



Version: 3  
Approved by the Board of  
AUGA group, AB on August  
31<sup>st</sup>, 2023

## ENVIRONMENTAL POLICY

### 1. GENERAL PROVISIONS

- 1.1. This Environmental Policy (**the Policy**) of AUGA Group, AB (**the Company**) shall apply in the Company together with its subsidiaries (**the Group**) and in the farms of AUGA Community (**the Community**).
- 1.2. The purpose of the Policy is to lay down the guidelines and principles of management of the impact on the environment resulting from the operations of the Group and the Community.
- 1.3. The Environmental Policy shall constitute an integral part of the strategy of the Company. By following the sustainability, innovativeness and positive impact values and pursuing its strategic goals, the Group and every member of the Community aims to minimise its environmental impact, applies environmentally friendly, emission-reducing farming technologies and seeks to implement mission—to supply food at zero cost for the nature. In the long run, this means the production of climate neutral products. The Group follows the sustainable farming principles and takes into account the interests of all stakeholders—shareholders, consumers, partners, employees and the Community.
- 1.4. The Policy was drafted according to the Paris Climate Agreement, the European Green Deal's Farm to Fork Strategy, the EU Biodiversity Strategy for 2030, the Company's strategy, ISO 14001 and other national, EU and international legislation regulating environmental protection.
- 1.5. The terms used in the Policy shall have the following meanings:
  - (a) **Biodiversity** means the variety of life forms, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part.
  - (b) **Carbon footprint** means the amount of emitted GHG due to daily operations of an individual, organisation or company.
  - (c) **CO<sub>2</sub>e** means universal unit of measurement for emissions of greenhouse gases, reflecting their differing global warming potential.<sup>1</sup>
  - (d) **GHG** means greenhouse gases (CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, SF<sub>6</sub>, etc.).
  - (e) **ISO 14001** means the environmental management system standard adopted by the International Organisation for Standardisation (ISO).

### 2. GUIDING ENVIRONMENTAL PRINCIPLES AND OBLIGATIONS OF THE GROUP

- 2.1. The Group and the Community shall assume liability for the environmental impact caused by its activity and assume the following obligations:
  - (a) To implement all its activities in adherence to all mandatory requirements of environmental protection legislation, legal and environmental requirements applicable to the operations and other obligations of the Group aimed to minimise the likelihood of incidents and environmental impact.
  - (b) To seek that any issues related to environmental protection be dealt with according to the most stringent international standards, by using up-to-date measures and implementing effective processes to minimise environmental impact.

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<sup>1</sup> [https://www.europarl.europa.eu/meetdocs/2014\\_2019/documents/cont/dv/sr\\_14/\\_sr\\_14\\_en.pdf](https://www.europarl.europa.eu/meetdocs/2014_2019/documents/cont/dv/sr_14/_sr_14_en.pdf)

- (c) To collaborate with business partners, State authorities and agencies on issues of environmental protection;
- (d) To save natural and energy resources: to develop the closed-loop organic farming model, use the min-till farming technology and renewable sources of energy;
- (e) To reduce the amount of waste accumulated in the course of operations. Where it is impossible to reduce the amount of produced waste, the reuse and recycle principle shall be followed;
- (f) To develop the Group's employee competencies and responsible approach to environmental protection.

2.2. The Group assume following obligations:

- (a) To implement environmental impact monitoring: to measure the Carbon footprint (based on CO<sub>2</sub>e), consumption of natural and energy resources and accumulation of waste;
- (b) To develop and implement technologies aiming to reduce the Group's and the Community GHG emissions in the following three major areas: use of fossil fuels, soil cultivation and cattle enteric fermentation.

### 3. BIODIVERSITY

3.1. Biodiversity is one of the main goals of the Policy. As it operates in agriculture, the Group and the Community can make a direct impact on the environment, live organisms and ecosystems and play an important role in their preservation. The Group and the Community aims to protect and improve biodiversity using the following methods:

- (a) To not use any chemical pesticides or other chemical products for plant protection in its organic agriculture activities. The Group seeks to operate only in organic agriculture and to convert all newly acquired land to organic production.
- (b) In organic agriculture activities, to use only organic fertilisers and gradually reduces the need for them by implementing crop rotation and increasing the areas of leguminous plants that are able to fixate nitrogen and sequester carbon in the soil.
- (c) To follow a crop rotation plan, according to which at least four different crops are grown over seven years.
- (d) Where fertilisers are used, to minimise fertiliser washout to water bodies and only to fertilise in certain periods of time while adhering to water body protection zones.
- (e) To provide the prescribed protection zones of irrigation channels and water bodies and to manages them extensively.
- (f) To implement the min-till farming technology to the maximum extent possible.
- (g) Aims to allocate at least 30–50% of crop rotation area to flowering plants (leguminous plants, grasses) and collaborate with beekeepers who provide beehives in the vicinity of flowering fields.
- (h) In the winter season, to leave at least 50% of cropland area covered with corps, intermediate crops or crop residues, which are beneficial for the soil and aboveground animals.
- (i) To fight with the climate change that is harmful to biodiversity by developing and implementing GHG emission reduction technologies.
- (j) To participate in research, conservational and educational activities of Group's companies on issues of Biodiversity in cooperation with universities, governmental and non-governmental organisations and other parties concerned.

### 4. ENVIRONMENTAL MANAGEMENT SYSTEM

- 4.1. The Group has developed and implemented an integrated environmental management system following the principles of ISO 14001.
- 4.2. The Group shall review and aim to improve its integrated environmental management system on an ongoing basis.
- 4.3. The Group shall implement environmental management system procedures: conduct internal environmental audits on a yearly basis, and the results of the audits shall be used for evaluation and analysis of environmental management and assurance of improvement of the organisation's operations; the Group shall also hold annual meetings and review and update a list of environmental protection criteria.

## **5. IMPLEMENTATION OF THE POLICY AND CONTROL OF THE IMPLEMENTATION**

- 5.1. It is important to the Group that the applicable environmental protection and biodiversity principles become the guiding principles of the whole agricultural market, and for this reason this Policy shall be published on the website of the Group.
- 5.2. The managers of each structural unit and subsidiary of the Company shall ensure that their subordinate employees and accountable persons are familiarised with the Policy. The Community members are informed about Policy according to the procedure established in the AUGA Community Agreement.
- 5.3. The Group shall provide conditions for notifying violations of the Policy and receiving required information connected with implementation of the Policy by e-mailing to [etika@auga.lt](mailto:etika@auga.lt). The Group shall implement all measures to protect persons notifying violations of the Policy against any negative consequences: the e-mail address referred to above shall only be accessed by the head of the HR Department of the Company, who shall assume the obligation to not disclose the identity of notifying persons to any employees or other third parties.
- 5.4. All notices about possible violations of the Policy must be appropriately examined by persons appointed by the Chief Operating Officer of the Company.
- 5.5. The Chief Operating Officer of the Company and the Chief Sustainability Officer of the Company shall collect summarised information about notices, inquiries and complaints received in the preceding calendar year according to this Policy and prepare a report to the Board of the Company on implementation of the Policy and the need to adjust it (if required) and provide it for consideration to the Board of the Company before the ordinary general meeting of shareholders of the Company of the respective year.

## **6. FINAL PROVISIONS**

- 6.1. This Policy shall be approved and, where needed, amended by the Board of the Company.
- 6.2. A person may notify the Environmental manager of the Company about the possible need to amend the Policy and provide explanations of the need and related circumstances. The Environmental manager will examine the notice and, if the amendment is viewed as advisable, present the respective recommendations to the Chief Operating Officer of the Company.
- 6.3. All current and new employees and members of the Community must familiarise themselves with the Policy and adhere to its requirements.
- 6.4. The Policy shall apply to the extent it is not in conflict with laws and/or other enforced legal acts of the Republic of Lithuania.