



KRI-KRI MILK INDUSTRY S.A.

**ENVIRONMENT, SOCIAL RESPONSIBILITY, GOVERNANCE (ESG)
2022**

(TRANSLATION FROM THE GREEK ORIGINAL)

Non-financial factors related to the environment, social responsibility and governance (Environmental, Social, Governance (ESG)) and determine the Company's viability, are published according to the "ESG 2022 Information Disclosure Guide" of the Athens Stock Exchange.

ENVIRONMENT

Scope 1 emissions

ATHEX C-E1

Direct emissions of greenhouse gas (Scope 1) are defined as GHG emissions which derive from sources owned or controlled by the Company. Direct emissions (Scope 1) include the burning of fossil fuels within the Company's premises and the fuel consumption of its fleet vehicles. It does not include the CO₂ emissions which produced by the combustion of biogas (biogenic sources).

	2022	2021	μεταβ.
Tons of equivalent CO ₂ (tCO ₂ e)	5.209,1	5.857,1	(11,1%)
Intensity *	39,5	56,3	(29,8%)

* tCO₂e/1000tn pasteurized product

The decrease in the intensity of direct gas emissions by 29.8% is due to the Company's energy saving actions and to the reduction of natural gas supply as a result of the biogas production. (see ATHEX A-E2).

The below table shows the direct emissions (Scope 1) from the combustion of biogas (biogenic sources) in both the steam boiler and the cogeneration engine.

	2022	2021
Τόνοι ισοδύναμου CO ₂ (tCO ₂ e)	2.738,6	0

To calculate the direct emissions of greenhouse gases we used a tool called "GHG Emissions Calculation Tool_0" of GHG protocol.

Scope 2 emissions

ATHEX C-E2

Indirect GHG emissions (Scope 2) are defined as GHG emissions resulting from the production of purchased electricity consumed by the Company.

	2022	2021*	μεταβ.
Tons of equivalent CO ₂ (tCO ₂ e)	9.040,0	8.864,2	2,0%
Intensity *	68,6	78,5	(12,6%)

* tCO₂e/1000tn pasteurized product

The decrease in the intensity of indirect gas emissions by 12.6% is due to the Company's energy efficiency. The energy efficiency was achieved through targeted actions which implemented in 2022 and resulted to the Company's reduction of energy needs. Two of those actions were the optimization of the use of cooling equipment and the lighting efficiency.

*To calculate the indirect emissions of greenhouse gases for 2021 and 2022 we used the energy residual mix report published by the Renewable Energy Sources Operator & Guarantees of Origin (DAPEEP SA) in July 2022.

Energy consumption and production

ATHEX C-E3

The amount of energy consumed is defined as the total consumption of energy purchased or produced by the company itself from renewable and non-renewable sources.

The table below shows the amount of energy consumed, the percentage of electricity consumed, the percentage of electricity consumed that produced by renewable sources, the total energy production and the percentage of energy produced by renewable sources.

	2022	2021	μεταβ.
MWh of energy consumed	59.960,6	49.536,2	21,0%
% electric power consumed	38%	44%	
% electric power consumed by Renewable sources	23%	0%	
MWh of produced energy	11.242,4	0	
% electric power produced by Renewable sources	100%	0%	

Climate change risks and opportunities

ATHEX A-E2

We recognize that climate change poses significant risks in the future, which could affect our operations, if the Company does not adequately address them.

Below are the main categories of the climate risks that our Company may face, with an impact on our financial results or our supply chain, as well as the actions that will be taken to turn business risk into an opportunity.

Transition risks

Transition risks are associated with a company's transition to a low carbon economy.

A) Policy actions to limit greenhouse gas emission activities

- Risks:
 - Increase in energy costs
 - Imposition of taxes based on the amount of CO₂ emissions
- Opportunities - Business Change:
 - Complete recording and analysis of the energy profile of our facilities to find opportunities for energy savings and increase energy efficiency
 - Electricity generation through RES. In 2022 we launched the anaerobic treatment of our Company's wastewater and by-products, through which biogas is produced. 1,278,000

Nm3 of that produced biogas was used to replace natural gas and to the production of steam, while 522,533 Nm3 used to the 998kW electricity and heat cogeneration unit (CHP).

- We have already constructed a new photovoltaic station of 1MW power. That station is installed on the roofs of our buildings and its operation started in early 2023. Furthermore, we are in the process of receiving approval for an additional 2MW power photovoltaic station.

- Conversion investigation of our trucks, with dual diesel / LPG system, in order to reduce oil consumption while reducing CO₂ emissions.

B) Policy actions to limit the use of plastic

- Risks:

- Increase the cost of packaging materials

- Imposition of packaging tax

- Opportunities - Business Change:

- Reduction of weight of plastic packaging. We have already taken actions to reduce the weight of packaging materials (See [ATHEX SS-E5](#)).

- Replacement of part of the virgin plastic with a corresponding recycled one. We are in the phase of extended pilot tests with our partners - suppliers.

C) Change in the habits of consumers and the products they buy

- Risks:

- Decrease in sales

- Opportunities - Business Change:

- Investigate the change of packaging with corresponding ones that will contribute less to the greenhouse effect.

- Investigation of product characterization as climate neutral.

Physical hazards

Physical hazards are related to the immediate material damage of a company's assets or the disruption of its supply chain.

A) Extreme weather events - floods

- Risks:

- Destruction of our property

- Opportunities - Business Change:

- Our facilities are designed and manufactured to the highest quality standards, adequately addressing the risk of extreme weather events. At the same time we have developed and are constantly updating the emergency response system

B) Access to natural resources

- Risks:

- Lack of water for use in the production process

- Opportunities - Business Change:

- The Company is supplied with water through three boreholes which are located in different parts within our facilities so that we can spread out the risk of lacking water. At the same time, we are constantly analysing their characteristics, such as their supply, their physico-chemical and microbiological characteristics, so that any variation can be detected on time and avoid any damage. Coordinated efforts are made to better manage water, save it, and reuse it where possible. In this direction we have already made a partial reuse of the water resulting from the stages of automatic washing through CIP (Clean in Place) of our equipment.

Waste management

[ATHEX A-E3](#)

Waste management is defined as the collection, transport, disposal or recycling and monitoring of waste.

	<u>2022</u>	<u>2021</u>
Tons of hazardous waste	47	27
Tons of non-hazardous waste	47.970	32.394

Waste treatment:

	<u>2022</u>	<u>2021</u>
Biogas recycling or production	99,7%	99,6%
Waste management - composting	1,4%	0,0%
Landfill	0,3%	0,4%

Environmental impact of packaging

[ATHEX SS-E5](#)

The environmental impact of packaging is defined as the impact caused by the disposal of packaging materials in the environment.

The packaging of our products is very important because we must:

- ensure all rules of hygiene & food safety and consumer protection, and

- at the same time, it should be environmentally friendly.

In the direction of sustainability and minimization of the negative effects on the environment, our Company has taken the following actions:

- Weight reduction of plastic packaging in order to reduce the use of raw material.

- Change of production method of plastic baby yogurt cup packaging from the injection method to the thermoforming method.

- Redesign the packaging of the cups in order to replace the flexible product (sleeve) with printing directly on the cup (offset printing).

The above actions resulted to the reduction of the use of PP plastic by 247 tons in 2022, which led to the reduction of our CO₂e emissions into the atmosphere by 703 tons¹.

At the same time, we constantly increase the use of cartons and paper trays made from recycled material. More specifically, the percentage of recycled material in our paper packaging ranges from 74% to 100%.

Our company in cooperation with our suppliers conducts a series of pilot projects aiming to:

- replace the parts of the plastic raw material with recycled ones,

- replace the non-recyclable composite laminates with recyclable materials

¹ To calculate the CO₂ equivalent emissions we get the value of 2.85 kg CO₂ eq. / kg PP resulting from the production and formulation of the plastic.

SOCIAL RESPONSIBILITY

Stakeholder engagement

ATHEX C-S1

Stakeholder participation is defined as the process of communicating, consulting and interacting with stakeholders.

In our company, establishing a dialogue with our stakeholders is of the utmost importance, as it helps us to operate more effectively, to understand market conditions and to mitigate potential risks. We recognize as interested parties of the company, those who influence and are significantly affected by our activities. In this context, the company maps the groups of stakeholders that influence with its decisions its ability to implement its strategy and achieve its goals, and on an annual basis validates and prioritizes them, while monitoring and improving methods of communication and consultation with them. At the same time, it records the basic needs and expectations of the stakeholders, as they arise from their daily business operation, through the existing channels of communication and consultation with them (eg telephone or electronic communication, etc.).

Shareholders

Type of communication:

- Electronics
- Telephone

- Corporate presentations

Key topics of interest:

- Financial performance

- Sustainability, ESG

Employees

Type of communication:

- Electronics

- Telephone

- Live communication

- Complaints box

Key topics of interest:

- Health and safety of workers

- Employment, training and development of employees

- Responsible corporate governance

- Financial performance

Customers

Type of communication:

- Electronics

- Telephone

- Live communication

Key topics of interest:

- Raw materials and packaging materials

- Sustainability, ESG

- Responsible corporate governance

Consumers

Type of communication:

- Electronics

- Telephone

Key topics of interest:

- Consumer health and safety

- Raw materials and packaging materials

- Sustainability, ESG

State and local authorities

Type of communication:

- Electronics

- Telephone

- Live communication

Key topics of interest:

- Consumer health and safety

- Health and safety of workers
- Employment, training and development of employees
- Responsible corporate governance

Local and wider society

Type of communication:

- Electronics
- Telephone
- Live communication

Key topics of interest:

- Health and safety of workers
- Financial performance
- Employment, training and development of employees
- Responsible corporate governance

Percentage of female employees

ATHEX C-S2

The number of female employees in the company is defined as the total number of women according to the personnel register.

	2022	2021
% women	18,4%	17,1%

Percentage of women in managerial positions

ATHEX C-S3

The number of women in management positions is defined as the number of female employees who are in the 10% of the employees with the highest total salary.

	2022	2021
% women	10,9%	13,6%

Employee turnover

ATHEX C-S4

Personnel mobility indicators refer to the indicators of voluntary and involuntary mobility that result from the departure of employees from a company.

	2022	2021
% voluntary departures	8,4%	4,7%
% involuntary departures	0,6%	4,5%

Human rights policy

ATHEX C-S6

Human rights policy is an official document of a company that describes a company's practices and commitment to respecting internationally recognized human rights standards.

The Company has established and implements a code of ethics regarding human rights. This ensures equal opportunities and the fight against discrimination. More

specifically, the selection, appointment and remuneration of all employees is based on their qualifications and suitability for the job to be performed and not on the basis of race, religion, ethnicity, nationality, color, gender, age, nationality, sexual preferences, marital status, physical disability, or any other characteristics. It also prohibits sexual or other forms of harassment of its employees by anyone in the workplace. The Code of Conduct also includes the Company's commitment to child labor.

The Company encourages the reporting of cases of human rights violations, as well as complaints of any other nature that may arise in the work environment, through the complaint boxes that have been placed on the premises of its facilities.

Percentage of employees covered by collective bargaining agreements

ATHEX C-S7

Collective bargaining is defined as the process of negotiation between employers and trade unions regarding terms and conditions of employment, such as wages, benefits, safe working conditions and freedom of the association. The Company's active employees are not covered by any collective bargaining agreements.

Total amount of monetary expenditure on employee training

ATHEX A-S2

Employee training is defined as the training of employees through formal training programs that aim to increase or enhance the technical skills, knowledge, efficiency, and value that employees create for the company itself.

The training provided to employees focuses on both their current role, ie the immediate needs of the company, and their future development. The strategy followed concerns the provision of equal training opportunities to employees aiming at their adaptation to the changing working conditions, the general development of their personality and the cultivation of their leadership skills.

The Company follows the following methods related to the implementation of the trainings: Induction, On the job training, training outside and inside work, Coaching, Mentoring, University Programs / postgraduate, as well as through rotation of jobs (Rotation). The cost of training from external partners amounted to:

	2022	2021
Training costs (€)	45.078	45.428

Percentage of difference between male and female earnings

ATHEX A-S3

The wage difference between the sexes is defined as the difference between the average wage of women and men, calculated as a percentage of men's wages.

	2022	2021
% gender pay gap	14,5%	12,6%

CEO pay ratio - Ratio of CEO to median employee earnings

ATHEX A-S4

CEO-to-worker pay ratio is defined as the ratio between the annual compensation of the Company's CEO and the median value of the annual compensation of the Company's employees.

	2022	2021
CEO's Annual Compensation	383.207	383.207
CEO to median employee earnings	25,6	25,9

It should be noted that in our case, the median annual income per employee is affected by the employment of seasonal staff.

Product quality and safety

ATHEX SS-S1

Product quality and safety refers to the procedures for monitoring and mitigating unintended risks to the health or safety of a product to end users. Revocations, commonly used to address quality and safety, are the process of recovering a product from a customer due to malfunction and deformation problems, providing some sort of compensation.

A strategic choice, but also a commitment, is the production and distribution of dairy products of exceptional quality. This is achieved through continuous investments in specialized scientific staff, in technology and new production lines as well as in strict controls.

To achieve the above objectives, we have developed, implemented and have been certified by the competent bodies for the Quality Assurance System, according to the ISO 9001: 2015 standard, for the Food Safety Management System according to the ISO 22000: 2018 standards, BRC issue 8 and IFS version 7 which are based on the principles of HACCP (hazard analysis at critical control points), for all production lines so as to fully ensure the hygiene, safety and quality of our products. Also, the BRC & FDF Technical Standard that we apply certifies the supply of milk from farms that do not use feed from or that contain genetically modified microorganisms for animal feed.

We implement procedures for maintaining a Quality Management System, including:

- Control of Suppliers and Raw Materials
- Microbiological analysis.
- Water analysis.
- Risk analysis.
- Contamination of the product.

- Carrying out internal inspections.
- Allergen Management Procedures.
- Product recall procedures.
- Internal and external conditions of the facilities.
- Implementation of security measures.
- Application of cleaning standards and procedures.
- Regular equipment maintenance.
- Controlled transport and distribution of products.
- Systematic training of employees.

The following table presents quantitative data of product recall cases:

	2022	2021
Product recalls (number)	0	0

GOVERNANCE

Board composition

ATHEX C-G1

The Board of Directors (BoD) is the elected committee in a company that represents the shareholders of the company and consists of high-ranking executives. The composition of the Board of Directors is defined as the structure of the members of the Board. (ie, skills and qualifications, independence, diversity, etc.).

In section XII. CORPORATE GOVERNANCE, par. (G) and (j) of the Annual Financial Report 2022 the composition and mode of operation of the Board of Directors are mentioned and the CVs of its members are listed.

The following table presents quantitative data on the composition of the Board of Directors:

	2022	2021
% women	16,7%	16,7%
% non executive members	66,7%	66,7%
% independent non executive memmbers	33,3%	33,3%

Sustainability oversight

ATHEX C-G2

The supervision of sustainable development is defined as the process by which the Board of Directors (BoD) oversees the issues of sustainable development of the company at the level of board committee or by which the issues of sustainable development of the company are discussed with the Management during meetings. of the Board.

For the most effective exercise of sustainability issues, the Company intends to train the existing members of its Board

of Directors regarding ESG issues, by the middle of the fiscal year 2023.

Furthermore, the Company intends, within the fiscal year 2022, to establish a special Committee with responsibilities: a) the assessment of the materiality of the various ESG factors, b) the shaping of the content of the Company Sustainability Policy and c) the monitoring and coordination of all ESG actions.

Materiality

ATHEX C-G3

Materiality is defined as the importance of certain issues in relation to their impact on both the financial and non-financial performance of a company. Impact is defined as the impact that an organization has or could have on the economy, the environment and people, as a result of the organization's activities or business relationships. Substantive evaluation is the process by which an organization identifies 'substantive' issues that can add long-term value to its business and that also reflect its significant economic, environmental and social impact. These issues are reasonably likely to affect the decision-making processes of investors and stakeholders.

The Company recognizes the economic, social and environmental aspects of its activities which relate to the needs and expectations of its stakeholders, but also to the wider effects to the economy, society and the natural environment.

Our Company established an ESG committee which is responsible for the integration of ESG criteria in all of our organization's activities, the assessment of double materiality, and the formulation of the goals and plans necessary for the implementation of the Company's sustainable development strategy.

The dual materiality analysis, which is in line with the European Sustainability Reporting Directive (CSRD), takes into account both the impact of the Company's activity on the environment, society and the economy, as well as the impact of the environment, society and economy, on the sustainability and on the continuous development of our Company.

Dual materiality was conducted through a three-phase framework

1) Recognition of relevant issues of sustainable development

In the first stage of the analysis, the company will take into account the Stakeholder Participation Principle and the GRI Principle of Sustainable Development Framework and will identify issues related to the activities and needs and expectations of its stakeholders, which emerged, inter alia, from the following review work:

- The Principle of the Sustainable Development Framework of the GRI Standards.

- The regulation 2020/852 of the Classification of the European Union

- Internal documents relating to policies, procedures, strategy and results of ongoing stakeholder consultation.

- The reports of sustainable development of similar companies.

- The sectoral versions of the GRI organization for consumer products.

- The 17 Sustainable Development Goals of the United Nations Organization (UN SDGs)

The issues that will be recognized potential impacts of the company on sustainable development are the following:

A) Environment

- Climate Change

- Packaging and Water management

- Food loss and food waste

- Water

B) Society

- Diversity & Inclusion

- Employee security, health, safety, & wellness

- Product safety and quality

- Sustainable farming, fair relationships and pricing with farmers, farmer development

- Responsible procurement and supply chain management

- Responsible marketing

- Healthy foods / Action on public health issues through portfolio

- Affordable food

- Local community engagement

C) Governance

- Business integrity - ethics Transparent & accountable business

- Corporate advocacy on public policy, stakeholder engagement and partnerships

- Safeguarding data

- Investments, Innovative business models / Competitiveness and productivity

- Attractive employer / Talent attraction, retention and growth

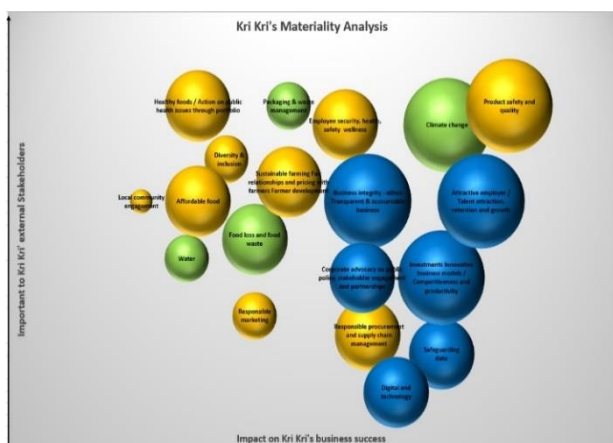
2) Prioritization of issues

In the second stage of the analysis, the prioritization of these issues was carried out based on the Principle of Materiality of the GRI Standards.

3) Validation of results

At the last stage of the analysis, taking into account the Principle of Completeness and the Principle of Stakeholder Participation of the GRI Standards, the results of the ranking stage were validated by the Company's Board of Directors.

The chart below shows the essential issues, the ranking of the impact of each of them on the business success of our company, the ranking of the importance of each of them for the stakeholders of our company, as well as the size of the impact of each of these to the sustainability and continuous development of our company. Essential issues related to the environment are shown in green, those related to society in yellow, and those related to governance in blue. The size of the bubble captures the impact of the respective substantive issue on the viability of our company.



Business ethics policy

ATHEX C-G5

A business ethics policy is an official company document that describes the practices and fundamental principles of business ethics (eg, the fight against corruption, bribery, anti-competitive behavior, etc.) that a company adopts and adopts in order to to conduct its activities in an ethical and honest manner.

The Code of Ethics of the Company, together with the rules of corporate governance and the policies that are applied, define the framework of its business operation.

The Code is based on the 10 principles of the UN Global Compact, which aims to align business with the 10 universally accepted principles in the areas of human rights, working conditions, the environment and the fight against corruption. . In addition to the Company Code of Ethics, the Guidelines of the ETI (Ethical Trading Initiative) and the requirements of SEDEX, where our company has been a

member for many years, have been taken into account. Sedex is an international business platform that aims at transparency in the supply chain and covers four areas: work, health and safety, business ethics and environment. As part of this commitment, we participate in annual SMETA unannounced independent audits, share results with our partners, and work systematically to implement any new requirements.

The Code of Ethics and the related procedures and measures apply to all employees, employees, executives, and the top management of the Company.

We also encourage our subcontractors, suppliers, partners, consultants and other business partners to respect the principles of the UN Global Compact and to adopt the principles contained in our Company Code of Conduct.

The company Code of Conduct covers the following sections:

- General for the Company
- Protection of Personal Data
- Offense Behaviour Reporting Policy
- Anti-Bribery Policy
- Against Violence & Harassment
- Human Rights Protection Policy
- Gender Equality Policy - Equal Opportunities
- Healthy Competition Policy

Data security policy

ATHEX C-G6

The data security policy is an official document of the company that describes its practices and commitments to ensure the integrity and security of its data and that of its customers.

The Company's Security Policy follows the ISO / IEC 27001: 2013 standard. The purpose of the Policy is to identify the obligations of the company and to demonstrate its compliance with the legal and regulatory framework regarding the safeguarding of managed information and related data. Its validity is universal, ie it applies to all staff as well as to all external partners.

The main safety axes are the following:

- Organization of information security
- Security of human resource

Business Ethics Violation

ATHEX A-G2

Business ethics violations are defined as violations that take place in a company in relation to business ethics issues, such as price fixing agreements, conduct that distorts competition, and cases of corruption and bribery.

There has been no incident of violation of business ethics, and therefore no financial burden on the Company for this reason.

Monetary damages from violations of business ethics may be due to collusive activities, price fixing agreements, antitrust activities, cases of fraud, acts of persons in possession of confidential information, conduct that constitutes a distortion of competition, activities of manipulation of market, unfair practices, cases of corruption and bribery.