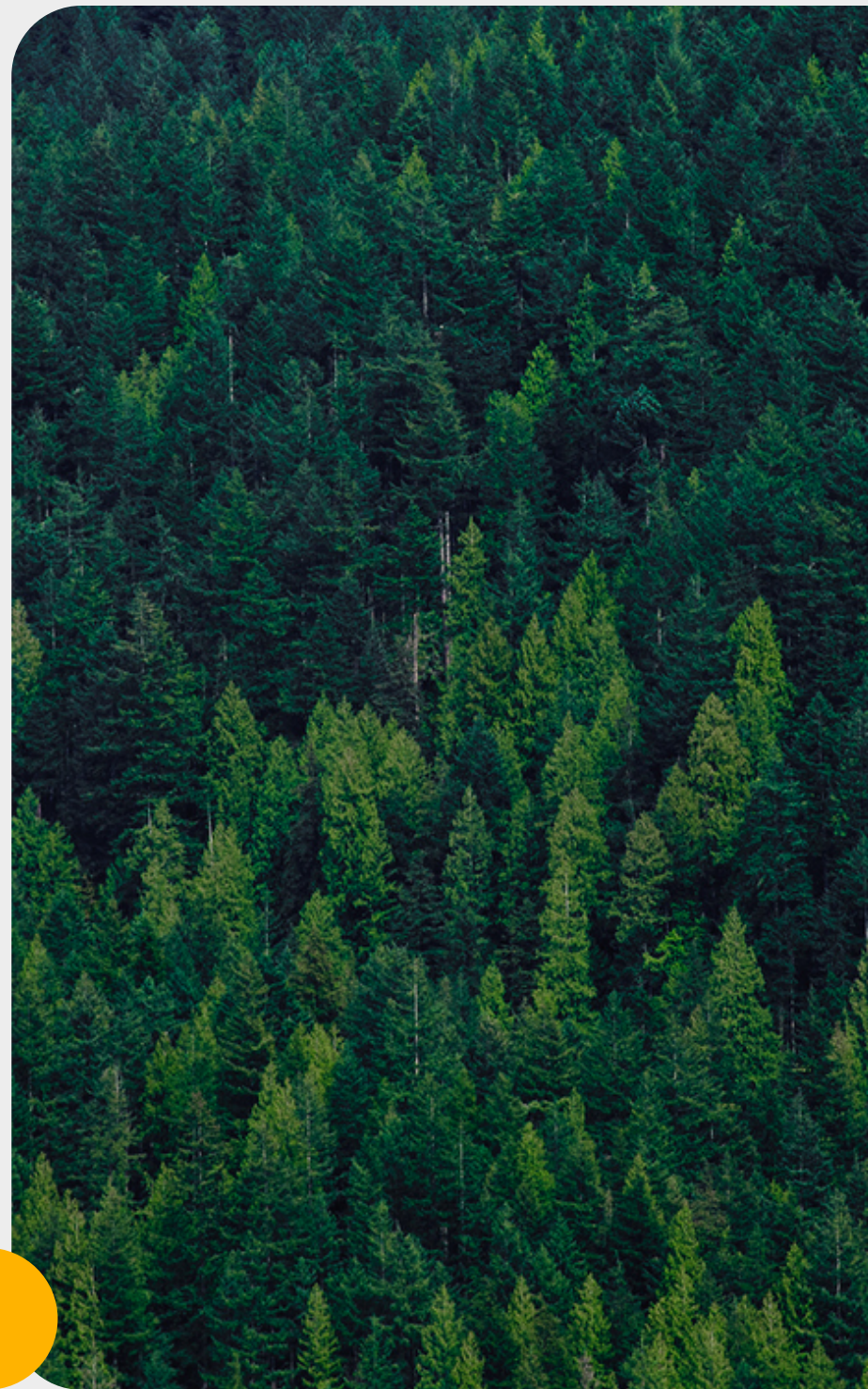
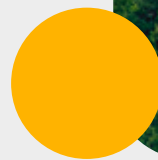


# **SUSTAINABILITY REPORT ACCORDING TO GRI STANDARDS**

## **2022**





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# CEO letter

*Dear customers, partners and all stakeholders,*

*In recent years, we have lived in a particularly challenging world. The war in Ukraine, initiated by Russia, which has shaken the whole of the free Western world and triggered a global energy crisis, has shown that phasing out fossil fuels for energy production in favour of local renewable energy sources is the right way to achieve a sustainable and secure energy supply.*

*In 2022, Kauno energija, AB not only ensured a reliable and sustainable supply of vital heat and hot water to Kaunas city, Kaunas district and Jurbarkas, but also consistently continued and launched new projects, which allow to produce and supply heat more efficiently, to reduce the use of fossil fuels and to reach even more new consumers. The continuity of activities is recorded in the approved new Kauno energija, AB Strategy until 2026.*

*The city's heat reaches 123,000 Kauno energija, AB consumers through 450-kilometre-long district heating network. Our heat is supplied in line with the EU Green Deal, with up to 90% of our heat supplied from renewable energy sources (RES) - biomass and waste. This has led to a reduction of 240,396.7 tonnes of CO<sub>2</sub> emissions.*

*Following one of the largest district heat network expansion projects in the country's history, we have connected new areas of the city - Aleksotas, as well as Sargėnai - to the city's common district heating network. Until now, consumers in these districts have been supplied with heat from the local boiler houses of Kauno energija, AB. In the coming years, the consumption of natural gas in the total balance of energy resources used for heat production in Kaunas city will decrease up to 5%, and the long-term goal of the Company is to completely eliminate natural gas usage. We also brought the city's heating network to the Kaunas Free Economic Zone.*

*We reconstructed over 12 km of old district heating network pipes in Šilainiai, Žaliakalnis, Dainava and Eiguliai districts. We replaced them with polyurethane-insulated pipes that will last at least 30 years and reduce heat losses by up to 40%.*

*We have consistently implemented our goal to supply 100% of the electricity needed for heat production and supply within the next three years - we have installed solar power plants on the roofs of Kauno energija, AB boiler houses, and we have continued the preparatory work for the installation of ORC power plants. This will not only allow the use of environmentally friendly green electricity, but also save €1.5-2 million per year and reduce the cost of heat for consumers.*

*We continued to develop LoRa, the innovative IoT network that covers Kaunas, by installing smart hot water meters with remote reading system. Businesses tested the network's potential.*

*In order to optimise and improve the efficiency of the Company's operations, we have adopted a new organisational management structure, implemented an integrated quality, environmental and occupational health and safety management system in compliance with the international requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. These international standards encourage the Company to adopt a process-based approach, to strengthen environmental protection and pollution prevention, and to promote good occupational health and safety practices, while balancing social and economic needs. The effectiveness of the implemented management system was evaluated during the audit carried out by an independent third-party certification body TÜV Thüringen company TÜV UOLEKTIS in Lithuania.*

*We actively participated in RenOnBill, an international project promoting complex renovation of apartment buildings and energy savings. We have completed a project that has been recognised at the EU Sustainable Energy Awards by creating a digital tool to calculate the energy savings and payback for a specific building after a small or complex renovation.*

*In order to educate the public, to provide more reliable information and analyses on district heating, energy saving opportunities and sustainability, we have been working with national and regional media outlets and disseminating information on social networks.*

*Timely investments in heat production and supply, efficiency of the organisation's activities, transparent information to the public and business about the Company's activities and strategic goals allow Kauno energija, AB to be one of the leading energy sector companies in Lithuania and to sustainably supply green heat at the lowest prices.*

*By submitting this Sustainability report according to GRI standards 2022, we commit ourselves to continue to introduce new technologies, improve the quality of our services and reduce environmental pollution, thus contributing to the company's progress.*

CEO of Kauno energija, AB  
**Tomas Garasimavičius**



# About this report

This Sustainability Report in accordance with the Global Reporting Initiative (GRI) standards (hereinafter - the Report) is a part of the annual social responsibility report prepared by Kauno energija, AB (hereinafter - the Company), operating in Lithuania at Raudondvario rd. 84, Kaunas, LT- 47179. This Report is published in June 2023 for the period from 1 January to 31 December 2022 and should be read in conjunction with the Company's Consolidated Annual Report.

The report is prepared in accordance with the 2021 update of the GRI Standards, providing information on the Company's performance in the economic (governance), environmental and social areas. Most of the information provided in the Report covers the activities of the Group's parent company Kauno energija, AB, which represent the largest and most significant part of the environmental and social impacts. However, some sections (referred to later in this Report) also include information from the subsidiary GO Energy LT, UAB.

The report addresses the Company's compliance with mandatory GRI standards. The GRI standards are divided into 3 distinct parts: General Disclosures (GRI 2), Material Topics (GRI 3) and Topic Specific Standards (GRI 200, 300 and 400).

Only the most significant (material) topics are presented in detail in the review of the Company's compliance with the Topic Specific Standards. In individual cases where the assessment requires additional information, references are made to publicly available information. These links also refer to other documents produced by the Company, such as the Annual Report or the full set of financial statements. Some topics are only partially disclosed, but in accordance with GRI 1: Foundation (2021) Requirement 6 "Reasons for omission", this is permitted when reasons for only partial disclosure of the information are provided.

The purpose of this Report is to inform stakeholders - customers (consumers), shareholders, investors, employees, suppliers, business and social partners and the public - about the Company's corporate (other than financial) responsibility. This Sustainability Report has been prepared as a stand-alone report in accordance with GRI standards.

This Report has been prepared by an external firm selected following an open and transparent public procurement procedures. The Report uses information from the audited financial statements and the Annual Report. The quality assurance of this

GRI Standards Report is limited to compliance with the GRI Standards guidelines. However, the Consolidated and the Company's 2022 set of financial statements prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union, presented together with the Consolidated Annual Report (on the basis of which this GRI Standards Report has been prepared), have been submitted to and approved by the Company's Management Board and considered and adopted by the Supervisory Board, which act in the interest of the Company and its Shareholders.

Please note that this Report is based on an updated and substantially revised version of the GRI Universal Standards. This means that the format and content of the Report has changed significantly compared to previous reporting period 2021. The data presented in the report have not been corrected.

In this Report, the term "social responsibility" is used synonymously with "sustainability".

**Questions or feedback about this Report and the social responsibility activities of Kauno energija, AB are welcome at the following contacts:**

**E-mail:** [info@kaunoenergija.lt](mailto:info@kaunoenergija.lt)

**Phone:** +370 800 11 011

**Address:** Raudondvario rd. 84, 47179 Kaunas, Lietuva.



# About the Company

The Company's activities include district heating, hot water supply, district cooling, heating substation maintenance in Kaunas city, Kaunas district and Jurbarkas.

The Company supplies heat energy to 4,026 companies and organisations and 119,301 households, a total of 123,327 consumers. In accordance with the legislation, the Company purchases heat energy from independent heat producers operating in Kaunas city and Kaunas district. In 2022, heat energy was purchased from 12 independent heat producers:

- Kauno termofikacijos elektrinė, UAB
- Ekoresursai, UAB
- ENG, UAB (until August 2022)
- Idex Taika, UAB
- Idex Taikos elektrinė, UAB
- Lorizon Energy, UAB
- Petrašiūnų katilinė, UAB (until February 2022)
- Aldec General, UAB
- Idex Biruliškių, UAB
- Ekopartneris, UAB
- Foksita, UAB
- Kauno kogeneracinė jėgainė, UAB

Kauno energija, AB signed 720 public procurement contracts (oral and written) with local suppliers of services, works and goods, of which 11 public procurement contracts were signed with foreign suppliers in 2022. GO Energy LT, UAB signed 58 contracts with local suppliers of services, works and goods in 2022. Local suppliers are defined as suppliers operating in the territory of Lithuania.

**The Company's main objective is to supply heat to the city through innovative, efficient, safe, economical and sustainable solutions.**

More information on the activities and strategy of Kauno energija, AB group of companies until 2026 is available on the Company's [website](#).

## MEMBERSHIP AND ASSOCIATIONS:



THE UNITED NATIONS GLOBAL COMPACT (UNGC)



LITHUANIAN RESPONSIBLE BUSINESS ASSOCIATION (LAVA)



LITHUANIAN DISTRICT HEATING ASSOCIATION (LDHA)



KAUNAS REGIONAL ASSOCIATION OF INDUSTRIALISTS AND EMPLOYERS



LITHUANIAN THERMAL ENGINEERING ASSOCIATION (LTERA)





# SUSTAINABILITY AT THE COMPANY



# Key sustainability principles and commitments

For the Company, sustainability is understood as the impact of its activities on the environment, people and the economy, and the management of these impacts to avoid risks to both the environment and the Company itself.

The Company's day-to-day activities are guided by the following principles of sustainable and responsible business:

- We apply sustainability principles in environmental, social and governance areas to ensure that we create long-term value that is fully reflected in our performance.
- We are members of the United Nations Global Compact (UNGC) and our activities are guided by its principles on human rights, workers' rights, the environment and anti-corruption.
- We contribute to the United Nations Sustainable Development Goals (SDGs).
- We are on track with the European Union's Green Deal and the common targets set by the Paris Agreement on climate change.
- We take due diligence precautions to minimise potential negative impacts on the environment and society during implementation of projects and initiatives.
- We use the precautionary principle to set sustainability goals, based on the best scientific advice available at the time.

The principles of conduct and ethical norms applicable to all employees of Kauno energija, AB are defined in the Company's [Code of Ethics](#). The Code sets out how the Company's employees should work and the values that guide their teamwork with each other, consumers, business partners and others. The Company has an integrated management system for quality (ISO 9001), environmental protection (ISO 14001) and occupational health and safety (ISO 45001), and has adopted an [Integrated Management System policy](#) that applies to all employees.



Other implemented policies are made publicly available on the Company's [website](#).



# Sustainability management

The Company's main strategic goal is to supply heat to the city through innovative, efficient, safe, economical and sustainable solutions. Sustainability is at the heart of the Company's strategy and the Company's highest governance bodies are actively involved in setting and overseeing the strategy. The Board of Kauno energija, AB by its decision No 2022-11-1 of 2 June 2022 embraced the development strategy of Kauno energija, AB, and on 11 July 2022 it has been approved by the Company's Supervisory Board. A summary of the Strategy is available on the Company's [website](#).

The Company submits quarterly and annual reports to its highest governance body, the General Meeting of Shareholders, on the implementation of the strategy, which provide an analysis of financial and non-financial performance, the extent to which the measures in the strategy have been implemented in order to achieve the Company's business goals and the achievement of specific indicators of long- and short-term objectives.

On 10 October 2022, with the inclusion of environmental activities in the Quality Management Unit, the Head of this Unit became responsible for sustainability in day-to-day operations and for the preparation of sustainability reports. At the end of 2022 and the beginning of 2023, the Head of Quality Management has been further developing her knowledge of sustainability through an external 42 academic hour training programme Sustain Academy.

All relevant and topical issues, including sustainability concerns, are on the agenda of the monthly Board meetings. The Board shall meet more frequently if necessary. There were no critical sustainability issues of particular concern for the Company in 2022.

The Company's employees and management continuously improve their knowledge in various areas of environmental protection and sustainable development. Staff are trained in the application of the ISO 14001 environmental management standard and an internal audit team of 11 people is in place. More information on employee training is provided later in this report.





## Corporate governance structure and composition

The Company's governing bodies are:

- General Meeting of Shareholders
- Collegial supervisory body - Supervisory Board
- Collegial management body - Board
- Single-person management body - Chief Executive Officer (CEO) of the Company

The governing bodies of the Company shall act in the interest of the Company and its shareholders, in accordance with the laws of the Republic of Lithuania and other legal acts of the Republic of Lithuania, and in accordance with the Articles of Association of the Company.

The General Meeting of Shareholders is the supreme body of the Company. The General Meeting of Shareholders elects the Supervisory Board. In 2022, the Supervisory Board consisted of 6 members.

The Company's Supervisory Board shall consider and approve the Company's business strategy, analyse and evaluate information on the implementation of the Company's business strategy and report this information to the General Meeting of Shareholders.

Committees responsible for economic, environmental and social issues:

### • **Audit Committee**

The Audit Committee is currently composed of three members: two external (independent) members and one member from the Company's staff. At the meeting of the Company's Audit Committee held on 17 January 2022, Mindaugas Šimkus, an independent member, was elected Chairman of the Company's Audit Committee. Also on 5 May 2022 by Decision No. 2022-2 of the Supervisory Board of the Company, Edita Girdvilienė, Senior Accountant of the Company, was appointed as a member of the Audit Committee of the Company. The Audit Committee held two meetings in 2022 (7 January 2022, 8 April 2022).

### • **Technical Council**

By 2022-09-26 Order No. A-30 (E)-328 "On the Establishment of the Technical Council", the composition of the Technical Council was updated and, as of 2022, it is composed of 6 members, who examine the resolutions adopted and make recommendations to the Company's CEO on a wide range of economic, social and environmental issues. In 2022, 40 meetings of the Technical Council were held.

### • **Occupational Health and Safety Committee**

This Committee did not meet in 2022 as there were no issues to be discussed.



## Activities of shareholders

The highest governing body of the parent company is the Shareholders' Meeting. The Shareholders' Meeting acts in accordance with the Law on Companies of the Republic of Lithuania. Notices of the General Meeting of Shareholders, together with the agenda, are published 21 days in advance on the Company's website, in the electronic publication "Public Announcements of Legal Entities" published by the State Enterprise Centre of Registers, and on the website of Nasdaq Vilnius. Persons who were shareholders of the Company at the close of business on the record date of the General Meeting of Shareholders shall be entitled to attend and vote at the General Meeting of Shareholders. The accounting day is the fifth working day before the general meeting.

The General Meeting of Shareholders has the exclusive right to:

- Amend the Articles of Association of the Company.
- To elect the members of the Supervisory Board.
- Approve the set of annual financial statements and profit/loss statement.
- Adopt a decision to allocate dividends for periods of less than one financial year.
- To decide whether to increase or decrease the share capital.
- To take a decision on reorganisation, separation, conversion, liquidation and restructuring of the Company.

Other functions are set out in the Law on Companies. The General Meeting of Shareholders shall not have the right to delegate to other governing bodies of the Company any matters falling within its competence. The General Meeting of Shareholders may also decide on other matters falling within its competence under this Law or the Company's Articles of Association, provided that such matters do not fall within the competence of other bodies of the Company under this Law and that such matters do not constitute functions of the management bodies.

## The Supervisory Board

The Supervisory Board is elected by the Shareholders' Meeting. The Supervisory Board is elected in accordance with the Description of Selection of Candidates for

the Board of State or Municipal Enterprise and Candidates for Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of State- or Municipal-Owned Company approved by the Resolution No. 631 of the Government of the Republic of Lithuania of 17 June, 2015. The Supervisory Board is elected from 7 members for a period of 4 years.

Functions of the Supervisory Board:

- Considers and approves the Company's business strategy, analyses and evaluates information on the implementation of the Company's business strategy, and submits this information to the Annual General Meeting of Shareholders.
- Elect and remove members of the Board.
- Supervise the activities of the Board and the Company's CEO.
- Submit its comments and proposals to the General Meeting of Shareholders on the annual financial statements, draft of profit/loss distribution and the annual report of the Company as well as the activities of the Board and the Company's CEO.
- Submit to the general meeting of shareholders its comments and proposals regarding a draft decision on the allocation of dividends for a period shorter than the financial year and the set of interim financial statements and the interim report drawn up for the purpose of adoption of the decision.
- Submit proposals to the Board and the Company's CEO to revoke their decisions which are in conflict with laws and other legal acts, the Articles of association of the Company or the decisions of the general meeting of shareholders.
- Submit comments and proposals to the general meeting of shareholders and Board regarding the draft remuneration policy and draft remuneration report.



The Supervisory Board shall not have the right to delegate or entrust its functions to the General Meeting of Shareholders, the Board or the CEO of the Company.

The Supervisory Board currently has 6 members:

- Antanas Etneris, Chairman.
- Rūta Šimkaitytė-Kudarauskė, Deputy Chairman.
- Saulius Lazauskas.
- Justas Limanauskas.
- Konstantin Pesenka.
- Mindaugas Šimkus.

## The Board

The Board is elected by the Supervisory Board for a period of 4 years from 5 members. The Board is elected in accordance with the provisions of the Law on Companies and the Company's Articles of Association. The Chairman of the Board is an independent member.

The Board considers and approves:

- The Company's annual report, the interim report, the Company's management structure and the positions of the employees.
- The regulations governing the Company's branches and representative offices.

The Board elects and removes the Company's CEO, determines his/her remuneration and other terms and conditions of employment, approves his/her job description, provides incentives for and imposes penalties against him/her. In determining the remuneration of the Company's CEO, the Board is guided by the remuneration policy approved by the General Meeting of Shareholders.

The Board shall determine the information that shall be considered as the Company's commercial (industrial) secret and confidential information. Information that must be made public pursuant to the Law on Companies of the Republic of Lithuania and other laws of the Republic of Lithuania may not be considered as a commercial (industrial) secret or confidential information.

The Board adopts:

- Decisions for the Company to become an incorporator or a member of other legal entities.
- Decisions to establish and close branches and representative offices of the Company.
- Decisions on the investment, disposal, lease or rental of fixed assets with a carrying amount of more than EUR 3 million (three million) (calculated separately for each type of transaction).
- Decisions on pledges and mortgages of fixed assets with a carrying amount of more than EUR 3 million (three million) (calculated as the total amount of transactions).
- Decisions on guaranteeing or indemnifying other persons for the fulfilment of their obligations in excess of EUR 3 million (three million euros).
- Decisions to acquire fixed assets for a price greater than EUR 3 million (three million).
- Decisions on setting prices and/or draft prices for services/products of the Company's core business.
- Any other decisions within the competence of the Board as set out in the Company's Articles of Association or in the resolutions of the General Meeting of Shareholders.

The Board shall exercise the functions of a shareholder in companies in which the Company is the beneficial owner of all the shares, and the written decisions of the Board shall be treated as decisions of the General Meeting of Shareholders in such companies. The Board authorises specific persons to represent the Company in other companies in which the Company is a shareholder or member.

On 21 May 2019 the Supervisory Board of Kauno energija, AB elected the members of the Board of Kauno energija, AB for a period of four years. The Company's Board currently consists of 4 members:

- Nerijus Mordas - Chairman of the Board.
- Paulius Keras - Vice-Chairman of the Board.
- Algimantas Stasys Anužis.
- Karolis Šiugžda.



## CEO

The manager of the Company - The Chief Executive Officer (CEO) - is the Company's single-person management body, who organises the Company's activities. It must be a natural person with the capacity to act who is the subject of the employment contract.

In his/her activities, the CEO of the Company shall be guided by the laws of the Republic of Lithuania, other legal acts of the Republic of Lithuania, the Articles of Association of the Company, the decisions of the General Meeting of Shareholders, the decisions of the Supervisory Board and the Board, and his/her duties and regulations. The Company's CEO organises daily activities, hires and dismisses employees, concludes and terminates employment contracts therewith, provides incentives and imposes penalties.

The company's CEO is responsible for:

- Organising the Company's activities and achieving its objectives.
- Preparation of the annual set of financial statements and the Company's annual report.
- Drafting a remuneration policy.
- Preparation of the draft remuneration report.
- Public disclosure of the Remuneration Policy and Remuneration Report on the Company's website.
- Preparation of the draft of a decision on the allocation of dividends for a period shorter than the financial year and drawing up of a set of interim financial statements and an interim report for the purpose of adoption of the decision on the allocation of dividends for a period shorter than the financial year. The provisions of the Law on Financial Reporting by Undertakings of the Republic of Lithuania governing the preparation and publication of the annual report shall apply to the interim report mutatis mutandis.
- Reporting to shareholders, the Supervisory Board and the Board on major events relevant to the Company's operations.

## Channels for reporting infringements

The Company is committed to the highest standards of business ethics and advocates free and fair trade, open competition and ethical conditions, in

compliance with the legislation of the Republic of Lithuania.

Both internal and external stakeholders can report various irregularities and concerns, such as non-compliance with the law, discrimination and other unethical behaviour, by filling in the [Whistleblower Report Form](#) and sending it to [prevencija@kaunoenergija.lt](mailto:prevencija@kaunoenergija.lt)

## Conflicts of interest

Information on conflicts of interest and harmful transactions during the reporting period is provided in the Company's [Consolidated Annual Report](#) 2022. There were no damaging transactions or potential conflicts of interest on behalf of the Company.

Staff involved in the procurement process (members of the procurement committee, initiators of the procurement), Heads of Units and their deputies, members of the Board, etc. declare their private interests in [PINREG](#). All declarations are available to stakeholders by entering the company code.

## Mitigating negative impacts

EU environmental policy states that the highest level of environmental protection must be pursued, taking into account the differences between each EU region. This must be based on the precautionary principle and on preventive action, where environmental damage is first repaired at source and the damage is compensated for by the person who caused it.

Accordingly, the Company follows the following precautionary principles in order to avoid causing adverse environmental impacts. If, however, an environmental impact does occur, the Company will make every effort to resolve the situation quickly and transparently.

In 2022, there were no significant cases of non-compliance with the law at the Company, the Company did not receive any fines, and the limit values set for environmental pollution were not exceeded.



# Stakeholder engagement

The Company recognises the importance of stakeholder relationship management in its operations and has adopted the Company's stakeholder list on 28 November 2022 in order to develop a constructive dialogue. Stakeholders shall be identified as those groups that find the Company's activities highly relevant and/or are significantly affected by it, as well as persons and organisations with significant influence over the Company. The stakeholder list identifies key stakeholder groups and assesses their needs and expectations.

All stakeholders and interest groups are identified through their direct relationship with the Company and through the Company's activities. All other interested persons or groups are encouraged to get involved in the Company's activities and events. Suppliers of goods, service providers and contractors for works are selected through public procurement, as provided for in Lithuanian and/or EU legislation.

The Company's shareholders receive periodic performance reports, annual reports, social responsibility reports and reports on investment projects. The Company's managers and employees communicate on a daily basis through vertical (between managers and subordinates) and horizontal (between departments and units and within departments and units) communication.

Consumers who have questions about the provision of services can contact the Kaunas Citizens' Service Centre "Mano Kaunas" by phone, email and post. Information for consumers and the media is also published on the websites of the Company and Kaunas City Municipality.

In 2022, there were no sustainability issues raised or identified by consumer representatives.

In the context of sustainability, we have identified the following important stakeholder groups:





# Materiality analysis of sustainability topics

This is the seventh year that the Report has been prepared in accordance with GRI standards, and the Company has consistently disclosed data on those topics that have the greatest relevance to the Company's day-to-day operations and that are most relevant to the Company's economic, social, and environmental impact, and where its performance can be most effectively monitored and evaluated. The content of this Report has been designed to address the main topics of interest to stakeholders, but in the future the Company will make further efforts to involve stakeholders in the preparation of the Sustainability Report, carry out a more detailed materiality assessment, and revise the list of disclosure topics and indicators.

The material topics of the Report are:

## Environmental area

- Energy
- Water and wastewater
- Air pollution
- Waste
- Environmental compliance



## Governance area

- Responsibility and sustainability in the supply chain
- Prevention of corruption



## Social area

- Employee Relations Management
- Occupational health and safety
- Training and education
- Diversity and equal opportunities
- Non-discrimination and human rights
- Freedom of association and collective bargaining
- Child labour
- Forced or compulsory labour
- Public policy
- Consumer health and safety
- Customer privacy



Compared to previous years, the topic "Procurement Practices" has been renamed to "Responsibility and Sustainability in the Supply Chain" to better reflect the Company's context. The management principles for all significant sustainability themes are described in accordance with GRI requirements in this report, in chapters arranged by topic. The full list of GRI Standard topics and indicators is available at the end of the Report, in the GRI Index section.





# ENVIRONMENTAL AREA





# Environmental management model

Environmental compliance is one of the priority areas of Kauno energija, AB. Environmental protection, compliance and a high level of transparency in reporting of relevant activities are the main focus aspects in this area.

Company's activities include the use of the most advanced technologies and processes, rational use of natural resources, and taking preventive actions to reduce negative environmental impacts. Management of each material environmental topic is further described in the topic-specific chapters.

## Improving the management model

In order to manage its environmental impact (and to contribute to the implementation of the European Green Deal, the goals related to environmental protection and climate change set out in the United Nations Development Agenda 2030 and the goals defined in the National Energy Independence Strategy in the heating sector) the Company has developed an integrated management system policy of Kauno energija, AB. The Company also implemented an integrated quality, environmental protection, and occupational health and safety management system which is compliant with the requirements of the international standards ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. It has also updated the Company's business strategy.

When implementing its long-term strategy, the Company focuses on ensuring safety and reliability of its core operations, improving the efficiency of its generation activities, increasing the efficiency of the heat transmission system, improving the accessibility of district heating services, and applying modern, innovative measures and methods for the organisation and management of heat supply. Specific indicators have been established to measure the achievement of the Company's goals set out in the Strategy. The indicators of achievement of the goals and the measures implemented to achieve the Company's operational strategy are documented in quarterly and annual reports which are submitted to the Company's shareholders.

In 2022, the Company did not record any breaches of environmental legislation or non-compliance. There were also no fines imposed and no significant environmental incidents recorded.

Further references to the decisions taken in relation to these topics are provided in the "Sustainability Management" section of this report. References to the main principles that shape the Company's policies are provided in the "Key Sustainability Principles and Commitments" section of this report.

## Managing air pollution

Climate change and air pollution are the main environmental impacts of the energy sector.

The most significant environmental impact associated with the Company's activities is air pollution from fuel combustion plants. The main principles we follow to maximise the reduction of emissions from heat production sources are: the use of renewable and less polluting fuels, the reduction of heat losses in the heat supply chain, the upgrading of technological equipment, the introduction of flue gas treatment equipment and the regular control of air emissions.

The control of pollutants in the Company is carried out by the measurement laboratory of stationary sources of ambient air pollution of Kauno energija, AB. It has a permit issued by the Environmental Protection Agency to carry out laboratory tests and (or) measurements of pollutants and pollutants in the elements of the environment (in air, water, soil) emitted and (or) discharged to the environment by pollution sources, and to take samples to carry out tests, No 1AT-248. This laboratory enables the continuous monitoring, management, collection and processing of all data relating to the Company's air pollution from stationary sources and to ensure that pollution from these sources does not exceed the permitted limits set out in the integrated pollution prevention and control permits and pollution permits.

In 2022, no exceedances of limit values were recorded at the Company. Information on air emission studies of the Company's production sources is publicly available on the Company's website under the section Pollution Prevention.



The following documents guide the Company in setting targets and addressing challenges related to air pollution:

- Kyoto Protocol
- the requirements of the Helsinki Commission (HELCOM) and the environmental restrictions of the Helsinki Convention
- Directive 2001/80/EC of the European Parliament and of the Council on energy pollution
- LAND 43-2013, the Lithuanian normative document on environmental protection which regulates the use of natural resources and the emission of air pollutants into the environment
- National emission limits for emissions from large and medium-sized combustion plants

Air emissions and compliance with environmental requirements also have an impact over a wider area, so the impact threshold extends beyond the specific locations where the Company's activities are carried out. The Company's impact in this case is evaluated by looking at the impact it has to the whole country.

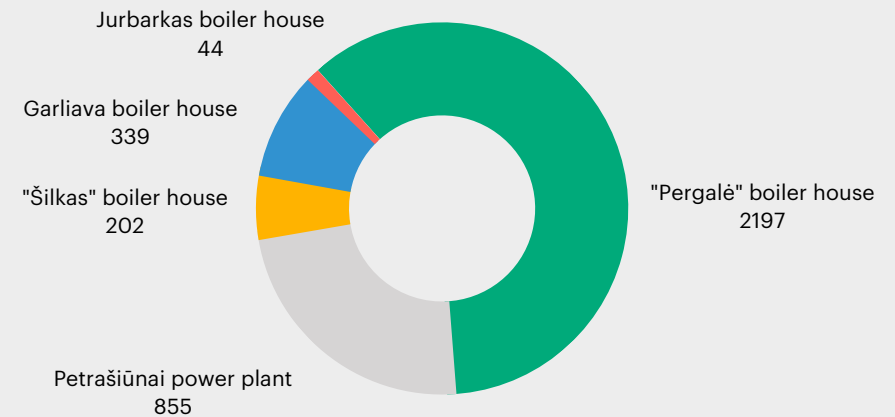
## GHG emissions accounting

The greenhouse gas ("GHG") emissions from the Company's operations are calculated in accordance with the latest version of Commission Implementing Regulation (EU) 2018/2066 for the Company's combustion plants with an installed capacity exceeding 20 MW participating in the European Union Emissions Trading Scheme.

The company owns 5 boiler houses of the following capacities: the Petrašiūnai power plant, the "Pergalė" boiler house, the "Šilkas" boiler house, the Garliava boiler house and the Jurbarkas boiler house. In 2022, the annual GHG emissions data and accounting was assessed by an independent assessor, Bureau Veritas Lit, UAB, in accordance with the requirements of Directive 2003/87/EC of the European Parliament and of the Council and Commission Implementing Regulation 2018/2067.

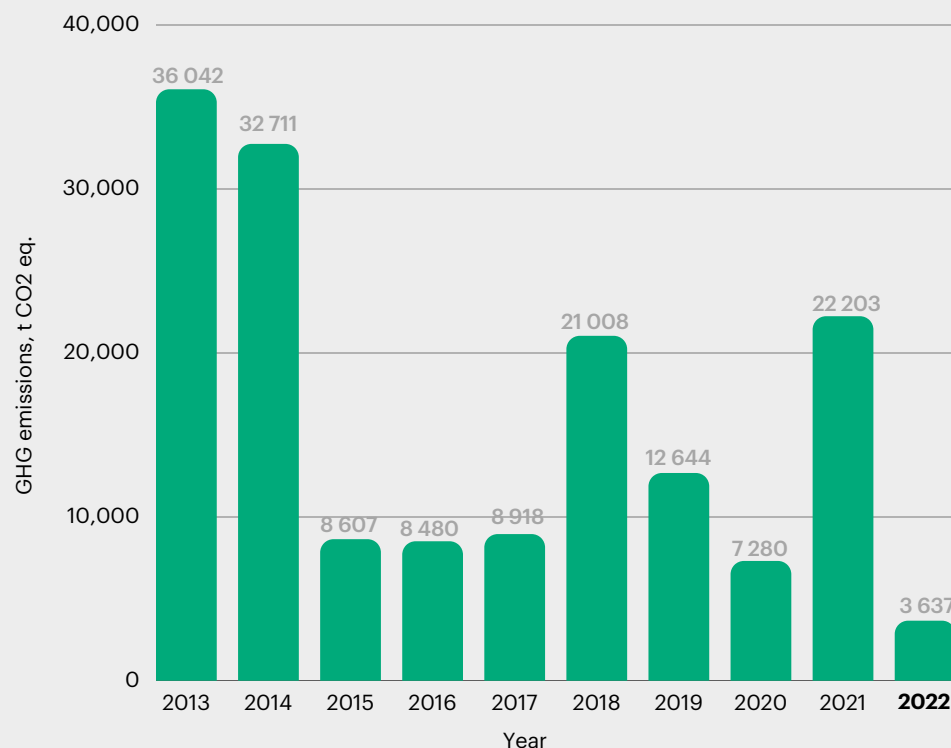
In 2022, the total direct emissions from the Company's heat generation sources mentioned above amounted to 3,637 tonnes of CO<sub>2</sub> (only CO<sub>2</sub> gases are counted among the potential greenhouse gases (GHGs), and biogenic CO<sub>2</sub> emissions are not counted in metric tonnes of CO<sub>2</sub> equivalent). The change compared to 2021 (22,203 t. CO<sub>2</sub>) is due to a warmer winter and higher biofuel consumption, with 19,93% more biofuels consumed and lower non-biogenic carbon emissions. Emissions reductions have also been achieved in the direct emissions associated with the Company's direct activities.

### Total GHG emissions of boiler houses in 2022, t CO<sub>2</sub>





A breakdown of the total GHG emissions from the Company's heat generation infrastructure over the period of 2013-2022:



Notes. Source of emission factors and reference to the global warming potential (GWP), the GWP targets (as well as the standards, methodologies and calculation tools) are taken from the following documents: Directive 2003/87/EC of the European Parliament and of the Council, Commission Regulation (EU) 2018/2066, Commission Regulation 600/2012, Commission Regulation 601/2012, ISO Standard 14065. The base year is 2013, started due to legislative requirements. CO2 (biogenic) gases were included in the calculations.

In 2022, the Company carried out a CO2 (carbon footprint) assessment in order to objectively assess the environmental footprint of all its activities, which are not only caused by boiler houses with a capacity of more than 20 MW, but also by all the Company's boiler houses in operation, independent heat producers, vehicles, buildings, goods and services or other processes necessary for their operations. The greenhouse gas calculations have been prepared in accordance with the requirements of The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard. The source of the emission factors and global warming potential (GWP) indicators is Commission Regulation (EU) No 2018/2066.

## GHG emissions by sector

GHG emissions	2022
	t CO2 eq.
Direct Scope (Scope 1) <sup>1</sup>	15 551
Indirect scope (Scope 2) <sup>2</sup>	69 849
Other indirect volumes (Scope 3) <sup>3</sup>	13 667

Notes .

<sup>1</sup> CO 2 (biogenic and non-biogenic origin), CH4 , N2O and HFCs gases were included in the calculations. Biogenic GHG emissions - 218 792 t CO2. The base reference year is 2013. (GHG calculations started in 2013 in accordance with legislation, they amounted to 36,042 tons of CO2 eq.).

<sup>2</sup> Calculated using the location based method. Calculated according to the market based method, the total indirect energy (Scope 2) GHG emissions from the market would be 73 646 t CO 2 based on actual electricity purchases. The base year is 2022.

<sup>1 2 3</sup> Emission factors are taken from UK Government GHG Conversion Factors for Company Reporting (DEFRA) and other publicly available data. GWP factors used (already included in DEFRA 's emission factors): CH4: 2, N2O: 265, R34: 675.

## Emissions of ozone-depleting substances (ODS)

Kauno Energija, AB and GO Energy LT, UAB do not produce or emit ozone-depleting substances in the course of their activities. These materials are only used in air-conditioning systems, but these systems are enclosed. In addition, the air cooling service is provided by external service providers.

## Emissions of nitrogen oxides, sulphur oxides and other major air pollutants

The reduction of emissions in 2022 in the individual air pollutant emission categories is due to the increased use of biofuels, the warmer winters and the consequent reduction in the demand for heating energy. The slight increase in carbon monoxide and hydrocarbons and other pollutants can be attributed to the introduction of a new reserve liquid fuel - diesel, in some boiler houses or to changes in the emissions accounting methodology (the EMEP/CORINAIR Atmospheric emission inventory guidebook 2019 emissions calculation methodology has been introduced).



## Other pollutants released into the air

Annual emissions, t	Particulate matter	Oxides of nitrogen (NO <sub>x</sub> )	Carbon monoxide	Sulphur dioxide (SO <sub>x</sub> )	Hydrocarbons (VOCs)	Others
<b>2022</b>	<b>51.513</b>	<b>159.814</b>	<b>796.357</b>	<b>60.959</b>	<b>2.014</b>	<b>0.312</b>
2021	72.958	196.548	781.246	158.438	1.232	0.297
2020	98.685	217.886	884.997	102.985	1.143	0.280
2019	89.091	280.740	1 261.214	0.275	1.198	0.431
2018	48.798	283.041	1 082.937	31.621	1.198	0.151
2017	79.724	285.646	1 236,767	145.057	1.198	0.430
2016	53.754	265.080	1 155.335	231.472	4.287	0.282
2015	43.578	203.678	904.851	193.323	20.159	0.282
2014	23.613	154.570	534.443	47.158	16.294	0.440
2013	10.597	101.320	299.666	5.075	14.965	0.770
2012	7.613	54.316	135.151	6.028	1.208	0.440

Remark. There are no emissions of vanadium pentoxide from the Company's operations. No data is collected on the release of persistent organic pollutants (POPs).

Standards, methodologies, assumptions and/or calculation tools used: A set of methodologies for estimating emissions from various production activities. Leningrad, 1986 (rus. Sbornik metodik po raschiotu vybrosov v atmosferu zagriazniajuščykh vješčiv različnymi proizvodstvami. Goskomgidromiet. Leningrad, 1986), the European Environment Agency's Atmospheric Emissions Inventory Guidebook 2019, the EMEP/CORINAIR Atmospheric Emissions Inventory Guidebook 2019, the Methodology for estimating the amount of volatile organic compounds emitted to the atmosphere from the storage and distribution of petroleum and petroleum products LAND 31-2007/M-11.

The sources of the factors used in the calculations are taken from the Environmental Protection Agency's website page "Net calorific values of fuels and emission factors for fuels in Lithuania".

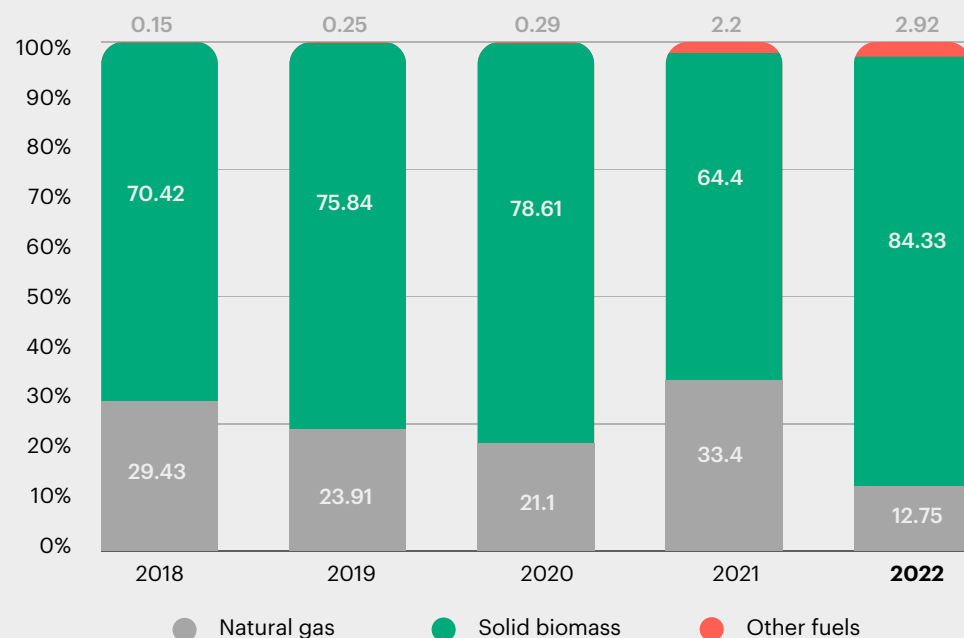


# Energy

Sustainable energy is a critical aspect of ensuring sustainable development in the Company as well as energy security in Lithuania (in relation to the strategic goal to reduce dependence on fossil fuels). As part of this strategy, and as part of its contribution to reducing climate change, the Company aims to maximise the use of renewable resources.

In 2022, the Company burned biofuel at the "Šilkas", "Inkaras", Petrašiūnai (currently "Nemunas") boiler houses, Noreikiškės, Ežerėlis, Jurbarkas, Vaišvydava, Girionys, Garliava biofuel boiler houses and the Petrašiūnai power plant. Biofuels account for 84.33% of the company's 2022 fuel mix, natural gas 12.75% and other fuels 2.92%. Compared to 2021, natural gas consumption has been reduced by 20.65%, which is due to the connection of gas-using facilities to the Kaunas city district heating network and the aim to reduce dependence on Russian natural gas and a warmer-than-usual winter.

Fuel structure, %



## Amount of fuel consumed by Kauno energija, AB

Non-renewable fuel consumption, MWh			
Fuel type	2020	2021	2022
Diesel	615	9,856	<b>11,221</b>
Liquefied petroleum gas	271	831	<b>294</b>
Natural gas	101,350	184,045	<b>50,300</b>
Peat	132	67	<b>0</b>
<b>Total:</b>	<b>102,368</b>	<b>194,799</b>	<b>61,815</b>
Renewable fuel consumption, MWh			
Wood chips	340,787	320,448	<b>332,535</b>
Wood pellets	249	308	<b>237</b>
<b>Total:</b>	<b>341,036</b>	<b>320,756</b>	<b>332,772</b>



In 2022, The Company's own generation sources produced 396.8 thousand MWh or 28.06% of the total heat fed into the grid. 71.94% or 1017.1 thousand MWh were purchased from independent heat producers. The company remained the largest heat producer in Kaunas district and Jurbarkas, and the second largest in Kaunas city. In 2022, GO Energy LT, UAB did not consume any fuel and did not produce heat energy.

The majority of the electricity consumed by Kauno energija, AB is used for the production and supply of heat energy. In total in 2022, the Company (excluding GO Energy LT, UAB) purchased and consumed 11 294 194 kWh of electricity for internal use. Domestic electricity consumption amounted to 10 555 695 kWh, with the remaining 738 499 kWh being resold.

In order to reduce annual electricity costs, the Company consistently invests in its own solar power plants. In 2022, solar photovoltaic power plants were installed in Kaunas city - on the roofs of the Petrašiūnai power plant, boiler houses located at 28 Plento St. and 65A Smetonos Ave., and in Kaunas district - on the roofs of the boiler houses in Neveronys and Raudondvaris. The power plants have a combined capacity of 605 kW.

In 2022, GO Energy LT, UAB purchased and consumed 120 021 kWh of electricity.

## Electricity and heating consumption

	Kauno energija, AB			GO Energy LT, UAB		
	2020	2021	2022	2020	2021	2022
Electricity consumption, MWh	10 678.232	10 584.867	<b>10 555.695</b>	106.618*	122.657*	<b>120.021*</b>
Heating consumption, MWh	4 857.371	5 789.388	<b>5 120.480</b>	N/A	N/A	<b>173.960</b>
<b>Energy consumed, total</b>	<b>15 535.603</b>	<b>16 374.255</b>	<b>15 676.175</b>	<b>106.618</b>	<b>122.657</b>	<b>293.981</b>

Notes. Standards, methodologies, assumptions and/or calculation tools used for calculations: readings of heat, electricity, gas metering devices, Solid Biomass Accounting Rules, approved by the Order of the Minister of Energy of the Republic of Lithuania No 1-185 dated 20 September 2013. No energy was consumed for cooling and steam in 2022.

\*Of the electricity consumed, the amount consumed for internal use was: 1 125 kWh in 2022, 1 100 kWh in 2021 and 1 053 kWh in 2020; the amount resold was: 118 896 kWh in 2022, 121 557 kWh in 2021 and 105 565 kWh in 2020.

## Electricity, heat energy and cooling energy sold

	Kauno energija, AB			GO Energy LT, UAB		
	2020	2021	2022	2020	2021	2022
Electricity sold, MWh	0	0	<b>0</b>	0	0	<b>0</b>
Heat energy sold, MWh	1 087 843.362	1 342 847.043	<b>1 187 360.203</b>	0	0	<b>0</b>
Cooling energy sold, MWh	0	0	<b>0</b>	0	102.61	<b>104.92</b>
<b>Energy sold, total</b>	<b>1 087 843.362</b>	<b>1 342 847.043</b>	<b>1 187 360.203</b>	<b>0</b>	<b>102.61</b>	<b>104.92</b>

Notes. The companies do not sell steam power.



# Water and wastewater

## Water and wastewater management

The Company uses water from the Nemunas River for its heat production and supply technology and also extract water from Company-owned groundwater wells or centralised water supply systems. Water for domestic purposes is used only from centralised water supply systems belonging to public water suppliers Kauno vandenys, UAB, Giraitės vandenys, UAB, Jurbarko vandenys, UAB.

Water consumed by Kauno energija, AB by water source:

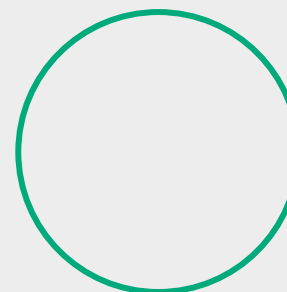
Water source	Water consumed, megalitres (ML)		
	2020	2021	2022
Centralised water supply systems	22.919	25.208	<b>24.820</b>
Company wells	40.424	57.448	<b>69.859</b>
Nemunas River	273.852	292.127	<b>334.353</b>
<b>Total:</b>	<b>337.195</b>	<b>374.783</b>	<b>429.032</b>

Remark. The maximum amount of water available from the above sources is fixed and is not exceeded by the Company. Water consumption is calculated on the basis of direct measurements from water meters. No water sources have been severely affected by the amount of water consumed.

In 2022, GO Energy LT, UAB consumed 0.574 ML of water from the centralised water supply system for domestic use.

The Company monitors that the discharges of industrial wastewater and rainwater from stationary sources would not exceed the permissible limits set out in the integrated pollution prevention and control permits and the pollution permits. This is done on a regular basis and in accordance with a monitoring programme of the Environmental Protection Agency.

When creating wastewater monitoring programmes for facilities discharging industrial wastewater or rainwater to surface water, the wastewater receiver data, the daily flow rate of wastewater have been taken into account. Monitoring programmes have been also approved by the Environmental Protection Agency. In 2022, no exceedances of the permissible limits were recorded for industrial wastewater and rainwater effluents. The results of tests on wastewater discharged into the natural environment are made publicly available on the Company's website.





# Waste

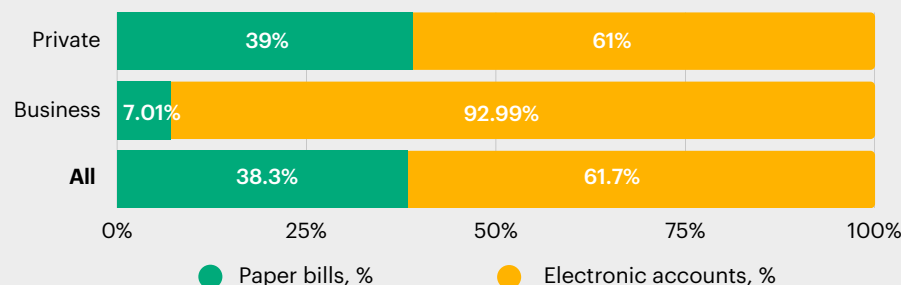
In 2022, the Company reviewed and updated its waste minimisation strategy to meet and further disclose the requirements of GRI Standard 306: Waste (2020).

## Waste management

The largest part of our waste is the ash from the combustion of biomass, which the Company has started treating as a by-product since 2022. According to the by-product plans agreed by the Environmental Protection Agency, the ash from the Company's Petrašiūnai power plant, Petrašiūnai boiler house (currently Nemunas boiler house) and Ežerelis boiler house are used to produce road base mix and to fertilise forest plantations. In 2022, 574.9 tonnes of ash were shipped as a by-product from the Company's facilities.

In 2022, the Company focused on strengthening the Company's waste segregation, enabling the sorting of plastic and paper and cardboard packaging (both in office premises and boiler houses accessible to the employees of the Company). The Company's buildings have separate sorting areas for paper, plastic and glass packing waste. Employees are made aware of the principles of waste sorting and this information is also available at waste sorting sites.

As a responsible business, we have reduced the amount of paper documents by putting a strong focus on contracts and e-invoicing. In fact, in 2022, 61.7% of total invoices were electronic (e-invoices).



Note: As of 31 December 2022, the Company supplied the heat produced and supplied to 4 026 enterprises and organisations (business customers) and 119 301 households (private customers), for a total of 123 327 customers.

The Company uses electronic invoice management system "E-sąskaita", which has enabled it to ensure that 43.9% of the VAT invoices received in 2022 were managed electronically (thus contributing to resource conservation). Of the total number of VAT invoices received in 2022 (7,546), 3,314 were submitted via "E-sąskaita".

The Company has also decided not to print the Sustainability report according to GRI standards 2022 and to promote the use of the e-version of the Report (paper versions are only used as handouts at the relevant events).





## Waste generated

All waste generated by Kauno energija, AB in the course of its activities (as well as all waste generated anywhere in the territory of the Republic of Lithuania) is accounted for and managed in accordance with the relevant legal acts.

The Company keeps records of its waste in the electronic waste accounting system GPAIS ([www.gpais.eu](http://www.gpais.eu)).

The table below presents waste generated by Kauno energija, AB for 2020, 2021 and 2022. GO energy LT, UAB did not carry out waste accounting in 2022, as it is not subject to the legislation in force. Secondary raw materials were separated from the total municipal waste stream by sorting.

Type of waste	2020	2021	2022
	Tonnes, t		
Glass	N/A	1.040	<b>2.540</b>
Mixed municipal waste	24.406	27.143	<b>24.335</b>
Metal	3 224.750	791.450	<b>1 395.721</b>
Bottom ashes, slag and steam boiler dust	1 536.820	1 584.120	<b>1 339.180</b>
Hazardous components removed from disused equipment	N/A	0.057	<b>0.005</b>
Other unspecified fractions	1.680	2.460	<b>3.920</b>
Discarded equipment containing chlorofluorocarbons	0.109	N/A	<b>0.169</b>
Fuel oil and diesel	N/A	1.484	<b>7.255</b>
Absorbents, filter materials (including lubricant filters not otherwise specified), cloths, protective clothing contaminated with dangerous substances	0.072	0.070	<b>0.249</b>
Paper and cardboard	5.058	0.864	<b>2.910</b>
Batteries and accumulators	0.097	0.147	<b>0.085</b>
Oily water from petroleum products/water separators	N/A	N/A	<b>61.010</b>

Type of waste	2020	2021	2022
	Tonnes, t		
Small information technology and telecommunications equipment	0.262	0.417	<b>0.457</b>
Major information technology equipment	0.019	0.523	<b>0.270</b>
Portable lead-acid batteries	0.002	0.412	<b>0.212</b>
Used combustion engine oils, gearbox oils and lubricating oil	0.154	0.350	<b>0.088</b>
Mixed construction and demolition waste	62.380	113.160	<b>129.160</b>
Used tyres	N/A	1.730	<b>2.970</b>
Packaging containing or contaminated with dangerous substances	2.179	1.835	<b>2.148</b>
Displays, monitors and display equipment with a surface area exceeding 100 cm <sup>2</sup>	0.204	0.100	<b>0.099</b>
Laboratory chemicals, including mixtures of laboratory chemicals, consisting of or containing dangerous chemicals	0.441	0.421	<b>0.855</b>



## Disposal of waste

Waste disposal methods are determined by local municipalities. Waste disposal is carried out by waste disposal or recycling companies, registered in the State Register of Waste Managers and contracted to provide services. These companies are:

- Kaunas biological waste plant (managed by Kaunas Regional Waste Management Centre)
- Kauno kogeneracinė jėgainė, UAB and Kaunas Regional Waste Management Centre (operator of waste sites)
- Toksika, UAB
- Antrinio perdirbimo grupė, UAB
- Grigeo recycling, UAB
- Ekobazė, UAB
- EMP recycling, UAB

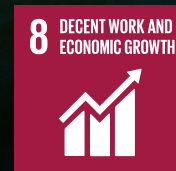
Waste disposal and recycling companies do not provide detailed information on the waste disposal methods used. The legislation obliges Kauno energija, AB to transfer waste to its legal waste managers, but the Company is not legally obliged to take an interest in how this waste is recycled.







# SOCIAL AREA





## Social area management model

All eleven of the social area topics will be covered in the below section. Kauno energija, AB is particularly strong in the area of employee relations and therefore aims to regularly inform the Company's employees about the progress made in the area of occupational health and safety. The Company is committed to both the professional qualifications of its employees and the development of their technical skills, due to that reason, throughout the year they are sent to various refresher courses and trainings, as well as to various seminars and conferences.

Kauno energija, AB adheres to the principles of gender equality and non-discrimination. The Consumer Privacy Policy, together with the employee's right to bargain collectively, are an integral part of the Company's policy (as is the ban on child or forced labour).

Public policy is also important in the activities of Kauno energija, AB as the Company provides public services, which are part of the services offered to the residents of the three municipalities, and therefore the public policy pursued must be in line with the public profile of the Company.

The assessment of the social area management model is directly linked to the Company's commitment to also release non-financial reports. Kauno energija, AB always encourages its employees and customers to provide feedback and suggestions on the social area management. The Company remains committed to improving its methods of encouraging and collecting feedback. In 2022, it is planned to collect employee feedback on annual employee performance evaluations.

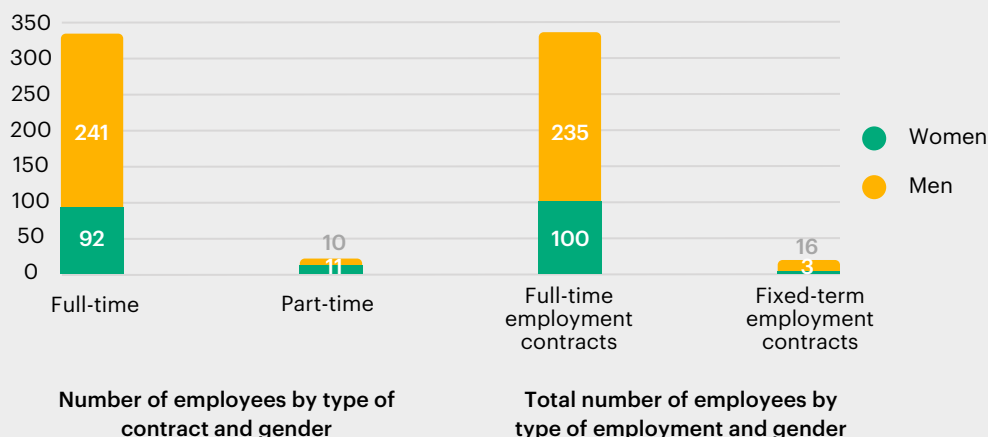




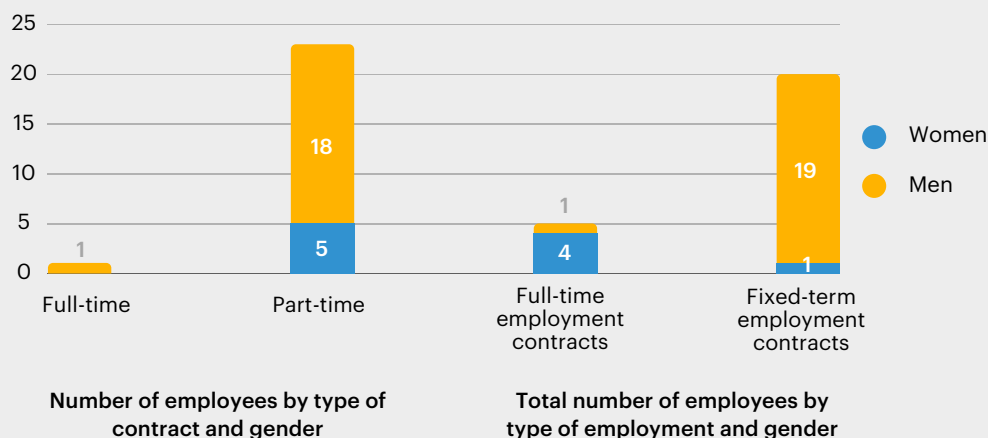
# Information about employees

Data for the previous year ending 31 December 2022 (includes employees of Kauno energija, AB and GO Energy LT, UAB). All employees are employed in Kaunas city, Kaunas district and Jurbarkas city.

## Kauno energija, AB



## GO Energy LT, UAB



Most of the Company's activities are fulfilled by its employees. The Company also if necessary engages external service providers (selected and engaged in accordance with the Law on Public Procurement of the Republic of Lithuania). The percentage of work they do is not assessed.

Since the end of the last reporting period, the number of employees in the Company has decreased about 3.18%. Employee data is collected and managed by the Company's Human Resources Unit.

The key changes in structure and employee turnover were made in 2021. At the beginning of 2022, the Quality Management Unit was added to the Company's structure, and Kauno energija, AB started streamlining its processes, while at the same time reviewing its existing human resources. During the reporting period, there has been a natural turnover of staff, with the addition of missing competences to the team.

During the reporting period of 2022, Kauno energija, AB paid great attention to the development of the activities of its subsidiary GO Energy LT, UAB therefore, GO Energy LT, UAB recruited qualified specialists who ensured that the planned activities would be carried out in a sustainable and efficient manner (in the areas of quality, environmental protection, and occupational health and safety).

## Remuneration policy

The Company's remuneration structure is defined in the Remuneration Policy of Kauno energija, AB, which was approved at the Annual General Meeting of Shareholders on 30th of April 2020. The Company's Remuneration Policy is in place for a period of four years and shall remain in force until the fourth year following the Company's Annual General Meeting, at which a renewed Remuneration Policy shall be considered for approval. The Company's approved [remuneration policy](#) is published on the Company's website. Provisions of the remuneration policy are detailed in the description of the remuneration system approved on 18th of September 2022, by order of the CEO of AB Kauno energija No. A-30(E)-312.



## Remuneration policy for the Board and management

Members of the Supervisory Board are not remunerated.

Members of the Board shall be subject to standard contracts, approved at the General Meeting of Shareholders of the Company, with the municipally controlled company, which should specify the remuneration of the Board member. Board members are paid a fixed remuneration for their service on the Company's Board, with no variable remuneration.

The Company's CEO is paid a fixed monthly salary as stated within the employment contract. Remuneration of the CEO consists of: a salary (fixed part of the monthly salary), which is decided at the end of the financial year and after the approval of the financial statements at the General Shareholders' Meeting, and a salary bonus (variable part of the monthly salary), determined each quarter. In addition, CEO of the Company may be awarded a bonus out of the profits of the Company for good performance after the end of the financial year and after the approval of the audited financial statements. The remuneration of the CEO of the Company shall be fixed and a bonus shall be granted by a decision of the Board Of the Company. The decision shall be made in accordance with the scheduled procedures for determining Remuneration of the CEO, approved by the Board of the Company. The procedure description is adopted taking into account the legal acts regulating the remuneration of the CEO of the Company

adopted by the Director of Kaunas City Municipality Administration, as well as the CEO's contribution to the implementation of the Company's strategic goals, workload and the Company's performance.

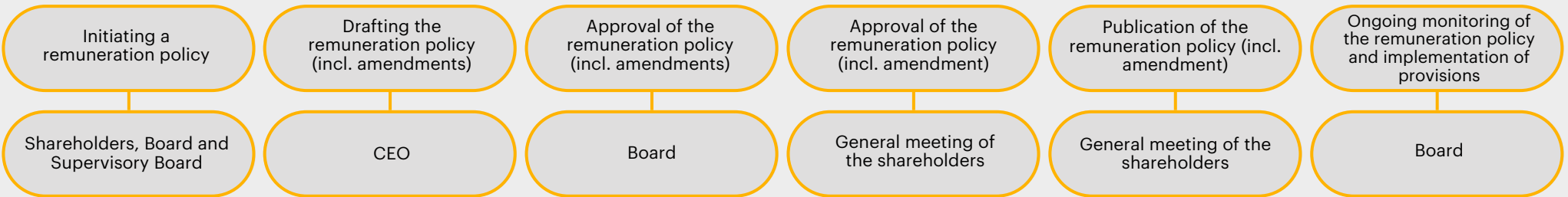
The promotion of sustainability by the Company's CEO is linked to the implementation of the strategy, which is evaluated by the Company's shareholders through quarterly and annual reports.

Total annual salary ratio:

Annual remuneration of the highest paid employee compared to the median annual remuneration of all employees (excluding the highest earner)	4.60:1
Annual remuneration of the highest paid employee in the Company percentage increase compared to total staffincrease in median annual remuneration	1.33:1

Note: The median annual remuneration for all employees is calculated by including only the remuneration of employees who have worked the whole year, with part-time employees' remuneration converted to full-time equivalent.

## Distribution of responsibilities in the context of remuneration policy





## Employee relations management

The minimum notice period that employees and their representatives must be given before significant changes to working conditions are made is five working days. This time limit is set by the Labour Code of the Republic of Lithuania.

At Kauno energija, AB all changes are made in a deliberate manner. Structural changes are first agreed at the top management level, approved and then communicated to managers and staff. If changes are related to employee's working conditions, they are always coordinated and employee's expectations are taken into account.

Information on new employees at the workplace and changes in structure are communicated by email. Employees are made aware of changes to the Company's regulatory documents through the document management system and, for those employees who do not have a stationary work station, the changes are communicated via their unit managers during daily meetings.

**In 2022 Kauno energija, AB implemented a project of internal communication channel (newsletter)**

Every month, the Company's employees receive information about the Company's achievements, joint events, etc.

Internal communication improves the working environment and creates a favourable organisational climate. It also helps to get feedback from employees, so they are not only informed, but also involved in the decision making and feel listened to. The efforts are made in order to ensure that employees know what the Company is trying to achieve and to help it achieve the set goals.

The Company also encourages informal communication between employees during breaks. Facilities include a seating area in the courtyard and table football area. Various events are organised for staff, for example a lunch to kick off the heating season, where staff were invited to enjoy meat pies and broth, a carnival, an all employees' family celebration, a brainstorming session, etc.

## Occupational health and safety

The Company places great importance to health and safety compliance, to improving the system and making it simpler for all employees. This is important for quality assurance, both for the people who provide the services and for those who use them. The impact of these key topics is local and regional and affects stakeholders in the area.

The Company has a strong model for managing social, health and safety issues: all employees are covered by a collective bargaining agreement, there is an Occupational Health and Safety Unit, an Occupational Health and Safety Committee, and procedures are in place for employees to report problems, make suggestions, and raise complaints if needed.

The Occupational Health and Safety Unit reports directly to the CEO. The main objectives of the unit are:

- To set out the Company's occupational safety and fire safety requirements.
- Monitor employees compliance with these requirements.
- Organise preventative actions on health and safety at work.
- Investigate work-related incidents.
- Organise internal trainings, instructions, exercises, drills on occupational health and safety and fire safety.
- Provide consultations for employees if needed.
- Ensure the effective functioning of the Occupational Health and Safety Management System in line with ISO 45001:2018 standards.



The Company has health and safety procedures:

- 1.Procedures for instructing employees in occupational health and safety and fire safety. In accordance with the requirements of this procedure, employees shall receive initial instructing and instructing in the workstation before starting the work. Starting from 2023 Q3, the Company will introduce a video instructing process.
- 2.Procedures for training employees on occupational safety and health and fire safety. The Company has training programmes and training matrix for hazardous work.
- 3.Procedures for the provision of personal protective equipment at the workplace. There is a list of free personal protective equipment for each position and workstation. There is a person appointed by the employer responsible for providing the safety equipment to employees.
- 4.Procedures for planning hazardous work. Determine which authorisation documents are required for hazardous work. There are people appointed by the employer to issue the permits for such jobs.
- 5.Procedures of health surveillance for employees. All employees are required to have a health surveillance before starting work. Periodic health surveillances are also organised for all employees.
- 6.Procedures for work-related incidents and accidents. Incidents and accident investigation committees are set up to investigate the circumstances, determine the causes and propose improvements to prevent similar incidents and accidents in the future.
- 7.Procedures for determining staff sobriety. In accordance with this procedure, regular sobriety checks are carried out on employees when inspecting workplaces.
- 8.Procedures for inspecting workplaces for occupational health and safety and fire safety. In accordance with this procedure, the workplaces of employees are regularly inspected, improvement actions are identified in the event of findings, and work is stopped in the event of serious violations. The Company also inspects construction sites where contractors hired by the Company are working.

The Company has designated managers who are responsible for carrying out the above functions. In 2022, 26 staff members received necessary training, which now allows them to be responsible for safe functioning of the Company.

Occupational risk assessments have been carried out in the Company's workplaces and no unacceptable working conditions have been identified. The occupational risk assessment of workplaces in the Technical Service Unit is planned to be updated in 2023.

## Ensuring safety in the workplace

Depending on the complexity of the work and the circumstances, the hazardous work shall be subject for a permit, instructions, orders, and hot works permits. These documents shall identify the risks and the measures to be taken to eliminate or mitigate them. Contractors working on the Company's sites are issued with an Act - Permit, which sets out the requirements for carrying out the required work, the safety measures that must be implemented, and the hazardous areas. These areas and the risks associated with them are assessed in accordance with national safety legislations.

The Company has a procedure for inspecting workplaces and assessing employee competencies in occupational health and safety. The results of the evaluation are linked to the employees incentive scheme. During 2022, the Company's production sites were inspected 41 times (all sites were inspected at least 4 times) and 253 infringements were recorded, of which more than 80% were corrected. The Company has introduced a classification system of recorded infringements, which allows a more efficient prioritisation of the employee health and safety department tasks. Workplaces of hired contractors were inspected 57 times. Preventive measures are applied in accordance with the agreements described within the contracts.

The procedure for the performance of contractors in the Company's territory is set in an internal act. The act defines the exclusion of the work area, the existing and potential risks in the territory of the Company and in the exclusion zone, the requirements that need to be met, and the procedure for authorising the planned work. Workplace inspections are organised and requirements for improvement actions are written periodically.

In accordance with the requirements of the Company's Occupational Health and Safety Instructions, any employee who notices an unsafe workplace or installation must immediately terminate work and inform his or her Unit manager. Employees can also make suggestions to improve the situation of unsafe workplaces directly to their manager or to the Occupational Health and Safety Unit.

The Company carries out periodic health and safety talks for employees. Any measures to improve the safety situation are discussed with the Company's trade union.



## Other initiatives

**In 2022 the Company implemented LST ISO 45001:2018 Occupational Health and Safety Management System. The external audit did not identify any nonconformities.**

The external audit did not identify any nonconformities.

The Occupational Health and Safety Unit participates in production meetings to address preventive issues to improve occupational health and safety. Such involvement helps to resolve issues or reduce/eliminate risk factors more efficiently and quickly. In 2022 the Company conducted practical training on first aid for the employees. The training simulated real-life situations and demonstrated how to provide first aid more effectively. The training was delivered by ambulance specialists.

The model for certifying energy workers in the Production Unit has been changed: workers are certified at their workplaces by simulating emergency situations and malfunctions (table-top exercises), and they are additionally questioned about occupational safety and fire safety.

In response to emergency situations occurring in the Company's heating installations, drills (exercises) are organised on a regular basis, followed by adjustments to emergency response and recovery actions.

**The Company pays for the vaccination of employees against influenza and tick-borne encephalitis.**

The Company's occupational health and safety management system complies with national and EU legislation defining health and safety requirements. It applies to all employees and to those people who are not employees of the Company but who carry out their business activities on the Company's premises.

## Injuries in the workplace

In 2022, two workers suffered work-related minor injuries. Injury information:

- 1.Trauma (pelvic contusion), classified as mild. The injury caused the worker to miss 5 days of work (40 hours). Cause: fall while leaning on a chair.
- 2.Trauma (damage to the ligaments of the knee joint). The injury caused the worker to miss 75 days of work (600 hours). Cause: fall from a ladder.

	Measuring units	2022
Mild accidents at work	units	2
Number of minor accidents (injuries) per million hours worked	Indicator	3.33

Note: The total recordable injury rate per million hours worked is calculated according to the GRI 403-9 formula. The total number of hours worked by all staff in 2022 is 600 677 hours.

To prevent the recurrence of similar injuries, preventive action plans have been drawn up, including an inventory and inspection of promotional equipment. As of 2022 the Company has not received any information from the contractors about incidents or injuries suffered by their employees at the facilities Kauno energija, AB. There were no reports of deterioration in workers' health due to harmful factors at the workplace and no such cases were recorded.



# Training and education

In accordance with the procedures adopted by the Company, its employees are periodically trained and certified when needed. The training is carried out in accordance with the Company's annual "Employee Development Plan", which specifies which employees must attend which training, when and what refresher training is mandatory. Training is planned for the operations of energy installations, the maintenance and management of potentially hazardous installations, and the performance of hazardous work. Certificates of proficiency are issued upon successful completion of the theoretical training and tests.

Much attention is paid to staff development through annual professional training courses organised by both public bodies and professional associations. On December 31st, 2022 the Company's trade union had 74 members. There are no restrictions for both trade union and individual workers from forming associations and bargaining collectively for better working conditions and pay.

## | In 2022, the average training duration per employee was 6 hours

(based on the duration of in-house training provided by the Company), 3 hours less than in 2021.

Gender breakdown of employees who have upgraded their qualifications in 2022:

Gender	Training hours, total
Women	410
Men	1,719

Note: The significant difference shown in the table is explained by the fact that men are more likely to be employed in jobs requiring specific vocational technical training.

Distribution of training hours by position in 2022:

Position held	Training hours, total
Managers	766
Specialists	1,217
Workers	146

The Company does not have specific training programmes for existing staff, other than those required to keep up-to-date with existing certifications or licences. To date, the Company does not record information on the participation of employees in these training programmes by gender. The Company does not have a transition programme for those who retire (or are made redundant).

In 2022, the Company focused on green energy and sustainability. In cooperation with Kaunas University of Technology, in-house training courses were organised on "Heat production, supply and environmental protection", "Corrosion of biomass boilers, corrosion manifestations, causes, prevention", and "Pollutant formation during combustion and reduction of pollutant emissions".

Six training sessions (20 hours in total) were organised on different topics for different groups of staff. Around 70 employees received training on these topics.



# Diversity and equal opportunities

When selecting employees to Kauno energija, AB the aim is to ensure that the employee selection process is objective, systematic, impartial, fair and non-discriminatory, providing equal opportunities to all candidates.

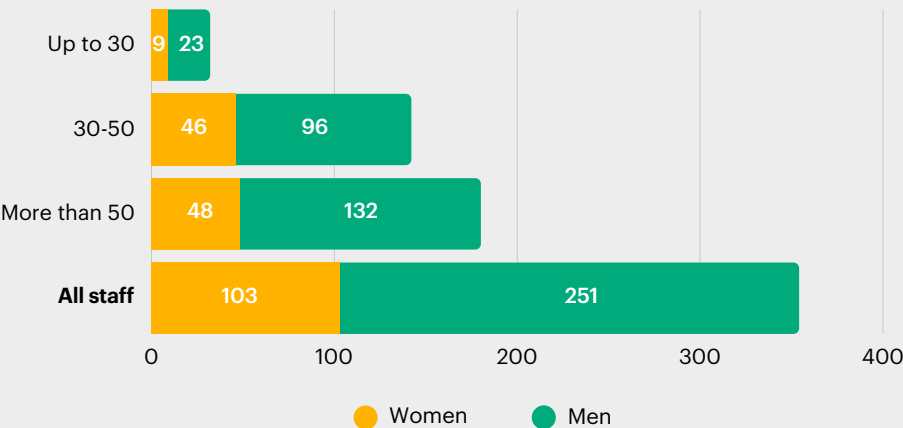
Selection of staff shall be made without discrimination on the grounds of sex, gender identity, race, nationality, language, origin, social status, age, sexual orientation, disability, ethnic origin, religion, beliefs or opinions, marital status or the intention to have children.

In 2022, when Russia attacked Ukraine and war refugees reached Lithuania, Kauno energija, AB was not indifferent. The Company's premises were adapted to accommodate Ukrainians and 22 people (adult women and minor children) were given a place to stay. Two people from Ukraine had no income, so Kauno energija, AB gave them the opportunity to earn money by concluding employment contracts, taking into account their experience and competences. At the request of a Ukrainian woman, the Company set up premises where she could carry out her individual activities - beauty treatments.

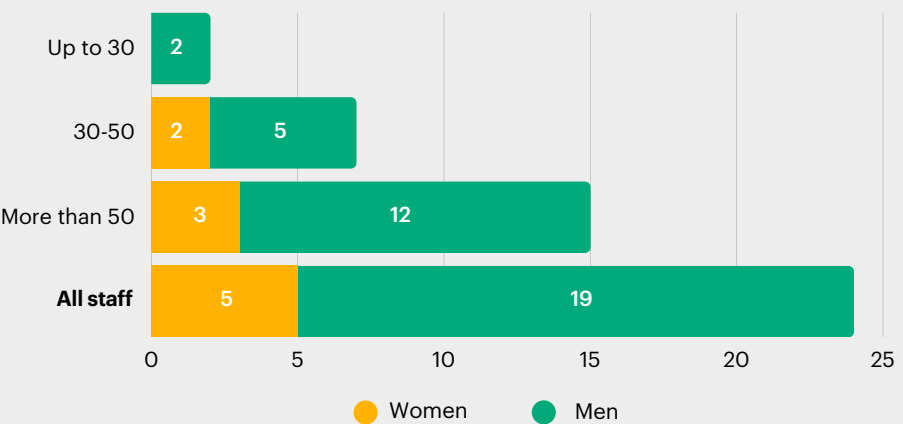
For employees who are subject to certain limitations due to health problems (physical exertion, noise, etc.), the Company will always offer job functions that are appropriate to the employee's level of ability to work. The Company's wide range of activities allows it to offer jobs to people of all ages, genders, nationalities and more. In 2022, about 69% of employees of Kauno energija, AB were men, which is due to the Company's field of activity (operation and repair of industrial heat generation equipment), which is usually preferred by this gender.

The Company regularly works with training institutions and accepts candidates with no work experience. Kauno energija, AB provides all the conditions for students to combine work and studies by offering flexible working conditions: flexible work schedule, reduced working hours or remote working opportunities.

Distribution of Kauno energija, AB employees by gender and age in 2022:



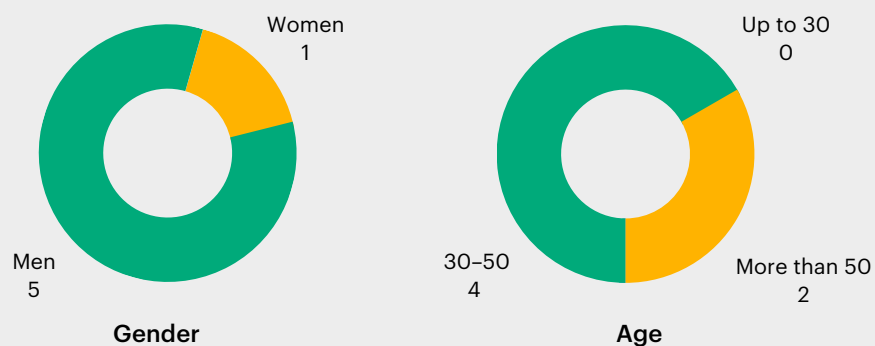
Distribution of employees of GO Energy LT, UAB by gender and age in 2022:



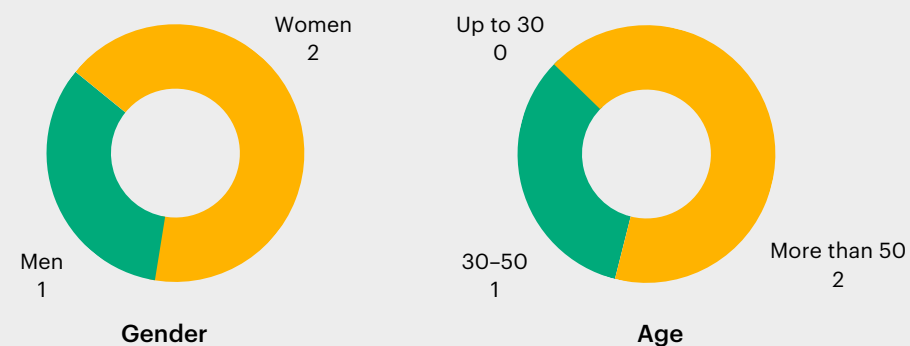


Gender and age distribution of employees in the Company's governing bodies:

### Supervisory Board

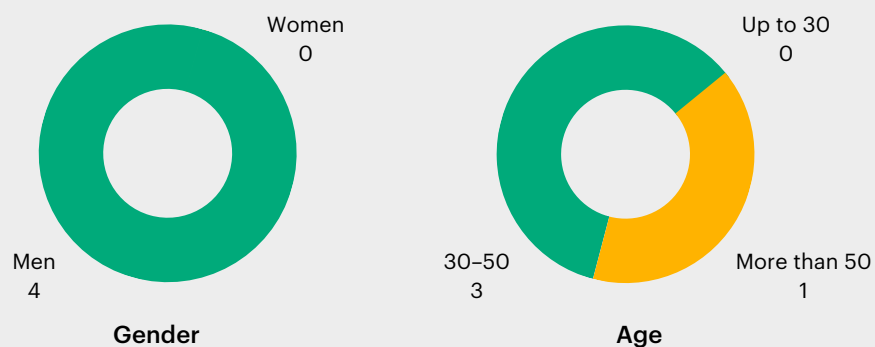


### Audit Committee

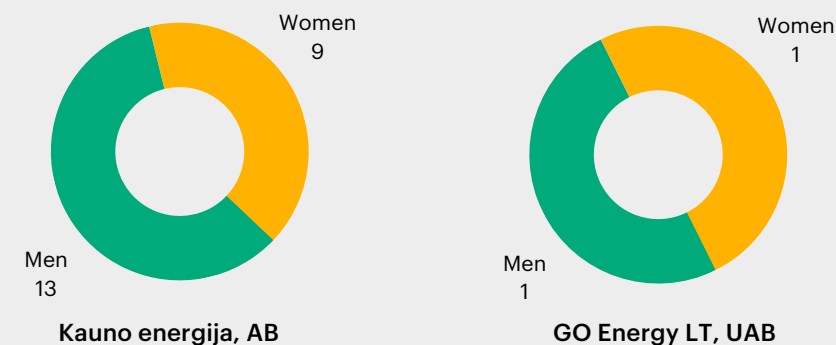


Note: All members of the Supervisory Board and the Management Board are not employees of the Company.

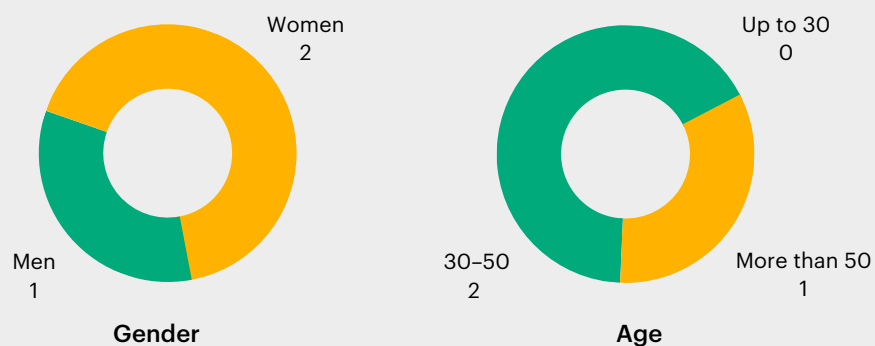
### Board



Gender distribution of managers:



### Occupational Health and Safety Committee



The Company has no record of employees belonging to minorities or vulnerable groups.

There is no difference in the salaries of women and men in the same positions and with the same qualifications in the Company.

Pay is reviewed without discrimination. Pay reviews are carried out in the light of the Company's financial performance, labour market conditions and the performance of each employee.



# Non-discrimination and human rights

In 2022 the Company had no record of discrimination.

The Company has an approved and effective "Equal Opportunities Policy and Implementation Procedure" which helps to ensure that applicants or existing employees are not treated unfairly, discriminated against or in violation of equal opportunities, whether related to the quality of their work or to other reasons.

Due to the Company's policy, no such cases are expected in the future.

In 2022, a draft "Description of Procedures for the Implementation of the Policy on Psychological Violence and Mobbing" was drawn up, which sets out the principles to be followed for the Company and to ensure the psychological safety of employees. There are the procedures for recording and dealing with incidents of psychological violence and mobbing at work, and the measures and procedures for implementing the prevention of mobbing.

The "Description of the Labour Remuneration System" adopted by the Company allows Kauno energija, AB to reduce the likelihood of discrimination in payment of wages.

## Freedom of association and collective bargaining

There are no risk factors that would restrict workers' rights to freedom of association or collective bargaining. All employees of the Company (and its group subsidiaries) are free to form any association and bargain collectively for better working conditions or pay. The Company has a Trade Union of employees with 74 members as of December 31st, 2022.

The Company has a collective agreement in place. It not only resolves important questions about the application of the conditions laid down in labour laws, but also creates new legal rules governing labour relations. Social dialogue is not only about collective bargaining and the signing of a collective agreement, but also about the subsequent implementation of the collective agreement, which includes the

practical application and monitoring of the provisions of the collective agreement. The collective agreement is published on the Company's intranet site. The agreement applies not only to members of the union, but also to all employees of the Company.

## Child and forced labour

The Company and its subsidiaries do not employ children, nor are there any factors in the Company's operations or in the businesses of its suppliers with whom the Company does business that could be considered as posing a high risk of incidents involving child labour.

The Company and its subsidiaries do not use forced labour, nor are there any factors in the Company's operations or in the businesses of its suppliers with whom the Company does business that could be considered as posing a high risk of incidents involving forced labour.



## Public policy

No financial or in-kind political contributions have been made, either directly or indirectly, to the Company or its subsidiaries.

## Consumer health and safety

The Company shall be obliged to ensure that the parameters of the heat carrier delivered to the heat supply-consumption boundary comply with the requirements of the legislation of the Republic of Lithuania and that the parameters of the heat carrier delivered to the heat consumer's heat delivery point (heat supply-consumption boundary) (minimum-maximum) must ensure the requirements of the quality of the temperature of the heated premises and the quality of the temperature of the hot water as laid down in the hygienic standards.

Kauno energija, AB, by abandoning the use of fossil fuels, ensures better air quality for consumers of heat and hot water, and provides access to heat, which is a vital daily necessity (especially in the cold season) for every person.

## Customer privacy

The Company has not received any substantiated complaints from external or supervisory authorities. There were also no recorded leaks, thefts or losses of customer data in 2022.





A photograph of two industrial workers in a large power plant. They are standing on a metal walkway with a red safety railing, looking at a large blueprint. The worker on the left is wearing a yellow hard hat and a dark blue t-shirt with 'KAUNO ENERGIA' and a logo on the back. The worker on the right is wearing a white hard hat and a dark blue long-sleeved shirt. The background shows large industrial pipes, valves, and structural elements of the plant.

# GOVERNANCE AREA





# Responsibility and sustainability in the supply chain

The main external services purchased by the Company are the monthly purchase of heat energy services from independent heat producers. In 2022, the Company purchased 71.94% of the total heat supplied to the grid, or 1,017,100 MWh, from independent heat producers. The required amount of heat is purchased through monthly electronic heat purchase auctions. These auctions are organised by the operator of the Energy Exchange Baltpool, UAB. The auctions are held in accordance with the Heat Auction Regulation approved by the National Energy Regulatory Council, according to which the Company's heat generation sources compete on equal terms with the generation sources of independent heat producers in these auctions.

The Company's other purchases are public. When planning and performing public procurement, executing contracts and establishing procurement control measures, the Company's employees shall be guided by the Law on Public Procurement of the Republic of Lithuania, the Law on Procurement by Contracting Authorities in the Fields of Water Management, Energy, Transport or Postal Services and the legal acts implementing it, the Description of Procedures, other laws, legal acts, and the Company's internal legal acts.

The Company has updated its Low Value Procurement Procedures in 2021, which entered into force on 1 January 2022 and is publicly available. The Company also follows the Public Procurement Planning, Initiation and Execution Procedures of Kauno energija, AB, approved on 13 December 2022, when conducting public purchases. The purpose of the Regulations is to ensure the legality of procurement, financial control, compliance with the basic principles of public procurement - equality, non-discrimination, mutual recognition, proportionality, transparency - and to enable the rational use of the Company's funds.

From 2022, the Company has actively started to apply the principles of environmental protection in the Company's public procurement, thus contributing to the development of the State Green Procurement System and aiming to procure goods, services or works with the lowest possible environmental impact at one, several or all stages of the life cycle of the goods, services or works. In 2022, the Company's purchases of goods, services and works with the lowest possible environmental impact accounted for 31.6% of the total value of public procurement. The Company actively carries out market consultations with suppliers, seeks to

clarify and identify aspects relevant for the conclusion and performance of the procurement contract, to determine the appropriate procurement strategy to increase the amount of green procurement and in the near future aims to ensure that all procurement is 100% compliant with the environmental protection requirements set out in the Order No. D1-508 "On the approval of the procedure for the application of environmental criteria in green procurement" and other legislation on green procurement.

The management model for this topic is directly linked to the procurement process and adjustments to this model may be made in response to feedback from employees or customers, complaints procedures or internal audit procedures.

**In 2022, the Company's purchases of goods, services and works with the lowest possible environmental impact accounted for 31.6% of the total value of public procurement. In the near future, the aim will be to make all purchases 100% compliant with green procurement requirements.**





# Prevention of corruption

The Company's activities are guided by its Corruption Prevention Policy, the purpose of which is to set out the basic principles and requirements for the prevention of corruption in the Company and its subsidiaries and guidelines for ensuring compliance with them. The Company's anti-corruption policy complies with the laws of the Republic of Lithuania. The Company implements the provisions of the Law on Prevention of Corruption regarding the creation of a corruption-proof environment. No cases of corruption have been identified in the company in 2022. No notifications were received either.

The Corruption Prevention Policy adopted by the Company is published on the Company's website. To prevent corruption, a system has been set up to enable the reporting, either in person or anonymously, of cases of abuse or corruption in the Company's activities. The system enables all employees, suppliers and customers of the Company to report any suspected corruption or misconduct. The information can be reported by e-mail: [prevencija@kaunoenergija.lt](mailto:prevencija@kaunoenergija.lt) or by filling in the infringement notification form on the Company's website. The Company guarantees full confidentiality and anonymity of data (although whistleblowers are invited (but not obliged) to provide contact information).

Compliance with anti-corruption requirements and standards is an integral part of the Company's business ethics, and the Corruption Prevention Policy applies to all the Company's agents, subsidiaries, contractors, subcontractors, suppliers and intermediaries.

The evaluation of the management model for this topic is carried out following feedback from users, which is used to make improvements. The Company remains committed to improving methods of encouraging and collecting feedback, and to devoting resources to support performance.

## Corruption risk assessment

All the Company's activities (100%), which are subject to corruption risk, are assessed in accordance with the methodology developed by the Special Investigation Service of the Republic of Lithuania (STT). The following areas have been assessed for the probability of corruption in 2022: procurement, project management, biofuel sampling and accounting.

**No significant risk of corruption was identified in 2022.**

In order to strengthen the maintenance of a corruption-proof environment, the position of Prevention Officer was approved in 2022. The list of the Company's posts for which a request for information to the Special Investigation Service is being made is also approved. These factors ensure effective management of potential risks related to corruption irregularities and abuses.





## Communication and training on corruption prevention policies and procedures

As of February 2017, the Company has approved a Corruption Prevention Policy. This information is published on the Company's website.

The following training has been provided to the persons responsible for the prevention of corruption in the Company:

1. Preventing corruption in institutions
2. Anti-corruption policy in local government
3. Corruption Map of Lithuania 2020
4. Anti-corruption environment in Lithuania: status, trends, challenges

Training and testing on the STT e-platform:

1. 2021-10-27 Conflicts of interest
2. 2021-10-27 Foreign bribery
3. 2021-10-27 Gift policy
4. 2021-09-30 The concept of corruption

The entire management team has attended Transparency International's training on promoting civic anti-corruption initiatives and their organisation in Lithuania in the previous year and made presentations about it to their team members.

**100% of the Company's management and 100% of all employees in all areas (353 employees) have been briefed on the Company's corruption prevention policies and procedures.**

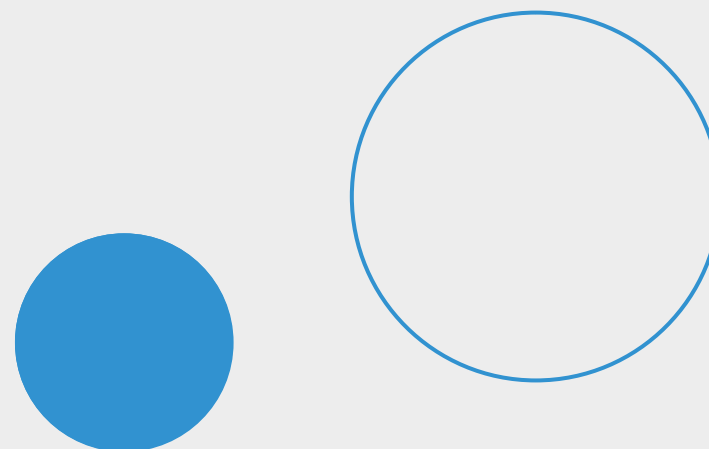
100% of the Company's suppliers (26 major suppliers and 666 minor suppliers) are informed of the Company's Corruption Prevention Policy. In addition, all contractors and suppliers participating in the public procurements issued by the Company have been made aware of the Company's corruption prevention policies and procedures in a mandatory manner.

Every employee of the Company who is hired to work in project management or in a managerial position has an interview with the Prevention Officer of Kauno energija, AB during the first week of work. During the interview process, staff members are briefed on the Prevention of Corruption Policy and trained.

The Prevention of Corruption Policy is an integral part of the Company's business ethics and is applicable to the Company's agents (intermediaries). It applies throughout the Company's territory. The Company has also adopted a Code of Ethics.

The Company has adopted a Gifts Policy, which outlines the procedures for the receipt, provision and treatment of gifts, applicable to all employees regardless of their position. In order to avoid any possible conflicts of interest or misunderstandings, the Company's website publishes the description of the procedure for accepting, receiving, giving and handling gifts from Kauno energija, AB.

In 2022, the Prevention Officer used the STT e-learning platform to learn about the application of the newly adopted Law on Prevention of Corruption in practice, as well as about other methodological tools needed to create a corruption-resistant environment in a company.





# GRI index

Statement of use		Kauno energija, AB has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2022.
GRI 1 used		GRI 1: Foundation 2021
Applicable GRI Sector Standards		Not applicable
GRI 2: General Disclosures 2021		
GRI Standard		Page
1. The organisation and its reporting practices		
2-1	Organisational details	<u>4 p.</u>
2-2	Entities included in the organisation's sustainability reporting	<u>4 p.</u>
2-3	Reporting period, frequency and contact point	<u>4 p.</u>
2-4	Restatements of information	<u>4 p.</u>
2-5	External assurance	<u>4 p.</u>
2. Activities and workers		
2-6	Activities, value chain and other business relationships	<u>5 p.</u>
2-7	Employees	<u>28 p.</u>
2-8	Workers who are not employees	<u>28 p.</u>
3. Governance		
2-9	Governance structure and composition	<u>9, 10, 11 p.</u>
2-10	Nomination and selection of the highest governance body	<u>10, 11 p.</u>
2-11	Chair of the highest governance body	<u>11 p.</u>

GRI Standard		Page
2-12	Role of the highest governance body in overseeing the management of impacts	<u>8 p.</u>
2-13	Delegation of responsibility for managing impacts	<u>8 p.</u>
2-14	Role of the highest governance body in sustainability reporting	<u>4 p.</u>
2-15	Conflicts of interest	<u>10 p.</u>
2-16	Communication of critical concerns	<u>8 p.</u>
2-17	Collective knowledge of the highest governance body	<u>8 p.</u>
2-18	Evaluation of the performance of the highest governance body	<u>10 p.</u>
2-19	Remuneration policy	<u>29 p.</u>
2-20	Process to determine remuneration	<u>29 p.</u>
2-21	Annual total compensation ratio	<u>29 p.</u>
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	<u>3 p.</u>
2-23	Policy commitments	<u>7 p.</u>
2-24	Embedding policy commitments	<u>7 p.</u>
2-25	Processes to remediate negative impacts	<u>12 p.</u>
2-26	Mechanisms for seeking advice and raising concerns	<u>12 p.</u>
2-27	Compliance with laws and regulations	<u>12 p.</u>
2-28	Membership associations	<u>5 psl.</u>



GRI Standard	Page
<b>5. Stakeholder engagement</b>	
2-29 Approach to stakeholder engagement	<u>13 p.</u>
2-30 Collective bargaining agreements	<u>36 p.</u>
<b>GRI 3: Material Topics 2021</b>	
3-1 Process to determine material topics	<u>14 p.</u>
3-2 List of material topics	<u>14 p.</u>
3-3 Management of material topics	<u>14, 16, 22, 25, 27 p.</u>
<b>Economic topics</b>	
<b>GRI 204: Purchasing Practices 2016</b>	
204-1 Proportion of spending on local suppliers	<u>39 p.</u>
<b>GRI 205: Anti-corruption 2016</b>	
205-1 Operations assessed for risks related to corruption	<u>40 p.</u>
205-2 Communication and training about anti-corruption policies and procedures	<u>41 p.</u>
205-3 Confirmed incidents of corruption and actions taken	<u>40 p.</u>
<b>Environmental topics</b>	
<b>GRI 302: Energy 2016</b>	
302-1 Energy consumption within the organisation	<u>21 p.</u>
<b>GRI 303: Water and Effluents 2018</b>	
303-1 Interaction with water as a shared resource	<u>22 p.</u>
303-2 Management of water discharge-related impacts	<u>22 p.</u>
303-5 Water consumption	<u>22 p.</u>

GRI Standard	Page
<b>GRI 305: Emissions 2016</b>	
305-1 Direct (Scope 1) GHG emissions	<u>18 p.</u>
305-2 Indirect (Scope 2) energy GHG emissions	<u>18 p.</u>
305-3 Other indirect (Scope 3) GHG emissions	<u>18 p.</u>
305-5 Reduction of GHG emissions	<u>18 p.</u>
305-6 Emissions of ozone-depleting substances (ODS)	<u>18 p.</u>
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<u>19 p.</u>
<b>GRI 306: Waste 2020</b>	
306-1 Waste generation and significant waste-related impacts	<u>25 p.</u>
306-2 Management of significant waste-related impacts	<u>25 p.</u>
306-3 Waste generated	
<b>GRI 308: Supplier Environmental Assessment 2016</b>	
308-1 New suppliers that were screened using environmental criteria	<u>39 p.</u>
<b>Social topics</b>	
<b>GRI 402: Labor/Management Relations 2016</b>	
402-1 Minimum notice periods regarding operational changes	<u>30 p.</u>
<b>GRI 403: Occupational Health and Safety 2018</b>	
403-1 Occupational health and safety management system	<u>32 p.</u>
403-2 Hazard identification, risk assessment, and incident investigation	<u>32 p.</u>



GRI Standard	Page
403-3 Occupational health services	<u>32 p.</u>
403-4 Worker participation, consultation, and communication on occupational health and safety	<u>32 p.</u>
403-5 Worker training on occupational health and safety	<u>32 p.</u>
403-6 Promotion of worker health	<u>32 p.</u>
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<u>32 p.</u>
403-8 Workers covered by an occupational health and safety management system	<u>32 p.</u>
403-9 Work-related injuries	<u>32 p.</u>
403-10 Work-related ill-health	<u>32 p.</u>
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	<u>33 p.</u>
404-2 Programs for upgrading employee skills and transition assistance programs	<u>33 p.</u>
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	<u>35 p.</u>
405-2 Ratio of basic salary and remuneration of women to men	<u>35 p.</u>
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	<u>36 p.</u>
GRI 407: Freedom of Association and Collective Bargaining 2016	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<u>36 p.</u>

GRI Standard	Page
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	<u>36 p.</u>
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<u>36 p.</u>
GRI 415: Public Policy 2016	
415-1 Political contributions	<u>37 p.</u>
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of product and service categories	<u>37 p.</u>
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<u>37 p.</u>
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>37 p.</u>



# UN Global Compact Principles

At the beginning of this century, the United Nations compiled and published the 10 Universal Principles Global Compact to which all organisations committed to operating responsibly and sustainably are invited to sign up voluntarily. As a member of the Global Compact, we support these principles in our work and promote their implementation in areas where we can have an impact. Below is a list of all the principles and the pages in this report that describe our activities, ambitions and initiatives in relation to these principles.



	Global Compact principle	Page
1	We support and respect the protection of internationally proclaimed human rights.	<a href="#">36 p.</a>
2	We make sure that we are not complicit in human rights abuses.	<a href="#">36 p.</a>
3	We uphold the freedom of association and the effective recognition of the right to collective bargaining.	<a href="#">36 p.</a>
4	We do not use forced and compulsory labour and work to eliminate all forms of it.	<a href="#">36 p.</a>
5	We do not exploit child labour and work to eliminate all forms of it.	<a href="#">36 p.</a>
6	We do not discriminate and work to eliminate discrimination in respect of employment and occupation.	<a href="#">36 p.</a>
7	We support a precautionary approach to environmental challenges.	<a href="#">7 p.</a>
8	We undertake initiatives to promote greater environmental responsibility.	<a href="#">15 p.</a>
9	We encourage the development and diffusion of environmentally friendly technologies.	<a href="#">15 p.</a>
10	We do not tolerate corruption and work against corruption in all its forms, including extortion and bribery.	<a href="#">40 p.</a>