



SUSTAINABILITY REPORT

2017



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|-------------------|---|
| 03 | ABOUT THIS REPORT |
| 04 | SCOPE OF OUR REPORT |
| 05 | MESSAGE FROM THE CHAIRMAN |
| 06 | I. OUR BUSINESS OVERVIEW |
| 06 | I.1 AUGA GROUP HISTORY |
| 07 | I.2 AUGA GROUP FINANCIAL RESULTS |
| 08 | I.3 AUGA BRAND |
| 09 | I.4 AUGA PRODUCTS |
| 11 | I.5 EXPORT MARKETS |
| 12 | II. OUR APPROACH TO SUSTAINABILITY LEADERSHIP |
| 12 | II.1 SUSTAINABILITY GOALS |
| 13 | II.2 SUSTAINABILITY PRINCIPLES |
| 14 | II.3 SUSTAINABILITY MODEL |
| 15 | II.4 SUSTAINABILITY MANAGEMENT |
| | |
| <h2>CONTENTS</h2> | |
| 16 | III. OUR SUSTAINABILITY MATERIALITY ASSESSMENT |
| 16 | III.1 IDENTIFICATION OF RISKS AND OPPORTUNITIES |
| 17 | III.2 MATERIALITY ASSESSMENT |
| 18 | III.3 STAKEHOLDER ENGAGEMENT |
| 19 | IV. OUR NATURAL CAPITAL: ENVIRONMENTAL PROTECTION |
| 19 | IV.1 SUSTAINABLE AGRICULTURE MODEL |
| 24 | IV.2 MANAGEMENT OF NATURAL RESOURCES |
| 28 | V. OUR PRODUCT QUALITY AND CONSUMER WELL-BEING |
| 28 | V.1 PRODUCT QUALITY |
| 29 | V.2 CONSUMER WELL-BEING |
| 31 | VI. OUR HUMAN CAPITAL: EMPLOYEES AND COMMUNITY |
| 31 | VI.1 SOCIALLY RESPONSIBLE EMPLOYER |
| 34 | VI.2 COMMUNITY ENGAGEMENT |
| 35 | VII. OUR SUSTAINABLE GOVERNANCE |
| 35 | VII.1 PRINCIPLES OF BUSINESS ETHICS |
| 35 | VII.2 COMPLIANCE POLICY |
| 36 | VII.3 ANTI-CORRUPTION AND ANTI-BRIBERY POLICY |
| 37 | REPORTING CONTENT INDEX: NASDAQ ESG INDICATORS |



AUGA group AB (hereinafter in the report – AUGA group, Group, Company) is a vertically integrated organic food company, as well as one of the largest and most modern organic agriculture companies in Lithuania and Europe, whose shares are traded on Nasdaq Vilnius and Warsaw Stock Exchange.

We comply with the regulations of listed companies, the laws of the Republic of Lithuania and the guidance of international good agricultural practices. In compliance with the new EU Directive 2014/95/ES on the disclosure of non-financial and diversity information by large companies and groups and the laws of the Republic of Lithuania, we issue our first Sustainability Report for 2017.

The Sustainability Report of AUGA group (hereinafter – Report) is prepared in accordance with the Nasdaq ESG (Environment, Social and Governance) Reporting Guide for Nordic and Baltic listed companies and the United Nations Sustainable Development Goals.

The process of this Report's preparation allowed us to systematically assess the risks and possibilities of our business within the dimensions of environmental

protection, social responsibility and governance and to also clarify the short-term and long-term sustainability development goals of AUGA group. The Report covers the results of the qualitative assessment of sustainability indicators and presents our vision, goals and actions on sustainability. Quantitative evaluation of indicators and accountability are objectives for future Sustainability Reports.

We understand that for AUGA group's shareholders, investors, business partners, customers, employees and other stakeholders, it is important to know not only what added value we create but also how we do it. Therefore, we believe this Report and future submissions of AUGA group's Sustainability Reports will become a natural part of the development of our business and the basis for transparent accountability.

2017 AUGA group's Sustainability Report is not audited or approved by third parties.



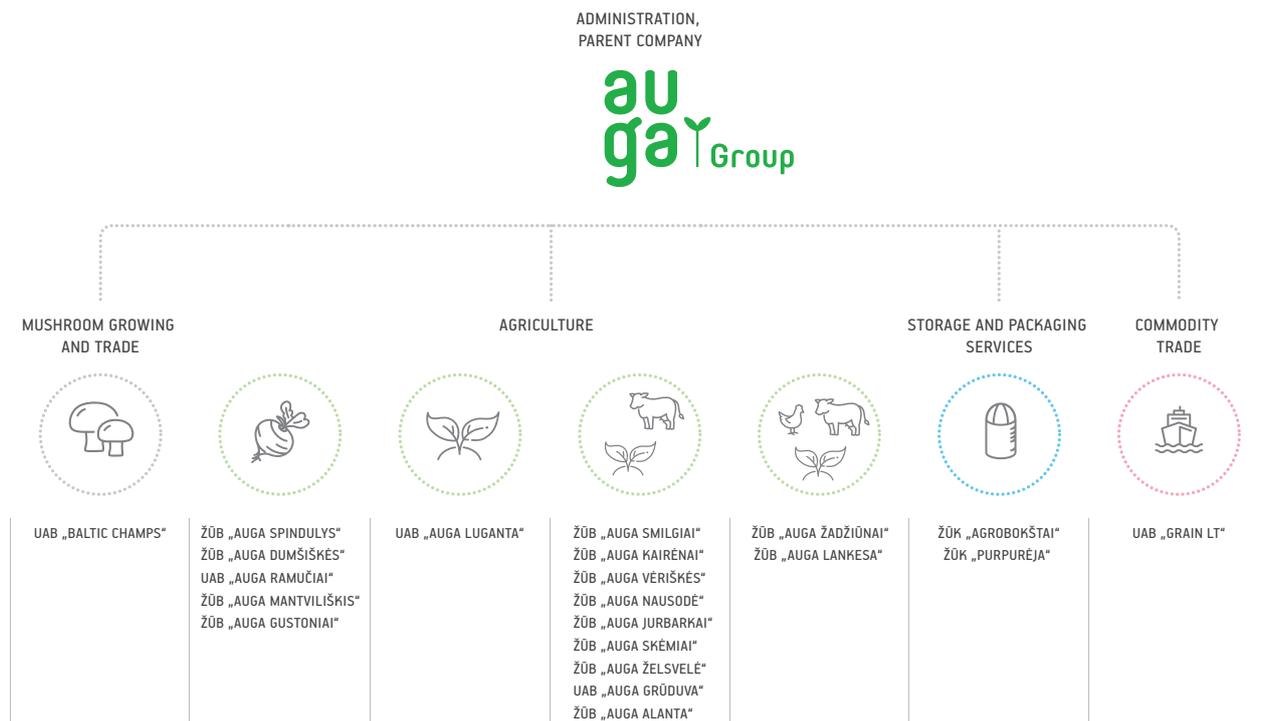
The first Sustainability report of AUGA group covers the period from January 1st, 2017 to December 31st, 2017.

AUGA group includes 133 companies which are engaged in agricultural, production, processing, supply and administration activities in the following sectors:

- **Crop growing;**
- **Poultry farming;**
- **Diary farming;**
- **Mushroom growing.**

The list of companies belonging to the Group were selected for the scope of the Sustainability Report according to three main criteria:

- **Revenue:** the companies together generate about 90% of the total revenue of the Group;
- **Number of employees:** the companies employ in total more than 80% of all employees of the Group;
- **Area of agricultural land:** the companies cultivate approximately 22.5 thous. ha of agricultural land, which in 2017 accounted for 68% of total agricultural land cultivated by the Group.



Dear readers of AUGA group's first Sustainability Report,

In 2017, AUGA group entered a new period of its history. Having successfully completed a three-year period of organic certification for our agricultural land, we harvested the first organically certified crops and produced the first organic products for end-consumers.

During a very short period of time, we became one of the largest organic food producers in Europe, operating by the principle "from field to shelf". Taking a step into organic farming, we set the goal for our business not only to comply with organic farming requirements, but also to apply even higher standards of sustainable agriculture. The name AUGA became visible and recognized not only in Lithuania but abroad as well. We have become a successful, profitable and growing group of companies. Nevertheless, we cannot stop and be satisfied with what we have achieved.

By implementing the company's major transformation, we set ourselves a goal to evaluate what we have achieved by creating our responsible and sustainable business model. We did it not only to comply with legal requirements, but also because sustainability is the vision of our company and it is inseparable from our business model. The vision of AUGA group is affordable organic food produced in the most sustainable way. We pursue this vision following the values of RELIABILITY, INNOVATION AND HARMONY. It is important for us not only to produce organic food, but also to educate consumers about the benefits of organics for people and for the environment.

AUGA group's first Sustainability Report is for all stakeholders who would like to know what are our company's objectives and how we are pursuing them. This report evaluates our achievements in environmental protection, management of human resources, relations with partners and customers and reflects how our company is viewed by society. We seek to maintain a socially responsible business, to create value for our shareholders, customers, partners and employees, and of course, to protect the environment, on which the success of our business heavily depends.

I believe that the preparation of Sustainability Reports will help the company to clearly set the guidelines for the implementation of its sustainability priorities. These goals are not just empty words. We walk our talk with every new investment. We have already invested EUR 15 million into technologies and processes for organic farming. On our farms, we apply the min-till farming method which significantly decreases CO2 emissions and does not deplete the land.

We are developing a closed-loop organic farming model which aims to achieve synergies among different branches of farming and the re-use of organic waste. Our goal is to eliminate the use of fossil fuel by replacing it with our own biogas.

We contribute to Lithuania's economic development by being one of the largest employers in rural areas of the country. Our employees are our biggest asset, thus the average salary in AUGA group is higher than average in the agricultural sector. We invest in attracting talent and employee development.

We are proud of our strong relationships with our business partners, customers and consumers. We are open and transparent, and we seek to continuously to improve in every area of sustainability: environmental, social and governance. I am certain that companies which have long-term sustainable business strategy are more successful. Today, the sustainable approach to business and the environment is not a trend but a necessity.

**Kestutis Juscius**Chairman of the Board of **AUGA group**

A handwritten signature in black ink, appearing to be 'K. Juscius', written over a white background.

I.1 AUGA GROUP HISTORY

The history of AUGA group as organic business started when mushroom growing company, UAB Baltic Champs Group, owned by the current Group's Chairman of the Board, Kestutis Juscius, merged with the agricultural company, AB Agrowill Group, in 2014. UAB Baltic Champs Group became the main shareholder of the Group.

During the first year after the merger, the operations of the company were reviewed, non-core and non-profitable businesses were discarded. In 2015, the Group announced its new strategy and started a full transition to organic farming.

The initial business model of Agrowill Group, including crop growing and dairy farming, was being gradually integrated into the closed-loop organic farming model.

In 2016, Agrowill Group presented a new brand AUGA. The company was renamed AUGA group.

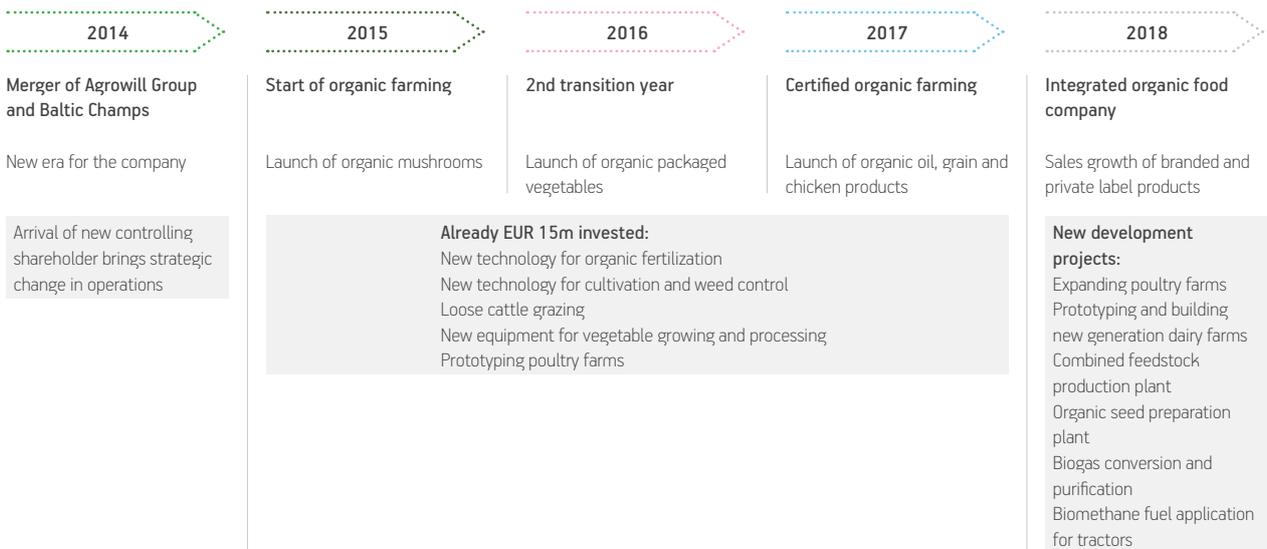
In 2017, AUGA group completed the transition into organic farming. That year's harvest was already certified organic.

In that same year, the Group expanded its business from commodity sales to the production and sale of end consumer products: ready-to-eat soups, preserved vegetables and mushrooms, various grain products and rapeseed oil. All AUGA branded products are certified organic.

The majority of AUGA products are exported to more than 20 countries in the European Union, Asia and Middle East.

The 2017 financial results of AUGA group reflected the positive effects of the transition to organic production. We became efficient, innovative and a steadily growing organic food company, which can insure the quality of its products by the principle "from field to shelf".

TRANSFORMATION TO SUSTAINABLE BUSINESS



I.2 AUGA GROUP FINANCIAL RESULTS

| | | 2017 | 2016 |
|-------------------------|--------------|--------|--------|
| Financial Results* | Revenue | 48,78 | 39,63 |
| | Gross profit | 15,25 | 10,78 |
| | EBITDA | 13,10 | 9,62 |
| | Net profit | 4,74 | 2,15 |
| Agricultural Production | Milk | 23 050 | 23 330 |
| | Grain | 46 790 | 45 508 |
| | Chicken | 18 | 0 |
| | Vegetables | 2 581 | 327 |
| | Sugar beets | 25 760 | 220 |
| | Mushrooms | 12 018 | 12 033 |
| Human Resources | Employees | 1 152 | 1 099 |

* unaudited 2017 financial results

2017 was a successful year for the Group. All major financial indicators improved significantly: sales revenue increased 23%, gross profit 41%, EBITDA 36%, and net profit more than doubled compared to the same period of 2016. The financial results reflected the economic benefit of moving to organic farming.

In 2017, the companies of the Group successfully completed the transition to organic farming started in 2015. The Group gradually introduced to the market the first organic AUGA brand products. The largest increases impacting consolidated gross profit in 2017 came from

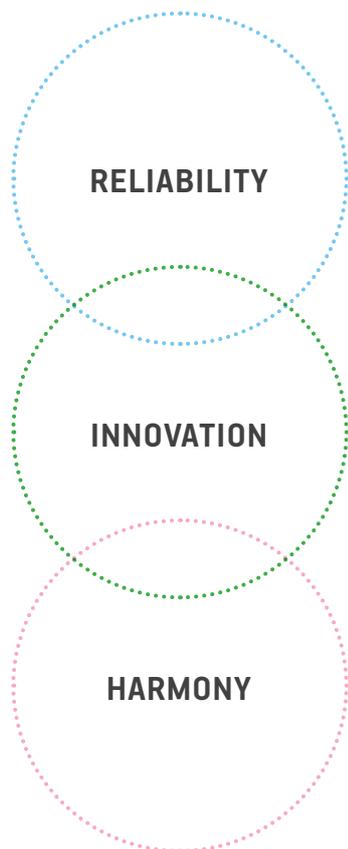
crop growing, mainly due to significantly higher crop yields, as well as higher trade prices for organic produce. The dairy cows' business also experienced improvements driven by the increased prices of raw milk.

Due to the implementation of technologies and innovations, we increased the yields of the main crops harvested in summer. Nevertheless, heavy rains damaged the yields of buckwheat, soy, corn, sugar beets and other late harvest crops. The company estimates that damages amount to EUR 2 million in losses.



I.3 AUGA BRAND

The brand AUGA reflects the vision of the company to provide affordable organic food produced in the most sustainable way. From the very beginning, the philosophy of the brand was based on three core values:



We are experts in our field down to the smallest detail. We are responsible in ensuring quality, efficiency and open communication with the consumer. We made a fundamental and immutable decision to become a socially responsible group of companies – to engage only in organic and environmentally sustainable farming and food production business.

A new generation of machines and innovative solutions help us to nurture natural and organic farming methods. We know how to produce organic products at a fair price, using the latest technology, economies of scale and synergies between different branches of agriculture.

It is important for us to maintain the right balance between business and environmental responsibility, ecology and modern technology, production and consumption. Therefore, AUGA food products are prepared by preserving and caring for the environment – using the most modern organic farming technology.



I.4 AUGA PRODUCTS

One of AUGA group's main strengths is the ability to supply a wide range and large quantities of organic products and ensure the control and traceability of production chain from field to packaging.

We supply a range of fresh vegetables to the market, such as carrots, potatoes, beets, onions and some rarer vegetables, like parsnips and Jerusalem artichokes. Another important category of products are preserved vegetables, mushrooms and pulses. One of the most successful products launched by AUGA group in 2017 was ready-to-eat organic soups, which quickly gained consumer recognition and became AUGA's flagship product, as well as one of the main exports to foreign markets.

Last year we significantly expanded our product range by introducing to the market the first organically grown

chicken in Lithuania, followed by processed grain products (various kinds of organic flour) and organic cold pressed rapeseed kernel oil.

We intend to further expand our assortment of products in 2018. Currently we are developing and preparing to launch organic sugar produced from sugar beets grown in our fields, bottled organic milk and new grain products. One of the first new products in 2018, launching just before Easter, is organic chicken eggs.

Aiming to ensure consumer well-being and product quality, we invest into AUGA products' compliance with international food production and agriculture standards, including product certification.

Our products hold the following certificates:



Organic agriculture. This certificate assures that products comply with the requirements of organic production, certified by "Ekoagros" in Lithuania.



EU organic agriculture. This certificate assures, that products comply with the requirement of European Union organic production.



USDA Organic. The organic certificate issued by the U.S. Department of Agriculture



Global GAP. This certificate proves that the requirements of good agricultural practice are followed, the products are grown safely, responsibly and maintaining the quality standards.



BRC. Food safety management standard, which assures that the products are produced following the highest standards of quality and safety.



Kosher KLBD. One of the main Kosher food certification systems. The certificate proves that the products comply with strict Kosher food production requirements.



AUGA PRODUCTS IN 2017



I.5 EXPORT MARKETS

Export development is our strategic business goal. In 2017, almost 80% of the Group's production was sold abroad. We estimate that the global organic market is growing by about 10% every year and today its value is worth over EUR 80 billion. We foresee more opportunities to expand our production for export markets.

In 2017, the main export markets of AUGA group were the following: Scandinavian countries, Germany, United Kingdom, Italy, Israel, Japan.

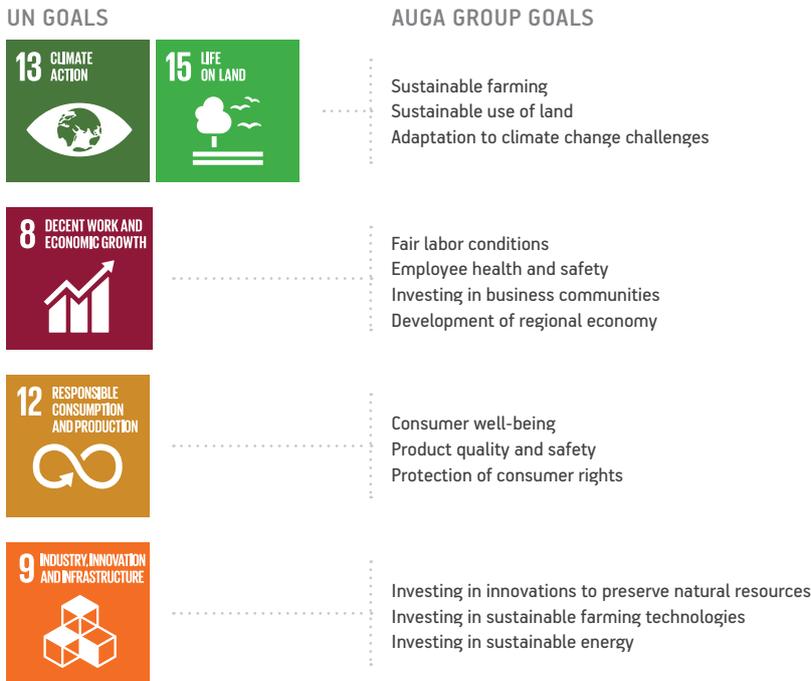


II.1 SUSTAINABILITY GOALS

AUGA group is committed to sustainable farming and organic food production business. To us, it means the alignment of our sustainability approach and our actions. By implementing sustainability principles in our daily activities, with the help of new technologies, we gain the best industry know-how and experience.

With our activities, we contribute to the achievement of the United Nations Sustainable Development Goals, which are in line with AUGA group’s vision and values:

- Climate Action;
- Life on Land;
- Decent Work and Economic Growth;
- Responsible Consumption and Production;
- Industry, Innovation and Infrastructure.



II.2 SUSTAINABILITY PRINCIPLES

AUGA group commits to ensure that every product, which reaches our consumers is fresh, meets quality standards, is produced with due care of the environment while applying innovative technologies and professional management.

We are aware that our fast-growing business inevitably effects the natural environment, including our employees, partners and local communities where we operate. We create business and social relationships and undertake responsibility for it following AUGA group's sustainability principles.

Taking this into account, we follow the sustainability principles aiming to balance our responsibilities for the environment and our communities.

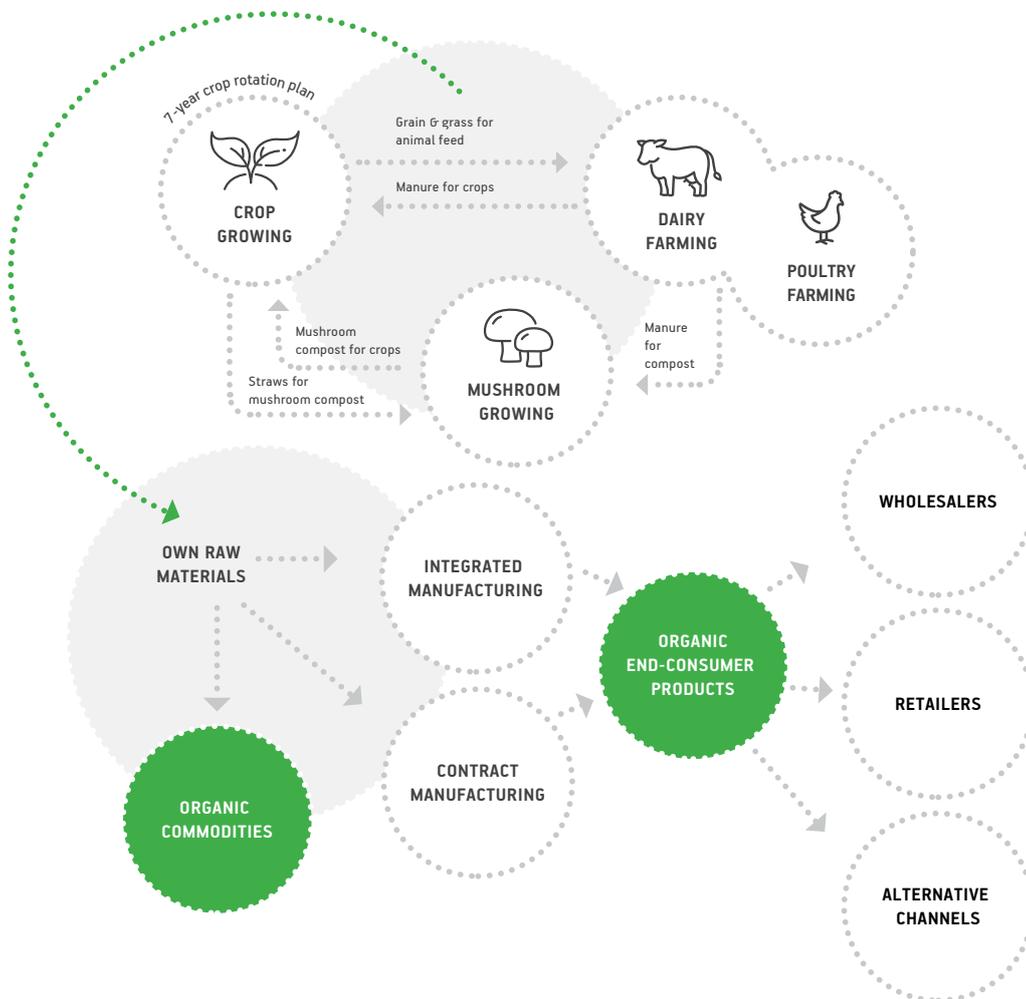


II.3 SUSTAINABILITY MODEL

The major advantage of AUGA group is our integrated business model which helps not only to ensure organic and food safety standards of our products, but also to systematically address sustainability within our Group.

Having this opportunity, we choose to manage our business in a sustainable way, being held accountable for the entire value chain of AUGA group and its related environmental, social and governance risks.

The value chain of AUGA group includes the growing and processing of raw materials to the supply of end consumer products. Our sustainability principles of saving natural resources, fostering technological innovations, ensuring product quality and consumer well-being, and engaging communities are therefore implemented in each stage of our business activities.



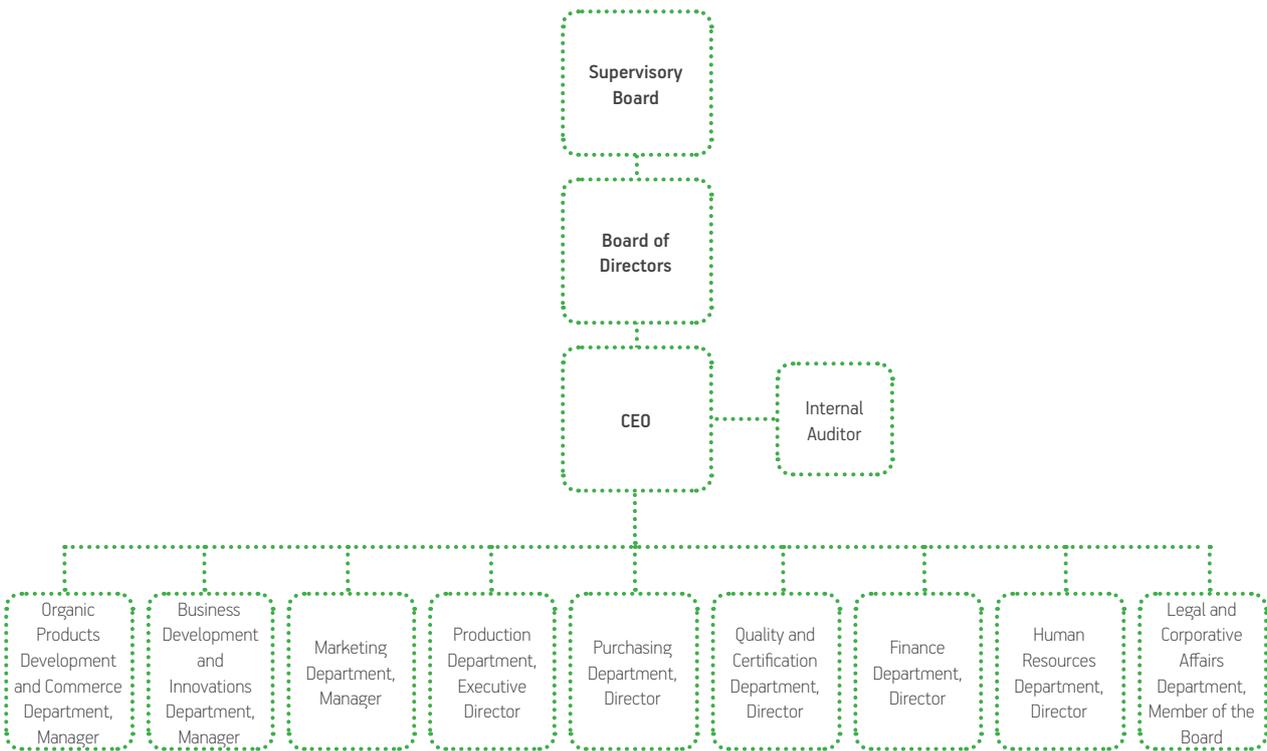
II.4 SUSTAINABILITY MANAGEMENT

AUGA group’s vision of sustainable farming and organic food production is defined by the Board. The responsibility of the Board is to ensure the implementation of this vision in compliance with international sustainable development goals and the sustainability principles of AUGA group.

An assigned member of the Board, Agnė Jonaitytė, is responsible for sustainability development and monitoring in AUGA group. Respectively, the departments responsible for specific business functions, integrate sustainability principles into daily business activities. Special attention is dedicated to the following departments: Production (all branches of agriculture), Organic Product Development and Sales, Business Development and Innovations, and Quality Control and Certification.

Management of the company provides information to the shareholders by publicly announcing the most important news through stock exchange and by regularly submitting the interim and annual financial results. In addition, the management organizes meetings with investors where they present the company and its activities.

Currently there is one woman and one independent member on the Board of AUGA group, this accounts for 40% of all Board members. As the Supervisory Board of AUGA group is appointed by the shareholders, we believe that the shareholders have to approve the Board’s diversity policy. In 2018, the Supervisory Board will consider this issue.



Every responsible business must have methods of risk assessment and prevention. In the area of sustainability, it is important to identify, assess, address and monitor not only financial, but also non-financial risks related to environmental, social and corporate governance (hereinafter ESG) criteria.

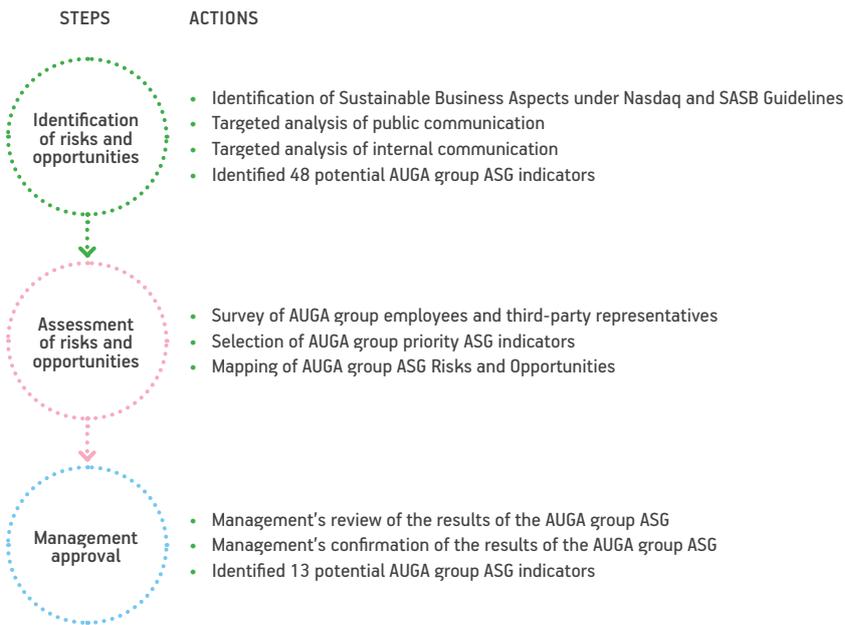
III.1 IDENTIFICATION OF RISKS AND OPPORTUNITIES

While preparing our first Sustainability Report we chose to follow the international methodology for the assessment of ESG risks and opportunities provided by the Nasdaq ESG Reporting Guide for the Nordic and Baltic Markets. Orientationally, we have also referred to the public SASB (Sustainability Accounting Standards Board) Materiality Map for Agricultural Products, Meat, Poultry and Dairy, and Processed Foods.

ESG identification process improved AUGA group’s sustainability risk management position. The results indicated sustainability issues where we need to focus in order to pursue our ambitious financial and non-financial business goals.

Selection of the most material ESG indicators for our business was based on the direct AUGA group companies’ management survey and distant stakeholder’ views survey with regard to international sustainability issues.

ASSESSMENT OF AUGA GROUP’S SUSTAINABILITY RISKS AND OPPORTUNITIES

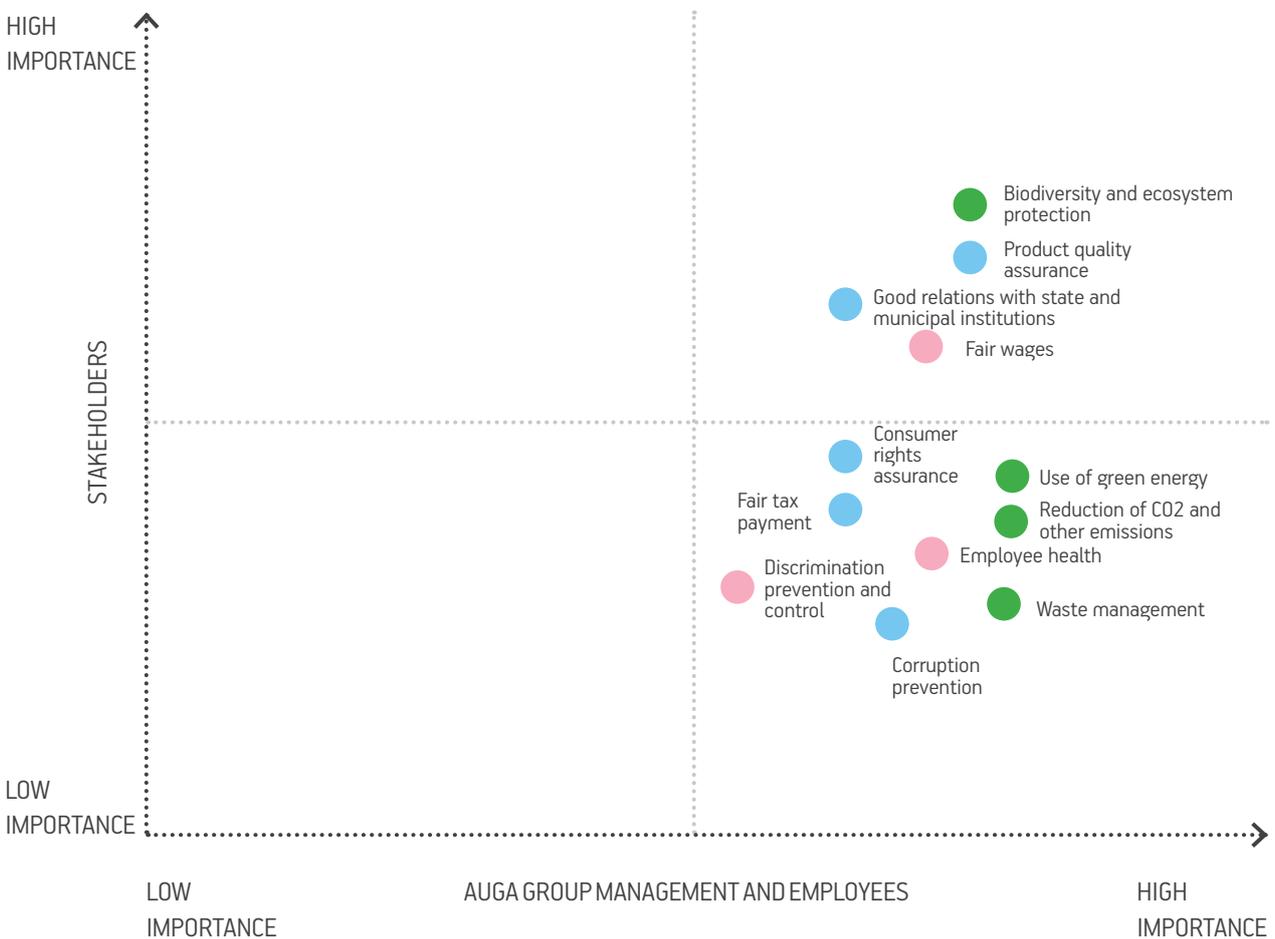


III.2 MATERIALITY ASSESSMENT

The materiality assessment of AUGA group’s ESG issues was performed in two stages. During the first stage, management representatives of AUGA group companies were asked which international sustainability issues they consider as the most important. During the second stage, we evaluated our stakeholders’ views about AUGA group’s sustainability issues based on media monitoring made by the media monitoring and analyses company UAB Mediaskopas.

AUGA group’s materiality matrix and extended list of ESG indicators demonstrates the results of our sustainability materiality assessment.

SUSTAINABILITY CRITERIA MATERIALITY MATRIX



AUGA GROUP'S LIST OF SUSTAINABILITY CRITERIA

| Environmental protection criteria | Social responsibility criteria | Governance criteria |
|---------------------------------------|---|--|
| Reduction of CO2 and other emissions | Fair wages | Product quality assurance |
| Energy saving | Employee health | Consumer rights assurance |
| Use of green energy | Discrimination prevention and control | Good relations with state and municipal institutions |
| Biodiversity and ecosystem protection | Good working conditions | Corruption prevention |
| Waste management | Employee trainings | Fair tax payment |
| Fuel management | Employee safety | Good relationships with business partners |
| Water management | Compensation for accidents and injuries at work | Good relations with the media |
| Biogas production from waste | Human rights protection | Good relationships with local business communities |
| | Gender equality protection | Good relationship with the academic community |

III.3 STAKEHOLDER ENGAGEMENT

AUGA group seeks active dialogue with stakeholders, defining the intensity and depth of engagement according to our business priorities, relevant business projects and the needs of stakeholders related to relevant areas of organic agriculture and sustainability.

Our priority is long-term, transparent and sustainable cooperation. We chose our business partners according to matching business interests and principles. We seek professional dialogue with our employees. It is important that every employee understands AUGA group's principles and values and contributes to their implementation. We regularly communicate with the media. The management of AUGA group shares best practices in business conferences. We participate in the activities of business associations and respond to the needs of communities.

AUGA group openly communicates its sustainability practices with investors, shareholders, governmental and non-governmental organizations.

| | |
|-----------------------|---|
| Consumers | Advertising, social media, information on packaging, participation in events |
| Community | Participation in community events and their sponsorship, meetings with communities on important issues |
| Employees | Internal communication, newsletters, meetings with employee groups, departments, employee events |
| Investors | Regular financial reporting, announcements of material events, press releases, meetings with investors and investor organizations, participation in Nasdaq events |
| State institutions | Dialogue on regulatory issues, consultations |
| Industry associations | Membership of associations, meetings, participation in associations events |
| Business partners | Regular dialogue, business-related consultations, visits to production departments, participation in international exhibitions |



Climate change, with ever increasing fluctuations of temperature and precipitation, poses challenges to all farmers. Seeking to maintain our leading position in the organic farming sector, we put a lot of effort to reduce negative environmental impacts on agriculture by implementing modern farming technologies, thus contributing to solve the global climate change problem.

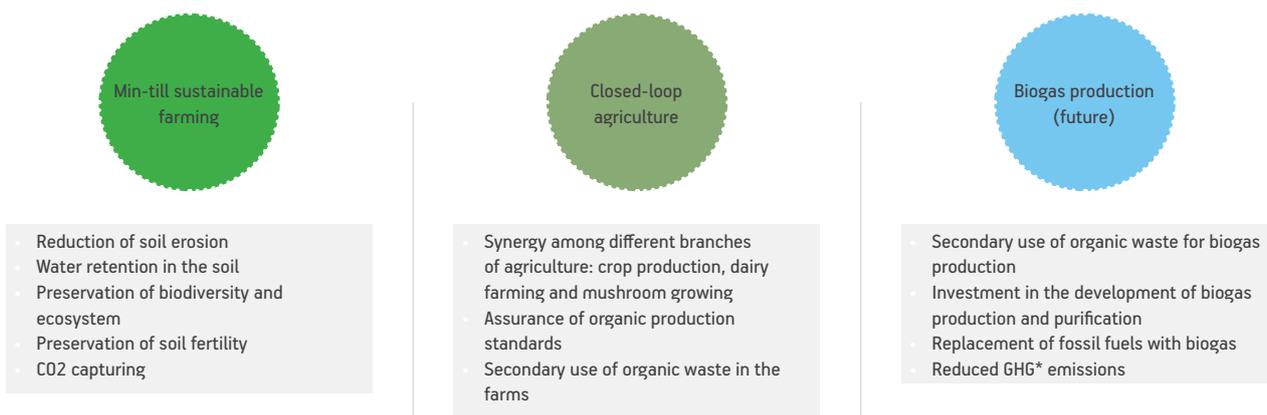
The long-term environmental protection goal of AUGA group is to monitor and responsibly manage our own impact on the environment, to preserve natural ecosystems, biodiversity and natural resources considering the most material environmental issues as evaluated in our materiality assessment made in 2017.

In 2018, we aim to develop a plan for the monitoring and management of environmental impacts, including quantitative measures, transition periods and the necessary investments.

IV.1 SUSTAINABLE AGRICULTURE MODEL

AUGA group’s vision of sustainable organic agriculture is to apply min-till technology and use the required machinery in our cultivated land. Also, to run our tractors and other vehicles on biogas produced from the organic waste collected from our integrated farms. We are developing a closed-loop farming model, which effectively uses synergies among different brands of agriculture. To achieve it, we invest in the application of min-till technologies, R&D of industrial biogas production and aim to attract additional investments for the implementation of our vision.

AUGA GROUP’S SUSTAINABLE FARMING METHODS



*Greenhouse gases



MIN-TILL SUSTAINABLE FARMING

Min-till farming is the type of farming which preserves the microflora of soil. The land is prepared for crops without tilling, only minimally cultivating the surface of the soil.

Currently, the min-till approach is applied on 46% of cultivated agricultural land in AUGA group. In 2015-2017, we invested approximately EUR 4 million in min-till farming technologies. We intend to expand the application of the min-till method on a larger area of our cultivated land by further investing into the required machinery.

The min-till approach allows AUGA group to reduce CO₂ emissions to atmosphere. Using this technique, less fuel is consumed by agricultural machinery because less energy is required to cultivate the surface of the soil.

The min-till method preserves the microflora and other useful organisms on the surface of the soil. With traditional tilling, all the useful microflora are buried under ground where they cannot survive without air. Therefore, creatures like earthworms, no longer have access to feed because plant remains become unreachable. When the population of earthworms declines, so does the availability of feed for wild birds.

Min-till agriculture minimizes impacts to the soil and prevents land erosion. Every year we leave the remains of crops in the soil and during the next sowing season, min-till equipment only slightly loosens the soil, preparing it for the insertion of new seeds. Leaving the remains of crops on the soil's surface also improves the structure of the soil, its ability to absorb water, preserves its natural humidity during plant vegetation period and prevents formation of crust at the surface.

AUGA group applies a 5 to 7-year crop rotation plan. Depending on the soil type, an individual crop rotation plan is selected for each field. We aim to maximize the variety of cultivated crops, so that they include not only the ones decreasing humus levels in the soil but also the ones restoring it (such as perennial grasses).

The change of organic matter in the soil directly affects CO₂ emissions – when humus decreases, emissions enter atmosphere in the form of CO₂. Therefore, preservation and increase of organic matter in the soil not only improves its natural fertility but also helps to “capture” CO₂ from the atmosphere.



CLOSED-LOOP ORGANIC FARMING

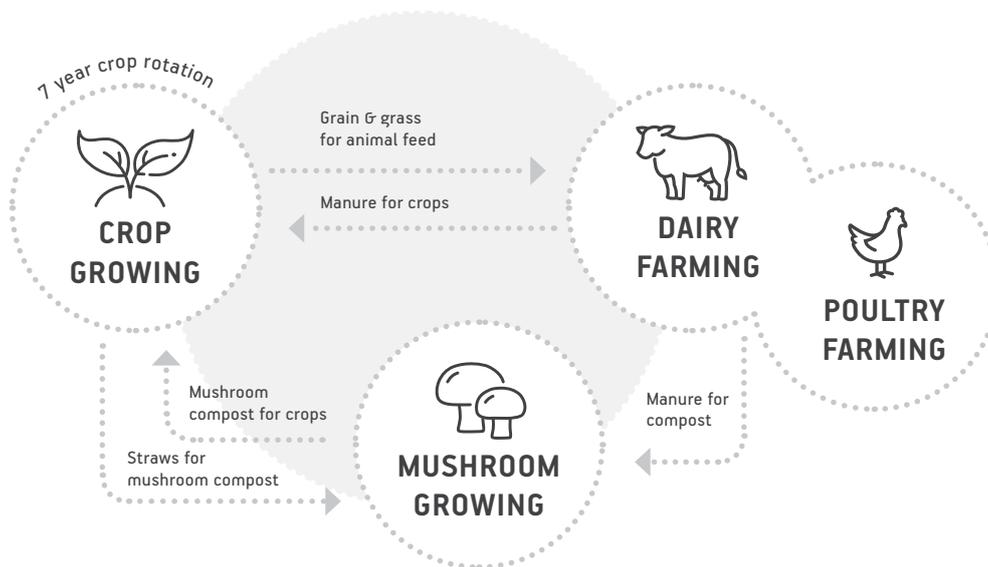
Closed-loop organic farming is a farming method in which the input for the growing process are found in secondary products or waste of other processes in the loop. For organic farming this principle is especially important, as it is forbidden to use any chemical fertilizers or chemicals for plant protection. Only natural organic materials can be used, and they are not easily obtained on the market. In particular, organic farmers face difficulties obtaining enough natural nitrogen fertilizers.

AUGA group's closed-loop farming model starts with the growing of leguminous perennial grasses (alfalfa, clover) in the cultivated fields. These leguminous grasses, like other legumes (peas, beans), have a property that fixates nitrogen from the air with the help of symbiotic bacteria within the nodules in their root systems.

In this way, nitrogen collected from the air becomes animal feed in the form of proteins and goes to the digestive system of livestock. The remaining part is

discarded from the animal's bodies and manure. Being the waste product of dairy farming it becomes a part of the next process in the loop – fertilizer for wheat, corn and other crops. Grown wheat becomes a product for sale or feed for the chickens and cows. The secondary product of wheat, the straw, together with bird manure and waste products from poultry farming, become the main ingredients of the mushroom growing process. After the mushrooms are grown, the used compost, becomes the perfect fertilizer for any crops.

This closed loop production model can be fully self-sustainable when the quantities of livestock, birds, legumes and other crops are well balanced within the loop. Currently, AUGA group does not have enough dairy and poultry farms, therefore we have to purchase some organic fertilizers on the market.



It is very important to ensure that the process of manure and secondary products' conversion to organic fertilizers is effective and safe for the environment.

AUGA group uses modern and effective technologies for inserting organic fertilizers into the surface of the soil. Every year we acquire new equipment. More than 80% of the solid fraction compost and manure is spread on the crops with precision fertilizer spreaders, with built-in scales allowing to precisely execute the task – applying the exact amount of organic fertilizer needed for the crops. If the spread quantity is too small, we will not get the desired harvest. On the contrary, if too much fertilizer is spread, the crops may not be able to absorb it and after the growth cycle, the rain could wash it deeper into the layers of the soil where the plants would no longer be able to reach it and the groundwaters could become polluted.

We use special technology for composting solid fraction manure. The manure from our dairy farms is composted in the fields in the specially formed reservoirs where it decomposes in aerobic conditions. If this operation is not performed and the manure is stored in stacks, there could be a high probability of anaerobic conditions

and methane gas formation, which is one of the most harmful greenhouse gases.

After the process of composting, the cow manure becomes loose and easy to apply onto the surface of the soil. This is the only possible approach for the min-till farming method.

Compost must be spread where crops need nutritious elements, which is the surface of the soil. At the surface, organic matter from the compost are easily extracted by the microorganisms of the soil. In spring and early summer, when the crops need nutrition the most, the temperature at the surface of the soil is always the highest, and most favourable for the activity of microorganisms.

The technologies applied by AUGA group not only preserves the environment, but also saves organic fertilizers by ensuring their most efficient utilization while improving the conditions for crop yields. The fertilization process has its economic value as well as achieves optimal use of resources and energy per unit of grown crops.



BIOGAS PRODUCTION

Our future goal is to replace fossil fuel used by our tractors and other vehicles on our farms with biogas.

The waste from one process can become the input for another: manure from dairy and poultry farms can be used for the production of biogas, biogas can be upgraded to biomethane, which can be used in biofuel to power tractors working in AUGA fields. The energy contained in the waste can become second-generation biofuel, which can be used not only for our agricultural machinery, but also to supply the municipality transportation system, which already has the necessary infrastructure in place (CNG filling stations and buses running on CNG).

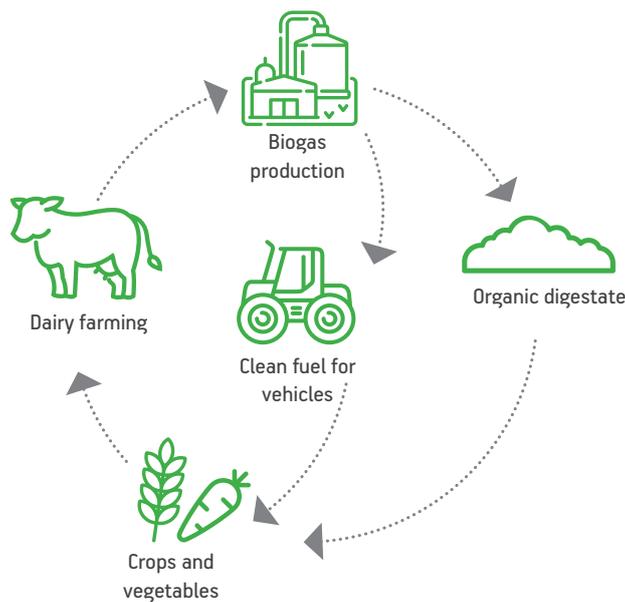
The digestate (organic waste left after biogas production) will be used as an effective fertilizer for our fields, where we grow crops for food and feed for our cows and chickens. Using organic digestate not only reduces greenhouse gas emissions but also improves grain fertility on average 18%, compared to regular organic fertilizers (such as manure) used in organic farming.

The production of biogas from manure and the usage of purified biogas for fuel, is one of the most sustainable and effective organic farming methods. It can be up to 148% more beneficial to the climate compared to conventional farming using fossil fuels. This effect is achieved during the conversion of cow manure to biogas, when the

organic materials in the manure decompose inside the controlled bioreactors. If kept in stacks or tanks, in an uncontrolled environment, manure decomposes and emits greenhouse gases straight into the atmosphere, without any of the gases being collected. Therefore, positive climate effect is achieved not only because of the energy production from waste, but also because of containing GHG emissions, compared to regular manure storage process.

With the objective to create innovative biogas purification and methane concentration technology, which would produce zero methane emissions to atmosphere, the Biopower development cluster was created. AUGA group is a member of this cluster and project coordinator. Namely, in 2017, the project for the Development of Innovative Biomethane Production Technologies and Added Value Creation from Related Products, partially funded by the European Union, was initiated with an investment plan of EUR 1.88 million during 2018-2019.

The project is running under the investment program "Inoklaster LT", which aims to facilitate the exchange of knowledge and technology, to encourage the cooperation between business and scientific research and the development of technologies.



IV.2 MANAGEMENT OF NATURAL RESOURCES

Extensive use of natural resources is a feature of the agricultural sector. Taking into account that AUGA group business covers three different branches of agriculture - crop growing, dairy and poultry farming and mushroom growing - also manages integrated food production and supply chain, AUGA group made qualitative assessments of its priorities in environmental protection and management of natural resources.

Currently AUGA group identifies the following environmental priorities:

- GHG emissions management;
- Protection of biodiversity;
- Energy management;
- Water management;
- Waste management;
- Fuel management.

OVERVIEW OF ENVIROMENTAL PROTECTION AND USE OF RESOURCES IN AUGA GROUP

| | |
|--------------------------|---|
| GHG emissions management | <ul style="list-style-type: none"> • Growing of vegetables and cereals begins with a responsible assessment of soil quality and moisture content of the land • Using AGRO GIS information system • Applying min-till technologies that help to reduce CO2 emissions |
| Biodiversity protection | <ul style="list-style-type: none"> • Fields are fertilized only with organic fertilizers • Preference for manure and mushroom compost in our own farms • No GMO seeds • Assured crop rotation • We left plants waste in the soil • Organic farming creates favorable conditions for preservation of related ecosystems (bees, etc.). |
| Energy management | <ul style="list-style-type: none"> • Headquarters office is certified by the international BREEAM standard • All administrative and production facilities use certified green electricity • All poultry farms are equipped with solar energy panels and batteries • An internal ventilation system is used to efficiently cool the mushroom growing substrate • Mushroom production uses geothermal heating and recuperation system • Accounting of electricity and heating energy |
| Water management | <ul style="list-style-type: none"> • The main sources of water for agriculture are: rain, bores, and general water bodies accessed following the requirement • Accounting of water consumption |
| Waste management | <ul style="list-style-type: none"> • All organic waste is used for composting and fertilization • Straw and manure are used as raw material for mushroom substrate preparation • Non-organic wastes are sorted and recycled • Mushroom are packed in multiple-use containers • Accounting for waste and secondary use |
| Fuel management | <ul style="list-style-type: none"> • AGRO GIS information system optimizes agricultural machinery routes and helps to reduce fuel consumption • The most commonly used fuel type is diesel • We are investing in the production of biogas (biomethane) from organic waste, aiming to reduce the use of fossil fuels in the future • Accounting for fuel consumption. |
| Technologies | <ul style="list-style-type: none"> • AGRO GIS system for soil condition monitoring and agricultural planning • Min-till harrows and cultivators used in crop growing • Mobile and automated cow milking systems • Computerized management of mushroom substrate preparation • Patented mushroom substrate ventilation system • Automated poultry watering and feeding system • Automatic ventilation of poultry houses • Remote poultry farm video surveillance and protection system • Autonomic poultry houses powered by solar energy |

In 2018 we aim to prepare a strategic plan for measuring and managing the environmental indicators specific to AUGA group business activities.



CROP GROWING

The process of growing plants and vegetables starts with careful inspection of the cultivated land. Using our proprietary crop management information system, AGRO GIS, we can perform detailed analyses of sowing, organic fertilizing, harvesting, usage of machinery and other activities of every agricultural AUGA group entity. This allows to optimally plan the work, assessing the risks and need for investment.

Information collected and processed by AGRO GIS, enables us to see specific problems on our farms: malfunctioning equipment or mistakes in sowing and enable information sharing among different farms. It provides insight into actual situations on the fields including vegetation analyses and soil humidity levels assessment which helps us make faster, better-informed decisions in agriculture management, thus reducing costs. We estimate the system saves approximately 10-15% of operating costs.

Application of natural methods is our priority in preparing the land: fertilizing the fields with manure from our dairy and poultry farms, mushroom compost and using specialized min-till machinery - precision harrows and cultivators. They ensure the preservation of the soil's

natural biodiversity, fuel economy and reduction of CO2 emissions to atmosphere.

Min-till technologies are mainly used in grain cultivation, but we intend to expand their application to growing vegetables. Currently, most of our machinery uses diesel fuel. In the future, we expect to run at least part of our equipment on renewable fuel, after investing in biogas production.

We comply with strict organic production requirements for grain and vegetable products. During the production process, parts of shells and other organic waste is used for biogas production externally. The remaining organic waste goes into compost. The packaging of seeds and other non-organic waste that occurs during the process are collected, sorted and submitted for recycling.

Our process of growing vegetables is certified by the international GLOBAL G.A.P. standard for good agricultural practices.

All crop growing operations and administration buildings use electricity only from renewable sources (green certificate).



POULTRY AND DIARY FARMING

In 2016-2017, AUGA group invested approximately EUR 200 thousand in developing and piloting organic chicken farms and currently manages four, state-of-the-art pilot chicken houses.

Growing chickens organically, we ensure the proper number of the birds in one coop, install special bedding inside the house, automatically supply feed and water and continuously monitor weight of the chickens with inbuilt electronic scales. Our chickens and egg-laying hens are fed only natural, locally grown and prepared organic feed, including vegetables and grain. No GMO feed, growth hormones or antibiotics are allowed. During the warm season, our chickens have access to open pastures and feed on grass.

The unique features of our chicken coops are mobility, autonomy and the use of renewable energy. Mobile chicken houses can be moved in a natural environment, thus reducing the chances of diseases and parasites, and ensuring pasture quality. All chicken coops are equipped with solar panels. The use of wind energy is also planned for the future. In addition, to ensure animal welfare standards, all chicken coops have a gradual lighting system, which imitates the natural rising and setting of the sun.

We comply with strict organic farming requirements in our dairy farms, such as area per animal requirements, seasonal open pastures in a natural environment and prohibited use of growth hormones or preventive vaccinations. We use mobile milking platforms to milk the cows in open pastures with minimal disruption to the animals' natural feeding routine.

In its business development plans AUGA group intends to expand its current herd of 3500 dairy cows by building new, modern cow farms ensuring the highest animal welfare, organic farming and food safety requirements. This increased number of livestock is needed to ensure the closed-loop farming model that we are implementing.

We plan to build new dairy farms with the highest level of animal welfare features and automated work processes, fully powered by renewable energy sources (wind and sun).

All operating poultry and dairy farms and their administration buildings use electricity only from renewable sources (green certificate).



MUSHROOM GROWING

UAB Baltic Champs is a company of AUGA group that specializes in the growing and packing of fresh mushrooms. Its production processes are certified by the international GLOBAL G.A.P. standard for good agricultural practices. At Baltic Champs, we use modern production equipment and innovative technologies, improving working conditions for our employees.

In the mushroom growing chambers, the right conditions for growth are managed by specialized equipment and software which monitors temperature, humidity, CO2 level, released heat, gases and other parameters. One of the main advantages of this set-up is the efficient use of energy resources. The ventilation systems in all mushroom growing chambers are equipped with frequency changers, which save electricity.

Baltic Champs uses unique mushroom growing technology in part of its farms – the patented cooling system of mushroom substrate, which allows to save electricity and to efficiently manage the temperature of compost.

The special substrate (compost) is produced from natural materials, aided by modern technology, and seeded with mushroom spores used as a base for growing mushrooms. One of its main components is straw, collected from our farms.

The Baltic Champs' Staneliai farm has a recuperation heating and ventilation system. The heat pumps extract heat from the low-temperature areas and transfer it where needed. In this way, the heat is used for parallel production processes. The waste heat collected from the coolers is also used for heating the premises. The system enables the farm to produce 70-80% of the needed energy from the waste energy of its internal processes, thus reducing energy consumption while saving resources and costs.

The implementation of innovations, improvement in technologies and R&D activities made it possible to shorten the time of mycelium growth, improve nutritional value of products and save on energy and production costs.

Mushroom growing is a water intensive process. Water is used to ensure the needed hydration for the substrate and mushroom growing chambers. Optimizing water usage is one of our objectives for the future.

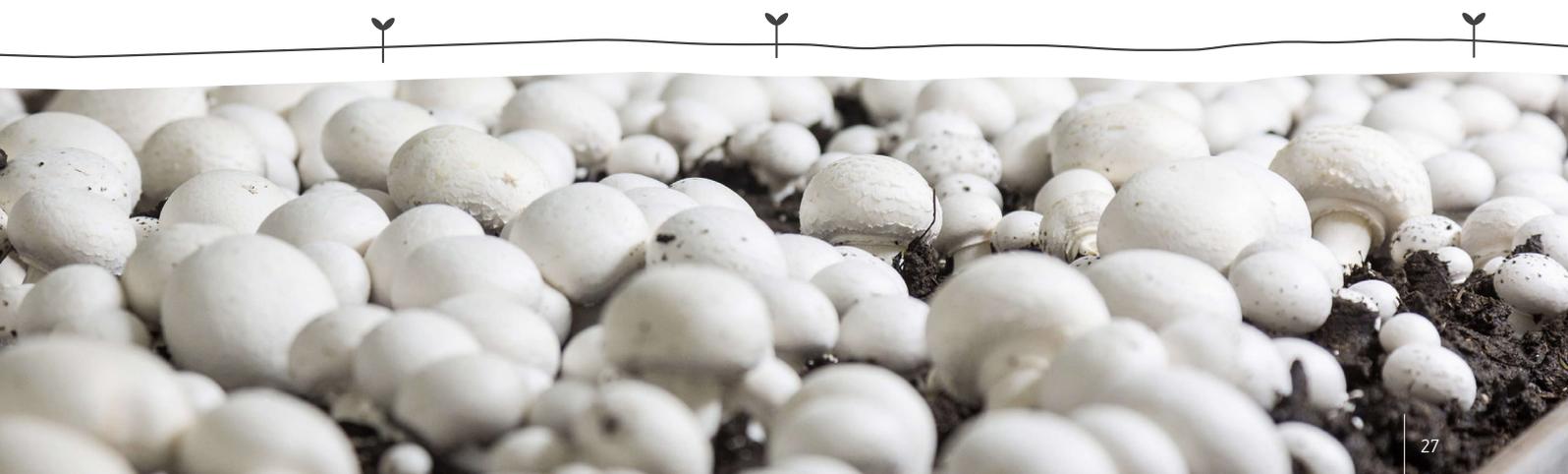
An advanced system of mushroom picking trolleys is used to improve the mushroom picking process. This enables the shortest possible contact with the product keeping it intact and of the highest quality.

While preparing mushrooms for sale, we aim to re-use the packing containers several times by collecting them from our customers whenever possible. Energy saving lamps are used for lighting.

Champignons belong to the fast moving, short life product group. To keep the picked mushrooms fresher for longer, mushrooms are cooled with an instant vacuum refrigeration method. Cooled this way, the mushrooms retain their quality look and nutritional value for longer, and product loss is reduced along the entire supply chain from farm to end consumer.

The company does not use preservatives or any other chemical substances artificially prolonging the expiration date of fresh mushrooms. 85% of production is sold fresh to the market and the rest is sold to processing plants.

Baltic Champs uses electricity only from renewable sources (green certificate).



V.1 PRODUCT QUALITY

The core of our business is integrated organic food production. Being growers of raw materials and producers of final consumer products, we ensure compliance with organic production requirements, product traceability and high quality standards at affordable price in every process of integrated and contracted manufacturing.

In 2017, we produced and sold the following AUGA branded organic products:

- Fresh vegetables and mushrooms;
- Preserved vegetables and mushrooms;
- Ready-to-eat soups;
- Various grain flour;
- Rapeseed oil;
- Chicken.

AUGA products have the following main features:

- Organic;
- Reliable (quality);
- Fresh;
- Nutritious.

The criteria to ensure the organic compliance, quality and value of AUGA products:

RAW MATERIALS

- Only certified organic raw materials are used for the production of AUGA products
 - The main raw materials used for final consumer products are grown in AUGA farms

PRODUCTION

- AUGA products are produced in the integrated or contracted production facilities.
 - All of AUGA contracted processors and producers hold organic production certificates

PACKAGING

- For paper packaging, we aim to use environmentally friendly FSC (Forest Stewardship Council) certified paper
 - For preserved products and ready-to-eat soups packaging, we use light-weight plastic pouches
 - Our plastic pouches are aluminum free and BPA free (Bisphenol A – free)
 - We leave transparent areas on our pouches, making our products visible to consumers
 - The pouches ensure product safety and long shelf life
 - The pouches generate significantly less CO2 emissions during their lifecycle compared to glass jars of cans of similar size
 - Modern, minimalistic packaging design reflects AUGA brand values

NUTRITION

- Our products are not only organic, but also health-friendly:
 - No preservatives
 - Less sugar
 - Source of fiber
 - Source of protein
 - Whole grain
 - Source of Omega-3 or Omega-6
 - We voluntarily communicate health - oriented information on AUGA packaging



V.2 CONSUMER WELL-BEING

Everyday nutrition is one of the most important elements of our consumers' lifestyle. It increasingly impacts consumers' personal choices, values and impacts the food market overall. Consumers want to know where their food comes from, how it was grown and how it was produced. AUGA group can answer each one of these questions.

Our vision is to make organic and sustainable food affordable to consumers. AUGA group gains consumer trust by ensuring that our products were grown according to organic farming requirements, without using synthetic fertilizers, pesticides, GMO and other substances prohibited in organic production. Moreover, we make end consumer products without preservatives or unhealthy additives.

For us, it is important that every AUGA branded product is organic, free from any chemical residues, natural, health-friendly as much as possible and, of course, convenient to use.

We encourage our consumers to choose health-friendly organic products and we communicate this information using the system of icons on our packaging.

| | | | |
|--|--|--|---|
|  GROWN USING NATURAL AND EARTH-FRIENDLY METHODS | <p>Grown without chemical fertilizers, chemical plant protection substances and without depleting the land.</p> |  VEGAN FRIENDLY | <p>We mark all vegan-friendly products which do not contain any animal origin ingredients.</p> |
|  FRESHNESS ENSURED FROM FIELD TO SHELF | <p>We control the production process ensuring product freshness, quality and organic compliance.</p> |  PRESERVATIVE FREE | <p>We emphasize that no preservatives are used in preparation of our products.</p> |
|  HAND-PICKED AND SELECTED | <p>On our farms organic mushrooms are hand-picked and selected.</p> |  SOURCE OF PROTEIN | <p>We mark health-friendly products with high protein content, according to the EU requirements.</p> |
|  OPEN PASTURE | <p>On our farms the cows always have access to the outside and during the warm season feed in the open pastures.</p> |  SOURCE OF FIBER | <p>We mark health-friendly products with high fiber content, according to the EU requirements.</p> |
|  ANIMAL WELFARE | <p>We follow all animal well-fare standards according to organic farming requirements and apply our own innovations.</p> |  LOW IN SUGAR | <p>We mark health-friendly products with low sugar content, according to the EU requirements.</p> |
|  FREE RANGE | <p>On our farms the chickens have space to run around and have access to the safe and green outside areas.</p> |  SOURCE OF OMEGA-3 OMEGA-6 | <p>Cold pressed rapeseed oil is a source of useful Omega acids. We mark it, according to the EU requirements.</p> |
|  NO ANTIBIOTICS | <p>Our chickens are given only organic feed: grain, vegetables, and what they find in the meadow. We do not use antibiotics and synthetic additives.</p> |  SMART PACK LESS CO₂, LESS WASTE | <p>Light-weight plastic pouch packs generate significantly less CO₂ emissions during their lifecycle compared to glass jars of cans of similar size.</p> |
|  READY TO EAT: HEAT AND SERVE | <p>Consumers are informed that this product is ready-to-eat.</p> |  BPA FREE | <p>This packaging is safe for food, it contains no Bisphenol A</p> |



Packaging innovations and environmental impact

- Our light-weight plastic pouch pack is safe, without harmful chemicals and has a lower carbon footprint compared to glass or metal. To make our preserved products safe, and bacteriologically clean, we must sterilize them at high temperature, which requires heat-resistant packaging made of composite plastic.
- Unfortunately, this kind of plastic cannot be recycled with current technologies. We work with the largest and most progressive packaging suppliers and aim to provide innovation for our consumers both in terms of convenience and environmental impact. We expect to start using recyclable plastic pouches for our preserved products as soon as they become commercially available.
- For packaging flour and other dry products, we use only FSC certified paper, which is produced without harming the environment and partially made from recycled paper.

AUGA GROUP PRODUCT DESIGN AND QUALITY AWARDS

| Country | Competition | Category | Place |
|-----------|--------------------------------|-----------------------------|-----------|
| JAE | Gulfood Innovation Awards 2017 | Best organic product | 1st place |
| UK | World Food Innovation Awards | Best organic product | Finalist |
| | | Best design | |
| Lithuania | Geras dizainas | Visual identity | 2nd place |
| | Password | Innovative design solutions | Winner |
| France | WABEL Retail Summit | Best soup | 1st place |



For attracting, developing and retaining skilled and talented employees, AUGA group follows two main principles:

- Socially responsible employer
- Engagement with local communities

VI.1 SOCIALLY RESPONSIBLE EMPLOYER

Our employees are our asset. AUGA group understands the value of human capital and consistently invests in attracting talent, employee satisfaction, and protection of employee rights and guarantees. This is our way of ensuring business success and continuity.

In 2017, AUGA group employed 1152 people across different regions of Lithuania. Our ambition is to be the most attractive employer in the Lithuanian agricultural sector. We are convinced that AUGA group’s sustainable approach towards employees with mutual respect and trust is the right direction.

AUGA GROUP SOCIALLY RESPONSIBLE EMPLOYEE GOALS

Competitive wages and attracting talent

- Fair and competitive wages
- Attracting and retaining qualified employees
- Attracting and retaining young talent

Fair labour conditions

- Safe and healthy work environment
- Employee rights and employee well-fare
- Violation prevention and control

Human rights protection

- Human rights protection
- Gender equality
- Discrimination prevention
- Diversity
- Violation prevention and control



TALENT ACQUISITION AND RETENTION

Fair and Competitive Wages

AUGA group is one of the largest employers in the Lithuanian agricultural sector, especially in the regions of Šiauliai, Radviliškis, Joniškis, Širvintos and Kelmė. AUGA group operates in 15 districts of Lithuania, mostly in rural areas. Our goal is to pay competitive wages, retain our employees and contribute to the development of the regional economy.

One particular feature of the agricultural sector in Lithuania, frequently mentioned by our partners and competitors, is the high turnover rate of employees, since most of them are hired only for seasonal jobs.

AUGA group is proud that it successfully manages employee turnover. Only 10% of people in our Group are short term contract workers. In 2017, total average employee turnover was 21%. With regard to permanent employees, the turnover rate was even lower – only 13.9%.

We believe that low employee turnover is due not only to AUGA group's organizational culture, but also because we clearly offer competitive wages, approximately 10% higher than average for agricultural sector in Lithuania. In 2017, the average wage in the agriculture sector in Lithuania grew by 8,7% and AUGA group's wages grew by 10,7% during the same period of time.

We ensure equal opportunities and non-discrimination by gender. In 2017 women accounted for 43% of all AUGA group employees. The average salary of male employees in AUGA group was slightly higher than the average salary of female employees. Such difference appeared due to specific job positions, not to gender issue. We create the possibility for employees to negotiate financial incentives with the management. These terms are included in the individual employment

contracts. Bonuses can be paid at the end of the year.

In 2017, the ratio of AUGA group's CEO salary versus the average full-time employee salary of the Group's companies was 6.9.

Attracting and Retaining Qualified Employees

To be successful and competitive, we must not only ensure fair and competitive wages, but also constantly look for ways to attract qualified and talented professionals. It is crucial for us to be able to employ and retain professionals in organic farming because they have the technical knowledge and understanding of agricultural business management.

To pursue this goal, AUGA group cooperates with agricultural institutions in Lithuanian and abroad, business associations, the academic community and media. We share our best practices by participating in conferences on organic farming and international exhibitions. We want to be perceived as open, ambitious and trusted employer.

Attracting and Retaining Young Talent

We actively participate in young talent programs by presenting our company and business. Our objective is to encourage the young people's interest in organic farming and to improve the reputation of this sector. AUGA group strategically cooperate with Lithuanian Aleksandras Stulginskis University (ASU), which offers specialized studies in agriculture. We are a social partner of ASU in the international academic projects in which our management shares best practices with students and invites them to do internships at AUGA group. In 2017, our Group of companies employed 13 interns. We are proud that some of them joined the company after completing their internship programs.



FAIR LABOR CONDITIONS

Safe and Healthy Work Environment

AUGA group creates a safe work environment by ensuring full compliance with the laws of the Republic of Lithuania and developing good practices within the Group. Every new employee of AUGA group is instructed on work safety requirements before starting the job, and is encouraged to regularly renew their knowledge on safety.

Our goal is “zero” injury incidents. We encourage employees to renew their safety and incident prevention knowledge every year. We also provide employee insurance. We are sorry that, in 2017, we had one unfortunate event when an employee was injured in a car accident on the way to work.

Employee Rights and Employee Well-fare

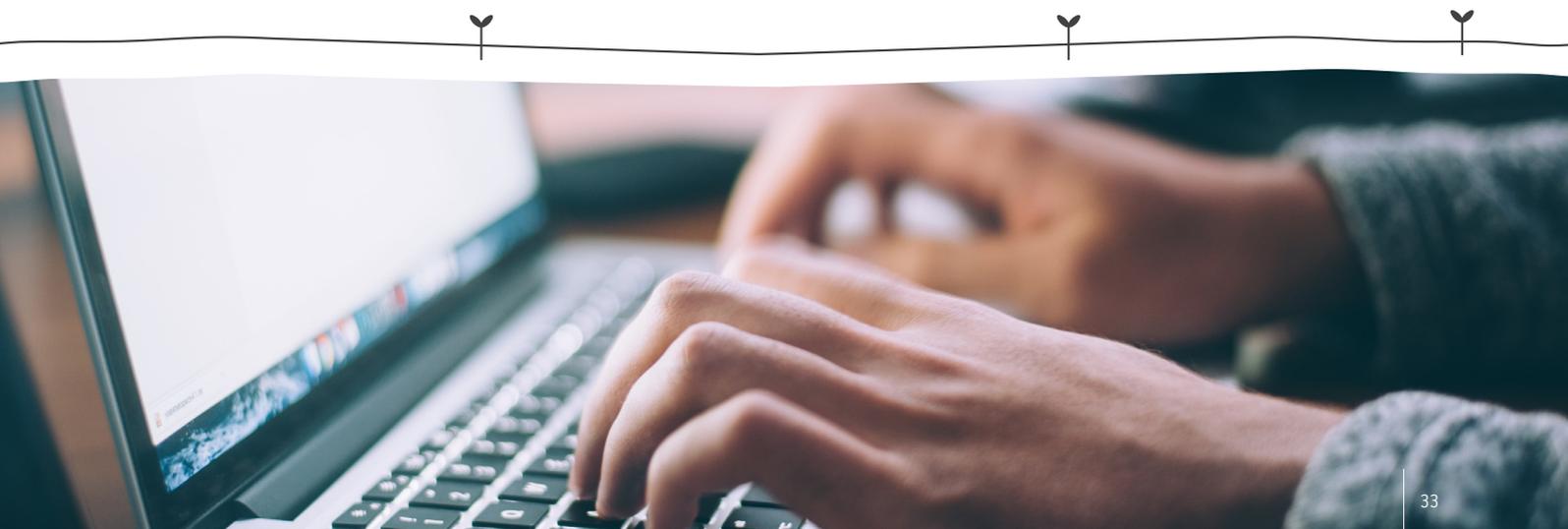
Our employees are the key to the success of AUGA group, therefore we seek to provide excellent work conditions for all of our employees. We ensure employee rights protection, create conditions for resolving conflicts and take action on any employee rights violation. In 2017, we did not register any employee rights violations or conflicts at work.

We believe that taking care of our employees’ health and work-life balance is a necessary condition for long-term employment. We offer the following benefits:

- Health insurance;
- Qualification development;
- Possibility to study, or have another job if it does not interfere with the interests of the Group;
 - Possibility to purchase AUGA products with discount;
 - Participation in AUGA group’s employee events.

Where possible, we provide recreation zones for employees who spend most of the time in the offices and production facilities, so that employees have a comfortable space breaks and rest.

Our headquarters office in Vilnius is located in the Quadrum business center built in compliance with the international requirements of environmental impact, BREEM. In 2017, Quadrum was selected as the “Best New Office Development” in Middle and Eastern Europe during the CEE Shared Services and Outsourcing Awards ceremony held in Warsaw. The BREEM certificate proves the quality standard which is evaluated according to building construction sustainability, impact on people’s health, energy use, water quality, waste management and the efficient use of materials and land.



HUMAN RIGHTS PROTECTION

AUGA group respects human rights according to the United Nations Universal Declaration of Human rights, United Nations Guiding Principles on Business and Human Rights and International Labor Organization Conventions. These principles are applied and maintained in all areas of our business.

AUGA group does not tolerate discrimination, humiliation, harassment or insulting behaviour because of employee gender, nationality, race, religious and political beliefs or other personal traits. We do not tolerate child and forced labour.

Our employees have equal opportunities to work and to grow professionally. We encourage every employee to follow the principles of mutual respect. We act on any complaint regarding human rights violations, which any employee can submit to their direct supervisor, Human Resources Director, General Manager of AUGA group or via email etika@auga.lt. In 2017, there were no registered complains regarding discrimination, violation of gender equality or human rights.

VI.2 COMMUNITY ENGAGEMENT

We understand that AUGA group's business impacts not only our employees and business partners but also the interests and future of local communities, therefore we pay close attention to their needs. We seek long-term dialogue and engagement in every community where our companies operate, and we believe it creates added value to our business.

Developing our business in the regions of Lithuanian, we aim to build the preferred employee reputation. Our focus areas are the following:

- Social dialogue;
- Purchasing goods and services from local suppliers;
- Targeted financial support for local communities;
- Development of targeted educational projects.

AUGA group contributes to the regional economic development by purchasing local products and services. We consider the development of social dialogue with local communities to be one of our top priorities and we see a lot of untapped opportunities in this area.

In 2017, AUGA group provided support to 8 local community projects, cultural and sports events in the regions of Molėtai, Kelmė, Šiaulilai and Anykščiai. The total budget was EUR 5800. In the future, we intend to better structure our local community support system to correspond with our goals of having a long-term social dialogue with communities.



VII.1 PRINCIPLES OF BUSINESS ETHICS

AUGA group follows the international principles of business ethics:

- Fair treatment of employees and stakeholders
- International human rights standards
- Personal private data protection
- Confidential information protection
- Conflicts of interest management
- Tax transparency
- Anti-bribery and anti-corruption

The integration of these principles into daily business processes have significant impact on AUGA group's organizational culture and compliance. It allows us to effectively identify the violations and to mitigate their negative effects inside the company and as well as to stakeholders.

AUGA group business ethics principles are published at <http://auga.lt/investuotojams/valdymas/>.

VII.2 COMPLIANCE POLICY

AUGA group follows the policy that all disputes with stakeholders must be resolved by negotiations, because legal disputes can negatively impact both the Group and the stakeholders. In our view, taking a case to court is the last means to resolving issues.

AUGA group operates in a highly regulated environment. The main areas of regulation are the following:

- Organic agriculture;
- Food production;
- Financial markets regulation.

In all areas, we follow the precautionary principle and conduct our business in compliance with applicable legal requirements as well as decisions and views of regulators or supervisory authorities. However, despite our efforts, we have an ongoing litigation with the Lithuanian financial supervisory authority, Lietuvos Bankas, regarding our share capital increase in 2014. Despite litigation, we are doing our best to comply with the requirements of Lietuvos Bankas and to find possible ways to comply with such requirements as valuation, which must be provided by third parties. In addition, we publicly provide updates to all investors on the material progress of the case.



VII.3 ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

Being one of the largest organic agricultural companies in the region, we set high standards for our business ethics. We seek to create value for our customers, employees, shareholders and society at large by conducting our business in a fair and ethical way and in line with legal requirements.

AUGA group does not tolerate corruption in any form, including bribery, gifts or cash payments. We have a

clear position on how to prevent, detect and resolve cases of corruption and bribery.

This position is stated in AUGA group business ethics principles, published at <http://auga.lt/investuotojams/valdymas/>.



This index provides the consolidated information on the compliance of AUGA groups' main activities to the indicators of environmental, sustainability and corporate governance (ESG) standards according to the Nasdaq ESG Reporting Guide.

NASDAQ ESG GUIDE FOR NORDIC AND BALTIC MARKETS

| ENVIRONMENTAL INDICATORS | COMPLY OR EXPLAIN |
|--|---|
| E1. Direct & Indirect GHG Emissions | AUGA group implements technologies and processes allowing to reduce greenhouse gas (GHG) emissions. In the strategic plan for measuring and managing the environmental criteria, to be developed in 2018, we will define specific methods to measure GHG emissions and the transition periods for their implementation. |
| E2. Carbon Intensity | |
| E3. Direct & Indirect Energy Consumption | AUGA group regularly measures and accounts electricity, heating and fuel consumption in each of its companies. In the strategic plan for measuring and managing the environmental criteria, to be developed in 2018, we will define specific methods to measure direct and indirect energy consumption and the transition periods for their implementation. |
| E4. Energy Intensity | |
| E5. Primary Energy Source | |
| E6. Renewable Energy Intensity | AUGA group uses certified green energy in all of its production and administrative facilities. UAB Baltic Champs uses geothermic heating, all AUGA groups poultry farms use solar energy. In the strategic plan for measuring and managing the environmental criteria, to be developed in 2018, we will define specific methods account renewable energy consumption. |
| E7. Water Management | AUGA group regularly accounts water consumption in each of its companies. In the strategic plan for measuring and managing the environmental criteria, to be developed in 2018, we will define specific methods to measure water consumption from different sources and the transition periods for their implementation. |
| E8. Waste Management | AUGA group regularly accounts waste management consumption in each of its companies. In the strategic plan for measuring and managing the environmental criteria, to be developed in 2018, we will define specific methods to manage waste and the transition periods for their implementation. |
| E9. Environmental Policy | AUGA group is engaged organic agriculture which helps to preserve biodiversity, reduces impact to ecosystems, does not pollute the environment with chemical fertilizers and pesticides. We are applying min-till technologies and invest into the possibility to produce biogas from the organic waste of our farms. In the strategic plan for measuring and managing the environmental criteria, to be developed in 2018, we will define specific methods to manage environmental impact the transition periods for their implementation. |
| E10. Environmental Impacts | |

* Greenhouse gases



| SOCIAL INDICATORS | COMPLY OR EXPLAIN | PAGE |
|-----------------------------------|--|----------------|
| S1. CEO Pay Ratio | | 32 |
| S2. Gender Pay Ratio | | 32 |
| S3. Employee Turnover Ratio | | 32 |
| S4. Gender Diversity | | 18, 31, 32 |
| S5. Temporary Worker Ratio | | 32 |
| S6. Non-Discrimination Policy | | 17, 18, 31, 34 |
| S7. Injury Rate | | 33 |
| S8. Global Health & Safety Policy | | 12, 17, 18, 33 |
| S9. Child & Forced Labor Policy | | 34 |
| S10. Human Rights Policy | | 18, 31, 34, 35 |
| S11. Human Rights Violations | | 34 |
| S12. Board - Diversity | In 2017, AUGA group reports its Board Diversity ratio, but currently does not have an approved Board Diversity Policy. Due to the fact that AUGA group's Supervisory Board is selected by the shareholders, we believe, the shareholder must approve this policy. In 2018, the Supervisory Board will review Board Diversity Policy. | 15 |

| GOVERNANCE INDICATORS | COMPLY OR EXPLAIN | PAGE |
|--------------------------------------|--|----------------------------|
| G1. Board - Separation of Powers | AUGA group's CEO is a member of the Board. In 2019, when the current Board will finish its term the possibility of separation of powers will be considered. | |
| G2. Board - Transparent Practices | | 5, 15 |
| G3. Incentivized Pay | AUGA group policies allow to receive financial incentives according to the conditions approved by the management. These conditions must be included in personal employment contracts. In addition, bonus payments can be paid at the end of the year. | 32 |
| G4. Fair Labour Practices | | 12, 17, 18, 31, 32, 33, 35 |
| G5. Supplier Code of Conduct | All AUGA group's suppliers in the integrated chain of organic food production must have organic certificates. AUGA group's business ethics principles include supplier conduct principles. It is published at www.auga.lt/investuotojams/valdymas/ | 35 |
| G6. Ethics-Code of Conduct | | 35 |
| G7. Anti-Bribery / Anti-Corruption | | 17, 18, 35, 36 |
| G8. Tax Transparency | | 17, 18, 35 |
| G9. Sustainability Report | In 2018, AUGA group issued its first Sustainability Report for 2017. We intend to continue preparation of Sustainability Reports in the future. | |
| G10. Other Framework Disclosures | AUGA group does not publish separate reports according to other Sustainability reporting frameworks: GRI, CDP, SASB, IIRC, or UNGC. | |
| G11. External Validation & Assurance | 2017 AUGA group's Sustainability Report is not audited or approved by third parties | |

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