKSĖ has been a fast-growing organisation in terms of number of employees. This was mainly

due to an increase in the number of production facilities, an increase in the number of customers and their needs, and an increase in sales. This has led to the need to increase the number of jobs. Between 2022 and 2023, the number of employees increased by 27%.

In 2023, UAB PLASTIKSĚ had a total of 254 employees, of which 61% were female and 39% were male. In 2022, the total number of employees was 186, of which 39% were male and 61% were female. Although the number of employees grew, the gender distribution remained the same in 2022 and 2023.

In 2023, UAB PLASTIKSĚ employed workers of different generations. The average age of employees is 44 years (43 in the case of female employees and 44 in the case of male employees). The youngest employee was 18 years old and the oldest was 79 years old. Employees of different ages have different interests and the Company does not discriminate on the basis of gender, age, political or religious views, nor does it violate fundamental human rights. More diversity in the age range of employees in an organisation is beneficial, as employees of different ages have different interests and point of view.



Employee turnover: a total of 330 employees were recruited in 2023, of whom 254 remain. 23% of the employees left in the first year of employment. In 2023, the following factors influenced employee turnover: the nature of the job (younger candidates “tried out” positions), working hours (not all recruited employees appreciated the physical demands of shift/night work), remuneration, incentive bonuses, and the opportunity to earn a higher salary. Upon quitting, such employees cited insufficient remuneration as the main reason for turnover. The Company's management has taken these considerations into account and, in order to ensure the continuity of the Company's operations and to reduce the number of

disgruntled employees, has revised the remuneration levels paid to employees in line with their job functions.

### Gender Equality and Diversity. Remuneration Policy

The table below shows the gender breakdown of employees.

| Number of employees | 2022 | 2023 | Percentage change, % |
|---------------------|------|------|----------------------|
| Male                | 73   | 98   | 34.3                 |
| Female              | 113  | 156  | 38.1                 |
| Total               | 186  | 254  | 36.6                 |

Employees are paid according to the specific nature of their work, the time they work and the responsibilities they take on, and without regard to their gender, beliefs, religion, etc. Due to the nature of the Company's activities, women predominate among employees, although we do not discriminate in recruitment and selection and job offers are the same for both men and women, providing all of them with the same rights. In the production department, female candidates are more interested in the position of a packer compared to male candidates. It is this dominant position that has the largest number of employees in 2023, i.e. 119, representing 53% of all existing positions in the Company.

Employees are paid the same remuneration regardless of their gender and for performing the same job in the same position. This is ensured by the company's Equal Opportunities Policy and its implementation procedures, and fair remuneration is ensured by the Company's Remuneration Scheme. In 2023, the number of male and female managers was the same, accounting for 50% of managers (8 male and 8 female). In 2022, there were 12 managers (7 male and 5 female).

| Median pay ratios for male and female employees | 2022 for 1 employee per 1 month, EUR, gross | 2023 for 1 employee per 1 month, EUR, gross | Percentage change |
|---|---|---|-------------------|
| Executives (excluding General Manager)*         | 3221.97                                     | 3351.81                                     | 4.03              |
| Specialists                                     | 1796.49                                     | 2009.99                                     | 11.88             |
| Workers   | 1087.5                                      | 1492.96                                     | 37                |

\*The remuneration of the General Manager remains unchanged compared to 2022.

Employees are provided with statutory leave (including maternity, paternity, parental and educational leave) in accordance with their personal and family circumstances. Annual leave was granted to 83.5% of

employees in 2023. The table below shows the number of employees who were entitled to and/or took such leave in 2022 and 2023.

In the year 2022

| Employees by gender | Number of employees entitled to take leave in 2022 | Number of employees who took leave in 2022, % |
|---------------------|--|---|
| Male                | 73   | 91.8  |
| Female              | 113  | 88.5  |
| Total               | 186  | 90% of all employees have taken leave in 2022 |

In the year 2023

| Employees by gender | Number of employees entitled to take leave in 2023 | Number of employees who took leave in 2023, %    |
|---------------------|--|--|
| Male                | 98   | 79.6   |
| Female              | 156  | 85.9   |
| Total               | 254  | 83,5% of all employees have taken leave in 2023. |

Comparing 2022 with 2023, the change by gender in the number of employees who had and exercised the right to leave was 12% fewer for male employees and 3% fewer for female employees (representing 5% of employees overall). This change is due to an increase in the number and turnover of employees.

Employees are provided with statutory leave (including maternity, paternity, parental and educational leave) in accordance with their personal and family circumstances. We are not yet able to provide precise information on the percentage of employees who were granted family-related leave in 2023. From 2024 onwards, we plan to account for this information and present it in another report.

### Employee Health and Safety

We comply with all the laws of the Republic of Lithuania that ensure the safety and health of employees.

In 2023, UAB PLASTIKSĖ had 5 occupational accidents on the way to/from work, one of which was a serious occupational accident, which was fully investigated. Following this accident, preventive measures and obligations have been reviewed and evaluated to ensure that such events do not happen again. In order to ensure a safe working environment and reduce the likelihood of injuries at work, in 2023:

1. Occupational risk assessments have been carried out in all workplaces.
2. An additional job has been created in the Company, i.e. Occupational Health Specialist.
3. An additional job has been created in the Company, i.e. Occupational Safety and Health Specialist.
4. Plans and strategies are in place to manage health risks. Employees receive advice on health protection, adapting work processes to employees' abilities and the use of personal protective equipment.
5. Fire safety documentation has been reorganised, evacuation plans and access routes have been updated, as well as signage and fire safety systems.
6. Measures and actions have been taken to prevent future accidents at work, and documents have been reviewed and re-approved, with clear internal safety and control mechanisms.
7. The Company's structure has been redesigned for greater control, distribution of responsibilities and review of workloads.
8. Four employees in managerial positions have been trained for the "Employer, Employer's Representative Training in Occupational Safety and Health" certificate, in order to be able to instruct their own direct employees in occupational safety and to further ensure the safety and health of employees at work.

### Employee Remuneration, Collective Agreements and Training, Professional Development

Professional employees are a Company's greatest asset. Therefore, salaries are paid fairly, transparently and on time, in accordance with the legislation of the Republic of Lithuania. The Company strives to ensure full equality of opportunity by paying employees for the work they do and providing opportunities for development. A variable component depending on experience and performance is paid in addition to the basic level of remuneration. In 2023, the total salary fund increased by 27% (the increase in the number of employees) compared to 2022.

Although UAB PLASTIKSĖ does not yet provide any additional opportunities for employees to improve their qualifications, for example by studying additional languages, etc., we do ensure the safety of our employees and organise training required by law (such as fire, civil and/or food safety) on a regular basis.

Employees are acquainted with such procedures upon signing:

1. Rules of Procedure.
2. Workplace health and safety briefings.
3. Fire safety induction training.
4. Procedures for detecting and suspending employees for drunkenness.
5. A plan of measures to prevent drunkenness at work.



## 6. Incident procedures.

Newly recruited employees are issued with an Employee Personal Protective Equipment Record Card.

Legal acts and the geopolitical situation are constantly changing, requiring constant interest and updating. In this context, it takes at least two years to train a professional employee able to perform the tasks provided independently.

The internal procedure for Management Review Analysis includes a description of how the employees of the production, warehouse and laboratory divisions are reviewed on the basis of a set of criteria, once a year, by the heads of the divisions and the appointed responsible persons. These reviews are included in the bonus payment system (approximately 76% of the organisation's employees are covered thereby).

At the time of preparing the Sustainability reporting, the Company had no collective agreements in place.

### Affected Communities. Cooperation, Support, Inclusion

The Company donates at least 2% of its net profit to various communities, unions, events, support organisations and projects.

In 2023, this amount has been distributed to the following local communities: Elektrēnai Social Service Centre, Vievis Cultural Centre, Support and Charity Foundation Mamų unija, Alesninkai Association "Gyventi bendrystėje", and the Public Enterprise Moderni karta.

The Company has a project with the Trakai Employment Center for People with Disabilities on the integration of people with disabilities into the labour market. During the project, the organisations exchanged and shared work experience, knowledge and information related to the activities of UAB PLASTIKSĒ and the activities carried out by the centre, developed and implemented employment issues. Employees received training on how to assemble our gasketed caps, which encouraged them to integrate into the labour market.

Since 2022, the Company's employees have also been involved in Profession Days at the Vievis Primary School, free of charge. The Company's proactive employees presented the Company's activities to the pupils gave them a broad overview of the PET packaging production process and, most importantly, the recycling of packaging.

## Governance Information. Business Conduct. Responsible Business

### Practices

Our Company's core cultural principles of trust, respect, zero tolerance for bullying, mutual support and putting people first, shape our organisational structure and management approach. Every employee is informed of, and is required to sign and comply with, the Company's internal rules at the start of his/her employment and upon adoption of any subsequent changes. It is not only employees who are committed to the rules set out. The Company's management makes every effort to meet the expectations of its employees, understanding the importance of our employees in the Company's operations in relation to the functions they perform. It should be noted that failure to comply with internal working procedures constitutes a case of misconduct and is punishable by disciplinary action.

The Company has been updating and preparing documentation over the last two years to take stock of the situation, and many of the necessary procedures and policies have been intensively implemented and updated, as foreseen in the management of material areas in accordance with the ESRS G1 "Business Conduct".

The Company has policies on corruption and bribery, a related whistleblower protection procedure and a Supplier Code of Conduct. Meanwhile, a common corporate conduct policy will be developed and implemented within 2024.

### Prevention of Bribery and Corruption

All necessary mechanisms are in place and approved in order to identify, report and investigate cases of suspected illegal or unethical behaviour as set out in our internal rules. The Company has participated in the past and plans to participate in various EU support projects in the future if possible, and we consider that the provisions of the Prevention of Corruption and Bribery Policy are one of the preventive measures. These mechanisms are described in detail in the Corruption Prevention Policy of UAB PLASTIKSÉ. Both internal and external parties may report a violation through this channel.

During the reporting year, UAB PLASTIKSÉ did not have any incidents, convictions or fines for violations of anti-corruption or anti-bribery laws. For this reason, no corrective action was necessary.

We have a zero-tolerance policy on corruption and bribery, detailed in our Prevention of Corruption Policy, which is in line with the United Nations Convention Against Corruption. This policy outlines the steps employees should take when they encounter corruption, and we regularly organise educational initiatives on this topic.

Protection of whistleblowers. In order to protect whistleblowers, we have set up internal reporting channels. The measures in place are designed to protect the employees making these reports from any retaliation.

#### Participation in communities' activity, Funding. Risk Management.

Our Company strictly adheres to legal provisions prohibiting or regulating financial contributions to political parties or persons seeking public office. All decisions to directly or indirectly finance any activity must be approved in advance by our Company's management, which is responsible for the legality and appropriateness of the funding proposal. We respect our employees' choice to participate in civil and social life, but employees' public comments and opinions reflect their personal views and not those of the Company.

The risk management plan, which is implemented in conjunction with the management systems, is reviewed annually in order to identify the Company's weaknesses and strengths. Given the geopolitical situation and the risks of climate change, the Company has included geographic expansion in its list of business changes. The Company aims to manage environmental risks by calculating greenhouse gas emissions. Innovative decisions to install solar power plants and to purchase green energy have reduced the Company's Scope 2 emissions to 0. As part of its responsible marketing activities, last year the Company developed and adopted a Supplier Code of Conduct, which is aligned with all the areas covered in the report: environmental, social and governance. Suppliers are continuously evaluated by the Company and all the information they provide is recorded in order to meet sustainability targets.

The Company's cyber security is managed by using the services of AB Telia Lietuva as a system administrator and Devoro, UAB for network infrastructure maintenance. The Company has a dedicated food safety group, which has met to consider the requirements of the European Union Directive (EU) 2022/2555 on measures to achieve a high common level of cybersecurity throughout the Union (NIS2) and has decided that the provisions of the NIS2 Directive will be implemented in 2024.

General Manager of UAB PLASTIKSĒ

Leonid Sterlin

Date of signing report

29 March 2024