



# AB LESTO, 2015 Social responsibility progress report

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15 May 2016

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## ABOUT THE REPORT

AB Energijos skirstymo operatorius (AB LESTO until 2016) is a member of the Global Compact initiative of the United Nations, and hereby submits its annual Progress Report based on the principles of the Global Compact, and the Guidelines of the United Nations Global Reporting Initiative (hereinafter – the Guidelines, GRI). The Guidelines are recommended to the members of the UN Global Compact, as a means of measurement, presentation and reporting on sustainable performance of the Company to internal and external groups concerned.

The 'Global Compact' includes the implementation of ten principles of responsible corporate performance and obligates the member organizations to comply with such principles: promotes corporations not to inflict any damage to the environment, the community or other businesses, and in joint efforts with organizations of the United Nations, public authorities and non-governmental organizations to participate in the decision of social and environmental issues thus contributing to the development of the society and economic growth.

This is the sixth report on social responsibility of AB LESTO that is drawn up and published every year (the previous Report was published on 14 May 2015), in the Lithua-

nian and the English language. The Reports are published at the internet website [www.eso.lt](http://www.eso.lt) (Social responsibility section), the website of the stock exchange NASDAQ Baltic together with the annual financial report, and the internet website of the Global Compact [www.globalcompact.org](http://www.globalcompact.org).

The present Progress report presents the performance of AB LESTO in 2015 in the areas of social responsibility: relations with customers (the market), the activities related to the environment, as well as the relations with the company's employees and the society. The Report contains a description of the strategic directions, actions and achievements of AB LESTO in the areas of social responsibility during the reporting period.

The Report on Social Responsibility of AB LESTO has been drawn up having regard to the requirements of the G4 version of the GRI. The present Report complies with the 'Basic' G4 version. The present Report on Social Responsibility has not been audited by an independent auditor.

Please submit your questions or commentaries and comments regarding improvement of the Report on Social Responsibility at e-mail: [agne.juraviciene@eso.lt](mailto:agne.juraviciene@eso.lt).

## CEO'S ADDRESS

We contribute to the building of a more sustainable society by doing what we are best at – ensuring a safe uninterrupted supply and distribution of electricity. We are also active participants of public education campaigns on issues of safe and rational use of energy resources.

We are in an accelerated manner implementing and developing new, promising and energy-saving technologies, and we treat our employees, clients and the entire surrounding environment in the manner ensuring that we grow ourselves and mature the culture around us.

While adhering to the principles of responsible operations we feel obliged to contribute to the promotion of best practice and enhancement of awareness on a broader scale.

During 2015, large numbers of our employees became active participants of a range of social responsibility activities; as lecturers on energy efficiency and safe use of electricity they participated in different events for communities and schoolchildren. Thus in the course of the year, our specialists met with more than 500 children!

We have extended our cooperation with libraries that have become an especially important path for reaching residents of our small towns and villages. At the same time, we were teaching our customers to use internet and thus order daily services much more conveniently, while explaining the principles of efficient use, and promoting habits of safe use of electricity.

We are delighted to see that our efforts were last year appreciated with different awards – the 'Sustainable school' project that we implemented together with the Lithuanian Children and Youth Centre promoting reduction of the carbon footprint was selected at the Swedish business award contest as the social responsibility initiative of the year, and for the progress in improving our investor relations we were awarded as third best in the categories of the best annual and the corporate governance reports, and the best interactive investor relations.

That inspires us for further improvement, as we believe that in 2016, after we have introduced ourselves as AB Energijos skirstymo operatorius, the society will even more realize our efforts and the benefit we create..

Yours sincerely

Liudas Liutkevičius  
CEO of AB ESO



## PRINCIPLES AND PRIORITIES OF SOCIAL RESPONSIBILITY

By our responsible activities we seek contributing to the public well-being not only by ensuring an uninterrupted supply of electricity, but also by implementing projects of great community importance, conducting active campaigns educating on safe and efficient energy consumption, providing consultations and developing interest in the most promising technologies.

The basis for the socially responsible activities is the enhancement of energy efficiency by producing a positive effect upon the public energy consumption habits, promoting saving of energy resources, and thus protecting the environment.

We consistently act responsibly also in other areas – by ethically treating our employees, customers (market), the society and the environment. We seek, by demonstrating our example, to promote other companies to join the development of responsible activities, based on sustainable development principles, because we believe that is the only path able to secure social and economic prosperity.

A responsible and sustainable development for us means continuous supply of energy promoting economic and social development while protecting the environment, i.e. enhancement in performance efficiency and development of most advanced technologies, meeting the needs of employees and the community while minimizing the effect upon nature. The key preconditions for ensuring sustainable development are efficient marketing of electricity, rational use of electric energy, increase in the share of electricity produced from renewable sources, and safeguarding of natural resources.

In its operations, AB LESTO is guided by the following principles of sustainable development:

**In its operations, AB LESTO is guided by the following principles of sustainable development:**

- ensuring energy supply fostering economic and social development while preserving the environment;
- efficient use of energy resources;
- smart and efficient use of energy, and reduction of environmental impact in relation to electricity distribution and consumption;
- promotion of environmentally-friendly approach among the employees, the public and the suppliers.

**Priorities of the social responsibility activities of AB LESTO:**

- enhancement of energy efficiency
- reduction of environmental impact while saving energy
- safe and responsible behavior with electricity.

**strategy and objectives of the company**

The strategy of AB LESTO, originally drawn up for 2014–2020, was effective until 31 December 2015, i.e. until the merger between AB LESTO and a public company Lietuvos dujos. The new company ESO that as of 1 January took over the assets, rights and obligations of AB LESTO and AB Lietuvos dujos, will in 2016 draw up a new strategy.

The long-term strategy of AB LESTO is based on reliability, efficiency, high reputation and value-based organizational culture.

The mission of AB LESTO is reliable electricity creating value for everyone. The reliability referred to in the mission is related to ensuring sufficient funding, efficient investment and promotion of responsible decisions.

Vision of AB LESTO – a high reputation company that its employees, shareholders and the public are proud of. The vision specifically focuses upon the provision of high quality services, maximum transparency of the operations and ensuring financial stability.

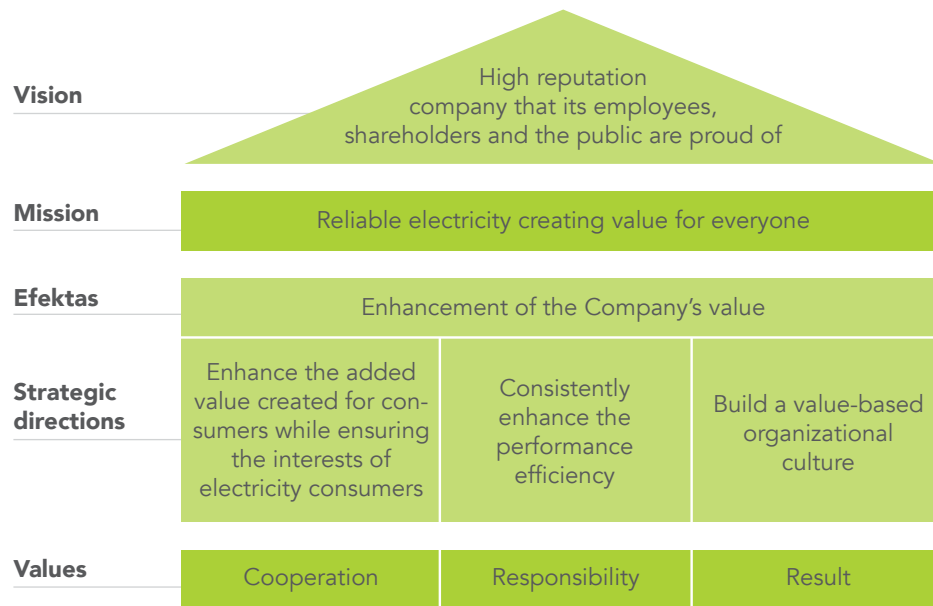
Implementation of the mission, pursuit for the vision, and all AB LESTO daily activities are based on the following corporate values:

1. cooperation
2. responsibility
3. result

All the elements above are considered essential prerequisites in pursuit of the key strategic goal – the enhancement of the Company's value. Enhancement of the Company's value is perceived as a sustainable balance among the strategic directions that are associated with the relevant perspectives of the Balanced Score Card methodology:

4. assurance of the interests of power consumers and the increase of the value added (Customer perspective);
5. continuous increase of the operational effectiveness (Internal processes perspective);
6. building value-based organizational culture (Employee education perspective).

A consistent implementation of the directions allows balanced pursuit of the key strategic objective of the Company – the increase of the Company's value (Financial perspective).

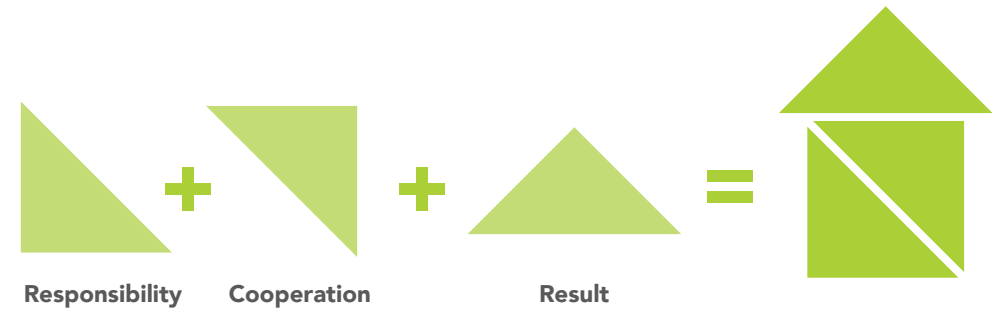


Scheme of the strategy of LESTO

The reliability referred to in the mission is related to quality distribution, uninterrupted supply of electricity, efficient investment and responsible decision-making process.

The vision specifically highlights the strategic importance of AB LESTO to the State, focuses on the provision of high quality services, maximum transparency of the operations and ensuring financial stability.

## Values of AB LESTO



The values are the means to express our responsibility for our actions, we work together and at all times seek the best results for all the parties involved.

All the elements above are considered essential prerequisites in pursuit of the key strategic goal – the enhancement of Company's value. Enhancement of the Company's value is perceived as a sustainable balance among the strategic directions that are associated with the relevant perspectives of the Balanced Score Card methodology:

7. assurance of the interests of power consumers and the increase of the value added (Customer perspective);
8. continuous increase of the operational effectiveness (Internal processes perspective);
9. building value-based organizational culture (Employee education perspective).

## AB LESTO conducts its operations on the basis of the following instruments:

- Code of Conduct of AB LESTO
- Personnel Policy of AB LESTO
- Social Responsibility Policy of AB LESTO
- Corporate Communication Policy of AB LESTO
- The principles of the Global Compact initiative of the United Nations

## ABOUT THE COMPANY

AB LESTO was established by merging the reorganized Lithuanian distribution network companies – a public company Rytų skirstomieji tinklai and a public company VST that terminated their operations as legal entities as of 31 December 2010. AB LESTO took over assets, rights and obligations of the two merged companies and as of 1 January 2011 started its activity as an electricity distributor and the public electricity supplier.

AB LESTO is the operator of the Lithuanian distribution network with its main functions being the transmission of electric power by distribution networks, meeting the customer needs, connection of the equipment and facilities and objects of new customers, operation, technical maintenance and development of distribution networks, ensuring their safety and reliability.

The geographical market of AB LESTO's operations is Lithuania. AB LESTO serves a territory of 65,300 km<sup>2</sup>. The total length of the power distribution line as of 31 December 2015 was 120,994, and customers – 1,645,313 (1,578,624 private customers and 66,689 corporate customers).

The activities of the Company are regulated by the Law on Energy, the Law on Electricity of the Republic of Lithuania, and other legal acts.

### LESTO's associates

On 31 December 2015, AB LESTO in conjunction with other companies was managing UAB Technologijų ir inovacijų centras and UAB Verslo aptarnavimo centras.

Principal information on the shares of other companies held by LESTO during the reporting period

	UAB ELEKTROS TINKLO PASLAUGOS <sup>1</sup>	UAB NT Valdos <sup>2</sup>	UAB Technologijų ir inovacijų centras	UAB Verslo aptarnavimo centras
Address	Motorų str. 2, Vilnius	Geologų str. 16, Vilnius	A. Juozapavičiaus str. 13, Vilnius	P. Lukšio str. 5B, Vilnius
Registration date	08 December 2004	18 January 2007	04 December 2013	30 July 2014
Company code	300072351	300634954	303200016	303359627
Tel.	(8 5) 210 6809	(8 5) 210 6539	(8 5) 278 2272	(8 5) 259 4400
Fax	(8 5) 216 7875	(8 5) 210 6543	(8 5) 278 2299	(8 5) 259 4401
E-mail:	etp@etpa.lt	info@valdos.eu	info@etic.lt	vac@le.lt
Website	www.elektrostinklopaslaugos.lt	www.valdos.eu	www.etic.lt	http://vac.le.lt
AB LESTO shareholding, %, 01-01-2015	100	57,30	20,02	15
AB LESTO shareholding, %, 31-12-2015	0	0	20,02	15
Nature of the key activities	Power network engineering, construction, repair, maintenance and customer connection to the grid services.	Rent and administration services of immovable property and vehicles.	IT supervision servicing at companies operating in the electric energy sector.	Organization and execution of public procurement, provision of accounting and personnel administration services.

The address of the headquarters of the Company at the time of the submission of the Report is Aguonų St. 26, LT-03212 Vilnius, Lithuania.

<sup>1</sup> Vadovaujantis LESTO valdybos sprendimu, 2015 m. kovo 31 d. AB LESTO ir „Lietuvos energija“, UAB, sudarė akcijų pirkimo-pardavimo sutartį. Šia akcijų pirkimo-pardavimo sutartimi LESTO perleido „Lietuvos energija“, UAB LESTO nuosavybės teise priklausančias UAB „ELEKTROS TINKLO PASLAUGOS“ akcijas, kurios sudaro 100 proc. UAB „ELEKTROS TINKLO PASLAUGOS“ įstatinio kapitalo.

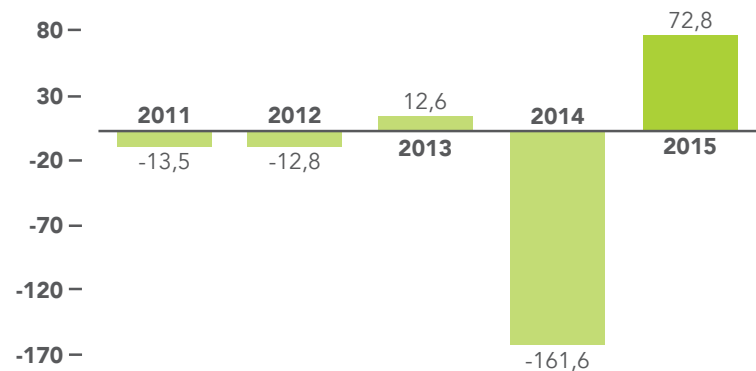
<sup>2</sup> Vadovaujantis LESTO valdybos sprendimu, 2015 m. balandžio 27 d. LESTO ir „Lietuvos energija“, UAB, sudarė akcijų pirkimo-pardavimo sutartį. Šia akcijų pirkimo-pardavimo sutartimi LESTO perleido „Lietuvos energija“, UAB LESTO nuosavybės teise priklausančias „NT Valdos“, UAB, akcijas, kurios sudaro 57,30 proc. „NT Valdos“, UAB, įstatinio kapitalo.



## Financial indicators

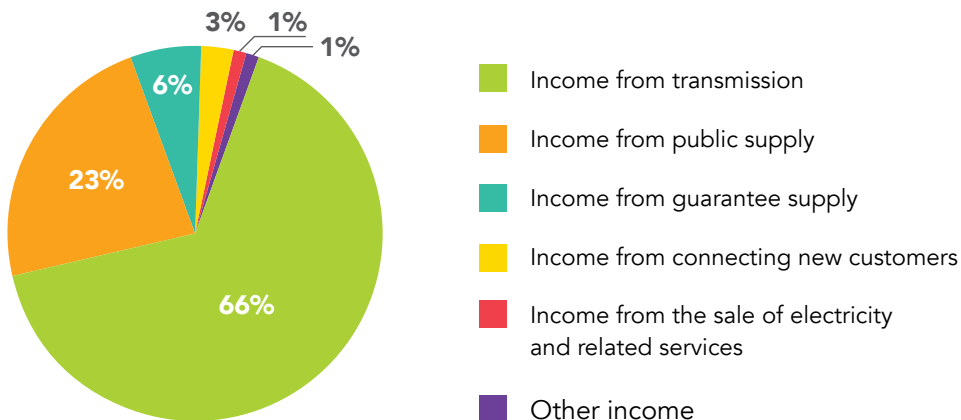
Within 12 months of 2015, AB LESTO earned EUR 124.8 m in profit before interest, taxes, depreciation and amortization (EBITDA). In comparison with the data of 2014, the Company's EBITDA decreased by 3.1 %, and mostly due to the decline in the income.

Net profit (loss) of LESTO.



In 2015, the twelve months' net profit of AB LESTO was EUR 72.5 m, however, adjusted for the results of the evaluation of the non-current tangible assets the Company suffered a net loss of EUR 164.6 m.

Structure of AB LESTO's income by areas of activities



The key source of income of AB LESTO is the transmission of electricity. Within 12 months of 2015, the Company's income from transmission operations accounted for 66 % of the total income of the Company. The income from the public supply of electricity accounted for 23 % of the total income, while the income from the guarantee supply to consumers that have not selected an independent supplier accounted for 6 % of the total income.

## Costs

In the course of twelve months of 2015, the Company's costs related to purchase of electricity and related services accounted for EUR 373.8 m, which is a decline by 14.8 % if compared to the respective period of 2014. The decrease from the indicator of 2014 was mainly caused by the electricity acquisition prices, a decrease in the component of the public interest electricity supply, also the quantity of the guarantee supply and the technological loss.

During the reporting period, the costs of the procurement of electricity and related services, as well as amortization costs respectively accounted for 75.5 % and 7.0 % of the total costs incurred by AB LESTO. Operational costs accounted for 16.8 % of the total costs.

Operating expenses of LESTO, EUR'000

	2014 m.	2015 m.
Benefits to employees and related social insurance premiums	36 867	36 707
Repair and technical supervision costs	24 946	23 281
Transportation costs	4 355	4 156
Telecommunications and IT services	6 922	7 022
Rent and utility services	2 738	2 551
Other expenses	7 143	9 388
<b>Operational expenses</b>	<b>82 971</b>	<b>83 105</b>

Within 12 months the operational expenses of AB LESTO increased by 0.2 % as compared with the respective period of 2014, and accounted for EUR 83.2 m. In 2015, the operational expenses increased due to the fine imposed by the National Commission for Energy Control and Prices. The sanction was imposed upon AB LESTO based on the results of the inspection approved by Order No. 03-947 of 19 December 2014 of the National Commission for Energy Control and Prices 'Regarding the routine inspection of AB LESTO'.

<sup>3</sup> Veiklos sąnaudos (OPEX) = veiklos sąnaudos, išskyrus elektros energijos ir susijusių paslaugų pirkimų sąnaudas, nusidėvėjimo ir amortizacijos bei vertės sumažėjimo ir ilgalaikio materialaus turto nurašymų sąnaudas.



## AB LESTO profit ratios

	2013	2014	2015
Net margin, %	1,81	-25,30	12,47
Gross margin, %	1,81	-76,24	12,47
Operating profit, %	2,23	-29,47	14,94
Profit before taxes margin, %	2,09	-29,74	14,70
Return on assets, %	0,87	-14,60	8,55
Return on equity, %	1,32	-24,63	17,54

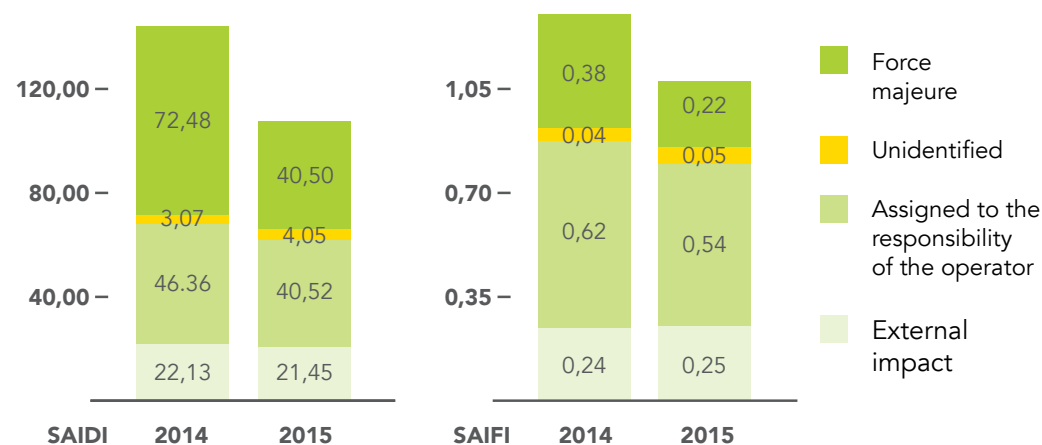
\* ROA = net profit (loss) for the reporting period / [(total assets at the beginning of the reporting period + total assets at the end of the reporting period) / 2];

\*\* Return on equity (ROE) = net profit (loss) for the reporting period / [(equity capital in the beginning of the reporting period + equity capital in the end of the reporting period) / 2].

## Reliability of the electricity supply

In the twelve months of 2015, with the influence of natural disasters (force majeure) the system average interruption duration index (SAIDI) per customer amounted to 106.53 minutes and, compared with the same period of 2014, it decreased by 37.51 minutes (SAIDI for the twelve months of 2014 was equal to 144.04 minutes). The component of natural disasters (force majeure) improved in 2015 - there were few natural phenomena, posing a threat to the distribution network in 2015. In addition, the improvement of this component was driven by the increase of network devices resistance to natural conditions – investments in cable distribution network. The component „responsibility of the operator“ also improved in 2015: the decrease was caused by growing investment in the distribution network, network equipment modernization, automation, innovation and application deployment.

## Electricity supply reliability indicators in January-December 2014 and January-December 2015

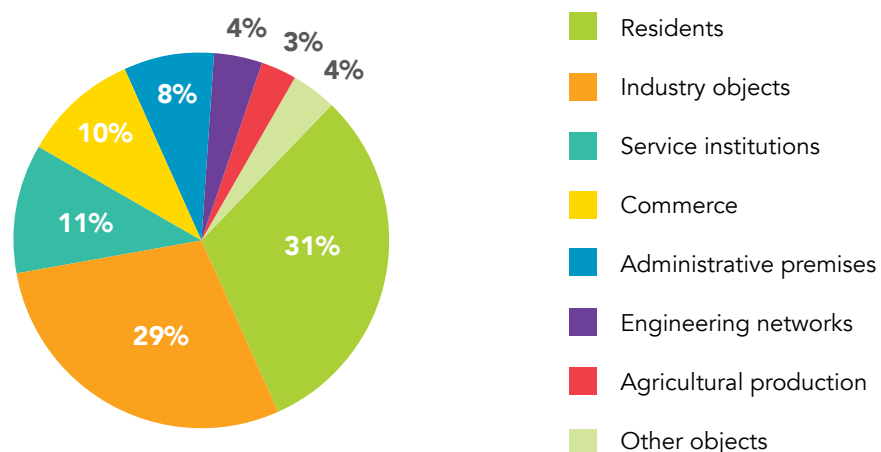


## Performance indicators

Performance indicators	2013	2014	2015
Received electric energy to the distribution network, kWh m	8 874	9 061	9 152
Costs of distribution in technological equipment, kWh m	664	667	622
Quantity of electricity transmitted, kWh m	8 209	8 394	8 529
Quantity of electricity sold, kWh m	3 061	3 223	3 124
<b>Electricity supply quality indicators:</b>			
SAIDI, min. (with force majeure)	153,9	144,04	106,53
SAIFI, units (with force majeure)	1,43	1,29	1,06

Within 12 months of 2015, AB LESTO transmitted to its customers total 8,529 m kWh of electricity. Sales of electricity accounted for 36.6 % of the total sales; to the remaining customers AB LESTO was providing only the transmission service. As compared to the same period in 2014, in view of the reduction of the guarantee supply, the quantity of the electricity sold was recorded to be by 3.1 % less, and the quantity of electricity transmitted increased by 1.6 %. The corporate costs in the distribution technological facilities within 12 months of 2015 were reported at 622 m kWh, or 6.8 % of the total electricity produced. At the same time in 2014, the costs accounted for 7.4 % of the electricity produced.

Quantity of electricity transmitted by objects



31 % of the electricity transmitted by LESTO was consumed by residents. Accordingly, industry entities and service companies consumed, respectively, 29 % and 11 % of electricity. As compared to the date of 12 months of 2014, the structure of the transmission of electricity changed only insignificantly. The share of electricity transmitted to industry objects increased by 1- percentage point, and the respective indicator for residents decreased by 1-percentage points.

## Governance of the Company

The Company performs the functions of electricity distributor and of the public electricity supplier, therefore, with a view to securing equal rights of consumers, the transparency of the decisions taken, the activities of the Company are strictly regulated by legal acts and supervised by respective public authorities.

At the end of the reporting period according to the Articles of Association of the Company, the Company's bodies of management were the general meeting of shareholders, a collegial supervisory body the Supervisory Board, a collegial governance body the Board, and a single person management body, the Company's Chief Executive Officer (CEO).

### General meeting of shareholders

General meeting of shareholders of the Company is its supreme body of management.

The competence of the General meeting of shareholders and the procedure for convening the meeting and adopting decisions are governed by the law, other legal acts and the Articles of Association of the Company.

During the reporting period shareholders of the Company had equal rights (property and non-property) defined in the law, other legal acts and the Company's Articles of Association. None of the shareholders of the Company did not have any special rights of control, and the rights of all shareholders were equal.

The managing bodies of the Company provided adequate conditions for exercise of the rights of the Company's shareholders during the reporting period.

During the reporting period, the Company had convened five general meetings of shareholders. The general meeting of shareholders that on 27 April 2015, was attended by the CEO of the Company, Aidas Ignatavičius, the Chairman of the Board, Director of the Finance and Administration Division, a member of the Board Andrius Bendikas, and Darius Kašauskas, Chairman of the Supervisory Board.

### Supervisory Board of the Board

The Supervisory Board of AB LESTO is a collegial supervisory body.

The competence of the Supervisory Board, the procedure for adoption of decisions, election and recall of members are governed by the law, other legal acts and the Articles of Association of the Company. The Supervisory Board of AB LESTO consists three members who are elected at the general meeting of shareholders for a term of office of four years. No less than one third of the members of AB LESTO Supervisory Board are independent members. The Supervisory Board elects the Chairman from among its members.

In the course of the reporting period, the composition of the Supervisory Board did not change. As of 31 December 2015, the Supervisory Board of the Company consisted of its Chairman Darius Kašauskas, and the members Ilona Daugėlaitė and Petras Povilas Čėsna (independent member).

During the reporting period AB LESTO held 8 meetings of the Supervisory Board, where each of which were attended by all three members of the Supervisory Board.

### Remuneration and bonus system for members of the Supervisory Board

The Articles of Association of AB LESTO provide as follows: 'Separate agreements may be concluded with the members of the Supervisory Board regarding their work at the Supervisory Board and specifying their rights, duties and responsibilities. According to a decision of the general meeting of shareholders the independent members of the Supervisory Board may be paid a compensation for their

work at the Supervisory Board. The terms and conditions of the agreements with the members of the Supervisory Board, as well as the independence criteria shall be, according to the requirements of legal acts and the good governance practice, established by the general meeting of shareholders'.

On 2 August 2013, the agreements regarding the activity of the Supervisory Board of AB LESTO were concluded with Darius Kašauskas and Ilona Daugėlaite. These members of the Supervisory Board are not paid any compensation for their work at the Supervisory Board.

On 30 September 2013, the contract regarding the activities of an independent member of the Supervisory Board of AB LESTO was concluded with an independent member of the Council Petras Povilas Čėsna. The independent member of the Supervisory Board is paid a compensation at a rate of EUR 43.44/hour. Monthly remuneration for the independent member of the Supervisory Board is limited to EUR 1,013.67 (before taxes). Bonuses and other payments are not provided to the independent member of the Supervisory Board.

### Audit committee

On 27 August 2013, the Supervisory Board of UAB Lietuvos energija set up an audit committee; the audit committee is responsible for examination and submission of proposals to the Supervisory Board regarding the issues assigned to the competence of the committee, or the issues regarding which the Supervisory Board appeals to the committee. The activities of the Audit Committee apply to UAB Lietuvos energija, its direct and indirect subsidiaries, including AB LESTO (ESO since 1 January 2016), and the legal persons of other legal forms upon which UAB Lietuvos energija can directly or indirectly exercise decisive influence.

Principal functions of the audit committee:

- monitor the financial reporting process of UAB Lietuvos energija, and the entities of its company group;
- monitor the efficiency of the internal controls and risk management system of UAB Lietuvos energija, perform the analysis and the supervision of the need and the adequacy of such systems;
- monitor the compliance of the certified auditor and the audit company with the principles of independence and objectivity, and submit related recommendations;
- monitor the course of audit at UAB Lietuvos energija" and the entities of its company group, assess the efficiency of the audit process, and the response of

the administration to the recommendations submitted by the audit company to the management;

- monitor the efficiency of the internal audit function of UAB Lietuvos energija and the entities of its company group, analyze the need and the adequacy of the function, present recommendations regarding the necessity, efficiency of the internal audit function, and regarding other issues related to internal audit.

From 5 January 2015, the Company group operates a single centralized internal audit function. Such a solution will help to ensure the internal audit's independence and objectivity, unified methodology and accountability, as well as more rational allocation of available audit resources and competences.

Members of the audit company of UAB Lietuvos energija at the end of the reporting period

Name, last name	Participation in the issuer's authorized capital (%)	Term of office	Working place:
Rasa Noreikienė (Chairperson of the Committee)	0	08-2013–08-2017	Ministry of Economy of the Republic of Lithuania
Aušra Vičkačkienė	0	08-2013–08-2017	Property Management Department of the Ministry of Finance of the Republic of Lithuania
Danielius Merkinas (independent member)	0	08-2013–08-2017	UAB Nordnet
Gintaras Adžgauskas	0	08-2013–08-2017	World Energy Council Lithuanian committee
Irena Petruškevičienė (independent member)	0	10-2013–10-2017	Europos Komisijos audito vystymo komitetas JT Pasaulio maisto programa ISM Vadybos ir ekonomikos universitetas Valstybės kontrolė

### Board of AB LESTO

The Board of AB LESTO constitutes a collegial managing body of the Company.

The competence of the Board, the procedure for adoption of decisions, election and recall of members are governed by the law, other legal acts and the Articles of

Association of the Company. The Board of LESTO consists of five members elected by the Supervisory Board for a term of office of four years. The Chairman of the Board of the Company shall be elected from among its members.

On 1 January 2015, the Board of the Company consisted of its Chairman Aidas Ignatavičius, and the members Virgilijus Žukauskas, Andrius Bendikas, Sergejus Ignatjevas and Dalia Andriulionienė. On 25 February 2015, the Supervisory Board of LESTO passed the decision to remove Dalia Andriulionienė from the position of a member of the Board of LESTO, as of 27 February 2015<sup>4</sup>.

At the end of the reporting period, the Board of the Company consisted of its Chairman Aidas Ignatavičius, and the members Virgilijus Žukauskas, Andrius Bendikas and Sergejus Ignatjevas.

During the reporting period, the Board of LESTO held 33 meetings; the meetings were attended by all members of the Board.

### Remuneration and bonus system for members of the Board

The Articles of Association of AB LESTO provide as follows: 'Separate agreements concerning the work at the Board can be concluded with members of the Board before them taking up their positions describing their rights (including the right to the remuneration for their work at the Board, in case a decision is taken to pay such remuneration), also the duties and the responsibility of the members of the Board. The terms and conditions of the agreements with the members of the Board are defined by the Supervisory Board.

On 17 September 2013, the agreements regarding the work at the Board of AB LESTO were concluded with Andrius Bendikas, Sergejus Ignatjevas and Virgilijus Žukauskas. On 17 September 2013, an agreement regarding the activity of the Chairman of the Board of AB LESTO with Aidas Ignatavičius. A fixed rate remuneration is provided for the work of a member of the Board: EUR 868.86 (before taxes) per calendar month to members of the Board, and EUR 1,448.10 (before taxes) per calendar month to the Chairman of the Board. No bonuses or any other payments have been provided to members of the Board for their actual work at the Board.

### CEO of the Company

The Chief Executive Officer (CEO) of the Company is a single person managing body of the Company.

The competence of the CEO, the procedure for his election and recalling are governed by the law, other legal acts and the Articles of Association of the Company. The CEO is elected, recalled or removed from his position by the Board of the Company. The CEO organises the activities of the Company, manages the Company, acts on behalf of the Company and unilaterally conclude transactions, except for the cases provided by the Company's Articles of Association and other legal acts.

On 17 September 2013, the Board elected Aidas Ignatavičius as the CEO of the Company to hold the position from 23 September 2013 to the end of the reporting period.

Information about the amounts paid to the CEO of AB LESTO\*

	Wages, EUR	Other payments, EUR
CEO Aidas Ignatavičius	78 892	2 803

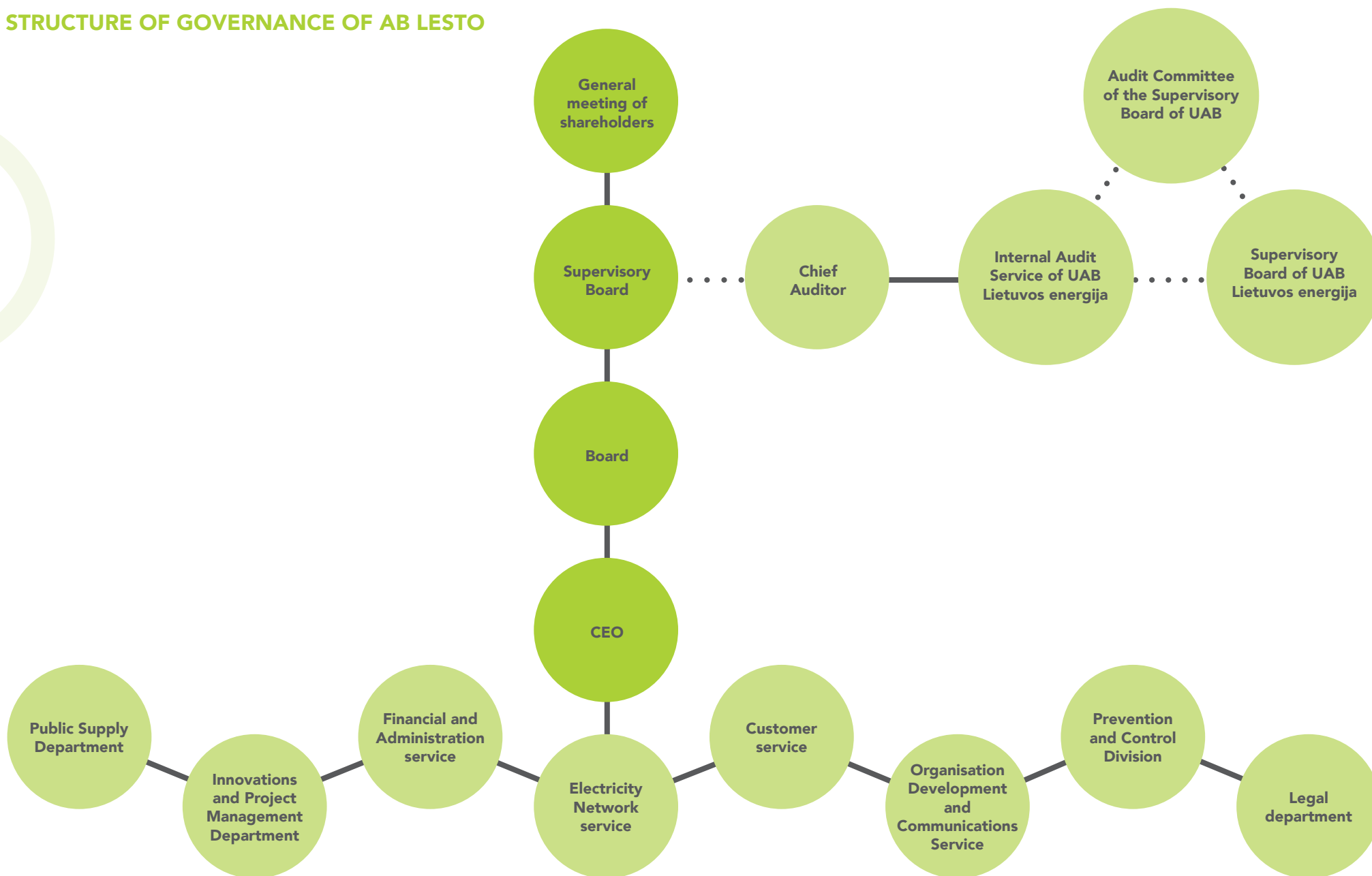
\* LESTO has not transferred assets management or granted any guarantees to members of its management bodies. In the period from January to December 2015, the Company did not grant any loans to members of its bodies of management, did not grant any guarantees or sureties securing the implementation of the Company's obligations.

The participation of the CEO of AB LESTO in the activities of other companies and organizations, shareholding in other companies exceeding 5 % of their capital/votes

Name, surname	Name of the companies, institutions and organizations, positions	Shareholding, %	Vote share, %
Aidas Ignatavičius	See the information above	-	-

<sup>4</sup> The remuneration disbursed to Dalia Andriulionienė for her work as a member of the Board of LESTO from which position she was removed as of 27 February 2015, accounted in the course of the reporting period EUR 1,738.

## STRUCTURE OF GOVERNANCE OF AB LESTO



## Shareholders

According to the data of 31 December 2014, AB LESTO had total 7,065 shareholders.

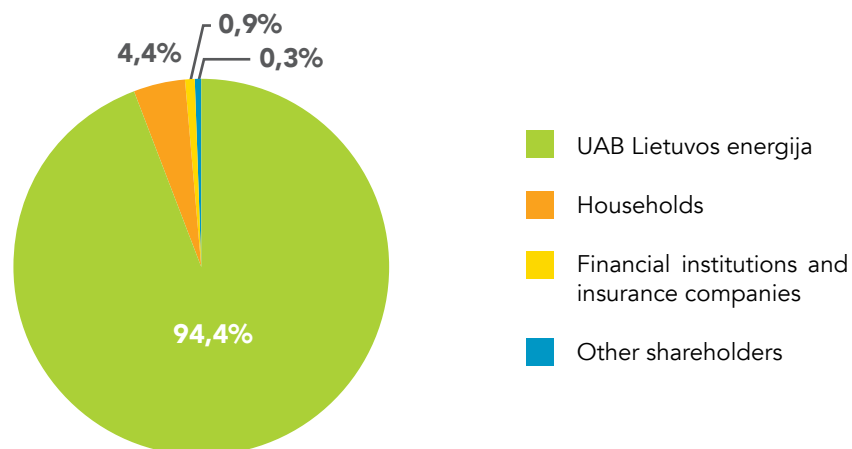
As of 31 December 2015, the total number of shareholders of AB LESTO was 6,968.

Shareholders of AB LESTO that following the reorganization of AB Rytų skirstomieji tinklai and AB VST took over the assets, rights and duties are all the persons who as of 27 December 2010 we shareholders of AB Rytų skirstomieji tinklai and AB VST.

Shareholders of AB LESTO by countries as of 31-12-2015

State	Number of shareholders
Lithuania	6 747
Russia	49
Belarus	39
Estonia	37
United States of America	19
Latvia	36
Other countries	41
<b>Total</b>	<b>6 968</b>

Shareholders of AB LESTO by groups as of 31-12-2015



Shareholders that according to the data of 31 December 2015 had more than 5 % of the issuer's authorised capital

Name and surname of the shareholder (name of the company, legal form, registered office address, code)	Total ordinary registered shares owned by the shareholder, units	Share of the authorized capital, %	Share of the votes carried by the shares owned by the shareholder, %
UAB Lietuvos energija Žvejų St. 14, LT-09310 Vilnius Company code 301844044	570 066 682	94,39	94,39

## Description of the supply chain

Being responsible for the function of the public and the guarantee electricity supplier the electricity distribution company AB LESTO purchases the electricity required for residents and companies in all legal and possible ways seeking the best acquisition price. The activities of AB LESTO are regulated. When acquiring electricity AB LESTO is required to comply with the criterion computed according to the objective estimations of the National Commission for Energy Control and Prices. AB LESTO has concluded agreements with individual electricity producers and suppliers and thoroughly assesses each offer, seeking to ensure that the electricity be purchased as cheap as possible having regard to the quantity of electricity required at specific time. Ordinarily AB LESTO trades in electricity according to bilateral transactions with suppliers (CHP plants, plants of renewable resources, other suppliers or importers). The remaining part of electricity may be acquired at the electricity exchange, at which electricity is traded between anonymous traders and the price is fixed on an hourly basis. Trading in electricity is conducted on an hourly basis having regard to the changing need (demand) and the possibility to ensure the supply of electricity (supply).

From the suppliers operating in the market AB LESTO also acquires different goods and services required for ensuring efficient operations of the Company. The Company conducts procurement transactions in accordance with the Law on Public Procurement. During 2015, the Business Servicing Centre performing the procurement function carried out 1224 public procurement transactions, and signed 1200 contracts.

## Compliance with the precautionary principle

Risk is perceived at AB LESTO as an uncertainty regarding the possibility to achieve objectives caused by potential events and their possible consequences. The op-



erational objectives of AB LESTO are perceived in a broad sense of the word, and cover both the objectives of general nature, related to long-term strategy and the operational plan, and the specific objectives related to specific operating processes of the Company. Risk management of the Company is based on assessment of possible negative influence affecting goals of the Company and goals of its performance functions (processes) as well as results. Risk identification, analysis, assessment and management is pursued systematically in accordance with risk management policy applicable for UAB Lietuvos energija, and the risk management procedures approved by the Company, and other internal regulations related to risk management.

Risk management system of the Company is based on the following principles: COCO (Committee of Sponsoring of the Treadway Commission) ERM (Enterprise Risk Management), AS/NZS ISO 31000:2009 (Risk Management – Principles and Guidelines) and ISO/IEC 27005:2011 (Information technology – Security Techniques – Information Security Risk Management).

### Membership in associations

During 2015, LESTO was participating in the activities of the following Lithuanian and international organizations:

Organizations of the Republic of Lithuania:

National Energy Association of Lithuania

Association of Human Resources Professionals

Responsible Business Association of Lithuania, LAVA

International organizations:

Global Compact initiative of the United Nations

## EMPLOYEES OF THE COMPANY

The principal asset of the Company when seeking the defined objectives are its employees. The Company's human resources policy is heavily oriented towards professional development of its employees, building up of the organizational culture ensuring a creation of higher value for customers, partners and the society. At the beginning of the year the total number of employees at AB LESTO was 2,229, and at the end of December of the same year – 2,178.

### Human rights

AB LESTO does not tolerate any infringements of human rights, is an advocate of a fair and transparent remuneration policy, complies with the legal instruments governing overtime work and working time, respects the right of the employees to rest and has zero tolerance to harassment or violence. The Company is an ardent opponent of any discrimination, also any forced or child labor.

### Responsible job cutting

During Q1 2015, the internal audit function of the Company was centralized and transferred to *UAB Lietuvos energija*, thus total three job positions were lost. The Service and Debt Management Department within the Customer Service was abolished, by leaving the debt management function directly subordinate to the CEO; the service development function was transferred to the Customer Servicing Management Department. The Information Technologies and Telecommunications Division was transferred to the Finance and Administration Division. All these changes did not have any impact upon the number of job positions.

During Q2 2015, the internal audit function of the Company was centralized and transferred to *UAB Verslo administravimo centras*, thus total five job positions were lost. From 1 June, some reorganization of job positions were carried out in the Customer Service, Department of Electricity Accounting Management, Division of Electricity Accounting Data and Costs by setting up two new electricity accounting control groups. Such reorganizations did not affect the overall number of job positions.

Total, in the course of the year the number of LESTO employees decreased by 51 persons, or 2.3%, and at the end of December 2015 there were 2,178 persons working for the Company.



Employees of AB LESTO by categories

Employee category	Total employees
	31-12-2015
Manager of the Company	1
Top-level managers	5
Medium-level managers	146
Experts, specialists, workers	2.026
All employees	2.178

The Company's human resources structure by education was as follows: 58.8 % employees had higher education, 21.9 % had post-secondary education, and 19.3 % had secondary or specialized-secondary education.

### Remuneration system

LESTO has introduced a remuneration policy which brought the Company in line with other most advanced national companies and ensured remuneration of the employees for the work performed according to the results achieved, value created for the organization and the team. The remuneration system was developed on the basis of Hay Group methodology ensuring objective evaluation of the employee's job positions according to the required education, complexity of the problems, and the level of responsibility assigned to a specific job position. The system enables the Company to efficiently manage the Company's costs and ensures that the strategic objectives of AB LESTO, and the business management logics are adequately reflected in the remuneration system.

The Company's employee remuneration package consists of financial, non-financial and emotional rewards. Financial reward system includes a monthly paid fixed salary indicated in the employment contract, as well as the variable part of the salary paid for the achieved performance results (for overtime, night work, etc.) paid according to the collective agreement and other internal legal acts.

The determination and the payment of the variable part of the remuneration is governed by the Procedure for the determination and the payment of the variable part of the remuneration of the employees of AB LESTO, and the procedure for the determination of performance indicators and the variable part of the remuneration of the CEO of AB LESTO. The procedure for the determination and payment of the variable part of the remuneration of employees of AB LESTO sets forth the maximum amount of the variable part of the remuneration. The procedure for the

determination of performance indicators and the variable part of the remuneration of the CEO of AB LESTO specifies that the variable part of the remuneration of the CEO up to 30 % of the annual fixed part shall be established by the Board of the Company. The procedure for the determination and payment of the variable part of the remuneration of employees of AB LESTO specifies that having regard to the opinion of the Supervisory Board the Board establishes the indicators of the achievement of the general objectives of the Company and approves compliance with the indicators. The procedure for the determination of performance indicators and the variable part of the remuneration of the CEO of AB LESTO specifies that the variable part of the remuneration is paid to the CEO for the achievement of the specific objectives (indicators). The objectives (indicators) for the CEO are defined and approved by the Board of the Company having regard to the opinion of the Supervisory Board. It should be noted that the same variable remuneration determination and payment principles are applied across the entire companies group of i. Procedure for the determination and the payment of the variable part of the remuneration of the employees of LESTO establishes that the computed variable part of the remuneration is disbursed to top-level managers in two tranches: the first part, equal to 80 % of all calculated and assigned variable part of the remuneration (for the achieved objectives (indicators) of reporting period 1) is paid within 30 calendar days of the decision to pay the variable part of the salary; the second part, equal to 20 % of all calculated and assigned variable part of remuneration (for the achieved objectives (indicators) of reporting period 1), seeking loyalty of the top-level managers to the Company and performance continuity, is deferred and paid after 1 (one) year within 30 calendar days of the decision to pay the second variable part of the salary and is paid together with the variable part of the salary (80 %) for the achieved objectives (indicators) of reporting period 2. The procedure for the determination of performance indicators and the variable part of the remuneration of the CEO of AB LESTO establishes an identical procedure for the payment of the variable part of the remuneration to the CEO.

The non-financial remuneration is a form of indirect reward to the employee, used by the Company to promote its employees' commitment, involvement and loyalty, employee well-being and enrichment activities in the Company. Such rewards include various events, greetings for special occasions, recognition and evaluation by awarding employees for their especially high results, health promotion, professional development of employees and training. Such emotional rewards are difficult to measure, however, they are factors important for the inclusion of the employees into the operations of the Company including the Company's reputation, its organizational culture and values, career opportunities and a number of in-house communication programmes enabling the employees to share their ideas, ask questions of their concern, and meet their colleagues at the intranet of the Company.

Average wages of LESTO employees (Local minimum wage in the end of December 2015 was EUR 350)

Employee category	Average gross monthly wages, EUR
	01-2015–12-2015
Manager of the Company	6.574
Top-level managers	6.132
Medium-level managers	2.076
Experts, specialists, workers	973
All employees	1.062

### Monitoring of equal opportunities

Staff at AB LESTO according to indefinite employment contracts at the end of 2015: men – 1697, women – 427. Staff at AB LESTO according to fixed-term employment contracts at the end of 2015: men – 11, women – 43. Managers: men – 111, women – 41.

Breakdown of employees by regions and gender (2015):

Regions	Men	Women
Vilnius region	403	242
Kaunas region	258	66
Klaipėda region	279	47
Šiauliai region	242	39
Panevėžys region	183	25
Alytus region	156	31
Utena region	187	20
<b>Total</b>	<b>2178</b>	

Gender structure at the top-level management chain: until 2 March 2015 the Organization Development and Communications Service was managed by a woman, after March 2 both the position of the CEO, and the managers of the subordinate services were men.

During 2015, no infringements or other incidents related to human rights were recorded at AB LESTO company.

### Collective agreement

On 7 March 2014, the conference of the electricity distribution company LESTO approved the new edition of the collective agreement was approved ensuring greater protection for the employees of AB LESTO, and more additional benefits that are not provided for in the Labor Code of the Republic of Lithuania.

The purpose of the collective agreement – to ensure an efficient work of the Company and to represent rights and interests of all employees. The agreement lays down remuneration, social, economic and professional conditions as well as guarantees that are not regulated by the laws and other normative legal acts. Additional guarantees are applied to employees (payments in case of accidents, disease, loss of family members, support on birth of a child, additional paid vacations upon contracting marriage, death of a family member and other cases).

After the introduction of the euro on 1 January 2015, an agreement on amending the collective agreement of 7 March 2014 was signed. Collective agreement is applicable to all employees.

### Trade unions

The company supports the joining of employees into volunteer trade unions and maintains close relations with them. Meetings are held on a quarterly basis, where strategic projects implemented in the Company are discussed. Representatives of trade unions always participate in work groups when issues associated with employees are examined (on employment occupancy, employee requalification, remuneration, social issues).

On 8 April 2015, a meeting with representatives of trade unions took place during which they were familiarized with the principles of the revision of the remuneration procedures.

### Operations management system

Management of the employee performance is one of the most important methods of management and governance facilitating achieving the objectives of the organization and building positive relations between the managers and their subordinates, planning the career of the employees and enhancing their motivation.

An employee performance management measure ensuring that the personal objectives of the employees are defined considering the objectives of the Company is the annual conversation. All the objectives are agreed, approved and assessed in the electronic system, such objectives must be specific, measurable, achievable,

relevant, and time-bound. Such annual conversation is an occasion to assess the rate of achievement of the employee's objectives, and define new targets, and adds to building a feedback culture between the manager and the subordinate. The conversation is also an opportunity to discuss the opportunities for professional development, training or promotion of the employees.

During 2015, total xxx % of the employees of the Company participated in such annual conversation (17 % in 2014).

### **Development of competences**

AB LESTO organizes different type training for company employees. Seeking to ensure an effective and quality supervision of electricity distribution network, efficient customer service and safe work, AB LESTO invests into employees' education. The compulsory training for professional skills development in 2015 which completion is marked by the issue of certificates authorizing to perform special works, was attended by 653 participants. Employees participated in the training for emergency station diesel operator, head of the flammable gas system operation, steeplejack, head of insulation, grounding, neutral connection, measurement of resistance, forestry works, electrical lineman for 0.4 - 10 kV voltage overhead lines by non-insulated conductors and overhead insulated conductors /cables, self-propelled platform lift-truck operator, first aid and hygiene skills, as well as other training.

General and professional training sessions in 2015 designated for the development of general and professional competences were attended by 1,582 participants. This training takes place in both ways - forming groups inside the Company, and placing individual employees to seminars and conferences organized by external suppliers (in Lithuania and abroad). The Company pays great attention for the development of leadership competences of its top managers - the long-term leadership programme involving the participation of a number of managers in the Company. This year, AB LESTO partially or fully funded studies of 19 employees in Lithuanian higher schools.

The Company seeks to involve into the competence development programmes its employees who seek specific knowledge and skills, as well as capable of sharing their expertise with others. In 2015, 4,876 staff members attended training conducted by in-house lecturers of AB LESTO. A great part of these internal training was designated for training of electrical engineering staff, seeking to enhance occupational safety and the quality of customer service. The company also cooperates with manufacturers, equipment suppliers who at no charge share their knowledge with AB LESTO electricity grid service and electrical accounting team members by introducing market trends and innovations in the energy field. In 2015, such training events were attended by 342 participants.

Seeking to ensure the quality of the training, when preparing training programmes

the Company consistently cooperates with training suppliers, and launches regular surveys on the assessment of the training quality.

### **Practical training opportunities**

AB LESTO cooperates actively with educational institutions and provides possibilities for students of universities and colleges to apply their theoretical knowledge and acquire practical skills. During 2015, 109 students completed their practical training at AB LESTO units across entire Lithuania. Participants of such practical training were not only students for whom compulsory practice is organized. The company conducted a search and selection of motivated and enthusiastic students as well as provided them with the possibility to complete their practical training in the company voluntarily. If there is a need for new staff members, we remember the most enthusiastic trainees and invite the most qualified of them to join the AB LESTO team; so during 2015 9 such former trainees at AB LESTO were employed at the Company.

### **Occupational health**

As part of the employee care programme the Company organizes regular health checks. In 2015, 690 employees completed their health checks at the Company. The employees working in field conditions are vaccinated against tick-borne encephalitis (751 employees), and the front office staff were vaccinated against influenza (489 employees). In 2015, the Company's expenses in 2013 for medical servicing of employees exceeded EUR 29,000 (in 2014 – EUR 23,000).

### **Sport activities**

The Company advocates healthy life styles, sport activities and teaches the employees to take care of their health. In 2015, the Company provided the conditions for engaging in sports in 37 cities and towns in the country. The employees could choose between attending a swimming pool, sports club or play basket-ball.

### **Integration of new employees**

With a view to ensuring a proper adaptation of the new employees the Company, they are invited to 'Days of new employees' at which the new employees get familiar with the managers of the Company, activities of its individual divisions. The new employees are introduced to the content of the energy sector, the strategic directions of the Company, its mission, vision, values, the main operational principles in the energy sector, the foundations of electrical engineering.

Mentors are appointed to assist the new employees and be responsible for the most diversified assistance to new employees during the probation period.

## MARKET, INVESTMENT AND CUSTOMERS

In its business environment AB LESTO seeks to maintain transparent relations with all market participants – clients, partners, contractors and investors.

For the purpose of ensuring the reliability of energy supply, economic and social benefits for the society, LESTO dedicates significant attention to the development and modernization of the distribution network. An important aspect in the area of environmental protection is an efficient use of electricity.

The Company installs different equipment promoting the use of pollution alleviation measures: collectors of isolation oil of transformers, in relation to the reconstruction of transformer stations some obsolete and depreciated equipment is replaced by quieter equipment, which will significantly reduce the level of noise emitted into the environment.

During 2015, AB LESTO invested into power distribution network EUR 117.6 m – by 15.9 % more than in 2014. EUR 74.4 m were invested into the network modernization, in addition to EUR 43.2 m into its development. The network modernization project completed during the past quarter in 96 collective garden communities significantly improved the quality of services to tens of thousands of residents.

By investing into upgrading and automation of electricity meters, the Company connected 2,228 electricity accounting meters to the existing automated data reading system, thus increasing the number of electricity accounting instruments using, generating electrical energy in objects operated by the company's customers the readings whereof are scanned in a remote way to 27,338. Automation of electricity meters makes it possible to send invoices to business customers for the electricity consumed during a period without the need to declare the amount of electricity consumed by the customers themselves.

In December 2015, the Company signed an agreement with a Lithuanian-foreign consortium, the winner of the international tender, on which basis the winner of the tender will install 3 thousand smart electricity meters for the Company's customers. Within the framework of a pilot project the Company seeks to determine the efficiency of smart meters and their benefit to residents.

### Investors

AB LESTO seeks in all cases maintain its close relations with the current and potential investors of the Company – we have been publicly praised for the progress in improving the relations in this most important party concerned. AB LESTO at the

Nasdaq Baltic market rewards the Company won the awards ranking third in the category of the best annual and corporate management report, and the best company in interactive investor relations.

At its internet website the Company in due times publishes all the information of relevant to the investors: investor lists, notices on material events, periodic and annual financial statements of earlier periods, and the future plans, i.e. the investor calendar and the real time information on share trading. Several times per year the Company publishes the information commenting on the financial results (press release). All information and documents relevant for investors are published in the Lithuanian and English languages via the information system of the NASDAQ Baltic Vilnius stock exchange.

The Company's information is equally accessible for all shareholders of the Company and potential investors.

The position responsible for shareholder relations within AB LESTO is the Head of Treasury at the Company's.

No infringements of the stock exchange rules and regulations were recorded in 2015.

### Market liberalization and dialogue

A free electricity market in Lithuania has been operational since 01-01-2010. According to the electricity market development plan all consumers can freely select an independent electricity supplier. Acting as an electricity distribution operator AB LESTO promotes businesses to actively enter the market. Business representatives were with all the relevant information, invited to attend different meetings, presentations and consultations. AB LESTO has been providing comprehensive information about the liberalization of the market at its internet website and customer service tel. 1802.

AB LESTO has implemented an automatic data collection system that facilitates an expedient provision of information to electricity suppliers and business entities with respect to which the public supplier prices have been revoked. Because of the 'Customer data provision service' independent suppliers have a possibility to login to the special portal and view the potential customers.

On 31 December 2015, independent suppliers were supplying electricity to 66,354 entities. According to the plan for the development of the Lithuanian electricity market approved on 8 July 2009 by the Government of the Republic of Lithuania, as of 31 December 2015 an independent electricity supplier was selected by:

- about 92 % of entities with permissible power of 400 kW and more;
- about 85 % of entities with permissible power of 100 kW and more;

- about 74 % of entities with permissible power of 30 kW and more;
- about 54 % of entities with permissible power less than 30 kW.

To the remaining objects electricity is continued to be supplied by the guarantee supplier (LESTO).

### Customer servicing

On 15 December 2015, AB LESTO had 1.579 m contracts with private customers, and 66,700 contracts with commercial customers (on 31 December 2014, respectively 1.561 m and 66,200 contracts).

The annual customer satisfaction survey that interviewed more than 2,000 residents and business representatives of Lithuania showed that in the course of the year the satisfaction of both private and corporate customers with the services provided by AB LESTO increased.

The overall satisfaction level of customers of AB LESTO estimated according to the GCSI survey methodology in 2015 reached 80 points, i.e. by 4 points up from 2014.

An increase by 4 points was recorded in the GCSI among the private customers of AB LESTO – from 76 to 80 points. The corresponding indicator of corporate customers increased from 74 to 76 points.

The satisfaction index among the customers of AB LESTO exceeds the benchmark GCSI for European and global companies providing energy and utility services. The satisfaction index among customers of AB LESTO was by 10 points higher than the mean estimate of European states and by 7 points exceeded the global mean index.

To estimate the satisfaction of its customers AB LESTO referred to the Global Customer Satisfaction Index (GCSI) survey methodology based on the American Customer Satisfaction Index (hereinafter – the ACSI). The GCSI is a global franchise of the ACSI survey methodology. The survey tool consists of 17 questions that are categorized into six groups of indicators: customer expectations, quality assessment, perceived value assessment, customer satisfaction, customer loyalty, and customer complaints.

### Relocated customer service functions

The Company participated in the project 'Merging of customer servicing activities' (hereinafter – the Project) implemented within the framework of the chain improvement programme of the LE Group approved by the Board of UAB Lietu-

vos energija on 27 February 2015 (hereinafter – the Programme). The purpose of the Project was to integrate and centralize the customer servicing functions, standardize the customer service processes, thus ensuring more efficient utilization of resources, concentrate the best customer servicing practice and provide higher quality services both the customers of the LE Company Group and later on transpose the model to the customers of other companies in the market; therefore as of 1 January 2016, the LESTO customer servicing functions (management and development of the customer servicing channels, management of customer inquiries, accounting and fee collection, indebtedness management, messaging to customers, drawing up of contracts and administration, and the implementation of other functions supporting the customer servicing functions) were transferred to UAB Verslo aptarnavimo centras, an associate to the Lietuvos energija Group.

### Development of the service channels

During 2015 the number of customers using the remote servicing channels (such as the self-service website [www.manoelektra.lt](http://www.manoelektra.lt), and the customer service telephone 1802) was further increasing, while in smaller towns the customer flows at service centers of AB LESTO was decreasing.

In view of the ongoing changes in customer conduct as of 1 October 2015, the operations of 12 LESTO customer service centers used by relatively small number of customers were relocated to seven major customer service centers.

In 2015, the self-service internet site [www.manoelektra.lt](http://www.manoelektra.lt) had 653,000 registered customers, of which 589,000 were private customers. During 2015, the number of visits to the self-service website [www.manoelektra.lt](http://www.manoelektra.lt) increased from 2.98 m 2014 to 4.04 m.

During 2015, more than 1,005,400 customers (1,001,500 customers in 2014) were provided the required information by customer service telephone 1802; the help service received and dealt with more than 351,000 customer inquiries on different issues (325,000 customer inquiries handled in 2014).

During 2015, the customer service centers operating in the seven major Lithuanian towns serviced 251,830 customers (287,640 customers in 2014).

### Management of customer settlements

AB LESTO has provided its customers with an option to pay for the consumed electricity according to the average electricity consumption. Under such settlement arrangement, the same amount is charged every month irrespective of seasonal fluctuations, and changes in the quantity of consumed electricity. Besides, consumers



having several electricity consuming objects can pay for the electricity consumed at several objects (by submitting one invoice). The monthly charge for the consumed electricity is calculated according to the average amount of electricity consumed (in kWh); the charge is adjusted according to the readings declared by the customer, or the data of periodic check of the meters. Consumers are welcome to find out and check the average charge by logging in to the constantly updated self-service website [www.manoelektra.lt](http://www.manoelektra.lt), calling at the customer service telephone, or at a AB LESTO customer service center. Currently more than 17 % of AB LESTO customers pay for the electricity consumed according to VAT invoices. During 2015, the number of payments for the consumed electricity according to VAT invoices increased by nearly 13 % if compared with the respective period of 2014.

The customers that have opted for electricity accounting according to the average consumption additionally chose payment by direct debit, when the amount due is automatically debited from the customer's bank account. Currently 13 % of LESTO customers pay by direct debit.

### Operation and development of electricity accounting

During 2015, the Company installed for new customers 23,845 electricity meters, of which 26 % were intended for the accounting of electricity in single-phase AC grids, and 74 % – in three-phase networks, and replaced 86,051 electricity meters with an expired metrological check time-limit, of which 66 % are used for electrical energy accounting in single-phase AC networks, and 34 % – in three-phase networks.

By constantly renewing the electricity meters used, the Company and persons authorized by it have also performed operation works for over 1,080,000 electricity meter (inspection of electricity meters, repair of malfunctioning equipment, and verification of readings).

By investing into upgrading and automation of electricity meters, the Company connected 2,228 electricity accounting meters to the existing automated data reading system, thus increasing the number of electricity accounting instruments using, generating electrical energy in objects operated by the company's customers whose readings are scanned in a remote way to 27,338. Automation of electricity meters makes it possible to send invoices to business customers for electricity consumed during a period without the need to declare the amount of electricity consumed by the customers themselves.

In December 2015, the Company signed an agreement with a consortium of Lithuanian and foreign companies, the winner of the international tender; according to the agreement the winner of the tender will install 3 thousand smart electricity meters

for the Company's customers. Within the framework of a pilot project the Company seeks to determine the efficiency of smart meters and their benefit to residents

### Modernization of the power grid

In its business environment, LESTO seeks maintaining transparent relations with all market participants – clients, partners, contractors and investors. For the purpose of ensuring the reliability of energy supply, economic and social benefits for the society, AB LESTO dedicates significant attention to the development and modernization of the distribution network. An important aspect in relation to ensuring efficient environmental protection is the efficient use of electricity.

**Interactive map for investors.** In the spring of 2015, AB LESTO uploaded in its internet website an interactive map of available capacities providing the information to investors on available capacities in electricity transformer sub-station throughout Lithuania.

### Social initiatives

#### Enhancement of energy efficiency – 'To the extent necessary'

Fostering rational electricity use is one of the priorities of LESTO in the area of social responsibility, contributing to conservation of environment and energy resources, as well as the country's obligations in implementing a climate change programme of the European Union. The project aims at developing the traditions of rationally living society – search for rational electricity use methods for both, household and business.

In October-November LESTO in cooperation with its partners held a cycle of conferences 'As much as needed for industry' (*Lith. – Tiek, kiek reikia pramonei*). The purpose of the series of events launched in the major cities of Lithuania was to promote the national business, and especially industry entities, to use energy resources rationally. The events became a forum for experts and representatives of companies to share their experience, make presentations on the advantages of LED lighting, compensation of reactive electricity, and energy audit. At the events of 2015, presentations and topics for discussion concerned not only the consumption of electricity, but also of natural gas. Total 400 representatives of different industry entities attended the five conferences held within the framework of the project, most of them chief energy specialists and managers.

The main objectives of the annual conference 'Energy efficiency solutions – a path for the business competitiveness' that the Company organizes in cooperation with

*Verslo žinios* (a business newspaper) for the fifth time already, is to bring together implementers of energy efficiency solutions, analysts, energy engineers, when the contacts established at the meeting in the long run turn into actual solutions, direct the resources in a proper direction and save the environment. The event of 2015 was attended by more than 320 representatives of national businesses, and when inquired, 96 % of them confirmed that the event did live up to their expectations (the indicator up by 3 points since 2014).

Cooperation with libraries in Lithuania In March 2015, AB LESTO and the National Martynas Mažvydas Library of Lithuania signed an agreement to cooperate in implementing the social project "Libraries for Progress 2". This cooperation arrangement will become a basis for implementing joint projects for education of residents at the National Martynas Mažvydas Library of Lithuania, and will ensure further development of computerized workstations of AB LESTO self-service website [www.manoelektra.lt](http://www.manoelektra.lt). The aim of the project 'Libraries for Progress 2' is to expand the cooperation of public libraries with business, local authorities and non-governmental organizations, and thus further strengthen the network of libraries in Lithuania. Currently computerized workstations of the AB LESTO self-service website [www.manoelektra.lt](http://www.manoelektra.lt) are operational at more than forty libraries around the country; the Company also provided the required training to employees of the libraries. AB LESTO self-service website [www.manoelektra.lt](http://www.manoelektra.lt) services are available in Vilnius, Šalčininkai, Trakai, Kaunas, Jonava, Jurbarkas, Kaišiadorys, Šakiai, Prienai, Klaipėda, Plungė, Tauragė, Kretinga, Skuodas, Telšiai, Šilutė, Šilalė, Šiauliai, Raseiniai, Mažeikiai, Kelmė, Joniškis, Pakruojis, Radviliškis, Naujoji Akmenė, Panevėžys, Biržai, Rokiškis, Pasvalys, Kupiškis, Alytus, Druskininkai, Marijampolė, Varėna, Lazdijai and Vilkaviškis.

### Prevention of corruption

AB LESTO does not tolerate any manifestations of corruption and advocates fair business, and transparent cooperation with public authorities. The risk is minimized by effective integrated internal control mechanisms designed to identify possible corruption risk factors. Prevention of corruption is one of functions carried out by the Prevention and Control Division of the Company AB LESTO exercises operational control, improves operational processes and takes measures to rectify

identified infringements and to eliminate threats for the reputation of the Company. In May 2014, the Company approved and made operational a Policy of Zero tolerance to corruption – all employees read and confirm their awareness of the approved text of the declaration.

AB LESTO exercises operational control, improves operational processes and takes measures to rectify identified infringements and to eliminate threats for the reputation of the Company. The Company in all cases cooperates with institutions and authorities, and is prepared to provide to them any required information or assistance.

### Transparency

In accordance with Article 7(1) of the Law on Public Procurement, AB LESTO publishes, by means of the Central public procurement information system, draft technical specifications of all procurements, except small value procurements, and provides additional information at its website, next to the reports on procurement procedures and the information about the on-going procurement tenders.

In addition to other qualification requirements the suppliers participating in the procurement must be able to demonstrate that the supplier has for at least 5 years not been involved in any activities related to corruption, bribery, fraud, tax avoidance and money laundering (as indicated in Article 45(1) of Directive 2004/18/EC). The participants of large-value procurements offering contractor's services are required to submit the appropriate evidence of qualification – a certificate of LST EN ISO 9001:2001 (ISO 9001:2001) or equivalent standard, or equivalent documents issued in Member States of the European Community and confirming that the supplier's quality management system complies with the requirements of the respective standard (a requirement to submit copies of the certificates).





## ENVIRONMENTAL PROTECTION

In its daily activities the Company promotes the utilization of working tools reducing the amount of costs and alleviating pollution, and is always in active search for ways to mitigate the impact of energy objects to people and the environment, invests into environmentally friendly edge-cutting technologies, contributes and organizes different initiatives involving the public and promoting responsible use of electricity.

### Protection of the landscape

Within the framework of a partly EU-funded project AB LESTO is replacing the old overhead power lines by new cables in locations where the wiring of the former overhead lines was thin and had dangerously approached the surrounding greenery, the obsolete infrastructure would cause frequent malfunctioning instances. Cable lines ensure more reliable supply of electricity to residents, while producing less impact upon the environment and the landscape. During 2015, the Company built 1,673 km cable lines (total in 2014–2025 the Company plans to build 18,000 km of underground and isolated lines).

### Saving of paper

The Company consistently encourages its customers to refuse using paper invoices, and pay books, by shifting to remote service channels and payment for services by way of direct debit. Over 90 % of customers of AB LESTO have already shifted to electronic invoices. About 80 % of electricity consumers are notified about a disruption of electricity supply and the anticipated duration of the repair works by free SMS messages, and electronic mail messages.

The newsletter intended for employees is also constructed only in e-format. All e-messages sent by employees of the Company contain a reminder to the recipients that the information should be printed only if absolutely necessary.

### 'Let's do it 2015'

AB LESTO employees joined the clean-up initiative "Let's Do It 2015" and collected waste polluting the environment in five regions: Vilnius, Kaunas, Šiauliai, Alytus, and Panevėžys.

## SOCIETY

For the benefit of the society AB LESTO implements broad-scale and long-term social responsibility projects, intended for children, the youth and the public at large; the common feature of such projects is an active participation of communities and target groups of the society, the ideas for safety and efficient use of energy and protection of the environment.

### Project competition for local authorities and communities

AB LESTO together with the Association of Local Authorities in Lithuania invited local authorities and their communities to submit applications for the tender aimed at enhancement of safety near power facilities and public responsibility. Seeking to solve problems associated with safe and rational use of electricity, the communities had to submit plans of their solutions and to involve into the projects as many residents as possible. The projects are required to be related to an objective to enhance public safety. Specifically welcome are the proposals promoting education and responsibility of the residents, and especially the youth. The Company received applications from 30 local authorities and communities. The applications received were assessed by representatives of AB LESTO together with the Association of Local Authorities in Lithuania, and a public institution Rūpi. Seven educational and practical projects were declared the winners; all the events scheduled by the projects took place in the first half of 2015, residents gained knowledge on safe handling of electrical installations and behavior near them during interactive lectures, quiz-tests, contests and other activities.

### National educational programme 'Sustainable school'

Seeking to foster awareness of school communities and contribute to the creation of a sustainable, energy and environment saving Lithuanian society, the Lithuanian Children and Youth Centre and AB LESTO together with partners invited the national education institutions to participate in a year-long educational programme "Sustainable School". The first task of the programme – an ecological footprint study – was

carried out at 70 educational institutions participating in the programme, whereas 17 schools were implementing all kind of measures designed to reduce the ecological footprint throughout the year. The participants selected by the commission (including a representative of AB LESTO) as having achieved the best results and designated as most creative were awarded at the closing event in April 2015.

The project was awarded at the Business award contest in Sweden – was designated as the social responsibility initiative of 2015, and won the award that was presented by the king of Sweden Carl XVI Gustaf, and the President of the Republic of Lithuania Dalia Grybauskaitė.

The Municipality of Vilnius decided to continue the project in 2015, and presented the second season of the 'Sustainable school' project to managers of Lithuanian schools and kindergartens.

### Modern street lighting project

A little more than a year ago, AB LESTO together with Birštonas municipality and an Italian public lighting company Enel Sole launched a pilot project 'To the extent necessary for the city' on the efficacy on LED light fixtures in Birštonas. In the course of the implementation of the project 14 ordinary street light fixtures were replaced with LED light fixtures. The results and outcomes of the year long pilot project, when 14 LED light fixtures were installed in one of Birštonas city streets, were introduced during the press conference in April. LED light fixtures consumed only 7,601 kWh of electrical energy, whereas the 14 old sodium lamps installed on the other side of the same street used during the same period 13,324 kWh electric power.

### Events of the Energy workers' day for the society

The National Lithuanian Electricity Association uniting the biggest energy companies, including LESTO Company, invited to celebrate the Day of Energy Workers on 17-18 April in the Lithuanian Museum of Energy and Technology. Participants of the event were kindly invited, at no charge, to take a journey of the history of the national energy sector; the visit also included an interactive guidance-detective game and an opening of the exhibition of pictures of the Group's employees 'Routine and adventures at work' The youngest visitors were invited at a performance 'Love of Horse Dominykas', and all enjoyed a trio of violoncello players from Latvia.

### Days of efficient and safe consumption of electricity at Lithuanian libraries

In order to encourage the residents to contribute to saving energy resources, in

September 2015 AB LESTO for the second time organized a cycle of events on rational and safe electricity consumption for 15 libraries throughout the country. At such events, specialists of AB LESTO explained to the participants the ways for a convenient analysis and evaluation of the household electricity costs, and briefed on the habits that at the estimation of the experts mostly affect the electricity bills.

To trigger the imagination of the event participants to estimate how sparingly they use electricity as compared with other residents of the country, the organizers presented the results of the most recent surveys on consumption habits. The participants received advice on energy conservation 'Recipe Books', to enable them to better memorize the advice they heard during the event. The youngest event participants met with heroes from the educational initiative 'Electricity Magic' intended for young people who together with children not only solved various tests associated with electricity consumption, but also played interactive games and were awarded different prizes.

In September, the Company held some efficient and sale energy consumption days at the libraries in Šalčininkai, Kazlų Rūda, Rokiškis, Tauragė, Marijampolė, Raseiniai, Jonava, Kalvarijos, Biržai, Jurbarkas, Druskininkai, Švenčionys, Ukmergė, Plungė and Mažeikiai regions; the events under the programme were attended by more than 500 adults and children.

### Loss reduction and resident education initiative 'Operacija 2020'

The Operacija 2020 initiative is aimed at fostering responsible operation of power supply network facilities, enhancing resident awareness about safe treatment of electrical devices and reducing negative consequences arising as a result of irresponsible or malicious operation of electric devices.

In 2015, AB LESTO continued its active cooperation with the Lithuanian Association of Local Authorities. In September the representatives of the Company met with 38 seniors of local authorities of Jurbarkas, Šilalė, Pagėgiai ir Tauragė regions. The agenda of the meetings included presentations of the current situation, and discussions on the prevention of thefts from and accidents at transformer stations.

As the greatest support in fighting thefts of electricity is the civil consciousness of the citizens, their reports enable the Company to expediently identify the perpetrators, repair the damaged transformer stations before they are burned, or terminate the supply of electricity to all residents of a village.

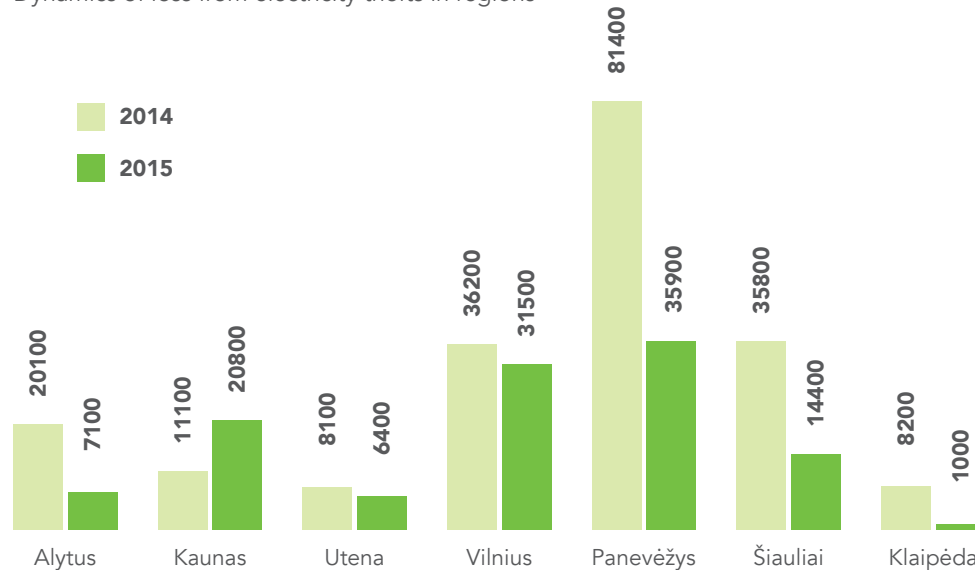
Until spring 2015, the 'Confidence line' was operated under a separate number, and during that period the Company received 62 reports about different violations from the residents. Since then calls can be made 7/24 to the Customer service tel. 1802;

within that period total 98 instances of alleged electricity thefts were reported.

Based on the reports from residents, the Company established two cases of illegal connections, and two illegally built electricity line branches.

The country-wide damage incurred through the theft of electricity decreased, however, some increase was recorded in the Kaunas region.

Dynamics of loss from electricity thefts in regions



With a view to preventing thefts of electricity from the distribution grid facilities AB LESTO maintains close cooperation relations with the major infrastructure companies, such as AB TEO, AB Lietuvos geležinkeliai, the Lithuanian Association of Electronics Purchasers EEPA, the Association of Recycling Companies APIA, Metal Purchasers' Association and the Association of Local Authorities in Lithuania. At all divisions the Company go into great lengths to involve the local community, seek dialogue, representatives of the Company are active participants of the community life (meetings with the managers of local authorities, local communities, representatives of municipalities and other institutions and managers).

### 'Green protocol'

For the fifth year in turn AB LESTO invited national companies to join the 'Green

Protocol'. The 'Green protocol' is a unique arrangement, one of the kind in the country and initiated by AB LESTO. The 'Green protocol' is used for the people and the organizations to confirm that they have familiarized themselves with the environmentally-friendly ideas promoting rational use of electricity, they agree with the ideas and undertake to comply with them in the future.

## Elektromagija.lt

### Educational project for children and the youth on safety and energy efficiency 'Elektromagija'

The purpose of the educational initiative designated for school-age children 'Elektromagija' is to educate children on the benefits of electricity, also related threats and safety. The initiative seeks to promote and encourage schoolchildren to safely operate electricity and power equipment, get interested in the responsible use and consumption of electricity, the protection of the environment and the ideas of sustainable development.

During 2015, employees of the Company were active participants of the 'Elektromagija' project, and within its activities met more than 500 children.

### Public opinion surveys

#### Survey of electricity consumption habits

A survey on electricity consumption habits was carried out by a pollster company Baltijos tyrimai on behalf of AB LESTO. The survey showed that the number of persons saving energy has remained fairly high (75 %), however, the number of those saving due to electricity prices has decreased by 20 %. To an increasing extent people save electricity out of habit or seeking to protect environment, and these reasons were indicated by 15 % of the respondents. The number of persons using energy saving bulbs and purchasing low energy consumption electrical devices has increased by 7 percentage points.

### Reporting to the society

AB LESTO draws up its Reports on Social Responsibility every year, and publishes it in the Lithuanian and the English languages. The Reports are published at the internet website [www.eso.lt](http://www.eso.lt) (Social responsibility section), the website of the Stock

exchange NASDAQ Baltic together with the annual financial report, and the internet website of the Global Compact [www.globalcompact.org](http://www.globalcompact.org).

AB LESTO on a regular basis publishes press releases, and informs the society about the different aspects of its activities at the internet website [www.eso.lt](http://www.eso.lt) (until 1 January 2016 – [www.lesto.lt](http://www.lesto.lt)), as well as the Section on State-owned companies in the internet website of the Ministry of Economy (<http://vkc.vtf.lt/imoniu-socialine-atsakomybe/apie-isa>).

The AB LESTO Report on Social Responsibility has been drawn up having regard to the requirements of the G4 version of the GRI. The present Report complies with the 'Baseline' G4 version. No independent audit of the present Report on Social Responsibility has been carried out.

The Company intends to consider a possibility to carry out an audit of the Report on Social Responsibility, as well as the decision to shift to the 'Comprehensive' version of G4.

## CONTENT OF THE REPORT AND THE BOUNDARIES OF ASPECTS

The content of the Report was selected taking into account the long-term strategy of AB LESTO, the results of the opinion poll surveys, the analyses of the media monitoring and specifically considering the aspects as most relevant to the Company in the long-term perspective, policies and regulations effective at the Company (Communication, Personnel Remuneration, Social Responsibility policies), as well as the Code of Ethics.

The aspects most relevant for AB LESTO were identified in 2014, and those most relevant for the Company's stakeholders were identified by way of inquiries in relation to the drawing up of the LESTO investment plan for 2015–2020. Such aspects were presented in the AB LESTO investment plan for 2015–2020.

The information provided by AB LESTO shows both positive and the negative aspects in the efficiency of the organization. The information provided therein has been collected and presented in a comprehensive manner, so that any parties interested can analyze the changes and compare them with the efficiency of other organizations. The presented information is sufficiently accurate and detailed, which enables any parties interested to properly assess the performance of the organization. The Report was submitted on time, following the approved schedule. The entirety of the information submitted in the Report is comprehensive and clear. The information provided in the Report was collected, documented, compiled, analyzed and disclosed in the manner enabling any stakeholder to ascertain the quality and the materiality of the information.

## Aspect relevant for LESTO:

**Economy:** economic efficiency, market, indirect economic impacts

**Environmental protection:** biological diversity, products and services

**Social areas:** education and training, local communities, non-discrimination

## Aspects relevant for stakeholders

	Clients	Society	Regulators	Energy sector	Shareholders
Uninterrupted supply of electricity	●	●	●	●	●
Reliable electricity supply	●	●	●	●	●
Performance efficiency and transparency	●	●	●	●	●
Prompt restoration of electricity supply after storms	●	●		●	●
Safety of power grid facilities		●	●	●	●
Timely information and prompt resolution of problems	●	●		●	
Reduction of visual pollution and an invisible electricity grid	●	●			●
Partnership in carrying out energy efficiency studies and implementing social responsibility project	●	●			
Mitigation of the impact of the power grid upon the environment and the fauna		●			●
Noise level of the facilities		●			

## Boundaries of the material aspects within the company and outside it

Material aspects	Boundaries of the aspects	Impact group
Economic performance	Internal and external environment of the Company	Shareholders
Market presence	External environment of the Company	Customers, shareholders, energy sector
Indirect economic impacts	External environment of the Company	Customers, shareholders, energy sector

Biological diversity	External environment of the Company	Regulators, society
Activities and services	External environment of the Company	Customers, society
Education and training	External environment of the Company	Employees
Non-discrimination	Internal and external environment of the Company	Employees, regulators
Local community	External environment of the Company	Society

## Stakeholder engagement

AB LESTO seeks establishing a dialogue with all parties concerned with or related to the Company's activities. The Company also sought to involve and engage representatives of the different stakeholders in the drawing up of the present Report. AB LESTO has identified the following stakeholders

Customers	Society	Regulators	Energy sector	Shareholders
1. Large corporate customers	<b>Environmental protection</b>	17. National Commission for Energy Control and Prices	24. LITGRID	27. LE
2. Small business customers	7. State Service for Protected Areas	18. Ministry of Energy of the RL	25. Small producers	28. Minority shareholders
3. Private customers	8. Directorate General of State Forests	19. Ministry of Economy of the RL	26. Independent electric energy suppliers	29. Ministry of Finance of the RL
4. State Consumer Rights Protection Authority	9. State Forest Service	20. State Energy Inspectorate		30. Association of Investors
5. National Consumer Confederation of Lithuania	10. Lithuanian Ornithology Society	21. DG Energy of the European Commission		
6. Lithuanian Confederation of Industrialists	<b>Self-governance</b>	22. ACER		
	11. Municipalities	23. Government of the Republic of Lithuania		
	12. Association of Seniors of Local Authorities of Lithuania			
	<b>Research and Development</b>			
	13. Universities (KTU, VGTU, VU, KU)			
	14. Lithuanian Energy Institute			
	15. Lithuanian Hydrometeorology Service			
	<b>Other</b>			
	16. State Tourism Departments			

## The principal requirements for the identification and selection of stakeholders

The principal strategic direction of the Company is to increase the Company's value in the long-term. The Company identified five key groups of stakeholders, and indicated the specific stakeholders within the five specific groups. The groups of stakeholders were analyzed in relation to the drawing up of the AB LESTO investment plan for 2015-2020.

For the purpose of achieving the specified objectives it is important to properly balance the needs of all stakeholders - shareholders, customers, investors, employees and the different groups within the society. AB LESTO has a specifically important role beyond the Company due to the peculiarity of the services provided by the Company – transmission of electricity is extremely important at all economic levels, as well as each resident of the country.

The internal stakeholders were selected having regard to the long-term operational strategy of the Company. The external stakeholders were selected on the basis of the provisions of the effective national and European legal acts regulating the activities of the Company, as well as the expertise and the experience of the Company in cooperating with cooperation with public groups.

## The Company's approach towards the stakeholder engagement

AB LESTO seeks to actively cooperate with each group stakeholders as mentioned above. Both the Company's managers and employees were engaged in the drawing up of the Company's Report on Social Responsibility. Having regard to the activities in progress and the cooperation the in-house specialists responsible for the development of social responsibility activities identified a number of questions related to individual areas of social responsibility and included the questions in the polls of the stakeholders.

The questionnaire was sent to 95 stakeholders, of which 49 replied to the questionnaire (the National Association of Consumers, the State Association of protected territories, the Lithuanian Confederation of Industrialists, independent suppliers, etc.), the Association of Seniors of Local Authorities of Lithuania, and the Consumer Rights Protection Authority).

The external stakeholders were requested to identify and designate the importance of the expectations related to the Company (the environmental impact of AB LESTO, material aspects in the economic, environmental protection and social areas) for their institutions, activities and the community.

## Indicator index

List of the general indicators of the Report

Indicator code according to the GRI	Description	Page in the Annual Report	Page in the Report on Social Responsibility	External inspection
<b>Strategy and analysis</b>				
<b>G4-1</b>	Statement from the most senior decision-maker about the relevance of the sustainability of the organization		<b>4</b>	<b>Not done</b>
<b>Company profile</b>				
G4-3	Name of the Company	<b>76</b>	<b>7</b>	<b>Done</b>
G4-4	Primary brands, products and services	<b>76</b>	<b>7</b>	<b>Done</b>
G4-5	Location of the organization's headquarters.	<b>76</b>	<b>7</b>	<b>Done</b>
G4-6	Countries in which the Company operates	<b>76</b>	<b>7</b>	<b>Done</b>
G4-7	Nature of ownership and legal form	<b>76</b>	<b>7</b>	<b>Done</b>
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	<b>76</b>	<b>7</b>	<b>Done</b>
G4-9	Scale of the Company	<b>77</b>		<b>Done</b>
G4-10	Total employees	<b>85</b>	<b>15</b>	<b>Done</b>
G4-11	The percentage of total employees covered by collective bargaining agreements		<b>17</b>	<b>Not done</b>
G4-12	Organization's supply chain		<b>14</b>	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership	<b>90-93</b>		<b>Done</b>
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		<b>14-15</b>	<b>Not done</b>



Indicator code according to the GRI	Description	Page in the Annual Report	Page in the Report on Social Responsibility	External inspection
G4-15	List externally developed economic, environmental and social charters, principles		13	
G4-16	List memberships of associations and international organizations		13	
<b>Identified material aspects and boundaries</b>				
G4-17	List all entities included in the organization's consolidated financial statements	57		Done
G4-18	Explain the process for defining the report content and the Aspect Boundaries		32	Not done
G4-19	All the material Aspects identified in the process for defining report content.		33	Not done
G4-20	Boundaries for each material aspect		33	Not done
G4-21	The material Aspect Boundary outside the organization		33	Not done
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.		32	Not done
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.		32	Not done
<b>Stakeholder engagement</b>				
G4-24	List of stakeholder groups engaged by the organization.		34	Not done

G4-25	The principal requirements for the identification of stakeholders and their selection		34	Not done
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group		34	Not done
G4-27	Key topics and concerns that have been raised through stakeholder engagement		34	Not done
<b>Report Profile</b>				
G4-28	Reporting period		4	Not done
G4-29	Date of most recent previous report		4	Not done
G4-30	Reporting frequency		4	Not done
G4-31	The contact point for questions regarding the report or its contents.		4	Not done
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report		32	Not done
<b>Governance</b>				
G4-34	Governance structure of the organization, including committees of the highest governance body	58-62		Done
<b>Ethics and integrity</b>				
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		7-8	Not done



List of the impacts inherent to the Company and the specific indicators

Impact	Description, disclosed governance and the indicator	Undisclosed (inside) information	External inspection	Page / source
<b>Economy</b>				
Economic efficiency	Direct received and distributed economic benefit	-	Done	Annual Report 6-8
Market presence	Standard wage of the employees compared to local minimum wage	-	Not done	Report on Social Responsibility 17
Indirect economic impacts	Development of significant infrastructure investments and services supported	-	Done	Annual Report 54-55
<b>Environmental protection</b>				
Biological diversity	Habitats protected or restored (G4-EN13)	-	Not done	Report on Social Responsibility 23
Activities and services	Extent to which environmental impacts of products and services have been mitigated during the reporting period (GN-EN27)	-	Not done	Report on Social Responsibility 23-25
<b>Social area</b>				
Education and training	Programmes for skill management and life-long learning that support the continued employability of employees and assist them in managing their careers (G4-LA10)	-	Done	Annual Report 87, Report on Social Responsibility 17-18
Non-discrimination	Total number of incidents of discrimination during the reporting period and corrective actions taken (G4)HR3)	-	Not done	Report on Social Responsibility 17
Local community	The percentage of operations with implemented local community engagement, impact assessments, and development programs (G4-SO1)	-	Not done	Report on Social Responsibility 25