

“Žemaitijos pienas”, AB  
Reporting period: 1<sup>st</sup> of January, 2018 – 31<sup>st</sup> of December, 2018

## **REPORT ON SOCIAL RESPONSIBILITY**

## **Report on Social Responsibility of "Žemaitijos pienas", AB for the year 2018**

This report on Social Responsibility (SR) reviews the implemented and planned social and environmental activities of "Žemaitijos pienas", AB while evaluating the achieved results and thus informing the interesting parties of the Company (consumers, employees, partners, suppliers, investors, public authorities, non-governmental organisations, civil society) about the responsible business practice. Not only does the Law on Financial Statements of Entities require the preparation of this report in which the EU directive 2014/95/EU is implemented, but so does the understanding of the Company, that the responsibility of accountability encourages innovations and learning, which helps the companies grow their businesses and increase the value of their organisation.

This report is prepared in accordance with the recommendation guidelines of the Global Reporting Initiative or GRI.

The Social Responsibility report of "Žemaitijos pienas", AB is prepared for the second time and it is a separate document, however, it is related to the Company's annual report.

### **A word from the Head of the Company**

We might say, that the history of "Žemaitijos pienas", AB, which is currently the most modern milk processing establishment in the Baltic countries started in 1924.

In the capital of Samogitia, Telšiai, a dairy where butter, curd, cream and other milk product were already being produced. Time always tests even the best ideas and "Žemaitijos pienas", AB has passed all the challenges.

The Company has always strived for maximum quality; therefore, it continuously consults with leaders of the dairy industry all over the world, invests in latest technologies, uses the worlds' most advanced "Bactocatch" milk cleaning technology, expands its range of products and improves competences of the employees.

This is how we greet our first century – with competent employees, with strong and established brands, the foreign markets standing behind them and with clearly visible achievements. Everyone at our Company knows that it is not enough to just try, though we may be pleased just with progress achieved, but the highest results can be achieved taking small, but guaranteed steps every day.

The works accomplished by "Žemaitijos pienas", AB are a great example of how the peak of the objective can be reached. It is important not to forget that once you have reached the top, you see how much lies ahead. And our sight is directed at just that.

## **About “Žemaitijos pienas”, AB**

“Žemaitijos pienas”, AB is a joint-stock company registered in the Republic of Lithuania with a registration address at Sedos str. 35, Telšiai, Lithuania (hereinafter -the Company).

The Company has its departments with warehouses and transportation means in Vilnius, Kaunas, Klaipėda and Panevėžys.

The consolidated corporate group of “Žemaitijos pienas”, AB consists of the main “Žemaitijos pienas” and its subsidiary “Šilutės Rambynas”, ABF.

The ordinary registered shares of the Company are included in the stock exchange Nasdaq Vilnius Baltic supplementary list of securities trading list since 1997.

“Žemaitijos pienas”, AB is a Lithuanian company holding the oldest milk processing traditions and producing dairy products, fostering the classic recipes and technologies of manufacturing of the dairy products, encouraging the recovery and use of products of heritage and culture reflecting the centuries-old history, by creating and offering new and unusual products for the consumers while reaching for innovation.

The concept of “Žemaitijos pienas”, AB started in 1924, when the Telšiai dairy was established. At that time, the capacity of this dairy were seen as quite large. The mentioned dairy, having started their works in the new premises in 1984, has successfully carried out its activities up to the opening of the largest Telšiai cheese dairy in the Baltics and its privatisation.

Impeccable work is the business card of the Company, which is indisputable evidence about the reliability and respectability of “Žemaitijos pienas”, AB, by becoming established in the country’s market with its products as well as promoting Samogitia and Lithuania in the world. Currently, 1200 professionals and creative employees are working in the Company, the major contribution, optimism and knowledge of which allow the Company to reach for ambitious targets and overcome new challenges in the local and international markets.

The experience gathered over the years and the unique recipes allow the Company to provide the consumers with a wide range of products, characterised by a great taste and high quality. To this day, the Company produces over 200 new and well known dairy products already admired by the consumers, including the group of ecologic dairy products DOBILAS. The products of MAGIJA brand have gained the trust and an astounding popularity among the consumers from the very start. The buyers came to admire fermented and processed cheeses, and the unripened string cheese PIK-NIK, which is the only one in Lithuania.

The pride of the Company and Lithuania is the hard cheese DŽIUGAS, which has received many of the highest awards in local and international exhibitions. The milk, sour milk, yoghurt, sour cream, cream, curd and coated curd snacks, as well as products produced by the Company are liked by many consumers. The culinary heritage of our country is also fostered. Some of the products produced by the Company are made only from traditional raw materials and additives according to the traditional technology, therefore, these products of distinctive taste have received the

certificates of the Lithuanian Culinary Heritage Foundation and are marked with a special symbol of the Foundation.

In order to stay competitive in the buying-in of raw milk and dairy product sales markets, the Company continuously invests in the upgrading of production equipment by introducing the most advanced technologies. In 2015 the Company introduced and started operating a milk cleaning line of the latest technology and high capacity. Each year the Company invests in energy saving, development of business process management and grants funds to other activities of the Company as much as possible.

At the beginning of 2016, the Company reorganised the activities of the quality department and since the end of 2016 all the international food safety standard conformity inspections are performed without prior arrangements, i.e. all audits are performed by choosing an unannounced audit scheme.

In 2016 the Company concluded an agreement with the National Paying Agency regarding granting of the support according to the measure “Investments in Tangible Property” of the programme of Lithuanian Rural Development 2014-2020, “Support for Investments in Processing of Agricultural Products, Marketing and (or) Development” business area. By purchasing the new equipment, the Company expects to reduce pollution and use the energy resources efficiently.

### Vision and Mission

While reaching for the leading position in the market of dairy products in Lithuania, the priority of “Žemaitijos pienas”, AB is to produce products of high quality, healthy and safe, which would become a standard of distinctive taste to even the most whimsical buyers thus developing the habit of the consumers to choose products with “Žemaitijos pienas” brand.

We are constantly seeking to never disappoint the expectations of the customers, seek for new markets, by establishing ourselves not only with excellent products, services and other development, but also to attract professionals who represent the interests of the Company in cooperation with customers and market partners.

### Values

We may mention a few fundamental values of the Company, which are distinguished and especially valued in our Company:

- Work and time planning;
- Carrying out of the promises and commitments made;
- Honesty;
- Telling the truth;
- Ability to work in a team;
- Will to learn and improve;
- Will to do more, better and rationally;
- Ability to perform and carry out the agreed works appropriately and on time;
- Direct communication.

## Management Structure

The management structure of the Company consists of Board and the Head of the Company. The Board is made up of seven members, which are elected by the Supervisory Board for a four year period. The number of their terms of office is not limited. The Members of the Board elect the Chairman of the Board from their members.

Also, a Supervisory Board acts in the Company, called the Supervisory Board consisting of three members, elected during the General Meeting for a four year period. The Supervisory Board is advised by the Audit Committee of the Company.

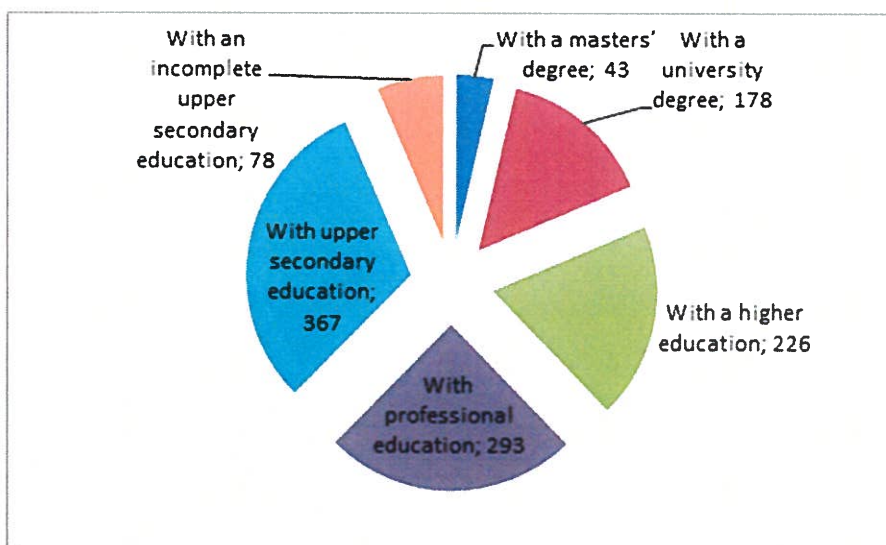
## Employees

In 2018 there were 1185 employees working at “Žemaitijos pienas”, AB, which is 1% more than there were in 2017, most of the employees were men – 645 (there were 639 men working in 2017), meanwhile there were 540 women working in 2018 (524 women were working in 2017).

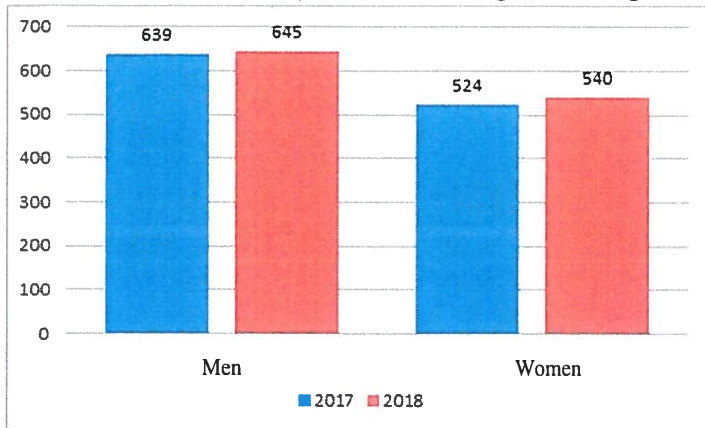
12 people with disabilities were working in 2018 (9 people with disabilities were working in 2017).

The Company actively carries out the human resources policy, aims not only for the non-discrimination of genders or disabilities, but also integrates employees of all genders and ages to workplaces (see diagrams 1 and 4). For the period of summer, the Company accepted 60 young employees, aging from 16 to 21 years and employees with no experience, who have integrated well in the processes of the Company, are getting familiar with the workplaces and gain expertise from the more experienced Company employees. The majority of youths, which were working here during the summer, return to the Company to pursue their career after they have completed their studies.

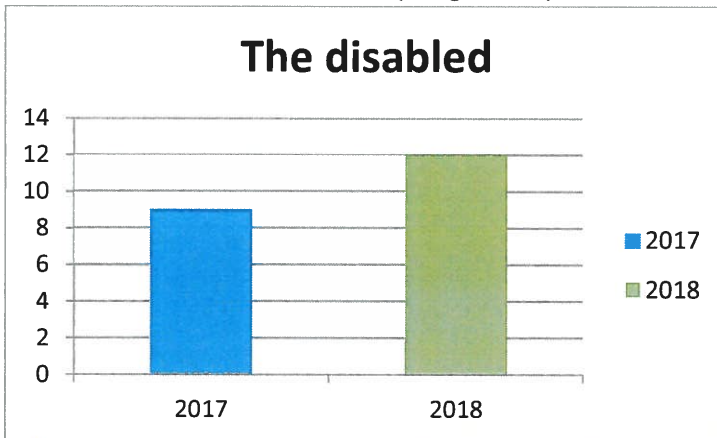
Distribution of employees according to their education (diagram 1)



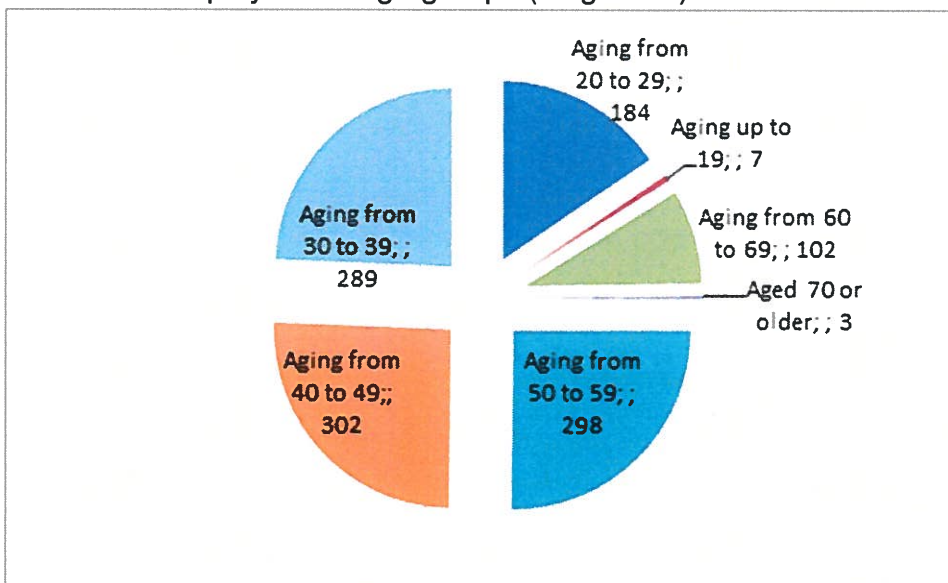
Distribution of employees according to their gender (diagram 2)



Employees with disabilities (diagram 3)



Number of employees in age groups (diagram 4)



## **Employees**

### Occupational Health and Safety

All the employees of the Company are additionally insured against accidents at work and during off work.

All the employees wishing to work at “Žemaitijos pienas”, AB check their health at a healthcare institution and take hygiene courses for working with food products.

For the implementation of occupational health and safety measures, an Occupational Health and Safety Services were established in the Company, consisting of occupational health and safety and professional health specialists. The specialists of this service take part in conferences, seminars and professional development training annually. The service acts in accordance with the Occupational Health and Safety Service regulations, job descriptions approved by the Director-General of the Company, legislations applicable in the Republic of Lithuania, legislations of the Company regulating the occupational health and safety.

All employees of “Žemaitijos pienas”, AB undergo training related to hazardous works, profession, working with equipment and are introduced to occupational health and safety before the commencement of work, periodically and annually afterwards.

Employees trained for the occupational health and safety/divisional heads are appointed to all the departments and divisions of the Company, which are responsible for the occupational health and safety and fire safety in the department. These employees carry out the continuous risk assessment, breach control, employee instruction and other functions ensuring the occupational health and safety.

In order for the employees to follow the requirements of work, fire safety, hygiene and other, surveillance cameras have been installed in areas where the probability for a breach to be made is higher and the security workers are trained to recognise such breaches.

All the work and fire safety breaches, which have been detected, are registered by the Company. 58 breaches have been registered during 2018 (use of working equipment – 12 cases, use of personal protection equipment – 10 cases).

“Žemaitijos pienas”, AB raises high objectives in order to ensure the occupational health and safety in the Company. Main objectives and measures for implementation during the year 2019 are given in the table below.

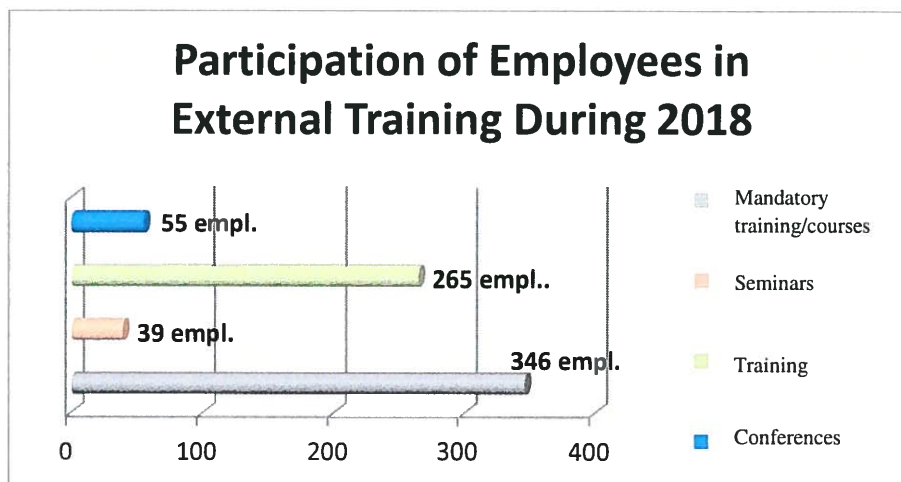
### Objectives of occupational health and safety for the year 2019

Row No.	Name of the objective	How it shall be implemented
1	0 (zero) accidents at work	Training of employees and divisional heads, providing information on accidents, communication using visual instruments
2	Registering of all the incidents taking place in the company and investigating them when it is necessary	Communicating the procedure and the benefits of accident reporting and investigation
3	Contributing to the improvement of work conditions for the employees, work load, reducing of noise in the Company's departments	Assessment of ergonomic factors in working places, selection of suitable working spaces, selection of personal protection equipment, which would be of good quality
4	Reducing the costs of occupational health and safety, fire safety instructions, training, registering, control work time	Refusal of registration journals, contribution to the implementation of e-training and instructing in the Company.
5	Reducing the illness rates of the employees	Implementation of health promotion instruments, monitoring of working conditions, helping the ill employees



## Training and Further Training

All of the employees of the Company are able to improve their knowledge and skills in internal and external trainings/courses/seminars/conferences. In 2018, 985 employees took part in internal trainings and 705 employees – in external trainings.



Examinations/attestations of the managers, specialists and production workers are carried out in the Company.

In September 2018 a reserve of Company Heads was established (21 employees). The employees, who are included in the Head reserve programme, are also taking part in a training programme until June of 2019, consisting of 6 training modules and implementation of practical work.

Great attention remained on the foreign language trainings for employees. Employees are taking part in individual or group foreign language trainings and are also learning the foreign languages with the help of mobile applications (remotely).

In 2018, the Company has concluded an Agreement with the Lithuanian Food Exporters Association (LitMEA) regarding the implementation of the “Progress Formula” project of the “Competence LT” instrument of the European Union Funds’ Investments in 2014-2020. The aim of which is to ensure the continuous maintenance of qualification of the employees, their professional mobility enabling the employees of the Company to receive the highest quality special training.

## Social Dialogue

The Work Council, which was established in the Company in 2017, coordinated the documents relevant to the Company, such as a document set for ensuring the personal data protection, ethical code, procedures for helping the ill employees of “Žemaitijos pienas”, AB, internal rules, policy of equal opportunities and its implementation procedures during the meetings held in 2018.

These documents are designed to improve the working conditions of employees, so the word of the representatives of employees regarding the final version of documents is very important.

A proposal system KAIZEN is a part of the modern LEAN system, which is operating in the Company. Using this system, the employees can offer proposals, and once the managers have approved them, the proposals are implemented immediately. The Company implements a system of complaints, proposals and observation management, which is characterised by the following features: (i) independence; (ii) accessibility, (iii) clarity, (iv) enabling the affected party to obtain information.

### The Material Well-being Package

The Company constantly takes care of the material well-being of its employees, therefore, not only the competitive wages, conforming to the requirements of legislations and labour market conditions are paid, but also that the good-working and achieving employees would receive an appropriate material well-being package. The employee wages consist of a fixed part, variable part depending on the work results. Employees were also given the opportunity to earn extra money (by performing additional tasks, additional work, offering candidates for vacancies, etc.).

Various additional benefits, such as leisure time (pool, health hikes with bicycles or by foot) are provided for employees of the Company, various festivities for employees and their family members, additional benefits and allowances on the occasion of the conclusion first marriage, in cases of the death of a relative, on the occurrence of a difficult financial situation, employees are also given loans, financing of studies, the children of the employees are employed for the period of summer, promotional benefits are granted on the occasions of attaining a bachelors' or masters' degrees and in the events of work anniversaries or jubilees.

### Human Rights

The Company is strongly committed to respecting and defending the human rights as defined in the Universal Declaration of Human Rights approved by the General Assembly and implements this in accordance with the conventions related to the human rights, which the Republic of Lithuania has joined, and its internal regulations. "Žemaitijos pienas", AB implements the policies of equal opportunities and intolerance to harassment and respects the privacy of the employees. The Company performs not only what is necessary, but much more; as an example, the provisions of the internal ethics rules for creating a positive working environment can be presented. The Company ensures equal opportunities to all employees, regardless of their race, nationality, gender, political or religious views or other qualities. Employees are assessed only by their performance and dedication to the Company.

Being a manufacturing Company it is important to ensure that the production and other tangible property of the Company would not be arbitrarily misappropriated by the employees or other persons, therefore, a security service is working in the Company

that follows and abides in its activities: rules on working procedures, law on the protection of persons and property of the Republic of Lithuania, other valid legislations determining the limits of the physical coercion and special measures to be used against a person.

“Žemaitijos pienas”, AB does not only carry out its activities responsibly, but also chooses its business partners and suppliers with care. The Company pays great attention to the social responsibility strategy of the potential partners. During the conclusion of the cooperation agreements, the Company seeks to agree on the following of the social responsibility principles in all cases.

“Žemaitijos pienas”, AB does not use child labour for the carrying out of its activities and selects only those products for the production of which no children were exploited.

### Career Opportunities for the Youth

The Company is constantly taking care of the career opportunities for the youth, encourages the long-time employees with substantial and meaningful experience to share their expertise with young potential talents. Internal training programmes are created in the Company for that purpose, according to which the youth without any experience but with relevant skills are given an opportunity to acquire necessary experience through practical training and thus get their dream job.

The Company seeks to reduce the scale of emigration from the regions; therefore, the employees of the personnel with the help of the employees from other units often prepare various presentations in the schools of the region in order to steer the students in the right career direction. The youth of the region are offered apprenticeships in the Company during the studies, and it covers the tuition fees or pays additional scholarships for the ones who sign the agreements.

The aim of “Žemaitijos pienas”, AB for the future is to keep carrying out activities ensuring the respect towards the human rights as well as valuing their employees. Great results are expected from the investments into the youth; it is expected that the recruited young talents will bring resultative innovations into the Company. The Company will continue to make every effort in order to remain the most desirable employee in Telšiai region.

### Environmental Protection

According to the criteria listed in the Rules for Issuing, Replacement and Revocation of Integrated Pollution Prevention and Control Permits, “Žemaitijos pienas”, AB, a company producing and selling dairy products, is attributed to the companies using equipment, which require special permit issued in compliance with the mentioned rules, for its activities. The Company was issued an Integrated Pollution Prevention and Control Permit in 2006, the validity term of which is unlimited, though is adjustable due to the changes. The Company has no adverse impact on the environment, which

would require emergency measures to be taken in order to reduce it; however, the Company is constantly monitoring the indicators of its activity, plans and implements the newest technologies which would allow reducing production and operating costs as well as energy consumption, and would fully improve the environmental condition of the Company. We are also always ready to solve any environmental issues together with the society.

The Company is constantly improving the integrated quality and food safety management system, which complies with the requirements of the international standards BRC, ISO 22000, FSSC (ISO 22000, ISO/TS 22002-1).

The Company takes various measures in order to preserve and use natural resources more rationally. As is known, natural resources determine the economic development of the countries. Countries which preserve natural resources have much better opportunities for the development of production, commerce and social sphere. The Company is well aware that its activities may cause great damage to the nature, and only complex use of economic, legal, technical and biological measures may guarantee a rational use of natural resources now and in the future; therefore, the impact on the environment is controlled according to the harmonised monitoring programs. Upon the expansion of the company or updating equipment and technology, the assessment of the impact on the environment is being carried out, which guarantees that the development of the Company remains within acceptable environmental standard limits as well as industrial waste water, the quality of biofuels and other factors which might affect the surrounding environment are being monitored. The Company is constantly renewing its car park in order to reduce the air pollution from the mobile pollution sources. Seeking to ensure the reduction of air pollution from stationary pollution sources, the Company uses the best available production methods.

Waste is managed in accordance with the established environmental requirements, and annual "Waste Inventory Reports" are submitted via the electronic data acquisition system for environmental protection. Hazardous and non-hazardous waste in the territory is stored and managed in such a manner that it would not have any adverse impact on the environment, it is sorted, and its storage places are appropriately marked. Waste is timely transported to the companies recycling and disposing of waste. "Žemaitijos pienas", AB is sorting packaging at the place of the waste accumulation and it is compacting and preparing it for recycling. The Company is also separating packaging waste which is not suitable for recycling but is appropriate for the generation of energy, and systematically sells such waste to collectors and processors.

Packaging is of great importance in the production process of "Žemaitijos pienas", AB. The production is packed into glass, PET, plastic, paper, combined, wooden and other type of packaging. For the purpose of effective packaging waste management, the Company cooperated with "Žaliasis taškas", PI in 2018, which was taking care of the

collection and recycling of waste. "Žaliasis taškas", PI is obliged to educate the society and contribute to the development of the infrastructure of the collection of packaging from consumers (to provide the residents with the containers for recycling) for the remuneration received from "Žemaitijos pienas", AB for the submitted documents evidencing the waste management.

The Company is constantly carrying out investment projects during which it implements new modern technologies, which allows more effective use of renewable energy resources as well as reducing the amount of emissions and application of other environmental measures.

"Žemaitijos pienas", AB is constantly carrying out researches and expands looking for new environmentally friendly activity models. It established a new version of the business management system AXAPTA in 2018, which will help us to account, prepare and submit reports even more precisely as well as hand over the data to other systems.

The Company concluded an agreement with the National Payment Agency in 2016 regarding the granting of the support according to the measure "Investments in Tangible Property" of the programme of Lithuanian Rural Development 2014-2020, "Support for Investments in Processing of Agricultural Products, Marketing and (or) Development" business area.

During the year of 2018 the Company has acquired equipment which will allow not only improving the competitiveness of the Company, the quality of products, and the work conditions and safety of the employees, but it will also allow reduction of the pollution discharged to the wastewater, i.e.:

- Automation of the pasteurized milk lines, it is automated distribution, visualisation and management of interim operations. The aim of this project is the reduction of wastewater pollution, more precise traceability, sanitary and quality assurance, and elimination of human factor.
- Butter project encompassing maturation of the cream, butter production and packaging: fully automated management system improving the quality of the product and allowing full assurance of hygiene has been established; automated fat collection after the production allows the reduction of the wastewater pollution; new packaging allows saving of the packaging materials; automated management and monitoring of temperature and other parameters allows saving of energy costs.

In order to reduce greenhouse gas, "Žemaitijos pienas", AB took the initiative and completely refused to use equipment operating on Freon gas or acquired equipment which is running on more environmentally friendly gas.

The Company is constantly improving its management structure as far as environmental issues are concerned. It was concluded that all employees and their

managers must contribute to the saving of energy costs and reduction of pollution; therefore, in 2018 not only a single person or a single position of an ecologist-engineer is responsible for the environmental protection. At the same time we started measuring the wastewater pollution in each unit of the Company separately, which also allowed us to control, analyse and carry out preventive work in order to prevent the access of polluting sewage into the wastewater, and it simultaneously allowed us to improve the general communication between the units as well as to see what still needs more investments or organisational measures for the solution of the problems.

The Company is actively implementing and promoting the use of renewable resources. "Žemaitijos pienas", AB has established a biofuel boiler room of 10MW, where renewable energy resources – wood chips (SM2) – are being used instead of natural gas. "Žemaitijos pienas", AB used 864.324m<sup>3</sup> of gas in 2018; it is 24, 2% less than during the previous year, and even 84, 6% less than in 2013, when the Company hasn't had a biofuel boiler room yet.

21.888,750 t of biofuel was used in the Company in 2018, which means, compared to 2017, that the consumption was reduced by 0,2%.

The Company, being socially responsible and taking care of the environment and its preservation, buys electricity produced from renewable energy sources. "Žemaitijos pienas", AB used 20.246.235 kWh of electricity in 2018, which means, compared to 2017, that the consumption of electricity increased by 1,6%.

Looking at the indirect energy consumption data, most energy in 2018 was consumed for ripening and storage of cheese, which is 620.644 kWh.

"Žemaitijos pienas", AB used 716.706 m<sup>3</sup> of water in 2018, which is 0, 1% more than in 2017.

The increase of the energy resources was determined by greater amount of recyclable raw materials, which is 2,6% greater than in 2017.

The Company respects and follows all the laws of the Republic of Lithuania related to the environmental protection as well as pays all mandatory pollution taxes in timely manner.

When selecting the suppliers "Žemaitijos pienas", AB takes into account the way they apply environmental protection strategies or comply with the environmental requirements as well as requires guarantees that the handed over waste will be properly managed.

In the future "Žemaitijos pienas", AB will continue to make every effort in order to become even more environmentally friendly company. It is expected that it will be possible to use more energy received from renewable sources in its activities and to reduce the amount of emissions.

## **Corruption and Bribery Prevention**

“Žemaitijos pienas”, AB has made considerable efforts to prevent corruption in all of its units and applies a zero tolerance policy. The Company has established a clear order in its internal regulations which is followed when communicating with partners. Employee ethical code indicates that employees must avoid any situations which might lead to the conflict of interests. The Company’s policy forbids accepting gifts, invitations to meetings, cultural or any other events, which might result in mutual obligations of the parties. Employees must immediately inform their direct managers about any uncertain or ambiguous situations. One of main work principles of “Žemaitijos pienas”, AB is to develop cooperation relations with the suppliers. Fair mutual cooperation and audits are essential. Nevertheless, the Company’s policy forbids its employees to offer the clients, suppliers, partners or any other persons any gifts, which might help retain the cooperation. This rule is not being applied to the souvenirs of very low value, for example, holiday cards or greetings, except when the client’s, supplier’s, partner’s or other person’s company’s policy forbids it.

Great efforts are made to keep as wide/great network of suppliers as possible. Not only a price criterion is essential in the assessment methodology of “Žemaitijos pienas”, AB when buying goods and selecting a supplier but also the criteria of quality and reliability of a supplier. Suppliers are always audited before buying any goods and only then the final decision regarding the purchase of goods or services is being adopted. “Žemaitijos pienas”, AB purchases goods or services in accordance with the principles of equality, non-discrimination, mutual recognition, proportionality and transparency, stipulated in the Law on Public Procurement and other legislation.

## **Social Campaigns**

“Žemaitijos pienas”, AB is actively organising both long and short-term campaigns.

Probably the longest campaign continuing for nine years already is “Complete a Second Grade – Know how to Swim”, during which the second grade students from the entire Telšiai district are taught to swim and orientate in water. The campaign, concluding a tripartite cooperation agreement, is being implemented by the initiator of this original idea, “Žemaitijos pienas”, AB as well as the municipality of Telšiai district and “Ateities” secondary school. Since the beginning of the campaign until 2018 3035 students have learned how to swim in the swimming pool of this school. Children will continue to be taught how to swim for the next two school years with the perspective of continuing this campaign, since it drew considerable attention. The Company dedicated over EUR 7000 for this campaign in 2018.

The hard cheese “Džiugas” was one of the sponsors of the fundraising event – “International Christmas Charity Bazaar” in 2018, which took place in Vilnius town hall square on the 1<sup>st</sup> of December, 2018.

“Žemaitijos pienas”, AB also participated in a charity project in Poland in 2018, where information stickers were attached to the packaging of the hard cheese “Džiugas” showing that a financial assistance will be transferred to the charity fund helping kids with blood cancer if you buy “Džiugas” cheese. The slogan of this social project was “Buying “Džiugas” Saves a Life”.

“Žemaitijos pienas”, AB carried out a project in summer camps for children all over Lithuania in the summer of 2018. More than 60 camps were visited where approximately 22 thousand children were spending their leisure time there. A nice educational program for children was carried out by Klaipėda, Telšiai, Vilnius and Panevėžys branches. A championship involving ripping of the string cheese PIK-NIK was taking place in most of the camps with a possibility to make it to the finals in Vilnius. The participants of the championship had to rip the string cheese PIK-NIK into 30 roughly equal parts in a shortest time possible. A fun program – creation of the packaging of the coated curd snack MAGIJA – was taking place in the other camps, which was supposed to show that every child can be an artist. The most beautiful packaging of MAGIJA was being elected, and the winners were awarded with delicious prizes. Halfway through the camp project a witty knowledge assessment about various brands was organised. 5150 children in total were educated, and they were treated to delicious products of “Žemaitijos pienas”. Campers who participated in the vivacious educational contest received certificates indicating that they have become true experts of brands DŽIUGAS, PIK-NIK, MAGIJA, RAMBYNO and DOBILAS.

Approximately EUR 30 000 were dedicated to all of these social campaigns in 2018.

### **“Šilutės Rambynas”, ABF – a subsidiary of “Žemaitijos pienas”, AB**

“Šilutės Rambynas”, ABF, company code 277141670, registered office - Klaipėdos str. 3, Šilutė district municipality, registration date – 09-12/1992. “Žemaitijos pienas”, AB controls over 87 percent of the shares of “Šilutės Rambynas”, ABF.

Main business activity of the company is the production of dairy products, though the company also provides renting, transportation, storage, milk collection points’ service and other services. Selling of the dairy products and the purchase of raw milk is carried out through “Žemaitijos pienas”, AB; therefore, economic-commercial activity of “Šilutės Rambynas”, ABF does not have great autonomy.

“Šilutės Rambynas”, ABF, being a subsidiary, follows the requirements of the policy of “Žemaitijos pienas”, AB in the fields of environmental protection, assurance of social, personal and human rights as well as fight against corruption and bribery, and the targets, operating methods and forms are the same as the ones of “Žemaitijos pienas”, AB. They are working together towards common goals and objectives, e.g.



participating in social campaigns, applying the material well-being package, recruiting, training employees and etc.; therefore, this social report does not include separate discussion on such matters. It should be noted that more detailed information and data, supplementing this report, is revealed and presented in the consolidated annual report of 2018; therefore, only two aspects shall be distinguished in this report – matters of the personnel and environmental protection.

The Company is mostly concentrating on its employees, who provide the greatest benefit to the Company and its shareholders, in order to make sure that the employees working at the Company feel completely safe and are happy at their workplace; moreover, great attention is paid to their further training by applying the same principles and methods used by “Žemaitijos pienas”, AB.

188 employees worked at the company by the end of 2018, their number comparing to 2017 was reduced by 4 (- 2,1 percent).

Changes of the employee groups according to their education are provided in the table:

<b>Education of the employees</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
With a masters' degree	7	9
With a university degree	23	20
With a higher education	26	28
With professional education	63	74
With upper secondary education	50	35
With an incomplete upper secondary education	19	26
<b>Total:</b>	<b>188</b>	<b>192</b>

During the 2018, the average work pay was 1164 Euro/month or 15,2% higher than in 2017.

The Company aims to create and develop long lasting relationships with its employees, especially, when the situation in the labour market is not satisfactory – the number of highly qualified specialists is insufficient. Therefore, the employees are continuously encouraged to improve in their professional area. The employees of the Company have the opportunity to improve their skills and knowledge at various courses and seminars. Training programmes according to which the specialists, production workers, operators, locksmiths, foremen, masters are attested and trained are prepared,

“Šilutės Rambynas”, ABF has been paying great attention to environmental protection for a number of years and the main aspiration is to reduce production waste and conserve the natural resources. These efforts did not go unnoticed and in 2017, the Lithuanian Environmental Investment Fund (*orig.* LAAIF) has awarded the “Šilutės Rambynas” ABF with a Crystal Chimney award for the “Installation of Whey Concentration Equipment RO+ROP” project and for “Greatest Reduction of Environmental Pollution”. After the implementation of this project, the amount of transported whey has decreased three times, thus reducing the negative effect of transportation on the environment – air pollution has decreased by 40 tons of emissions per year (CO, NO<sub>2</sub>, SO<sub>2</sub>, particulates). The Company successfully handles the industrial waste water management area.