



APPROVED

By the Board of AB Grigeo Group on 16 December 2024 (Minutes No 24/14 of the Board meeting of 16 December 2024)

RISK MANAGEMENT POLICY

1. GENERAL PROVISIONS

- 1.1. The Risk Management Policy of AB Grigeo Group (**Grigeo Group** and/or the **Company**) (the **Policy**) sets out the main principles and responsibilities of risk management applied in the companies managed by Grigeo Group, in order to ensure a uniform and common risk management process for the Company.
- 1.2. The Policy applies to the Grigeo Group group of companies consisting of Grigeo Group AB and its subsidiaries, including but not limited to Grigeo Hygiene UAB, Grigeo Tissue UAB, Grigeo Packaging UAB, Grigeo Paper Packaging UAB, Grigeo Baltwood UAB, Grigeo Klaipėda AB, Grigeo Recycling UAB, Grigeo Recycling SIA, AT Mena Pak, Grigeo Tissue Sp. z o. o. and others (hereinafter referred to as the **Group**).
- 1.3. Key terms used in the Policy:
 - 1.3.1. **Risk** – uncertainty arising from unplanned events or circumstances that may affect the Company's/Group's operations, the implementation of the Company's/Group's strategy and the achievement of its objectives. Risks can have both negative (threats) and positive (opportunities) effects.
 - 1.3.2. **Risk management** – continuous and ongoing process to identify, analyse and manage risks, identify and implement risk management measures, monitor the implementation of identified risks and risk management measures, and report on risk management.
 - 1.3.3. **Risk Owner** – the head of a division/department of the Company or other employee who is responsible for identifying and managing the risks within his/her area of responsibility.
 - 1.3.4. **Consequence of risk** – the outcome of an event, the extent of the consequences.
 - 1.3.5. **Risk probability** – probability value indicating how often a risk is likely to occur within a given time period.
 - 1.3.6. **Monitoring** – periodic observation and assessment of risks to indicate deviation from the target and outcome.
 - 1.3.7. **Risk management measures** – set of actions and measures to reduce the likelihood and/or impact of a risk event.

2. GENERAL OBJECTIVES FOR RISK MANAGEMENT

- 2.1. Identify the main risks to the day-to-day running of the business and the achievement of the Company's/Group's business objectives.
- 2.2. Eliminate or reduce the causes, potential adverse effects and likelihood of occurrence of risk events.

- 2.3. Minimise potential losses (financial, reputational, legal liability costs, failure to achieve strategic objectives, suspension of activities or projects, occupational health and safety violations, non-compliance with environmental protection requirements, non-compliance with product safety requirements, etc).
- 2.4. Assist in the management decision-making process of the Company/Group.

3. RISK MANAGEMENT PRINCIPLES AND COMMITMENTS

This Policy is inseparable from the Grigeo Group's mission, vision and strategic objectives. In order to ensure effective risk management, the management of the Company sets the following principles and obligations for itself and all employees of the Group:

- 3.1. **Value creation and preservation principle** – risk management helps to achieve the Company's/Group's strategic and operational objectives, and to help to prepare for, mitigate the likelihood and/or impact of potential unforeseen events that may have negative consequences. Risk management is one of the activities involving information gathering, analysis, decision making and implementation, which not only helps to prevent threats, but also enhances the organisation's ability to adapt to change and to strengthen sustainability.
- 3.2. **Integrity principle** – risk management is an integral part of the Company's/Group's business processes and decisions, ensuring the effectiveness of the Company's/Group's objectives and the rationality and cost-effectiveness of the risk management measures. Risk management is integrated into all aspects of our Company's/Group's operations, including strategic planning, project management and decision-making processes. The principles of risk management are embedded in all functions of the Company/Group and every employee contributes to effective risk management.
- 3.3. **Structured definition and comprehensiveness principle** – we aim to ensure that the risk management process is clearly structured, organised and cover the Company/Group's business areas, and shall be consistently applied from risk identification to implementation of management measures, monitoring, ensuring effective risk management across all the Company's/Group's business areas.
- 3.4. **Continuous improvement and dynamism principle** – the process of identifying, assessing and managing risks is constantly evolving, improving and adapting to changing circumstances to ensure long-term stability and efficiency. The Company/Group companies must continuously monitor, analyse and identify new risks and react quickly to changes in order to ensure effective risk management, and to be prepared to adapt and adjust their risk management tools in response to changing conditions in order to manage both identified and emerging risks.
- 3.5. **Risk-based decision-making principle** – risk management allows for a comprehensive assessment of possible decision options and the best course of action, and enables objective prioritisation of probability and impact. Risk assessment ensures that potential risks are taken into account in decision-making, so that decisions are informed and justified.
- 3.6. **Relevance, reliability and transparency of information principle** – risk management is based on accurate, timely and reliable information based on historical data analysis, continuous monitoring, trends, expert and practical experience. This principle ensures that risks are assessed objectively and that risk management measures are selected that are effective, timely and mitigate the negative consequences of the occurrence of risks.
- 3.7. **Responsibility principle** – means that every employee of the Company/Group is responsible for managing the risks in his/her area of work in order to prevent the occurrence of risks. Accordingly, each risk owner must carry out his/her assigned tasks in a responsible and timely manner, ensuring that risks are properly identified and managed. Risk management is inherent in the day-to-day operations and is integrated into all of the Company's processes.

4. RISK MANAGEMENT PROCESS

The risk management process consists of the following steps:

- 4.1. **Risk identification.** Consistently analyse both the internal and external environment to identify potential threats that may affect the achievement of the Company's/Group's strategic and operational objectives. The Company's/Group's employees involved in the risks identification process to understand the threats and adverse impacts that may occur in operational areas.
- 4.2. **Risk assessment.** Assess the likelihood of identified risks and their potential negative impacts, ensuring a clear understanding of their importance. The risk assessment shall be carried out using

reliable data, including historical records, monitoring results and expert judgements. Risks shall be ranked according to their likelihood of occurrence and the impact of adverse consequences, ensuring that the focus is on the risks with the greatest potential for adverse impact.

- 4.3. **Risk mitigation.** Develop and implement effective risk mitigation strategies and measures to reduce the impact and likelihood of occurrence of high priority risks.. Risk mitigation measures shall be based on the principles of cost-effectiveness and efficiency, ensuring that their implementation is reasonable and cost-effective.
- 4.4. **Risk monitoring and control.** Establish regular processes for monitoring risks and evaluating the effectiveness of risk management measures. Integrate risk monitoring into the day-to-day operations of the Company/Group, ensuring timely response to changing conditions.
- 4.5. **Strengthening risk management communication and culture.** Promote open, transparent and timely communication of risk information within the Company/Group and to stakeholders. Effective risk management is based on the consistent development of a risk management culture that ensures that the Company/Group's employees are aware of the risks that may arise, the means to manage them and are able to put risk management best practice into practice. This helps to foster a responsible and proactive approach to risk management, strengthening the Company's/Group's ability to adapt and respond to potential challenges.

5. FINAL PROVISIONS

- 5.1. This Policy shall be approved and amended by the Board of of the Company.
 - 5.2. This Policy shall be reviewed on an annual basis and updated as necessary.
 - 5.3. The responsibility for drafting and updating the Policy shall rest with the Risk Manager of the Company.
 - 5.4. The Policy shall apply to the extent that it does not conflict with the laws of the Republic of Lithuania and/or other applicable legal acts.
 - 5.5. The Policy or any amendments thereto shall be submitted to the Group companies and published on the Company's web site immediately after their approval by the Company's Board. The responsibility for the publication of the Policy and its amendments shall rest with the Risk Manager of the Company.
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