



Sustainability report

2024

Contents

ORGANIZATIONAL DETAILS	3	REMUNERATION SYSTEM	63
STATEMENT FROM CEO	5	HEALTH AND SAFETY	65
ABOUT SUSTAINABILITY REPORT	9	BENEFITS FOR EMPLOYEES	68
ABOUT VILPAK	11	CONTRIBUTION TO COMMUNITIES	69
KEY EVENTS 2024	13	ECONOMIC AND GOVERNANCE PILLAR	70
MISSION, VISION, VALUES AND BUSINESS STRATEGY	14	TRANSPARENT GOVERNANCE	71
PRODUCT PORTFOLIO	17	FINANCIAL SELF-SUSTAINABILITY	73
MARKET PRESENCE	20	MARKET DEVELOPMENT	75
GLOBAL REACH	22	REGULATORY COMPLIANCE AND TAXES	76
GOVERNANCE OF VILPAK	24	DATA PROTECTION AND PRIVACY	77
CORPORATE POLICIES	26	SUSTAINABLE SOLUTIONS AND INNOVATION	79
RISK AND OPPORTUNITIES ASSESSMENT	30	RESPONSIBLE INVESTMENT	81
APPROACH TO SUSTAINABILITY	33	ENVIRONMENTAL PILLAR	83
ENGAGEMENT WITH STAKEHOLDERS	35	ENERGY, EMISSIONS AND ENVIRONMENTAL COMPLIANCE	84
MATERIALITY ASSESSMENT	41	MANAGEMENT OF RESOURCES	89
TARGETS SET AND OUR CONTRIBUTION TO SDG'S	46	PRODUCTION WASTE MANAGEMENT	93
SOCIAL PILLAR	51	CIRCULAR ECONOMY	96
PRODUCT QUALITY AND SAFETY	52	SUSTAINABILITY AND RESPONSIBILITY IN THE SUPPLY CHAIN	98
HUMAN RIGHTS	56	RAW MATERIAL SOURCING	102
WORKING CONDITIONS AND WELL-BEING OF EMPLOYEES	57	GRI CONTENT INDEX	105

Organizational details

01



Legal name	UAB „Vilniaus pakuotė“ (VILPAK)
Nature of ownership and legal form	Joint- stock company
Location	Savanorių av. 219A, LT-02300 Vilnius
Countries of operation	Lithuania
Legal entity code	302687051
VAT code	LT100006505019
Place of registration	Registered in the Register of Legal Entities
Date of registration	11 November 2011
Authorized Capital	742 006,44 Eur
Email address	info@vilpak.lt
Website	www.vilpak.lt
Main activity	Producer of paper-based offset printed packaging for food and non-food industries



Statement from CEO



02

2024 was a year of navigating complex geopolitical and economic currents that influenced many of our decisions. Facing an uncertain global landscape – from energy market volatility to supply chain disruptions – we remained committed to our values while making the tough choices necessary to keep our business resilient. It was not always easy to balance short-term pressures with long-term sustainability goals, but our team approached each challenge with agility and resolve.

One significant decision during the year was our temporary shift in energy sourcing. In April 2024, we moved from sourcing 100% renewable electricity to a fixed-price, fixed-quantity contract for conventional power due to economic constraints and geopolitical tensions. This pragmatic step ensured stability in our operations amid surging energy costs, but it also led to a temporary uptick in our CO₂ footprint. We mitigated some of this impact by continuing to operate our on-site solar power plant, which provided a notable share of our electricity needs. This measure is strictly short-term – we are determined to return to renewable energy sourcing as soon as conditions allow. Even as we course-corrected in the face of external pressures, we never lost sight of our environmental responsibilities.

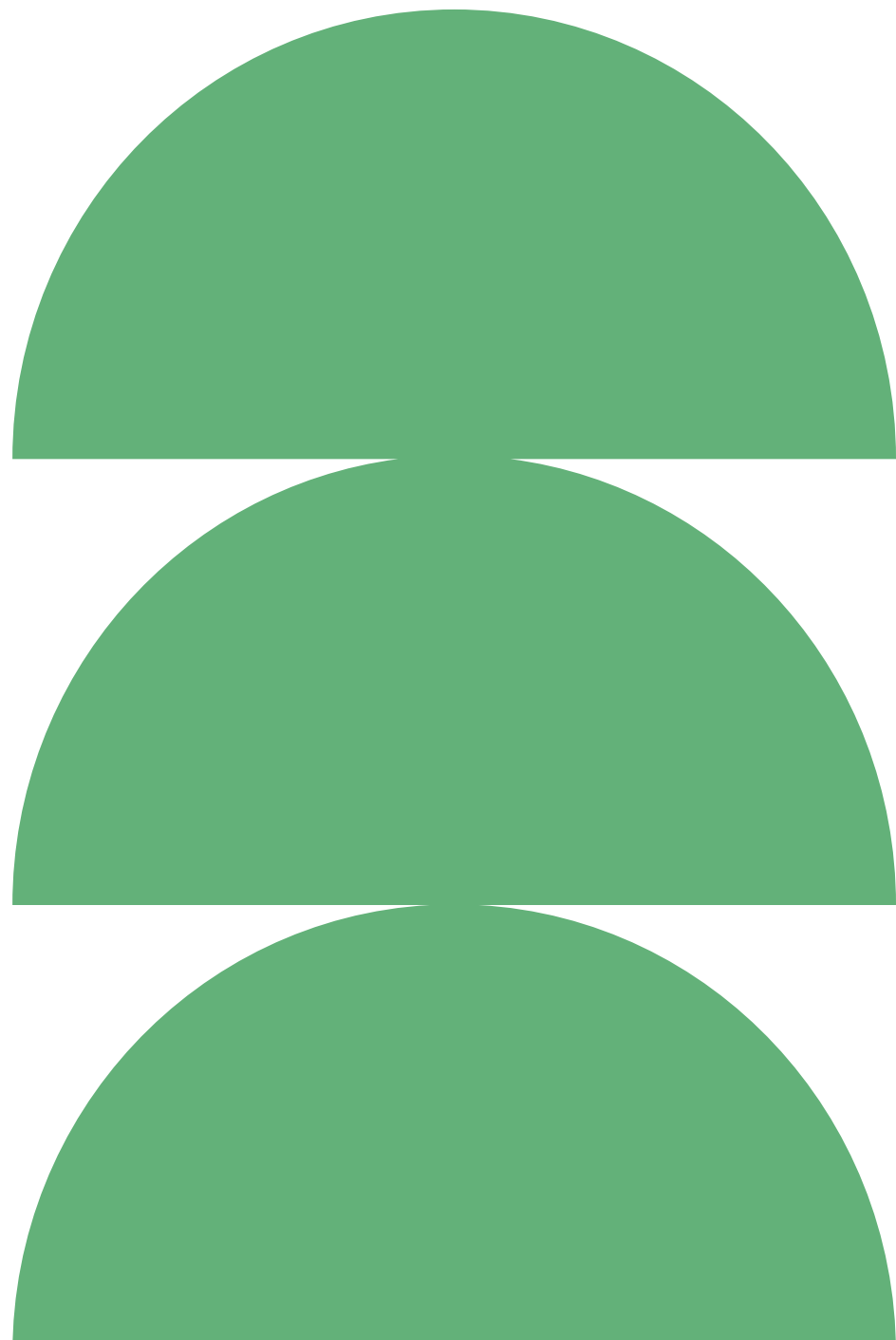
Another area of focus was raw material supply. Global market instability and rising material costs compelled us to diversify our sourcing beyond the European Union to safeguard our production. Broadening our supplier base has improved our supply chain stability and ensured uninterrupted service to our clients. However, it also introduced new challenges, from a higher carbon footprint due to longer transport routes to more complex traceability of material origins. We take these issues seriously. In response, we have strengthened our due diligence with suppliers and invested in streamlining our supply chain processes to maintain transparency and uphold our strict sustainability standards. We fully support emerging regulations (such as the EU's Deforestation Regulation) that demand robust traceability, and we are working to ensure that even as our sourcing expands globally, our products are not linked to deforestation or other unsustainable practices. In short, we addressed immediate supply risks in 2024 while laying the groundwork for responsible growth.



Despite the headwinds we encountered, our commitment to sustainability and innovation remained unwavering. Throughout 2024, we continued to invest in efficiency improvements, renewable energy projects, and the development of eco-friendly packaging solutions. Our team's dedication and hard work were again recognized on the broader stage: Vilpak's sustainability report was honored as the best in the Baltic region for the second year in a row. We are proud to have received this award in 2024, as it reflects our ongoing efforts to reduce our environmental footprint and be transparent in all that we do. This kind of recognition is a welcome validation, but more importantly, it strengthens our resolve to push further toward our sustainability goals. We understand that trust is earned through action, and we intend to keep delivering on our promises to our stakeholders and the planet.

As we turn the page to 2025, we do so with optimism and a bold strategic move to empower our future. In January 2025, Vilpak underwent a reorganization with our parent company, Grafija, integrating Grafija's printing business into Vilpak. Through this integration – essentially a transfer of all related assets, operations, and talent – we have unified the full production cycle within one company. This change is expected to impact our performance in 2025 and beyond by unlocking new efficiencies and synergies. With printing and packaging production now under one roof, we can optimize resource use, eliminate redundancies, and accelerate innovation across the value chain. Bringing our teams together also means we carry forward a larger, combined pool of expertise and a shared culture of sustainability.

Looking ahead, 2025 will be a year of consolidation and opportunity. We will be focusing on harnessing the benefits of this reorganization, ensuring that our expanded operations run seamlessly and sustainably. Key priorities will be to optimize energy and material usage across our now-unified processes, improve operational efficiency, and continue reducing waste and emissions wherever possible. We are confident that these efforts will not only improve our environmental performance but also enhance the value we deliver to our customers and partners.

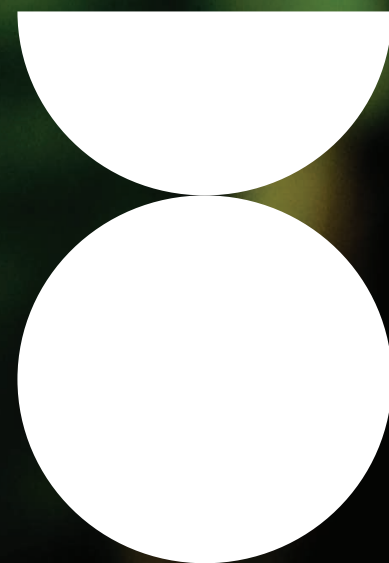


In closing, I want to acknowledge the uncertainties that remain in our operating environment. Yet, I am optimistic about the path forward. The challenges of 2024 have only reinforced our belief that sustainability and smart business go hand in hand – even when difficult trade-offs must be made. Vilpak enters 2025 stronger, more integrated, and just as committed to our core values as ever. Together with our dedicated team, I believe we will turn today's challenges into tomorrow's successes, continuing to build a resilient, innovative, and sustainable company that we can all be proud of.



Darius Murauskas
CEO

About sustainability report



03

Sustainability isn't just an aspect of our business strategy at Vilpak, it's fundamental to our identity. We firmly believe that innovation is the driving force behind creating enduring value for all our stakeholders. #

The Vilpak Sustainability Report covers the key environmental, social and governance developments in fiscal 2024. This report shows the progress we have made on our journey since 2021 so far – and it demonstrates how we will continue to develop our company. The contents of this report reflect the Vilpak-relevant and material challenges of sustainable development. In 2021 our first Sustainability Report defined 22 2025 Sustainability Goals, which continue to shape our operations strategy, product innovation portfolio, and our commitment to stakeholders. We designed the goals to be challenging—to provoke technical breakthroughs and new ideas for addressing our sector specific biggest challenges while also addressing the material sustainability topics most relevant to our business.

VILPAK is part of the Grafija group of printing and related companies established in 1996. This annual report discloses only Vilpak's performance on the social, environmental, and economic (governance) impacts and risks related to its activities.

The report was prepared following the standards developed by the Global Reporting Initiative (GRI) (2021 revised version) and it focuses on 17 material topics, which are aligned with our business priorities. We identified 15 topics in 2021 through a materiality analysis that considered the sustainability context and involved a review of stakeholders' concerns and added 2 new ones in 2022. For each material topic, we define ambitions and goals and implement programs. In response to our stakeholders' expectations and for a better understanding of our performance, we disclose data and information from the previous year.

Vilpak reports on its sustainability performance annually based on a calendar year, hence, the report covers the period January 1st, 2024 – December 31st, 2024. The information presented in the report is disclosed on a Materiality Assessment principle and the

scope of disclosure has been extended to cover stakeholders' expectations and contribution to eight of the 17 goals of the UN 2030 Agenda for Sustainable Development. The content of the report includes the latest information available at the time of publication. The Sustainability Report itself has not been reviewed by an external expert.

There are no significant changes to the organization and its supply chain. There is no restatement of information given in the previous report.

If you have questions about the content of the Sustainability Report, or the Company's sustainability activities, contact by mail: info@vilpak.lt.

Feedback is welcome!



About Vilpak



04

Vilniaus Pakuotė UAB (further – Vilpak), established in 2011 and a part of the printing group Grafija, is a modern, socially responsible employer that produces the highest quality cardboard packaging products. For Vilpak, sustainability is at the heart of our company strategy for successful business development, reflecting all three dimensions: Environmental, Social and Governance.

We believe that we have a responsibility in contributing to a sustainable future. Based on our long term value creation, we have established trustful relationships with our customers, offer our staff a supportive working environment, and actively engage for climate and environmental protection. As a manufacturer of packaging we have a special responsibility when dealing with resources, a responsibility that we are fully aware of. We strive not only to be socially responsible and environmentally friendly, but also to encourage our customers to follow the same philosophy.

It is not only our activities that are important, but also the actions of our customers and their clients. Our world and the people who live in it are important to us – today and tomorrow.

8 500 t

**Board
converted**

110

**Total
employees**

19,1m

**Revenue,
Eur**

71%

**Share of export
in revenue**

1,6 m

**EBITDA,
Eur**

43%

**Green electricity
in production**

CUSTOMERS > 20 COUNTRIES

12 INDUSTRIES SERVED

Key events 2024



February

Vilpak participated in the international trade fair “Fruit Logistica 2024” held in Berlin. The company showcased its new 100% recyclable paper tray for fresh produce, featuring a resealable design and CO₂ emission offset options.



October

For the second consecutive year, Vilpak received the award for the best sustainability report in the medium-sized companies' category in the Baltic region. Also Vilpak took part in Scanpack 2024, Northern Europe's leading packaging solutions exhibition, held in Gothenburg. The company presented its latest sustainable packaging innovations.



March

Vilpak completed a BRCGS audit and received the highest possible AA rating.



May

Installed new folder gluer Heidelberg Diana 115, investment more than 600k euros.



November

Vilpak hit the milestone of achieving 2 million euros production output per month.



December

Installation work of new printing press worth EUR 3 mil completed.

Mission, vision, values and business strategy

Vilpak operates in accordance with a defined strategic plan - approved by the top management team - that sets out the company's vision and mission, defines its goals, and serves as a blueprint. It ensures that the entire organisation is working towards the same goals and supports a sense of shared responsibility amongst employees.

Mission

We are in business to provide our customers with the best paper-based packaging solutions in terms of quality, safety, and sustainability.

Vision

To be a reliable partner and the preferred supplier for companies when it comes to sustainable, innovative, and intelligent paper-based packaging solutions.

Our values

We have defined a set of core values that gives us a framework for leadership and influences our business decisions in everything we do. The following core values and beliefs define what is important to us, what we stand for, and what drives our business at Vilpak:

Involved partnership

Develop trustworthy relationships with our customers, suppliers, partners, and other stakeholders. Respond to growing demands and expectations with the best packaging solutions and maximize the positive impact of our operations throughout the supply chain.

Innovation

Providing safe, innovative, and environmentally sound products to our customers and end-users thanks to the expertise and commitment of all our employees by connecting new ideas and challenges with business realities.

Continuous improvement

Continuous improvement of the management system: learning, sharing, and implementing.

Act in sustainable way

Sustainable use of natural resources and pollution prevention.

Responsibility

We stick to our commitments, act with uncompromising transparency and integrity, and make responsible decisions based on professional standards by respecting our social and physical environment.

Teamwork

We achieve more when we collaborate and all work together. A long-term ambitious and forward-looking approach is at the core of our daily work, while our business strategy is based on three key goals.

Our strategic goals

- 1 Continued expansion of our operations in new markets beyond Europe and long-term economic success; profitability that helps us to provide employees an attractive return through sustainable continuous growth; and providing our customers with the best services and solutions.
- 2 Responsible industry leadership offering paper-based packaging solutions and a sustainable and innovative approach to business.
- 3 Improved operational performance and cost efficiency, with optimization and digitalization of production and innovative product offering solutions.

Product portfolio

We support our clients in identifying the most environmentally responsible solution for packaging their products, tailored to their specific needs. Our goal is to streamline their product packaging journey while promoting sustainability.





Folding cartons

We are offering a wide range of folding cartons – from standard folding boxes to complex multipacks or pastry boxes – using a variety of folding techniques. Our boxes and trays are suitable for hand or automatic erection, depending on your requirements. These products provide an environmentally friendly alternative as they are made from lightweight and recyclable materials.



Conical trays

Conical solid board boxes, trays and items of the sort are a natural paper-based alternative to plastic packaging. Ideal for fast-food, take-away and many other food-containing needs, they're also increasingly used as a convenient option for an eye-catching packaging of non-food items as well. VILPAK's advanced production technology includes a modern Heiber + Schröder High-Speed Carton Erecting Machine capable of producing any type of ready-meal trays.



Foodservice packaging

VILPAK has the experience, technology, proven processes and certifications such as BRC and ISO 9001, needed for the production of safe and high-quality packaging for food products. Top international clients vouch for our work. Conical solid board boxes, trays and items of the sort are a natural paper-based alternative to plastic packaging. Ideal for fast-food, take-away and many other food-containing needs, they're also increasingly used as a convenient option for an eye-catching packaging of non-food items as well.



Fruits and vegetables packaging

We adapted the latest technology for advanced conical packaging solutions for fruits and vegetables. VILPAK's advanced production technology includes a modern Heiber + Schröder High-Speed Carton Erecting Machine capable of producing any type of ready-meal trays.

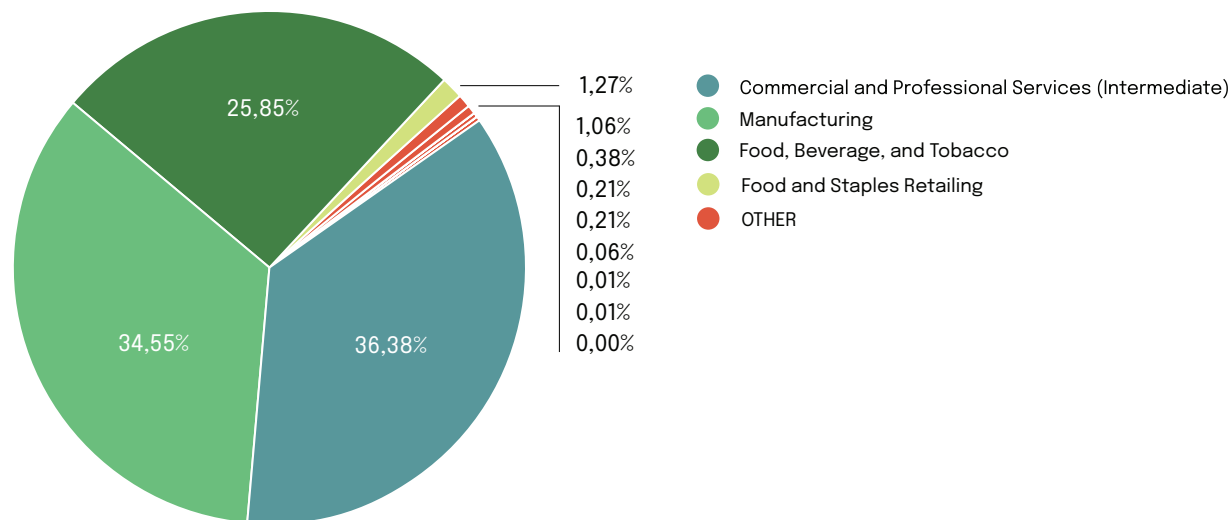
Market presence

Traditionally, packaging has served the essential functions of containment, preservation, and protection for products. However, it now assumes a more sophisticated role in enhancing customer engagement.

Recognizing the shifting landscape of consumer preferences, the rising demand for sustainable materials, and the integration of cutting-edge technologies into packaging, we perceive new horizons and opportunities for the industry. By maintaining close ties with our customers at all levels, we are poised to overcome implementation challenges and leverage these emerging prospects.

Our customers are leading manufacturing companies offering a wide range of products. These industry leaders have already shown appreciation for our commitment to the environment and for offering customers sustainable packaging solutions.

Same as previous year, the vast majority of the company's production in 2024 is served in the industries of commercial and professional services, manufacturing, food, beverages, and tobacco. The more detailed split of industries served, and sales to those industries in 2024, is indicated in the table and chart below.

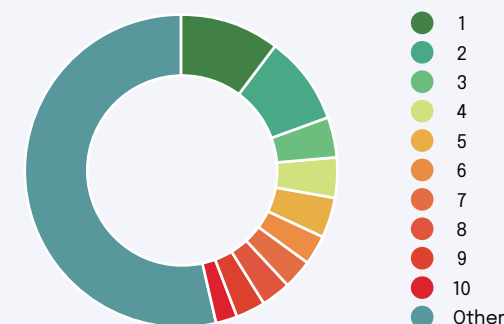


Industry served	Total sales 2024, EUR	% from total sales	Total sales 2023, EUR	% from total sales
Commercial and Professional Services (Intermediate)	6 964 128	36,38%	5 785 682	40,96%
Manufacturing	6 614 780	34,55%	4 212 322	29,82%
Food, Beverage, and Tobacco	4 949 059	25,85%	3 215 979	22,77%
Food and Staples Retailing	243 594	1,27%	476 897	3,38%
Retailing	203 582	1,06%	258 700	1,83%
Chemicals, construction materials, containers&packaging, paper products	71 914	0,38%	53 446	0,38%
Pharmaceuticals, Biotechnology, and Life Sciences	40 835	0,21%	33 180	0,23%
Consumer services, Cinemas, casino, leisure etc.	40 749	0,21%	36 733	0,26%
Household and Personal Products	10 566	0,06%	39 338	0,28%
Government institutions, political parties	2 492	0,01%		
Consumer Durables and Apparel	1 323	0,01%	11 257	0,08%
Services	727	0,00%		
Total:	19 143 749	100%	14 123 535	100%

The Company mainly operates on a long-term contracts basis and values business relationships with its customers based on mutual trust, professionalism, and future-thinking. This results in the vast majority of contracts being conducted on the long-term with little to none being conducted as one-time orders.

The Company manages its client portfolio by diversification – no one client makes up more than 10% from the total revenue pool. The same trend, compared to the reporting period of the previous year, remained this year as well. This is also illustrated by the table and chart below.

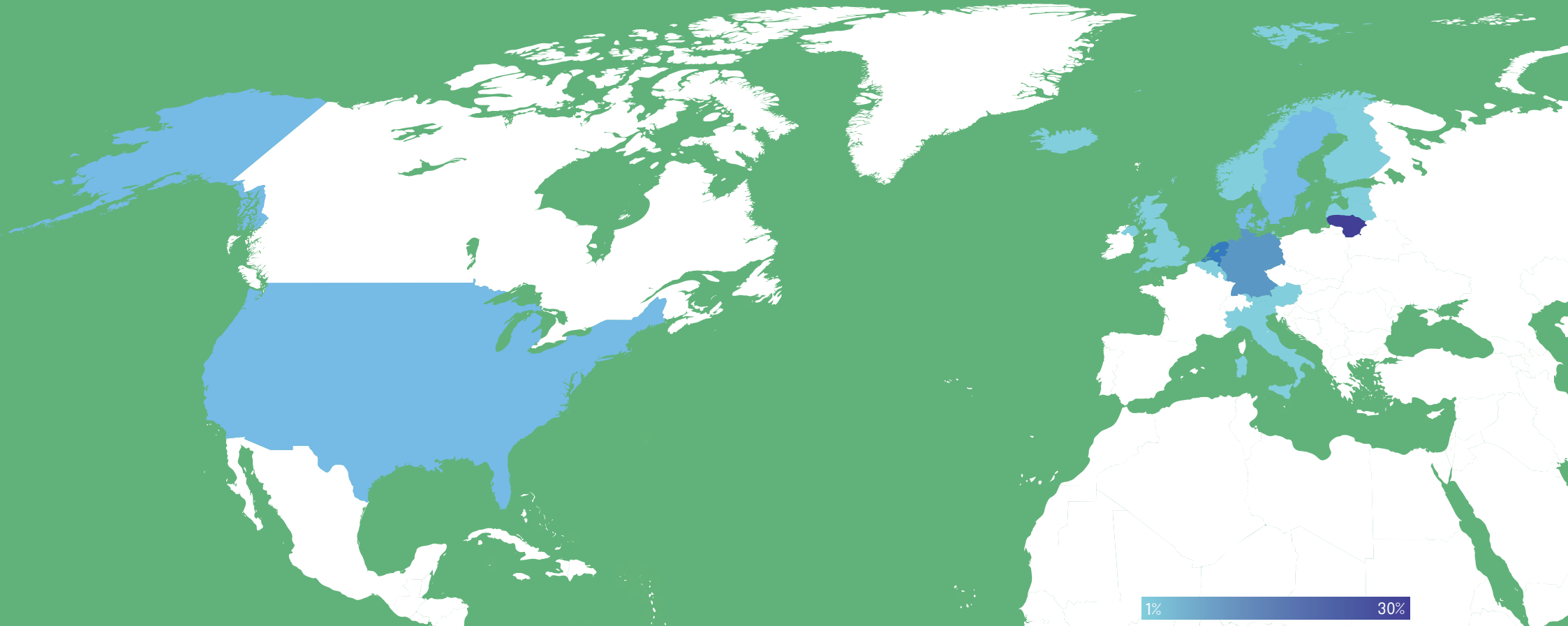
% from total sales 2024



Customers	% from total sales 2024	% from total sales 2023
1	10%	9%
2	9%	9%
3	4%	7%
4	4%	6%
5	4%	3%
6	3%	3%
7	3%	3%
8	3%	3%
9	3%	3%
10	2%	2%
Other	52%	53%
Total:	100%	100%

Global reach

Over time, our operations have grown significantly, with most of our clients now operating internationally. Our primary focus remains on serving geographic areas concentrated in Western Europe, Scandinavia, and the Baltic States.



Country	Total sales 2024, EUR	% of total sales	Total sales 2023, EUR	% of total sales	Population, Mln.						
Lithuania	5 611 506	34%	5 450 867	33%	3	Finland	520 013	3%	184 046	1%	6
Netherlands	4 793 795	29%	4 910 046	29%	17	Latvia	246 977	1%	223 773	2%	2
Germany	2 066 208	12%	2 668 254	16%	83	Estonia	208 445	1%	164 566	1%	1
Denmark	1 572 643	5%	292 698	2%	6	Iceland	200 440	1%	154 146	1%	0
Sweden	1 265 795	4%	393 270	2%	10	Norway	148 915	1%	120 581	1%	5
Belgium	959 033	4%	471 183	3%	11	Italy	119 855	1%	147 921	1%	60
United States	664 832	4%	153 621	1%	334	United Kingdom	16 227	0%	14 219	0%	67
Austria	583 931	3%	262 630	2%	9	Other	165 133	1%	179 782	1%	n/a
						Total:	19 143 749	100%	14 123 535	100%	614

Governance of Vilpak

Since 2021 there have been no significant changes to the organization structure and governance. The Company's main governing body, and one of its key stakeholders, is its shareholders. The ultimate strategy and sustainability goals, as well as priorities, are set and approved by representatives of the shareholders. The CEO of the Company is its main operational governing body appointed by the shareholders. The CEO is also the Chair of the Company's management team, consisting of heads of all main departments: commerce, preparation, procurement, packaging production, warehouse and logistics, quality and processes, finance, personnel.

The management team, with the help of the sustainability projects manager maintains oversight of all sustainability risks. Standard procedures help ensure that appropriate mitigations are in place and regularly reviewed by management. The Company's purpose, value statement, strategies, policies, and goals related to sustainable development are reviewed periodically, but not less than every two years. This is done mainly through strategy sessions involving the whole management team as well as representatives of the shareholders.

To ensure operational due diligence, the Company performs yearly internal review and audit procedures of selected processes that are in place to determine not only their effectiveness, but also their impact on the economy, environment, and people.

Any urgent concerns, risks, or other issues related to sustainability are to be raised for the attention of the management team - through the daily operational meetings of all management teams - where they can be either addressed and resolved on the spot or raised further for the attention of the shareholders.

The evaluation of the performance of the management team in overseeing the company's impact on the economy, environment, and people is conducted on a yearly basis through the process of annual evaluations of individual management team members, including the CEO. This process includes not only the review and evaluation of results, but also the setting of future individual and organizational goals.

In our activities, we use both KPIs (Key Performance Indicators) and OKRs (Objectives and Key Results) to measure our performance and track progress toward specific goals. This allows us to establish objectives and key results, customize metrics for actionable insights, set time intervals, and focus on measuring and managing progress to drive change.

We play an active role in several associations where we serve as members: ECMA (The European Carton Makers Association), LISPA (Association of Lithuanian printing industries).

UAB Vilniaus pakuotė organizational structure

Director

Head of Commerce Department	Business Development Manager	Marketing Manager					
Head of Clients and Preparation Department	Technologist I, II	Technologist-Estimator	Designer	Repro Studio Operator	Project Manager	Customer Service Manager	
Head of Procurement Department	Supply Manager						
Head of Packaging Production	Shift Supervisor	Operator I, II, III	Operator Assistant	Logistician	Packer		
Head of Warehouse and Logistics Department	Warehouseman	Driver-Expeditor					
Head of Mechanics and Automation Department	Chief Mechanic	Mechanic					
Head of Quality and Processes Department	Quality Controller						
Finance Director	Financial Analyst	Chief Accountant	Purchasing/Sales Accountant				
Personnel Manager	HR Manager						

Corporate policies

Well-developed policies and procedures help us to ensure legal and regulatory compliance, whether it is directly within the company or in external interactions with other companies and customers. Also, policies guide all significant aspects of the business including corporate vision and values, safety, health, environment and energy, ethics, procurement, human resources, financial management and maintenance. Our developed policies and procedures are action oriented, timely and current, periodically reviewed for clarity and conformance, and properly enforced by management.

During 2024, the company reviewed and updated 33% of its existing policies and procedures. Additionally, it implemented a simpler and more proactive document management system, which will bring greater transparency into document management.

Our culture and compliance expectations are based on the company values, and we practice these principles every day through the policies that govern our organization. Policies and procedures enable us to operate effectively and successfully, together they reduce the risk of liability. In addition, they promote consistency across the organization for both employees and customers.

Top management has developed, implemented, and maintains various policies and procedures which set the framework and provide a blueprint for employees, suppliers and partners to ensure cooperation and coordination. Throughout the reporting period, we reduced the number of policies and procedures by cutting paperwork and streamlining work, without compromising our focus on our core values to a total of 118 policies and procedures continuing our primary focus on sustainability-related matters.

The following key policies and frameworks that underpin our sustainable approach are outlined below:

Code of Conduct

Sustainability policy

Human rights, non-discrimination, children and forced labour policy (New)

Data privacy policy for employment candidates

Employee data privacy management policy

Employee health and safety at work policy

Employee performance management and development policy

Employee recruitment standard

Employee remuneration system (Updated)

Equality and Diversity policy (Updated)

Internal rules of procedures

New employee adaptation procedure

Environmental Policy

Policy non-smoking (Updated)

Procedures for Investigation and Registration of Accidents at Work

Workplace Anti-Harassment and Violence Prevention Procedure

Health screening procedure for employees

The Vilpak Code of Conduct addresses the most important corporate principles and ethical behaviour in our business practices, relationships with our stakeholders, and working environment. General provisions and principles of the business ethics are set out in compliance with international human rights standards, Respect for Human Rights. It acts as guidance for all employees of our company on how to act in everyday situations. The Code of Conduct and other policy documents are reviewed regularly and approved by the top management. All new employees are educated in the Code of Conduct and relevant policies, long-term employees are furnished with constant updates, including ways to report incidents to senior management or anonymously through our whistleblowing service.

Each company policy document is distributed to the specific measurable objectives of the relevant division ensuring its implementation. The implementation of the objectives is reviewed at least once a year during the management review.

If Vilpak causes or contributes to a negative impact or misconduct due to its activities, it is established to act under the already in-place Internal Risk Management Plan. The company's obligations to eliminate adverse effects are set out in the documents defining its policies. Additionally, a procedure has been developed for the management of non-compliant products, processes, and activities.

All employees, at all levels of the company, are responsible for complying with the governance framework in their everyday decisions and actions. The Vilpak whistleblowing procedure was established in 2018 and is an important tool fostering the highest standard of business ethics and awareness regarding misconduct. Anyone in the company can anonymously report actual or suspected breaches of our Code of Conduct, or any other unethical behavior, directly to either the senior manager, the relevant supervisor, or the head of HR without being penalized in any way. Every case of a breach of our Code of Conduct is handled individually and investigated appropriately. In 2024, there were 2 staff reports of inappropriate behaviour by colleagues.



Vilpak is committed to combating all forms of corruption and bribery and maintains a zero-tolerance policy to such behavior: whether illegal activity or negligence by an employee, supplier, or business partner. No incidents of corruption were registered in 2024. We strive for integrity and compliance with the principles of proper business ethics throughout our entire business. Continuous training, interactive discussions, and risk assessments help us increase awareness and act responsibly.

We use the SEDEX (Supplier Ethical Data Exchange) online platform to provide up-to-date information on the status of our processes related to sustainability, and to build trust and transparency with our customers as part of our approach to responsible sourcing across the supply chain. The process may also be accessed directly by our customers.

Risk and opportunities assessment

As a responsible business we identify potential risks to our business so that we can put in place mitigating actions. Addressing potential risks early creates opportunities for us to improve what we do. We believe that it is important to be aware of the impact generated throughout the value chain and to properly respond to the opportunities and demands of our customers, suppliers, suppliers, end-users and to the challenges in the market. Assessment on risk and opportunities has been conducted and updated since the previous reporting period where we identify risks and opportunities to offer the best response by adapting to change. In 2024 we did not identify any new risks, those added in the previous year associated with increasing regulatory requirements and the geopolitical landscape are evaluated as sufficient and in line with current concerns. Additionally, we proactively addressed emerging challenges to ensure our risk management framework remains robust and adaptive to evolving circumstances.

Regulatory risk	As the climate crisis continues, the regulatory response will shift towards reduction of greenhouse gas emissions and environmental regulation will significantly tighten. Environmental impact will become the key regulatory factor across all industries. This will lead to some businesses being forced to change the way they operate processes, new sustainable products, production technologies, etc. This may result in changes to the pricing of energy and lead to an increase of costs in production.	Vilpak uses a significant part of electricity produced in its own solar power plant. Although economic and geopolitical constraints caused a temporary shift from outsourcing 100% of the energy from re-newable sources for a fixed 3 year term of the contract, after the contract ends it is determined to switch back to using electricity generated fully by renewable sources.
	Protection of forests to secure biodiversity limits harvesting volumes. LULUCF regulation highlights that forests - in particular primary forests - are significant natural carbon sinks.	Vilpak uses raw material resources efficiently to avoid waste in production.
	The upcoming Packaging and Packaging Waste Regulation places a strong emphasis on reuse over recycling.	Addressing these challenges will require proactive engagement, collaboration, and innovation from all stakeholders in the packaging industry. Knowledge and awareness of regulations.
	Deforestation Regulation requirements for raw materials traceability to plots of land.	Streamlining our supply chain processes is essential for ensuring traceability and transparency and verifying that our products are not linked to deforestation.
Market pressure from consumers	Consumers prefer easily recyclable packaging made from renewable raw materials that do not contain fossil fuels.	Cardboard used in production is recycled and / or composted, and the fact that a significant part of electricity is produced using solar energy helps to reduce the amount of carbon dioxide generated during packaging production. Good packaging design further reduces the environmental impact of cardboard packaging.
Energy risk	We consume a lot of electricity and natural gas in the company's operations. All operations of production equipment are based on the use of electricity, which poses a risk of interrupted supply of electricity. The supply of electricity influences the course of all production processes.	Electricity is supplied under contractual terms. Distribution is provided by the Energy Distribution Operator. We have installed 500 kW solar panels on site. Natural gas is used for heating and hot water. Implemented investments in heat recovery systems helped us to reduce natural gas consumption.
Occupational risk factors: physical factors	Workplace Environment; electrical safety handling and maintaining electrically powered equipment; safe behavior near/with potentially hazardous equipment; identification of potentially hazardous agents; minimum safety and health requirements for the use of work equipment; fire prevention and extinguishing; activities of other companies providing services on the site.	Occupational safety audits are performed on a regular basis. ISO 45001 standard is in place. Workplaces and work equipment are technically maintained. Deficiencies that may affect the safety and health of employees are addressed. Work equipment is clearly visible, identifiable, and marked. Employees receive the necessary training in the workplace, are instructed accordingly, and are aware of the potential hazards. Fire extinguishers and fire safety engineering systems are maintained, labeled and easily accessible.
Supply of raw materials	Significant changes in raw material supply in global markets. Significant rise in raw material prices. Competition	Diversifying the procurement of key raw materials from different suppliers in the European Union and beyond.

Social factors	Employee retention and minimization of turnover. Qualification and integration of employees into production work processes.	<p>The company focuses on building employee engagement in participation and decision-making, maintaining good relations, turning feedback into actions, and providing opportunities to improve. Social recognition and monetary rewards are on board.</p> <p>The company has an employee performance appraisal and training system. Vilpak strives to ensure an exceptional onboarding experience. Training is organized both internally and by third party.</p>
Product sales	Changes in the supply and prices of cardboard in the markets may have a negative impact on the company's revenue, profit, and cash flows.	Search for new markets. Cooperation with business partners. Guidelines and policies for business continuity strategy and tactics.
Safety and quality of food packaging	Existing and potentially dangerous risk factors (biological, chemical, physical) have been identified along with favorable conditions for their emergence and increase have been analyzed. Risk evaluation consists of an assessment of the likelihood of the risk factor occurring and the severity of the consequences. The risk assessment covers the entire production chain of packaging, from the purchase of raw materials to delivery to the customer.	<p>Risk management plan in place. Identified critical control points according to the Production Flowchart.</p> <p>Existing and potentially dangerous risk factors (biological, chemical, physical) have been identified and favorable conditions for their emergence and increase have been analyzed. Risk evaluation consists of an assessment of the likelihood of the risk factor occurring and the severity of the consequences, management measures and actions specified. The risk assessment covers the entire production chain of packaging, from the purchase of raw materials to delivery to the customer.</p>
Product development	Constantly growing consumption around the world is depleting resources and driving higher waste levels. The environmental impact of packaging is related to the extraction of raw materials, production, and waste management. The functional properties, weight and design of the packaging, become particularly important.	<p>Produce only packaging made from environmentally friendly raw materials that are easy to recycle, safe, and made from recycled materials.</p> <p>Ensure that it does not contain hazardous or toxic chemicals.</p>
Geopolitical risk	In recent years, geopolitical tensions have escalated, particularly after the Russian Federation's military invasion of Ukraine in February 2022. While future developments are uncertain, the growing geopolitical tensions and the possibility of further conflict escalation could greatly influence global trade policies, production, duties, and taxation.	The company focuses on diversification of supplies, energy efficiency and the acceleration of renewables. Managing supply chain disruptions our company focuses on these key operational strategies: be aware of supply chain disruption risk and have proactive contingency plans; gaining sub-tier visibility into our supply network; reexamining supplier locations and viability; collaboration with business partners to foster a reliable supply network; diversifying our supply chain where possible; using active monitoring of new and emerging threats for all risk categories.
Funding and liquidity risk	Economic recessions or downturns have the potential to diminish the demand for packaging products, resulting in decreased revenues and presenting challenges to cash flow. Moreover, the susceptibility to price shocks for essential business components such as materials, transportation, distribution, utilities, and potential increases in borrowing rates and employee wages further compounds the financial strain.	Regular reviews ensure adequate cash reserves and liquidity levels, backed by accessible credit facilities and debt capital markets. Review our pricing and margins strategy and product offerings or revenue streams; Review our business expenses and look for opportunities to save, especially on the fixed overheads our company pays every month. Review our profit and loss statement to identify the areas in which our company spends the most. Create working capital buffer.

Approach to sustainability

05



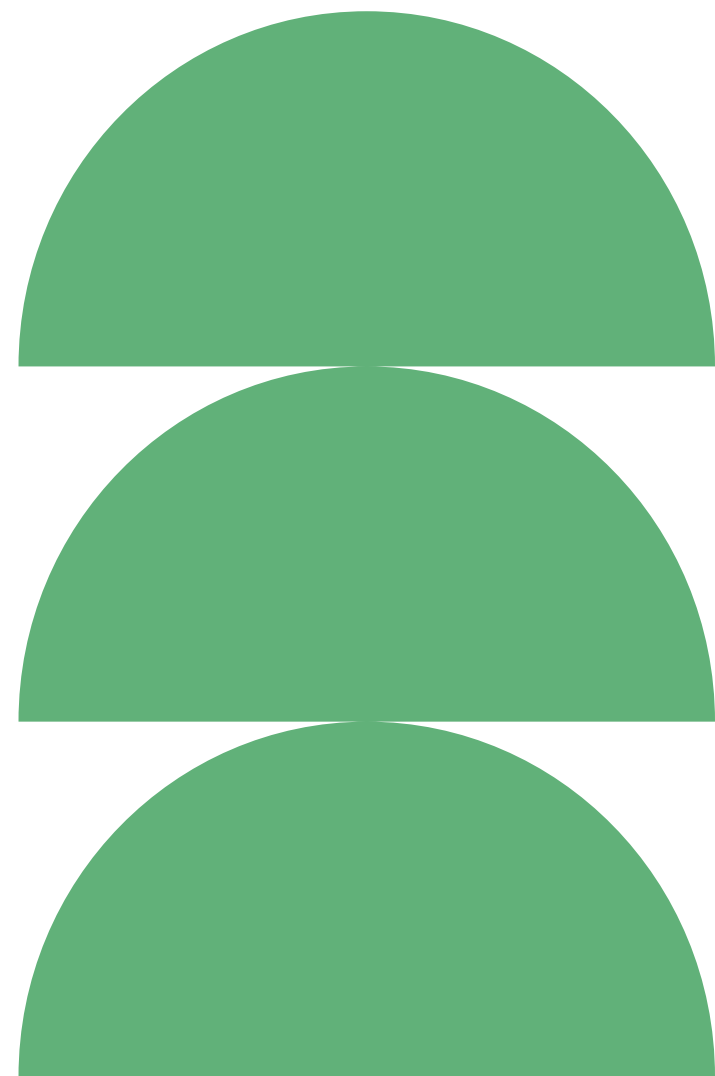
Based on our Mission, Vision and Values, we regard sustainability as an essential element of our activities, as important management issues and place a strong emphasis on sustainability in our corporate management. For us, sustainable entrepreneurship and profitable growth go hand in hand. In all our packaging services our aim is to increase process efficiency, save resources, and minimize emissions.

Since 2021, Vilpak strengthened the focus on sustainability; thoroughly embedding sustainability as part of our overall business strategy and incorporated into the company's long-term business objectives and investment plans, risk assessment, action plans, and processes. The company held sustainability strategy development sessions with the participation of Vilpak top management teams. During the sustainability sessions, Materiality Assessment and other main topics have been identified and decisions on the principles and the route towards more sustainable development have been made. For the sustainable growth of both society and the company, we identified important business issues that impact the company and its stakeholders as material issues. The sustainability policy has become a key document indicating the development and implementation of the strategy. A set of goals and strategic initiatives were incorporated into the Company's daily activities and several projects have already been initiated. Vilpak's focus on sustainable development informs our commitment to the principles of good corporate governance as well as responsible business practices in our approach to environmental impacts, safety and social responsibility.

During this reporting period, we put strong emphasis on aligning our medium-term management plans and business plans with material topics, recognizing that each material issue holds the potential to shape both risks and opportunities over the medium to long term.

Key areas of our sustainability management defined in 2021 and revised in 2022 remain unchanged during this reporting period. Our objective to integrate sustainability in all business processes and raise awareness among all employees for sustainable thinking and action was the focus during 2024. We have set ambitious objectives in all areas of action and defined measures for achieving these objectives. We continuously measured our progress by means of suitable KPIs.

In order to ensure that identified sustainability development goals are timely and reflect the scale and complexity of the business, as well as the appropriate measures that were taken to implement them, the company plans to review sustainability development topics and goals and adapt, if necessary, at least every 2 years. In upcoming year 2025 we plan to review our main topics and goals defined in 2021, and if necessary adjust and expand our action area.



Engagement with stakeholders

Stakeholder analysis and engagement is crucial to ensure that identified social, environmental, economic impacts, and governance management of each organization are conducted in an appropriate manner and create value for stakeholders. For these reasons, the Vilpak management team performed an analysis of the Company's stakeholders, the results of which allowed it to determine issues and expectations relevant to stakeholders and accordingly helped the company to identify materiality topics and strategic targets. For Vilpak, the goal of stakeholder analysis was to develop a strategic view of the human and organizational landscape, the relationships between the different stakeholders, and the issues that they care about most. Stakeholders are hugely important, as they can have a significant influence on business decisions and performance, both directly and indirectly, through their roles as buyers, suppliers, partners, employees, investors, and so on.



The company has implemented stakeholder analysis, which involved three steps:



Stakeholder identification.
All stakeholders with whom
the company interacts are
identified.



Identification of key stakeholders.
Key stakeholders are identified
and assessed by their power and
interest.



Engagement with stakeholders.
The stakeholder's engagement
plan is confirmed, summarizing
the information available on key
stakeholder's expectations,
concerns, and interests, and
identified ways of engagement.

We believe that the relationships with Our Stakeholders will help us to advance towards our long-term commitments and objectives. This way, we will be able to jointly focus on responding to the challenges faced by society today, thus providing innovative and sustainable solutions and generating long-term value for all parties involved.

Stakeholder groups	Stakeholder type	Way to engage	Engagement activities	Key topics & concerns
Shareholders and other investors	Users of sustainability statements	Manage closely (High power, high interest)	Annual General Meeting Interim financial reports Conferences and events Meetings with analysts and investors Corporate website Media releases	Profit Focus on sustainable management Financial stability and economic performance Risk management Ethics and transparency
Top Management	Affected stakeholders	Manage closely (High power, high interest)	Internal workshops and trainings Annual employee performance review Intranet Meetings Surveys Company events Corporate website	Profit Focus on sustainable management Economic performance Working conditions Professional development and career opportunities
Employees	Affected stakeholders	Manage closely (High power, high interest)	Intranet Surveys Internal and external audits Training programs Annual employee performance review Internal workshops Corporate website	Decent working conditions and safety Profit Equality and diversity Fair wage Benefits Career development
Customers	Affected stakeholders Users of sustainability statements	Manage closely (High power, high interest)	Surveys Monitoring sales of products Corporate website Claims management Conferences and events Key Account Managers relationships Social media	Customer relationship and satisfaction Product quality and safety Responsible procurement Long-term partnership Traceability Fair payment terms GHG emissions Human rights and labor standards Sustainable Solutions and innovation Products from renewable and recyclable materials Ethics and transparency
Suppliers of key raw materials	Affected stakeholders Users of sustainability statements	Manage closely (High power, high interest)	Audits and assessments Corporate website Conferences and events Tendering processes On-site visits and meetings Questionnaire	Long-term partnership and mutual value Sustainable management Fair payment terms Responsible procurement Traceability Human rights and labor standards Ethics and transparency

Stakeholder groups	Stakeholder type	Way to engage	Engagement activities	Key topics & concerns
End-users	Affected stakeholders	Keep informed (Low power, high interest)	Media releases Corporate website	Product quality and safety Products from renewable and recyclable materials
Business partners	Affected stakeholders Users of sustainability statements	Keep informed (Low power, high interest)	Meetings Projects Partnerships Conferences and events Corporate website	Sustainable management Sustainable solutions and innovation Fair payment terms Ethics and transparency
Suppliers of other raw materials and services	Affected stakeholders	Keep informed (Low power, high interest)	Audits and assessments Conferences and events On-site visits and meetings Corporate website Questionnaire	Long-term partnership Sustainable management Responsible procurement Fair payment terms Ethics and transparency
Associations	Users of sustainability statements Affected stakeholders	Keep informed (Low power, high interest)	Conferences and events Meetings Partnerships Corporate website	Sustainable management Ethics and transparency
The media	Users of sustainability statements Affected stakeholders	Keep satisfied (High power, low interest)	Conferences and events Partnerships Corporate website Sustainability report Corporate publications	Transparency and reliability of information Accessibility Open dialogue Ethics and transparency
Authorities, supervisors and regulators	Affected stakeholders Users of sustainability statements	Keep satisfied (High power, low interest)	Meetings Responses to consultations Conferences and events Corporate website Annual and sustainability report	Sustainable management Compliance Reporting Ethics and transparency
Direct competitors	Affected stakeholders Users of sustainability statements	Monitor – minimum effort (Low power, low interest)	Conferences and events Meetings Corporate website	Sustainable Solutions and Innovation Sustainable management Ethics and transparency Reporting

Stakeholder groups	Stakeholder type	Way to engage	Engagement activities	Key topics & concerns
Indirect Competitors (Market Participants in Other Packaging Manufacturing)	Affected stakeholders Users of sustainability statements	Monitor – minimum effort (Low power, low interest)	Conferences and events Meetings Corporate website	Sustainable Solutions and Innovation Sustainable management Ethics and transparency Reporting
Local communities and nongovernmental organizations (NGOs)	Users of sustainability statements Affected stakeholders	Monitor – minimum effort (Low power, low interest)	Dialogue with local communities Partnerships Media releases Corporate website	Community engagement Buildings and infrastructure Water and climate protection Sustainable management Ethics and transparency Socio-economic impact

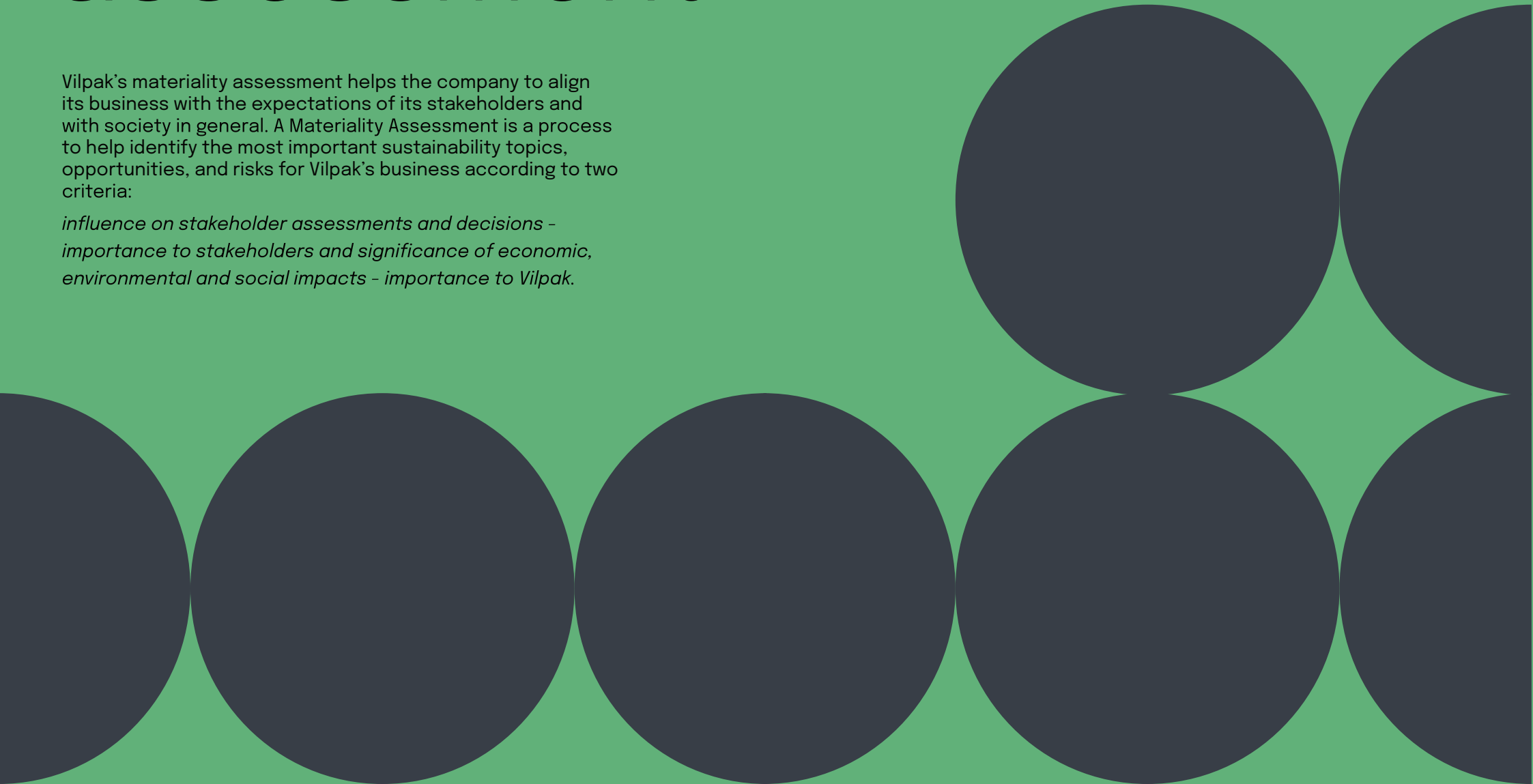
By entering dialogue with different groups, we, as a Company, can gain insight into internal and external points of view. Vilpak sees stakeholders as participants in co-creating value for the organization. We communicate regularly with a broad stakeholder base on issues that may be of significant interest or impact to them, including our performance, decisions and activities in relation to environmental, social, and economic (governance) issues.



Materiality assessment

Vilpak's materiality assessment helps the company to align its business with the expectations of its stakeholders and with society in general. A Materiality Assessment is a process to help identify the most important sustainability topics, opportunities, and risks for Vilpak's business according to two criteria:

influence on stakeholder assessments and decisions - importance to stakeholders and significance of economic, environmental and social impacts - importance to Vilpak.

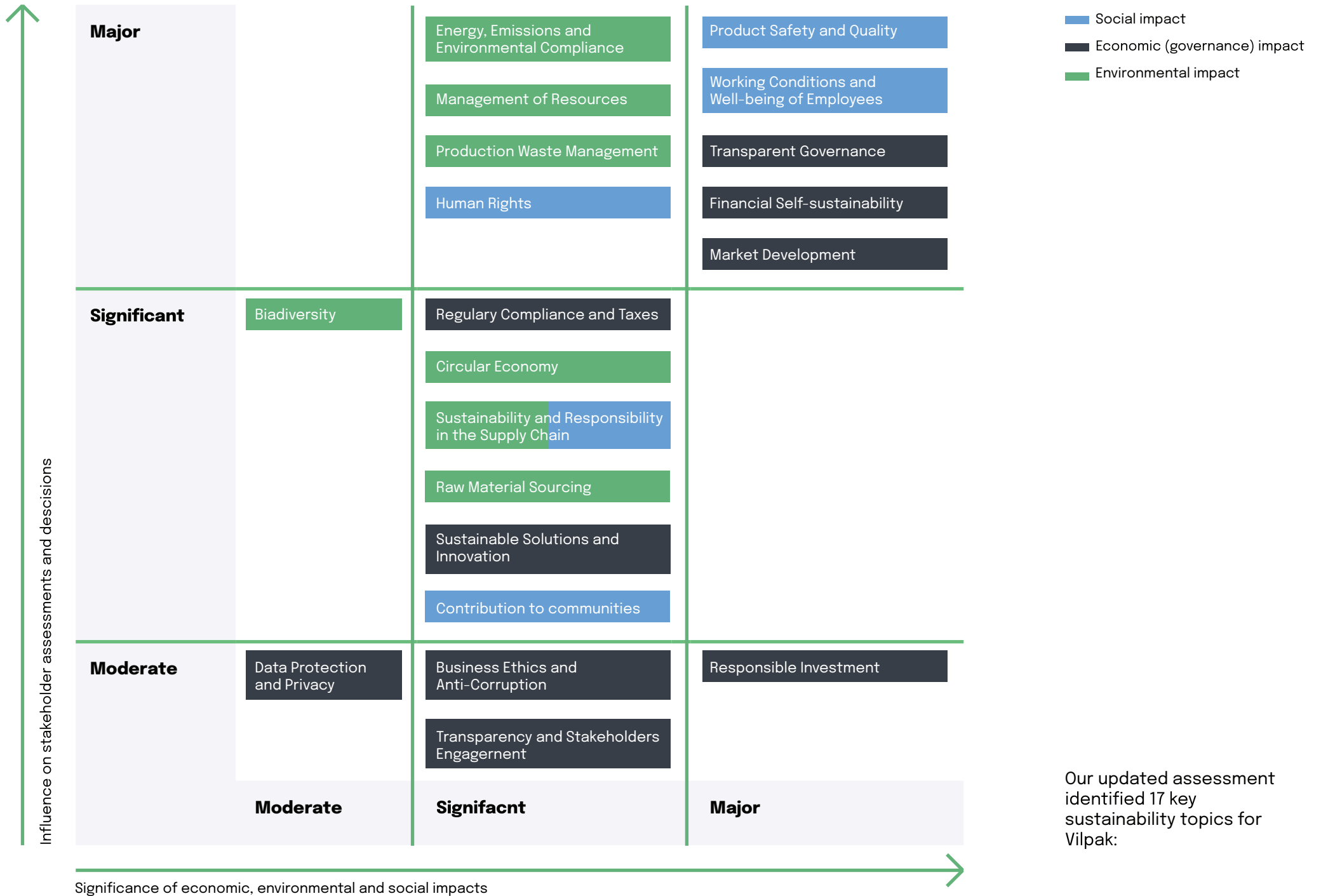


Vilpak's first materiality assessment was conducted in 2021 in collaboration with an external sustainability specialist. This resulted in the publication of our first Materiality Matrix, outlining the topics considered most relevant to both our stakeholders and our business. Top management members have been involved to evaluate the topics' relevance for Vilpak's core business. Materiality Assessment has been performed involving several vital stages:

- Defined the purpose of company's Materiality Assessment by delivering risk-assessment and Sector analysis.
- Identified potentially relevant topics. According to various sources, a list of potentially relevant topics has been assessed that may have actual and potential Environmental, Social, and Governance (ESG) impacts on Vilpak business and its stakeholders. Sources used: results from stakeholder mapping and involvement, prevailing market trends, EU regulations and directives, Vilpak's strategy, organizational culture, and overall context of sustainability.
- Prioritization of material topics relevant to both Vilpak's business and key stakeholders. Key sustainability issues and relative importance of specific ESG topics have been identified by assessing each potentially relevant material topic and evaluating its impact on the business and its stakeholders.

The outcome of the Materiality Assessment is a materiality matrix, showing all topics which are identified and prioritized to focus on the ones that matter most to Vilpak's business and its stakeholders. The insights gained through this process can support decisions about the direction of the business and guide the relevant strategy, help identify trends that could significantly impact on the company's ability to create value in the long-term, and have the greatest positive impact on the company and its stakeholders.

The stakeholder and Materiality Assessment back then identified and prioritized 15 Companies' sustainability topics that matter the most for Vilpak and its stakeholders. Our vision of sustainability however is not a static one, and Vilpak conducts periodic and comprehensive materiality assessments to identify our most relevant topics from an ESG perspective. The last comprehensive materiality assessment, which also reflected a variety of external stakeholder feedbacks was done in 2022. As a result of the assessment, we added "Contribution to communities" to the Materiality Matrix and included "Data Protection and Privacy" topic on the voluntary reporting since 2022.



Material topic	Why the topic is material
Product safety and quality	As a manufacturer, managing product safety and quality risks is paramount for Vilpak, from the resources we use to the production, sale, and distribution of products to the end-user. If the company management structure effectively facilitates safety at each step, it bolsters a culture of sustainability. Thus, Vilpak prioritizes the safety and quality of products to deliver value exceeding customer expectations to fulfill its social responsibility.
Working conditions and well-being of employees	Vilpak invests in the well-being and development of its employees, seeks to provide a healthy and safe work environment for employees by monitoring health and safety standards. All employees have performance plans and annual performance dialogues, including top management. An employee survey is conducted yearly to follow-up on employees satisfaction and well-being. Results are assessed to understand the changes, trends, and critical points of improvement identified.
Transparent Governance	Transparency is a fundamental component of good corporate governance and serves to build vital trusting relationships with key stakeholders. For Vilpak, environmental, social, and governance reporting are the company's means of communication with stakeholders as part of our accountability and stewardship obligations, and at the same time, are a tool for achieving transparency regarding the financial performance of a company.
Financial Self-sustainability	Financial self-sustainability is identified as a material topic because Vilpak is a profit-driven company that needs to make a profit to remain viable. Vilpak's good economic performance contributes to society through the payment of wages, taxes, and the purchase of products and services. This impacts economic activity, society, and contributes to economic growth to manage impacts related to economic performance. Financial self-sustainability and long-term profitability ensure that Vilpak remains a reliable and value-adding partner for all its stakeholders.
Market Development	<p>Regulatory and public concerns around single-use packaging waste will force companies to improve the sustainability of their packaging and to rethink their packaging systems.</p> <p>There will be a significant impact on packaging converters and their value chain. However, for packaging converters with the right focus and innovation capabilities, the new landscape could offer significant growth and new partnership opportunities to support customers in revising their packaging solutions.</p> <p>Vilpak focuses on primary packaging solutions in the food industry and has a great opportunity to win a significant market share.</p>
Energy, Emission and Environmental compliance	Vilpak strives for full legal and regulatory environmental compliance, which is the foundation of its business. Energy, emissions, and environmental compliance are identified as material topics considering a global challenge to combat climate change. For Vilpak, electricity consumption is key, as the whole production process and all equipment is run on this form of energy. In our value chain, the major source of GHG emissions is from purchased raw material and transportation. To mitigate these impacts, Vilpak has transitioned to using electricity from 100% renewable energy sources in our operations.

Material topic	Why the topic is material
Management of Resources	In the production of our products, we depend on the long-term availability of key raw materials, energy, and water supplies. Our production processes are therefore aligned to protect these strategic resources whilst minimizing our environmental footprint.
Production waste management	Production waste management, strategic waste reduction, separation and management of waste streams.
Regulatory Compliance and Taxes	Vilpak regards the practice of compliance as one of our highest priorities and implements fair and highly transparent corporate activities in accordance with corporate ethics, in addition to observing laws and regulations as well as social norms. Understand our compliance obligations and other incentives; develop strategies that optimize the impacts of carbon, climate change, and resource scarcity. We are committed to tax compliance.
Circular Economy	Due to higher awareness and shifting demand towards more sustainable solutions among customers, the transition to more responsible models of production that considers the principles of a circular economy – one of key topics in Vilpak's agenda. We seek to improve the efficiency of processes and the recovery of waste to benefit from it by encouraging its recycling.
Sustainability and Responsibility in the Supply Chain	It is one of the main topics for Vilpak; reflected in our Responsible Sourcing Procedure. The requirements apply to all purchasing categories and compliance is monitored as part of our governance, risk, and compliance framework.
Raw material sourcing	Vilpak's business relies on the availability of key raw materials to convert them to finished value-added products and solutions.
Sustainable solutions and innovation	We have elevated sustainability in our business strategy, especially in relation to innovation, resulting in an increased focus on recyclability and environmentally sound products.
Human Rights	Vilpak promotes the protection of universally acknowledged human and labor rights. Vilpak assesses its own operations in relation to potential human rights violations and implements adequate measures to prevent any further violation.
Responsible investment	Application of environmental, social and governance criteria to Vilpak's investments in operations.
Data privacy and protection	Vilpak seeks to guarantee the privacy of customers' and employee's data, protect intellectual property and provide an effective management system for IT security and cyber security in order to protect the information assets of the company, customers and other stakeholders, to ensure business continuity and the security of transactions.
Contribution to communities	We believe that taking part in community programs allows us to establish meaningful connections and give back those in need, especially if you give back in ways that fit your business values, culture and meet employees' needs.

Targets set and our contribution to SDG'S

Our strategy is aligned with the goals set out by the 2030 Agenda for Sustainable Development, adopted by all Member States of the United Nations, which define 17 Sustainable Development Goals (SDGs) with the aim of eliminating poverty, protecting the planet, and ensuring the prosperity of humanity.

The objectives and sustainability indicators set, along with the results achieved during the last two reporting periods for each of the sustainability topics, are described in detail in the report below, dividing them into environmental, social, and economic (governance) sections.

We use the following symbols in this report to indicate our progress towards our objectives:



Target achieved/
big progress



In line/
In progress



No progress/
not achieved



Material topics

- Energy, Emissions and Environmental Compliance
- Management of Resources
- Production Waste
- Circular Economy
- Sustainability and Responsibility in the Supply Chain
- Raw Material Sourcing

Contribution to UN SDG's



Target 2025 (Base year 2021)	Performance 2024	Performance 2023	Performance 2022	2024 vs 2021
---------------------------------	------------------	------------------	------------------	--------------

Calculation of greenhouse gases throughout the value chain, strategic reduction, energy efficiency and renewable energy use

Share of electricity from renewable energy sources in final consumption of electricity, in %

100%

43%

100%

100%



Overall CO₂eq emission reduction (Scope 1, Scope 2 and Scope 3), in %

10%

9498 t CO₂eq

4481 t CO₂eq

5413 t CO₂eq



Improve resource efficiency

Reduce relative electricity consumption, consumed electricity kWh / revenue Eur

0,10 kWh/Eur

0,10 kWh/Eur

0,14 kWh/Eur

0,10 kWh/Eur



Reduce natural gas consumption, %

45%

593 097 kWh

522 872 kWh

442 687 kWh



	Target 2025 (Base year 2021)	Performance 2024	Performance 2023	Performance 2022	2024 vs 2021
Increase raw material efficiency in manufacturing operations and improve waste management					
Purchased share of used wooden pallets for unloading goods of total purchased pallets for unloading goods, %	95%	96%	96%	97%	↑
Reduce the amount of cardboard waste generated in production, cardboard waste/total cardboard production volume, %	18%	19%	21%	17%	→
Assess the environmental impact of used raw materials in production and put effort in supply chains traceability and certification					
Raw materials in company's products and packaging supplied from virgin wood fibre originate from certified sources (FSC®) or (PEFC™), %	>45%	73%	52%	39%	↑
Assess the length of the supply chain and make efforts to shorten it					
Increase purchase share of cardboard buying directly from a manufacturer (not retailers), %	>95%	98%	98%	98%	↑
Increase purchase share from EU manufacturers, %	>99%	76%	92%	96%	↓
Work with suppliers that meet Company's sustainability criteria					
The share of Strategic / Important Suppliers that calculate CO2 emissions or have ESG targets or sustainability policies, %	70%	73%	62%	60%	↑
The share of Strategic/Important Suppliers signatory to VILPAK Code of Conduct.	95%	49%	31%	10%	→



Social

Material topics

- Product safety and quality
- Working conditions and well-being of employees
- Human Rights
- Contribution to communities

Contribution to UN SDG's



Target 2025 (Base year 2021)

Performance 2024

Performance 2023

Performance 2022

2024 vs 2021

To ensure a safe and healthy working environment, to have a positive effect on the well-being of employees and the life / work balance

Number of accidents at work, pcs

0

4

2

2



Employee net promoter score (eNPS). Question for employees: from 0 to 10, what is the probability that you would recommend VILPAK as a good company to work for?), %

10%

7%

0%

-2%



Total annual turnover (all reasons) of employees, %

≤30%

45%

45%

49%



Total annual turnover (company initiated) of employees, %

≤20%

22%

18%

18%



Responsible product packaging development in safety and quality terms

Increase non-conformance (internal and external) management effectiveness and efficiency, where losses due to non-conformance issues from turnover would not exceed, %

0,50%

1,38%

0,87%

0,68%





Economic (governance)

Material topics

- Transparent Governance
- Financial Self-sustainability
- Market Development
- Regulatory Compliance and Taxes
- Sustainable solutions and innovation
- Responsible investment
- Data privacy and protection

Contribution to UN SDG's



	Target 2025 (Base year 2021)	Performance 2024	Performance 2023	Performance 2022	2024 vs 2021
Ensure and promote transparent governance practices in the Company					
Organizational goals and results introduced, evaluated, and reviewed to employees on regular basis, frequency/year	12	11	12	12	→
Ensure profitability and operational efficiency of the Company					
EBITDA profitability ratio, %	12%	8%	3%	10%	↑
Working capital ratio, %	8%	10%	11%	9%	→
Efficiency ratio (Throughput/Operational expenses), Eur	1.43 Eur	1.28 Eur	1.13 Eur	1.31 Eur	→
Through the investment activities to make positive impact and enhance development of social-economical environment					
The share of investments in renewable energy sources and / or digitization of total annual investment, %	18%	9%	1%	10%	→
Implement innovations by expanding the portfolio of sustainable products and strengthen the company's vision of sustainability					
New sustainable products introduced, pcs	4	0	0	1	↓

Social pillar



06

Product quality and safety

Ensuring the safety and quality of our products is a core commitment for us, central to our business values. To uphold this commitment, we've established a comprehensive set of quality control standards within our company. These standards are designed to guarantee that each order and delivery not only meets but exceeds customer expectations and requirements. One of the primary requirements of our customers is the presence of long-term certified management systems. As such, we have implemented rigorous management systems, with the ISO 9001 certification standard for Quality Management serving as the foundation. This certification demonstrates our consistent ability to deliver products and services that not only meet customer and regulatory demands but also continuously improve over time. Internally, our adherence to these high-quality standards translates into tangible benefits for our company. We experience improved operational results, heightened job satisfaction among our employees, and uphold strong business ethics because of our commitment to excellence.



As we produce food packaging, consumer safety is a non-negotiable requirement for us and we comply with all legal requirements and the highest customer demands, requirements, and expectations. That is why hygiene is a hugely important topic to us. Vilpak operates according to the highest standards on food safety and hygiene management to fulfill and exceed existing legal requirements and the demands and expectations of our customers and end-users. The demands we place on ourselves on a routine basis, along with the strict instructions that surround our operations, are the same ones we place on our suppliers and visitors. Because of this, we always ensure that the only people in our manufacturing spaces are those authorized to be there.

When it comes to product safety, we comply with the following international standards and develop them further if required:

GMP (Good Manufacturing Practice): Good Manufacturing Practice is a fundamental standard ensuring the safety of food packaging. It involves continuous adherence to rules related to hygiene, cleanliness, process control, equipment checks, employee training, documentation, and handling of customer complaints.

BRC Global Standard Packaging Materials: this certification reflects our compliance with the best practices in risk and hazard control, hygiene standards, product safety, and quality assurance systems. Through certification and regular audits, we confirm our commitment to providing safe, compliant, and high-quality packaging solutions for our clients.

HACCP (Hazard Analysis and Critical Control Points): we apply a structured and preventive method to ensure food safety by identifying and managing biological, chemical, and physical risks in our production processes. This allows us to implement controls that effectively minimize potential hazards to acceptable levels.

FSC certification – Chain of Custody: this certification verifies that the paper materials we use come from responsibly managed forests. It enables Vilpak and its customers to trace FSC-certified products throughout the supply chain, ensuring that certified and non-certified materials remain clearly separated or properly identified at every stage.

In 2024, Vilpak extended the AA rating, the highest possible rating for BRC packaging materials.

An internal review system is in place to ensure that all standards are adhered to and that they are effective. Vilpak maintains a suite of applications that ensure quality and consistency in our products and processes:

- Complaint Response/Corrective Action Systems
- Internal Corrective and Prevention Action Systems
- Audit Management System
- Equipment Calibration Systems
- Supplier Management Systems
- Management Review System
- Documentation Management System
- Training Management System

At Vilpak, we've established an effective non-compliance management system that encompasses various components: design, documentation, implementation, auditing, and continuous improvement. This system is supported by a clear comprehension of processes and objectives through comprehensive training, communication, and a nurturing work environment. Every team member is expected to report any non-conformities or potential issues by documenting them in our business management application. By integrating non-conformance management into our ERP application, we've enhanced participation from all staff in the process of identifying and addressing non-conformities. This approach has streamlined the reporting process, empowered employees, and facilitated a more efficient management of non-conformities. Non-conformance management serves as a critical performance indicator for our Quality Management System, allowing us to swiftly identify systemic issues within the company. As such, it remains one of our top priorities.

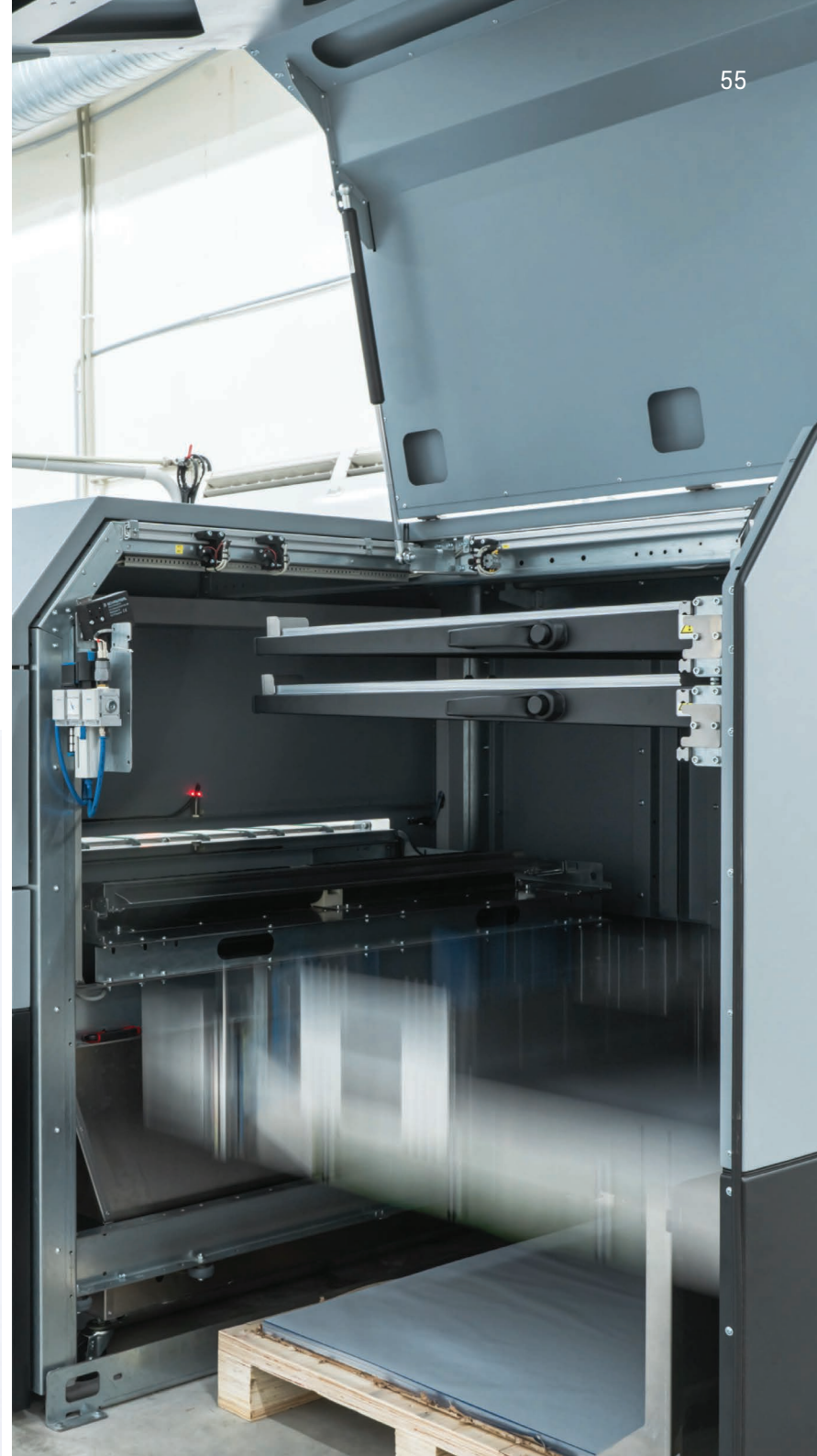
Over the past year, we documented 735 instances of product quality non-conformance, with 65.71% identified internally (on-site), and the rest comprising customer complaints and supplier-related issues. These non-conformities accounted for 1.38% of total annual sales. In 2024, we improved both the detection rate and accuracy of recorded non-conformities, with a stronger focus on final product quality. Although the loss percentage rose from 0.83% the previous year, the number of recorded cases doubled after having tripled the year before, indicating that quality control is becoming more detailed every year and that the company is increasingly focused on identifying problems that can help it improve. Notably, a larger share of internal non-conformities was identified compared to the previous year's 58.1%, reflecting a strengthened focus on internal quality control and preventing non-compliant products from reaching customers.



There were no incidents of non-compliance concerning the health and safety impacts of products and services.

We consistently evaluate and improve our measurement tools and technologies to ensure the quality and integrity of our packaging, and its contents remain uncompromised. Continued staff engagement and increased efforts in monitoring and documenting non-conformities have delivered positive outcomes in 2024 and will remain a priority moving forward.

In 2024, we maintained the prestigious ECMA GMP 2.1 Food Seal certification issued by the European Carton Makers Association (ECMA). This certification confirms our strong focus on quality and hygiene in production and authorizes us to use the ECMA GMP 2.1 Food Seal in communications and documentation related to cartons manufactured at our facility.



Human rights

We maintain a fair environment for all people and value diversity, equality, and inclusion, which is reflected in our Code of Conduct and policies. To govern business and drive success, consistent with the principles of this Code of Conduct, the company has adopted a supporting document - "Equality and Diversity policy". We are committed to equal opportunity employment and demonstrate respect for cultural diversity values, gender equality, age, and personal choices.

We are committed to respecting human rights. In our role as an employer and as a user and provider of services, we seek to respect human rights as a key element of conducting business responsibly. We consider human rights issues in our risk management processes and in the procurement of goods and services, and we recognize our responsibilities as an employer. We support this goal and work with our partners to strengthen the protection of human rights throughout the value chain. Protection of human rights is part of our social responsibility. Equally, we also expect our business partners to recognize and uphold human rights.

Our company success is first and foremost based on honesty, meaning responsibility for people and society is a highly significant pillar of our business model.

In 2024 no incidents of discrimination or harassment were reported or occurred at Vilpak.

Working conditions and well-being of employees

Nurturing a culture that gives employees a strong sense of belonging is a major driving force behind our business. Our workplace embeds our values, balances flexibility, and focuses on performance, trust, and empowerment. This not only increases our employees' productivity but also creates a competitive advantage in attracting potential candidates to join our company while retaining our existing talent pool. We've carefully designed workplaces where individuals not only feel a sense of belonging but also experience genuine support for their mental and emotional health. This dedication to their overall well-being isn't just about boosting productivity; it's about fostering resilience and unlocking untapped creativity within our team.



It is important for us that employees not only become acquainted with the processes that take place in the company but also become part of the team after understanding the company's culture and values.

Vilpak is committed to ensuring our compliance with all applicable laws, regulations, and other employment standards.

Vilpak's total number of employees as of December 31, 2024 was 110, (in December 31, 2023 that number was 100).

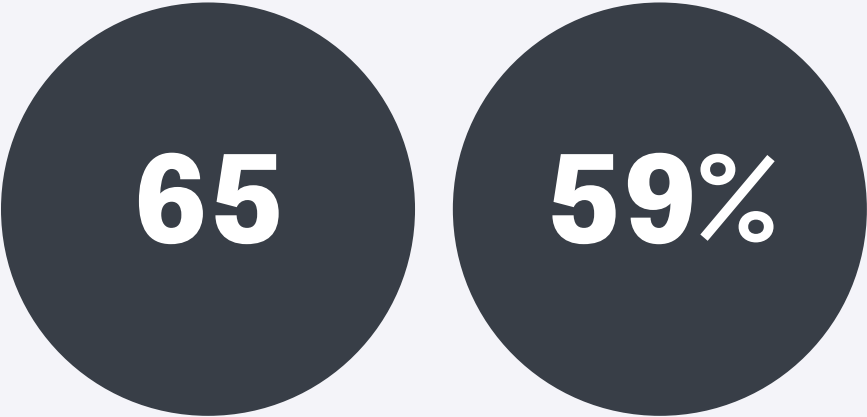
We had 51 newcomers in 2024 and 41 employees left our company. The general employee retention rate decreased to 52% from 57 % in 2024.

Open-ended employment contract		Fixed-term employment contract	
65 Male	45 Female	0 Male	0 Female
Full-time employment		Part-time employment	
54 Male	45 Female	1 Male	0 Female

We understand the importance of balancing the demands of work and personal life to ensure a productive and motivated workforce. We focus on creating the best possible working conditions for our people. This includes physical, mental, and financial well-being. For employees we create conditions to learn and grow together with the company.

Below provided information on split by gender and type of employment:

Male



Female



All employees			Female	Male	
Total		Pcs.	110		
By Gender		Pcs.	45	65	
		%	41%	59%	
Employee category	Workers (39)	%	62%	38%	
	Skilled workers (29)		0%	100%	
	Specialists (30)		60%	40%	
	Top managers (11)		27%	73%	
	Top level manager (1)		0%	100%	
By Age Group			Under 30 years old	30-50 years old	Over 50 years old
Employee category	Workers	%	30%	45%	25%
	Skilled workers		32%	65%	3%
	Specialists		17%	83%	0%
	Top managers		0%	91%	9%
	Top level manager		0%	100%	0%
New Employee hires			Female	Male	
Total		Pcs.	51		
By Gender		Pcs.	24	27	
		%	47%	53%	
By Age Group	Under 30 years old	Pcs.	20	18	
		%	53%	47%	
	30-50 years old	Pcs.	3	9	
		%	25%	75%	
	Over 50 years old	Pcs.	1	0	
		%	100%	0%	

Employee turnover			Female	Male
Total By Gender		Pcs.	41	
		Pcs.	18	23
		%	44%	56%
By Age Group	Under 30 years old	Pcs.	6	15
		%	29%	71%
	30-50 years old	Pcs.	8	10
		%	44%	56%
	Over 50 years old	Pcs.	1	1
		%	67%	33%
Annual turnover rate		%	45,00%	

Average salary by employee category, Eur		Female	Male	2024 Female	2024 Male
Employee category	Top Managers	3	8	3 365,00 €	3 499,00 €
	Specialists	18	12	2 268,00 €	2 292,00 €
	Skilled workers	0	29	-	2 321,00 €
	Workers	24	15	1 375,00 €	1 331,00 €

Average learning time by gender and employee category		Hours
Employee category	Workers (39)	1,0
	Skilled workers (29)	3,2
	Specialists (30)	4,1
	Top managers (11)	8,2
	Top level managers (1)	40
By Gender	Female	2,16
	Male	2,16

In 2024 the annual total compensation ratio was 1:0,85 for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual).

In the future, our goal is to reduce the employee turnover rate, especially in "blue-collar" positions, by improving the recruitment process, by conducting exit interviews with each departing staff member and analyzing the data obtained. In 2024, female workers in 'blue-collar' positions were paid 3% more as male workers in 'blue-collar' positions. The salary map for 2024 shows average the same gender pay in similar occupational groups. Compared to the previous reporting period, the gender pay gap in total across all occupational categories has decreased from 2% to 1%.



A survey of leavers carried out in 2024 and the data revealed that the majority of employees who decide to leave the company cite the following as the main reasons for leaving: getting a better job offer (8 employees), the job did not suit me: too difficult or monotonous (7 employees).

We are concerned about employees' well-being at work, so we conducted an employee engagement survey, asking employees 16 questions (4 blocks of questions: employees' basic needs at work, teamwork, getting along with their line manager and the opportunity to grow and develop in their job). The questionnaire also included an eNPS question, for which the scores have increased from 0% to 7% compared to the 2023 survey. Employees were asked: ***"Would you recommend X Company as a good place to work to your friends and acquaintances?"*** The assessment is made on a 10-point scale, where 10 is the maximum score.

- Those who score between 1 and 6 on this question are classified as **DETRACTORS**.
- Those scoring 7-8 are classified as **PASSIVES**.
- Those scoring 9-10 are classified as **PROMOTERS**.

The eNPS score is calculated as: % PROMOTERS - % DETRACTORS.

After the presentation of the results of the Employee Engagement Survey, special attention was paid to the teams with the bottom scores. Bottom scoring teams had discussion sessions with HR and identified the real reasons for low engagement. These reasons have been communicated to the company TOP management.

Some of the workplace functions are performed by external contractors: cleaning services, reconstruction works, occupational safety and health service, etc. We strive to ensure that all people working in the premises and territory of our company are acquainted with the applicable procedures and workplace safety requirements. During the reporting period, we did not have non-employees in our own workforce, i.e., individuals with contracts to supply labour ("self-employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78).

Remuneration system



To ensure a competitive compensation structure, we regularly review our compensation policy based on data analyses and benchmarks. In 2024, we benchmarked our salaries against other companies in Lithuania by participating in a compensation market survey.

The Performance Management Process ensures that, in addition to regular feedback, employees participate in two 1:1 meetings annually (the annual review and mid-year review) to assess their overall performance based on both functional responsibilities and behavioral aspects. Competencies for improvement are identified through performance review forms, and an annual employee training plan is developed from this consolidated information.

Our company's top management team employs Objectives and Key Results (OKRs), a collaborative goal-setting methodology, to establish challenging and measurable objectives. Annual bonuses for top managers are contingent upon achieving these OKRs.

The following essential criteria are considered in determining the remuneration of our company's employees:

1. Qualifications and competencies for the relevant position.
2. Position / career level.
3. Responsibility, complexity of work, and contribution to the company's operations.
4. Personal achievements.
5. Benchmark salary level

Remuneration of employees is reviewed once a year (or as needed, when the employee's position or responsibilities change). In 2023, after reviewing the salaries of our company's employees, they were increased by an average of 7%.

In 2024 100% of our employees received annual performance and career development review.

During the reporting period, we had six case of vertical career advancement and one case of horizontal career movement, with staff transitioning within and between different functions. All six vertical career employees has finished „Academy of masters" (first level) collaborating with outsource company JSC „Grand Partners".

We have implemented a new employee evaluation system, where a designated committee evaluates the new employee after the first and third months of employment. The competencies assessed include: adaptability of new knowledge in practice, alignment with the company's values, work speed, and interest in the work process.

All workers undergo an annual standardized test to assess their knowledge of Health and Safety (H&S) and Good Manufacturing Practices (GMP). 2024 average score was 9,3 (from 10 possible).

Health and safety

Health and safety - is a main priority for the entire company. We take responsibility for the health and safety of our employees every single day. Because we want to prevent health issues from arising in the first place, we do a great deal to safeguard our people against both accidents and work-related illnesses. ISO 45001: Occupational Health and Safety Standard is in place since 2021 issued to protect employees and visitors from work-related accidents and diseases.



We seek to promote the health and well-being of our employees and sustain their ability to perform over the long term, all of which necessitates a safe workplace. We are therefore constantly working to take our health and safety culture to the next level.

Our company is committed to following legal occupational safety and health regulations and create a hazard-free workplace. We have processes and procedures required to meet the legal requirements. Arrangements to control health and safety risks are put in place. Employee health and safety at work policy helps us preserve the best possible work conditions for our employees and applies to all prospective and current employees of the company as well as contractors and consultants. Our health and safety at work policy sets out the company's general approach to health and safety and covers these main areas: preventative action; emergency management; safety training; environmental control; safe place of work; fire safety and prevention; first aid procedures and accident reporting. We conduct periodical risk assessments and job hazard analysis to discover what is likely to harm employees and establish preventative measures accordingly. We provide protective gear like gloves, protective uniforms, goggles etc. Using safety equipment is obligatory at the company.

Potential threats and work-related hazards that pose a risk of high-consequence injury have been identified: performing tasks on heights, scaffolds, ladders and other unsteady structures; chemical substances (toxic, flammable etc.); operating dangerous equipment; Slippery or uneven surfaces; electrical infrastructure; excessive workload demands; tripping hazards; exposure to flammable materials. Threats have been determined based on the likelihood that the threat will take place at the company and the impact if and when it does.

Occupational safety audits are performed periodically. We review workplace incidents, by consistent reporting, investigation, and identification of opportunities for improvement. Our work equipment is regularly inspected to ensure safety of operation. There are clear instructions or warning signs in a language understood by all employees on the relevant work equipment. Employees receive the necessary information regarding the safe use of work equipment, they are trained in the workplace and instructed on proper use procedures, i.e. employees are aware of the potential hazards. Employees' training sessions in health & safety standards and procedures are hold on regular basis.

During 2023, there were 4 accidents recorded throughout the company, involving injuries such as toe fracture, foot sprain, finger laceration. The Lost Time Injury (LTI) is the industry indicator used to gauge the success of our occupational safety efforts. In 2024, LTI resulted in 12 working days lost, compared to 67 working days in 2023, with a Lost Time Injury Frequency Rate of (LTIFR) 18,18.

We also have partners outsourced to UAB Tuvlita that help ensure we meet all the necessary requirements related to employee safety and health.

In 2024, speakers on topics of interest to staff were invited every quarter.





Benefits for employees

We provide additional social guarantees to our employees; we want to contribute to their financial and non-financial well-being:

- ↑ On the employee's wedding, the employee is granted 2 calendar days of paid leave.
- ↑ Upon the death of the employee's father, mother, spouse (partner), child (adopted child), brother, sister, grandmother, grandfather, the employee is granted 2 calendar days of paid leave.
- ↑ From the first day of work, all employees of the company are insured against accidents. The insurance is valid not only during working days, but at all times, both in Lithuania and abroad. Therefore, even during a holiday period our employees can feel safe.
- ↑ Each member of our team celebrating their anniversary (20, 30, 40, 50, 60, 70 years) receives a gift.
- ↑ Each member of our team receives a special gift for uninterrupted work in the company (1, 3, 5, 10, 15, 20, 25 years).
- ↑ Employee competencies and knowledge are an important area in which we constantly invest. We regularly organize various additional trainings for improvement, development of new skills: training for newcomers, product quality assurance training, H&S, sales, personal effectiveness training.
- ↑ Each member of our team is encouraged to continually raise their competencies and gain additional knowledge. In addition to the basic and mandatory training that our employees must attend, we organize additional trainings and other personal development activities.
- ↑ The top managers are invited to study in the ISM (University of Management and Economics) Executive Master's programme.

There is no collective bargaining agreement at Vilpak. In accordance with national law requirements, a Works Council was established at Vilpak in 2018 with the purpose of informing and consulting employees. It is selected by the workforce for a three-year term of office. The company has an active Works Council. In 2024, improvements were made regarding issues related to health and safety and the working environment for employees. Ten Works Council meetings were held during the year. Most relevant topics of 2024: improving employee working conditions, ensuring workplace safety.

Contribution to communities

We strive to have a strong sense of good corporate citizen spread throughout the company. We look for and listen to expectations and demands of our society and most vulnerable groups, and have them reflected in our business operations and social contribution activities with a view to helping offering solutions to problems of the society. We also believe that community involvement increases employee satisfaction and retention rate as they know that they are working for a socially responsible enterprise.



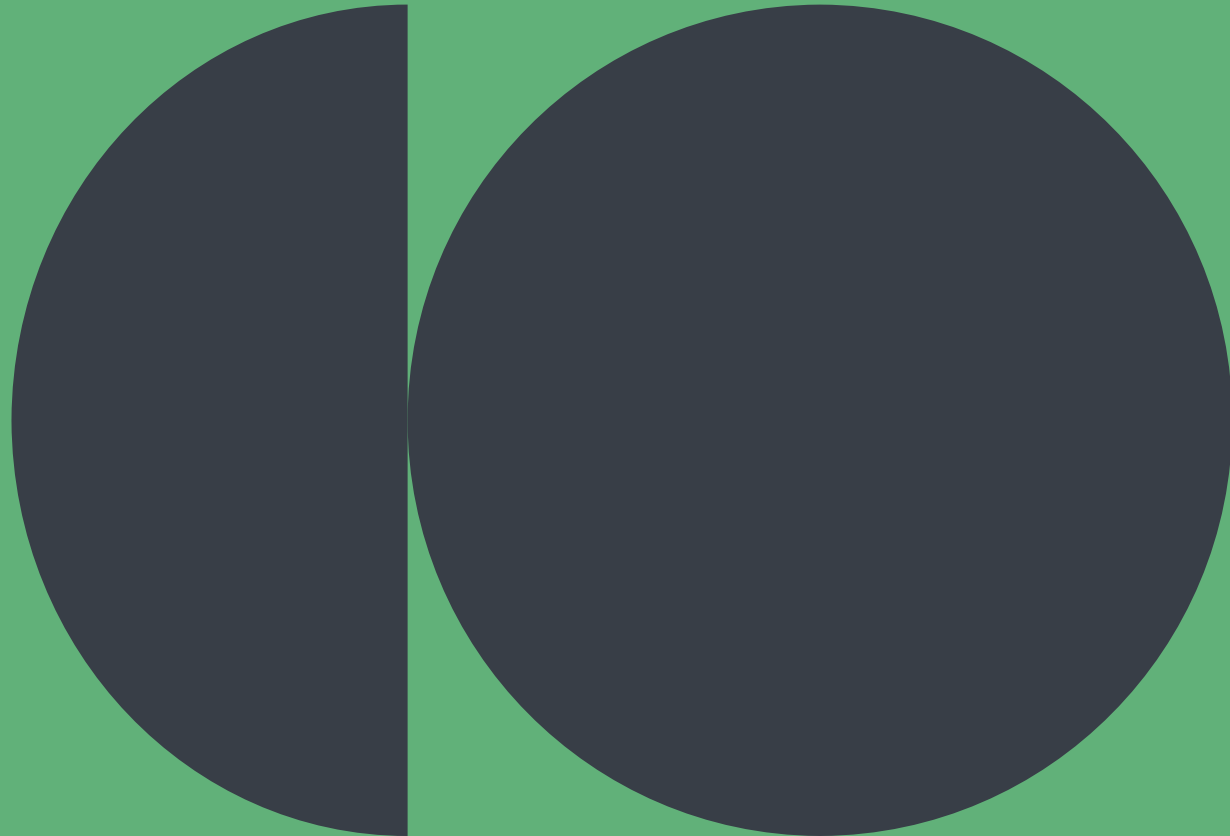
Economic and governance pillar

07

Transparent governance

At Vilpak, the transparency principal in corporate governance refers to the openness to disclose financial performance figures and a willingness by the company to provide relevant and reliable information to all stakeholders; employees, customers, suppliers, etc.

Vilpak acts through company policies and procedures with transparency, integrity, and responsibility, ensuring relevance and timely updating of these internal documents.



All employees working on behalf of Vilpak must follow a set Code of Conduct in their daily activities and conduct their business with ethics, integrity, and transparency and in full compliance with all applicable laws (more about Code of Conduct in page 16-17).

Since 2021, the company's top managers made a decision to make one further step towards more transparent governance, this was done through voluntary non-financial disclosure of the company's performance based on three pillars: environmental, social, and economic (governance). Our sustainability report is published on our website and is available for all of our stakeholders.

Annual reports, audited by a third party, provide assurance for our shareholders and other stakeholders, such as employees, customers, suppliers, etc. that the responsible company bodies have presented accurate and reliable information on the company's financial performance and position.

Compliance audits are performed on a regular basis to determine whether a company is adhering to the terms of certain certification regulations.

At Vilpak, we create open and transparent inside and outside communication with all interested parties; such communication practices have become a core part of our general company corporate governance policy. Company performance and other results are introduced and communicated on a monthly basis to one of our key stakeholder groups - our employees.

No significant instances of non-compliance with laws and regulations, and no fines were paid during the reporting period. The company constantly updates and publishes information relevant to stakeholders on its website **www.vilpak.it**

Financial self-sustainability

In 2024, Vilpak demonstrated a strong rebound and financial resilience following the challenges of the previous year. Despite continued macroeconomic uncertainties—such as lingering geopolitical tensions, persistent inflationary pressures, and a cautious industrial demand environment—Vilpak achieved significant improvements across key financial metrics. This turnaround reflects both recovering market dynamics and internal operational enhancements.

EBITDA profitability, a core measure of financial performance, rose markedly to 8% in 2024, with total EBITDA reaching EUR 1.6 million. This improvement is primarily attributed to increased production volumes, better capacity utilization, and effective cost control. Total income grew by 35% year-on-year to EUR 19.1 million, driven by both a recovery in customer demand and successful retention of long-term partnerships in the domestic and export markets.

Strategic cost optimization efforts were evident in the operating expense structure and efficiency ratio. The throughput-to-operating-expense ratio increased to 1.28 in 2024, an encouraging sign of regained operational efficiency. This was supported by the stabilization of raw material prices and continuous improvement initiatives within production processes.

While the working capital ratio slightly decreased to 10%, this reflects a deliberate balance between operational liquidity and reinvestment into production and automation. Notably, inventory turnover days rose to 64, influenced by increased stockpiling of key raw materials to ensure uninterrupted production amid ongoing global supply chain vulnerabilities. 2024 also saw a return to profitability, with EBIT reaching EUR 528 thousand and profit before tax amounting to EUR 431 thousand—both positive indicators of renewed financial health and operational momentum.

As Vilpak looks forward, the financial performance of 2024 provides a solid foundation for its continued commitment to sustainable growth. With improved margins, increased production output, and stable employment, the company is well-positioned to navigate future economic shifts and uphold its long-term resilience strategy.

Vilpak key financial indicators can be summarized as follows:

Key financial figures	2024	2023	2022	2022
Total income	19 143 749	14 123 535	16 675 770	13 143 353
Operating profit before amortization and impairment (EBITDA)	1 603 143	446 474	1 668 985	701 067
EBITDA profitability, %	8%	3%	10%	5%
Operating profit (EBIT)	527 737	(764 439)	439 850	(109 187)
Profit/(loss) before tax	430 890	(825 826)	377 867	(139 380)
Turnover capital ratio, %	10%	11%	9%	11%
Efficiency ratio, Eur	1,28	1,13	1,31	1,19
Inventory turnover, days	64	46	42,9	73

In 2024, Vilpak paid Eur 988 k to the government in the form of taxes, EUR 2,76 mil in gross employee wages and benefits and payroll taxes, EUR 1,73 mil in operating expenses, national procurement spends EUR 6,8 mil (excluding VAT). In comparison with the previous reporting period, amount paid in the form of taxes to government remained at similar level (0,6 % decrease), while gross employee wages and benefits and payroll taxes increase significantly – by 22 %. The amount spent on national procurement in 2024 increased by 39 %, mainly due to equipment purchases made.

Market development

The global folding cartons market size is expected to witness significant growth and register a CAGR of 4.65% over the forecast period (2019–2027). Folding cartons find applications in multiple industries which is fueling demand and eventually driving the market growth. This is expected to hinder the demand for folding cartons, subsequently affecting the market growth.

Vilpak's strategic markets are the Baltics, Scandinavia and Western European countries, we focus on primary packaging solutions especially for the food industry. We have a strong sales team which is focusing on new business development and onboarding new customers. In the future we will remain focused on remaining visibly active in the market.

At the same time, our customer sales service team is very much focused on providing the best customer experience and fast response times when it comes to any questions which may arise the journey, from request to order delivery. We will commit to providing our clients with the best possible service.

Regulatory compliance and taxes

Regulatory compliance and timely payment of taxes is regarded as a non-negotiable must for every sustainable business. Vilpak has always made it clear that cooperation with governing bodies, compliance with all tax and other laws, along with being consistently transparent, is at the core of its identity. Vilpak promotes business integrity and transparency as core values in its day-to-day business activities as well as in all communication with internal and external partners.

In 2024 Vilpak has paid a total of EUR 377 k of taxes to the Tax Authority and EUR 611 k to the State Social Insurance Fund. The information is publicly available and can be accessed by any user.

Data protection and privacy



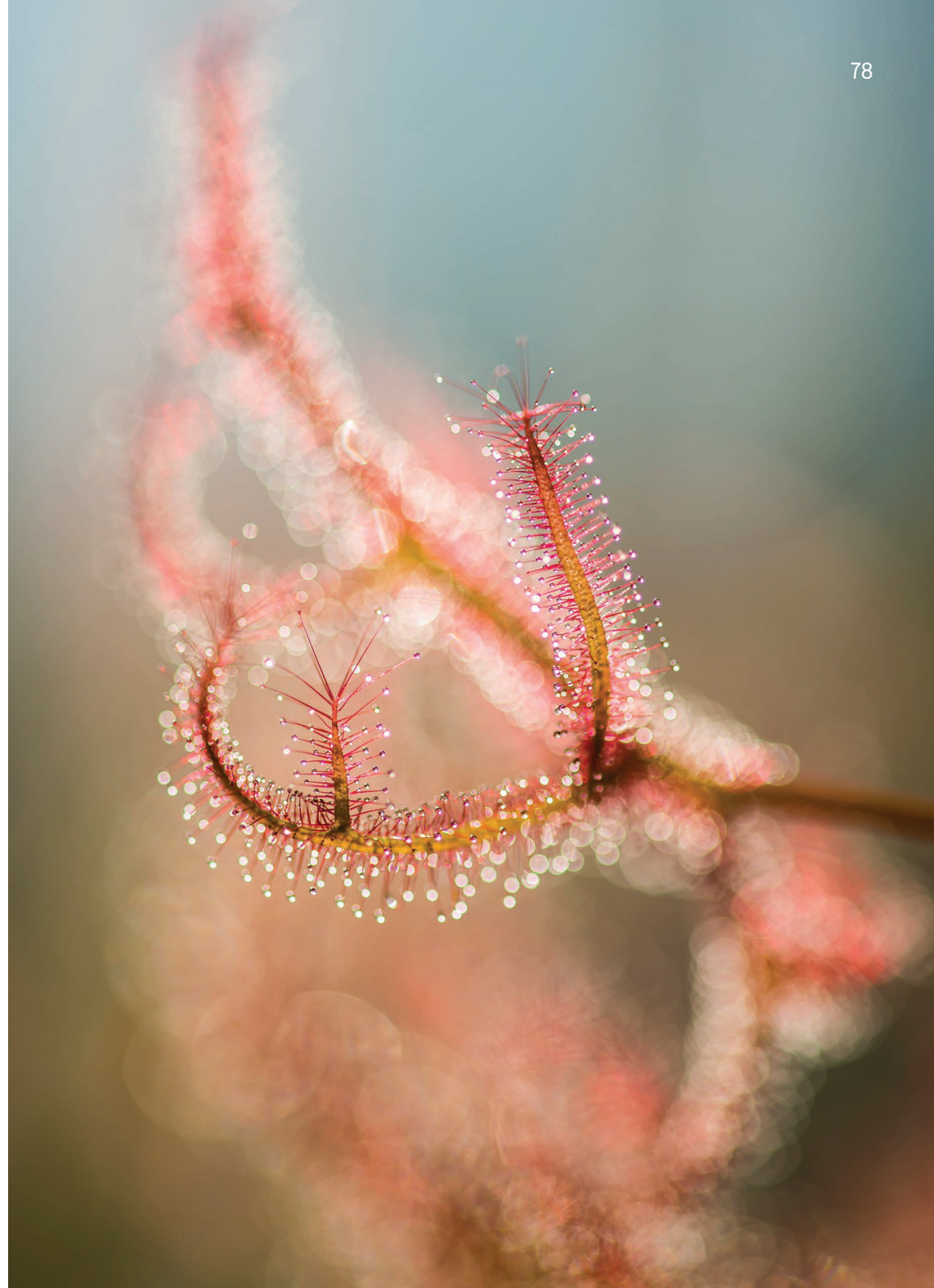
Ensuring the protection of our information and systems and that of our customers and other stakeholders is of critical importance. Transparency and data privacy play a central role in Vilpak's relationships with its customers and partners, and internal stakeholders. Since the entry into force of the General Data Protection Regulation (GDPR) in 2018, the processing of personal data has become even more important, both within the company as well as externally with regard to data flows. Vilpak is therefore committed to handling personal data with the utmost care. All employees are trained in the respectful handling of personal and operational data in accordance with the applicable rules and regulations. The company considers data privacy to be more than a legal requirement; it is an integral part of our business practices. To underline this approach, the procedures were anchored in the internal rules for data privacy and therefore our Information management policy serves as a blueprint for all employees while handling information and data. Information management policy gives our employees direction for creating, capturing and managing information assets (records, information and data) to satisfy business, legal and stakeholder requirements. It also assigns responsibilities across the company.

Ensuring IT security we maintain organizational, process-related and technical information security countermeasures.

Vilpak is supported by local data protection partners (coordinators) who ensure data privacy compliance in accordance with the GDPR and all other applicable local regulations. Vilpak has standard procedures for handling data subject requests and data breaches, as well as for recording complaints. We manage and maintain following technical and organizational security measures to protect data against accidental or intentional destruction, manipulation, loss or access by unauthorised parties:

- Employment of harmonized electronic and physical security controls
- Proactive monitoring
- Protection of networks by setting up firewalls and encrypting information
- Security frameworks
- Internal risk assessments to address any potential threat scenario for privacy and incidents

We registered no sanctioned complaints or incidents concerning breaches of customer privacy, data leaks, theft or loss of customer data in 2024.



Sustainable solutions and innovation

We aim to take over the market share from plastic packaging manufacturers by offering customers sustainable cardboard packaging from recyclable, or easily recyclable materials. We are looking for ways to reduce the size of composite packaging in the marketplace using innovative materials.

Together with our customers, we are enhancing packaging to increase the use of recyclable or environmentally friendly materials while maintaining or reducing the material used. We assist in finding solutions by minimizing secondary or tertiary packaging, enhancing the functionality of primary packaging, and reducing the physical burden on employees during packaging processes. This streamlines the packaging development and production path, reducing preparation time and expediting customer approvals.

In 2024, we observed a noticeable shift in market dynamics that affected our efforts to expand our portfolio of sustainable products. Unlike previous years, no new sustainable product lines were introduced, and some earlier sustainable innovations were temporarily suspended due to reduced demand. This decision was not taken lightly, but was aligned with broader market sentiment and economic realities faced by our clients.

Across the industries we serve, we saw a significant decline in customer appetite for sustainable packaging solutions—particularly those with cost premiums—despite long-term interest in environmental performance. This trend appeared to be driven by ongoing economic uncertainty and rising cost pressures across the supply chain, which caused many businesses to prioritize short-term financial resilience over longer-term sustainability goals.

Nonetheless, Vilpak remains firmly committed to sustainable innovation. We continue to maintain our capabilities, infrastructure, and know-how to support clients in the development of environmentally sound solutions—whenever and wherever demand re-emerges. We view this as a temporary pause, not a step back. Sustainability remains embedded in our values and long-term strategy.

Our design and R&D teams are prepared to co-create tailored, sustainable packaging solutions with clients who are ready to reengage in this space. We are also closely monitoring changes in regulations and market trends to ensure we can swiftly respond when economic conditions improve or policy incentives shift.

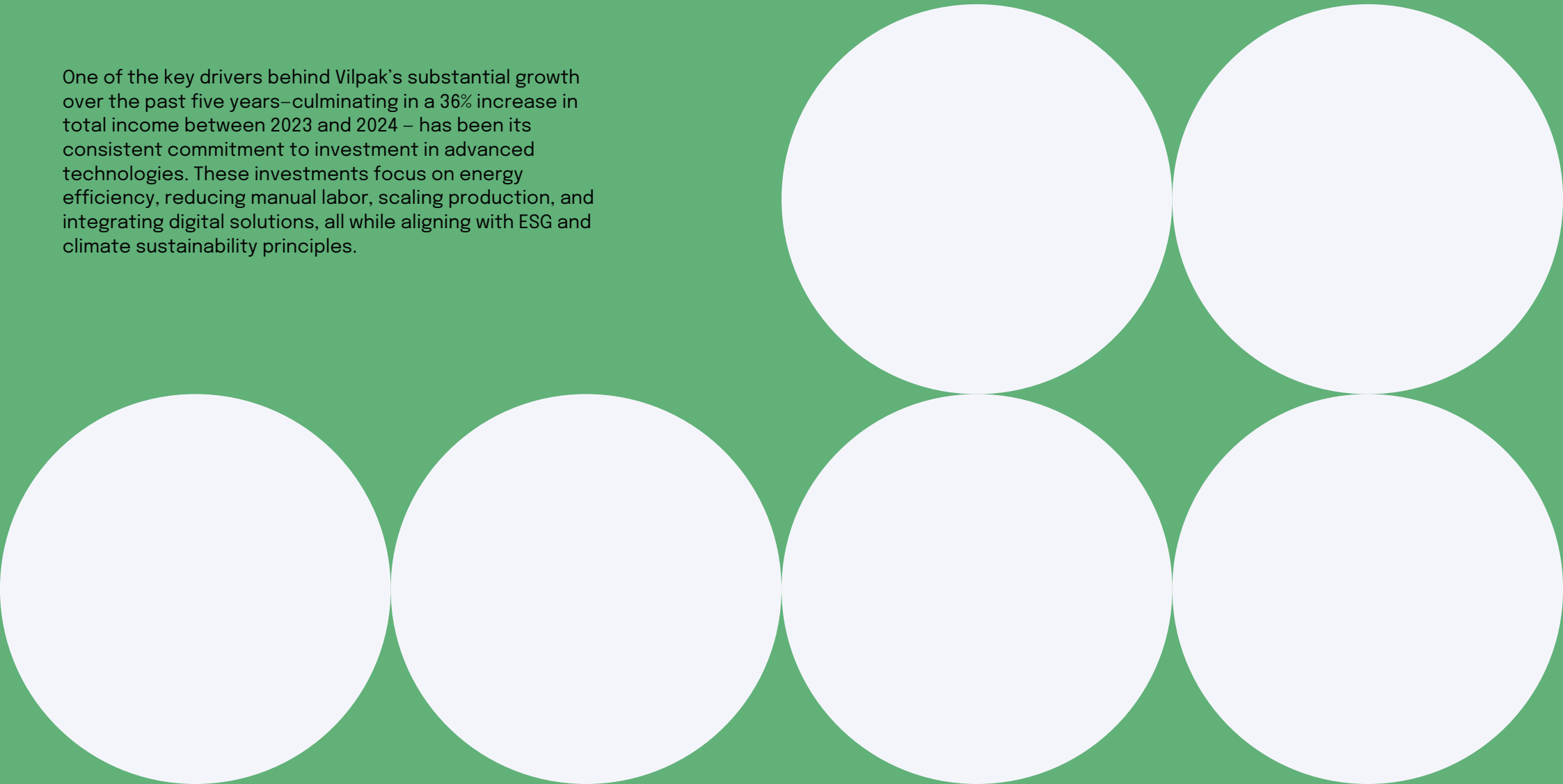
Even in this quieter year for product development, we maintained a forward-looking mindset—continuing internal knowledge-sharing sessions, exploring innovations in sustainable raw materials, and benchmarking technological advances in eco-packaging across the sector. These preparatory steps ensure we will be ready to lead the charge again when the time is right.

At Vilpak, we believe that innovation is not only about introducing new products, but also about adapting intelligently to changing conditions while staying true to long-term goals. Our commitment to sustainability is unwavering, and we look forward to reigniting the momentum in sustainable packaging together with our clients when the market is once again ready to move forward.



Responsible investment

One of the key drivers behind Vilpak's substantial growth over the past five years—culminating in a 36% increase in total income between 2023 and 2024 – has been its consistent commitment to investment in advanced technologies. These investments focus on energy efficiency, reducing manual labor, scaling production, and integrating digital solutions, all while aligning with ESG and climate sustainability principles.



In 2024, Vilpak significantly accelerated its investment strategy, allocating a total of EUR 1.28 million towards technologies that directly support operational efficiency, automation, and sustainability goals. The most notable investments include a new folder-gluer (EUR 378 thousand) and a Smart Packer (EUR 166 thousand) – both aimed at enhancing packaging line speed and precision. Additionally, the implementation of robotic palletizing systems (EUR 110 thousand) further reduced manual labor and improved workplace safety. A gluing and inspection system (EUR 75 thousand) was installed to optimize material usage and minimize waste, while over EUR 439 thousand was allocated to other supporting equipment and machinery to ensure robust, modernized infrastructure.

This leap in investment—more than triple the amount committed in 2023 (EUR 0.4 million) – demonstrates Vilpak’s strategic focus on long-term scalability and ESG compliance. Each project is assessed not only for operational return but also through the lens of climate impact and social responsibility, reinforcing the company’s alignment with sustainable manufacturing practices and responsible industry leadership.

Main investments in 2024	EUR
Folder-gluer line	618 983
Robotic technology for palletizing finished product	110 123
Other equipment and machinery	439 010
Vehicles	111 339
Total:	1 279 872

In addition to the mentioned above investments just right after financial year end, on the 1st of January 2025 Vilpak received the following equipment from its parent company UAB “GRAFIJA” (GRAFIJA) through the means of transfer of assets and liabilities (tax reorganization) related to transferred printing business:

Received equipment on 1st of January 2025	EUR
New printing press	3 million
New folder gluer	108 k
New ink supply system	50 k
Other new equipment	56 k

The indicated equipment received was new, acquired only in 2024. Additionally, Vilpak received a list of used equipment from GRAFIJA to continue with its printing business.

In 2024 Vilpak did not receive any state or EU structural funds subsidies, rather investments were partially financed using financial institutions financing. The same is planned for investments in 2025.

In total in 2025 Vilpak plans to invest additionally appr. EUR 1,1 million in new equipment, intended to replace or expand its current production capacities.

Environmental pillar



08

Energy, emissions and environmental compliance

Climate change is one of the greatest challenges of our time, and only proactive actions towards emissions reduction are the path to a healthier environment and stronger business performance. We want to play our part to meet the requirements of the Paris Agreement, which aims to limit global warming to 1.5 degrees. Therefore, we are reducing our process-related emissions, improving our energy efficiency, and in 2020 we signed our first power purchase agreement, purchasing 100% of our electricity requirements from renewable sources. Unfortunately, due to certain economic constraints and geopolitical tensions in April 2024 electricity purchase contract was signed with fixed prices and quantities for a period of 3 years for conventional energy purchase, which in turn caused the CO2 emissions of Vilpak to grow significantly in 2024. Fortunately, a large portion of energy consumed is produced in the company's own solar power plants. In 2024 Vilpak generated and consumed 412 298 KWh electricity from installed 500 kW solar panels on site which accounts for around 22% of overall electricity consumption.

Vilpak's emission calculations are based on the GHG Protocol and in accordance with the INTEGRAF standard ISO 14064-1 / ISO 16759 and approved by a third party. The scope of this calculation covers the activities Carton Packaging / Preprint, Printing, Finishing, Logistics and Expedition in the business category of >50 employees. GHG emissions are expressed as a carbon dioxide equivalent (CO2e). Using CO2e as a unit of measurement allows different GHGs to be compared on a like-for-like basis, relative to one unit of carbon dioxide. Emissions of CO2e are based on the seven GHGs identified by the Kyoto Protocol: Carbon dioxide (CO2); Methane (CH4); Nitrous oxide (N2O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); Sulphur hexafluoride (SF6); Nitrogen trifluoride (NF3).

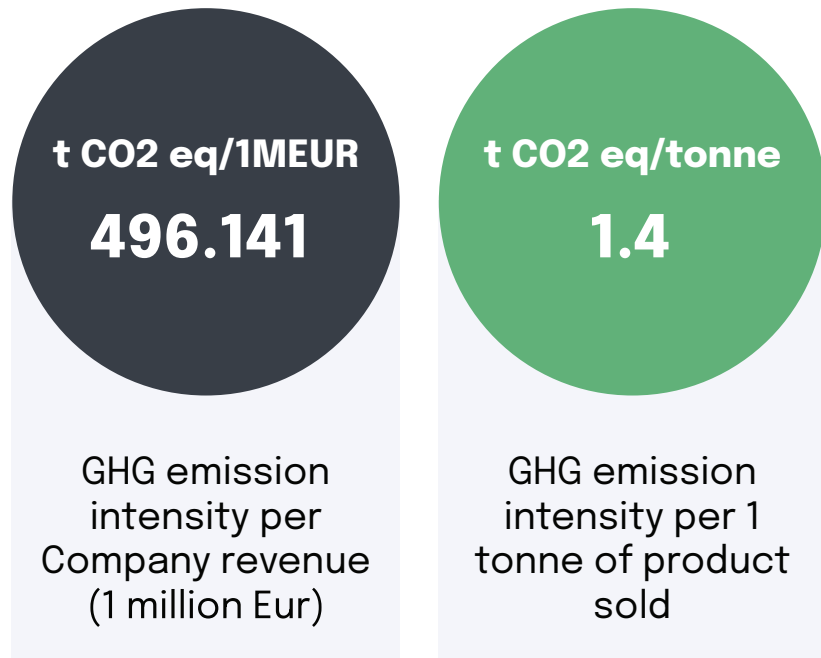
In 2024, the carbon emissions (Scope 1 and Scope 2) accounted for 8% of overall company emissions. Therefore, the value chain plays a significant role in the overall reduction of CO2 emissions. The emissions of our value chain (Scope 3) make up 92% of all our fossil-based carbon dioxide emissions. A significant portion of the emissions in our value chain is attributable to the purchase of key raw materials (cardboard, ink, varnish, plates and cylinders), along with the upstream and downstream transportation emissions involved. The reduction of these emissions is more challenging for us than the measures pertaining to our own operations.

Although in the years leading up to 2024 we successfully reduced our total greenhouse gas emissions (Scopes 1, 2, and 3) while simultaneously achieving dynamic business growth, market constraints—driven by geopolitical uncertainty and subdued market sentiment—necessitated efforts to stabilize energy prices and diversify our supply chain. As a result, Vilpak's overall GHG emissions increased significantly in 2024.

Despite this temporary setback in achieving our GHG reduction goals—driven by clear economic factors—Vilpak remains committed to its sustainability path and continues to actively pursue its long-term environmental objectives.

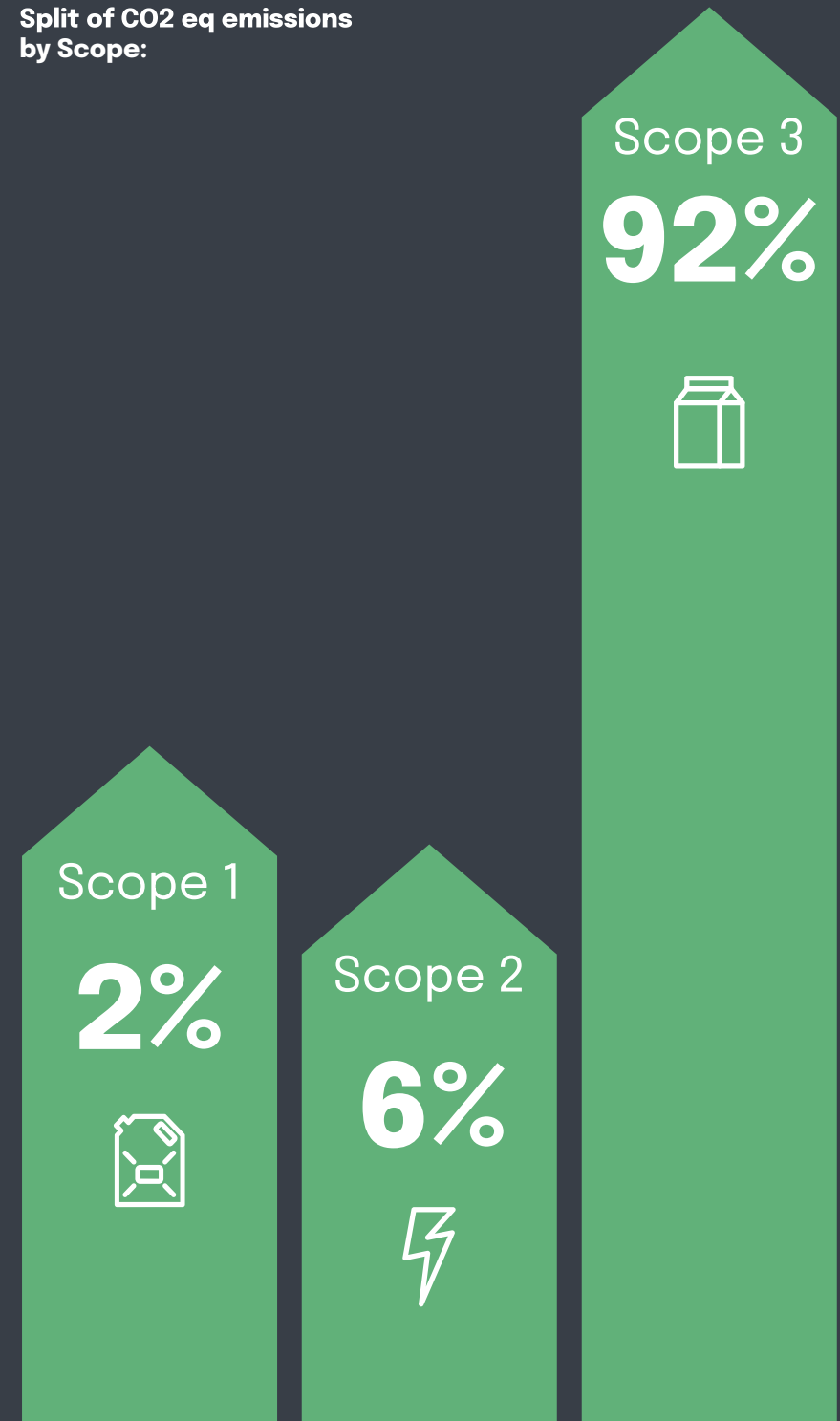
Key performance indicator	Unit	2024	2023	2022	2021 (base year)
TOTAL GHG emissions, CO2 eq		9498 t	4481 t	5413 t	8774 t
Scope 1 (Direct) GHG emissions, CO2 eq		156 t	112 t	112 t	181 t
Burning of fuel in stationary burning units at the company	t CO2 eq	107	88	88	156
Burning of fuel in own or leased vehicles	t CO2 eq	49	23	24	25
Emissions from air conditioning	t CO2 eq	0	0	0	0
Emissions from fire suppression systems	t CO2 eq	0	0	0	0
Scope 2 (Indirect) GHG emissions, CO2 eq		567 t	0 t	0 t	0 t
Purchase of electricity (market-based method)	t CO2 eq	567	0	0	0
Scope 3 (Other Indirect) GHG emissions, CO2 eq		8774 t	4368 t	5300 t	8593 t
Upstream emissions of purchased electricity	t CO2 eq	23	26	37	55
Emissions from transmission and distribution losses	t CO2 eq	2	3	4	6
Production of paper and other substrate	t CO2 eq	5849	2799	3492	6387
Transportation of paper and other substrate (incl. up-stream)	t CO2 eq	1385	587	682	947
Production of printing ink and varnish	t CO2 eq	213	139	173	181
Production of PE- and cardboard packing	t CO2 eq	295	220	243	252
Transportation of products to and from sub-supplier	t CO2 eq	0	0	0	0
Transportation of products to the customer	t CO2 eq	776	343	406	415
Production of fountain solution and cleaning agents	t CO2 eq	15	12	16	15
Production of plates and cylinders	t CO2 eq	139	192	190	266
Employee's commuting to and from work (incl. upstream)	t CO2 eq	32	29	31	27
Emissions from production of purchased fuel	t CO2 eq	45	19	26	42

GHG emissions intensity:



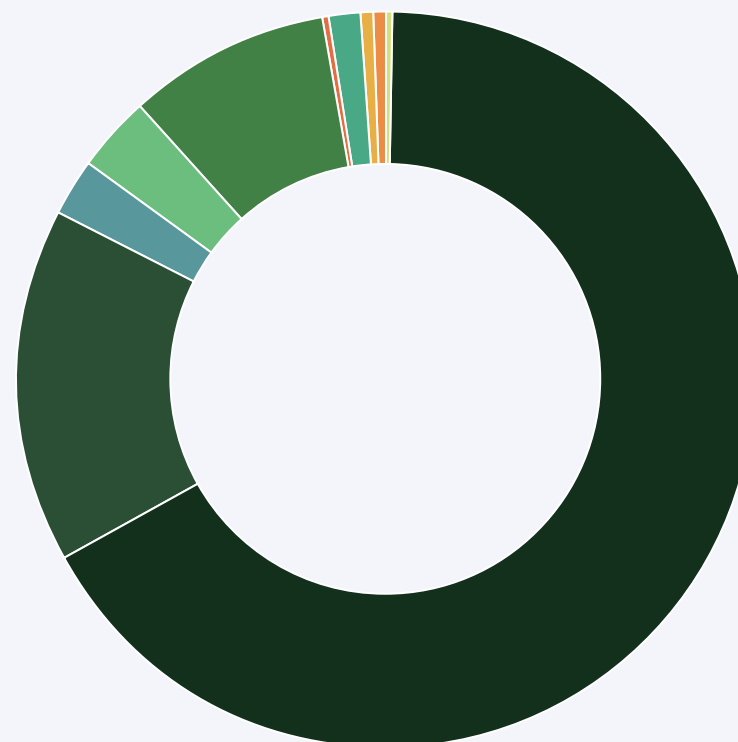
An intensity ratio defines an organization's GHG emissions in the context of an organization-specific metric. Intensity is calculated by dividing the absolute emissions (the numerator) by an organization-specific metric (the denominator). The revenues approach offers a good indication of output efficiency as revenues are a good proxy for production and indicate how operationally efficient the portfolio of a company is in terms of carbon emitted per unit of output. The product approach helps state the GHG emissions balance of product and accounts for both direct and indirect emissions. If the company changes suppliers or switches to other raw materials this will have a direct impact on its GHG emission balance, and this change significantly affects our emission intensity increase. During the reporting period due to the diversified supplier portfolio greenhouse gas (GHG) emission intensity per company revenue increased by approximately 56% from 317,272 in 2023 to 496,141 in 2024, although remained significantly below the levels of 667,562 as in 2021. Additionally, the GHG emission intensity per ton of product sold decreased by around 5%, from 1,469 in 2021 to 1,40 in 2024, representing a 30% decrease compared to 2023.

Split of CO2 eq emissions by Scope:



Split of Scope 3 emissions

Upstream emissions of purchased electricity	0,26%
Emissions from transmission and distribution losses	0,02%
Production of paper and other substrate	66,66%
Transportation of paper and other substrate (incl. upstream)	15,79%
Production of printing ink and varnish	2,43%
Production of PE- and cardboard packing	3,36%
Transportation of products to and from sub-supplier	0,00%
Transportation of products to the customer	8,84%
Production of fountain solution and cleaning agents	0,17%
Production of plates and cylinders	1,58%
Employees commuting to and from work (incl. upstream)	0,36%
Emissions from production of purchased fuel	0,51%



- **Production of paper and other substrate**
- **Transportation of paper and other substrate (incl. upstream)**
- **Transportation of products to the customer**
- **Production of PE- and cardboard packing**
- **Production of plates and cylinders**
- **Production of printing ink and varnish**
- **Employee's commuting to and from work (incl. upstream)**
- **Upstream emissions of purchased electricity**
- **Emissions from production of purchased fuel**
- **Production of fountain solution and cleaning agents**
- **Emissions from transmission and distribution losses**
- **Transportation of products to and from sub-supplier**

Environmental compliance is a material topic for Vilpak operations, ensuring it maintains an Environmental Management System and conforms to ISO 14001 certification on site. Vilpak strives for full legal and regulatory compliance, which is a prerequisite and the foundation of its business. The Corporate Management System is maintained by the Quality & Standards department and audited by external parties as part of the ongoing ISO certification efforts. Internal audits and regular reviews of environmental performance are conducted to support the continuous improvement of the management system and its implementation.

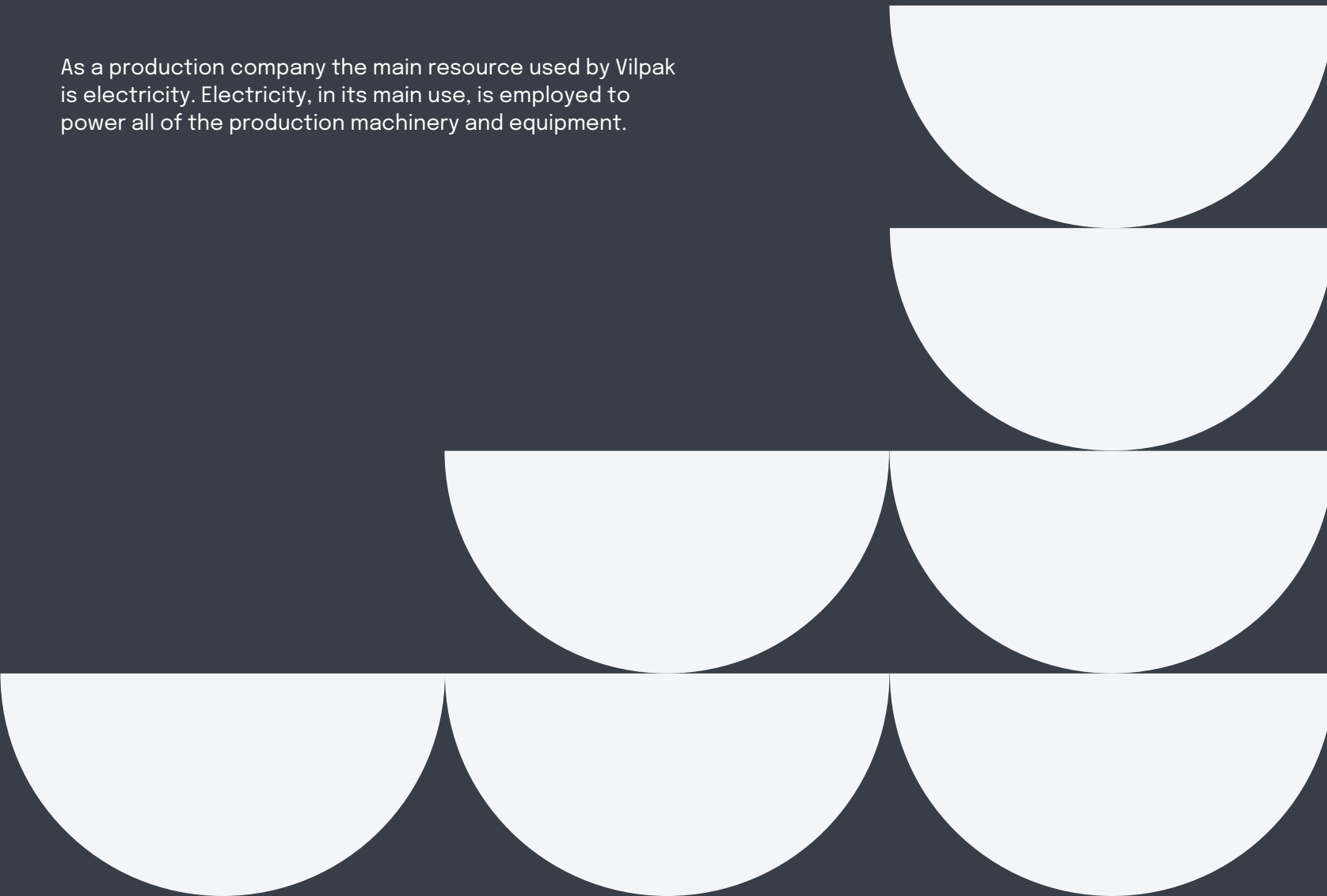
We understand that manufacturing processes can have a negative impact on the environment, particularly through emissions, landfill waste, etc. Our site is located in an industrial area and we are confident that our manufacturing site does not have a direct negative impact on biodiversity. Nonetheless, we are constantly monitoring our activities and working to improve our environmental performance.

In 2024, no violations of environmental laws and regulations occurred on site.

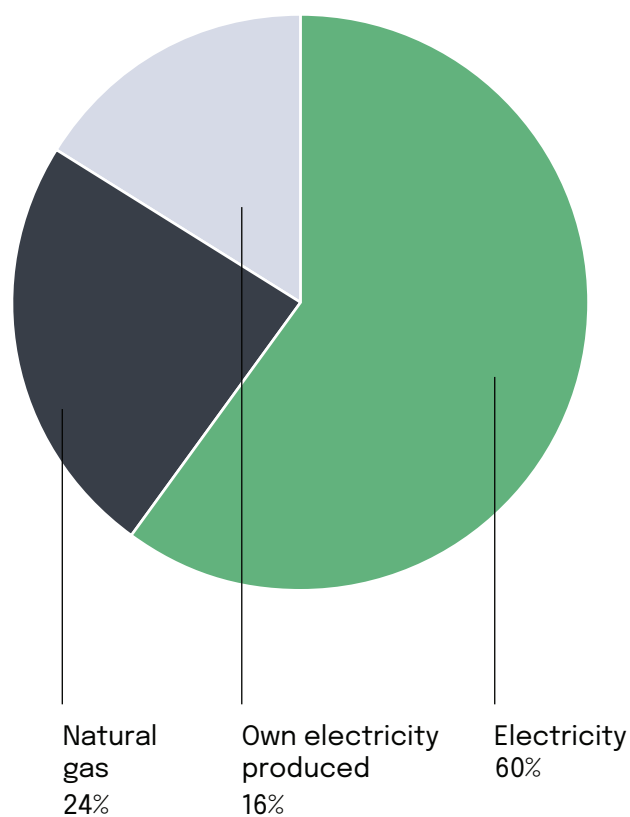


Management of resources

As a production company the main resource used by Vilpak is electricity. Electricity, in its main use, is employed to power all of the production machinery and equipment.



Electricity	Units	Quantity in 2024	Quantity in 2023	Quantity in 2022	Quantity in 2021
Electricity	MWh	1 502	1 544	1 355	1 417
Natural Gas	MWh	593	441	443	785
Own electricity produced	MWh	412	419	357	393
Water	m ³	3 117	2 901	2 598	1 895
Fuel (LPG, Petrol, Gas, Diesel)	l	19 780	13 471	9 518	9 908

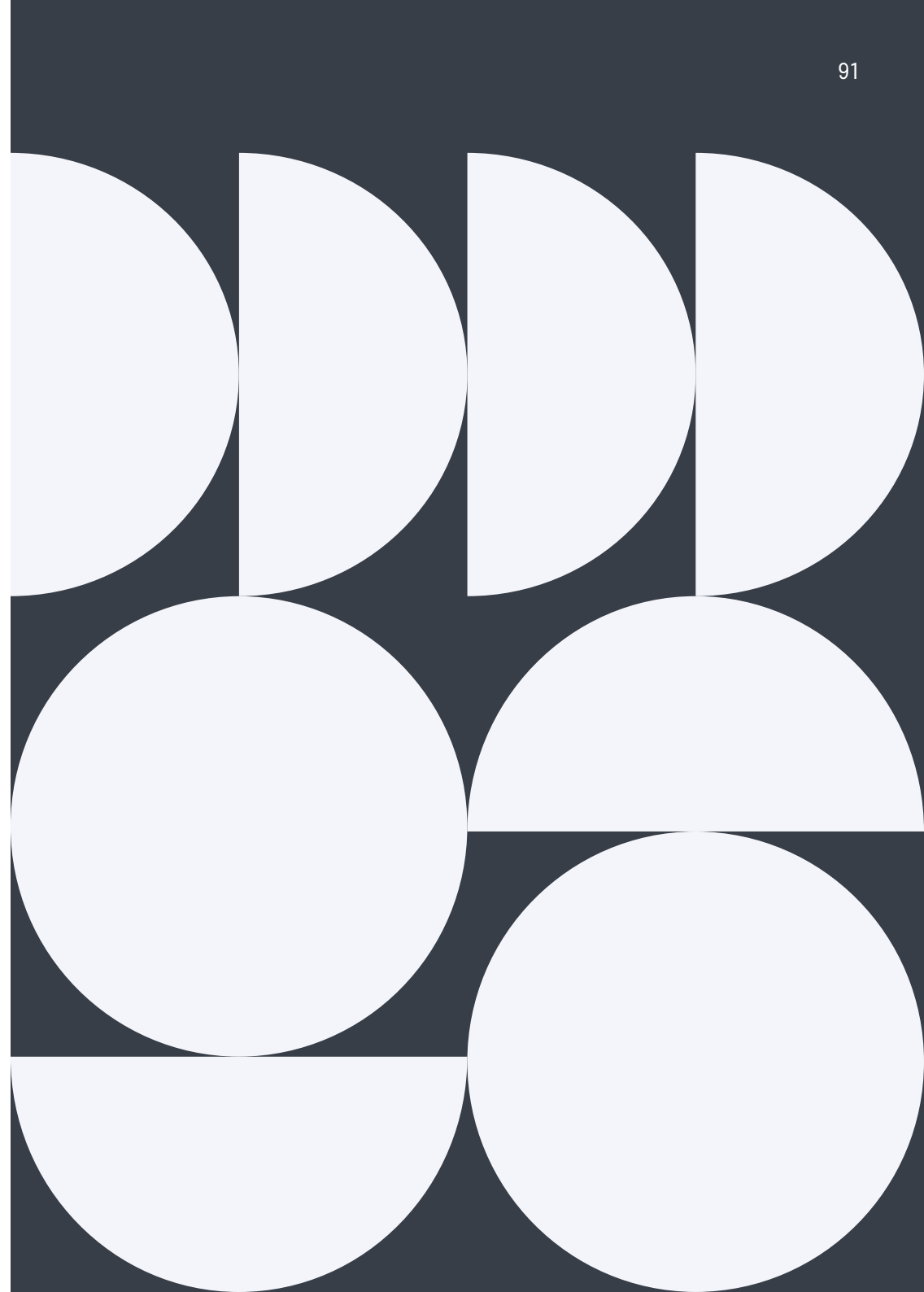


To minimize the expenses on energy through long time savings, increase resilience reducing the reliance for power from the grid, and meet environmental goals, Vilpak has invested in its own solar plant, which has already been discussed in greater detail in 2022 report. The total energy produced in the company's solar power plant in 2024 amounted to 412 MWh, which is appr. at the same level as in the previous reporting period. Meanwhile, the energy purchased was 1,502 MWh. This indicates that the Vilpak currently produces around 22% of its total energy consumption. Almost the same ratio we had in 2023. In May, we produced around 39% and in June 35% of the energy we consumed with our solar panels. All the energy bought externally by Vilpak was green energy until April 2024, when as previously discussed in the report, due to economic constraints and demographic uncertainties a fixed price contract for energy supply was signed for 3-year period for conventional energy. Despite the external factors Vilpak pays great attention to minimizing the use of energy in its production plant, therefore, only energy efficient equipment is selected for new investments. The company uses a metric to evaluate the efficiency of its use of electric energy with the ratio of energy used divided by sales income in EUR. This ratio in 2024 amounted to 0,10 kWh/Eur, while in 2021 ratio was 0,14 kWh/Eur, meaning that we have made a progress towards energy efficiency and during the reporting period and reached our end goal according to plan.

Gas is only used for heating purposes in Vilpak – heating of premises as well as heating of water. The use of gas amounted to 593 MWh in 2024. Due to installations of energy efficiency equipment that converted excess steam into heating, we were able to cut the use of gas approximately 24% since 2021 and reduce our direct emissions accordingly.

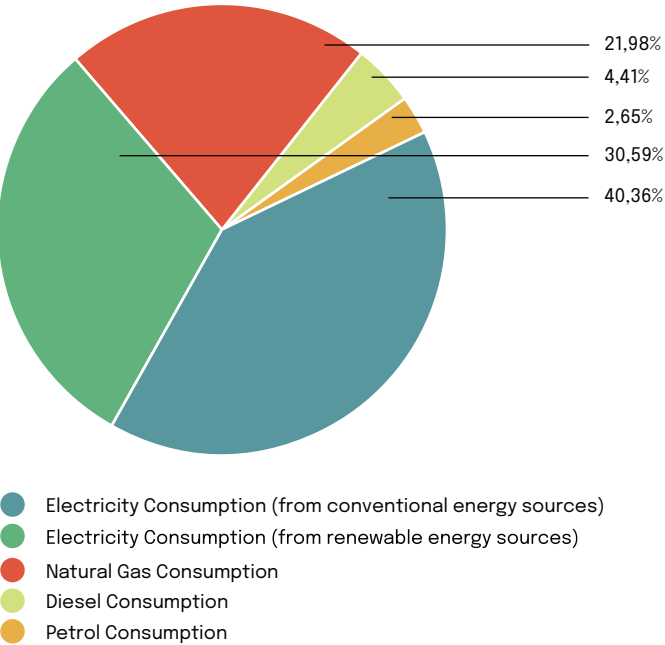
Water is used as a part of the production process, however, its use is not significant compared to the other resources used by Vilpak. In our operations, we do not directly meter water consumption. We only meter water withdrawals, and we do not have separate metering for water discharges, so their amounts are assumed to be equal to the withdrawals. The company's objective is to maintain water usage at a stable level. During this reporting period, water withdrawals amounted to 3 117 m³, representing an increase of approximately 7% compared to the previous reporting period. Wastewater is collected further by UAB "Vilniaus Vandenys", i.e. the same company that is supplying water to Vilpak. The total amount of wastewater collected in 2024 is the same as the amount sourced – 3 117 m³.

To understand the location where we operate and related water risk issues, we employed the Aqueduct Water Risk Atlas (World Resources Institute), as a resource for evaluating water-related risks. Lithuania, as a country, is not linked to high-water stress areas. In our operations, we rely on a municipal water supplier UAB "Vilniaus Vandenys" for both intake and discharging water. Fuel in the form of LPG, petrol, gas, diesel, used for vehicles, is mainly used by the company's sales team as well as its vehicles to deliver products to clients. The total volume of fuel used in all mentioned forms in 2023 amounted to 19 780 liters, which shows an increase of 47 % compared to the previous reporting period. The main reason for increased fuel consumption during the reporting period relates to increased deliveries using our own vehicle to customers, and the return of employees to work, with operations organized as they were before the pandemic as well as increased company's own vehicle fleet.

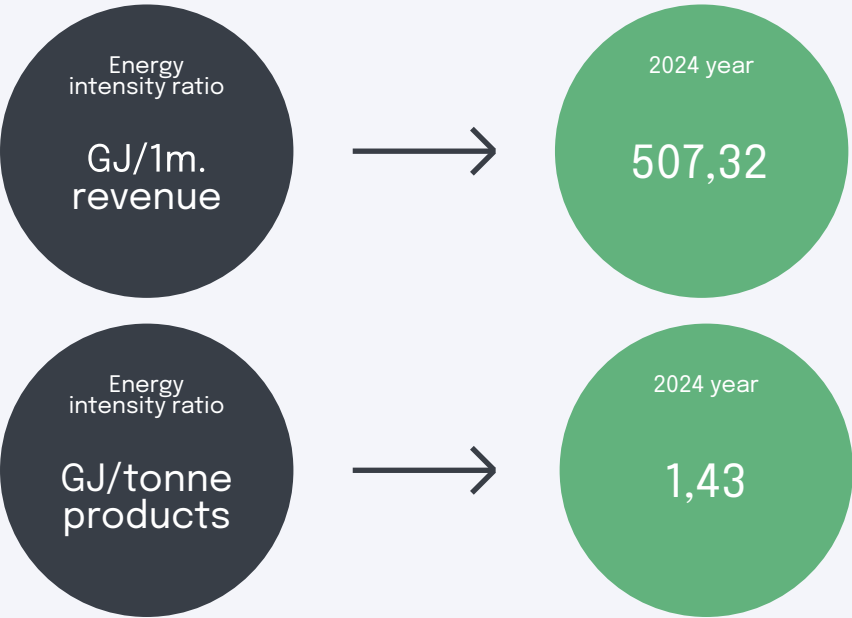


In 2024, Vilpak used 9 712 GJ of energy in our operations, indicating that the company remained at relatively similar energy intensity level as in 2021, when it was equal to 9,684 GJ. However, in comparison to 2023, energy usage increased by around 6%, primarily due to an increase in fuel consumption. At 70,95%, the use of electricity from renewable and conventional energy sources made up the bulk of consumption, natural gas ranked second in final energy consumption metrics.

Electricity Consumption (from conventional energy sources)	40,36%
Electricity Consumption (from renewable energy sources)	30,59%
Natural Gas Consumption	21,98%
Diesel Consumption	4,41%
Petrol Consumption	2,65%



Energy intensity, calculated based on the data of the last financial year, consumed fuel, electricity (both purchased and produced on site) and natural gas are included in the calculations.



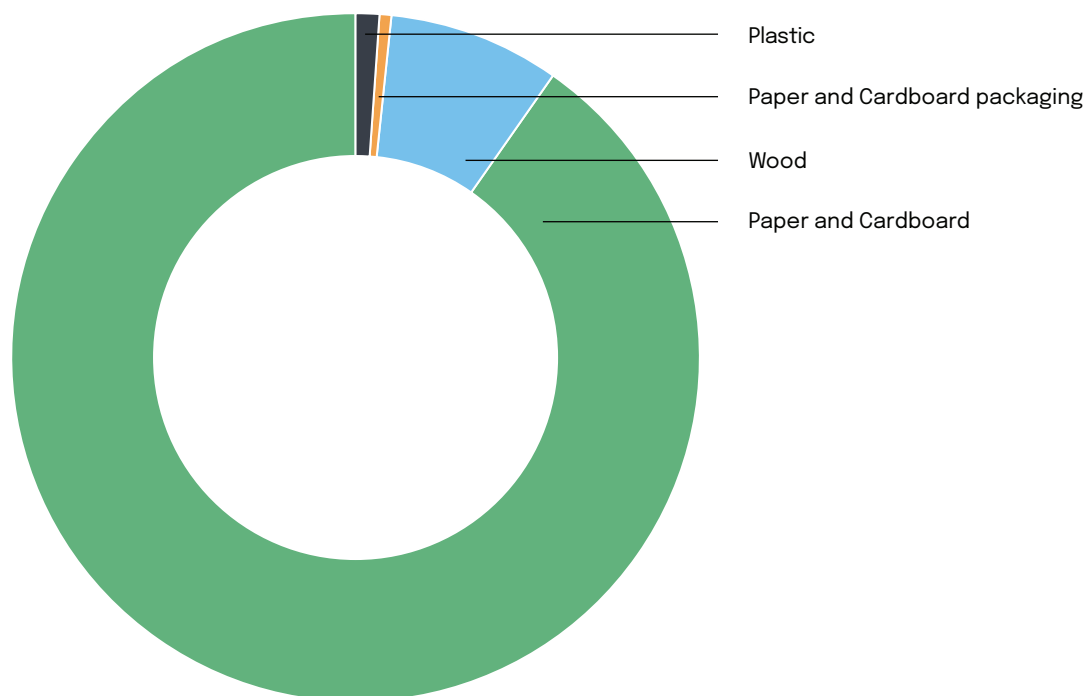
Vilpak reduced its energy intensity ratio per 1mil Revenue by around 21% compared to 2023. The energy intensity ratio per tonne products decreased by approximately 28% compared to 2023.

Currently, the plan to invest in renovations of machinery is the most relevant initiative by Vilpak in terms of energy savings. Further initiatives will be considered in plans for the coming year.

Production waste management

As Vilpak is involved in the industry of carton packaging this results in a certain amount of waste generated in the production process. The main types of waste generated are summarized in the table and chart below. We concentrate our efforts in this area on integrating circular economy principles wherever possible.

Waste class	Quantity in 2024, tonnes	Quantity in 2023, tonnes	Quantity in 2022, tonnes	Quantity in 2021, tonnes
Plastic	21,32	11,81	10,56	10,31
Wood	150,31	110,92	104,5	114,93
Paper and Cardboard	1722,83	1236,18	1031,14	1515,76
Paper and Cardboard packaging	14,03	9,60	24,1	7,29
Total	1908,49	1368,51	1170,30	1648,29



All of the company's waste is collected by a waste management company and further recycled. Vilpak reports on its waste, on a quarterly basis, in line with legal requirements. Also, management place an emphasis on the main carton waste as it directly influences the volume of production output – the technology team is in constant development of means to minimize the volume of carton waste whenever and wherever possible. In 2024, cardboard waste generated in production amounted to 19%, slightly decreasing compared to the previous reporting period.

Municipal waste is collected from the territory of Vilpak by SJ "Vilniaus Atliekų Sistemų Administratorius". Waste is collected once every week, the same frequency as in the previous reporting period. In 2024, a total of 199, 056 m³ of waste was collected, which is about the same as in the previous reporting period. Since the quantity of municipal waste is based only on billing per square meter of operational space, it is challenging to accurately measure the actual amount of waste generated. To convert the municipal waste generated from cubic meters to tonnes, a conversion factor of 0.16 is applied for calculations. In 2024, municipal waste amounted to 31,85 tonnes. Now of preparation of this report, we lack precise information about the treatment methods used by waste management companies for municipal waste. Hence, we assume that all municipal waste is directed to disposal (landfill), without consideration for other disposal methods.

Shifts in customers' demand affected aluminum plates waste increase around 39% from 7.5 tons in 2023 to 10.4 tons in 2024. Aluminum plates waste was collected and handled by scrap metal waste manager "Baltic Metal" for further recycling.

All generated waste is accounted for by the state electronic system "Unified Product, Packaging and Waste Accounting Information System" (GPAIS) and annual reports are provided.

We analyze the data on the generated waste and compare it with previous periods while regularly looking for ways to improve the processes. Contracts for the collection of waste generated during production and management concluded with the waste managers UAB Ekobazė and VšĮ Žaliasis Taškas. These companies collect all of the waste generated in the production process and certificates are issued at year end to prove that this collected waste was treated (recycled and stored) in line with legal requirements. Information on all waste generated and disposed of is entered into the GPAIS system which is a mandatory system for the accounting of waste generation and disposal for Lithuanian production companies.

Hazardous waste management is outsourced at Vilpak and handled with a reliable and certified partner, the Center for Physical Sciences and Technology. In 2024 Vilpak generated:

15,23 tons solvent-based developer solutions waste
(EWC code 09 01 03)

2,962 tons aqueous offset plate developing solutions
(EWC code 09 01 02)

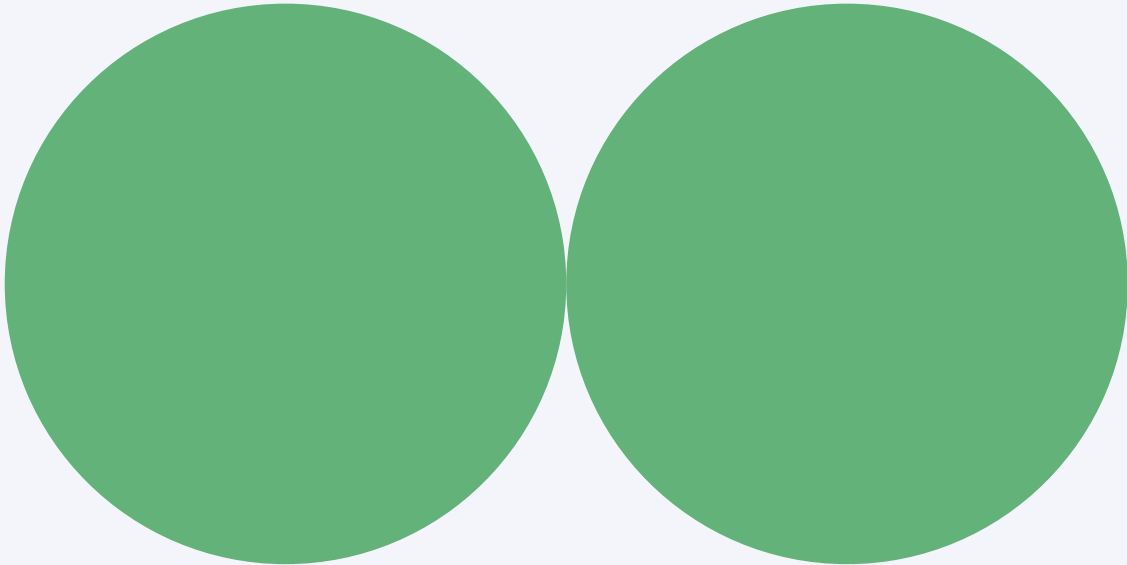
8,68 ton packaging containing residues of or contaminated by hazardous substances (EWC code 15 01 10)

3,235 tons absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, and protective clothing contaminated by hazardous substances (EWC code 15 02 02)

The total volume of hazardous waste in 2024 amounted to 30,107 tons, which shows an increase of 2,4 times compared to the previous reporting period.

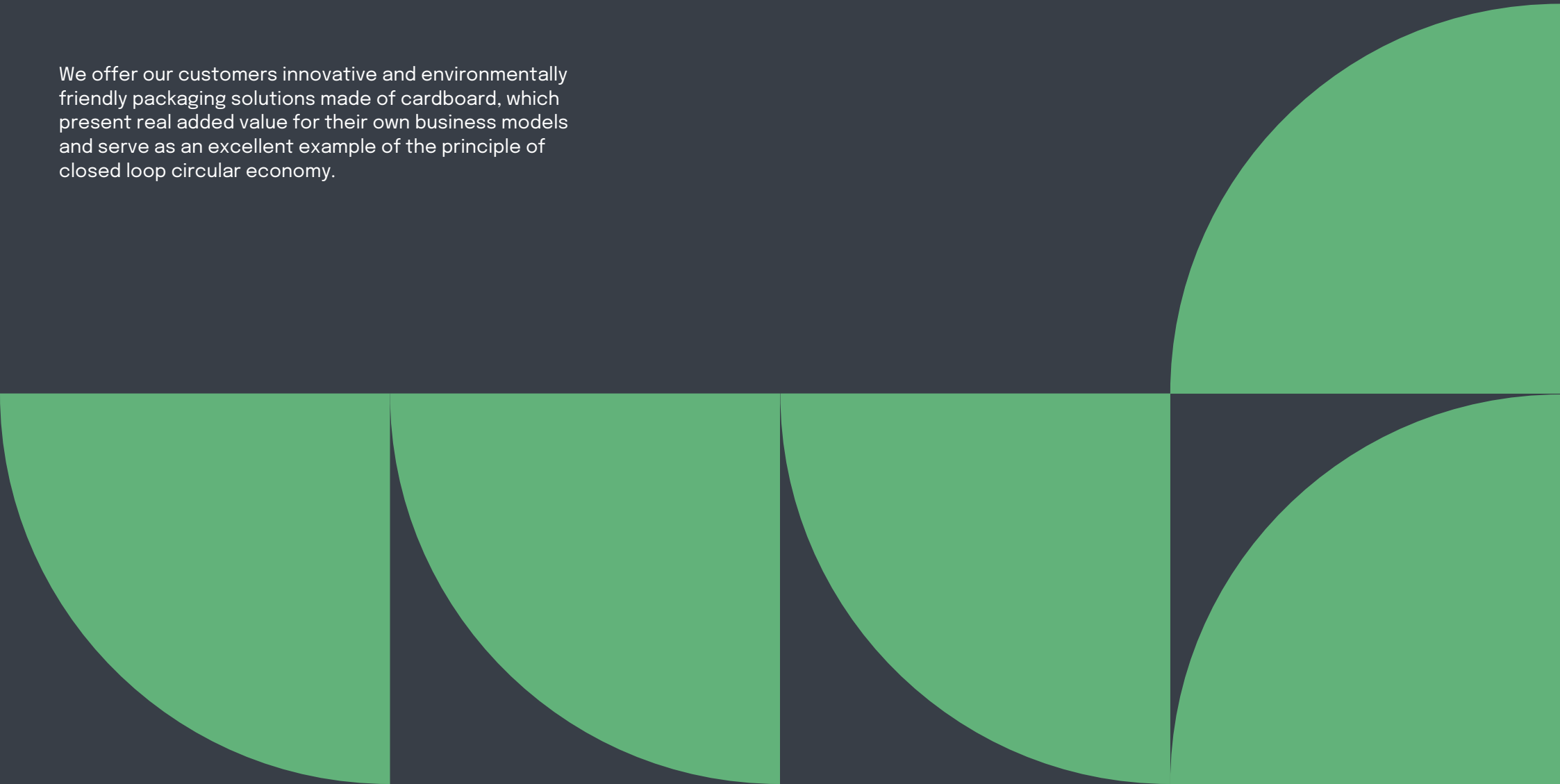
Total amount of waste generated	Quantity in 2024, tonnes	Quantity in 2024, tonnes	Change, %
Total amount of non-recycled waste	31,85	31,85	0%
Total amount of waste diverted from disposal (recycled, other recovery operations)	1 949,00	1 949,00	41%
Total amount of waste generated	1 980,85	1 980,85	1 980,85
of which total amount of hazardous waste	30,107	8,831	241%
of which total amount of radioactive waste	-	-	-
Total amount of waste generated	1,61%	2,25%	-1%

In 2024, we generated approximately 1 981 tonnes of waste, with hazardous waste accounting for 1.5 %. Throughout the year, we diverted around 1 949 tons of generated waste from landfills, directing it toward recycling or other recovery operations. The share of non-recycled waste amounted to 1.61%.



Circular economy

We offer our customers innovative and environmentally friendly packaging solutions made of cardboard, which present real added value for their own business models and serve as an excellent example of the principle of closed loop circular economy.



Cardboard as a material can be produced from new, virgin, or recycled fibers. Despite the initial origin of fibers, cardboard can be recycled and produced again multiple times, in this way participating in the circular economy.

We use recycled fiber board wherever possible, playing our part in protecting the forests. If we cannot avoid the use of virgin fiber, it is purchased from mills having FSC or PEFC certifications or own their own forests which are re-planted after grown trees are cut for board production. Illegal logging does not occur at any point in our supply chain, and damaging chemicals are not used at any stage.



Sustainability and responsibility in the supply chain

Our procurement processes prioritize transparency through pre-contractual and contractual practices. We employ selection, assessment, and monitoring criteria to evaluate the social and environmental performance of suppliers. This ensures high functionality and quality in our supplies while mitigating potential environmental, social, and governance (ESG) risks.

Vilpak utilizes different types of suppliers in order to fulfill our customers' requirements. Being a production company, suppliers to Vilpak are as follows:

- Raw material suppliers:
 - Cardboard mills;
 - Cardboard wholesalers;
 - Packaging material producers;
 - Packaging material wholesalers;
 - Consumables wholesalers;
- Sub-contractors;
- Transport companies;
- Utility and service providers;
 - Gas, water and electricity providers;
 - Building and machinery maintenance providers;
 - Waste collection and handling providers;
 - Premises and work clothing cleaning providers;
 - External inspection and auditing providers.

Depending on customer' requests and end product fulfillment, the length of the supply chain and number of suppliers involved can be different. The typical plan-buy-make-move-fulfill supply chain consists of:



Tier2	Tier1	Producer	Tier1	Tier2	Tier3
Packaging material producers Printing ink, varnish, glue producers	Cardboard mill	VILPAK	Transport company	Direct end customer	End customer
	Transport company			Wholesaler customer	
	Packaging material (outer cases) producer				
	Packaging material (pallets, wrapfoil, protective corners, labels) wholesalers				
	Printing ink, varnish, glue wholesalers				
	Tool producers				

Supply chain for more complex end product may consist of:



Tier3	Tier2	Tier1	Producer	Tier1	Tier2	Tier3
Cardboardmill	Sub-contractor for functional barrier application	Sub-contractor for cardboard sheeting	VILPAK	Transport company	Direct end customer	End customer
		Subcontractor for spot UV varnishing, hot-foiling, manual assembly		Warehousing	Wholesaler customer	
		Transport company				
	Corrugated board producer	Packaging material (outercases) producer				
	Packaging material producers	Packaging material (pallets, wrapfoil, protective corners, labels) wholesalers				
	Printing ink, varnish, glueproducers	Printing ink, varnish, gluewholesalers				
		Toolproducers				

Related to Vilpak's products and services, the organization's suppliers carry mainly raw material and consumables for production activities, and when needed sub-contractors perform additional treatments for raw materials or semi-finished products. The majority of our suppliers are long-term continuous business partners who supply their products or services upon the specific demand of VILPAK, depending on each particular end product being produced. The company's main suppliers are located in Scandinavia, Central Europe, and Lithuania, all being within as close proximity as possible to the VILPAK production site, while some suppliers for specific raw materials are located in the USA, India, or China. As the sector that Vilpak operates in is very resource-intensive, the amount of payments to suppliers is relatively high, reaching up to 73% of annual turnover.

Since 2021 Vilpak developed a questionnaire assessing the overall social, environmental, and economic performance of our existing suppliers (renewed periodically every 2 years) along with all potential new suppliers. The questionnaire is divided into 14 blocks and covers nearly 80 questions related to issues such as human rights, labor conditions, environmental management systems, risk management, supplier monitoring practices, quality management, GMP, transparent governance practices, etc. Through the collection of relevant data on a supplier's performance we are constantly aware of the social, environmental, and economic dimensions of our supplier chain and procure only from only seeking to develop partnership through legal, ethical, and responsible business practices.

Around 73% of our strategic/important suppliers calculate their CO2 emissions or have ESG targets or sustainability policies in place. During the reporting period, we managed to achieve a 49% signatory rate to VILPAK Code of Conduct among our strategic/important suppliers, compared to 0% in 2021 and 31% in 2023.

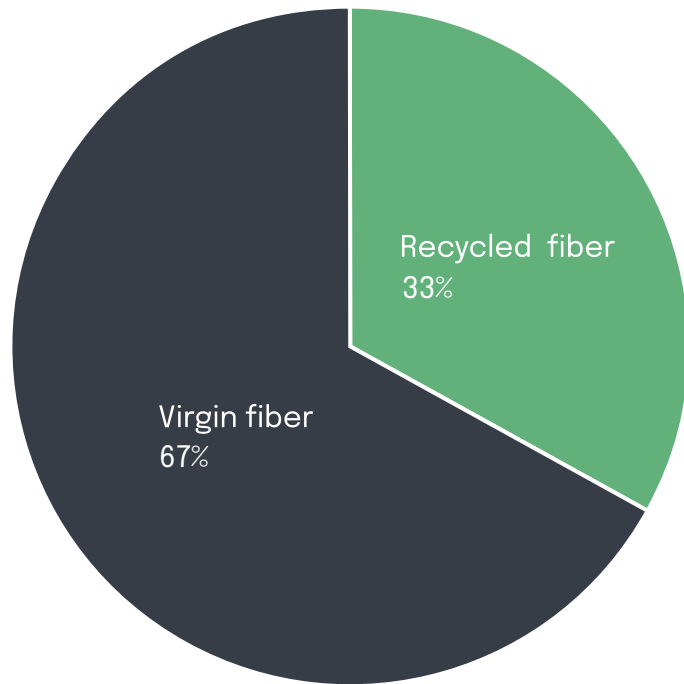
Raw material sourcing

We select each supplier carefully to ensure that they share our values, while reviewing the quality and safety of their products. In our procurement conditions, we clearly state that our supply chain must meet exemplary standards.

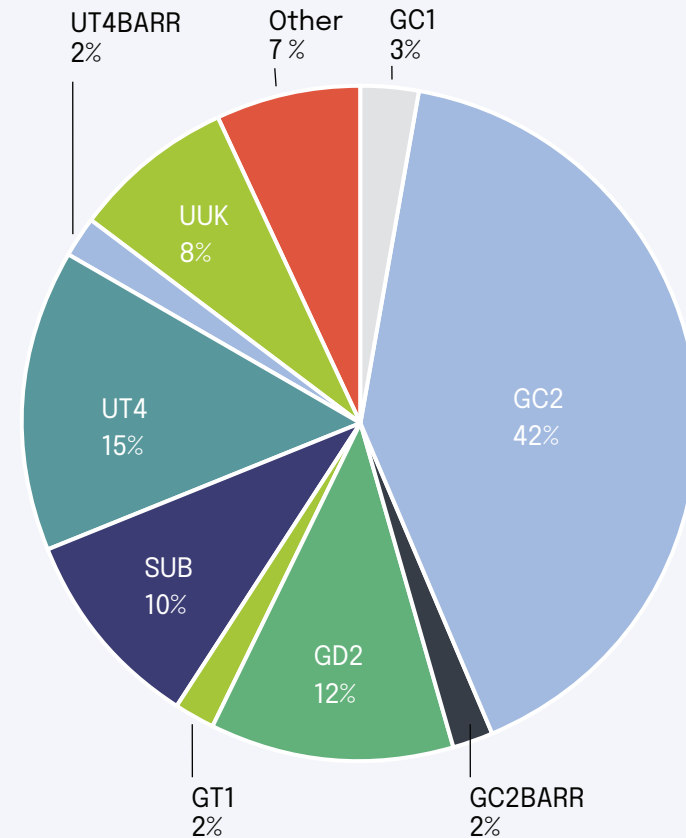


As a production company, Vilpak's greatest share of purchases is derived from the raw materials required for production. 71% of all inventory purchases in 2024 were made for cardboard materials, while the remaining 12% was for packaging and other materials (e.g. inks, varnishes, glue, tools, etc.) required for the production process, and 17% was for services (e.g. transportation, sheeting, etc.).

67% of procured cardboard was virgin fiber material, while the remaining 33% was recycled fiber board. The split did not change noticeably compared to 2023 (69% and 31% respectively).



A more detailed depiction of procured cardboard grades is shown below:



The sourcing of the necessary raw materials comes from the closest available cardboard producers (some only 1,2% has been sourced from local merchants in Lithuania, not direct producers (compared to 14% in 2021 and 2% in 2023) with the majority (76%) being within EU countries.

In 2024, approximately 73% of the raw materials in the company's products and packaging, sourced from virgin wood fiber, originated from certified sources (FSC® or PEFC™), compared to 31% in 2021 and 52% in 2023.

GRI content index

Statement of use	UAB Vilniaus pakuotė/ Vilpak has reported the information cited in this GRI content index for the period January 1st, 2024 to December 31th, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not relevant

GRI 2: General Disclosures 2021

GRI Standard	Disclosure	Location
Organization profile		
GRI 2-1	Organizational details	p. 4
GRI 2-2	Entities included in the organization's sustainability reporting	p. 10
GRI 2-3	Reporting period, frequency and contact point	p. 10
GRI 2-4	Restatements of information	p. 10
GRI 2-5	External assurance	p. 10
Activities and Employees		
GRI 2-6	Activities, value chain and other business relationships	p. 12-21; p. 98-104

GRI 2-7	Employees	p. 57-62
GRI 2-8	Workers who are not employees	p. 57-62
Governance		
GRI 2-9	Governance structure and composition	p. 24-25
GRI 2-10	Nomination and selection of the highest governance body	p. 24-25
GRI 2-11	Chair of the highest governance body	p. 24-25
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	p. 24-25
GRI 2-13	Delegation of responsibility for managing impacts	p. 24-25, p. 33-34
GRI 2-14	Role of the highest governance body in sustainability reporting	p. 24-25, p. 33-34
GRI 2-15	Conflicts of interest	p. 24-25
GRI 2-16	Communication of critical concerns	p. 24-29
GRI 2-17	Collective knowledge of the highest governance body	p. 24-25, p. 33-34
GRI 2-18	Evaluation of the performance of the highest governance body	p. 24-25
GRI 2-19	Remuneration policies	p. 63-64
GRI 2-20	Process to determine remuneration	p. 63-64
GRI 2-21	Annual total compensation ratio	p. 61
Strategy, Policy and Compliance		
GRI 2-22	Statement on sustainable development strategy	p. 6; p. 33-34
GRI 2-23	Policy commitments	p. 26-29
GRI 2-24	Embedding policy commitments	p. 26-29
GRI 2-25	Processes to remediate negative impacts	p. 26-29
GRI 2-26	Mechanisms for seeking advice and raising concerns	p. 26-29
GRI 2-27	Compliance with laws and regulations	p. 71-72
GRI 2-28	Membership associations	p. 24-25
Engagement with Stakeholders		
GRI 2-29	Approach to stakeholder engagement	p. 35-40
GRI 2-30	Collective bargaining agreements	p. 68
GRI 3: Material Topics 2021		
GRI 3-1	Process to determine material topics	p. 30-32
GRI 3-2	List of material topics	p. 41-45
GRI 3-3	Management of material topics	p. 41-45
Economic performance		
GRI 201: Economic Performance 2016		
GRI 201-1	Direct economic value generated and distributed	p. 73-74
GRI 201-4	Financial assistance received from government	p. 81-82
GRI 205: Anti-corruption 2016		
GRI 205-2	205-2 Communication and training about anti-corruption policies and procedures	p. 71-72

GRI 207: Tax 2019

GRI 207-1	Approach to tax	p. 76
-----------	-----------------	-------

Environmental performance**GRI 301: Materials 2016**

GRI 301-1	Materials used by weight or volume	p. 102-104
GRI 301-2	Recycled input materials used	p. 102-104

GRI 302: Energy 2016

GRI 302-1	Energy consumption within the organization	p. 89-92
GRI 302-3	Energy intensity	p. 89-92
GRI 302-4	Reduction of energy consumption	p. 89-92; p. 41-45

GRI 303: Water and Effluents 2018

GRI 303-5	Water consumption	p. 89-92
-----------	-------------------	----------

GRI 305: Emissions 2016

GRI 305-1	Direct (Scope 1) GHG emissions	p. 84-88
GRI 305-2	Energy indirect (Scope 2) GHG emissions	p. 84-88
GRI 305-3	Other indirect (Scope 3) GHG emissions	p. 84-88
GRI 305-4	GHG emissions intensity	p. 84-88
GRI 305-5	Reduction of GHG emissions	p. 84-88; p. 41-50

GRI 306: Waste 2020

GRI 306-3	Waste generated	p. 93-95
GRI 306-4	Waste diverted from disposal	p. 93-97

GRI 308: Supplier Environmental Assessment 2016

GRI 308-1	New suppliers that were screened using environmental criteria	p. 98-101
-----------	---	-----------

Social performance**GRI 401: Employment 2016**

GRI 401-1	New employee hires and employee turnover	p. 34-36
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 39

GRI 403: Occupational Health and Safety 2018

GRI 403-1	Occupational health and safety management system	p. 38
GRI 403-2	Hazard identification, risk assessment, and incident investigation	p. 38
GRI 403-5	Worker training on occupational health and safety	p. 38
GRI 403-6	Promotion of worker health	p. 38
GRI 403-9	Work-related injuries	p. 38

GRI 404: Training and Education 2016

GRI 404-1	Average hours of training per year per employee	p. 57-62
-----------	---	----------

GRI 405: Diversity and Equal Opportunity 2016

GRI 405-1	Diversity of governance bodies and employees	p. 57-62
GRI 405-2	Ratio of basic salary and remuneration of women to men	p. 57-62

GRI 406: Non-discrimination 2016

GRI 406-1	Incidents of discrimination and corrective actions taken	p. 56
-----------	--	-------

GRI 413: Local Communities 2016

GRI 413-1	Operations with local community engagement, impact assessments, and development programs	p. 69
-----------	--	-------

GRI 414: Supplier Social Assessment 2016

GRI 414-1	New suppliers that were screened using social criteria	p. 98-101
-----------	--	-----------

GRI 416: Customer Health and Safety 2016

GRI 416-1	Assessment of the health and safety impacts of product and service categories	p. 52-55
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 52-55

GRI 418: Customer Privacy 2016

GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 77-78
-----------	--	----------

