



AB  
KAUNO  
ENERGIJA

# CONSOLIDATED SUSTAINABILITY REPORT IN ACCORDANCE WITH GRI STANDARDS

# 2017

AB Kauno Energija is the second largest district heating company in Lithuania, producing and supplying heat for consumers in the cities of Kaunas and Jurbarkas and in Kaunas district for more than 50 years already. The main goal of the company is to reliably produce and supply heat to consumers at the minimal costs. Therefore, heat supplies may be considered more as social favour, not a profit seeking business.

In 2017, to reduce heat price for consumers, to reduce demand in fossil fuel, to increase the efficiency of heat production and the usage of renewable energy sources, the Company continued accomplishing of its strategic program of modernization of its heat production facilities.

A new gas burned boilers meeting future environmental requirements which will become valid from 2020, were built in the company's Petrašiūnai power-plant and Pergalė boiler-house. Implementation of these projects let reduce heat production costs power reserve fee, which is paid to UAB Kaunas Termofication Power-Plant, reducing heat price for consumers as well.



As a heat generating enterprise, our Company is directly related with emissions of combustion products into environment, therefore it is especially sensitively observed by

both institutions responsible for environment protection and citizens of the city. Therefore we – heat producers and suppliers must work in-somuch not to only making certain reliable uninterrupted heat supplies at any circumstances, but also that equipment used in our activities would not pollute environment or at least would not exceed permissible limits.

This report provides the information on Company's and its subsidiaries' progress during the year 2017, considering economic, social and environmental aspects, as well as our Company's environmental policy and indicators.

The Company and its subsidiaries intend to further follow principles of social responsibility in its activities, allowing remaining reliable and responsible groups of companies.

**Dr. Rimantas Bakas**  
*General Director of  
AB Kauno Energija*







# INTRODUCTION

The GRI Standards will come into full use from 2018, although organisations are being encouraged to adopt them sooner. This report has been prepared **in accordance with GRI Standards: Core option**.

There are two options for preparation in accordance with GRI Standards Core and Comprehensive. The company chose to apply the 'Core' option – providing the minimum information required to understand the nature of the company and how it manages its material topics and related impacts.

The GRI Standards list 33 categories of material topics under three topic specific standards: Economic (GRI 200 x 6); Environmental (GRI 300 x 8); and Social (GRI 400 x 19). The GRI 101: Foundation clause 1.3 is quite clear on how to choose the material topics for Core reporting:

*The report shall cover topics that:*

*1.3.1 reflect the reporting organization's significant economic, environmental, and social impacts; or*

*1.3.2 substantively influence the assessments and decisions of stakeholders.*

Therefore, only those material topics which the company believes to bear a significance upon the company's and its subsidiaries economic, social and environmental impacts, or if the topics have an influence on the decisions of stakeholders, should be reported on.

Comprehensive information is reported on only those topics with significance under clause 1.3 (quoted above) in full and with reference to the comprehensive conditions of GRI 103.

In all other cases where a required disclosure is reported using a reference to another source where the information is located, all efforts have been made to ensure that a specific location is referenced, as well as ensuring that this location is readily and publicly available. These additional sources may include other materials produced by the company such as its annual report and full financial statements. In this case, a section name or other specific information is provided. If disclosures are not provided, then any reason for omission is within the GRI 101 / Clause 3.2 'Reasons for Omission'.

Under the GRI Standards, the reporting conditions are clear. There are three inclusions to consider:

**Requirements.** These are mandatory instructions and are read in the context of recommendations and guidance. An organization is required to comply with all applicable requirements to claim that its report has been prepared in accordance with the GRI Standards.

**Recommendations.** These are cases where a course of action is encouraged, but not required.

**Guidance.** These sections include background information, explanations and examples to help organizations better understand the requirements. However, **an organization is not required to comply with recommendations or guidance to claim that a report has been prepared in accordance with the Standards.**

This report has fulfilled all applicable requirements, and where possible, all applicable recommendations.

The material topics chosen for this report are as follows:

**GRI 204 Procurement Practices:** the company (in 2017) procured some 61% of its heat provision from independent heat producers, this GRI standard is perhaps the most important within this topic.

**GRI 205 Anticorruption:** The anticorruption policy is adopted and publicly announced in the company, employees of the company and its subsidiaries and stakeholders are encouraged to comply with it.

**GRI 302 Energy:** The company and its subsidiaries use quite a lot of electricity in their activities. The section contains information on the implementation of energy-saving technologies and tools.

**GRI 303 Water:** This section provides information on changes in water consumption.

**GRI 305 Emissions:** (2017 figures) emissions increased marginally against previous periods. There are objective reasons for this. This topic is perhaps also the most relevant for GRI 300.

**GRI 306 Effluents and Waste:** The company collects effluents and waste and hand it over to effluents and waste handlers.

**GRI 307 Environmental Compliance:** because Kauno Energija is compliant, this is a highly positive reporting standard for the company.

**GRI 308 Supplier Environmental Assessment:** included because it needs to improve as there is currently no environmental assessment of suppliers. To comply with GRI standards this situation will need to improve.

**GRI 403 Occupational Health and Safety:** the company is strong on employee relations. This topic is mainly related to illnesses and trade union agreements - for which the information is readily available.

**GRI 404 Training and education:** The company pays much attention on staff training and can provide positive information about it.

**GRI 405 Diversity and Equal Opportunity:** The company respects and adheres to the principles of diversity and gender equality.

**GRI 406 Non-discrimination;** the company respects and adheres to the principles of racial and other kind of non-discrimination.

**GRI 407 Freedom of Association and Collective Bargaining:** there is a trade-union in the company and the company has positive information on this topic.

**GRI 408 Child Labour:** the company does not tolerate child labour; no cases of child labour are recorded. The company considers it important to provide this information.

**GRI 409 Forced or Compulsory Labour:** There is no tolerated forced labour in the company, no cases of forced labour are recorded. The company considers it important to provide this information.

**GRI 414 Supplier Social Assessment:** Linked to GRI 308, and important also for the same reasons

**GRI 415 Public Policy:** connected to contributions / connections to political parties and lobbying.

**GRI 416 Customer Health and Safety:** compliance to regulations and to list any serious accidents or issues.

This report presents the AB Kauno Energija activity in 2016. This GRI Standards Report forms part of the seventh AB Kauno Energija "Social responsibility report", which is produced annually and published in conjunction with the company's consolidated annual report and financial statement.

To the best of our knowledge, the ten reporting principles as laid down in GRI 101 have been applied, disclosures provide contextual information about the company, and every relevant material topic has been identified and reported on.

REPORTING PRINCIPLES FOR DEFINING REPORT CONTENT	REPORTING PRINCIPLES FOR DEFINING REPORT QUALITY
<ul style="list-style-type: none"> <li>▪ Stakeholder Inclusiveness</li> <li>▪ Sustainability Context</li> <li>▪ Materiality</li> <li>▪ Completeness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accuracy</li> <li>▪ Balance</li> <li>▪ Clarity</li> <li>▪ Comparability</li> <li>▪ Reliability</li> <li>▪ Timeliness</li> </ul>

With this report AB Kauno Energija seeks to provide non-financial corporate responsibility information to its stakeholders: clients (users), shareholders, investors, employees, suppliers, business and social partners and the public.

AB Kauno Energija (hereinafter referred to as the Company) prepares consolidated statements of both the Company and AB Kauno Energija group of companies (hereinafter referred to as the Group or the Company). The Group consists of: AB Kauno Energija and its subsidiaries – UAB Kauno Energija NT, in which the Company directly controls 100% of the shares, and UAB Petrašiūnų Katilinė, in which the Company also directly controls 100% of the shares.

The Company is a parent company of the Group. It is the second largest regional heat production and supply company in Lithuania, which produces and supplies heat to Kaunas, Jurbarkas and Kaunas region consumers for more than 50 years.

UAB Kauno Energija NT is a subsidiary of AB Kauno Energija, whose activities are real estate development, management, rental, purchase and sale.

UAB Petrašiūnų Katilinė is a subsidiary of AB Kauno Energija, whose activity is heat production.

Detailed information on subsidiaries activities of the year 2017 is provided in section 14 of the Consolidated Annual Report of the Company.



# GRI CONTENT INDEX

## GRI 102 GENERAL DISCLOSURES

### ORGANIZATIONAL PROFILE



102-1	Name of the organization	AB Kauno Energija (Public Limited Liability Company Kaunas Energy)						
102-2	Activities, brands, products, and services	http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/ Information is also provided in the annual report (Sections 2, 3 and 14)						
102-3	Location of headquarters	Raudondvario pl. 84, 47179 Kaunas, Lietuva.						
102-4	Location of operations	Lietuva, Kaunas, Kauno rajonas, Jurbarkas.						
102-5	Ownership and legal form	Informacija pateikta metiniame pranešime (2 skirsnis)						
102-6	Markets served	Informacija pateikta metiniame pranešime (3 skirsnis)						
102-7	Scale of the Organisation:	Information presented in the annual report: i) total number of employees (sections 14 and 18) ii) total number of operations (sections 5 and 14) iii) net revenues (section 7 and 14) iv) Not Applicable v) quantity of products / services provided (sections 6.1, page 7)						
102-8	Information on employees and other workers	Information about employees (data Kauno Energija including Jurbakas Branch and subsidiaries) as at 31 December 2017.						
		Total Number of Employees 2017-12-31	Fixed-term employment contracts			Open-ended contracts		
			Total	Women	Men	Total	Women	Men
		a) 513	14	5	9	499	156	343
		Total Number of Employees 2017-12-31	Full-time Employees			Part-time Employees		
Total	Women		Men	Total	Women	Men		
b) 513	481	138	343	32	23	9		

		<p>c) All these employees work within the Kaunas and Jurbarkas region.</p> <p>d) The major part of the company's activities is carried out by company employees. There are external service contractors employed on projects and these are selected and employed through Public Procurement in accordance with Lithuanian law. The percentage of work that they perform is not monitored.</p> <p>e) No significant changes in these figures.</p> <p>f) All employee data is compiled and processed by the company's staff and administration departments.</p>
102-9	Supply chain	<p>The main suppliers in terms of bulk services bought are the independent heat producers of which, in accordance with legislation, the company buys heat from, and supplies heat to consumers. In 2016, the company bought from 11 suppliers in Kaunas and the Kaunas area. These suppliers are:</p> <ul style="list-style-type: none"> <li>▪ UAB Kauno Termofikacijos Elektrinė</li> <li>▪ UAB Danpower Baltic Taika Elektrinė</li> <li>▪ UAB Lorizon Energy</li> <li>▪ UAB Ekoresursai</li> <li>▪ UAB Petrašiūnų Katilinė</li> <li>▪ UAB Aldec General</li> <li>▪ UAB ENG</li> <li>▪ UAB Danpower Baltic Biruliškių</li> <li>▪ UAB Ekopartneris</li> <li>▪ UAB Danpower Baltic Taika</li> <li>▪ UAB Foksita</li> </ul> <p>Information on produced and purchased heat is disclosed in section 6.1 of annual report.</p> <p>In 2016, the Company engaged with a total of 651 suppliers: 645 Lithuanian suppliers and six external to Lithuania</p> <p>The company delivered produced and from independent producers purchased heat using own heat supply networks to 118 000 consumers in Kaunas, Kaunas region and Jurbarkas in 2017.</p>
102-10	Significant changes to the organization and its supply chain	<p>During 2017, the Company experienced even several significant changes that could have an environmental and economic impact. A new gas or liquid fuel burned 19.8 MW boiler, which will allow a flexible response to sudden changes in consumer heat demand, possible disturbances of other production sources, and which will increase the mandatory power reserve available in the company, was launched in Petrašiūnai Power Plant.</p> <p>In addition, AB Kauno Energija installed in 2017 another gas burned boiler in the Company's Pergalė boiler-house. A 14.9 MW gas or diesel burned boiler with a 1.5 MW condensing economiser is built here, instead of worn and already demolished DKVR-type boilers.</p> <p>These new facilities are in line with the new, more stringent requirements of the European Parliament and Council Directive (EU) 2015/2193 on the limitation of emissions of certain pollutants from medium-sized combustion plants that will come into force from 2020. Using these boilers, nitrogen oxide emissions (NOx) will not exceed 80 mg / m<sup>3</sup>.</p>



		<p>Also, the Company completed even 8 projects of reconstruction of heat supply pipelines in 2017, during which replaced approximately 4,2 km pipelines with new polyurethane insulated pipes of various diameters. Heat losses were decreased up to 60 per cent in reconstructed sections, and reliability of heat supply increased. More detailed information on reconstruction of heat supply pipelines is provided in Section 6.1 of the Consolidated Annual Report of the Company.</p> <p>On 24 November 2017 the Board of the Company decided to approve the new management structure of AB Kauno Energija, by which the management structure of the Company has been reorganized.</p> <p>The Law and Procurement Department and two technical services were withdrawn, and some new departments were established: Financial Control, Communication and Prevention departments. The number of positions was reduced by 54 positions (or 10.5%), as well as, according to the above-mentioned decision, the branch Jurbarko Šilumos Tinklai was withdrawn 1 March 2018. 14 of 30 employees of the branch were transferred to the Company. In total, starting from 1 March 2018 the Company employs 462 employees.</p> <p>More information on the corporate governance structure is available here: <a href="http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/bendroves-valdymas/">http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/bendroves-valdymas/</a>.</p>
102-11	<b>Precautionary Principle or approach</b>	<p>The EU policy on the environment states that it shall aim at a high level of protection considering the diversity of situations in the various regions of the Union. It shall be based on the precautionary principle and on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay.</p> <p>Within this understanding, the company applies where practical the same precautionary principle in seeking not to generate significant environmental impact, and where there is impact of any nature the company seeks to address this quickly and clearly.</p>
102-12	<b>External initiatives</b>	<p>The Company also supports and encourages its employees to participate in the national and regional initiative „MesDarom.lt“ (<a href="http://mes-darom.lt/aktualijos.html">http://mes-darom.lt/aktualijos.html</a>). This is scheme for community and companies to clean up the local areas.</p>
102-13	<b>Membership of associations</b>	<p>The company is a member of the following associations:</p> <ul style="list-style-type: none"> <li>▪ Lithuanian District Heating Association</li> <li>▪ Lithuanian Electricity Association</li> <li>▪ Kaunas Region Industrialists and Employers Association</li> <li>▪ Kaunas Regional Energy Agency (Kauno Energija is one of the four founders of this Agency)</li> <li>▪ Lithuanian Thermal Technology Engineers Association</li> </ul>



## STRATEGY



### 102-14 Statement from senior decision-maker

The year 2017 proved to be an also very significant year in progress made.

We have already disclosed information on significant changes that have had an impact on both the environment and the social and economic environment of the Company in the earlier chapters of this report, but it is also important to mention that we have achieved one of our strategic goals – we have further reduced the average price of heat to consumers. The average price of heat for consumers decreased by 3.78 % from 5,02 to 4.83 ct/kWh without VAT during the year.

We constantly seek to improve our range of environmental management initiatives in all our day-to-day activities, from the attention paid to strict control of emissions from our heat sources, to the emission data collected from our use of fluorescent lamps, tyres, wastewater and other waste amounts.

The Company commitment to social responsible reporting has stepped up a gear to now include the GRI Standards methodology, further strengthening our commitment to be a socially and environmentally supportive company.

Our company strategy remains one that is fully focused on strengthening our role as a leader in transparent and inclusive social, economic and environmental reporting.

### 102-15 Key impacts, risks, and opportunities

The information is disclosed in section 6.2 of the consolidated annual report of the Company.

## ETHNICS AND INTEGRITY

### 102-16 Values, principles, standards, and norms of behaviour

Information provided on the company website under mission and vision, and values and strategic objectives: <http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/misija-ir-vertybes/>

### 102-17 Mechanisms for advice and concerns about ethics

The Code of Ethics is functioning and publicly disclosed in the Company: <http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/etikos-kodeksas/>

It is clearly applicable to all employees, agents, brokers, contractors, subcontractors or suppliers of the Company. The mechanism for solving ethical problems is disclosed in the Code of Ethics itself.

## GOVERNANCE

102-18	Governance structure	<p>a) Information about the company's management structure is here <a href="http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/bendroves-valdymas/">http://www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/bendroves-valdymas/</a></p> <p>b) Committees responsible for decision-making on economic, environmental, and social topics include:</p> <ul style="list-style-type: none"> <li>▪ <b>Audit Committee</b> made up from a minimum of three members, at least one of which is independent. There are currently six members: three external and independent, and three from among the company's employees (Economic, Accounting, and Judicial/Legal department). The Audit Committee operates under the Company's audit committee's internal rules approved by Supervisory Board on 26 October 2015: the (<a href="http://www.kaunoenergija.lt/wp-content/uploads/2016/02/Audito-komiteto-vidaus-taisykl%C4%97s_20151026.pdf">http://www.kaunoenergija.lt/wp-content/uploads/2016/02/Audito-komiteto-vidaus-taisykl%C4%97s_20151026.pdf</a>);</li> <li>▪ <b>Technical Board</b> (established by order of General Director), which examines adopted resolutions and makes recommendations to the company's General Manager on a range of economic, social and environmental topics. During 2017, the Technical Council met 15 times;</li> <li>▪ <b>A few permanent committees</b> established to address specific operational issues;</li> <li>▪ <b>Occupational health &amp; safety committee</b> established in 2017.</li> </ul>
102-19 to 102-39	Governance	Not required for CORE reporting

## STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	<p>These stakeholders are those individuals or groups to whom the company considers itself accountable and those to whom we expect to be affected by the company's activities or provision of services:</p> <ul style="list-style-type: none"> <li>▪ Company's heat consumers (residents of Kaunas, Kaunas District and Jurbarkas, and organizations consuming heat and / or hot water from the district heating network);</li> <li>▪ Company's shareholders (Municipalities of the city of Kaunas, and Kaunas and Jurbarkas Districts are among them). A full list of the 300 or so individual shareholders is held by our financial partner SEB Bank;</li> <li>▪ The company's managers and employees, and trade union;</li> <li>▪ Non-employee workers (connected to key service providers for the company), and service customers;</li> <li>▪ Business partners - including suppliers of goods, service providers, contractors, independent heat producers.</li> </ul>
102-41	Collective bargaining agreements	<p>A Collective Agreement is set up and operates in the Company. It is published on the Company's intranet site and updated periodically. It applies not only to employees trade union members, but also to all employees of the Company (100%).</p> <p>The Company's intranet site is provided here (but please note that it is only accessible from within the company's local network): <a href="http://web/sharepoint/portal/Shared%20Documents/KOLEK-TYVINE_SUTARTIS_2013.pdf">http://web/sharepoint/portal/Shared%20Documents/KOLEK-TYVINE_SUTARTIS_2013.pdf</a></p>



102-42	<b>Identifying and selecting stakeholders</b>	<p>All stakeholders and interest groups are identified through their direct connection to the company and the company activities. Any other interested individuals or groups are encouraged to be involved in our engagement activities or events.</p> <p>Regarding the goods suppliers, service providers and works contractors are selected through public procurement in accordance with Lithuanian and/or EU law.</p>
102-43	<b>Approach to stakeholder engagement</b>	<p>The company's shareholders receive periodical activity reports, annual reports, CSR reports, and reports on coordinated investment projects.</p> <p>The company's managers and employees communicate daily through departmental and inter-departmental communication.</p> <p>Customers with queries about their service provision can be in touch with the common service of Kaunas residents "Mano Kaunas" via telephone, e-mail or Facebook account. Information is also available to consumers and the media through the Company and Kaunas Municipality websites.</p> <p>Once a year the company carries out customer quality service surveys. Also, two to three times a year there are face to face meetings with customers held at the company premises and organised to respond to relevant new development in the company services. Here members of the management take questions from participants. Announcement of the meetings are published in local newspaper "Kau-no diena", also on the company web site and at the entrance to the company's Customer Service Department building door. In 2017 we held two such meetings.</p> <p>The purpose of the company's interaction with stakeholders is to ensure that the company remains an open and transparent company, constantly seeking to improve its performance and service delivery standards.</p>
102-44	<b>Key topics and concerns raised</b>	<p>With customers the key issues relate to costs and technical problems with the heating system.</p> <p>Company's Production and Sales Departments are expeditious in dealing with the problems of heat and hot water supply, as well as accounting.</p> <p>The company also has regular issues to respond to, that are raised by the main shareholder Kaunas City Municipality as well as the National Commission for Energy Control and Prices.</p>



## REPORTING PRACTICE



102-45	<b>Entities included in the consolidated financial statements</b>	<p>a) A list of all entities included in the organization's consolidated financial statements or equivalent documents: please see AR Section 4 to 14.</p> <p>b) The organization's consolidated financial statements or related documents cover the activities of AB Kauno Energija (including its branch Jurbarko šilumos tinklai, which was withdrawn by the decision of Company's Board of 24 November 2017) and its subsidiaries – UAB Kauno Energija NT and UAB Petrašiūnų Katilinė.</p>
102-46	<b>Defining report content and topic Boundaries</b>	<p>a) Due to the GRI Standards being a new methodology, Kauno Energija have chosen those material topics that have the biggest bearing on their day to day activities, and that constitute the biggest part of their economic, social and environmental impact.</p> <p>Notwithstanding, the choice of material topics increased in the 2017-year report in comparison with Company's report of 2016. Material topics are listed in GRI 102-47.</p> <p>b) the Company has used material topics that have been previously reported on through the inclusion of stakeholders. These material topics are within our previous sustainability reporting structures.</p>
102-47	<b>List of material topics</b>	<p>GRI 204 – Procurement Practices</p> <p>GRI 205 – Anticorruption</p> <p>GRI 302 – Energy</p> <p>GRI 303 – Water</p> <p>GRI 305 – Emissions</p> <p>GRI 306 – Effluents and Waste</p> <p>GRI 307 – Environmental Compliance</p> <p>GRI 308 – Supplier Environmental Assessment</p> <p>GRI 403 – Occupational Health and Safety</p> <p>GRI 404 – Training and education</p> <p>GRI 405 – Diversity and Equal Opportunity</p> <p>GRI 406 – Non-discrimination</p> <p>GRI 407 – Freedom of Association and Collective Bargaining</p> <p>GRI 408 – Child Labour</p> <p>GRI 409 – Forced or Compulsory Labour</p> <p>GRI 414 – Supplier Social Assessment</p> <p>GRI 415 – Public Policy</p> <p>GRI 416 – Customer Health and Safety</p>

102-48	<b>Restatements of information</b>	There are no reasons for restatements of information during the reporting period of 2017.
102-49	<b>Changes in Reporting</b>	None to report
102-50	<b>Reporting Period</b>	January 1st, 2017 to December 31st 2017
102-51	<b>Date of most recent report</b>	This is the first report produced under GRI Standards. There are however annual reports and financial statements available for the period 2015
102-52	<b>Reporting Cycle</b>	Annual
102-53	<b>Contact point for questions regarding the report</b>	Mr. Ūdryš Staselka Public Relations Officer AB Kauno Energija Tel. +370 37 30 58 85 / Mob. +370 650 96 883 e-mail: u.staselka@kaunoenergija.lt / www.kaunoenergija.lt
102-54	<b>Claims of reporting in accordance with the GRI Standards</b>	This report has been prepared in accordance with the GRI Standards: Core option
102-55	<b>GRI content index</b>	This report represents this GRI standard in full and in doing so fulfils the reporting requirements.
102-56	<b>External assurance</b>	<p>This report has been prepared by the Company itself. The preparation of the report takes information prepared for the audited accounts and annual report. However, the assurance of the quality of this GRI Standards Report is limited to the preparation following the guidelines of the GRI Standards only.</p> <p>This GRI Standards report has not been externally assured. However, the completed audited accounts and annual report have been passed and assured by the company board as part of its normal quality control of all information that is prepared for shareholders.</p>





## GRI 103 MANAGEMENT APPROACH

## GRI 204 – PROCUREMENT PRACTICES



**103-1  
GRI  
204** Explanation of the material topic and its Boundary

The company main procurement of services comes through the monthly procurement of provision of heating services from independent heat producers. These services represent 61% of consumers heat demand. This is a substantial amount of procurement, making this topic an obvious choice.

The boundary is with all the business and residential customers who receive heating using these sources, and it is here where any potential impacts will be felt.

The company seeks to minimise these and any other boundary impacts through close management and quality control of these relationships on a regular basis. If serious impacts are likely to occur, we can correct through improved procurement procedure month by month

**103-2  
GRI  
204** The management approach and its components

Company's Procurement policy is determined in the Rules of Procurement, which is announced publicly on Company's website:

<http://www.kaunoenergija.lt/bendroves-veikla/viesieji-pirkimai/viesuju-pirkimu-taisykles/>

Company goals and targets for procurement practices are defined in law as we are obliged to provide the lowest price. All heat providers have technical measurements made of their service delivery to make sure it satisfies the conditions of the procurement contract.

The Company's procurement procedures are organized by the Procurement Commission constituted by the order of General Manager or Procurement Organizer, subject to procurement amount.

All procurement announcements and winning contracts are published on the Central Procurement Portal: <https://cvpp.eviesiejipirkimai.lt/>.

As much of our procurements consist of purchase of heat from independent heat producers, Heat Procurement Commission operates in Company. It consists from company's employees from various departments.

Much of procurement procedures are governed by national regulations based on legislation. This governs all heat providers in Lithuania.

<https://www.e-tar.lt/portal/lt/legalAct/TAR.A37C2263838C/qCQg-CxIhFq>

		<p>Responsibilities are within the company's Heat Procurement Commission and associated company departments. Grievances are dealt with here also.</p> <p><a href="http://www.kaunoenergija.lt/bendroves-veikla/viesieji-pirkimai/bi-okuro-isigijimas/?ay=2017&amp;am=2">http://www.kaunoenergija.lt/bendroves-veikla/viesieji-pirkimai/bi-okuro-isigijimas/?ay=2017&amp;am=2</a></p> <p><a href="http://www.kaunoenergija.lt/verslui/nepriklausomiems-silumos-gamintojams/silumos-supirkimas/">http://www.kaunoenergija.lt/verslui/nepriklausomiems-silumos-gamintojams/silumos-supirkimas/</a></p>
103-3 GRI 204	<b>Evaluation of the management approach</b>	<p>Evaluation of the management approach is not formally carried out. However, the management approach is systematically linked to the procurement process and although evaluation is not carried out, adjustments can be made to the management approach through employee or client feedback.</p>

## GRI 205 – ANTICORRUPTION



103-1 GRI 205	<b>Explanation of the material topic and its Boundary</b>	<p>AB Kauno Energija and its subsidiaries are guided by the anticorruption policy aimed at identifying the main principles and requirements for the prevention of corruption in AB Kauno Energija and its subsidiaries, and the guidelines for ensuring compliance with them, implementation of which creates preconditions and conditions for implementing the Company's scale the highest standards of transparent business conduct.</p> <p>The Company's anticorruption policy is not in conflict with the laws of the Republic of Lithuania.</p> <p>The company constantly strives to minimize the risk of corruption through a range of management and quality control measures related to managing this relationship. Upon revealing of the case of corruption, all internal documents of the Company and measures provided by the legal acts of the Republic of Lithuania are taken.</p>
103-2 GRI 205	<b>The management approach and its components</b>	<p>To prevent corruption, a system has been created in which anonymous or personally possible cases of abusive or corrupt practices can be reported to the Company. The Company invites to use it if Company's employees are observed in improper performance of their duties or abusing them, reaching personal gain in working relationships, exceeding powers granted, assimilating or disposing Company's assets, disclosing official or commercial secrets, carrying out acts of bribery or bribe-taking.</p> <p>The information can be submitted by e-mail: <a href="mailto:pasitikejimo.linija@kaunoenergija.lt">pasitikejimo.linija@kaunoenergija.lt</a> or by filling out the notification form, which is published on the website of the Company here: <a href="http://www.kaunoenergija.lt/korupcijos-prevencijos-kontaktu-forma/">http://www.kaunoenergija.lt/korupcijos-prevencijos-kontaktu-forma/</a></p>

		<p>AB Kauno energija guarantees complete confidentiality and assures the anonymity of the data. When reporting on a possible violation or act, the notifiers are asked to indicate as precisely as possible their location, time, information on the offender (name, surname) and a brief description of the nature of the violation. Also, notifiers are invited but not forced to provide their contact information. It is stated that this is a freely chosen right of the notifier and not a duty.</p> <p>Compliance with Corruption Prevention Requirements and Standards is an integral part of the Company's business ethics, and AB Kauno Energija and its subsidiaries' corruption prevention policy is applicable to representatives of AB Kauno Energija, and its contractors, sub-contractors, suppliers and intermediaries.</p>
103-3 GRI 205	Evaluation of the management approach	Evaluation of the management approach is not formally carried out.
With reference to clause 1.1 of GRI 103 Management Approach, the disclosures are combined for GRI 300 'Environmental' material topics.		
<b>GRI 302 - ENERGY</b> <b>GRI 303 - WATER</b> <b>GRI 305 - EMISSIONS</b> <b>GRI 306 - EFFLUENTS AND WASTE</b> <b>GRI 307 - ENVIRONMENTAL COMPLIANCE</b> <b>GRI 308 - SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
103-1 GRI 300	Explanation of the material topic and its Boundary	<p>Six material topics have been chosen here as the most relevant for reporting purposes: <b>Energy, Water, Emissions, Effluents and waste, Environmental Compliance and Supplier Environmental Assessment.</b></p> <p>Due to the particularity of activities the Company uses a lot of electricity and water, has high emissions into the air; also generates a specific amount of effluents and waste. The saving of energy and its resources is very important for Company's economic performance. Environmental compliance is crucial if the company wants to maintain its commitment to the environment, to stay compliant, and to continue its high level of transparency in reporting such actions.</p> <p>Supplier environmental assessment needs to improve, which is why it is included here. The company wants to break with old practices and establish itself as positively encouraging suppliers to adopt a more environmental approach to business.</p> <p>Emissions and environmental compliance have an impact wider than local sites. Therefore, the boundary for impacts for these material topics are within all company sites as well as throughout the whole country.</p>
103-2 GRI 300	The management approach and its components	<p>The company does a good job of managing the topic within the company but could improve its management approach outside the company in relationships with clients / service providers.</p> <p>Internally the management systems in place to record and report on environmental impact are very strong. There is a special certified environmental laboratory installed to manage, collect, and process all relevant environmental data on company activities.</p> <p>The management systems in place to manage and control the environmental impact made by suppliers / external relationships are non-existent and would be difficult to impose if they did exist.</p> <p>For smaller suppliers (e.g.: stationery, printing, and similar) there is a process of installing into the procurement for these smaller priced</p>



		<p>suppliers, conditions for environmental goods, materials, or equipment to be used or provided.</p> <p>The printing of the Company's Annual Report and Financial Statement are printed on recycled or environmentally friendly paper. The Sustainability Report is not even printed but is just about to be prepared for publishing an online version. The report could be printed if such a need arises.</p> <p>Such small improvements to the company's environmental commitment can be more easily implemented than any similar such improvements to larger technical service providers whose contracts are regulated based on national guidelines.</p>
103-3 GRI 300	Evaluation of the management approach	<p>Evaluation of the management approach is not formally carried out. However, the management approach is systematically linked to the company's commitment to non-financial reporting and although evaluation is not carried out, suggestions can be made to the management approach through employee or client feedback.</p>
With reference to clause 1.1 of GRI 103 Management Approach, the disclosures are combined for GRI 400 "Social" material topics.		
<p><b>GRI 403 – OCCUPATIONAL HEALTH AND SAFETY</b></p> <p><b>GRI 404 – TRAINING AND EDUCATION</b></p> <p><b>GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY</b></p> <p><b>GRI 406 – NON-DISCRIMINATION</b></p> <p><b>GRI 407 – FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b></p> <p><b>GRI 408 – CHILD LABOUR</b></p> <p><b>GRI 409 – FORCED OR COMPULSORY LABOUR</b></p> <p><b>GRI 414 – SUPPLIER SOCIAL ASSESSMENT</b></p> <p><b>GRI 415 – PUBLIC POLICY</b></p> <p><b>GRI 416 – CUSTOMER HEALTH AND SAFETY</b></p>		
103-1 GRI 400	Explanation of the material topic and its Boundary	<p>The company has identified and chosen even 12 material topics within GRI 400. These are: <b>Occupational Health and Safety, Training and education, Diversity and Equal Opportunity, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labour, Forced or Compulsory Labour, Supplier Social Assessment, Public Policy and Customer Health and Safety.</b></p> <p>The company is strong on employee relations and wants to provide regular reports on progress made in the health and safety issues for the company and its employees.</p> <p>Qualification of employees is important to the Company, so they are sent annually to different types of courses and trainings, participate in various seminars and conferences.</p> <p>The Company respects the principles of gender equality, non-discrimination, the Company's employees are free to join associations and collectively negotiate for better working conditions or pay, there are no children or forced labour in the Company.</p> <p>The social assessment of suppliers fits into improvements we wish to make in this topic and is linked to environmental assessment of suppliers.</p> <p>Public policy is important because we provide a public service and are part of the city municipality services offered to the public. Any connections to political parties or political lobbying we want to be open and transparent.</p>

		<p>Customer health and safety is tantamount to our company, and as such, it should be included here. The company follows a strict regime of compliance to regulations.</p> <p>Here the boundary for impacts remains mainly focused on local and regional sites, along with all stakeholders within these areas.</p>
103-2 GRI 400	<b>The management approach and its components</b>	<p>Internally the Company has a strong management approach for social and health and safety issues related to employees. This includes a collective agreement for all employees, an employee's safety and health service (reorganized into Work Safety Department from 1 March 2018), health and safety committee established in Company in 2017, and procedures for employees to voice their concerns, suggestions, or grievances established.</p> <p>Employee's safety and health service had five staff: three for safety issues and two for health issues. Starting from 1 March 2018 after service reorganization into Work Safety Department, four staff work in it. Department includes Company's medical team on site in the head office. They follow and implement regulations as laid down by national state institutions.</p> <p>Regular articles and campaign notices related to health and safety issues are posted on the company intranet for employees.</p> <p>New employees are provided with instructions on basic health and safety company policies.</p> <p>The Company's Work Safety Department carry out regular workplace inspections both of company sites where employees are working, as well as company sites where non-employees are working.</p> <p>The Company pays much attention to the qualification improvement of employees. Employees are sent annually to various types of courses and training.</p> <p>Both in 2017 and in previous years, the Company did not record any violation of the principles of gender equality, non-discrimination.</p> <p>The trade-union operates in the Company. 147 of employees belonged to the trade-union as at 31 December 2017. Both the trade-union and individual employees are free to enter associations and negotiate collectively for better working conditions or pay.</p> <p>No cases of child or forced labour occurred neither in 2017 nor the previous years in the Company.</p>
103-3 GRI 400	<b>Evaluation of the management approach</b>	<p>Evaluation of the management approach is not formally carried out. However, the management approach is systematically linked to the Company's commitment to non-financial reporting and although evaluation is not carried out, suggestions can be made to the management approach through employee or client feedback.</p>

Please note: Reasons for omissions are permitted for all topic-specific disclosures (see clause 3.2)



# TOPIC SPECIFIC STANDARDS

## TOPIC SPECIFIC STANDARDS

### GRI 200 – ECONOMIC



201	Economic Performance	Informacija pateikiama tik tais klausimais, kurie, bendrovės įsitikinimu, yra reikšmingi bendrovės veiklos ekonominiams, socialiniams ir aplinkos apsaugos poveikiui arba turi įtakos suinteresuotų šalių sprendimams (GRI 101 Foundation: 3.1 guidance).
202	Market Presence	
203	Indirect Economic Impacts	
204	<b>Procurement Practices</b> <b>204-1: Proportion of spending on local suppliers</b>	<p>The percentage of procurement budget that is spent on suppliers local to that operation (such as percentage of products and services purchased locally) is 100%.</p> <p>Local is defined as being within Lithuania.</p> <p>Our definition of 'significant locations of operation' is as above: the wider areas in which the company operates</p>
205	<b>Anticorruption</b> <b>205-1: Operations assessed for risks related to corruption</b>	<p>a. The specific number and percentage of corruption-related risk factors has not been assessed so far. However, the Company has a proven anticorruption policy that includes a mechanism for assessing corruption risk factors, defining all types of corruption, responsibilities and roles.</p> <p>b. As no specific corruption risk assessment has been carried out so far, no significant dangers related to corruption have been identified. It is likely that corruption risk assessment will be carried out in the future.</p>
	<b>205-2: Communication and training about anti-corruption policies and procedures</b>	<p>The company has approved the Corruption Prevention Policy, which is published on its website here: <a href="http://www.kaunoenergija.lt/wp-content/uploads/AB-Kauno-energija-ir---periodic-immunity-corruption-prevention-politi.pdf">http://www.kaunoenergija.lt/wp-content/uploads/AB-Kauno-energija-ir---periodic-immunity-corruption-prevention-politi.pdf</a></p> <p>a. The total number and percentage of members of the governing bodies who have been notified of the organization's anticorruption policies and procedures, broken down by region, is 100% members of the management bodies of the Company.</p>



		<p>b. The total number and percentage of employees who have been notified of the organization's anticorruption policies and procedures, broken down by employee category and region, is 100% of Company employees.</p> <p>c. The organization's anticorruption policy and procedures have been communicated to contractors and suppliers participating in public procurement procedures on a compulsory basis.</p> <p>Compliance with the requirements and standards of corruption prevention is an integral part of business ethics, and the above-mentioned policy of corruption prevention of AB Kauno Energija and its subsidiaries, approved on 24 February 2017 by the decision of the Company's Board No. 2017-4-3, applies also to representatives (intermediaries) of AB Kauno Energija, articles 3 and 16.</p> <p>d. The training was carried out at the Company on 6 June 2017 with the aim of introduction of employees with the principles of anticorruption and about transparency in the organization. The anticorruption training program was conducted by the public institution Transparency International. The training was attended by 7 senior management staff.</p> <p>e. The above-mentioned trainings were attended by 23 middle-level organization specialists.</p>
	<b>205-3: Confirmed incidents of corruption and actions taken</b>	No case of corruption was identified in the Company during 2017.
<b>206</b>	<b>Anti-competitive behaviour</b>	Only those material topics which the company believes to bear a significance upon the company's economic, social and environmental impacts, or those which have an influence on the decisions of stakeholders, have been included and reported on (GRI 101 Foundation: 3.1 guidance).

## GRI 300 – ENVIRONMENTAL



<b>301</b>	<b>Materials</b>	Only those material topics which the company believes to bear a significance upon the company's economic, social and environmental impacts, or those which have an influence on the decisions of stakeholders, have been included and reported on (GRI 101 Foundation: 3.1 guidance).
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302	<b>Energy</b> <b>302-1: Energy consumption within the organization</b>	<p>The organization itself is a producer of heat energy, so the largest part of electricity is consumed for the production and supply of heat energy.</p> <p>a., b. Information on fuel used is disclosed in section 6.1 of the annual report of the Company.</p> <p>c. In total, internally consumed:</p> <p>i. electricity consumption, kWh:</p> <table><tr><th>Internal needs</th><th>For heat production and supply</th></tr><tr><td>1 685 224 kWh</td><td>12 520 667 kWh</td></tr></table> <p>ii. heating consumption – 6 842 109 kWh;</p> <p>iii. cooling consumption – 0 kWh;</p> <p>iv. steam consumption – 0 tons;</p> <p>d. Energy sold:</p> <p>i. electricity sold – 692 487 kWh resold and used under loan agreements.</p> <p>ii. Information on heat produced and sold is disclosed in section 7 of the annual report of the Company;</p> <p>iii. cooling sold – 0 kWh;</p> <p>iv. steam sold – the Company did not produce steam in 2017;</p> <p>e. Total energy consumption in organization – 21 048 000 kWh.</p> <p>f. Meters of energy consumed and produced.</p> <p>g. None.</p>	Internal needs	For heat production and supply	1 685 224 kWh	12 520 667 kWh
Internal needs	For heat production and supply					
1 685 224 kWh	12 520 667 kWh					
	<b>302-2: Energy consumption outside of the organization</b>	Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2)				
	<b>302-3: Energy intensity</b>					
	<b>302-4: Reduction of energy consumption</b>					
303	<b>Water</b> <b>303-1: Water withdrawal by source</b>	<p>a. Total amount of water withdrawn, with a breakdown by the following sources:</p> <p>i. Surface water, including water from wetlands, rivers, lakes, and oceans – 282 095 m<sup>3</sup>;</p> <p>ii. Ground water - 46 275 m<sup>3</sup>;</p> <p>iii. Rainwater collected directly and stored by the organization – 0 m<sup>3</sup>;</p> <p>iv. Waste water from another organization – 0 m<sup>3</sup>;</p> <p>v. Municipal water supplies or other public or private water utilities – 25 354 m<sup>3</sup>.</p> <p>b. Standards, methodologies and assumptions – calculated with water meters</p>				
	<b>303-2: Water sources significantly affected by withdrawal of water</b>	Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2)				
	<b>303-3: Water recycled and reused</b>	<p>Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2):</p> <p>Full disclosure information is available but not in the format required for this report. The Company intends to provide all the information in the required format in the next year report.</p>				

304	Biodiversity	
305	<b>Emissions</b> <b>305-1: Direct (Scope 1) GHG emissions.</b>	<p>As the Company itself is a producer of heat energy, it monitors emissions from these sources of production and provides data to public authorities in accordance with the procedures established by law. We provide data from the company's production sources.</p> <p>a. The total direct emissions from the Company's heat production sources in 2017 was 8870 metric tonnes CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculations are CO<sub>2</sub> only.</p> <p>c. The biological emissions of CO<sub>2</sub> in metric tonnes are not counted in CO<sub>2</sub> equivalents.</p> <p>d. The base year of the calculation shall be applied based on the individual production sources, including:</p> <p>i. justification of the choice. The base year for calculating of all production sources is chosen due to the higher median of activity data (reports and justifications are available):</p> <ul style="list-style-type: none"> <li>▪ Base year of calculation of Petrašiūnai power plant - 2005-2008;</li> <li>▪ Baseline calculation of Pergalė boiler house - 2005-2008;</li> <li>▪ Baseline calculation of Šilkas boiler house - 2009-2010;</li> <li>▪ Baseline calculation of Noreikiškės boiler house - 2005-2008;</li> <li>▪ Baseline calculation of Garliava boiler house - 2005-2008;</li> <li>▪ Base year of calculation of Jurbarkas boiler house - 2009-2010</li> </ul> <p>ii. emissions in the base year (reports and justifications are available):</p> <ul style="list-style-type: none"> <li>▪ in Petrašiūnai power plant 28568 tonnes of CO<sub>2</sub> emitted during the period of 2005-2008;</li> <li>▪ in "Pergalė" boiler house 7506 tonnes of CO<sub>2</sub> emitted during the period of 2005-2008;</li> <li>▪ in "Šilkas" boiler house 6853 tonnes of CO<sub>2</sub> emitted during the period of 2009-2010;</li> <li>▪ in Noreikiškės boiler house 22700 tonnes of CO<sub>2</sub> emitted during the period of 2005-2008;</li> <li>▪ in Garliava boiler house 30594 tonnes of CO<sub>2</sub> emitted during the period of 2005-2008;</li> <li>▪ in Jurbarkas boiler house 19088 tonnes of CO<sub>2</sub> emitted during the period of 2009-2010.</li> </ul> <p>iii. The base year has not been recalculated since 2011.</p> <p>e. Source of Emission Factor and Global Warming Potential (GWP) or reference to GWP Source:</p> <ul style="list-style-type: none"> <li>▪ Directive 2003/87 / EC of the European Parliament and of the Council;</li> <li>▪ Commission Regulation No 600/2012;</li> <li>▪ Commission Regulation No 601/2012;</li> <li>▪ Standard ISO 14065.</li> </ul> <p>f. Performance control.</p> <p>g. Standards, methodologies, assumptions and / or calculating tools:</p> <ul style="list-style-type: none"> <li>▪ Directive 2003/87 / EC of the European Parliament and of the Council;</li> <li>▪ Commission Regulation No 600/2012;</li> <li>▪ Commission Regulation No 601/2012;</li> <li>▪ Standard ISO 14065.</li> </ul> <p>GHG emissions from Company's heat production facilities</p>

		Year	Emissions of GHG, t CO <sub>2</sub> equivalent
		2013	36042
		2014	32711
		2015	8607
		2016	8480
		2017	8870
	<b>305-2: Energy indirect (Scope 2) GHG emissions</b>	Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2): Full disclosure information is available but not in the format required for this report. A new company data collection system is currently being implemented and this disclosure will be fully on in 2017.	
	<b>305-3: Other indirect (Scope 3) GHG emissions</b>	Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2): Full disclosure information is available but not in the format required for this report. A new company data collection system is currently being implemented and this disclosure will be fully on in 2017.	
	<b>305-4: GHG emissions intensity</b>	Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2): Full disclosure information is available but not in the format required for this report. A new company data collection system is currently being implemented and this disclosure will be fully on in 2017.	
	<b>305-5: Reduction of GHG emissions</b>	<p>a. Greenhouse gas emissions slightly increased compared to 2016 (8480 tonnes CO<sub>2</sub> in 2016, 8870 tonnes in 2017). The reason is the increased demand for heat from consumers.</p> <p>b. Gases included in the calculations are CO<sub>2</sub> only.</p> <p>c. The base period or baseline, including the justification for its choice, is given in the “i” point of the GRI 305-1 part “d”.</p> <p>d. Scope - Direct (Scope 1) and Indirect energy (Scope 2).</p> <p>e. Standards, methodologies, assumptions and / or calculating tools.</p> <ul style="list-style-type: none"> <li>▪ Directive 2003/87 / EC of the European Parliament and of the Council;</li> <li>▪ Commission Regulation No 600/2012;</li> <li>▪ Commission Regulation No 601/2012;</li> <li>▪ Standard ISO 14065.</li> </ul> <p>In order not to adversely impact the environment and comply with the pollution limits, vibration and noise values, the Company is guided by the requirements of the Kyoto Protocol, the Helsinki Commission (HELCOM) and environmental constraints of Helsinki Convention, as well as the European Parliament and Council Directive 2001/80/EB of regulating energy emissions and Lithuanian environmental normative document LAND 43-2013 for the use of natural resources, and releases and emissions of air pollutants to the environment in its activities. Main sources of pollution of the Company: burning fossil fuel in the Company's heat sources, production of heat and waste water, are used in the industrial processes.</p> <p>The Company pays taxes for atmospheric and water pollution. If allowable emission rate limits or annual limits are exceeded, the Company must pay the fines under the applicable laws of the Republic of Lithuania. There have been no pollution-related incidents and the Company was not imposed any penalties in 2017.</p>	



		The measurement laboratory of stationary air pollution sources of the Group and the Company, having the permit issued by the Environmental Protection Agency, continuously monitors that the emissions to the atmosphere from stationary sources would not exceed the permissible limits established in integrated pollution prevention and control permits. Boiler-houses of Šilkas, Ežerėlis, Girionys and Noreikiškės, and starting from 2015 – Inkaras boiler-house and Petrašiūnai power-plant use biofuels, thus reducing atmospheric pollution.																																																								
	305-6: Emissions of ozone-depleting substances (ODS)	Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2): Full disclosure information is available but not in the format required for this report.																																																								
	305-7: Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Full reporting of those available and relevant requirements of this disclosure is contained in AR Section 7. <table><tr><td>Per Year, t</td><td>Particulates</td><td>Nitrogen Oxides</td><td>Carbon Monoxide</td><td>Sulphur Dioxide</td><td>Hydrocarbons</td><td>Vanadium Pentoxide</td><td>Others</td></tr><tr><td>2017 m.</td><td>79,7242</td><td>285,6461</td><td>1236,7667</td><td>145,0571</td><td>1,1982</td><td>0,0000</td><td>0,4297</td></tr><tr><td>2016 m.</td><td>53,7542</td><td>265,0797</td><td>1155,3349</td><td>231,4719</td><td>4,2871</td><td>0,0000</td><td>0,2818</td></tr><tr><td>2015 m.</td><td>43,5783</td><td>203,6775</td><td>904,8513</td><td>193,3228</td><td>20,1586</td><td>0,0000</td><td>0,2818</td></tr><tr><td>2014 m.</td><td>23,613</td><td>154,570</td><td>534,443</td><td>47,158</td><td>16,294</td><td>0,0000</td><td>0,440</td></tr><tr><td>2013 m.</td><td>10,5967</td><td>101,3197</td><td>299,6656</td><td>5,0747</td><td>14,9647</td><td>0,0000</td><td>0,770</td></tr><tr><td>2012 m.</td><td>7,6130</td><td>54,3160</td><td>135,1510</td><td>6,0280</td><td>1,2080</td><td>0,0000</td><td>0,4397</td></tr></table>	Per Year, t	Particulates	Nitrogen Oxides	Carbon Monoxide	Sulphur Dioxide	Hydrocarbons	Vanadium Pentoxide	Others	2017 m.	79,7242	285,6461	1236,7667	145,0571	1,1982	0,0000	0,4297	2016 m.	53,7542	265,0797	1155,3349	231,4719	4,2871	0,0000	0,2818	2015 m.	43,5783	203,6775	904,8513	193,3228	20,1586	0,0000	0,2818	2014 m.	23,613	154,570	534,443	47,158	16,294	0,0000	0,440	2013 m.	10,5967	101,3197	299,6656	5,0747	14,9647	0,0000	0,770	2012 m.	7,6130	54,3160	135,1510	6,0280	1,2080	0,0000	0,4397
Per Year, t	Particulates	Nitrogen Oxides	Carbon Monoxide	Sulphur Dioxide	Hydrocarbons	Vanadium Pentoxide	Others																																																			
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306	Effluents and waste	Information is disclosed in section 7 of the annual report of the Company.																																																								
307	Environmental compliance 307-1: Non-compliance with environmental laws and regulations	During this reporting period, the company did not receive any fines or sanctions for non-compliance with environmental laws and/or regulations at all, nor were any legal cases brought against the company during this time.																																																								
308	Supplier environmental assessment 308-1: New suppliers that were screened using environmental criteria	No suppliers were screened using environmental criteria during this reporting period.																																																								
	308-2: Negative environmental impacts in the supply chain and actions taken	No suppliers were screened or assessed for environmental impacts using environmental criteria during this reporting period.																																																								
GRI 400 – SOCIAL																																																										
401	Employment	Only those material topics which the company believes to bear a significance upon the company’s economic, social and environmental impacts, or those which have an influence on the decisions of stakeholders, have been included and reported on (GRI 101 Foundation: 3.1 guidance).																																																								
402	Labour management relations																																																									

403	<b>Occupational health and safety</b> <b>403-1 Workers representation in formal joint management-worker health and safety committees</b>	<p>An occupational health and safety committee operates in the Company and it follows the principles, roles and responsibilities as defined by the Occupational Safety and Health Committees of the General Regulations, approved by the Lithuanian Ministry of Social Security and Labour Minister in 2013. 9 September. Order no. A1-502.</p> <p>This committee operates at a senior management level within the company, reporting directly to the Company Director / Board. This committee represent 100% of the workforce employees.</p>
	<b>403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</b>	<p>Omission of Disclosure (allowed under GRI 101 Foundation – section 3.2):</p> <p>Full disclosure information is available but not in the format required for this report.</p> <p>All accidents are recorded and investigated if necessary under minor or major categories. Much of this reporting is required and covered by legal requirements and linked to information required by the national Social Insurance organisation (SODRA).</p>
	<b>403-3 Workers with high incidence or high risk of diseases related to their occupation</b>	<p>The company does not have any occupational activities that would put its workers at high incidence rate, or high risk of specific diseases.</p>
	<b>403-4 Health and safety topics covered in formal agreements with trade unions</b>	<p>An occupational health and safety committee operates in the Company and it follows the principles, roles and responsibilities as defined by the Occupational Safety and Health Committees of the General Regulations, approved by the Lithuanian Ministry of Social Security and Labour Minister in 2013. 9 September. Order no. A1-502.</p> <p>This committee works with the trade union and covers 100% of all health and safety topics within the work place and work broader work environment.</p>
404	<b>Training and Education</b>	<p>The Company has a special emphasis on employee qualifications, which is why they are sent annually to different types of refresher courses and trainings, participate in various seminars and conferences.</p> <p>In 2017, the Company allocated 26370 euros for employees training and refresher courses. 202 employees were sent to participate in various trainings and seminars.</p> <p>At the initiative of the General Manager of the Company, lectures are delivered to the employees on topics related to the production or supply of heat at least once a year. Recognized experts are invited to deliver those lectures.</p>
405	<b>Diversity and Equal Opportunity</b> <b>405-1 Diversity of governance bodies and employees</b>	<p>The share of individuals in the management bodies of each of the following categories of diversity:</p> <ul style="list-style-type: none"> <li>i. The Group's management bodies employ 8 men and 0 women;</li> <li>ii. Age group: younger than 30 years – 0, 30-50 years – 1, over 50 years – 5;</li> <li>iii. The Company does not have any information on persons belonging to minorities or vulnerable groups.</li> </ul> <p>b. Percentage of employees by category of employees in each of the following categories of diversity:</p> <ul style="list-style-type: none"> <li>i. The Group employs 161 women and 352 men;</li> <li>ii. Age group: younger than 30 years old – 44, 30-50 years old – 165, over 50 years old – 304;</li> <li>iii. The Company does not have data on the belonging of workers to minorities or vulnerable groups.</li> </ul>

	<b>405-2 Ratio of basic salary and remuneration of women to men</b>	The salaries of women and men with the same qualifications and working in the same positions are not different in the Company.
<b>406</b>	<b>Non-discrimination</b>	No cases of discrimination were recorded in the Company in 2017.
<b>407</b>	<b>Freedom of association and collective bargaining</b>	<p>All employees of the Company and of the Group are free to join any association and negotiate collectively for better working conditions or pay. A trade union operates in the Company joining 147 employees as at 31 December 2017.</p> <p>A collective agreement operates in the Company, which does not only cover issues related to employee's working conditions or motivation, but also the issues of learning and professional development and social security, which guarantee to each employee of the Company better working conditions and remuneration than those provided by the laws of the Republic of Lithuania.</p>
<b>408</b>	<b>Child labour</b>	There is no child labour in the Company or its subsidiaries.
<b>409</b>	<b>Forced or compulsory labour</b>	There is no forced or compulsory labour in the Company or its subsidiaries.
<b>410</b>	<b>Security practices</b>	Only those material topics which the company believes to bear a significance upon the company's economic, social and environmental impacts, or those which have an influence on the decisions of stakeholders, have been included and reported on (GRI 101 Foundation: 3.1 guidance).
<b>411</b>	<b>Rights of indigenous peoples</b>	
<b>412</b>	<b>Human rights assessment</b>	
<b>413</b>	<b>Local communities</b>	
<b>414</b>	<b>Supplier social assessment</b> <b>414-1: New suppliers that were screened using social criteria</b>	No suppliers were screened using social criteria during this reporting period.
	<b>414-2 Negative social impacts in the supply chain and actions taken</b>	No suppliers were screened or assessed for social impacts using social criteria during this reporting period.
<b>415</b>	<b>Public policy:</b> <b>415-1 Political contributions</b>	No financial or in-kind political contributions made directly or indirectly.
<b>416</b>	<b>Customer health and safety</b> <b>416-1 Assessment of the health and safety impacts of product and service categories</b>	No significant product and service categories for which health and safety impacts are assessed for improvement.
	<b>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>	The Company has had no identified or recorded non-compliance with regulations and/or voluntary codes.
<b>417</b>	<b>Marketing and labelling</b>	Only those material topics which the company believes to bear a significance upon the company's economic, social and environmental impacts, or those which have an influence on the decisions of stakeholders, have been included and reported on (GRI 101 Foundation: 3.1 guidance).
<b>418</b>	<b>Customer privacy</b>	
<b>419</b>	<b>Socioeconomic compliance</b>	





#### **Company Contact Information**

Name of the company: Public limited liability company "Kauno energija"

Address of the company: Raudondvario rd. 84, 47179, Kaunas

Telephone: (8 37) 305 650

Fax: (8 37) 305 622

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

Website address: [www.kaunoenergija.lt](http://www.kaunoenergija.lt)