



BALTICOVO JSC SUSTAINABILITY REPORT 2024





Toms Auškāps

Director of Communications and Development
Board Member

SUSTAINABILITY LEAD BALTICOVO JSC

WHERE ARE OUR EGGS ROLLING TO?

In 2024, it was impossible not to feel the growing tension around sustainability reporting. Large and small companies alike were facing the fast-approaching deadline to start reporting non-financial data under the ESRS standard. Some had already begun to study the requirements. For others, anything labeled “sustainability” caused confusion — and sometimes frustration. At BALTICOVO JSC, we did not have much time to panic. We added only a few colorful expressions to our vocabulary and moved straight to work.

We began reporting on our sustainability performance in 2021. At that time, every company that chose to talk about sustainability did so based on its own understanding and values.

To reduce confusion and the risk of greenwashing, a common European standard was created — ESRS. However, for many companies, it only increased the complexity.

We also were not 100% sure that we correctly understood the meaning of every required data point. To be honest, some questions were not clear to us at all. But this did not stop us. We decided to prepare our 2024 Sustainability Report in line with ESRS.

What is the worst that could happen? We might make mistakes. No one will lose their head over that — the death penalty has been abolished in Latvia since 1999.

Of course, preparing a report has a cost. But we see this not as an expense, but as an investment.

The directive stated that a company with our size, number of employees, and turnover would be required to report starting from 2026.

Our plan was simple: in 2024, we would prepare a first report for the year 2024, learn from it, fix what does not work, and in 2026 deliver an excellent report for 2025.

For the first time, we also carried out a double materiality assessment. It brought no major surprises — the most material topics were the same ones that had already been part of our daily agenda. The real value of this process was the wide involvement of our employees in sustainability discussions. It increased both interest and understanding across the company.

Then, for many companies and consultants, plans were disrupted by changes introduced in a new directive and a new standard. In short, for Balticovo this meant that we were no longer required to report.

But sustainability — and the data behind it — has been part of our daily operations for years. Our partners, especially banks and customers in Latvia and in export markets, regularly ask for sustainability data. Suddenly stopping our reporting just because it is no longer mandatory would make no sense.

We started reporting because we wanted to, not because we were forced to.

While the directive stepped back, Balticovo’s eggs kept rolling forward.

The removal of the obligation gave us the chance to rethink what we want to report and why. It helped us return to the essence of sustainability, rather than focusing only on filling in required data points.

IS THIS REPORT PREPARED IN LINE WITH ESRS?

There are two correct answers:

NO Because at this moment it is not possible to say with full certainty what will finally be included in the ESRS standard. There is no guarantee that the requirements will not change again.

YES Because we have taken ESRS data requirements into account.

And the real answer is: partly.

This report is based on ESRS, and we have answered part of the questions included in the standard.

You can easily identify which ones by the topic code next to each question and/or answer.

We have chosen not to repeat the same topics from different angles. Instead, we focus on the issues that have become important even without directives and standards.

These are the questions that regularly appear in partner questionnaires and the topics our employees want to discuss.

If we tried to cover every single data point, the reader would lose interest.

We therefore made a clear choice: this is a voluntary report.

And when something is voluntary, we work on it with more commitment than when it is forced.

The non-financial data we collect already helps us make better and more informed decisions. Banks and customers in Latvia and abroad ask about sustainability — so why not bring all the answers together in one place? Our partners already value this information, and there is no reason to believe they will suddenly stop caring.

The main focus of this report is on:

- Animal welfare
- Biosecurity
- Climate impact and climate action
- Circular economy initiatives
- Employee well-being and employee voice

Things may change again in the coming year. A new standard may appear. But regardless of directives or frameworks, we will continue to collect data on our key impacts, risks, and opportunities, and we will share it openly.

Why? As philosopher and writer Winnie-the-Pooh once said:

One must do what needs to be done, and must not do what should not be done



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Toms Auškāps

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GENERAL DISCLOSURES

BP-1

General basis for the preparation of the sustainability report

The Balticovo JSC Sustainability Report presents key information on the company's environmental, social, and governance (ESG) performance, as well as on industry-specific indicators related to biosecurity and animal welfare.

The report covers Balticovo's operations at its main production site in Iecava and its branches in Laucesa, Madona, Vilce, and Bēne.

A double materiality assessment was carried out. It identifies how the company and external factors affect Balticovo, both in terms of risks and opportunities.

The data disclosed in this report mainly refers to 2024. Where significant changes have already taken place in 2025, these are mentioned to give the reader a clearer picture of the company's direction.

Supply chain disclosure

The sustainability report includes information on the supply chain, covering both upstream and downstream activities.

For example, greenhouse gas (GHG) calculations include not only Balticovo's own operations, but also purchased raw materials and resources, as well as waste treatment.

Transport emissions are assessed in both the upstream flow (delivery of inputs and resources) and the downstream flow (delivery of finished products).

In the social indicators section, we assess our relations with customers and how we inform end consumers about our products. These are part of the downstream value chain.

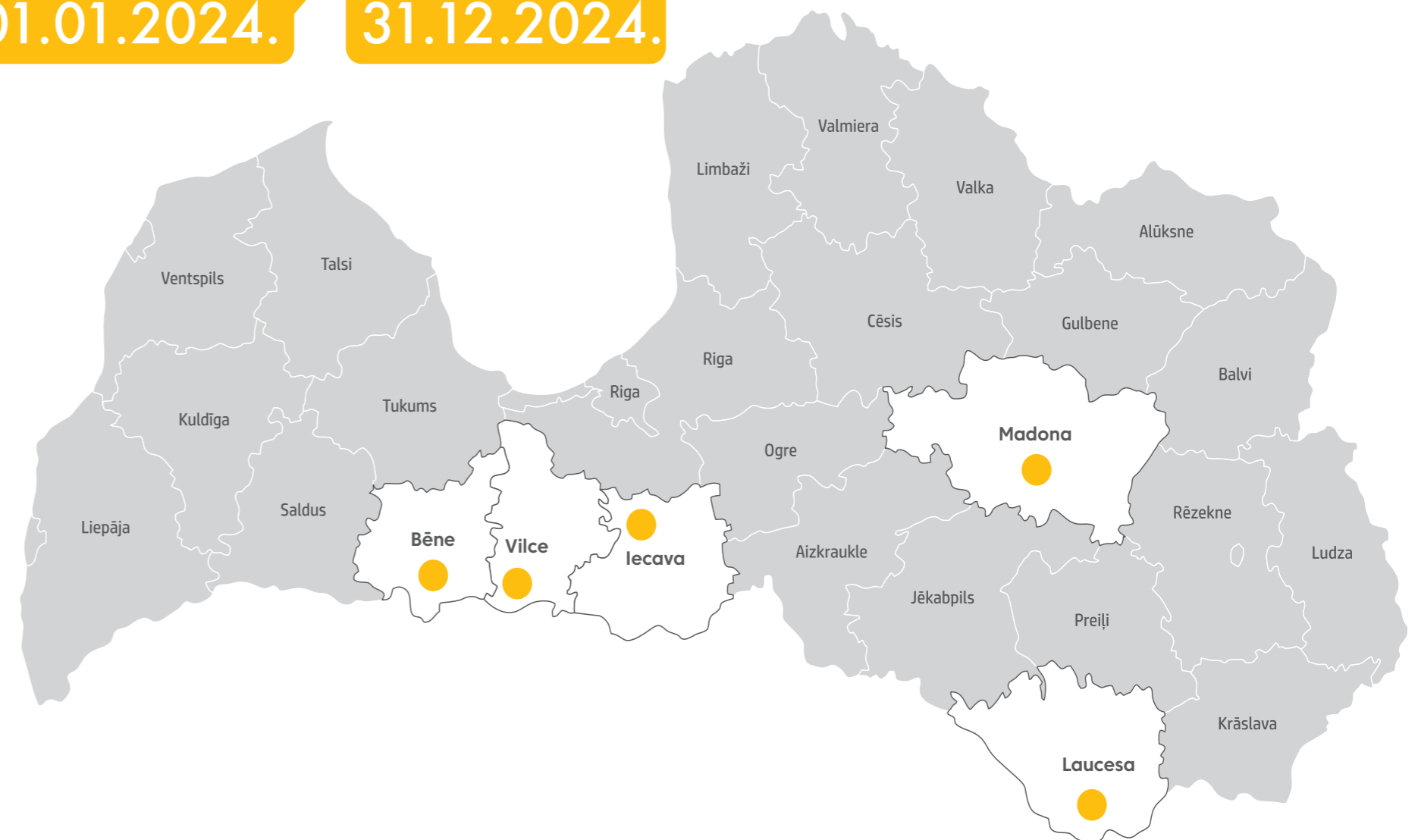
When looking at resource use and circularity, we must focus on the upstream value chain. For our business, it is important to source materials from safe countries with transparent production practices and supply chains.

Start date of the reporting

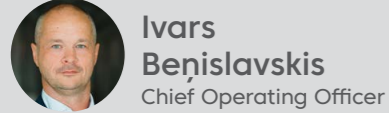
01.01.2024.

End date of the reporting

31.12.2024.



Management team in 2025



Ivars Beņislavskis
Chief Operating Officer



Aurika Ratkeviča
Procurement Director



Vjačeslavs Kočetkovs
Commercial Director



Gvido Adelbergs
Chief Operating Officer for Finance and Development



Dzintars Jakubaitis
Technical Director



Alvis Vītols
Head of Quality and Laboratory

The board:



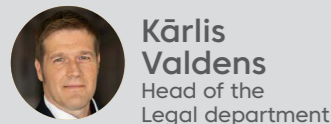
Līga Lazdāne
Human Resources Director



Jūlija Galkina
Financial director



Toms Auškāps
Director of Communications and Development



Kārlis Valdēns
Head of the Legal department



Vladimir Mkhitarjan
Chairman of the board

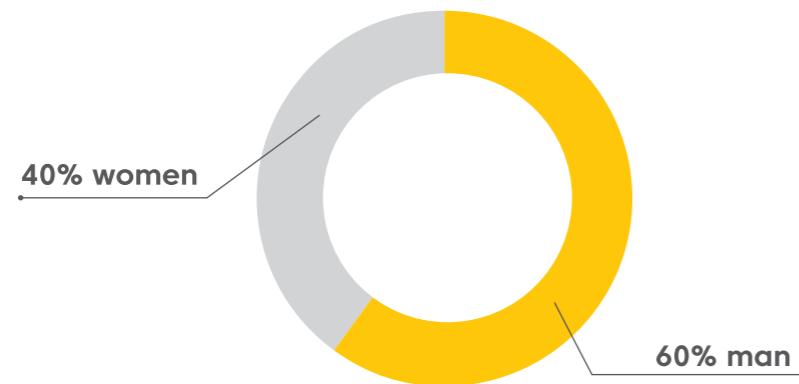
General disclosures

GOV-1 Roles and responsibilities of administrative, management, and supervisory bodies

Administrative, management and supervisory bodies

In 2024, Balticovo's Management Board consisted of Vladimirs Mhitarjans, Kārlis Valdēns, and Toms Auškāps. At the beginning of 2025, Līga Lazdāne and Jūlija Galkina joined the Board.

Board gender diversity ratio



Supervisory Board

The Supervisory Board is formed by the two largest shareholders:

- **Valdis Grimze** – Chairman of the Supervisory Board
- **Mhitar Mhitarjans** – Vice Chairman of the Supervisory Board

Although the Supervisory Board regularly communicates with the Management Board and follows its decisions, both bodies operate independently.

Persons responsible for oversight of impacts, risks, and opportunities

Sustainability topics, including impacts, risks, and opportunities, are managed by different leaders and functional experts across the company. For example, the upstream value chain is managed by the Procurement Director and the procurement team, while

environment, energy, and waste management are overseen by the Technical Director and the Head of the Energy Unit. Risks, opportunities, and impacts in logistics are managed by the Logistics Manager. Employee well-being, engagement, and health and safety are the responsibility of the HR Director and the HR department. Customer and end-consumer engagement is managed by the Quality Manager and the Commercial Director. Animal welfare and biosecurity are overseen by the Director of Poultry Production together with the veterinary service. Governance matters are handled by the Legal Counsel and the Director of Communications and Development.

Professional external experts are engaged for the double materiality assessment, greenhouse gas calculations, environmental data collection and reporting, as well as for sustainability data management and preparation of this report. All sustainability-related work is reviewed and verified at Management Board level.

GOV-2 Performance monitoring mechanism

Once a week, an extended management meeting is held, bringing together the Management Board and the directors' team, where operational performance, identified issues, and possible solutions within defined timelines are monitored and discussed.

GOV-3 Integration of sustainability-related performance into incentive schemes

At present, neither management nor other employees' remuneration is directly linked to sustainability performance. There are several reasons for this.

First, achieving sustainability goals often takes time, and actions do not deliver immediate or short-term results. Incentive schemes could therefore have the opposite effect, encouraging employees to focus on quickly achievable indicators while ignoring long-term impacts.

Second, many sustainability metrics are still easy to manipulate. The same indicator can produce different results depending on the methodology used. Incentive schemes could push people to aim for "perfect" numbers instead of looking at the broader context.

Third, if incentive schemes were introduced, they should apply to all employees, not only members of administrative, management, and supervisory bodies, because everyone contributes to achieving sustainability goals. Any opportunity to earn additional rewards should therefore be available to all employees.

GOV-5 Risk management and internal control related to sustainability reporting

Risks were identified through the double materiality assessment. Company employees assessed both the likelihood of each risk and its potential impact. The time horizon in which each risk could become material (short, medium, or long term) was defined, and potential risk mitigation measures were described ●

All sustainability-related work is reviewed and verified at Management Board level. ”

SBM-1

Strategy, business model and value chain

Products offered by the company

Balticovo JSC produces eggs and egg products. Most of its production (around 75%) consists of fresh shell eggs. About 25% of production consists of egg products: egg powder, liquid egg products (whole egg, yolk, white), frozen egg products (whole egg, yolk, white), boiled eggs, egg pasta, and egg ice cream.

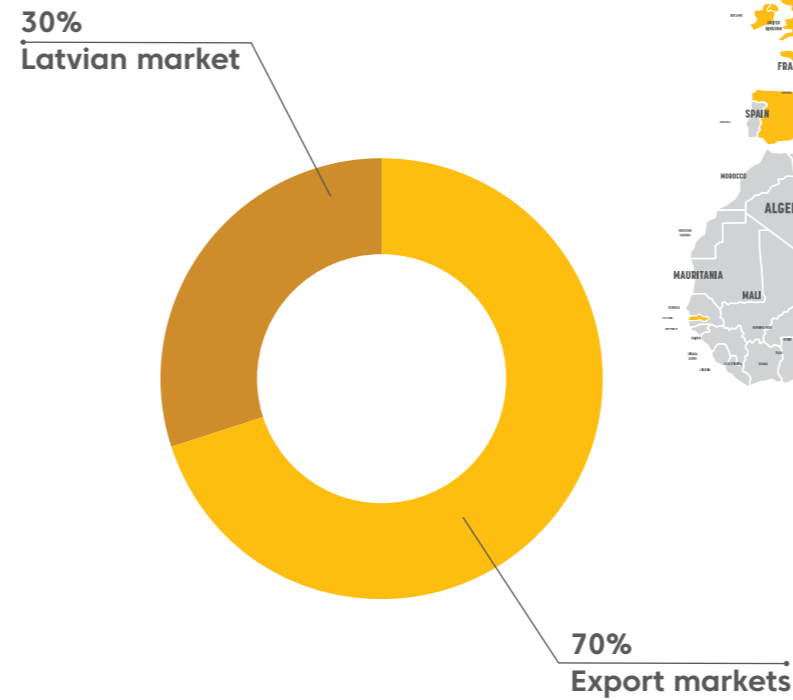
Balticovo currently offers eggs produced under all four housing systems allowed in Latvia and the European Union:

- 3 – cage eggs
 - 2 – barn eggs
 - 1 – free-range eggs
 - 0 – organic eggs
- } Cage eggs
- } Eggs laid outside the cages

The company is currently undergoing an active transition. New barns are being built so that cage systems can be fully phased out in the coming years, in order to meet the growing demand for cage-free eggs. More information on animal welfare, the transition plan, and current data can be found in the animal welfare section of this report.



Markets and customer groups served



Around 30% of Balticovo JSC’s production is sold in Latvia, while 70% is sold in export markets. Products are exported to around 20 countries, mainly Lithuania, Estonia, Poland, and Czechia.

Balticovo’s customers include retailers, wholesalers, food manufacturers, and food service companies.

Total revenue in 2024

112 117 465 EUR

SBM-2

Interests and views of stakeholders

Decisions on the company’s development are made by taking into account the views of stakeholders. This helps ensure successful, fair, and constructive cooperation.

Management actively engages with employees to better understand their needs, expectations, and the value of their ideas. Customers are regularly surveyed to measure satisfaction and to understand their preferences. The company also works with non-governmental organisations (NGOs), both by hosting them and by taking part in their events.

Balticovo is open to the public. We regularly welcome customers, industry peers, and public authorities through site visits and guided tours. ●



IRO-1

Description of the process to identify and assess material impacts, risks, and opportunities

Double materiality assessment Purpose of the assessment

The concept of double materiality requires companies to assess both their impact on people and the planet and how sustainability issues affect the company's financial performance. This provides a full picture from two different perspectives.

Materiality refers to the relevance of sustainability topics and related information for the company. A materiality assessment is the process of identifying the environmental, social, and governance (ESG) topics that should be reported in the sustainability report.

Balticovo JSC has assessed its impacts on society and the environment, as well as the financial risks and opportunities linked to sustainability issues.

In a double materiality assessment, each sustainability topic is evaluated from two angles: **impact materiality and financial materiality**. This approach is known as double materiality.

Scope and boundaries

The double materiality assessment covers the situation in 2024 across all Balticovo operations in Latvia — Iecava, Laucesa, Madona, Bēne, and Vilce.

Methodology

Sustainability topics

In the first stage of the double materiality analysis, a list of sustainability topics was prepared based on the ESRS sustainability topics, input from company experts collected through interviews, an analysis of Balticovo's operations, a review

of the industry context, existing industry sustainability guidelines, and a review of sustainability reports published by companies in similar sectors.

The management team, together with stakeholders, assessed both risks and opportunities, with special attention to the factors that could have a significant impact on the company and its value chain.

Time period

For each impact, risk, and opportunity, a relevant time horizon was defined. ESRS allows companies to use time horizons to give a clearer picture of how sustainability topics are managed over time. At Balticovo JSC, time horizons are grouped into three categories and were defined for each impact, risk, and/or opportunity:

- short-term covers the reporting year (up to 1 year)
- medium-term covers a period from one to five years (1–5 years)
- long-term covers a period longer than five years (5+ years)

Identified stakeholders

The key stakeholders for Balticovo JSC were identified through value chain and stakeholder mapping. This process included interviews with company experts and management, as well as a review of Balticovo's sustainability reports and internal processes. The following stakeholder groups were identified:

- company employees
- corporate customers
- suppliers
- investors and financial institutions
- public authorities
- business and industry associations
- local communities

A stakeholder survey was conducted on environmental, social, governance, and animal welfare topics. The results were used to review and refine Balticovo's double materiality assessment. The feedback helped the company better assess its existing indicators and its identified impacts, risks, and opportunities, especially those close to the impact and financial materiality thresholds.

Materiality criteria Impact materiality

A sustainability topic is material from an impact perspective if it relates to:

- the company's actual or potential, positive or negative impacts on people or the environment in the short, medium, or long term. An impact is considered actual if it has already occurred or is ongoing, and potential if there is a possibility that it may occur
- impacts linked to the company's business activities, products, and services, as well as its business relationships, such as impacts caused by supplier activities within the company's value chain.

To determine whether an actual impact is material, the company must assess the significance of the impact on society and the environment, taking into account the following factors:

- **scale**, meaning how serious a negative impact is or how beneficial a positive impact is for society or the environment (for example, a minor workplace injury is less serious than a fatal accident; incorrect disposal of industrial waste causing local soil pollution is less serious than a chemical spill into a river that causes major harm to ecosystems, wildlife, and plants)
- **scope**, meaning how widespread the negative or positive impact is (for example, the number of people affected or the size of the polluted area)
- **irremediability (only for negative impacts)**, meaning whether and to what extent the harm to society or the environment can be repaired or reversed (for example, cleaning up polluted land or compensating affected people)

Scale, scope, and irremediability are the factors used to assess the severity of an impact. However, companies are not expected to provide detailed data for each of these three aspects.

For **potential impacts**, the company must consider both the severity of the impact and the likelihood that it will occur. If a potential negative impact on human rights is identified, the severity is more important than the probability.

Quantitative indicators provide the most objective evidence for assessing materiality. However, such data may not always be available, or the cost of collecting it may be too high. In these cases, qualitative analysis can be sufficient to determine whether a topic is material.

Financial materiality

From a financial perspective, a sustainability topic is considered material if it is linked to financial risks or opportunities that affect, or could reasonably be expected to affect, the company's financial position, financial performance, cash flows, access to finance, or cost of capital in the short, medium, or long term. When assessing these risks, the company must consider not only its own operations but also its business relationships.

The source of financial risks and opportunities is often the company's material impacts, but risks that are not directly linked to the company's own impacts must also be considered.

Dependence on natural, human, and social resources can create financial risks and opportunities in two ways:

- by affecting the company's ability to access or continue to use key resources needed for operations, as well as their quality and price
- by affecting the organisation's ability to maintain business relationships on acceptable terms

To determine whether a financial risk or opportunity is material, the company must assess both the likelihood of the financial impact and its potential size, meaning the possible or actual financial effect on the company.

Identification of material topics Prioritisation process

When **assessing** impact materiality, the scale, scope, irremediability, and likelihood of each impact were evaluated on a scale from 1 to 4.

After the individual assessment, the severity of each impact was calculated based on the arithmetic average of the scores assigned to each criterion. The final impact score for each sustainability topic was then calculated as the average of the impact severity and likelihood scores.

After all impacts were assessed, the overall arithmetic average of the final scores was calculated. This result represents the materiality threshold, and all impacts with a score equal to or higher than the threshold were considered material (threshold = 3.10).

Each **risk** and **opportunity** was assessed using two criteria, with each scored from 1 to 4.

The arithmetic average of these two scores was used as the final risk or opportunity score. The overall average of all scores was then calculated to define the financial materiality threshold. Risks and opportunities with a score equal to or higher than the threshold were considered financially material (threshold = 2.60).

Review and validation

The assessment was prepared by an external consultant in cooperation with Balticovo JSC's extended management team and subject-matter experts. The results were validated and discussed at board level.

The double materiality assessment is planned to be repeated every three years.

Material sustainability topics

- **E1** Climate change adaptation
- **E1** Climate change mitigation
- **E5** Inflows, including resource use
- **E5** Outflows related to products and services
- **E5** Waste
- **S1** Working conditions
- **S1** Equal treatment and opportunities for all
- **S4** Information-related impacts on consumers and/or end users
- **S4** Personal safety of consumers and/or end users
- **S4** Social inclusion of consumers and/or end users

- **G1** Corporate culture
- **G1** Animal welfare
- **G1** Management of supplier relationships, including payment practices
- **G1** Corruption and bribery

Date of the latest update of the process

10.12.2024.

Next scheduled review of the materiality assessment

06.01.2027.

IRO-2

List of non-material topics

During the double materiality assessment, the following topics were identified as non-material for the company:

- **ESRS E2** - Pollution
- **ESRS E3** - Water and marine resources
- **ESRS E4** - Biodiversity
- **ESRS S2** - Workers in the value chain
- **ESRS S3** - Affected communities

Explanation of the non-material assessment for ESRS

E2 Pollution

Balticovo JSC holds a Category A environmental permit for polluting activities. Every year, the company prepares and submits a compliance report to the State Environmental Service on how permit requirements are met. These requirements also cover pollution, including air and water emissions. All permitted limits are within regulatory thresholds, and no violations were found in audits carried out by the State Environmental Service. In 2024, Balticovo received the Green Excellence Award from the State Environmental Service.

Information related to pollution is collected and stored and is made available to stakeholders when required, but at present pollution does not represent a material challenge for the company.

Explanation of the non-material assessment for ESRS

E3 Water and marine resources

Water for the company's operations is taken from groundwater wells, within the limits set in the permit. Groundwater reserves around Balticovo's sites are large, so even in periods of prolonged drought water supply is not at risk.

At Balticovo's Iecava site, a modern wastewater treatment plant is in operation. It treats wastewater to a level that ensures no negative impact on the nearby river.

In line with the Category A environmental permit, water use, wastewater volumes, and their physical and chemical parameters are monitored and reported as part of the permit compliance report. When needed, this data is shared with stakeholders.

The company's water consumption and water emissions are closely controlled, and there is currently no indication that Balticovo has a material impact on the quantity or quality of water resources.

The company recognises that in the upstream value chain there are actors whose activities have negative impacts on freshwater and marine ecosystems. Nutrient runoff from agricultural land in the Baltic Sea region is a major cause of eutrophication. Poultry feed is mainly based on grains, which are grown using mineral fertilisers and crop protection products that can enter water bodies. However, due to the large volumes required, it is currently not realistic for the company to source all feed from lower-impact suppliers, such as organic farmers.

E4 Biodiversity and ecosystems

The company's operations do not have a significant direct impact on biodiversity. Activities take place in closed sites, with minimal direct interaction with ecosystems. No deforestation or destruction of natural habitats has taken place due to the construction of new facilities.

However, the production of poultry feed is largely linked

to intensive grain farming, which is one of the main drivers of biodiversity loss in Latvia. Monoculture farming, the use of crop protection products and fertilisers, and the conversion of natural land into agricultural land all reduce biodiversity. At present, Balticovo has limited ability to influence farming practices or to switch to lower-impact suppliers, such as certified organic farms, due to the large volumes required.

Given the company's minimal direct impact on ecosystems and its limited ability to influence supplier practices, this topic is currently considered non-material.

S2 Workers in the value chain

Balticovo reviews the reputation of potential business partners. However, at present, the company has limited ability to obtain detailed information about workers in the value chain without

placing an excessive burden on its partners. For this reason, this topic is currently considered non-material. It is possible that as transparency increases over time, this topic may become more material.

S3 Affected communities

At present, Balticovo JSC has good relations with local communities. The company's main and largest site is located in Iecava, Bauska Municipality, where cooperation with the local government is strong. Company management has direct personal contact with nearby residents, and any issues can be raised directly. All complaints are heard and carefully reviewed.

As complaints are very rare, the company has decided that its impact on local communities is currently non-material ●



ENVIRONMENT

E1 Climate change

E1-1 Transition plan for climate change reduction

The company does not yet have a single, consolidated transition plan with defined actions, links to business strategy, and planned investments. A climate transition plan is currently under development. However, this has not stopped Balticovo from already taking action to reduce GHG emissions and to implement circular economy solutions.

Actions taken in recent years that have helped reduce Balticovo's GHG emissions:

- Biogas production from poultry manure (2015) and biomethane separation (2024) – **EUR 12 million investment**
- Electricity generation for self-consumption from a solar park (2023) – **EUR 2 million investment**
- EcoUnit systems installed in poultry houses (2023, 2024, 2025) – **EUR 4–5 million investment**
- Use of locally sourced grain, resulting in lower transport-related emissions **around EUR 19 million per year**

E1. IRO-1 Description of the process to identify and assess climate-related material impacts, risks, and opportunities impact on climate change

Impact on climate change

The double materiality analysis showed that Balticovo has both negative and positive impacts related to climate change (E1).

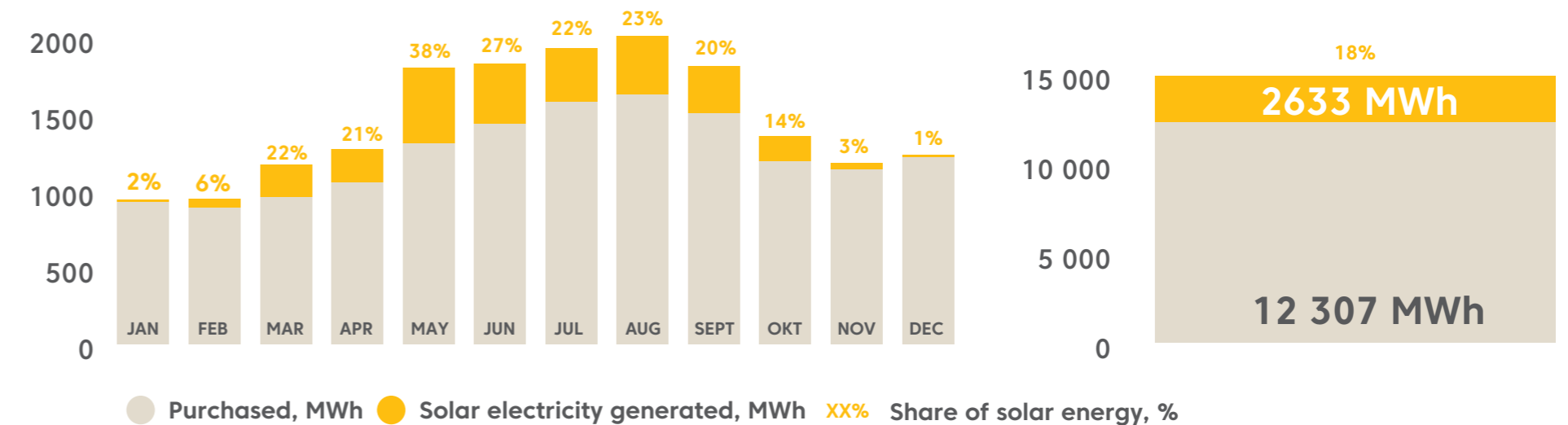
Negative impact: the company's operations inevitably generate greenhouse gas (GHG) emissions. These emissions contribute to climate change. This is simple physics — the laws of nature apply regardless of our opinions. Every gram of GHG emissions has a negative impact.

Year	Total CO ₂ e emissions, t	CO ₂ e per tonne of product, t	CO ₂ e per EUR million of turnover
2023	138 648	3.21	1127.22
2024	193 572	3.65	1728.32

In 2024, the company generated **193 572 tonnes** of CO₂e, equal to 3.65 tonnes of CO₂e per tonne of product.

Each EUR 1 million of revenue was associated with 1728 tonnes of CO₂e. Compared to the previous year, this negative impact increased. In 2023, total GHG emissions were **138 648 tonnes** of CO₂e, or 3.21 tonnes per tonne of product. Each EUR 1 million of turnover was linked to 1127 tonnes of CO₂e.

Positive impact: In recent years, the company has made investments to reduce climate impact. For example, a solar park started operating in 2023 to generate electricity. In 2024, on average **18%** of the company's electricity consumption came from its own solar park. The highest share of solar electricity was in May and June (**38% and 27%, respectively**).





Since 2015, Balticovo has been producing biogas from poultry manure. In 2024, 13,000,000 m³ of biogas was produced. In 2024, the next step was taken with the launch of a biomethane plant, where this biogas is upgraded into pure biomethane, a natural gas equivalent. The biomethane is injected into the national gas grid and supplied to consumers together with certificates of renewable origin.

Producing biomethane from poultry manure avoids significant GHG emissions compared to traditional manure spreading on fields. Each 1 MWh of biomethane produced avoids 0.7164 tonnes of CO₂eq. As 48000 MWh of biomethane was produced and sold in 2024, **this avoided 34 378 tonnes of CO₂eq** — equal to 17% of Balticovo's total CO₂eq emissions in 2024. The current capacity of the biomethane plant is 100 000 MWh per year, which means the positive impact on GHG reduction could almost double in the future.

34 378 tonnes of CO₂eq

This is the first case in Latvia's history where biomethane produced from manure is injected into the national natural gas grid. During the project, important technical knowledge was gained and regulatory frameworks were put in place, which will help other companies develop similar projects. As a result, the potential contribution to GHG reduction in Latvia will continue to grow.

Producing biomethane from poultry manure is also unique at a global level. Until now, poultry manure was considered unsuitable for biomethane production due to its specific chemical composition. However, Balticovo's investment in research and development made it possible to achieve this result. This breakthrough will allow more efficient and climate-friendly management of poultry manure not only in Latvia, but worldwide.

Climate-related risks

The double materiality assessment also identified climate-related risks and opportunities for the company.

Risks:

1. Impact of adverse weather on the upstream value chain – unfavourable weather conditions (too dry, too wet, heat waves, storms, etc.) can reduce the harvest of feed ingredients, mainly grains. In the case of poor harvests, availability may decrease and prices may increase in the medium term.

2. Impact of extreme weather on operations – extreme weather events can disrupt operations, cause downtime, and lead to additional repair and maintenance costs.

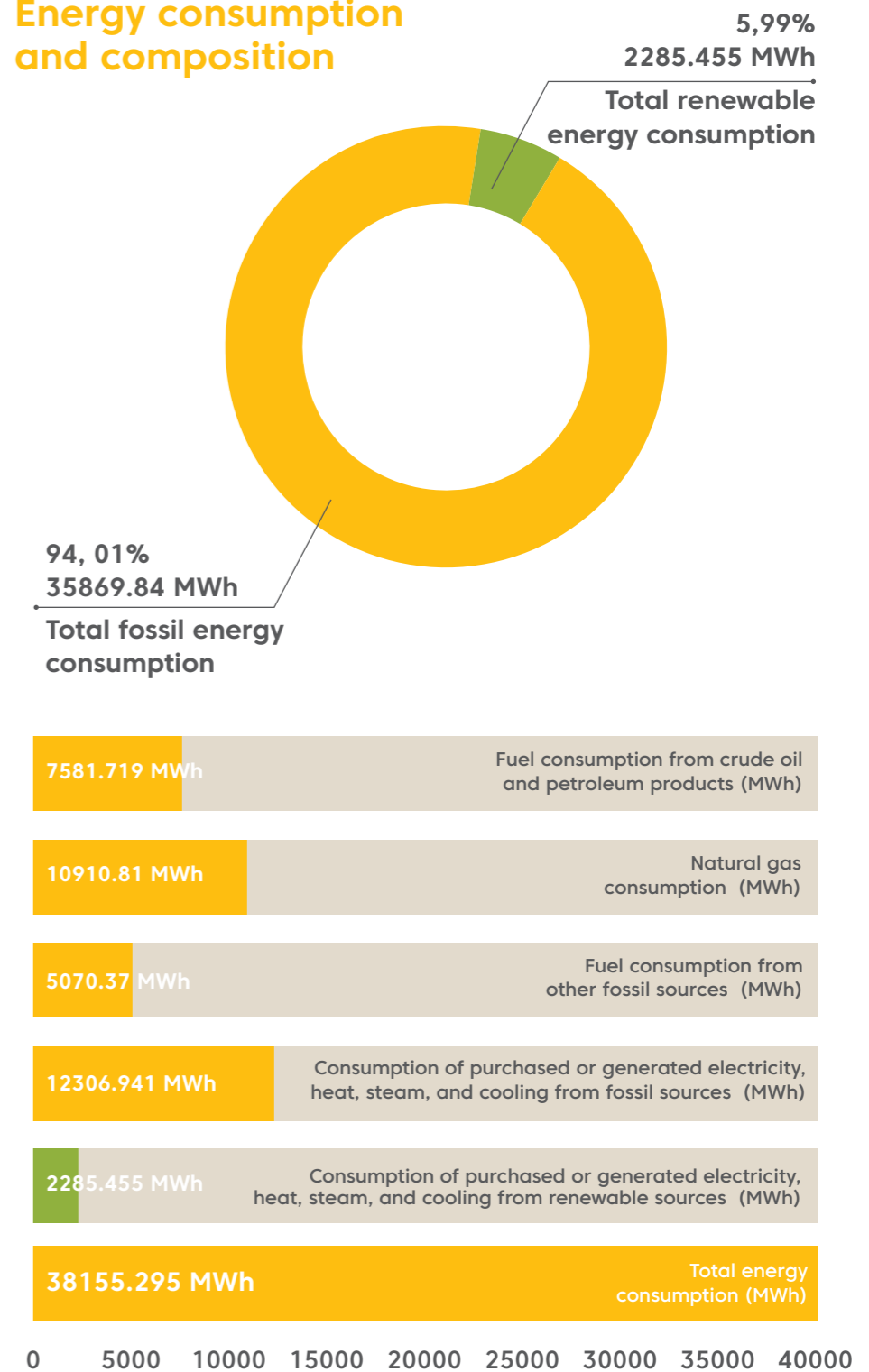
3. Higher avian influenza risk – due to climate change, the phenological spring is arriving earlier in Latvia and across Europe. Migratory birds, which carry avian influenza, return earlier and their timing is becoming less predictable. A longer and less predictable migration period increases the risk of bird flu.

Opportunities:

Biomethane production from poultry manure – as a natural gas equivalent, biomethane can be sold together with certificates of renewable origin, providing a financial benefit to the company. Demand is currently high.

E1-5 Eenergy consumption and energy mix

Energy consumption and composition

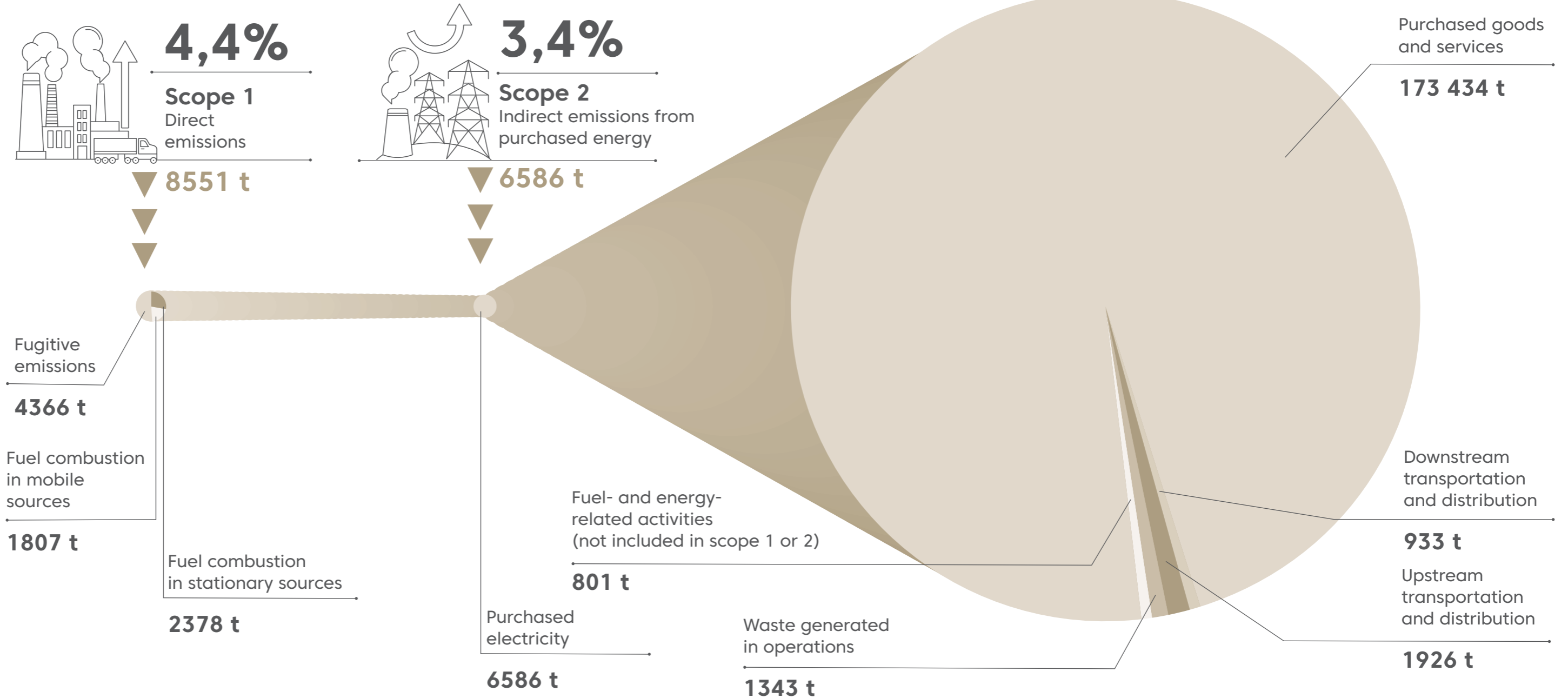


E1-6 Gross GHG emissions for scopes 1, 2, and 3, and total GHG emissions

Total company GHG emissions in 2024 were

193 572 CO₂eq tonnes

Of this total:



Of scope 3 emissions, by far the largest share (97.2%) comes from category 1 – purchased goods. In this case, these are mainly raw materials: purchased fresh eggs and poultry feed ingredients (grains).

In 2024, Balticovo produced 53 055 tonnes of product. About 75% of this was based on eggs laid in Latvia — Iecava, Lauce, Madona, and Vilce — while 25% of fresh eggs were purchased mainly from Balticovo’s related unit in Lithuania.

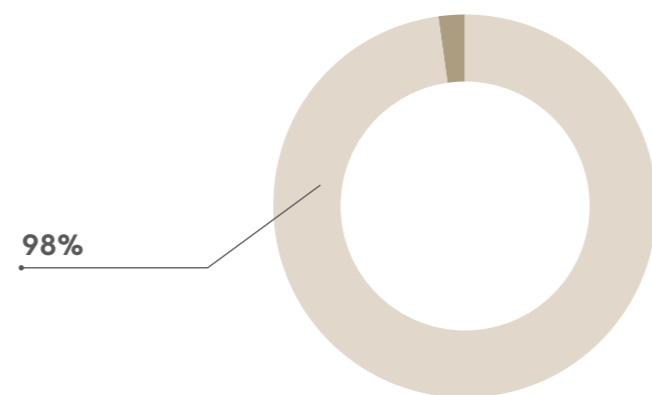
Each hen eats around 120 grams of feed per day, and Balticovo’s flock of about 3.5 million laying hens must be fed every day. As a result, feed volumes are very large. This is reflected both in financial costs and GHG emissions — feeding hens is one of the largest sources of emissions.

GHG emissions intensity was also calculated against production volume and net revenue:

In 2024, producing 1 tonne of product generated **3.65 tonnes** of CO₂eq (2023: **3.21**);

EUR 1 million in revenue generated **1727 tonnes** of CO₂eq (2023: 1127).

Percentage of scope 3 GHG emissions calculated using primary data



Drivers of changes in GHG emissions

The first full calculation of GHG emissions across all three scopes related to Balticovo’s operations was completed for 2023. At that time, total CO₂eq emissions were **138 648 tonnes** (scope 1 – 8 516 tonnes, scope 2 – 6 610 tonnes, scope 3 – 125 523 tonnes).

In 2024, a significant increase is observed. Total emissions rose to **193 572 tonnes**, of which scope 3 accounts for 173 434 tonnes. This increase is mainly driven by one factor: during the year, the volume of purchased fresh eggs increased by around 230%. Most of these eggs were purchased from Balticovo’s related unit in Lithuania. To calculate the GHG emissions of these eggs, an emission factor from the Agri-footprint database is currently used. This factor is significantly higher than the emissions associated with eggs produced by Balticovo itself.

In the future, the Lithuanian unit may legally become part of Balticovo, which would mean fuller control over its GHG emissions and supply chain. Under the same production practices, this would likely lead to lower reported emission intensity (tCO₂eq per tonne of product), as the company would no longer need to use higher external emission factors instead of Balticovo’s own calculated values.

This change would significantly affect the reported climate impact, but not the actual physical emissions. “ “

Disclosure of methodologies, key assumptions, and emission factors used to calculate or measure GHG emissions

Balticovo JSC uses the following standards to calculate GHG emissions:

- Corporate Accounting and Reporting Standard
- GHG Protocol
- Guidance on Corporate Value Chain

Emission factors are taken from the DEFRA, Agri-footprint, and Ecoinvent databases.

Reporting boundaries

GHG emissions were calculated for the period from 1 January 2024 to 31 December 2024. The calculation includes scope 1, 2, and 3 emissions related to Balticovo JSC’s production. It covers the operations of all Latvian sites, logistics, and the related upstream value chain (for example, raw materials) and downstream value chain (for example, product distribution) ●



E5 Circular economy

E5.IRO-1 description of the processes to identify and assess resource use and circular economy-related impacts, risks, and opportunities

Raw materials and inputs used

The following raw materials and inputs are of key importance for the company's core operations:

- **feed ingredients:** wheat – 66 462 tonnes, sunflower meal – 15 773 tonnes, limestone – 9 626 tonnes, soybean meal – 6 542 tonnes, maize – 4 098 tonnes, etc.
- **packaging:** paper and cardboard boxes, trays, and bags – 3247 tonnes; wooden pallets – 637 tonnes; plastic boxes, trays, and bags – 536 tonnes; polyethylene wrapping materials – 26 tonnes.
- **purchased fresh eggs** – 13 569 tonnes, or 25% of Balticovo's total production
- **chicks** - 2 000 000 units



Circular economy-related impacts and risks

E5 Waste management

Negative impacts

Waste generation. The company's operations generate waste. Although most of it is recycled, a small share of non-recyclable waste remains. Due to the large production volumes, this still amounts to several thousand tonnes.

Positive impacts

- **biomethane production from poultry manure.**

From the company's largest waste stream — poultry manure (around 80 000 tonnes) — biogas is produced and upgraded to pure biomethane. By injecting this biomethane into the natural gas grid, Balticovo avoided 34 378 tonnes of CO₂eq in 2024. In addition, the technology developed by Balticovo's partner BovoGAS could help other large poultry producers reduce manure-related emissions and support the development of the biomethane market in Latvia and the region.

Digestate is used to produce fertiliser suitable even for organic farming.

- **food waste prevention.**

Some eggs do not meet Class A quality due to shape, size, or micro-cracks. These eggs are used to produce egg powder, liquid egg products, peeled boiled eggs, pasta,

and ice cream. Lower-grade eggs are also collected and sent for animal feed production, rather than being wasted. At the end of their life cycle, laying hens are used for the production of various poultry meat products.

Risks:

E5 waste management

- **decline in demand for biomethane with certificates of renewable origin.**

At present, biomethane produced from poultry manure is sold together with green certificates, which makes the project financially viable. However, due to possible political changes, there is a risk that companies may become less motivated to reduce their GHG emissions, which could lower demand for these certificates.

- **regulatory changes on packaging and recyclability.**

The company currently uses packaging that is technically recyclable, but in practice recyclability depends on waste management systems in each country. In Latvia, recycling of this packaging is limited, while in some export markets it is recycled. There is a risk that such packaging could be restricted, creating both technical and financial risks for the company.

Circular economy-related opportunities

E5 Waste management

Use of poultry manure for biomethane production

– in 2024, around 80 000 tonnes of poultry manure were processed into 48 000 MWh of biomethane, avoiding 34 378 tonnes of CO₂eq and generating financial value, as the biomethane is sold into the natural gas grid together with certificates of renewable origin.

Smart recycling of other waste streams also creates financial and environmental benefits.

For example, eggshells are used by farmers as a soil liming material, while eggs that do not meet top quality standards are processed into various egg products.

E5-2 Actions and resources related to resource use and the circular economy

Increasing the efficiency of



biological material use

One of the most important biological inputs in production — both financially and in terms of environmental and climate impact — is feed. This makes feed efficiency a key priority.

Balticovo JSC has successfully tested the EcoUnit heat recovery system, which uses warm air from poultry houses to preheat incoming fresh air. This system not only saves energy and reduces air pollution, but also improves indoor air quality. As a result, **feed consumption is reduced by around 6%** for hens kept in houses equipped with this system.

These systems will be installed in new poultry houses. This is expected to save approximately **2 000–3 000 tonnes of feed per year**, helping to reduce **CO₂eq emissions by around 1 500–2 200 tonnes**.

Circular economy in business

Balticovo runs its business in a resource-efficient way, which closely aligns with the principles of the circular economy. The company operates a full-cycle production model, where outputs from one process are used as inputs in another. For example, eggs that do not meet standard size, shape, or shell quality are processed on site instead of being sold as waste. Around 25% of total production consists of such processed products.

The largest waste streams are turned into value: poultry



manure (around 80 000 tonnes per year) is used to produce biomethane, and eggshells (around 2 000 tonnes per year) are used by local farmers to improve soil quality. At the same time, the company continues to look for new ways to use by-products to avoid sending potentially valuable materials to landfill.

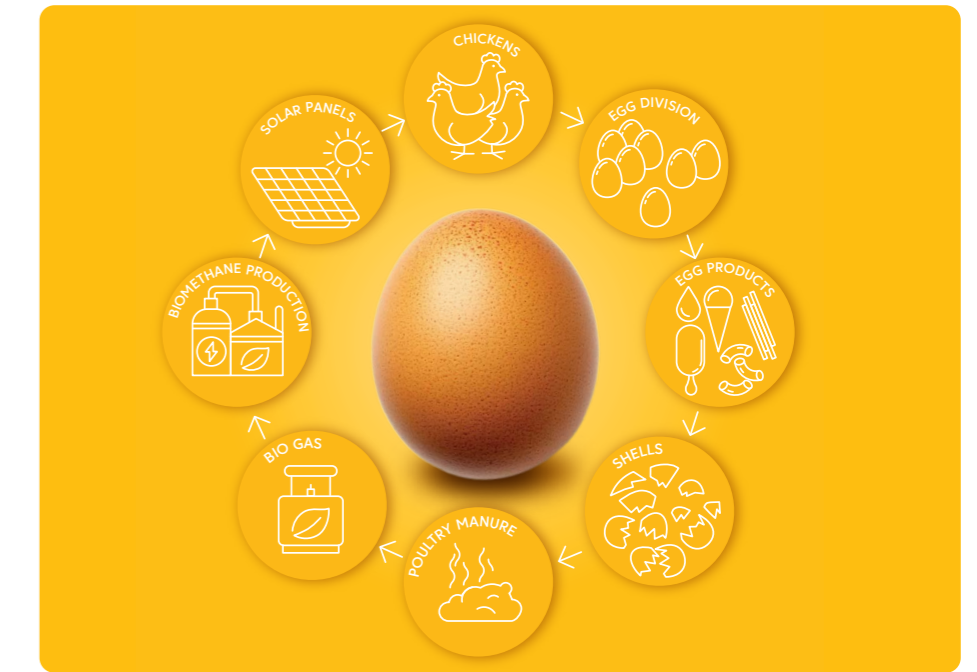
Optimisation of waste management

In production areas, waste is sorted by category and compacting containers are used. This significantly reduces the volume of waste, which lowers both the financial cost and the environmental impact of waste collection. The less space the waste takes up, the fewer transport trips are needed to deliver it to waste management operators.

Cooperation to improve resource circularity

In cooperation with Latvia's natural gas transmission and storage system operator AS "Conexus Baltic Grid" and the gas distribution system operator "GASO", the first connection in Latvia was created to inject biomethane produced by "Bovogas" into the national gas grid.

Being the first always brings challenges. This project would not have been possible without close cooperation with the Ministry of Climate and Energy, which worked together with the partners to develop the regulatory framework for injecting locally produced biomethane into Latvia's natural gas network.



SOCIAL ENVIRONMENT

S1

Own personnel

S1.SBM-3

Positive and negative impacts on employees

The company's material impacts on its employees were identified through the double materiality assessment.

A number of existing impacts on the workforce were identified:

S1 Working conditions

1. Secure employment and social protections

Positive impact

The company promotes secure employment practices both in the sector and in the region. Statutory social guarantees are provided in full — something that is not always taken for granted in Latvia.

The company also takes care of employee health. As required, regular medical checks are carried out, but to make them more accessible and to save employees' time, they are organised on site.

Employees are also covered by health insurance. In response to rising costs, coverage limits are regularly reviewed to ensure the real value of the insurance does not decline. The policy includes a flexible budget that employees can use for sports, psychotherapy, physiotherapy, and similar services, allowing them to focus on what matters most to them.

2. Working time – elimination of night shifts

Positive impact

To improve employee well-being, the company eliminated night shifts in 2020. By reviewing and optimising work processes and introducing new technologies, it has been possible to complete almost all necessary work during the day. The only exceptions are very specific food production processes that cannot yet be shortened. Employees supervising these processes receive a 50% premium for night work.

3. Adequate pay

Positive impact

Every year, Balticovo takes part in a salary benchmarking study to assess whether employee pay is below, at, or above the market average for each job group in Latvia. Data for 2024 shows that lower-level positions (such as helpers, workers, loaders, and machine operators) earn more than the national average, while some higher-level positions are paid below the national average.

The average gross full-time salary in Latvia in 2024 was EUR 1685. **The average salary at Balticovo was EUR 1799.83**, which means overall pay is competitive with both the sector and the national average.

The average salary at Balticovo

EUR 1799.83

However, employee perception differs from statistical data. In the employee survey, the statement **“The pay I receive matches my job content and responsibilities”** received a score of **64%** (where 0% means completely inadequate and 100% means ideal). This score was 59% in 2023 and 63% in 2022.

Negative impact

The average gross full-time salary in Latvia in 2024 was EUR 1685. At Balticovo, **the average salary for women was EUR 1596.67, while the average salary for men was EUR 1926.00**. This means that men at Balticovo earn more than the national average, while women earn less than the national average.

Across the company and in almost all job groups, men earn more than women. The only exception is management. Although the gender pay gap is clear and significant in nominal terms, **it is important to note that employees performing the same work are paid equally regardless of gender**. The difference mainly exists because women are more often employed in lower-paid positions.

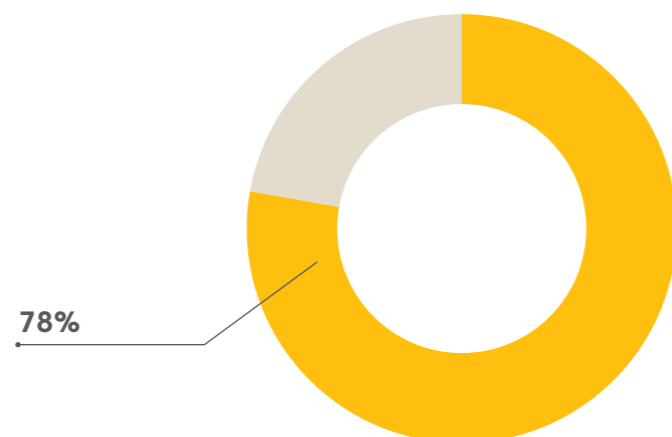
The company recognises that more can and should be done to ensure that women feel confident applying for higher-paid roles and that there is no risk of gender-based discrimination.

Positions	Men's salary vs Women's salary
Company overall	1.2
Directors	1.03
Managers	1
Deputy managers	1.27
Supervisors	1.17
Specialists	1.17
Workers	1.31

4. Employee engagement

Positive impact

The company provides many ways for employees to get involved (see section S1-2 for more detail). Annual employee surveys show that self-reported engagement is increasing: **78%** in 2024 (0% = not engaged at all, 100% = fully engaged), compared to 75% in 2023, 74% in 2022, and 73% in 2021.



S1 Work-life balance

Positive impact

The company recognises the importance of motivated, healthy, and energetic employees, so work-life balance is an important topic. All employees receive paid annual leave, which must be taken in practice, not accumulated. Additional paid days off are granted for important life events, such as the loss of a close family member, school graduations of children or other relatives, and 1 September for employees with school-age children.

Negative impact

However, the company acknowledges that the overall impact on work-life balance may be negative, as shown by the number of overtime hours in 2024 – a total of 37 549 hours. Although overtime is paid with a 100% premium, it still increases the risk of burnout and reduces the time employees can spend on their private lives.

In production, overtime is often linked to shift work (one month an employee may have many overtime hours, and another

month fewer, so the average remains close to 160 hours per month). Additional factors also increase overtime, such as the expansion of production capacity, which requires extra work at certain stages, and the labour shortage, which is a widespread issue in Latvia.

Work-life balance is therefore a mixed impact area. There are clear positive efforts, but also real additional working hours. Still, employee perception has improved. In 2023, **68%** of employees agreed with the statement “**I am able to successfully balance my work and personal life**” (0% = no balance at all, 100% = perfect balance), while in 2024 this increased to 76%.

S1 Health and safety

Work environment safety

Positive impact

The company’s impact on employee health and safety is positive. Strict safety and hygiene rules, preventive measures, training, and listening to employees’ feedback on potentially dangerous areas or situations all help ensure a strong level of worker protection.

Year	Accidents – serious	Accidents – minor	Total hours worked
2022	1	5	567900
2023	0	5	577222
2024	0	7	530525

All workplace accidents are investigated to ensure they do not happen again. This approach has proven effective — the same type of accident does not recur. Still, continuous attention and preventive measures are needed to reduce all possible risks.

Overall, employees rate workplace safety positively. In the employee survey, **79%** agreed with the statement “**I feel**

confident about my physical safety at work” (0% = constantly at risk; 100% = completely safe). This score has slightly improved in recent years (77% in 2022; 76% in 2023).

The score for the statement “**Health and safety rules, procedures, and instructions are followed in my workplace**” (0% = not followed at all; 100% = fully followed) has also improved: **82%** in 2024, 79% in 2023, and 79% in 2022.

Health and safety rules, procedures, and instructions are followed in my workplace **82%**

S1 Equal treatment and opportunities for all

Training and skills development

Positive impact

The company actively provides training and skills development based on individual training plans, annual goals, and the certifications and permits needed for work. Employee initiative to learn is encouraged.

In 2024, **79%** of employees agreed with the statement “**I have all the training I need to do my job**” (77% in 2023; 80% in 2022).

However, only **67%** of respondents in 2024 **took part in training, courses, or seminars**. This shows that the company needs to find better ways to motivate employees who have not yet participated in learning and development.

Employee-related risks and opportunities

Risks and opportunities were identified through the double materiality assessment. The following risks were identified:

1. Labour shortage

Due to demographic trends, there is a high risk of labour shortages, which the company is already experiencing in some areas. The level of labour shortage has increased in recent years: **4.08% in 2022, 4.48% in 2023, and 5.27% in 2024** (vacancies as a share of total employees). To avoid significant disruption, **this rate should ideally remain below 4%**.

A range of actions is in place to make Balticovo an attractive employer. Pay is at least in line with the sector average, employees are socially protected, and there are many employee benefits and high employee engagement. The company's priority is to retain existing staff. Survey results show that employees see Balticovo as a medium- and long-term workplace. In 2024, **84%** agreed with the statement **"I plan to work here next year"** (0% = definitely not; 100% = definitely yes), up from 82% in 2023 and 81% in 2022%.

However, given both current and planned growth in production, new employees will be needed. Balticovo actively promotes its benefits and presents itself as a family-friendly employer. At the same time, existing employees are trained so they can cover for colleagues when needed. The company follows a proactive HR policy, recruiting people before positions become vacant or new roles are created.

Balticovo has invested EUR 2 million in the renovation of an apartment building to provide affordable housing for potential employees. At the same time, the company is automating processes where possible to reduce the need for additional staff.

Es plānoju strādāt uzņēmumā vēl pēc gada 84% ““

2. Salary

Although wages at the company are in line with, or above, the sector average in Latvia, Balticovo recognises that as labour shortages increase, raising wages may be one of the main tools to attract and retain both existing and new employees. These

additional costs will compete with other rising costs, which could affect the price of the final product and therefore its affordability for lower-income consumers.

3. Working time – possible partial return of night work

As production volumes increase, it is likely that night work will need to be reintroduced for a limited period. When new poultry houses and production facilities are built, development does not happen evenly. This means that at certain stages, longer working hours are needed because the available technical capacity is not yet sufficient to complete all work during daytime only.

This is intended as a short-term solution. Once new facilities are completed, the technical setup should allow operations without night shifts. In the meantime, employees receive a 50% premium for night work to compensate for its negative effects.

The double materiality assessment identified the following employee-related **opportunities**:

1. Work-life balance.

The company's employee benefits are an important tool for retaining existing staff and attracting new employees. Employees value the benefits they receive. In 2024, 82% agreed with the statement **"I am satisfied with the additional benefits offered by the company"** (0% = not useful at all; 100% = fully meet my needs). This score has shown a gradual increase (79% in 2023; 75% in 2022).

2. Work safety

A strict occupational safety policy ensures that serious workplace accidents no longer occur (the last one was recorded in 2022). In manufacturing, this is not always a given, so strong safety standards and their real-life implementation can be an important tool for attracting and retaining employees.

S1-2 processes for engaging own workforce and employee representatives on impact-related matters

Employee involvement in decision-making

Employees' views on working conditions, company matters, and well-being are extremely important for making informed decisions. There are many ways to express opinions, raise concerns, and suggest solutions. Feedback can be given anonymously or directly to managers or company leadership.

Annual employee survey "Balticovo Pulse"

Once a year, a comprehensive employee satisfaction survey is carried out. It includes questions on engagement, development opportunities, recognition, performance of line managers and company leadership, teamwork, workplace safety, and other topics. The surveys are anonymous.

In 2024, 77% of Balticovo employees took part in the survey. In 2023, participation was 67%, in 2022 60%, and in 2021 75%.

Employee meetings

Twice a year, all employees are invited to in-person meetings. Management shares company updates and discusses questions raised by employees.

Suggestion box

Employees can submit questions, complaints, or suggestions either with their name or anonymously by using the suggestion box. This channel is used for ideas, feedback, thanks, and complaints. It also serves as a confidential whistleblowing channel if an employee faces a serious issue or observes behaviour they consider inappropriate.

In 2024, 254 messages were received; in 2023, 251.

Kaizen ideas

Employees are encouraged to share ideas that improve work processes, safety, and efficiency for themselves and their colleagues. Change initiators are rewarded with additional bonuses.

Gads	Ideas submitted	Ideas implemented	Number of idea contributors
2023	216	178	67
2024	111	75	36

The Kaizen idea system was introduced at Balticovo in 2023. In 2024, the number of ideas submitted and implemented decreased significantly. This is a natural development, as in the first year employees were encouraged to address issues that had often existed for a long time. The most important and disruptive problems were solved first. As a result, in 2024 fewer new problems were identified, and therefore fewer solutions were proposed.

Persons responsible for employee engagement

The HR department is responsible for employee engagement. As the HR Director is also a member of the Management Board, employee engagement is addressed at the highest level of the company.

Communication with employees

Communication channels are broad and varied, designed to suit people with different communication preferences.

For key updates (such as biosecurity, unexpected crises, or work organisation), employees are informed either by their direct manager or by company management via **email**.

Twice a year, **the employee newspaper "Oldiena"** is published, covering the latest developments both within the company and in the wider industry.



Twice a year, **in-person employee meetings are held**, where management shares updates and plans. These meetings also give employees the chance to ask questions and express their views.

Employees themselves rate their level of information highly. In the employee survey, 75% agreed with the statement **"I feel well informed about what is happening in the company"** (0% = not informed at all; 100% = fully informed).

S1-6 Characteristics of the company's employees

Number of employees by gender

Gender	Number of employees
Man	229
Woman	130
Total	359

Employees by contract type and gender

Employment category	Gender	Number of employees
Permanent employees	Man	215
	Woman	114
Temporary employees	Man	14
	Woman	16

Employees by region

Region	Number of employees
LV009 - Zemgale	288
LV005 - Latgale	16
LV00C - Vidzeme	55

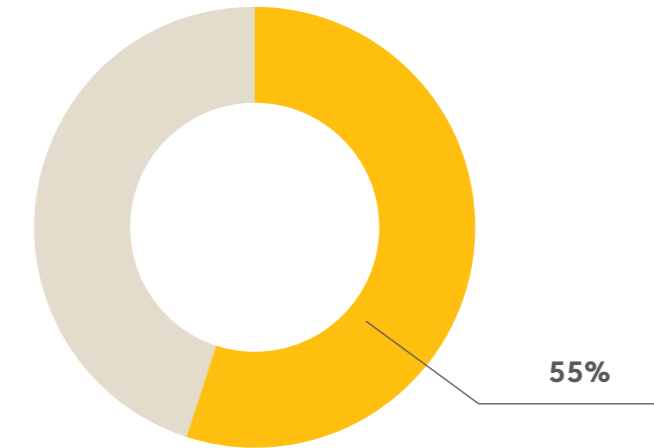
More detailed breakdown by gender and regions

Region	Man	Women
LV009 - Zemgale	184	104
LV005 - Latgale	10	6
LV00C - Vidzeme	35	20

Total number of employees who left the company during the reporting period

199 employees

Employee turnover rate during the reporting period, %

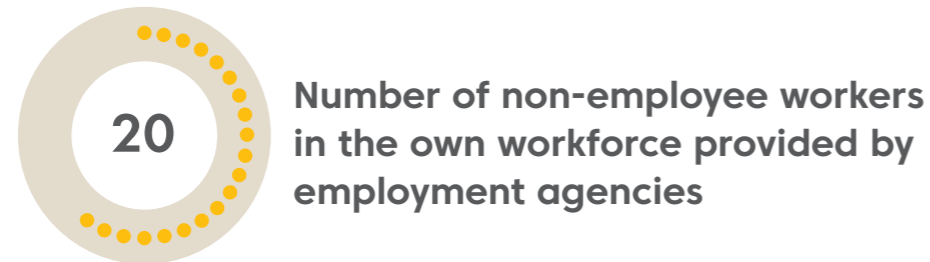
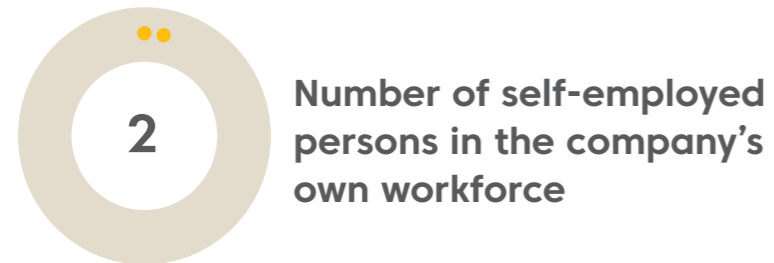
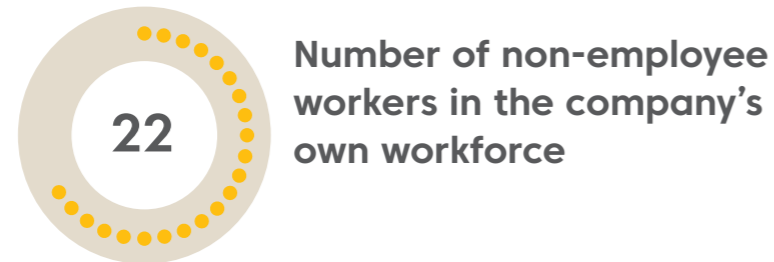


Description of the methodologies and assumptions used for data collection

- The employee turnover rate was calculated using the formula: $199/359 * 100 = 55\%$
- All figures are reported as full-time equivalents (FTE).
- The average number of employees was calculated as: $(\text{number of employees at the beginning of the period} + \text{number of employees at the end of the period}) / 2$.
- Employee turnover increased significantly in 2024, as more vacancies were announced and more new employees were hired than in previous years.

I feel well informed **75%** about what is happening in the company

S1-7 Characteristics of non-employee workers in the company's own workforce



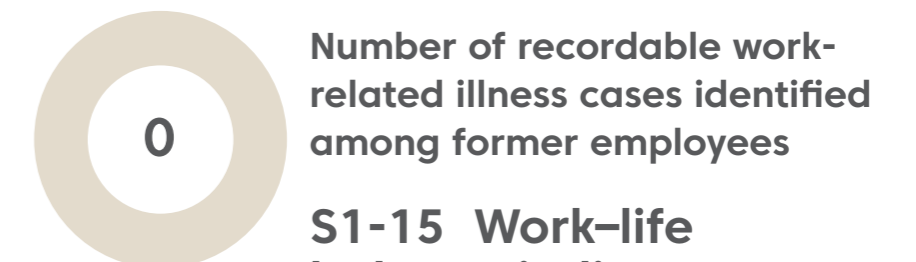
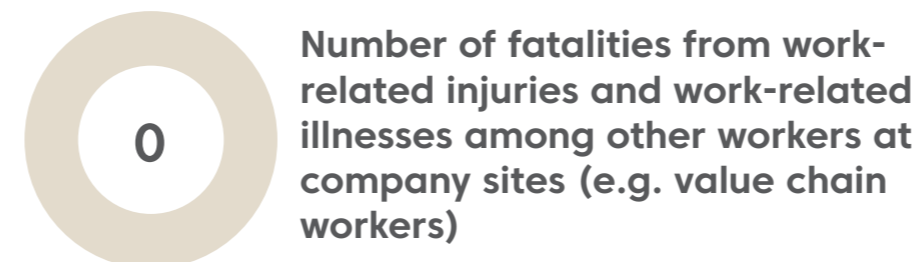
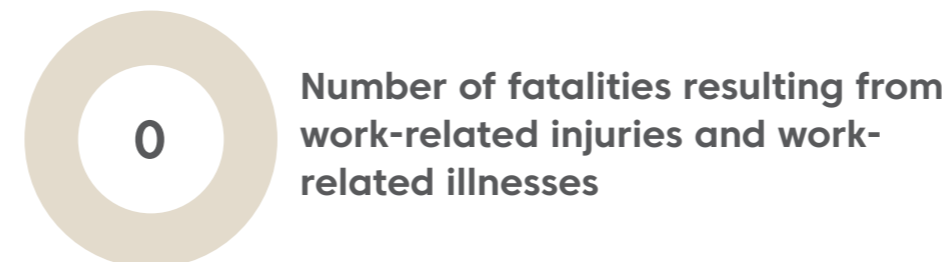
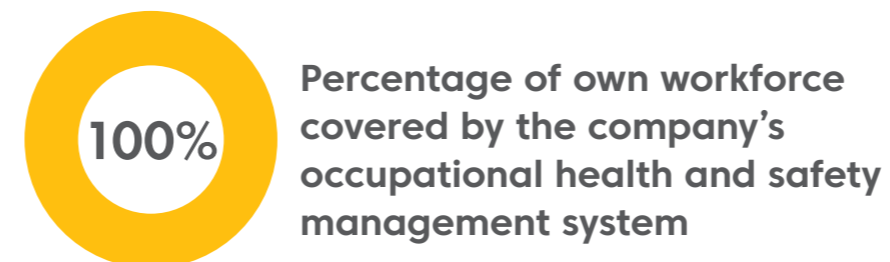
Employee leasing is most commonly used when workers are hired to perform specific tasks. All leased workers are subject to the same conditions as regular employees.

S1-9 Diversity indicators Gender representation by number of employees in top management (board and director team)

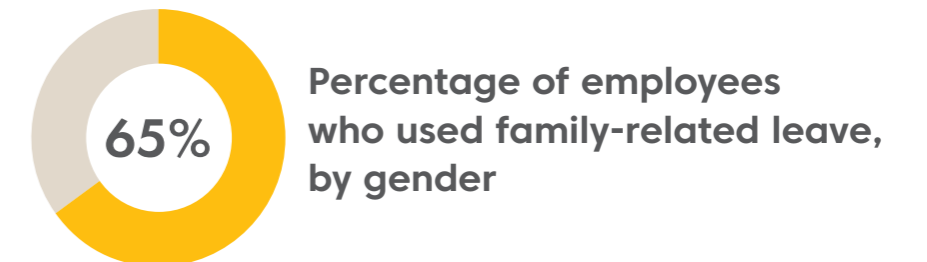
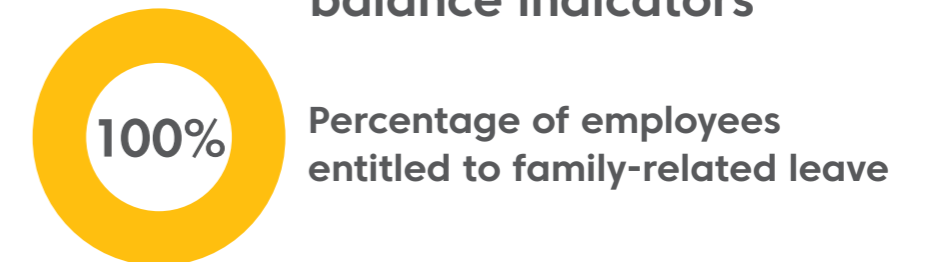
Gender	Number
Man	8
Women	3
Total	11



S1-14 Occupational health and safety indicators



S1-15 Work-life balance indicators



Percentage of employees who used family-related leave, by gender

Of all employees who used family-related leave, **56% were men** and **44% were women**. All employees are entitled to additional family-related leave, including:

- leave on 1 September,
- leave for a child's graduation,
- leave for the employee's own graduation,
- two additional family leave days per year
- leave for marriage.

S4 Patērētāji un tiešie lietotāji

S4.SBM-3 Material impacts on consumers and end users

Through its operations, the company can have a significant impact on its direct customers — food manufacturers, wholesalers, and retailers — as well as on the end consumer

S4 - Consumer safety – food safety

Positive impact

The company ensures high quality and safety standards so that the final product is safe and reliable. In 2024, Balticovo JSC received the international **BRC A+ certification**, which is awarded to manufacturers that demonstrate compliance with the highest food safety and quality standards. In many export markets, BRC certification is a key requirement for starting cooperation.

The company also has a product recall and customer notification system that is regularly tested. However, in 2024, no product recalls were required.

S4 - Consumer social inclusion – access to and affordability of quality products

Positive impact

The company aims to provide high-quality, safe, and affordable products to its customers.

In 2024, around 30% of production was sold in Latvia, while about 70% was exported.

In 2024, global egg prices increased sharply, and in 2025 they reached a historic high. This was mainly driven by the widespread outbreak of avian influenza, which forced many producers to cull flocks, reducing supply and pushing prices up.

These global trends have also affected Balticovo JSC. However, due to its large scale and efficiency, the company can produce eggs at a lower cost than many competitors, allowing it to keep products relatively affordable for consumers.

Material risks and opportunities

Risks

S4 - Access to and affordability of quality products

Egg prices depend on many different factors, some of which are outside the company's control. Geopolitical developments and market conditions can affect prices. For example, a key imported input could become unavailable or need to be replaced with a more expensive alternative, which would inevitably affect the final product price.

Opportunities

S4 - Access to quality information

Balticovo JSC actively educates the public about animal welfare, circular economy, biosecurity, and related topics through factory tours, public seminars and conferences (in Latvia and abroad — Ukraine, Scotland, the UAE), and events organised by partners, educational institutions, and NGOs, as well as through the media. From May to December 2024, Balticovo representatives took part in at least 20 public events to inform the public about these topics.

The company also responds to direct questions, suggestions, and complaints from end consumers.

Balticovo sees public education as a major opportunity. First, by sharing information about healthy diets and ways to prepare eggs, consumers can get more value from the product. Second, by being directly involved in discussions on environmental and animal welfare issues, the company can also explain the producer's perspective on the production cycle and its challenges.

S4-3 Processes to prevent negative impacts and channels for consumers and end users to raise concerns

Product recall

If a product were found to pose a potential risk to consumer health, a recall would be carried out. A clear recall procedure is in place and is regularly tested internally. **In 2024, however, no product recalls were required, which shows a high level of quality control.**

Channels for customer and consumer communication

To understand the views of direct customers — wholesalers, retailers, food manufacturers, and HORECA businesses — customer satisfaction surveys are carried out in Latvia and in export markets. These surveys cover communication with Balticovo staff, product quality, delivery performance, and overall company image, and allow partners to submit suggestions. Surveys can be completed anonymously or with contact details, at the customer's choice.

In parallel, commercial team members maintain direct contact with customer representatives, allowing feedback to be shared informally.

Customers and end consumers can also contact the company via the free feedback phone number 80700007, which is printed on Balticovo product packaging. ●



GOVERNANCE

G1

Business conduct

G1.GOV-1 Roles of administrative, management, and supervisory bodies

The company's administrative, management, and supervisory bodies oversee and manage business practices, including the development and implementation of policies, procedures, and operational actions.

Strong internal controls are in place to ensure compliance with high standards of business conduct. Policies and practices are regularly reviewed to ensure they remain aligned with current requirements and standards.

G1-1 Business conduct policies and corporate culture

Reporting and investigation of unlawful or unethical conduct

The company has established multiple communication channels that allow employees to report concerns about potential unlawful or unethical behaviour, either openly or anonymously. All reports are reviewed and investigated, and corrective action is taken where necessary.

Other stakeholders — including customers, suppliers, business partners, and NGOs — may also raise concerns about potential violations. The specific communication channel and contact person depend on the type of stakeholder (for example, customers may raise concerns through customer surveys or via the commercial department, while suppliers contact the procurement department, etc.).

The company ensures that all reports are investigated promptly, independently, and objectively.

At present, the company does not have a formal anti-corruption or anti-bribery policy aligned with the United Nations Convention against Corruption.

An animal welfare policy has been implemented

Clear animal welfare targets have been set and are being actively implemented.

In the coming years, the company plans to fully phase out cage systems, replacing them with barn and free-range systems. Animal welfare is one of the company's sustainability priorities.

More information about the targets, progress to date, and public education activities can be found in the animal welfare section of the Sustainability Report.

Training on business conduct

The content and frequency of training depend on the employee's position.

In 2024, all employees received training related to high standards of business conduct, including: occupational safety, biosecurity, food safety and quality, hygiene rules, the food safety management system, emergency response procedures, physical, chemical and microbiological risks, and fire safety.

G1-2 Management of relationships with suppliers

Description of policies to prevent late payments, especially towards SMEs

To ensure that all received invoices are paid on time, the company uses a document management system integrated with Microsoft Dynamics 365 Finance & Operations and connected to the banking system. This ensures that payments are processed in a transparent and structured way. Payment terms depend on the

conditions set out in each contract.

Payments are planned and executed twice per week, allowing colleagues to clearly see which payments are scheduled. The payment process is the same for large companies and small and medium-sized enterprises (SMEs).

G1-3 Prevention and Detection of Corruption and Bribery

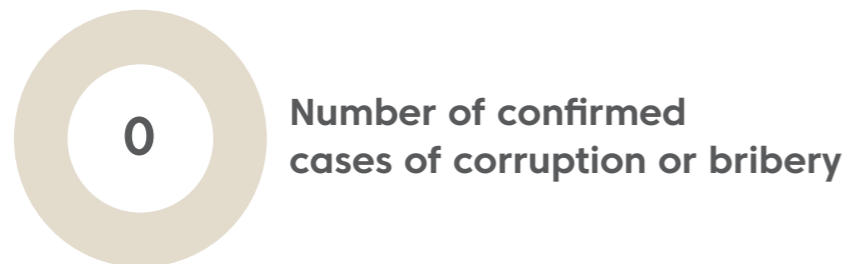
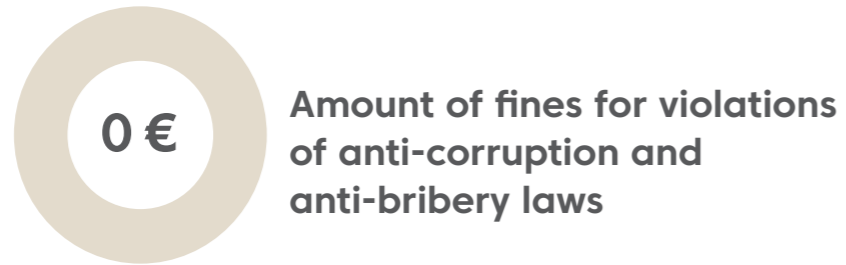
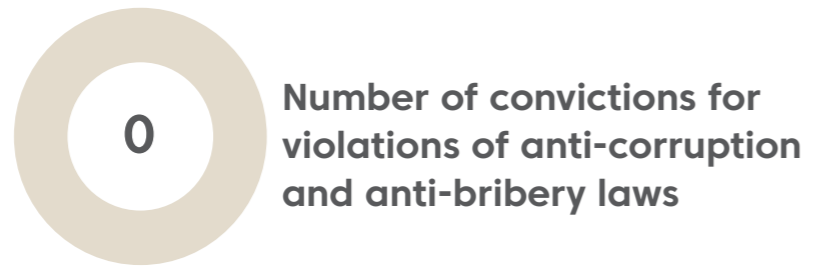
Procedures in place to prevent, detect and address allegations or incidents of corruption or bribery

The company has established multiple communication channels to ensure open dialogue between employees and management. If needed, employees can report suspected misconduct or unethical behaviour either anonymously (via a physical mailbox or anonymous SMS option) or by disclosing their identity (via email or during employee meetings).

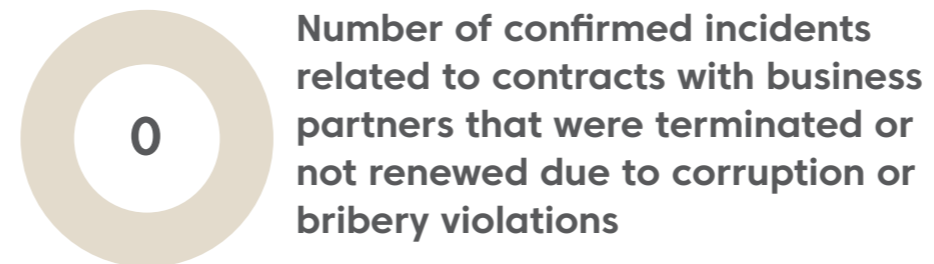
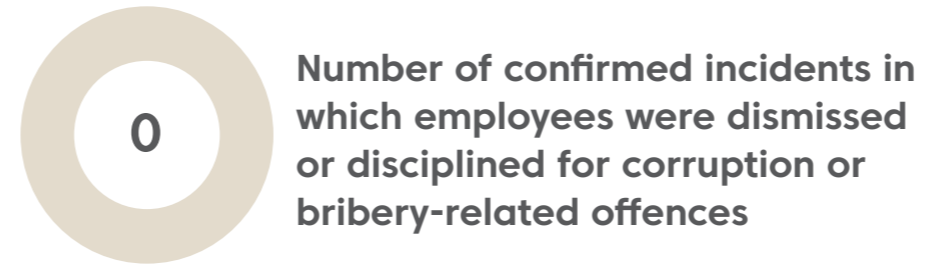
These channels may also be used to report potential cases of corruption, bribery, or related risks.



G1-4 Incidents of Corruption or Bribery



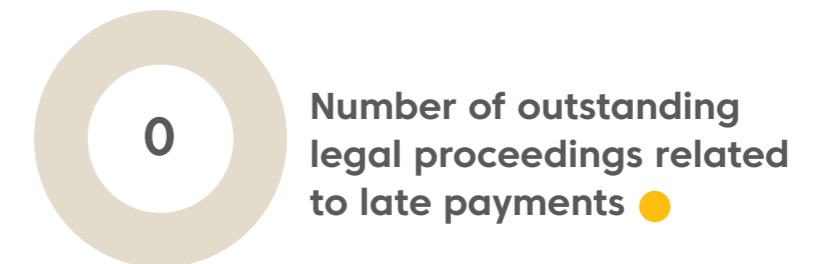
In 2024, A/S Balticovo identified no cases of corruption or bribery. No complaints regarding suspected corruption or bribery were received. There were also no public legal proceedings related to corruption or bribery during the reporting period.



In 2024, no attempts of corruption or bribery were identified. If such a case were to occur, the company would report it to the competent law enforcement authorities and fully cooperate to ensure an independent investigation.

G1-6 Payment Practices

Payment terms depend on contractual conditions. Payments are made in accordance with the deadlines specified in the contract.



COMPANY-SPECIFIC TOPICS

Biosecurity Prevention of infectious diseases

In 2024 and 2025, the spread of avian influenza in Europe and globally has remained very high.

Avian influenza is a particularly serious disease in poultry farming. In case of infection, birds are not treated – the entire flock must be culled. Understanding the severe consequences such an outbreak would cause, Balticovo takes extensive measures to protect its flocks from potential infection. In situations of low or medium risk, standard biosecurity measures are applied. In high-risk situations, enhanced biosecurity measures are implemented. Within the company, this is referred to as the “red regime.” All employees are informed when this regime is activated.

Both employees and visitors must comply with strict biosecurity and hygiene requirements. An enhanced biosecurity action plan has been developed, including specific measures monitored by a designated responsible person.

- Restriction of external vehicle movement within the company territory
- Restriction of visitor movement
- Restriction of employee movement and compliance with biosecurity measures
- Use of disinfection barriers for incoming vehicles
- Footwear disinfection in disinfection barriers at the entrance to each poultry house
- Hand disinfection
- Use of disposable clothing in poultry houses
- Personal hygiene measures
- Insect control
- Rodent control
- Control of wild bird nesting
- Control of migratory birds
- Washing of work clothing
- Order of visiting poultry houses (from the youngest flock to the oldest)

- Cleaning and washing of poultry houses and feed silos after each flock is removed
- Disinfection of poultry houses after each washing
- Disinfection of feed intake silos before placing a new flock
- Disinfection of the drinking system before placing new birds in the poultry house
- Removal of dead birds from poultry houses
- Daily cleaning of poultry houses
- Restriction of wild animal presence in the territory
- Prevention of unauthorized access
- Regular laboratory monitoring in poultry houses
- Monitoring in the feed production unit and transport service to exclude the presence of infectious diseases
- Washing of pallets, separators and packaging after use in VOPC, OPC and the grading facility before delivery to the warehouse
- Employee instruction on biosecurity and hygiene measures.

Neither in 2024 nor in previous years has avian influenza been detected in Balticovo’s territories.

However, avian influenza is not the only infectious disease that poses a risk to laying hens. When chicks are brought into the company’s territory, testing is carried out to detect the possible presence of Salmonella bacteria. **In 2024, one case of Salmonella infection was identified in birds delivered from a hatchery.** In such cases, the entire batch of chicks in which Salmonella is detected must be destroyed to prevent further spread of the pathogen. This was done in 2024.

Infection of healthy chicks with Salmonella within the company is practically impossible. Each chick is vaccinated against salmonellosis, and all previously described biosecurity measures are followed (in 2024 and 2025 mostly under enhanced, or “red regime”, conditions).

Testing of hens and compliance with biosecurity requirements are monitored not only by the company’s employees but also by the Food and Veterinary Service (PVD), which carries out inspections once a year.

Use of antibiotics

There are still stereotypes in part of society regarding the use of antibiotics in poultry farming. In the European Union, antibiotics may be used for laying hens only in specific disease cases and must not be used as a preventive measure.

In Latvia, certain infectious diseases in laying hens may be treated with antibiotics that are included in the official list of veterinary medicinal products approved by the Food and Veterinary Service (PVD) for use in laying hens.

Different antibiotics have different withdrawal periods. During this period, eggs laid by treated hens must not be used for human consumption, as they may contain antibiotic residues. Such eggs must be disposed of.

However, when laying hens are kept under proper housing conditions, with strong biosecurity measures and balanced feed, birds maintain good immunity and health. In such cases, antibiotics are not necessary. **JSC Balticovo has not used antibiotics for at least the past 10 years.**



Animal Welfare

Hen Welfare

Animal welfare is a priority for JSC Balticovo. In 2021, the company decided to gradually phase out cage systems for laying hens. In the coming years, the company plans to fully stop keeping hens in cages. Instead, hens will be kept in cage-free systems – in barns and free-range conditions.

Until 2012, conventional cages were used in the European Union, where each hen had 350 cm² of space. This housing method was banned in the EU. It was not linked to any specific feed requirements. Currently, enriched cages are allowed in the European Union, providing 750 cm² of space per hen. However, JSC Balticovo plans to phase out these cages as well, without waiting for a national or EU-level ban.

At the same time, eggs produced in conventional cages can still be purchased in the EU market, including Latvia, as they are imported from countries outside the EU. EU animal welfare and environmental requirements do not apply to these countries. The packaging of such eggs indicates that they were produced outside EU standards.

Consumers can find reliable information about the laying conditions directly on the egg. Each egg is stamped with a code consisting of letters and numbers. The first digit indicates the housing system of the laying hen. The following letters indicate the country where the egg was laid (Latvia – LV, Lithuania – LT, Estonia – EE, etc.).

- 3** – eggs from caged hens (space per hen – 750 cm²; no outdoor access)
- 2** – barn eggs (space per hen – 1100 cm²; no outdoor access)
- 1** – free-range eggs (space per hen – 1100 cm²; outdoor area at least 4 m² per hen)
- 0** – organic eggs (space per hen – 1660 cm²; outdoor area at least 4 m² per hen)

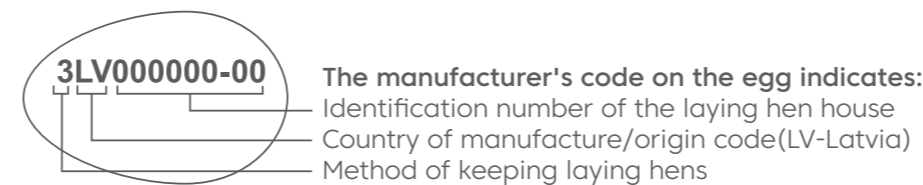
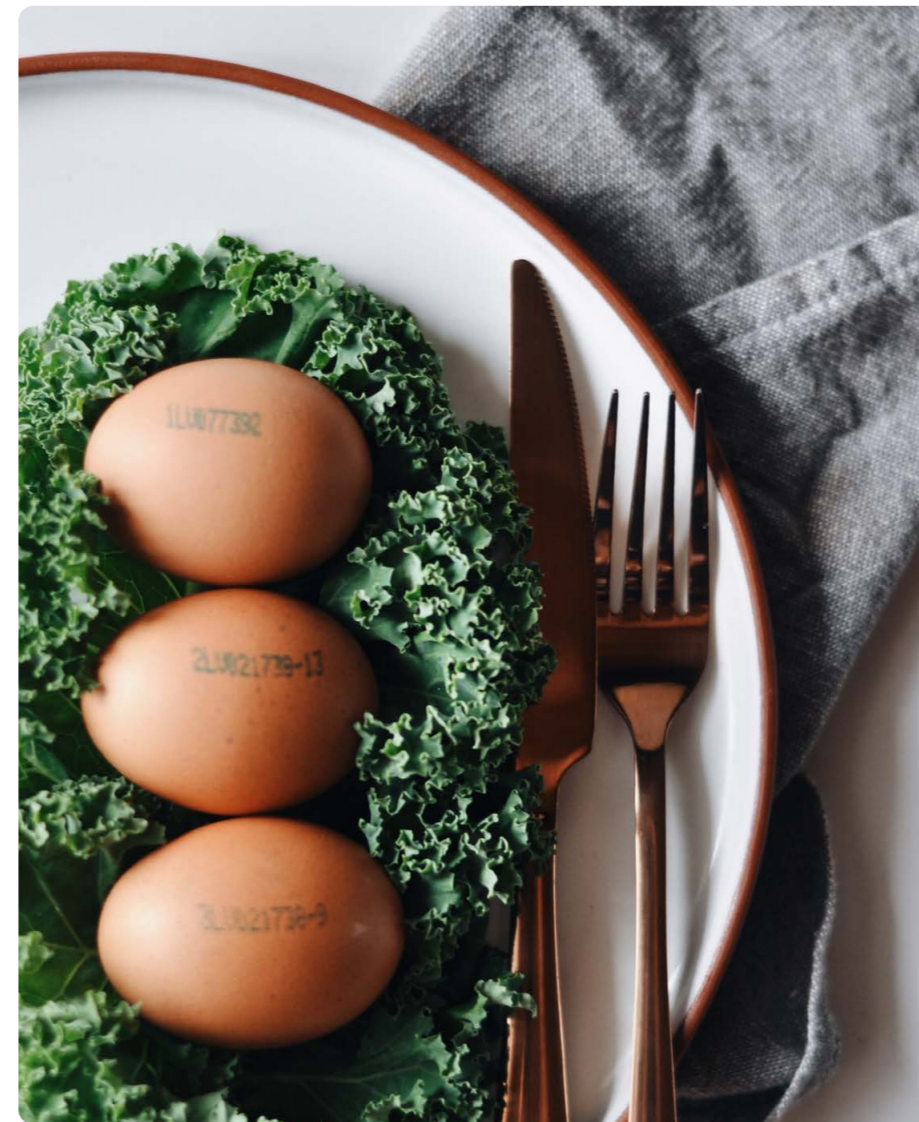
Feed for hens kept in cages and in barns does not differ significantly. Hens kept in free-range systems are fed the same feed; however, in outdoor areas they also consume natural feed available in the environment, such as grasses, seeds, insects and

their larvae, worms, etc.

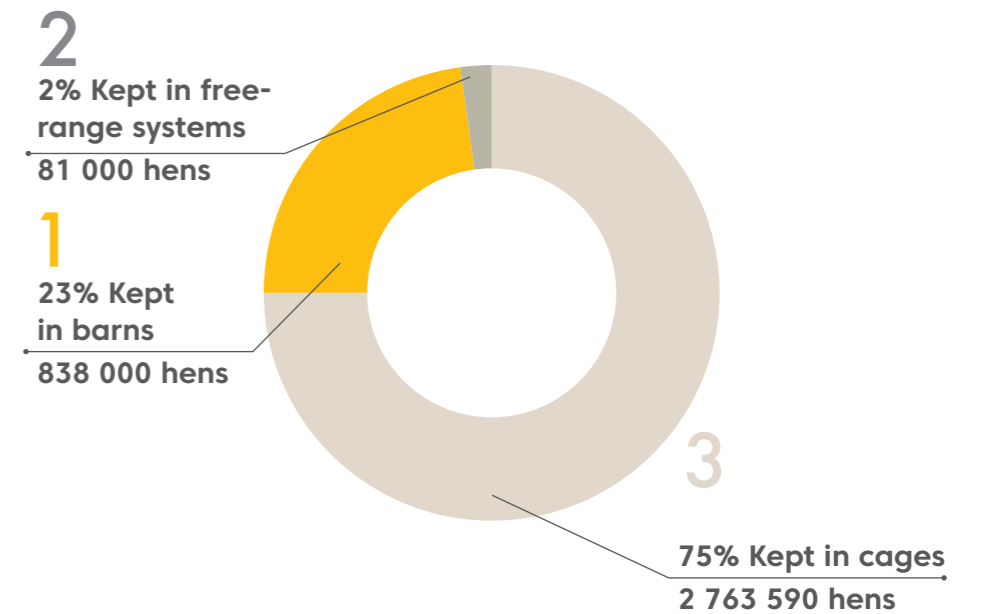
Hens kept under organic conditions are fed organically certified feed. The outdoor area must also be organically certified.

Hen welfare in the company's poultry houses is regularly inspected by the Food and Veterinary Service.

Once a year, the company, including its poultry houses, is also audited by a GMP (Good Manufacturing Practice) auditor who assesses compliance with the standard.

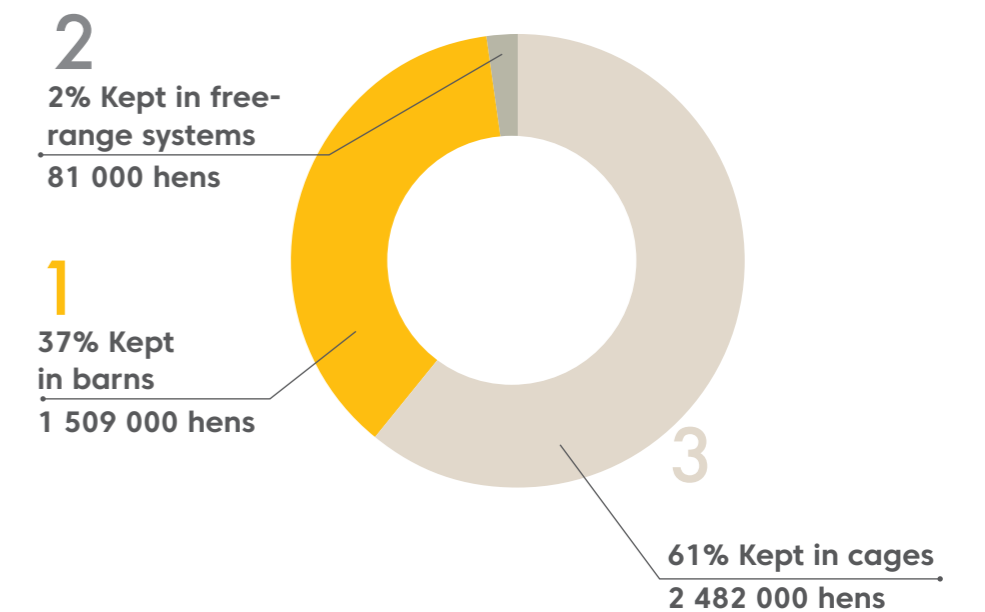


Number of hens by housing type at the end of 2024



Balticovo does not produce organic eggs from its own laying hens but purchases such eggs from local certified organic farmers in Latvia.

Number of hens by housing type in Mid-2024





In 2024 the company sold eggs by type

In 2024, the company sold 486 451 984 eggs from caged hens (3), 143 692 070 barn eggs (2), 16 970 230 free-range eggs (1), and 151 668 organic eggs (0) ●

