

# **SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT**

**2023**



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# CEO letter

*Dear customers, partners and all stakeholders,*

*Although in 2023 we continued to live in a complex geopolitical environment, Kauno energija, AB ensured its primary function – reliable and sustainable heat and hot water supply to Kaunas city, Kaunas district and Jurbarkas. To achieve the goals set out in the Company's strategy up to 2026, the Company has consistently continued and launched new projects, totalling almost EUR 25 million, which will enable the production and supply of green heat more efficiently, reduce the use of fossil fuels, and expand the district heating network.*

*Kauno energija, AB supplies heat to 124,000 consumers through 450-kilometre-long district heating network in compliance with the EU Green Deal – up to 90% of the heat was produced from renewable energy sources (RES) – biomass and waste. This has led to a significant reduction in CO2 emissions.*

*One of the Company's ambitious strategic goals is to completely eliminate natural gas use in heat production. Already in the next three years, gas consumption will be reduced to 5% of total energy consumption for heat production, thereby increasing the use of green heat from biomass and reducing CO2 emissions.*

*The fuel used for heat production meets the criteria for sustainability and greenhouse gas emission reduction set out in the Republic of Lithuania Law on Energy from Renewable Sources and accounted for 91% of the total amount of biomass purchased on the international biomass exchange Baltpool.*

*As a socially responsible company, Kauno energija, AB contributes to the management of Kaunas parks, squares and other green areas by producing biomass from the green residues generated there. In 2023, over 4,000 tonnes of biomass were extracted in this way, producing 12,000 MWh of heat. This has helped Kaunas residents save around €280,000 per year. This biomass is certified under the SURE Sustainable Resources Certification Scheme.*

*2.5 times the amount of ash was sent for recycling in 2023. While in 2022, biomass ash was discharged as a by-product from 3 boiler houses, the number of boiler houses increased to 9 in 2023. Last year, the ash was used to fertilise forest plantations and as a stabiliser in roads and parking lots construction.*

*To reduce heat losses, 11 km of pipelines of different diameters were upgraded in 2023. The upgraded main pipeline is already 65% complete.*

*The IoT LoRa network for remote reading of water meters has been significantly expanded. The number of remote-reading smart hot water meters has almost tripled to 21,000 in 2023, while the number of non-reporting heat meters (NRHMs) has more than doubled to 1,500.*

*Consistent and timely investments in the efficiency of heat production and supply, management of the organisation and informing the public and stakeholders about the Company's strategic goals and their implementation allow Kauno Energija, AB to be one of Lithuania's most advanced and innovative energy companies.*

*By submitting this Consolidated Sustainability (Social Responsibility) Report, we commit ourselves to further 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 (Social Responsibility) Report, in accordance with the Global Reporting Initiative (GRI) Standards (from now on referred to as the Report), is a sustainability report of the Public Limited Liability Company Kauno energija (hereinafter - the Company) operating in Lithuania at Raudondvario rd. 84, Kaunas, 47179. The Report covers the period from 1 January 2023 to 31 December 2023 and should be read in conjunction with the Company's Consolidated Annual Report 2023. The Company has been reporting on sustainability under GRI since 2016.

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, constituting the largest and most significant part of the environmental and social impacts. However, some sections (referred to later in the 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).

The review of the Company's compliance with the Topic Specific Standards presents only the most significant (material) topics in detail. 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 as permitted by GRI 1: Foundation (2021) Requirement 6 Reasons for Omission when providing reasons thereof.

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 under GRI standards.

This Report has been prepared by an external organisation selected following an open and transparent public procurement procedures. The Report is based on the audited financial statements of Kauno energija, AB – both consolidated and of the

Company – and the consolidated annual report of Kauno energija, AB, for 2023. The quality assurance of this Report under GRI Standards is limited to compliance with the GRI Standards Guidelines. However, the Consolidated and the Company's 2023 set of financial statements prepared under International Financial Reporting Standards as adopted for use in the European Union, presented together with the Consolidated Annual Report (the basis for this GRI Standards Report), 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.

At the beginning of 2024, the Company carried out a market analysis and a stakeholder survey on sustainability and slightly adjusted the further provided list of sustainability topics to the obtained results (see chapter Materiality Analysis of Sustainability Topics).

For the first time, the Company in this Report voluntarily reports key performance indicators in accordance with Article 8 of the Taxonomy Regulation (EU) 2020/852.

In this Report, “social responsibility” is used synonymously with “sustainability”.

**Questions or feedback on this report and the Group's sustainability activities are welcome at the following contacts:**

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

**Tel.:** +370 800 11 011

**Address:** Kauno energija, AB Raudondvario rd. 84, 47179 Kaunas, Lithuania.

# 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 4 263 companies and organisations and 120 152 households, a total of 124 415 consumers. The Company's heat production sources produced 30 percent of heat supplied to the network in 2023. The remaining heat was purchased from other independent heat producers operating in Kaunas city and Kaunas district. In 2023, heat was purchased from 10 independent heat producers:

- Kauno termofikacijos elektrinė, UAB
- Ekoresursai, UAB
- Idex Taika, UAB
- Idex Taikos elektrinė, UAB
- Lorizon Energy, UAB
- Aldec General, UAB
- Idex Biruliškių, UAB
- Ekopartneris, UAB
- Foksita, UAB
- Kauno kogeneracinė jėgainė, UAB

The Company has an ambitious strategic goal to completely eliminate the use of natural gas in heat production. In the next three years, gas consumption will be reduced to 5% of total energy consumption for heat production, increasing the use of green heat from biomass and reducing CO2 emissions.

The Company buys the fuel used for heat production on the international biomass exchange Baltpool. In 2023, 310 841 MWh biomass was purchased on the Exchange, complying with sustainability and greenhouse gas emission reduction criteria under the Republic of Lithuania Law on Energy from Renewable Sources. This amount accounts for 91% of the total volume of biomass purchased.

The Company produces part of its biomass from green residues generated in Kaunas city parks and squares. In 2023, it resulted in 4 092 tonnes of biomass and 12 000 MWh of heat produced, helping Kaunas residents save €280 000 a year. Kauno energija, AB has achieved another victory on the path of sustainability – this biomass

has been certified by the SURE Sustainable Resource Certification Scheme. This means that the Company produces sustainable biofuels that are neutral in terms of greenhouse gas emissions.

Kauno energija, AB concluded 768 public procurement contracts (oral and written) with suppliers of services, works and goods, of which 8 public procurement contracts were signed with foreign suppliers in 2023. GO Energy LT, UAB concluded 39 contracts with suppliers of services, works, and goods, 38 public procurement contracts were signed with local suppliers, and 1 contract was concluded with a foreign one in 2023. Local suppliers are defined as suppliers operating in Lithuania's territory.

**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)



ORGANIZATION OF PRODUCERS AND  
IMPORTERS OF ELECTRICAL AND  
ELECTRONIC EQUIPMENT

An aerial photograph of a residential neighborhood. In the foreground, several multi-story apartment buildings are visible, surrounded by lush green trees. A road with parked cars runs through the middle ground. In the background, a wide river flows, crossed by a long bridge. The far bank of the river is densely forested. The overall scene depicts a green, sustainable urban environment.

# SUSTAINABILITY AT THE COMPANY

# Key Sustainability Principles and Commitments

The Company sees sustainability 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 implement 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, employees' rights, the environment and anti-corruption.
- We contribute to the United Nations **Sustainable Development Goals** (SDGs).
- We are on track with **the European 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 the implementation of projects and initiatives.
- We set our sustainability targets by the precautionary principle, i.e. using the best up-to-date scientific advice in terms of the environment.

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 of Ethics sets out how the Company's employees should work and the values to guide them when working as a team with each other, consumers, business partners and others. In 2023, the Company certified its integrated management system for quality (ISO 9001), environment (ISO 14001) and occupational safety and health (ISO 45001). The Company's employees follow the approved [Integrated Management System policy](#) and strive to continuously improve business processes, ensuring the highest quality of services, a sustainable and safe environment.



Other policies that are in place and implemented are publicly available on the Company's [website](#).

# Sustainability Management

The Company's key 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 management 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 approved the development strategy of the Company, and on 11 July 2022 it was 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-term and short-term objectives.

On 16 May 2023, the Head of Quality Management, who is in charge of Sustainability in the Company completed a 44-hour training programme. This programme provided her with theoretical and practical skills to help her apply the principles of sustainability in our organisation.

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. No critical sustainability issues were of particular concern in Group companies in 2023.

The Company's employees and management continuously improve their knowledge in various areas of environmental protection and sustainable development. Employees are trained in the application of the Environmental Management Standard ISO 14001 and an internal audit team of 11 people is in place. More information on staff 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 Company's governing bodies shall act for the benefit of the Company and its shareholders in accordance with the laws and other legal acts of the Republic of Lithuania and with the Company's Articles of Association.

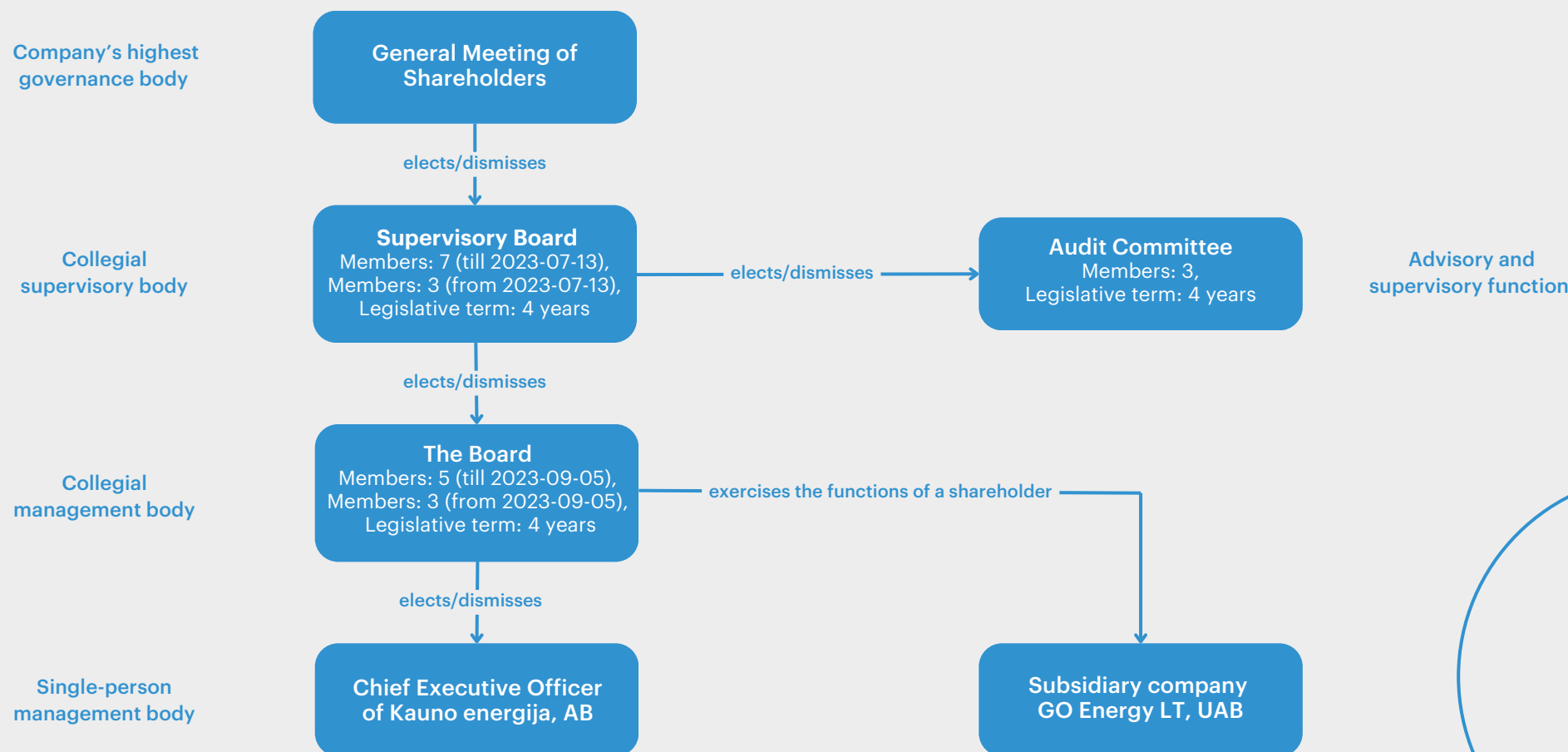
The General Meeting of Shareholders is the supreme body of the Company. The General Meeting of Shareholders elects the Supervisory Board.

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

## Committees in charge of 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. By decision No. 2023-4 of the Supervisory Board meeting of 13 October 2023, the following were appointed as members of the Company's Audit Committee: Mindaugas Šimkus, Violeta Kavaliauskienė and the Company's Senior Accountant Edita Girdvilienė. At the meeting of the Company's Audit Committee held on 17 January 2024, Mindaugas Šimkus, an independent member, was re-elected as the Chairman of the Company's Audit Committee.
- **Technical Council:** On 26 September 2022, by order of the CEO of Kauno energija, AB, No. A-30 (E)-328 "On the Establishment of the Technical Council," the composition of the Technical Council was updated. As of 2022, it consists of 6 members who examine the adopted resolutions and make recommendations to the CEO on various economic, social, and environmental issues. 33 Technical Council meetings were held in 2023.
- **Trade Union of Kauno energija, AB:** The Company has a trade union with 45 employees as at 31 December 2023. In 2023, the trade union met two times. On 24 July 2023, Edita Kveškevičiūtė was elected as the Chairman of the Trade Union of Kauno energija, AB.
- **Occupational Health and Safety Committee:** the OSH Committee did not meet in 2023 as there were no issues to be discussed.

## Corportate Governance Structure and Composition



## General Meeting of Shareholders

The highest governance body of the parent company is the General Meeting of Shareholders. General Meeting of Shareholders acts in accordance with the Republic of Lithuania Law on Companies. Notices of the General Meeting of Shareholders, together with the agenda, are published 21 calendar 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 of Shareholders.

The General Meeting of Shareholders has the exclusive right to:

- Amend the Company's Articles of Association.
- Elect the members of the Supervisory Board.
- Approve the set of annual accounts and the profit and loss account.
- Adopt a decision to allocate dividends for periods of less than one financial year.
- Decide whether to increase or decrease the share capital.
- To take decisions on the reorganisation, separation, conversion, restructuring, and liquidation of the Company.

Other functions are set out in the Republic of Lithuania Law on Companies (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 issues do not fall within the competence of different organs of the Company under this Law and that they do not constitute functions of the management bodies.

## The Supervisory Board

The Supervisory Board is elected by the General Meeting of Shareholders. The Supervisory Board is elected according to the procedure for selecting candidates for the collegiate supervisory or management body of a state or municipal enterprise, a state- or municipally-owned company, or its subsidiary, as approved by Resolution of the Government of the Republic of Lithuania No. 631 of 17 June 2015. The Supervisory Board is elected from 3 members for a period of 4 years.

The Company's Supervisory Board shall:

- Consider and approve the Company's business strategy, analyse and evaluate information on its implementation, and submit this information to the Annual General Meeting of Shareholders;
- Elect and remove the members of the Company's Board;
- Supervise the activities of the Board and the Company's CEO;
- Decide on transactions with related parties, as set out in Article 37<sup>2</sup> of the Law of the Republic of Lithuania on Companies;
- Provide the General Meeting of Shareholders with feedback and proposals on the annual financial statements, the draft of profit/loss distribution and the Company's Annual Report, as well as on the performance of the Board and the Company's CEO;
- Provide the General Meeting of Shareholders with comments and proposals on the draft decision on the granting of dividends for a period shorter than one financial year and on the interim financial statements and an interim report drawn up for its adoption;
- Elect the members of the Company's Audit Committee and remove them from office; determine the commencement of the Audit Committee's work;
- Approve and amend the Company's Audit Committee Regulations;
- Propose to the Company's Board and the CEO to revoke their decisions contrary to laws and other legal acts, the Company's Articles of Association or the decisions of the General Meeting of Shareholders;
- Provide comments and proposals to the General Meeting of Shareholders and the Board on the draft remuneration policy and draft remuneration report;
- Following the procedure set out in the Company's Articles of Association, take decisions on authorising the Company to enter into the transactions referred to in Article 34 Part 4 (3), (4), (5), (6) of the Republic of Lithuania Law on Companies;
- Decide on other matters within the competence of the Supervisory Board to supervise the activities of the Company and its management bodies as provided for in the Company's Articles of Association, as well as in the decisions of the Company's General Meeting of Shareholders.

The procedure for the work of the Supervisory Board of Kauno energija, AB is regulated by the Rules of Procedure of the Supervisory Board of Kauno Energija, AB approved by the decision of the meeting of the Supervisory Board of Kauno Energija, AB, No. 2023-3 on 13 July 2023. The Supervisory Board shall not be entitled to assign or delegate its functions to the General Meeting of Shareholders, To the Board or to the CEO.

In 2023, the Supervisory Board consisted of 3 members:

- Antanas Eteris, Chairman of the Supervisory Board.
- Mindaugas Bičkauskas, Member of the Supervisory Board.
- Pranas Rakauskas, Member of the Supervisory Board (term of office expires 12 December 2023).

## The Board

The Board is the Company's collegiate management body, consisting of 3 Board members. The Board is elected by the Supervisory Board for a period of 4 (four) years. The Supervisory Board may dismiss the Management Board as a whole or its members before their term of office ends.

The Board considers and approves:

- The Company's Annual Report;
- The Company's Interim Report;
- The Company's Governance Structure and Composition;
- Posts for which recruitment is subject to competition;
- The regulations governing the Company's branches and representative offices;
- Procedures which the Board delegates to the Company's administration to prepare.

The Board elects and removes the Company's CEO, determines their remuneration and other terms and conditions of employment, approves their Staff Regulations, promotes them and imposes penalties. In determining the remuneration of the Company's CEO, the Board is guided by the Remuneration Policy.

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

The Board adopts:

- Decisions for the Company to become a founder or participant in other legal entities;
- Decisions to establish and close branches and representative offices of the Company, and to approve their regulations;
- Decisions to invest, transfer or lease the long-term assets with a carrying amount exceeding EUR 3 million (three million) (calculated separately for each type of transaction);
- Decisions on the pledges or mortgages of long-term assets with a carrying amount exceeding EUR 3 million (three million) (calculated as the total sum of transactions);
- Decisions on guaranteeing or indemnifying other persons for the fulfilment of their obligations in excess of EUR 3 million (three million);
- Decisions to acquire fixed assets for a price exceeding EUR 3 million (three million);
- Decisions on setting prices and/or draft prices for services/products of the Company's core business;
- 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 shall authorise specific persons to represent the Company in other Companies in which the Company is a shareholder or member.

13 July 2023, The Supervisory Board of Kauno energija, AB, has elected the Board of the Company for four years. The company's Board currently consists of 3 members:

- Nerijus Mordas (Chairman).
- Algimantas Stasys Anužis.
- Giedrius Kazlauskas.

## C

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 in charge 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;
- Making the Remuneration Policy and Remuneration Report publicly available 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*;
- Drafting the rules for the granting of shares;
- Contracting with an auditor or audit firm where an audit is required by law or the Company's Articles of Association;
- Providing information and documents to the General Meeting of Shareholders, the Supervisory Board and the Board in the cases set out in the Republic of Lithuania Law on Companies or upon their request;

- Submission of the Company's documents and data to the Registrar of Legal Entities;
- Submission of the Company's documents to the Bank of Lithuania and the Lithuanian Central Securities Depository;
- Publication of the information specified in the Republic of Lithuania Law on Companies in the electronic publication "Public Announcements of Legal Entities" published by the State Enterprise Centre of Registers;
- Reporting to the Shareholders, the Supervisory Board and the Board on major events relevant to the Company's business;
- Performing other duties set out in the Republic of Lithuania Law on Companies, other laws and legal acts of the Republic of Lithuania, these Articles of Association, or the job description of the CEO.

## Channels for Reporting Breaches

The Company is committed to the highest standards of business ethics. It advocates free and fair trade, open competition and ethical conditions by the legislation of the Republic of Lithuania.

Both internal and external stakeholders can report various breaches and concerns, such as non-compliance with the law, discrimination and other unethical behaviour, by filling in the Whistleblower Reporting 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](#). There were no damaging transactions or potential conflicts of interest on behalf of the Company in 2023.

Employees involved in the public procurement process (members of the procurement committee, initiators of the procurement), Heads of Divisions and their deputies, members of the Board, etc. declare their private interests in [PINREG](#). All declarations are available to stakeholders.

## Mitigating Negative Impacts

The European Union (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 preventive action, where environmental damage is first repaired at the source and compensated for by the person who caused it.

Accordingly, the Company follows the following precautionary principles to avoid causing adverse environmental impacts. However, if an environmental impact occurs, the Company will make every effort to resolve the situation quickly and transparently.

In 2023, there were no significant cases of non-compliance with the law in the Company, and the Company paid a fine of EUR 42 for a one-off exceedance of a marginal limit for sulphate in wastewater discharges.



# 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 to develop a constructive dialogue. Stakeholders shall be identified as those groups that find our activities highly relevant and/or are significantly affected by them, as well as individuals and organisations that significantly influence 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, sustainability 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 divisions and within departments and divisions) communication.

Consumers who have questions about the provision of services visit the Kaunas Citizens' Service Centre "Mano Kaunas" or contact 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 2023, no sustainability issues were raised or problems identified by consumer representatives.

In April 2024, a stakeholder survey was carried out with three stakeholders: employees, the Management Board and the Supervisory Board. In 2025, the Company plans to continue and expand the survey of interested parties.

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



# Materiality Analysis of Sustainability Topics

This is the eighth year that the Report has been prepared under GRI standards, and the Company has consistently disclosed data on those topics that are most relevant to its day-to-day Operations, its 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 the Company will make further efforts to involve stakeholders in preparing the Sustainability Report, carry out a more detailed materiality assessment, and revise the list of disclosure topics and indicators in the future.

The Material Topics of the Report are:

## Environmental Area

- Greenhouse Gases
- Energy
- Water and Wastewater
- Waste Management



## Governance Area

- Responsibility and Sustainability in the Supply Chain
- Business Ethics and Compliance (incl. Prevention of Corruption)
- Ensuring a Stable and Secure District Heating Network



## Social Area

- Employee Relations Management
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunities at Work
- Non-Discrimination and Human rights
- Consumer Health and Safety
- Consumer Satisfaction
- Customer Privacy and Data Protection
- Support to Communities and Education



Compared to previous years, “Air Pollution” has been renamed “Greenhouse Gases”, “Waste” has been renamed “Waste Management”, “Diversity and Equal Opportunities” has been renamed “Diversity and Equal Opportunities at Work”, “Customer Privacy” has been renamed to “Customer Privacy and Data Protection”, “Prevention of Corruption” has been renamed to “Business Ethics and Compliance (incl. Prevention of Corruption)”, and a new topic has been added to more accurately reflect the context of the Company – “Ensuring a Stable and Secure Heating Network”. The management principles for all material topics are described under GRI requirements in this report, in chapters arranged by topic. The full list of GRI Standard themes and indicators is available at the end of the Report, in the GRI Index section.



## IMPORTANCE FOR STAKEHOLDERS



IMPACT ON SOCIETY, ENVIRONMENT AND KAUNO ENERGIJA, AB, PERFORMANCE

● – Environmental; ● – Social; ● – Governance

# ENVIRONMENTAL AREA

This area  
reflects:



# Environmental Management Model

Ensuring environmental compliance is one of the priority areas of Kauno energija, AB to maintain our commitment to environmental protection, comply with legal requirements, and foster a high level of transparency in reporting relevant activities. The Company's activities involve using the most advanced technologies and processes, rational use of natural resources, and preventive measures to reduce negative environmental impacts.

Management of each material environmental topic is further described in the topic-specific chapters.

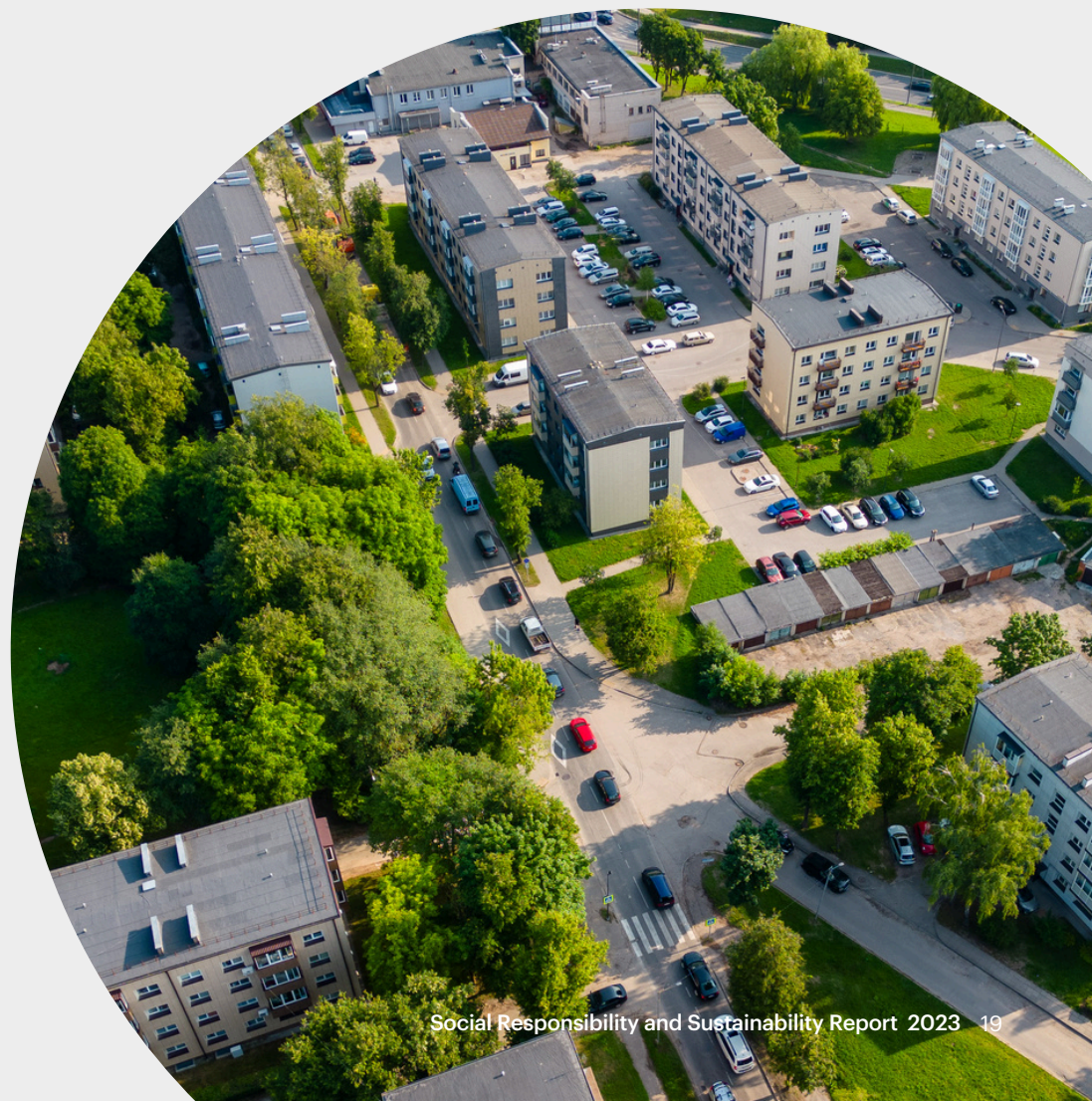
## Improving the Management Model

When managing its environmental impact, the Company seeks to contribute to the implementation of the European Green Deal, the environmental and climate change objectives set out in the United Nations Development Agenda 2030, the goals defined in the National Energy Independence Strategy for the heating sector, and to comply with the European Commission's Renewable Energy Directive RED II (EU) 2018/2001). From 2023, heat is produced using solid biomass with RED BP label or certified with SURE scheme.

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 objectives and targets set out in the Strategy. The indicators of achievement of the objectives and the measures implemented to achieve the Company's operational strategy are documented in quarterly and annual reports on the implementation of the strategy, which are submitted to the Company's shareholders.

In 2023, the Company did not record any breaches of environmental legislation or non-compliance during the controlling authorities inspection. Internal monitoring recorded a single case of a minor exceedance of sulphate in wastewater discharges. Excessive pollution was declared, and a fine of €42 was paid.

The Sustainability Management section of this report provides references to the decisions made on these topics, and the Key Sustainability Principles and Commitments section provides all references to the principles that shape the Company's policies.



# Greenhouse Gases

The main environmental impacts of the energy sector are climate change and air pollution. The main environmental impacts of the district heating sector are climate change and air pollution. 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 fuel gas treatment plants and the regular control of air emissions. The control of air pollutants in the Company is carried out by the measurement laboratory of stationary sources of ambient air pollution in Kauno energija, AB. It has a permit No 1AT-248 issued by the Environmental Protection Agency to take test samples and carry out laboratory tests and/or measurements of pollutants emitted or discharged to the environment by pollution sources and contaminants in the elements (air, water, soil). This laboratory enables the continuous monitoring, management, collection and processing of all data relating to the Company's air pollution from stationary sources. It ensures that pollution from these sources does not exceed the permissible limits set out in the integrated pollution prevention and control permits and pollution permits.

In 2023, the Company recorded no exceedances of emission limit values for stationary sources of air pollution. Information on air emission tests 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;
- Helsinki Commission (HELCOM) requirements and the environmental restrictions of the Helsinki Convention;
- Paris Agreement on Climate Change (EU) 2016/1841;
- National Energy Independence Strategy;
- Emission standards for combustion plants LAND 43-2013;
- National emission standards for medium-sized combustion plants;
- Commission Implementing Regulation (EU) 2018/2066 on greenhouse gas emissions monitoring and reporting;
- Directive (EU) 2018/2001 of the European Parliament and of the Council (RED II) on the use of renewable energy sources.

## Inventory of Greenhouse Gas Emissions

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 participating in the European Union Emissions Trading Scheme with an installed nominal thermal capacity exceeding 20 MW. The Company owns 5 boiler plants of the following capacity: Petrašiūnai power plant, „Pergalė” boiler plant, „Šilkas” boiler plant, Garliava boiler plant and Jurbarkas boiler plant. The annual GHG emissions data and accounting for 2023 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.

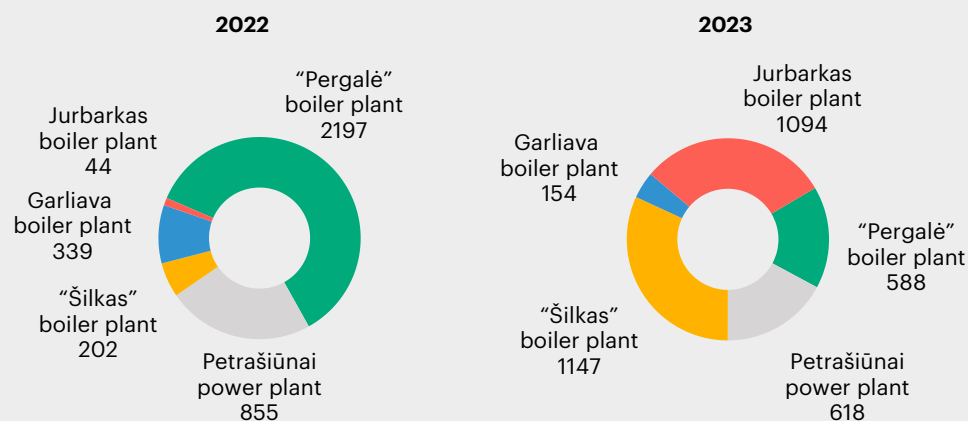
In 2023, the total direct emissions from the Company's heat generation sources mentioned above amounted to 3 601 tonnes of CO<sub>2</sub> (only CO<sub>2</sub> gases are counted among the potential greenhouse gases (GHGs), emissions of biogenic CO<sub>2</sub> are not counted in metric tonnes of CO<sub>2</sub> equivalent). The lower non-biogenic carbon dioxide emissions compared to 2022 (36 tCO<sub>2</sub>) are due to the higher use of biomass in heat generation. In 2022, solid biofuels accounted for 84.33% of the total fuel mix; in 2023, solid biofuels accounted for 84.81%. Emissions reductions have been achieved in the direct emissions associated with the Company's direct activities.

The Company further reduces CO<sub>2</sub> emissions by installing efficient biomass combustion technologies and modern air pollution control devices. In the second half of 2023, the installation of an electrostatic precipitator started at the Company's "Nemunas" boiler plant and is scheduled for completion in May 2024. In 2023, the Company launched the Girionys boiler plant reconstruction project, replacing old and worn-out boilers with new and efficient ones. The project includes the installation of a condensing Economiser and a sleeve filter for fuel gas cleaning (scheduled for completion in September 2024).

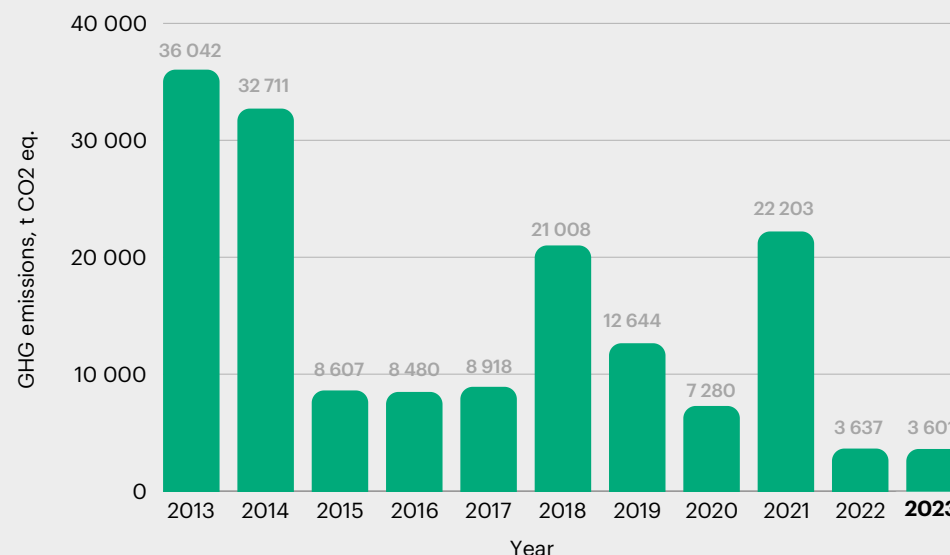
In 2023, the project for an absorption heat pump with a second-stage condensing economiser was launched at the Company's Jurbarkas boiler plant, with implementation scheduled for April 2024. The project will generate an additional 0.7 MW of heat from the combustion exhaust gases at a temperature of 45 degrees Celsius, which will be used to provide supplementary heating of the cogeneration water supplied to the biomass boilers. A 2.4 MW absorption heat pump with the second stage flue gas condensing economiser was installed and successfully operates at the Petrašiūnai power plant.

The Company is also investing in the installation of solar photovoltaic power plants, upgrading existing fleets by replacing old and polluting cars with more environmentally friendly electric vehicles and carrying out green procurement.

## Total GHG emissions from boiler plants in 2023, t CO2 eq.



A breakdown of the total GHG emissions from the Company's heat generation infrastructure over the period 2013–2023:



Note: The source of emission factors and reference to the global warming potential (GWP) targets (as well as the standards, methodologies and calculation tools) are taken from these documents: Directive 2003/87/EC of the European Parliament and of the Council, Commission Regulation (EU) No 2018/2066, Commission Regulation No 600/2012, Commission Regulation No 601/2012, ISO 14065. The base year is 2013, started due to legal requirements. Biogenic CO2 has not been taken into account in the calculations.

In 2023, to objectively assess the environmental impact of all its activities, the Company has carried out a CO2 (carbon footprint) calculation, which includes not only the assessment of the capacity of the Company's boiler plants larger than 20 MW but also the assessment of all the Company's boiler plants, independent heat producers, vehicles, buildings, purchases of goods and services, or any other processes necessary for the Company's operations. The greenhouse gas calculations have been prepared according to 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	2023
	t CO <sub>2</sub> eq.	t CO <sub>2</sub> eq.
Direct (Scope 1)	15 551	18 057
Indirect (Scope 2)	69 849	69 082
Other indirect volumes (Scope 3)	13 667	14 964

Note:

<sup>1</sup> CO<sub>2</sub> (biogenic and non-biogenic origin), CH<sub>4</sub>, N<sub>2</sub>O and HFCs were included in the calculations. Biogenic GHG emissions of 210 598 Co<sub>2</sub>e. The base year is 2013 (2013 is the year when the calculation of GHGs under the legislation started and amounted to 36,042 tonnes of CO<sub>2</sub> eq.).

<sup>2</sup> Calculated using the "location-based method". Calculated by the "market-based method", the total indirect energy (Scope 2) GHG emissions from the market would be 71 415 t CO<sub>2</sub>e 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 emission factors): CH<sub>4</sub>: 25, N<sub>2</sub>O: 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 substances are only used for space cooling in closed air conditioning systems. Air conditioning systems are maintained and periodically serviced by external service providers.

## Emissions of Nitrogen Oxides, Sulphur Oxides and Other Major Air Pollutants

The increase or decrease in particulate matter, nitrogen oxides and other pollutants observed in 2023 can be attributed to the renewal of emission permits and integrated pollution prevention permits and changes in the methodology for emission inventory. Outdated methodologies for emission inventory are being replaced by newer ones to entirely switch to the EMEP/CORINAIR Atmospheric Emission Inventory Guidebook 2023 emission calculation methodology.

## 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> )	Volatile organic compounds (VOCs)	Other
2023	56.708	839.787	171.051	22.104	0.597	1.520
2022	51.513	159.814	796.357	60.959	2.014	0.312
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

Standards, methodologies, assumptions and/or calculation tools used: A set of methodologies for estimating emissions from various production sites. Leningrad, 1986 (rus. Sbornik metodik po raschiotu vybrosov v atmosferu zagriazniajuščich viešciv različnymi proizvodstvami. Goskomgidromiet. Leningrad, 1986); European Environment Agency's EMEP/CORINAIR Atmospheric Emission Inventory Guidebook 2023; Methodology for estimating the amount of volatile organic compounds emitted into the atmosphere during the storage and distribution of petroleum and petroleum products LAND 31-2007/M-11.

The factor sources used in the calculations are taken from the Environmental Protection Agency website: „Lietuvoje taikomos kuro grynosios šiluminės vertės ir išmetamų teršalų faktoriai“ (Net calorific values and emission factors of fuels in Lithuania).

# Energy

Sustainable energy is critical to ensuring sustainable development in the Company and energy security in the Lithuanian region through a strategy 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 2023, biofuel was combusted at "Šilkas", "Inkaras", "Nemunas", Noreikiškės, Ežerėlis, Jurbarkas, Vaišvydava, Raudondvaris, Girionys, Garliava boiler plants and Petrašiunai power plant. In the Company's 2023 fuel mix, biomass accounts for 84.81%, natural gas 14.14% and other fuels 1.05%. Compared to 2022, the use of other fuels has been reduced by 64.04% due to the connection of gas-fired facilities to the Kaunas city district heating network, the desire to reduce dependence on Russian natural gas and the increased use of solid biofuels.

## Fuel structure, %



## Amount of fuel consumed by Kauno energija, AB

Non-renewable fuel consumption, MWh			
Fuel type	2021	2022	2023
Diesel	9 856	11 221	<b>2 660</b>
Liquefied petroleum gas	831	294	<b>0</b>
Natural gas	184 045	50 300	<b>57 031</b>
Peat	67	0	<b>0</b>
Fuel oils	N/A	N/A	<b>1 336</b>
<b>Total:</b>	<b>194 799</b>	<b>61 815</b>	<b>61 027</b>
Renewable fuel consumption, MWh			
Wood chips	320 448	332 535	<b>341 896</b>
Wood pellets	308	237	<b>249</b>
<b>Total:</b>	<b>320 756</b>	<b>332 772</b>	<b>342 145</b>

In 2023, the Company's own generation sources produced 417 300 MWh or 30% of the total heat fed into the grid. 70% or 961 300 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 2023, UAB GO Energy LT, UAB used no fuel and produced no heat energy.

Most of the electricity consumed by Kauno energija, AB, is used to produce and supply heat energy. In total, the Company purchased, produced, and consumed 11 351 004 kWh (excluding UAB GO Energy LT, UAB) of energy for internal use during 2023. Domestic electricity consumption amounted to 9 276 587 kWh, with the remaining 734 542 kWh being resold. The Company is consistently investing in its solar power plants to reduce annual electricity costs. Additional solar photovoltaic plants were installed in 2023: In Kaunas – on an administrative building on Raudondvario rd. 84,

Jonavos str. 276, Garliava boiler plant in Kaunas district and Jurbarkas boiler plant rooftop. The newly installed solar photovoltaic power plants have a capacity of 360 kW. In 2023, solar photovoltaic plant projects were started, which are expected to be completed by mid-2024. In Kaunas city, the Petrašiūnai power plant has a solar park of 880 kW, the “Šilkas” boiler plant – of 34 kW, and the “Inkaras” boiler plant – of 98 kW. In Kaunas district, the Domeikava boiler plant has a capacity of 350 kW.

In 2023, GO Energy LT, UAB purchased and consumed 118 825 kWh of electricity, of which 20 195 kWh was generated by their own solar photovoltaic power plants, with a total capacity of 63,99 kW.

## Electricity and heating consumption

	Kauno energija, AB			GO Energy LT, UAB		
	2021	2022	2023	2021	2022	2023
Electricity consumption, MWh	10 584.867	10 555.695	<b>11 351.004</b>	122.657	120.021	<b>118.825</b>
Heating consumption, MWh	5 789.388	5 120.480	<b>5 495.469</b>	N/A	173.960	<b>178.540</b>
<b>Energy consumption, total</b>	<b>16 374.255</b>	<b>15 676.175</b>	<b>16 846.473</b>	<b>122.657</b>	<b>293.981</b>	<b>297.365</b>

Notes. Standards, methodologies, assumptions and (or) calculation tools used for calculations: readings of heat, electricity, gas metering devices, Solid Biofuels Inventory Rules, approved by the Order of the Minister of Energy of the Republic of Lithuania No 1-185 dated 20 September 2013.

The companies do not sell steam power. No energy was consumed for cooling and steam power in 2023.

## Sales of electricity, heating and cooling energy

	Kauno energija, AB			GO Energy LT, UAB		
	2021	2022	2023	2021	2022	2023
Electricity sold, MWh	0	0	<b>0</b>	0	0	<b>0</b>
Heat energy sold, MWh	1 342 847.043	1 187 360.203	<b>1 168 340.970</b>	0	0	<b>0</b>
Cool energy sold, MWh	0	0	<b>0</b>	102.61	104.92	<b>84.63</b>
<b>Energy sold, total</b>	<b>1 342 847.043</b>	<b>1 187 360.203</b>	<b>1 168 340.970</b>	<b>102.61</b>	<b>104.92</b>	<b>84.63</b>

Notes. The companies do not sell steam power.

In 2024, the Company plans to install two more solar power plants on the roofs of the „Šilkas” and „Inkaras” boiler plants, and two solar parks. A 350 kW ORC power plant is planned to be installed at the Petrašiūnai power plant by 2025.

# Water and Wastewater

## Water and Wastewater Management

The Company uses water for heat production and supply from owned groundwater boreholes, the Nemunas River or centralised water supply systems. Water for domestic purposes is used only from centralised water supply systems belonging to Kauno vandenys, UAB, Giraitės vandenys, UAB and Jurbarko vandenys, UAB.

### Water consumed by Kauno energija, AB, by water source

Water source	Water consumed, megalitres (ML)		
	2021	2022	2023
Municipal water supply systems	25.208	24.820	17.883
Company boreholes	57.448	69.859	38.180
Nemunas River	292.127	334.353	334.676
Total:	374.783	429.032	390.739

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

In 2023, GO Energy LT, UAB consumed 0.707 ML of water from the centralised water supply system for domestic use.

The Company monitors the discharges and rainwater from stationary sources to ensure that they do not exceed the permissible limits set out in the integrated pollution prevention and control permits and the pollution permits. It is done regularly by a monitoring programme agreed with the Environmental Protection Agency. Designers of wastewater monitoring programmes for facilities discharging industrial wastewater or rainwater to surface water bodies considered the wastewater receiver data and the daily flow rate of wastewater. The Environmental Protection Agency has agreed to and approved the conditions set out in the monitoring programmes. Internal monitoring recorded a single case of a minor exceedance of sulphate in wastewater discharges in 2023. The results of tests on wastewater discharged into the natural environment are publicly available on the Company's website under [Pollution Prevention](#).



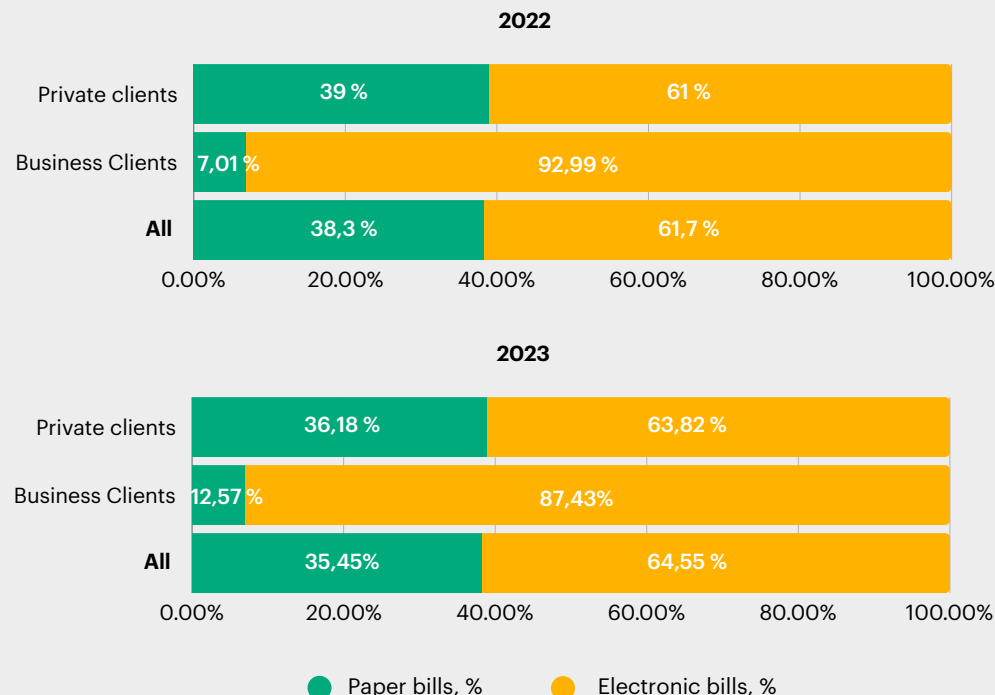
# Waste Management

In 2023, the company reviewed and updated its waste minimisation strategy to meet and further disclose requirements of GRI Standard 306: Waste (2020)

The largest component of waste from economic activities is ash from the combustion of biomass. According to the by-product plans agreed by the Environmental Protection Agency, the ash from the Petrašiūnai power plant, "Nemunas" boiler plant, Ežerėlis boiler plant, Noreikiškės boiler plant, Garliava boiler plant, Girionys boiler plant, "Inkaras" boiler plant, "Šilkas" boiler plant and Raudondvaris boiler plant is treated as a by-product. It is used to produce road base mix and to fertilise forest plantations. In 2023, 1451.32 t of ash was shipped as a by-product from the Company's facilities, which contributed to a 66% reduction in the amount of ash going to landfill compared to 2022.

In 2023, a strong focus was placed on sorting secondary raw materials and developing staff competencies in this area. In 2023, the Company's employees received theoretical and practical training from lecturers of the Public enterprise Žaliasis taškas. All office and production areas are equipped for sorting of secondary raw materials and there is periodic communication on sorting of secondary raw materials. In 2023, the Company delivered 1.31 t of plastic waste, which is 79% more than in 2022.

As a responsible business, we have reduced the amount of paper documents by putting a strong focus on contracts and e-invoicing. In 2023, 64,55% of total invoices were electronic (e-invoices).



Note: As of 31 December 2023, the Company supplied the heat produced and supplied to 4 263 enterprises and organizations (business customers) and 120 152 households (private customers), for a total of 124 415 customers.

The Company uses electronic invoice management system "E-sąskaita" (e-Invoice) and had 48% of the VAT invoices managed electronically in 2023, thus contributing to resource conservation. Of the total number of VAT invoices received in 2023 (7 553), 3 638 were submitted via "E sąskaita".

Standing for responsible paper use, the Company has also decided not to print the Sustainability Report and to promote the use of the e-version of the Report (paper versions are only used as handouts at events where appropriate).

## Waste generated

All waste generated by Kauno energija, AB, in its activities (as well as all waste generated anywhere in the territory of the Republic of Lithuania), is accounted for and managed following 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 2021, 2022 and 2023. Recyclables (paper, cardboard, glass, plastic, recyclable plastic packaging) were separated from the overall household waste flow by sorting. In 2023, the Company also became a member of the Association of Producers and Importers and the Organization of Producers and Importers of Electrical and Electronic Equipment and actively cooperates with the Public Enterprise Žaliasis taškas on waste sorting and employee competence development. GO energy LT, UAB did not carry out waste accounting in 2023 but actively started sorting secondary raw materials.

Type of waste	2021	2022	2023
	Tonnes, t		
Glass	1.040	2.540	<b>0.500</b>
Mixed municipal waste	27.143	24.335	<b>21.798</b>
Metals	791.450	1 395.721	<b>356.996</b>
Bottom ash, slag and steam boiler dust	1 584.120	1 339.180	<b>765.280</b>
Hazardous components removed from disused equipment	0.057	0.005	<b>0.108</b>
Other unspecified fractions	2.460	3.920	<b>11.720</b>
Discarded equipment containing chlorofluorocarbons	N/A	0.169	<b>0.361</b>
Fuel oil and diesel	1.484	7.255	<b>9.559</b>
Absorbents, filter materials (including oil filters not otherwise specified), cloths, protective clothing contaminated with dangerous substances	0.070	0.249	<b>0.290</b>
Paper and cardboard	0.864	2.910	<b>2.800</b>
Batteries and accumulators	0.147	0.085	<b>0.159</b>
Oily water from petroleum products/water separators	N/A	61.010	<b>8.520</b>
Small information technology and telecommunications equipment	0.417	0.457	<b>4.831</b>
Large information technology equipment	0.523	0.270	<b>3.714</b>
Portable lead-acid batteries	0.412	0.212	<b>0.136</b>
Engine, gearbox and lubricating oils	0.350	0.088	<b>0.341</b>
Mixed construction and demolition waste	113.160	129.160	<b>184.740</b>

Type of waste	2021	2022	2023
	Tonnes, t		
Used tyres	1.730	2.970	<b>1.730</b>
Packaging containing or contaminated with dangerous substances	1.835	2.148	<b>1.751</b>
Displays, monitors and display equipment with a surface area exceeding 100 cm <sup>2</sup>	0.100	0.099	<b>0.695</b>
Laboratory chemicals, including mixtures of laboratory chemicals, consisting of or containing hazardous chemicals	0.421	0.855	<b>0.383</b>
Waste containing mercury	N/A	N/A	<b>0.011</b>
Waste subject to special collection and disposal requirements to prevent infection	N/A	N/A	<b>0.130</b>
Biodegradable waste	N/A	N/A	<b>1.960</b>
Fluorescent tubes	N/A	N/A	<b>0.377</b>
Street cleaning residues	N/A	N/A	<b>1.000</b>
Insulation materials containing asbestos	N/A	N/A	<b>0.540</b>
Other plastic packaging	N/A	N/A	<b>1.310</b>
Small equipment (none of the external dimensions exceeds 50 cm)	N/A	N/A	<b>2.131</b>
Components removed from disused equipment	N/A	N/A	<b>1.346</b>
Temperature exchange equipment	N/A	N/A	<b>0.052</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:

- Kauno regiono atliekų tvarkymo centras, VšĮ
- Toksika, UAB
- Antrinio perdirbimo grupė, UAB
- Grigeo recycling, UAB
- Ekobazė, UAB
- EMP recycling, UAB
- Kauno švara, UAB

Waste management companies do not provide detailed information on waste disposal methods. The legislation obliges Kauno energija, AB to transfer waste to its legal handlers, but the Company is not legally bound to follow how this waste is recycled.

In 2023, the Company entered into agreements with waste management company for the secondary recovery of raw materials, and organised waste sorting training for its employees through its partner Public Enterprise Žaliasis taškas.

In 2023, 2.8 tonnes of paper waste was transferred for secondary processing, 1 tonne of paper and archive documents was transferred for destruction. Around 1451.32 t of biomass ash was transferred for secondary usage, and 13 t of electronic waste was recycled by discarding obsolete and worn-out equipment.

In 2023, the Company saved around 40% of the costs by responsibly managing waste from its economic activities.

In 2024, the Company will aim to increase the prevention of pollution from production waste (biomass ash) at the Jurbarkas boiler plant and will strengthen sorting initiatives at its production facilities.



KAUNO  
ENERGIJA

# SOCIAL AREA

This area  
reflects:



## Social Management Model

All eleven of the social area topics will be covered in the section further. Kauno energija, AB strives to create respectful relations with its employees, foster well-being and internal culture, and ensure a safe and healthy working environment. The company is committed to both the qualifications of its employees and the development of their technical and professional skills, which is why it annually upgrades their qualifications and competencies in various types of refresher courses and training and participates in various seminars and conferences.

Kauno energija, AB follow the principles of gender equality and non-discrimination. The Consumer Privacy Policy is an integral part of the Company's policy, along with the right of employees to form associations and bargain collectively (as is the prohibition of 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; therefore, the public policy pursued must be in line with the Company's public profile.

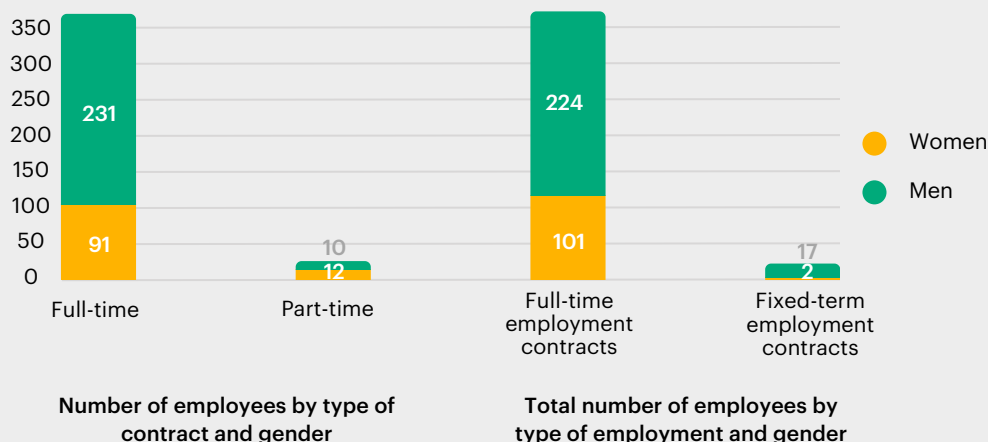
The Social Topics Management Model assessment is directly linked to the Company's commitment to produce non-financial reports. Kauno energija, AB encourages both its employees and customers to provide feedback and suggestions. The Company remains committed to improving its methods of encouraging and collecting feedback and devoting resources to support its activities.



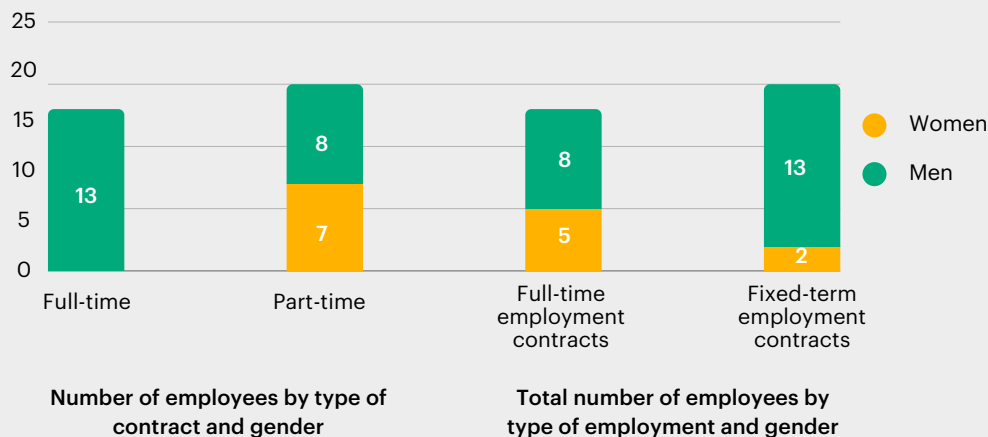
# Information about Employees

Data for the previous year ending 31 December 2023 (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 done by external service providers is not assessed.

Since the end of the last reporting period, the number of employees in the Company has decreased by about 1.59% (including employees of Kauno energija, AB, and GO Energy LT, UAB). Employee data is collected and managed by the Company's Human Resources Department.

In 2023, the structure of the Technical Services Management Division was refined by dividing it into groups by different activities (building renovation and technological equipment repair, electrical, automation, etc.). Kauno energija, AB further improves the efficiency of its processes while reviewing the existing human resources. During the reporting period, there has been a natural employee turnover, acquiring missing team competencies.

During the reporting period of 2023, Kauno energija, AB paid great attention to the development of the activities of its subsidiary GO Energy LT, UAB, having it recruit qualified specialists to ensure that the planned activities are carried out sustainably and efficiently (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 approved [Company's remuneration policy](#) is published on the Company's website. The provisions of the Remuneration Policy are detailed in the Description of the Remuneration System approved on 22 November 2023 by the order of the CEO of Kauno energija, AB, No. A-30(E)-450.

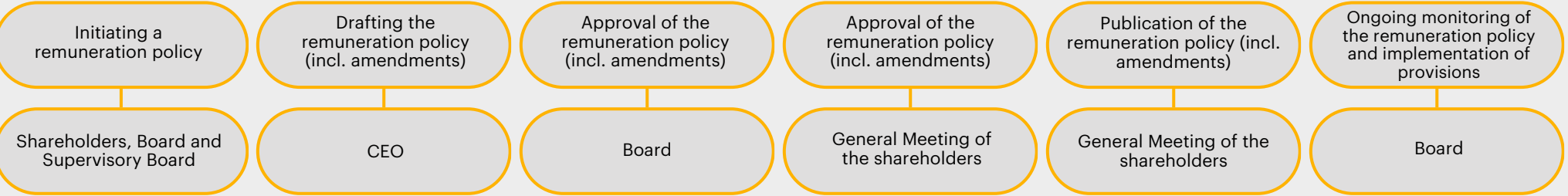
## Remuneration Policy for the Board and Management

In 2023, Supervisory Board started to receive remuneration for their work.

The members of the Board shall be subject to standard contracts on the performance of a board member of a municipally controlled company with the remuneration of the Board member specified. The contracts shall be approved by a resolution of the General Meeting of Shareholders. Board members are paid a fixed remuneration for their performance on the Company's Board, with no variable part.

The Company's CEO is paid a fixed monthly salary based on his employment contract. The CEO's remuneration consists of a salary (fixed part of the monthly salary) determined after the end of the financial year and after the General Shareholders' Meeting approves financial statements and a salary bonus (variable part of the monthly salary) determined each calendar quarter. In addition, after the financial year ends and the audited financial statements are approved, the CEO may be awarded a bonus from the Company's profits for good performance. The CEO's remuneration shall be determined, and a bonus shall be granted by a decision of the Board. The decision shall be adopted following the Procedures for Determining the CEO's Remuneration, which are approved by the Company's Board. The Procedures are established considering the regulations on the remuneration of the Company's CEO adopted by the Director of Kaunas City Municipality Administration and taking into account the CEO's contribution to implementing the Company's strategic objectives, workload, and performance.

## Distribution of responsibilities in the context of remuneration policy



Financial incentives to the Company's CEO in the field of sustainability are linked to the implementation of the strategy, which the Company's shareholder assesses through quarterly and annual reports.

Total annual salary ratio:

	2022	2023
The ratio of the annual remuneration of the highest-paid individual to the median annual remuneration of all employees (excluding the highest earner)	4.60:1	5.82:1
Percentage increase in annual remuneration of the highest-paid individuals and increase in the median annual remuneration of all employees	1.33:1	6.19:1

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

# Employee relations management

The Company strictly complies with laws prohibiting child labour and forced labour. The Company also supports and promotes employees' right to freely organise and bargain collectively, ensuring that workers' representatives are free to express employees' interests and negotiate on working conditions, remuneration, and other important issues. These principles are an integral part of the Company's ethics and values, ensuring a fair and safe working environment for all employees.

Five working days is the minimum period for notifying employees and their representatives before changing working conditions significantly impacting them. The Republic of Lithuania Labour Code sets this time limit.

At Kauno energija, AB all changes are made in a deliberate manner, without rushing things. Structural changes are first agreed upon at the top management level, approved and finally communicated to managers and employees. If the changes are related to the employee's working conditions, the employee's expectations are always considered.

Information about new hires and changes in structure is communicated by email. The latest approved structure is published on the Company's intranet site. Changes to the Company's regulatory documents are communicated to employees through the document management system, and those without a computerised workstation are informed by the division managers during daily meetings.

Every month, the Company's employees receive information about the Company's achievements, events, internal training for employees, etc., through an internal communication channel (newsletter).

Internal communication improves the working environment and creates a favourable organisational climate. Internal communication also helps to get feedback from employees, so that they are not only informed, but also involved in the Company's activities and listened to. This is done to inform employees about the Company's goals so they can help achieve those goals.

The Company also encourages informal communication between employees during breaks. To this end, there are indoor and outdoor recreation and leisure areas. Various events are organised for employees: heating season opening lunches, Shrovedite carnival, family sports games, mindfight games, Company birthdays, children's parties, etc.

## Public policy

In 2023, the City of Kaunas sent to Ukraine a gift—a 0.9 MW mobile diesel boiler plant. The State Emergency Situations Service will use it to produce heat and hot water. The mobile diesel boiler plant can heat up to 10 and provide hot water to up to 35 old multi-storey houses, each housing 80 apartments. The boiler plant is fully automated with remote control, parameter monitoring, alarming, emergency and fault reporting, and therefore does not require permanent staff. The mobile boiler plant is designed and assembled to fit into a standard marine metal container, which can be conveniently and quickly transported to the location with the highest heat demand.



# Occupational Health and Safety

The Company is committed to providing its employees a safe and healthy environment. Therefore, occupational safety is one of the Company's top priorities. The Company pays close attention to health and safety compliance and improving the system, making it more straightforward and comprehensible for all employees. It is vital for quality assurance for those who provide the services and 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 Department and a trade union, and procedures are in place for employees to report problems, make suggestions, and raise complaints.

The Occupational Health and Safety Department reports directly to the CEO. The main objectives of the divisions 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 and briefings 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 the following occupational health and safety procedures:

1. General Occupational Health and Safety Video Instruction was established to instruct workers with general safety and fire safety requirements. Instructing has become more informative, and it is easier for managers to instruct employees in the workplace.
2. Procedure of occupational health and safety and fire safety instructing in the workplace.
3. Procedures for training and testing of knowledge in safety and health and fire safety. The Company has training programmes and a training matrix for hazardous work.
4. 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.
5. Procedures for planning hazardous work. Determined which authorization documents are required for hazardous work. There are employees appointed by the employer to issue permits for such works.
6. Procedures of compulsory 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.
7. 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.
8. Procedures for determining staff sobriety. In accordance with this procedure, regular sobriety checks are carried out on employees when inspecting workplaces.
9. 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 functions of the division manager. All employees acting as division managers are trained in-house. In 2023, 18 staff members received training as division managers.

An occupational risk assessment of the workplaces of the Technical Service Management Division staff was carried out in 2023 as planned; no workplaces with unacceptable risks were identified.

In 2024, the Company is about to update the occupational risk assessments for the Production Division and DH Network Division, as well as the Occupational Health and Safety and Fire Safety Instructions to improve the quality of the briefings.

## 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 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 legislation. In 2024, a procedure for Permits to Carry out Works at the Facilities of Kauno Energija, AB, is planned to be established.

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. In 2023, the Company's production facilities were inspected 60 times. 85% of detected infringements were eliminated. The detected infringements are being classified to allocate the priorities of the Occupational Health and Safety Division. Contractor workplaces were inspected 47 times. Preventive measures are applied per contractual agreements.

In 2024, the procedures for workplace inspections and the assessment of competencies in occupational safety and health are to be updated. In line with the updated procedure, there are plans to inspect workplaces in the Technical Services and DH Network Division from the second half of 2024.

The Company established a procedure for the performance of works by Contractors in the territory of the Company: an Act-Permit outlines the work area, indicates existing and potential risks within the Company's site and within the outlined work zone requirements to be met, and the procedure for authorising works. Workplace inspections are carried out, and requirements for improvement actions are written.

In accordance with the requirements of the Company's Occupational Health and Safety Instructions, any employee who notices an unsafe workplace or equipment must immediately stop working and inform their line manager. Employees can also make suggestions to improve the situation of unsafe workplaces directly to their manager or to the Occupational Health and Safety Division.

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

## Other Initiatives

In 2023, the Company was certified to the LST ISO 45001:2018 Occupational Safety and Health Management System. The external audit identified no non-compliance.

The Occupational Safety and Health Division participates in industrial meetings to address preventive issues to improve occupational health and safety. For complex issues, separate working groups are set up to analyse the issue in more detail and propose solutions. In 2023, 255 of the Company employees received theoretical and practical training in fire safety.

In response to emergency situations occurring in the operation of the Company's heating installations, drills (exercises) are organised on a regular basis, followed by adjustments to emergency response and recovery actions. In 2023, the Company participated in a civil protection table-top exercise organised by the Ministry of Energy of the Republic of Lithuania on the topic "Electricity Blackout throughout the Territory of Lithuania". A follow-up exercise on this topic is planned for 2024.

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 those who are not employees of the Company but carry out their business activities on the Company's premises or grounds.

In 2023, the Company installed a defibrillator in the Company's administration building; as for 2024, two more appliances will be installed for the Petrašiūnai power plant and the "Pergalė" boiler plant. Training of employees in the proper use of the defibrillator is planned for 2024.

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

## Injuries in the Workplace

In 2023, two workers suffered minor work-related injuries. Injury information:

1. Injury (crushing injury to the thumb of the right foot), classified as mild. The injury caused the worker to miss 59 days of work (472 hours). Cause: a worker was trying to retrieve a trapped object without switching off the equipment.

2. Trauma (tear of the meniscus of the left knee joint). The injury caused the worker to miss 2 days of work (16 hours). Cause: a worker stubbed his toe while climbing stairs.

	Measurement units	2022	2023
Mild accidents at work	pcs.	2	2
Number of minor accidents (injuries) per million hours worked	Indicator	3.33	3.36

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 employees in 2023 is 595 569 hours.

No work-related injuries were identified at GO Energy LT, UAB during 2023.

Preventive action plans have been put in place following accidents: operating instructions have been updated, and additional training has been given to Production Division employees. In 2023, the Company received no information from contractors about incidents or injuries suffered by their employees at the facilities of Kauno energija, AB. There were no reports of deterioration in workers' health due to harmful factors at work, and no such cases were recorded.

# Training and Education

Under the procedures adopted by the Company, its employees are periodically trained and certified. The training is carried out following the Company's annual Employee Development Plan. The Scheme specifies which employees must attend which training and when and what refresher training is mandatory. Training is planned on the operation 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 theoretical training and tests.

Much attention is paid to employee development through annual professional training courses organised by both public bodies and professional associations. On 31 December 2023, The Company's Trade Union had 45 members. There are no restrictions on both Trade Union and individual workers to form associations and collectively bargain for better working conditions and pay.

**In 2023, the average training duration per employee was 10 hours**

(based on the duration of in-house training provided by the Company), 4 hours more than in 2022.

Gender breakdown of employees who have upgraded their qualifications in 2023:

Gender	Training hours, total	
	2022	2023
Women	410	834
Men	1719	2666

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. Women's training hours have more than doubled compared to 2022.

Breakdown of training hours by position for 2023:

Position held	Training hours, total	
	2022	2023
Managers	766	1450
Specialists	1217	1925
Workers	146	125

The Company has no specific training programmes for existing employees other than those required to keep up-to-date with existing certifications or licences. To date, the Company has not collected information on the participation of employees in these training programmes by gender. The Company has no transition programmes for those who retire (or are made redundant).

In 2023, the Company strongly focused on green energy, sustainability and sorting. Waste sorting training was organised by Public Enterprise Žaliasis taškas. 83 Company employees attended the training. The LEAN Training Centre 5 S theoretical and practical training started at the Company's production sites. 22 staff members received this training.

# Diversity and Equal Opportunities at Work

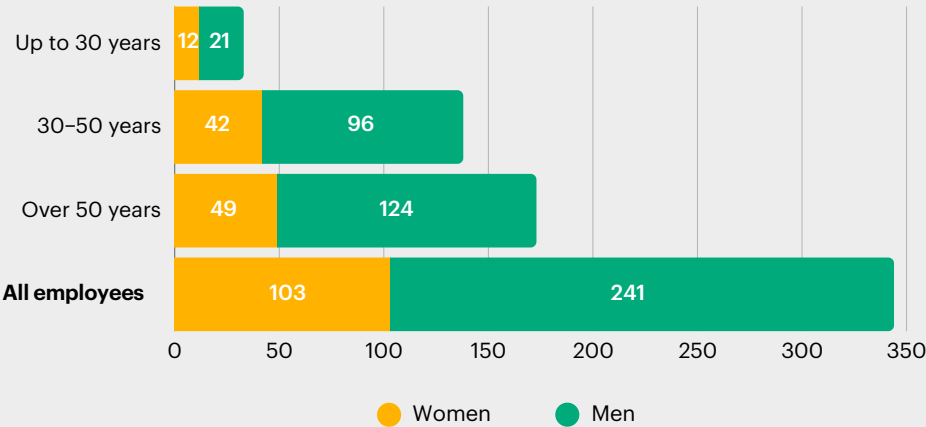
When selecting employees for Kauno energija, AB, the aim is to ensure that the employee selection process is objective, systematic, impartial, fair and non-discriminatory, providing equal opportunities to all candidates.

Employees shall be selected 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.

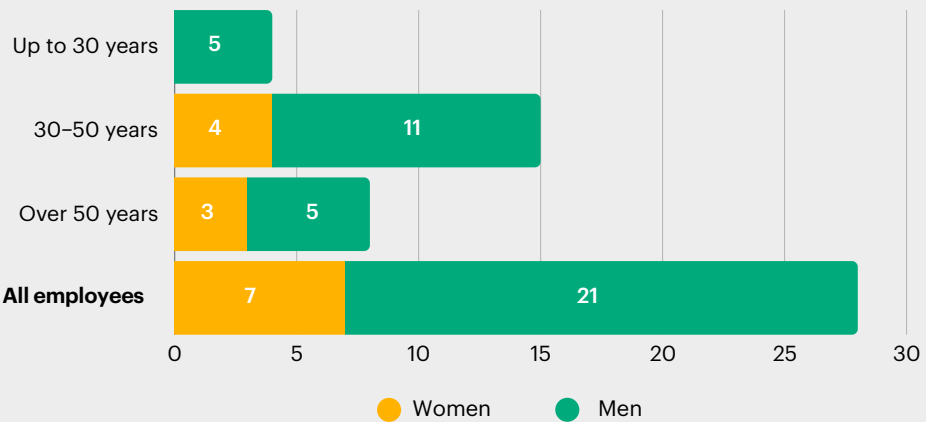
To employers subject to certain restrictions due to health problems (physical exertion, noise, etc.), the Company always offers job functions matching the employee's ability level. The Company's wide range of activities allows it to offer jobs to people of all ages, genders, nationalities, etc. In 2023, about 70% of Kauno energija, AB, employees were men. This is due to the Company's field of activity (operation and repair of industrial heat production facilities), which representatives of this gender usually prefer.

The Company regularly works with training institutions and accepts candidates with no work experience. In 2023, the Company had five internship students in different divisions; four of them signed open-ended employment contracts with the Company. Kauno energija, AB, allows students to combine work and studies by offering flexible working conditions, such as a flexible work schedule, reduced working hours, or remote work opportunities. The Company also provides opportunities for university or high-school students to apply theoretical knowledge during their internships and to acquire practical skills. In 2023, the eleventh graders of Kaunas University of Technology's Engineering Lyceum carried out an internship at the Company and had the opportunity to get to know the Company's activities more closely.

Breakdown of Kauno energija, AB, employees by gender and location on 31 December 2023:



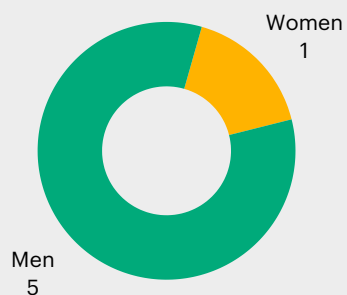
Breakdown of GO Energy LT, UAB, employees by gender and location on 31 December 2023:



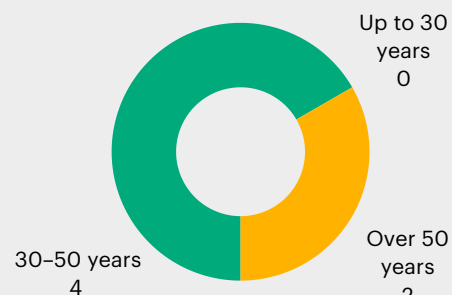
## Breakdown of employees by gender and age in the governance bodies of the Company

## Supervisory Board

2022

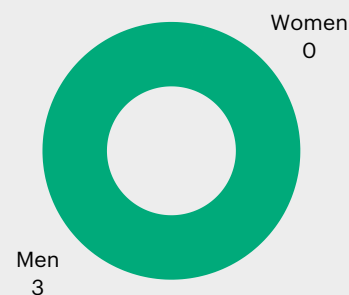


Gender

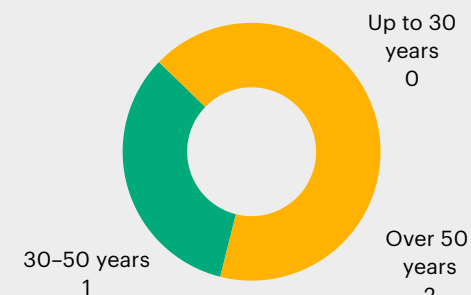


Age

2023



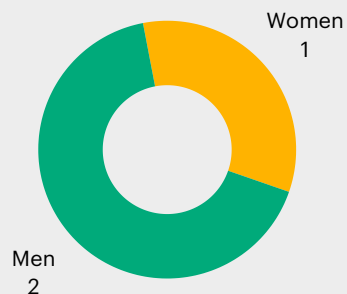
Gender



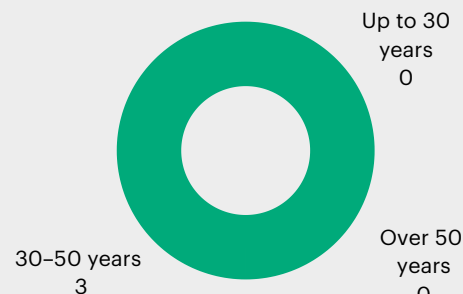
Age

Note: All members of the Supervisory Board and the Board are not employees of the Company. In 2022, information on the composition of the Occupational Health and Safety Department was provided; however, in 2024, the members of the Committee are no longer employed by the Company, and the Committee has not been re-elected, so there is no data.

2023



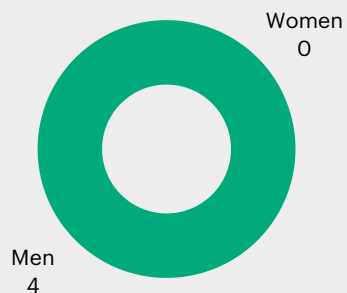
Gender



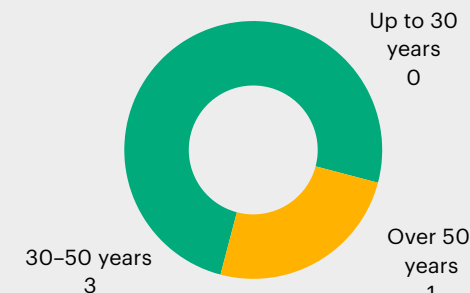
Age

## Board

2022

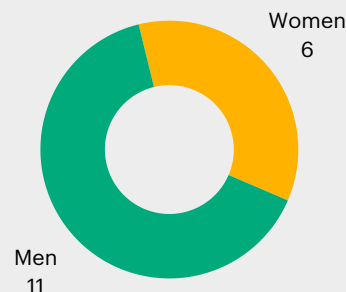


Gender

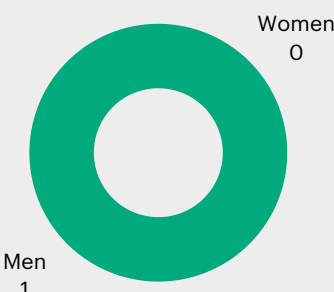


Age

## Breakdown of top managers by gender



Kauno energija, AB



GO Energy LT, UAB

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 against employees. 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 2023, the Company received one report of possible discrimination, but a thorough investigation did not reveal any discrimination.

The Company has an approved and effective "Equal Opportunities Policy and Implementation Procedure". The description helps to ensure that applicants or existing employees are treated fairly and not discriminated against or in violation of equal opportunities unless it affects the quality of their work or other attributes.

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

In 2023, the Company successfully implemented the internal document "Description of Procedures for the Implementation of the Policy on Psychological Violence and Mobbing". The draft lays down the principles governing the Company's approach to ensuring the psychological safety of its employees, the procedure for recording and investigating cases of psychological violence and mobbing at work, and the precautionary measures and procedures. 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 45 members as of 31 December, 2023.

The Company has a collective agreement in place and in operation. It not only resolves important questions about the application of the conditions laid down in labour laws but also creates new legislation governing labour relations. Social dialogue is not only about collective bargaining and the signing of a collective agreement but also about its subsequent implementation, which includes the practical application and monitoring of its provisions. The collective agreement is published on the Company's intranet site. The agreement applies not only to members of the Trade Union but also to all employees of the Company.

## Child Labour and Forced Labour

The Company and its subsidiaries do not tolerate forced or child labour. There are also no factors in the Company's operations or in the businesses of its suppliers with whom the Company does business that could be considered to pose a high risk of incidents involving forced or child labour.



## Consumer Health and Safety

The Company must 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. It ensures the above minimum-maximum parameters comply with the temperature quality requirements for space heating and hot water in the hygiene 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.

## Consumer Satisfaction

Consumer satisfaction is directly linked to the quality of the services provided and is crucial to the business's long-term success; therefore, the Company constantly seeks dialogue with consumers and strives to meet their expectations best. Customer satisfaction is essential for the Company's sustainability, as it directly affects its reputation, reduces the number of complaints received, and helps identify potential failures in the heat supply processes. Inadequate management in this area could pose a risk to the Company's stability and sustainable growth.

### Action and Response Time

- **Managing impacts:** The Company monitors user feedback and complaints as a key way to prevent or mitigate potential negative impacts. This information allows the Company to react quickly to service quality problems.
- **Effectiveness of impact management:** Although there are no formally defined processes for monitoring the effectiveness of specific actions, the Company employs user feedback as an essential indicator for assessing service quality and user satisfaction. This allows timely adjustments to activities and procedures.

In 2024, the Company plans to involve consumers in a stakeholder survey further to understand their expectations towards the Company's sustainability.

## Customer Privacy and Data Protection

In 2023, the Company received five complaints, which were examined by the Company's employees in-charge.

No customer data leaks were recorded in 2023.



# Support to Communities and Education

Supporting communities and educating the public are some areas where the Company cooperates with society. During 2023, Kauno energija, AB, implemented these initiatives:

- In celebration of the Company's 60th anniversary, Kauno energija, AB opened the Petrašiūnai power plant to visitors and community members in August 2023. **The historic Petrašiūnai power plant hosted the festival "Transformations"**. During the festival, 5,000 visitors visited the territory of the historic Petrašiūnai power plant. The most impressive highlight of the festival was an installation by Lithuanian artists created especially for these industrial spaces, which was located in a 17-metre high space, the photo exhibition "Energijos srautas" (Energy Flow) and the unveiling of the sculpture "Egliškis" (Spruce Branch) made of metal tubes (by Ivas Stonys).
- The **students of the Kaunas University of Technology Master's degree programme** in Chemical Engineering, module Heat and Mass Transfer **were allowed to learn through practice**. The Company's Head of Quality Management, Head of Production, and project managers actively cooperated, provided advice and support to the students in applying their knowledge to real projects. In 2023, the managers spent 24 academic hours on these projects, and the project manager spent 12.
- In cooperation with the VšĮ „Kauno regiono atliekų tvarkymo centras“ (Public Enterprise Kaunas Regional Waste Management Centre) and seeking to implement the main principles of the circular economy, **the Company used Christmas trees undecorated by Kaunas city residents to produce heat**. Crushed residues produced 129 t of solid biomass and 256 MWh of heat.
- The Company's employees volunteered in **a forest planting campaign** organised by representatives of the Jurbarkas Region State Forest Enterprise – 40 employees planted 10 000 pine seedlings on a 2-hectare area. This was the Company's contribution to climate change mitigation.
- A donation campaign was announced to contribute to the upkeep of the inmates of the Kaunas Animal Care Home "Nojus". **The Company's employees donated 215.5 kg of food and supplies to 300 animals**, including medicines, care products, rubber gloves, paper towels, disposable changing mats, etc.
- In cooperation with the VšĮ „Nacionalinis kraujo centras“ (Public Enterprise National Blood Centre), **employees volunteered as unpaid blood donors**.





# GOVERNANCE AREA

This area  
reflects:



# 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 2023, the Company purchased 70% of the total heat supplied to the grid (961,000 MWh) from independent heat producers.

The required amount of heat is purchased through monthly electronic heat purchase auctions, which are organised by Baltpool UAB, the operator of the Energy Exchange. The auctions are held in accordance with the Heat Auction Regulation approved by the National Energy Regulatory Council. According to this regulation, the Company's heat generation sources compete on equal terms with the generation sources of independent heat producers in these auctions.

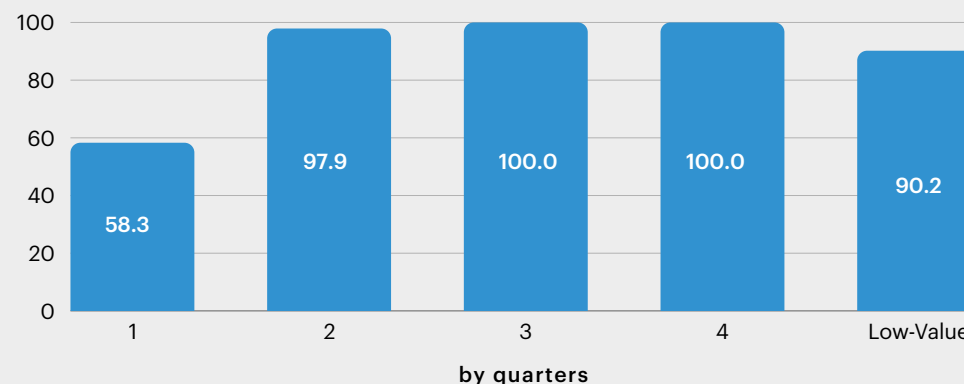
The Company's other purchases are public. When planning and performing procurement, executing contracts and establishing procurement control measures, The Company's employees are guided by the Republic of Lithuania Law on Public Procurement (LPP), Republic of Lithuania Law on Procurement by the entities operating in the Field of Procurement, Waste Water Management, Energy, Transport or Postal Services (LP), implementing legislation, procedures, other laws, regulations and the Company's internal regulations. The Company seeks to ensure the legality of procurement and financial control as well as adherence to the fundamental principles of public procurement: equality, non-discrimination, mutual recognition, proportionality, and transparency. It also strives to enable the rational use of the Company's funds. Procurement is conducted strictly with the Company's approved and publicly available Low-Value Procurement Procedure and the provisions of the Procedures for Planning, Initiation and Execution of Public Procurement at Kauno energija, AB.

The Company sets environmental criteria for suppliers when procuring goods, services or works to meet the requirements of the European Union and national legislation. In 2023, the value of the Company's green procurement (EUR 37.8 million) accounted for 95.2% of the total value of procurement (EUR 39.7 million). The company actively conducts market consultations with suppliers to clarify and identify aspects relevant to the award and performance of the procurement contract. By doing this, it seeks to determine the appropriate procurement strategy, increase the volume of green procurement and ensure that all purchases are 100% compliant with the environmental requirements set by Order No D1-508 of the Minister of the Environment of the Republic of Lithuania of 28 June 2011 On the Approval of the Procedures for the Application of Environmental Criteria in Green Procurement and other green procurement legislation.

The value of green procurement, %



95.2



In 2023, the value of the Company's green procurement accounted for 95.2% of the total value of procurement.

# Business Ethics and Compliance (incl. Prevention of Corruption)

The Company's activities are guided by its Corruption Prevention Policy, which sets out the basic principles and requirements for preventing corruption in the Company and its subsidiaries and provides guidelines for ensuring compliance with them. The Company's Corruption Prevention Policy complies with the laws of the Republic of Lithuania. The Company implements the provisions of the Republic of Lithuania Law on Prevention of Corruption provisions regarding creating a corruption-proof environment. In 2023, no corruption cases were identified in the Company nor reported.

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, 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 email: [prevencija@kaunoenergija.lt](mailto:prevencija@kaunoenergija.lt) or by filling out 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 management model for this topic is assessed following user feedback, which is used to make improvements. The Company remains committed to improving its methods of encouraging and collecting feedback and devoting resources to support its performance.

## Corruption-Related Risk Assessment

All the Company's activities (100%) that are subject to corruption risk are assessed in accordance with the methodology developed by the Special Investigation Service of the Republic of Lithuania (STT). In 2023, risks were assessed in the areas of public procurement, project management, biomass sampling and accounting. No significant risk of corruption has been identified in 2023.

**No significant risk of corruption has been identified in 2023.**

## Communication and Training on Corruption Prevention Policy and Procedures

Since February 2017, the Company has adopted a Corruption Prevention Policy. This information is published on the Company's website. The Prevention Officer is in charge of preventing corruption and implementing the requirements of the Law on the Adjustment of Public and Private Interests in the Company.

To ensure the credibility of its staff, the Company has identified posts and their functions subject to an increased risk of corruption. When recruiting or appointing employees to these posts, the information provided by the STT (Special Investigation Service) is evaluated, and a decision is made on the staff member's suitability for the post. In 2023, 12 employees were evaluated.

To ensure that the Company operates fairly and honestly and adheres to high standards of ethical and professional conduct, on 24 August 2023, the Company provided training to the heads of departments and divisions on the prevention of corruption. 70% of heads of departments of the Company received this training. Anti-corruption training is also provided to all employees in managerial positions and to other employees considered to be at high risk of corruption. However, irrespective of the level of risk, all Company employees (100%) have been briefed on the Company's Corruption Prevention Policy. In addition, all contractors and suppliers participating in public procurement announced by the Company are obligatorily informed about the Company's Corruption Prevention Policy.

The Policy is an integral part of the Company's business ethics and is applicable to the Company's agents (intermediaries). It applies throughout the territory in which the Company operates. The company also has a Code of Ethics and a Gift Policy. The Gift Policy defines the procedures for receiving, giving and handling gifts, applicable to all employees regardless of their position. To avoid any possible conflicts of interest or misunderstandings, the Company's website publishes the Procedure for Accepting, Receiving, Giving and Handling Gifts.

## Ensuring a Stable and Secure Heating Network

The Company is committed to maintaining a stable and secure heat supply network. This strategy includes ensuring the security and reliability of key activities, improving the efficiency of our generation activities, increasing the efficiency of the heat transmission system, improving the accessibility of district heating services, and the application of modern tools and techniques for the organisation and management of heat supply.

The policies and obligations relating to this topic are clearly set out on the Company's [website](#). This topic is integrated into the Company's strategy as a critical aspect of stability and sustainability, which directly impacts economic efficiency, environmental protection and community well-being.

The new industrially insulated pipes have significantly reduced technological heat losses and eliminated the risk of bursts. In 2023, the reconstructed relative length of the heat transmission network amounts to 43.4 kms/m, reducing GHG emissions by as much as 788.76 t CO<sub>2</sub>.

The Company reviews its strategy every five years and evaluates the effectiveness of its policies and procedures through audits by the relevant authorities. The Company bases its attitude towards heat network maintenance not only on internal needs but also on the expectations of its stakeholders, whose involvement in the decision-making process has led to a better understanding of the necessary courses of action.

Commitment to sustainable operations and a responsible attitude towards heat network management are at the heart of the Company's strategy and day-to-day operations. These enable the Company to deliver economic benefits, reduce negative environmental impacts, and ensure high-quality service to its customers.



# EU Taxonomy Overview

The European Union (EU) Taxonomy regulation and the delegated acts adopted under it (hereinafter - taxonomy) is a classification system for sustainable economic activities designed to channel private investment towards environmentally sustainable activities that contribute to the environmental objectives of the European Green Deal.

The taxonomy includes the following 6 environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The taxonomy regulation sets out scientific, evidence-based criteria for assessing an activity's sustainability. Corporate activities that fall within the taxonomy and meet the criteria can be classified as sustainable.

The Company has voluntarily identified its taxonomy-eligible activities for 2023 and provides key performance indicators by taxonomy for the first time in this report. The disclosure of indicators covers only the activities of Kauno energija, AB, excluding the information of its subsidiary GO Energy LT, UAB. In the future, once the Corporate Sustainability Reporting Directive (CSRD) requirements come into force, it will disclose consolidated information of group companies.

## Taxonomy-eligibility assessment and calculation of indicators

The screening of activities against the taxonomy identified that the Company is engaged in taxonomy-eligible activities and/or invests in taxonomy-eligible measures that can contribute to climate change mitigation and circular economy objectives. The Company has not identified any activities that may contribute to the other objectives of the taxonomy. **The Company does not currently have a climate**

**change risk and vulnerability assessment in place, so some of the information needed to assess taxonomy alignment is unavailable. Based on the information available, it is concluded that the Company did not carry out any taxonomy-aligned activities in 2023.**

It is important to note that this is the Company's first voluntary disclosure under the Taxonomy Regulation, primarily to familiarise employees and other stakeholders with the taxonomy framework and its application and to reveal the Company's preliminary potential against the taxonomy activities. The Company's first assessment of the taxonomy showed that the Company's current accounting system is not designed to readily distinguish between revenue, capital expenditure and operating expenses for certain taxonomy-eligible activities. Future work will aim to provide even more precise information and consider the taxonomy criteria in investment planning so that as many of the activities as possible are classified as taxonomy-aligned.

The Company meets the minimum safeguards for social and governance sustainability: it has put in place the recommended measures for socially responsible and ethical business as set out in the Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises and adheres to the United Nations Guiding Principles on Business and Human Rights.

## Revenue

The Company derives its income from activities that meet the following taxonomy-eligible activity definitions. Part of the Company's revenues in 2023 correspond to the following activities defined in the taxonomy:

- Revenue generated from heat produced using biomass - *Production of heat/cool from bioenergy.*
- Revenue generated from heat supply - *District heating/cooling distribution.*
- Revenue generated from heat produced using natural gas - *Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system.*

The revenue from taxonomy-eligible activities is calculated on the basis of the fuel structure set out in the heat price. In total, 56% of the Company's revenue is classified as taxonomy-eligible (see Table 1). The share of revenue from taxonomy-eligible activities is calculated by dividing the revenue from products and services related to taxonomy-eligible activities by the total revenue of the Company.

## CapEx

Some of the Company's investments to long-term assets through 2023 correspond to the following activities defined in the taxonomy:

- Acquisitions and additions to related production facilities - *Production of heat/cool from bioenergy.*
- Construction, reconstruction and operation of heat distribution infrastructure - *District heating/cooling distribution.*
- Acquisitions and additions to related production facilities - *Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system.*
- Expenditure on improvements to own buildings - *Acquisition and ownership of buildings.*
- Acquisition of solar power plants - *Installation, maintenance and repair of renewable energy technologies.*
- Car purchase - *Transport by motorbikes, passenger cars and light commercial vehicles.*
- Acquisition of freight vehicles - *Freight transport services by road.*
- Individual energy efficiency measures (energy-efficient lighting, etc.) - *Installation, maintenance and repair of energy efficiency equipment.*
- Electric vehicle charging stations - *Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).*

The capital expenditure for taxonomy-eligible activities is calculated by dividing the investment related to the activities defined in the taxonomy by the total capital expenditure. In total, 7.59% of the Company's capital expenditure is attributable to taxonomy-eligible activities (see Table 2).

## OpEx

Part of the Company's operating expenditure under the taxonomy through 2023 correspond to the following activities defined in the taxonomy:

- Maintenance and repair of biomass fuelled heat generation and related equipment - *Production of heat/cool from bioenergy.*
- Maintenance and repair of pipelines and related heating distribution infrastructure - *District heating/cooling distribution.*
- Maintenance and repair of fossil gas fuelled heat generation and associated equipment - *Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system.*
- Renovation of own buildings to improve energy efficiency - *Renovation of existing buildings.*
- Maintenance, cleaning, repair of own buildings - *Acquisition and ownership of buildings.*
- Car maintenance and repair - *Transport by motorbikes, passenger cars and light commercial vehicles.*
- Maintenance and repair of related equipment - *Installation, maintenance and repair of energy efficiency equipment.*

The taxonomy's definition of OpEx differs from the definition normally used in financial accounting and covers a much smaller proportion of costs. Using the taxonomy definition, the denominator of OpEx includes only maintenance and repair of assets and short-term rental costs. Dividing the operating expenses related to the activities defined in the taxonomy by the total operating expenses by taxonomy, a total of 27.09% of the Company's operating expenses are attributed to taxonomy-eligible activities (see Table 3).

Table 1. 2023 revenue according to Taxonomy

				Substantial contribution criteria						Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute revenue 2023	Proportion of revenue 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of revenue 2023	Taxonomy-aligned proportion of revenue 2023	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
A. Taxonomy-eligible activities:																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Yes	0%	0%	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of heat/cool from bioenergy	D35.30	19 571	23.01%																	
District heating/cooling distribution	D35.30	25 012	29.41%																	
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	3 038	3.57%																	
Total: A.1 + A.2		47 621	55.99%																	
B. Taxonomy-non-eligible activities																				
Revenue of Taxonomy-non-eligible activities (B)		37 426	44.01%																	
TOTAL: A + B		85 047	100%																	

Table 2. 2023 capital expenditure (CapEx) by taxonomy

				Substantial contribution criteria						Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute Taxonomy CapEx in 2023	Percentage of capital expenditure 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Taxonomy CapEx, 2023	Taxonomy-aligned proportion of Taxonomy CapEx, 2023	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
A. Taxonomy-eligible activities:																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Capital expenditure of environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Yes	0%	0%	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of heat/cool from bioenergy	D35.30	188	0.10%																	
District heating/cooling distribution	D35.30	11 253	6.17%																	
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	9	0.01%																	
Acquisition and ownership of buildings	L68	43	0.02%																	
Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	499	0.27%																	

				Substantial contribution criteria						Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute Taxonomy CapEx in 2023	Percentage of capital expenditure, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Taxonomy CapEx, 2023	Taxonomy-aligned proportion of Taxonomy CapEx, 2023	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	590	0.32%																	
Freight transport services by road	H49.4.1, H53.10, H53.22, N77.12	174	0.10%																	
Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	1 077	0.59%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	22	0.01%																	
Total: A.1 + A.2		13 855	7.59%																	

				Substantial contribution criteria						Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute Taxonomy CapEx in 2023	Percentage of capital expenditure, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Taxonomy CapEx, 2023	Taxonomy-aligned proportion of Taxonomy CapEx, 2023	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
B. Taxonomy-non-eligible activities																				
Taxonomy CapEx of Taxonomy-non-eligible activities (B)		168 572	92.41%																	
TOTAL: A + B		182 427	100%																	

Table 3. 2023 operating costs (OpEx) by taxonomy

				Substantial contribution criteria						Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute operating expenses in 2023	Percentage of operating expenses, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned percentage of operating expenses, 2023	Taxonomy-aligned percentage of operating expenses, 2023	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
A. Taxonomy-eligible activities:																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Yes	0%	0%	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of heat/cool from bioenergy	D35.30	1 136	8.10%																	
District heating/cooling distribution	D35.30	995	7.09%																	

				Substantial contribution criteria						Do no significant harm criteria										
Economic activity	NACE code(s)	Absolute operating expenses in 2023	Percentage of operating expenses, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned percentage of operating expenses, 2023	Taxonomy-aligned percentage of operating expenses, 2023	Category (enabling)	Category (transitional)
		thousand Eur	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	213	1.51%																	
Renovation of existing buildings	F41, F43	126	0.9%																	
Acquisition and ownership of buildings	L68	74	0.53%																	
Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	63	0.45%																	
Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	1 193	8.51%																	
Total: A.1 + A.2		3 799	27.09%																	
B. Taxonomy-non-eligible activities																				
Taxonomy OpEx of taxonomy-non-eligible activities (B)		10 221	72.91%																	
TOTAL: A + B		14 020	100%																	

# 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 2023.
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	<a href="#">4 p.</a>
2-2	Entities included in the organisation's sustainability reporting	<a href="#">4 p.</a>
2-3	Reporting period, frequency and contact point	<a href="#">4 p.</a>
2-4	Restatements of information	<a href="#">4 p.</a>
2-5	External assurance	<a href="#">4 p.</a>
2. Activities and workers		
2-6	Activities, value chain and other business relationships	<a href="#">5 p.</a>
2-7	Employees	<a href="#">31 p.</a>
2-8	Workers who are not employees	<a href="#">31 p.</a>
3. Governance		
2-9	Governance structure and composition	<a href="#">9, 10, 11, 12, 13, 14 p.</a>
2-10	Nomination and selection of the highest governance body	<a href="#">11, 12, 13, 14 p.</a>
2-11	Chair of the highest governance body	<a href="#">12 p.</a>

GRI Standard	Page	
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">8 p.</a>
2-13	Delegation of responsibility for managing impacts	<a href="#">8 p.</a>
2-14	Role of the highest governance body in sustainability reporting	<a href="#">4 p.</a>
2-15	Conflicts of interest	<a href="#">11 p.</a>
2-16	Communication of critical concerns	<a href="#">8 p.</a>
2-17	Collective knowledge of the highest governance body	<a href="#">8 p.</a>
2-18	Evaluation of the performance of the highest governance body	<a href="#">11 p.</a>
2-19	Remuneration policy	<a href="#">32 p.</a>
2-20	Process to determine remuneration	<a href="#">32 p.</a>
2-21	Annual total compensation ratio	<a href="#">32 p.</a>
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	<a href="#">3 p.</a>
2-23	Policy commitments	<a href="#">7 p.</a>
2-24	Embedding policy commitments	<a href="#">7 p.</a>
2-25	Processes to remediate negative impacts	<a href="#">14 p.</a>
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">14 p.</a>
2-27	Compliance with laws and regulations	<a href="#">14 p.</a>
2-28	Membership associations	<a href="#">5 p.</a>

GRI Standard	Page
<b>5. Stakeholder engagement</b>	
2-29 Approach to stakeholder engagement	<u>15 p.</u>
2-30 Collective bargaining agreements	<u>40 p.</u>
<b>GRI 3: Material Topics 2021</b>	
3-1 Process to determine material topics	<u>16 p.</u>
3-2 List of material topics	<u>16 p.</u>
3-3 Management of material topics	<u>16, 19, 25, 28, 30 p.</u>
<b>Economic topics</b>	
<b>GRI 205: Anti-corruption 2016</b>	
205-1 Operations assessed for risks related to corruption	<u>45 p.</u>
205-2 Communication and training about anti-corruption policies and procedures	<u>45 p.</u>
205-3 Confirmed incidents of corruption and actions taken	<u>45 p.</u>
<b>Environmental topics</b>	
<b>GRI 302: Energy 2016</b>	
302-1 Energy consumption within the organisation	<u>24 p.</u>
<b>GRI 303: Water and Effluents 2018</b>	
303-1 Interaction with water as a shared resource	<u>25 p.</u>
303-2 Management of water discharge-related impacts	<u>25 p.</u>
303-5 Water consumption	<u>25 p.</u>

GRI Standard	Page
<b>GRI 305: Emissions 2016</b>	
305-1 Direct (Scope 1) GHG emissions	<u>22 p.</u>
305-2 Indirect (Scope 2) energy GHG emissions	<u>22 p.</u>
305-3 Other indirect (Scope 3) GHG emissions	<u>22 p.</u>
305-5 Reduction of GHG emissions	<u>21 p.</u>
305-6 Emissions of ozone-depleting substances (ODS)	<u>22 p.</u>
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<u>22 p.</u>
<b>GRI 306: Waste 2020</b>	
306-1 Waste generation and significant waste-related impacts	<u>28 p.</u>
306-2 Management of significant waste-related impacts	<u>28 p.</u>
306-3 Waste generated	<u>27 p.</u>
<b>GRI 308: Supplier Environmental Assessment 2016</b>	
308-1 New suppliers that were screened using environmental criteria	<u>44 p.</u>
<b>Social topics</b>	
<b>GRI 402: Labor/Management Relations 2016</b>	
402-1 Minimum notice periods regarding operational changes	<u>33 p.</u>
<b>GRI 403: Occupational Health and Safety 2018</b>	
403-1 Occupational health and safety management system	<u>36 p.</u>
403-2 Hazard identification, risk assessment, and incident investigation	<u>36 p.</u>

GRI Standard	Page
403-3 Occupational health services	<u>36 p.</u>
403-4 Worker participation, consultation, and communication on occupational health and safety	<u>36 p.</u>
403-5 Worker training on occupational health and safety	<u>36 p.</u>
403-6 Promotion of worker health	<u>36 p.</u>
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<u>36 p.</u>
403-8 Workers covered by an occupational health and safety management system	<u>36 p.</u>
403-9 Work-related injuries	<u>36 p.</u>
403-10 Work-related ill-health	<u>36 p.</u>
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	<u>37 p.</u>
404-2 Programs for upgrading employee skills and transition assistance programs	<u>37 p.</u>
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	<u>39 p.</u>
405-2 Ratio of basic salary and remuneration of women to men	<u>39 p.</u>
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	<u>40 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>40 p.</u>

GRI Standard	Page
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	<u>40 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>40 p.</u>
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of product and service categories	<u>41 p.</u>
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<u>41 p.</u>
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>41 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	Puslapis
1	We support and respect the protection of internationally proclaimed human rights.	<a href="#">40 p.</a>
2	We make sure that we are not complicit in human rights abuses.	<a href="#">40 p.</a>
3	We uphold the freedom of association and the effective recognition of the right to collective bargaining.	<a href="#">40 p.</a>
4	We do not use forced and compulsory labour and work to eliminate all forms of it.	<a href="#">40 p.</a>
5	We do not exploit child labour and work to eliminate all forms of it.	<a href="#">40 p.</a>
6	We do not discriminate and work to eliminate discrimination in respect of employment and occupation.	<a href="#">40 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="#">18 p.</a>
9	We encourage the development and diffusion of environmentally friendly technologies.	<a href="#">18, 47 p.</a>
10	We do not tolerate corruption and work against corruption in all its forms, including extortion and bribery.	<a href="#">43 p.</a>