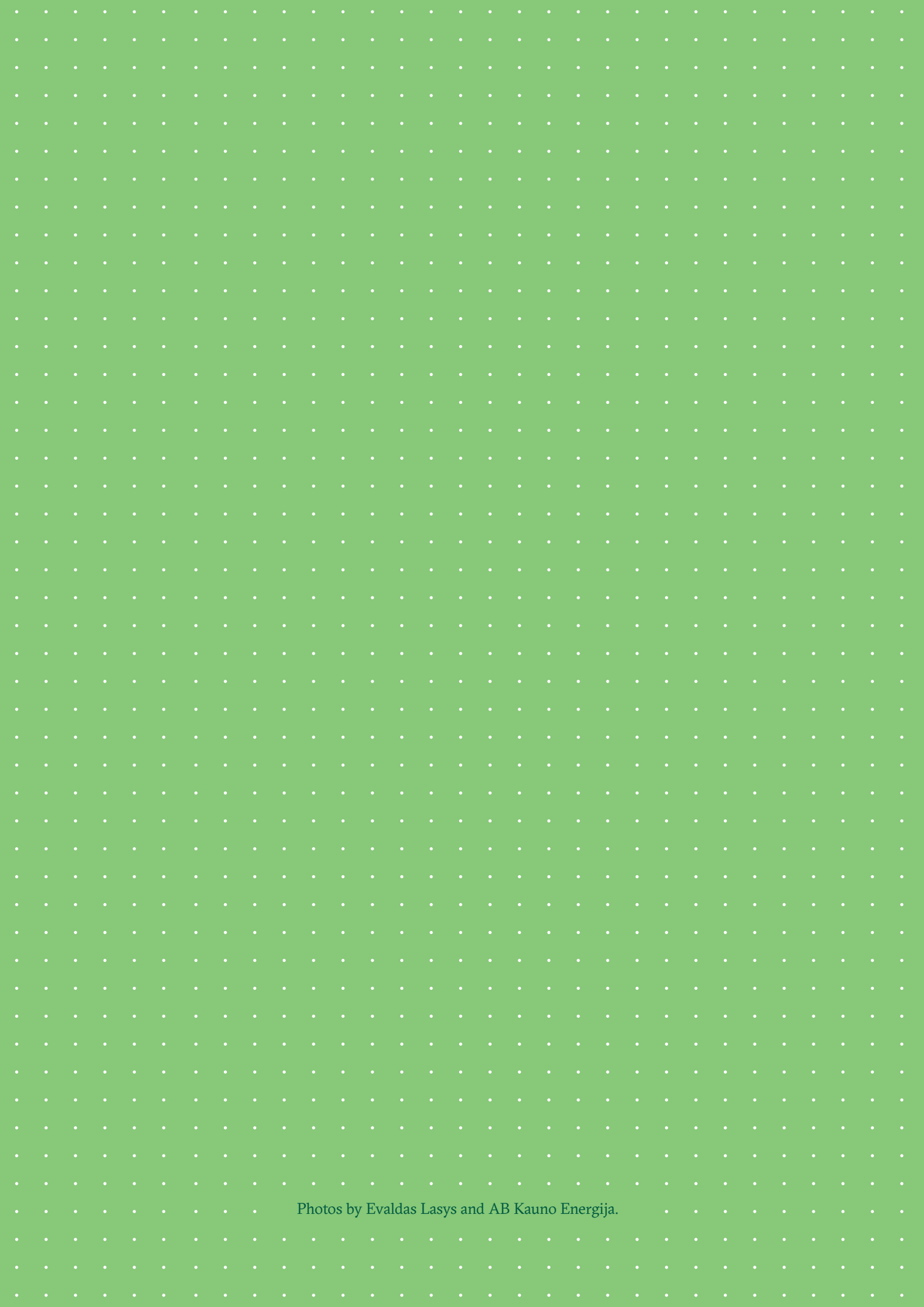




CONSOLIDATED SUSTAINABILITY REPORT IN ACCORDANCE with GRI standards

2020



Photos by Evaldas Lasys and AB Kauno Energija.

INTRODUCTION

This GRI Standards Report forms part of the Kaunas Energy “Social Responsibility Report”, which is produced annually and published in conjunction with the company’s consolidated annual report and financial statement.

The report has been prepared **in accordance with GRI Standards: Core option** - providing the information required in order to understand the nature of the company and how it manages its material topics and related economic, environmental, and social impacts. Only those that are required for core option are listed and reported on.

GRI Standards are separated into three distinct sections: **General Disclosures** (GRI 102); **Management Approach** (GRI 103) which reports on each of the topic specific standards; and **Topic Specific Standards** (GRI 200, 300, and 400).

Within the set of Topic Specific Standards, only those material topics with significance (as defined by guidance in GRI 101: clause 1.3) are reported on in full. In the few cases where a disclosure requires additional supporting information, an external reference with a specific publicly available location may be included. These additional external references may refer to other materials produced by the company such as its annual report and full financial statements. For some material topics it is not possible to provide a full disclosure. This is allowed under GRI 101: clause 3.2 ‘Reasons for Omission’ and the reason for omission will be given.

The material topics chosen for this report are as follows:

- GRI 204 Procurement Practices (2016)
- GRI 205 Anticorruption (2016)
- GRI 302 Energy (2016)
- GRI 303 Water (2016)
- GRI 305 Emissions (2016)
- GRI 306 Effluents and Waste (2016)
- GRI 307 Environmental Compliance (2016)
- GRI 402 Labour / Management Relations (2016)
- GRI 403 Occupational Health & Safety (2016)
- GRI 404 Training and Education (2016)
- GRI 405 Diversity & Equal Opportunity (2016)
- GRI 406 Non-discrimination (2016)
- GRI 407 Freedom of Association & Collective Bargaining (2016)
- GRI 408 Child Labour (2016)
- GRI 409 Forced or Compulsory Labour (2016)
- GRI 415 Public Policy (2016)
- GRI 416 Customer Health and Safety (2016)
- GRI 418 Customer Privacy (2016)

With this report Kaunas Energy seeks to provide non-financial corporate responsibility information to its stakeholders: clients (users), shareholders, investors, employees, suppliers, business and social partners and the public. This sustainability report is produced as a stand-alone report in accordance with GRI Standards.



GRI 102: GENERAL DISCLOSURES (2016)

ORGANISATIONAL PROFILE

102-1	Name of the organisation	AB „Kauno energija“ (EN Public Company Kaunas Energy).
102-2	Activities, brands, products, and services	Supplier of heat energy and hot water to clients and customers in regions within Lithuania.
102-3	Location of headquarters	Raudondvario pl. 84, Kaunas, LT- 47179, LIETUVA.
102-4	Location of operations	Lithuania – specifically Kaunas, Kaunas District and Jurbarkas.
102-5	Ownership and legal form	Information presented in the annual report - section 2.
102-6	Markets served	Information presented in the annual report - section 3.

102-7

Scale of the organisation

Information relating to the total number of employees and the total number of operations, net revenues, and quantity of products / services provided is all presented in the annual report in sections 3, 6, 7, 14 & 18.

Information in this disclosure asking for total capitalisation broken down in terms of debt and equity is only for private sector organisations and is therefore not applicable here.

102-8

Information on employees and other workers

Figures shown are for the full year ending 31 December 2020 (They include employees of AB Kauno Energija, UAB 'Petrašiūnų katilinė' and UAB 'GO Energy LT'). All employees are employed in and within the Kaunas and Jurbarkas region.

Total Number of Employees by Employment Contract and Gender						
Total Number	Fixed-term employment contracts			Open-ended contracts		
	Total	Women	Men	Total	Women	Men
365	13	2	11	352	109	243

All employees are employed in and within the Kaunas and Jurbarkas region.

Total Number of Employees by Employment Type and Gender						
Total Number	Full-time Employees			Part-time Employees		
	Total	Women	Men	Total	Women	Men
365	345	98	247	20	13	7

The major parts of the company's activities are carried out by company employees. Although there are external service contractors employed on projects (selected and employed through public procurement in accordance with Lithuanian law), the percentage of work they perform is not monitored.

Since the last reporting period, there has been a reduction in staff numbers of approx. 9%. All employee data is compiled and processed by the company's personnel administration department.

102-9

Supply chain

The company supplies heat to 3,634 companies and organizations and 117,900 households, in total - 121,534 consumers. Pursuant to legal acts, the company purchases heat energy from 12 independent producers operating in Kaunas city and Kaunas district. In 2020, heat energy was purchased from the following suppliers:

1. UAB Kauno termofikacijos elektrinė;
2. UAB 'Ekoresursai';
3. UAB 'ENG';
4. UAB 'Idex Taika';
5. UAB 'Idex Taika elektrinė';
6. UAB 'Lorizon Energy';
7. UAB 'Petrašiūnų katilinė';
8. UAB 'Aldec General';
9. UAB 'Idex Biruliškių';
10. UAB 'Ekopartneris';
11. UAB Foksita;
12. UAB Kauno kogeneracinė jėgainė.

In 2020, the company and its subsidiaries hired 797 external suppliers, who provided various volumes of services to the company. Of these, 783 were Lithuanian and 14 were non-Lithuanian suppliers. Local suppliers are defined as operating in Lithuania.

102-10

Significant changes to the organisation and its supply chain

Several internal changes took place during 2020. On March 30, Tomas Garasimavičius took over the position of the General Director of the company.

The company oversaw a review and reorganisation of working departments and sub-units, with some abolished, and some new ones created. In line with these changes, the job titles of some employees were changed. The name of subsidiary UAB 'Kauno Energija NT' was changed to UAB 'GO Energy LT'. The name change is related to the intention to launch new activities in the field of renewable energy and energy saving solutions.

Apart from this, there were no other significant changes to the organisation of the Company in terms of size, structure, ownership or supply chain.

102-11

Precautionary principle or approach

The EU policy on the environment states that it shall "aim at a high level of protection taking into account 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".

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.

102-12

External initiatives

In order to meet the European Union's vision and goals for energy efficiency until 2050, AB Kauno Energija continues to participate in the international EU funded project RenOnBill, which aims to encourage complex renovation of residential buildings by creating models for paying its costs through energy bills. AB Kauno Energija participates in it as a partner with eight other companies from Lithuania, Italy, Germany, Belgium and Spain. Lithuania is also represented in this project by the Lithuanian Energy Institute. All of these companies will test and compare various different models of renovation financing. The project will finish in April 2022. <https://www.renonbill.eu>. All other external and employee related activities were restricted by COVID-19 quarantine.

102-13

Membership of associations

The company is a member of the following five associations:

- Responsible Business Association of Lithuania
- Lithuanian District Heating Association
- Lithuanian Electricity Association
- Kaunas Region Industrialists and Employers Association
- Lithuanian Thermal Technology Engineers Association

In addition, the company is a member of the United Nations Global Compact.

STRATEGY

102-14

Statement from senior decision-maker



I was appointed General Director of Kaunas Energy on March 30, 2020, at the start of a period that provided Kaunas Energy, like the rest of the world, with many challenges.

During this time, our main focus was on how to deal with the impact of the COVID-19 pandemic, and to ensure that our customers had full confidence in our ability to supply heat and hot water. This required the concentrated care of our network of specially qualified managers and boiler house staff.

At the same time, a significant number of our employees with general qualifications were allowed to work from home, and all employees of the company were provided with personal protective equipment. The application of these additional safeguards allowed the company to operate normally and COVID-19 did not have a major impact on the company in 2020.

Despite the pandemic, the company continued to pursue the goals set in its strategy.

During 2020, using financing from the EU Structural Funds, we reconstructed 19km of heat supply pipelines, a record amount, which should serve the company well for the next 30 years. Reconstructed pipelines reduce heat loss, which in turn reduces production and environmental impact.

We also signed a 55m EUR loan agreement with the European Investment Bank to finance the company's investment programme. Using this loan, we plan to invest in innovative heat generation and cooling facilities for the next five years, using renewable energy sources, improving the digitalisation of systems, and modernising and installing new pipelines.

In the company's Jurbarkas and Raudondvaris boiler houses, we installed new biofuel boilers, which enabled us to respond more flexibly to changes in consumers' heat demand and to further reduce our emissions.

In 2020, the company's customers benefited from receiving the lowest heat prices within all of the major Lithuanian cities, helping the company to become more attractive to new customers with capacity usage of more than 14MW. This year the company also expanded the range of services it offers to customers, introducing a new cooling supply, implementation of heat saving solutions and small renovation services.

In providing this consolidated social responsibility report, we commit ourselves to further introduce new technologies, to enhance the quality of our services, and to reduce environmental pollution, and in doing so, to ensure the company's continual improvement.

Tomas Garasimavičius
General Director of Kaunas Energy

ETHICS AND INTEGRITY

102-16

Values, principles, standards, and norms of behaviour

Full information is provided on the company website under mission and vision, and values and strategic objectives: www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/misija-ir-vertybes/.

The Code of Ethics is publicly disclosed within the company and is applicable to all employees, agents, brokers, contractors, subcontractors or suppliers of the Company. A copy of this can be found on the company website: www.kaunoenergija.lt/bendroves-veikla/etikos-kodeksas/.

GOVERNANCE

102-18

Governance structure

No significant changes to the governance structure in 2020. Committees responsible for decision-making on economic, environmental, and social topics include:

- **Audit Committee:** made up from a minimum of three members at least one of which is independent. There are currently two members as there was one resignation in 2020: one external/independent, and one from among the company's employees. During 2020 the Audit Committee did not meet.

- **Technical Board:** 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 2020, the board met seven times, with the main issues being the connection of heat equipment of new consumers and the application of a discount for new consumers.

- **Occupational Health & Safety Committee:** established in 2017 and with no issues to deal with in 2020, it had no reason to meet.

STAKEHOLDER ENGAGEMENT

102-40

List of stakeholder groups

The following stakeholders are those individuals or groups to whom the company considers itself accountable and those expected to be affected by the company's activities or provision of services:

- The company's shareholders (among them the city of Kaunas, and Kaunas and Jurbarkas District Municipality). A full list of the 300 or so individual shareholders is held by our financial partner SEB Bank

- The company's managers and employees, and workers trade union

- Non-employee workers (connected to key service providers for the company), and service customers

- Business partners - including suppliers of goods, service providers, contractors, independent heat producers.

102-41

Collective bargaining agreements

The company has a 'Collective Agreement' established and in operation. It is posted on the company intranet site and updated periodically. It applies not only to workers' trade union members, but also to all employees of the company (100%).

102-42

Identifying and selecting stakeholders

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. With regard to suppliers of goods, service providers and works contractors, these are selected through public procurement in accordance with Lithuanian and/or EU law.

102-43

Approach to stakeholder engagement

The company's shareholders receive periodical activity reports, annual reports, CSR reports, and reports on coordinated investment projects. The company's managers and employees communicate on a daily basis on the principle of vertical (between managers and subordinates) and horizontal (between divisions and within divisions) communication.

Customers with queries about their service provision are dealt with by the customer service staff at the centralised municipality service centre 'Mano Kaunas' via telephone, e-mail, and postal mail. Information is also available to consumers and the media through the company and through the Kaunas city municipality websites.

External events in 2020 did not take place due to quarantine procedures for COVID-19.

102-44

Key topics and concerns raised

Nothing reported or raised by customer representatives (including buildings administrators and systems supervisors) during 2020.

REPORTING PRACTICE

102-45

Entities included in the consolidated financial statements

A list of all entities is included in the company's consolidated financial statements or equivalent documents: please see annual report section 2 to 14. The company's consolidated financial statements or related documents include the company, and its two subsidiaries – UAB 'GO Energy LT' (formally UAB Kauno Energija NT) and UAB 'Petrašiūnų Katilinė'. Within this report, 'the company' refers to this group of three companies.

102-46

Defining report content and topic boundaries

Now in our fifth year of reporting under the GRI Standards, the company have chosen those material topics that have the biggest bearing on the company's day-to-day activities; those that constitute the biggest part of our economic, social and environmental impact; and those which we are able to effectively monitor and report on.

102-47	List of material topics (and publication year)	<p>GRI 204: Procurement Practices (2016)</p> <p>GRI 205: Anti-Corruption (2016)</p> <p>GRI 302: Energy (2016)</p> <p>GRI 303: Water (2016)</p> <p>GRI 305: Emissions (2016)</p> <p>GRI 306: Effluents and Waste (2016)</p> <p>GRI 307: Environmental Compliance (2016)</p> <p>GRI 402: Labour/Management Relations (2016)</p> <p>GRI 403: Occupational Health and Safety (2016)</p> <p>GRI 404: Training and Education (2016)</p> <p>GRI 405: Diversity and Equal Opportunities (2016)</p> <p>GRI 406: Non-Discrimination (2016)</p> <p>GRI 407: Freedom of Association & Collective Bargaining (2016)</p> <p>GRI 408: Child Labour (2016)</p> <p>GRI 409: Forced or Compulsory Labour (2016)</p> <p>GRI 415: Public Policy (2016)</p> <p>GRI 416: Customer Health and Safety (2016)</p> <p>GRI 418: Customer Privacy (2016)</p>
102-48	Restatements of information	There are no reasons for restatements of information during the reporting period of 2020.
102-49	Changes in reporting	In 2020 the company has added four additional material topics to this report. These are: GRI 303: Water (2016); GRI 306: Effluents and Waste (2016); GRI 402: Labour/Management Relations (2016); and GRI 418: Customer Privacy (2016).
102-50	Reporting period	January 1 st to December 31 st 2020.
102-51	Date of most recent report	This is the fifth report produced under GRI Standards with the last report being for 2019.
102-52	Reporting cycle	Annual.
102-53	Contact point for questions regarding the report	<p>Mr. Ūdryš Staselka</p> <p>Communications Projects Manager</p> <p>AB „Kauno energija“</p> <p>Tel. +370 37 30 58 85 / Mob. +370 650 96883</p> <p>Email: u.staselka@kaunoenergija.lt</p> <p>www.kaunoenergija.lt</p>
102-54	Claims of reporting in accordance with GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	This report constitutes the GRI context index in full and in doing so fulfils the reporting requirements in accordance with disclosure 102-54.

External assurance

This report has been prepared by an externally appointed organisation, procured through an open tender call for services. The preparation of the report takes information prepared for the audited accounts and annual report. The assurance of the quality of this GRI Standards Report is limited to following the guidelines of the GRI Standards only. However, the completed audited accounts and annual report (upon which this GRI Standards report is based) have been passed and assured by the company board as part of its normal quality control of all information prepared for shareholders.





GRI 103: MANAGEMENT APPROACH (2016)

THE GRI 103: MANAGEMENT APPROACH APPLIED TO GRI 204: PROCUREMENT PRACTICES

103-1

Explanation of the material
topic and its boundary

The monthly procurement of heat from independent heat producers represents the main procurement for the company, and is a substantial amount representing approx. 66.7% of consumers heat demand.

The boundary is with all of 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 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 if necessary.

The management approach and its components

The company's procurement policy is now governed by the Law on Procurement of Contracting Entities in the Field of Water Management, Energy, Transport or Postal Services. Within the provisions of this law, the company provides a 'Description of the Procedure for Low Value Purchases', which is publicly available on our website: www.kaunoenergija.lt/bendroves-veikla/viesieji-pirkimai/mazos-vertes-pirkimu-tvarkos-aprasas/.

The company has an approved Gift Policy, which is publicly available on its website: www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/dovanu-politika/ and its Anticorruption Policy which is available here: www.kaunoenergija.lt/bendroves-veikla/korupcijos-prevencija/.

The company also publicises on its website a Notice of Restrictive Practices, issued by The Competition Council of the Republic of Lithuania: www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/atmintine-apie-konkurencijos-ribojima/.

Company goals and targets for procurement practices are defined in law as we are obliged to provide for 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 organised by the Procurement Commission constituted by the order of General Manager or Procurement Organiser, subject to the procurement amount. All announcements and winning contracts are published on the national central procurement portal: <https://cvpp.eviesieji-pirkimai.lt/>.

A large majority of the company's procurement consists of the purchase of heat from independent heat producers. As such, the amendments to the Law on the Energy Resources Market (2018) had a bearing on how the company procures its heat. The Operator of the Energy Exchange 'UAB Baltpool' organises heat auctions in accordance with the procedure established by the law on heat, and the company started to purchase all of its heat through these electronic auctions. For all heat providers in Lithuania, procurement procedures are governed by national regulations based on legislation.

Evaluation of the management approach

Evaluation of the management approach is systematically linked to the procurement process and adjustments can be made through employee or client feedback, grievance mechanisms or through internal audit procedures.

THE GRI 103: MANAGEMENT APPROACH APPLIED TO GRI 205: ANTI-CORRUPTION

Explanation of the material topic and its boundary

The company and its subsidiaries are guided by our anticorruption policy which identifies the main principles and requirements for the prevention of corruption in the company and its subsidiaries. The policy includes guidelines for ensuring compliance and for implementation. This anticorruption policy is in harmony with the laws of the Republic of Lithuania, and the company constantly works hard to minimise any risk of corruption through a range of management and quality control measures.

103-2

The management approach and its components

The Corruption Prevention Policy is approved by the company and publicised on the company's website: www.kaunoenergija.lt/bendroves-veikla/korupcijos-prevencija/.

To prevent corruption, a system has been created within the company in which named or anonymous cases of abusive or corrupt practices can be reported. This system encourages all company employees, suppliers, and customers to report on any incidents that they feel are abusive or corrupt.

The information can be submitted by e-mail: pasitikejimo.linija@kaunoenergija.lt or by filling out the notification form published on the company website (www.kaunoenergija.lt/korupcijos-prevencijos-kontaktu-forma). Full confidentiality and assurance of anonymity of the data is guaranteed (although, applicants are invited but not forced to provide contact information).

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

103-3

Evaluation of the management approach

Evaluation of the management approach is carried out through user feedback and improvements are considered based on issues raised. For this category of 103-3 disclosure reporting, the company remains committed to continually improving these methods of encouraging and collecting evaluation feedback, and providing resources where necessary to maintain our performance.

THE GRI 103: MANAGEMENT APPROACH APPLIED TO GRI 302: ENERGY; GRI 303: WATER; GRI 305: EMISSIONS; GRI 306: EFFLUENTS & WASTE; AND GRI 307: ENVIRONMENTAL COMPLIANCE.

103-1

Explanation of the material topic and its boundary

Five GRI 300 Environmental material topics have been combined for this disclosure (as per GRI 103 general guidance clause 1.1).

Due to the particularity of activities the company uses a lot of electricity and water and has high emissions into the air. The saving of energy and its resources is very important for the 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.

Emissions and environmental compliance have an impact wider than local company sites. Therefore, the boundary for impacts for these material topics is within all company sites as well as throughout the whole country.

The management approach and its components

Although the company does a good job of managing the environmental material topic within the company, it could still improve its management approach in relationships with clients / service providers outside the company. Our record of providing grievance mechanisms for internal and external feedback on our performance is a solid part of our management approach. 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.

Links to all decision making for these material topics are referred to in disclosure 102-18 (Governance Structure) and all links to the principles that make up the company policies are in disclosure 102-16 (Values, Principles, Standards and Norms of Behaviour). For targets and issues related to emissions, the company is guided by the following:

- Kyoto Protocol
- Helsinki Commission (HELCOM) and environmental constraints of Helsinki Convention
- European Parliament and Council Directive 2001/80/EB of regulating energy emissions
- Lithuanian environmental normative document LAND 43-2013 for the use of natural resources, and emissions from air pollutants into the environment
- Lithuanian special requirements for large combustion plants
- Lithuanian emissions rates from average combustion plants

The company pays taxes for atmospheric and water pollution and if allowable emission rate limits or annual limits are exceeded, the company must pay the relevant fines under Lithuanian laws. However, to date and in all previous GRI reports, the company itself has not incurred any fines for serious breaches of any environmental regulations across all disclosure topics covered here (although an employee was fined 85 EUR for a single minor leakage offence).

The company's laboratory for measurement of its stationary air pollution sources has a permit issued by the Lithuanian Environmental Protection Agency. This allows the laboratory, on behalf of the company and its subsidiaries, to continuously monitor emissions into the atmosphere from stationary sources, and to make sure they do not exceed the permissible limits established within the integrated pollution prevention and control permits. Six of our suppliers' boiler-houses use biofuels which contributes towards reducing atmospheric pollution.

Small internal improvements, such as using recycled or environmentally friendly paper for printing are easy to implement. The company chooses to not print its sustainability report and instead, encourages e-downloads (unless events we attend require handout copies for participants). Improvements to our relationships with larger technical service providers, whose contracts are regulated based on national guidelines, are more difficult to make. The company reporting procedures and data collection methodologies are steadily improving as we increase the number of disclosures that we report on.

Evaluation of the management approach

Evaluation of the management approach is carried out through grievance mechanisms and general user feedback, and improvements are considered based on issues raised. For this category of 103-3 disclosure reporting, the company remains committed to continually improving these methods of encouraging and collecting evaluation feedback.

THE GRI 103: MANAGEMENT APPROACH APPLIED TO ALL 11 GRI 400: SOCIAL MATERIAL TOPICS.

103-1

Explanation of the material topic and its boundary

Eleven GRI 400: Social material topics (see 102-47 above) have been combined for this disclosure (as per GRI 103 general guidance clause 1.1).

The company is strong on employee labour relations and as such, provides regular reports on progress made in the health and safety issues for the company and its employees. Qualification and technical improvement of employee skills is equally important to the company, and in support of this, the company provides and promotes an annual programme of different types of trainings, seminars, and conferences for employees to participate in.

The company respects the principles of gender equality, non-discrimination. Customer privacy, along with freedom of association and collective bargaining agreements, are automatically part of company policy (as is the outlawing of child labour and forced labour in the company).

Public policy is important for the company because we provide a public service and are part of the city municipality services offered to the public, and therefore our public policies need to reflect our public profile. The company follows a strict regime of compliance to health and safety regulations because it is tantamount to the services we provide, the people who provide them, and those who use them.

The boundary for impacts for all these material topics, remains mainly focused on local and regional sites, along with all stakeholders within these areas.

103-2

The management approach and its components

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 health and safety service, a Health and Safety Committee and established procedures for employees to voice their concerns, suggestions, or grievances. Links to all decision making for these material topics are referred to in disclosure 102-18 (Governance Structure) and all links to the principles that make up the company policies are in disclosure 102-16 (Values, Principles, Standards and Norms of Behaviour).

The Work Safety Department has three staff: two for safety issues and one for medical issues. They follow and implement regulations as laid down by national state institutions and there are regular articles and campaign notices related to health and safety issues posted on the company intranet and notice boards for employees.

Regular workplace inspections are carried out on company sites where employees are working, as well as company sites where non-employees are working. New employees are provided with instructions on basic health and safety company policies. Those working in manual roles are provided with a safety supervisor during the initial employment starting period.

Special emphasis is paid to improving the qualifications of employees through their placement on specialist work-related training programmes run by either government institutions or professional associations and these take place annually.

A trade union operates in the company and there were 107 members as of 31 December 2020. Both the trade union and individual employees are free to enter associations and negotiate collectively for better working conditions or pay.

In 2020 and in previous years, the company did not record any violation of the principles of gender equality and non-discrimination. There were no cases of child or forced labour in 2020 nor the previous years in the company. With our policy on this issue, we can be sure of not having any cases in future reports.

Evaluation of the management approach

Evaluation of the management approach is systematically linked to the company's commitment to non-financial reporting. The company encourages feedback and suggestions through employee or client feedback. For this category of 103-3 disclosure reporting, the company remains committed to continually improving these methods of encouraging and collecting evaluation feedback, and providing resources where necessary to maintain our performance.





TOPIC SPECIFIC STANDARDS - GRI 200: ECONOMIC

GRI 204: PROCUREMENT PRACTICES (2016)

204-1

Proportion of spending on
local suppliers

The percentage of procurement budget that is spent on suppliers local to operations (such as percentage of products and services purchased locally) is 99.91%. Local is defined as being within Lithuania, and our definition of 'significant locations of operation' is within Lithuania.

GRI 205: ANTI-CORRUPTION (2016)

205-1

Operations assessed for risks related to corruption

Procurement procedures, which represent 99.91% of company budget spend, are the only possible risk areas for corruption. However, with all procurement procedures being strictly regulated by the law and our anti-corruption policy, we believe that there are no significant risks related to corruption identified through our risk assessment of procurement procedures. In all other operations, we believe we are equally as robust.

205-2

Communication and training about anti-corruption policies and procedures

The company has had a Corruption Prevention Policy since February 2017 which is published on its website: <https://www.kaunoenergija.lt/wp-content/uploads/AB-Kauno-energija-ir-jos-dukteriniu-imoniu-korupcijos-prevencijos-politi.pdf>. Also published on its website is the company's statement of its position on corruption and what it is doing to help prevent it happening: www.kaunoenergija.lt/bendroves-veikla/korupcijos-prevencija.

All 100% of the governance bodies (20 members) have been notified of the organization's anticorruption policies and procedures, as has 100% of the workforce (all 365 employees including all 20 managers) across all work categories. In total, 100% of our suppliers (12 major suppliers and 797 smaller suppliers - detailed in disclosure 102-9) are informed of the company's anti-corruption policy. In addition, all contractors and suppliers participating in public procurements are made fully aware of the company's anti-corruption policy and procedures on a compulsory basis.

Compliance with the Corruption Prevention Policy is an integral part of our business ethics, and as such, it is fully applied to representatives (intermediaries) of the company. The regions covered by all of the above are as described in disclosure 102-4. The company also has in place a Code of Ethics <https://www.kaunoenergija.lt/bendroves-veikla/etikos-kodeksas/> (see disclosure 102-16).

The company has in place a 'Gift Policy' covering the procedure of receiving, giving and dealing with Gifts for all employees regardless of position. In order to avoid possible conflicts of interest or possible misunderstandings, a description of procedures for receiving, giving and dealing with gifts is provided on the company's website: www.kaunoenergija.lt/bendroves-veikla/apie-bendrove/dovanu-politika/. Also, in 2020, four employees of the Company participated in trainings conducted by the Special Investigation Service on corruption prevention, including gift policy.

205-3

Confirmed incidents of corruption and action taken

No cases of corruption were identified, or reported to, the company during 2020.



TOPIC SPECIFIC STANDARDS - GRI 300: ENVIRONMENTAL GRI 302: ENERGY (2016)

302-1

Energy consumed within
the organisation

The company is a producer of heat energy, so the largest part of electricity is consumed for the production and supply of this. Information on total fuel consumption from renewable and non-renewable sources is available in full in section 6.1 of the company's annual report. Fuel usage for energy production in AB Kauno Energija in 2020 was as follows: Natural gas - 21,1%; Solid biofuel - 78,61%; and other fuels - 0,29%. UAB 'Petrašiūnų Katilinė' was 100% solid biofuel, and UAB 'GO Energy LT' used no fuel and did not produce any energy in 2020.

AB Kauno Energija purchased and consumed 11,350,023 kWh of electricity for internal needs and their internal electricity consumption was 10,678,232 kWh. The remaining 671,791 kWh was resold.

Internal needs	For heat production and supply
1, 056, 072 kWh	9, 622, 160 kWh

UAB 'Petrašiūnų Katilinė' purchased and consumed 914,137 kWh of electricity for internal needs, and their internal electricity consumption was 914,137 kWh. Electricity was not resold.

Internal needs	For heat production and supply
24,525 kWh	889,612 kWh

UAB 'GO Energy LT' purchased and consumed 106,618 kWh of electricity for internal needs and their total internal electricity consumption was 1,053 kWh. The remaining 105,565 kWh was resold.

Internal needs	For heat production and supply
1053 kWh	0 kWh

302-2 Energy consumed outside the organisation

302-3 Energy intensity

302-4 Reduction of energy consumption

302-5 Reductions in energy requirements of products and services

Omission of full disclosure as allowed under GRI Standard 101: clause 3.2. Currently, the company does not have the methodologies, assumptions and/or calculation tools in place to collect and fully report on these disclosures, but it is endeavouring to improve its data collection procedures.

GRI 303: WATER (2016)

303-1 Water withdrawal by source

In 2020, AB Kauno Energija withdrew 337,195 m³ of water taken from the following sources:

- 22,919 m³ from the municipality water-supply
- 40,424 m³ from company boreholes
- 273,852 m³ from Nemunas river.

UAB 'Petrašiūnų Katilinė' withdrew 456 m³ of water from the public water-supply, and UAB 'GO Energy LT' withdrew 906 m³ from the municipality water-supply.

Rates are set for withdrawals from all of the above sources, and the company does not exceed them. All calculations are taken from direct measurements using water meters.

303-2 Water sources significantly affected by withdrawal of water

No water source was significantly affected by withdrawal of water.

303-3 Water recycled and reused

Part of the used water is returned to the municipality sewage system, through which it enters the sewage treatment plant, and the other part is drained into the environment.



GRI 305: EMISSIONS (2016)

305-1

Direct (Scope 1) GHG emissions

As the company is a producer of heat energy, it monitors emissions from these sources of production and provides data to public and state authorities in accordance with the procedures established by law. For 2020, we can report that total direct emissions from the company's heat production sources was 7,280 t CO₂, with gases included in these calculations being CO₂ only (the biological emissions of CO₂ in metric tonnes are not counted in CO₂ equivalents).

According to legislation, only the emissions of boiler houses that are more than 20 MW capacity are calculated. The company owns five boiler houses that are more than 20 MW capacity. Their individual total GHG emissions/t CO₂ equivalent data for 2020 are as follows:

- Petrašiūnų elektrinė – 1,620 t CO₂
- "Pergalės" katilinė – 1,268 t CO₂
- "Šilko" katilinė – 2,436 t CO₂
- Garliavos katilinė – 199 t CO₂
- Jurbarko katilinė – 1,757 t CO₂

For 2020, the baseline year of calculation of 2014-2018 has been used for Petrašiūnai power plant, and the boiler houses at Pergalė, Garliava and Noreikiškės. The base year of the calculation is applied based on the individual production sources and is chosen due to the higher median of activity data (reports and justifications are available from the Lithuanian Environmental Protection Agency (<http://oras.gamta.lt/cms/index>)).

For the period 2013 to 2020, total GHG emissions/t CO₂ equivalent from the company's heat production facilities are as follows:

Year	2013	2014	2015	2016	2017	2018	2019	2020
GHG Emissions	36,042	32,711	8,607	8,480	8,918	21,008	12,644	7,280

Currently, no other scope 1 emissions data is collected by the company.

The source of the emission factors and the reference to the global warming potential (GWP) rates used (as well as standards, methodologies, and calculating tools) are all taken from the following documents:

- Directive 2003/87 / EC of the European Parliament and of the Council
- Commission Regulation No 600/2012
- Commission Regulation No 601/2012
- Standard ISO 14065.

305-2

Energy indirect (Scope 2) GHG emissions

305-3

Other indirect (Scope 3) GHG emissions

305-4

GHG emissions intensity

Omission of full disclosure as allowed under GRI Standard 101: clause 3.2. Currently, the company does not have the methodologies, assumptions and/or calculation tools in place to collect and fully report on these disclosures, but it is endeavouring to improve the necessary procedures.

305-5

Reduction of GHG emissions

Greenhouse gas emissions decreased significantly by 5,364 t CO₂ from 12,644 t CO₂ in 2019 to 7,280 t CO₂ in 2020. The reason for the decrease is mainly due to the reduction in demand for heat energy due to a warm winter.

305-6

Emissions of ozone-depleting substances (ODS)

Neither the company nor its subsidiaries produce or emit ozone-depleting substances in their operations. The only place where such substances are used are air conditioners for room cooling, but these are closed systems. The air-cooling services are maintained by outsourced providers and not by the company and its subsidiaries.

305-7

Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions

For 2020, the decrease in emissions for some of the reported categories is mainly due to the warm winter and related decrease in heat demand. The excessive increase in the sulphur dioxide figures is due to a change in the reporting methodology (to EMEP 'Corinair') according to new directives from national authorities. Full reporting of all available and relevant requirements of this disclosure is contained in the company annual report, section 7.

Per Year, t	Particulates	Nitrogen Oxides	Carbon Monoxide	Sulphur Dioxide	Hydro-carbons	Vanadium Pentoxide	Others
2020	98.6841	217.8864	884.9974	102.9845	1.1430	0.0000	0.2801
2019	89.0913	280.7396	1,261.2142	0.2746*	1.1978	0.0000	0.4313
2018	48.7984	283.0412	1,082.9366	31.6210	1.1982	0.0000	0.1509
2017	79.7242	285.6461	1,236.7667	145.0571	1.1982	0.0000	0.4297
2016	53.7542	265.0797	1,155.3349	231.4719	4.2871	0.0000	0.2818
2015	43.5783	203.6775	904.8513	193.3228	20.1586	0.0000	0.2818
2014	23.613	154.570	534.443	47.158	16.294	0.0000	0.440
2013	10.5967	101.3197	299.6656	5.0747	14.9647	0.0000	0.770
2012	7.6130	54.3160	135.1510	6.0280	1.2080	0.0000	0.4397

GRI 306: EFFLUENTS AND WASTE (2016)

306-1

Water discharge by quantity and destination

Water from AB Kauno Energija was used for technology and internal needs, and discharged as follows in 2020:

- sewage network – 18,363 m³,
- open reservoirs – 111,227 m³,
- drainage systems – 207,605 m³.

The company has no record of the type of water treatment method. The water was not reused by another organisation. Sewage from UAB 'Petrašiūnų Katilinė', totalling 456 m³, and from AB 'GO Energy LT', totalling 906 m³, was discharged to the municipality sewage network. In all of the above cases, the company has no record of the type of water treatment method, and the water was not reused by another organisation.

Used water from the district heating network that does not require treatment, flows into the natural environment. The other part of used water is transferred to and treated by municipality wastewater facilities.



The company's waste minimisation strategy is being updated in order to be in line with the requirements of the new GRI 306: Waste (2020). Currently the company implements a waste sorting system on its own premises. There are facilities within our buildings to sort and collect different types of waste such as paper, plastics, glass, and general household waste. Information on how to sort was placed near sorting containers and it was sent to all employees by intranet and email. We currently have no data recording of the amount of recycled waste collected in this way.

Type of Materials	Tonnes	Type of Materials	Tonnes
Concrete, bricks, tiles and ceramics mix	98.4 t	Small IT and telecommunications equipment	0.262 t
Mixed municipal waste	24.4062 t	Large IT equipment	0.019 t
Metal	3,224.75 t	Portable lead-acid batteries	0.002 t
Bottom ash, slag and boiler dust	1,536.82 t	Engine, gearbox and lubricating oil	0.154 t
Construction materials (containing asbestos)	4.700 t	Mixed construction and demolition waste	62.38 t
Fractions not otherwise specified	1.680 t	Miscellaneous metals	0.008 t
Insulating materials (containing asbestos)	2.660 t	Packages containing or contaminated with dangerous substances	2.179 t
Wastes whose collection and disposal is subject to special requirements to prevent infection	0.004 t	Screens, monitors and equipment containing screens with a surface area of more than 100 cm ²	0.204 t
Absorbents, filter materials (including oil filters not otherwise specified), wipes, and contaminated protective clothing	0.072 t	Laboratory chemicals (including mixtures of laboratory chemicals, consisting of or containing of dangerous substances)	0.441 t
Concrete	64.84 t	Bituminous mixtures	1.84 t
Paper and cardboard	5.058 t	Daylight lamps	0.167 t
Batteries and accumulators	0.097 t	Discarded equipment (<i>tonnes of chlorofluorocarbons</i>)	0.109 t

All of the above waste disposal methods are determined by local authorities and are carried out by certified waste disposal or recycling companies registered in the Register of Waste Managers, and all are under written contracts. These companies include the following: Kaunas Biological Waste Plant operated by Kaunas Region Waste Management Centre; UAB Kaunas Cogeneration Power Plant and Kaunas Region Waste Management Centre (landfill operators). The waste disposal companies provide no further information as to the disposal methods used.

In 2020, there were no significant spills.

306-4

Transport of hazardous waste

The company does not transport hazardous waste.

306-5

Water bodies affected by water discharge and/or run off

The company has an emissions trading system allowance for the Ežerėlis boiler-house and an Integrated Pollution Prevention and Control permit (IPPC) for the Petrašiūnai power-plant. Discharged wastewater is tested once a month at all facilities and regulated norms are not exceeded, nor are there any negative impacts made on biodiversity or protected species.

GRI 307: ENVIRONMENTAL COMPLIANCE (2016)

307-1

Non-compliance with environmental laws and regulations

During this reporting period, the company did not receive sanctions for serious non-compliance with environmental laws and/or regulations at all, nor were any legal cases brought against the company during this time. However, one minor case of pollution due to sand and wood sawdust particles was recorded in the Petrašiūnai power plant's effluent. The estimated damage to the environment was 34 Euros and the responsible person was fined 85 Euros. No penalties were imposed on UAB 'Petrašiūnų Katilinė'.

**NORI BŪTI MADINGAS?
RŪŠIUOK!**
**Kojų pramankštino ir RŪŠIAVIMO
ATMINTINĖ**

Rūšiavimui ir perdirbimui tinkamos tik išplautos pakuotės? NE - TIE - SA.
Technologijos tobulėja, tad plauti **pakuočių ar nulupti etikečių nebereikia**.
Svarbiausia, jog iš pakuočių nebėgtų skysčiai, galintys konteineryje užteršti
švarias pakuotes.

- Vidutiniškai vienas biuro darbuotojas sunaudoja **500 vienkartinę kavos puodelių per metus**.
- Vidutiniškai biuro darbuotojas sunaudoja **10.000 popieriaus lapų per metus**.
- Popieriaus ir medžio kiekis išmetamas kiekvienais metais yra toks didelis, kad galėtume **20 metų šildyti 50 mln. namų**.
- Pagaminti **1 toną popieriaus** - reikalingi **24 medžiai**.



NEŠIUKIŠKIAUSI

- Plastikiniai buteliai;
• maisto pakuotės;
• maišeliai;
• plėvelės;
• kombinuotos pakuotės;
• sulčių pakuotės;
• metaliniai dangteliai.
- Visų rūšių kartonas;
• rašomasis popierius;
• vokai;
• skrajutės;
• laikstintukai;
• popierinės ar kartoninės maisto pakuotės.
- Buteliai;
• indai;
• stikliniai be dangtelių;
• stiklo duženos, atraizos.
- Higienos reikmenys;
• indeliai nuo dažų;
• smulkios ir stambios elektroninės įrangos.
- Vienkartinės servetėlės;
• popierius padengtas plastikais, suteptas riebalais;
• dokumentų segtuvai su metalinėmis dalimis.
- Veidrodžiai;
• keramikos, dezinfekcinių priemonių buteliai;
• visų tipų elektros lemputės.

Rūšiuokime ir pramankštinkime kojas mesdami šiukšles į atitinkamas šiukšliadėžes, kurias rasite kiekviename aukšte.

**AČIŲ
Gamta**



TOPIC SPECIFIC STANDARDS - GRI 400: SOCIAL

GRI 402: LABOUR / MANAGEMENT RELATIONS (2016)

402-1

Minimum notice periods regarding operational changes

The minimum period within which workers and their representatives must be informed before any change in working conditions which significantly affects workers is five working days. This term is established by the Labour Code of the Republic of Lithuania

GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2016)

403-1

Workers representation in formal joint management-worker health and safety committees

The company has an occupational health and safety committee and it follows the principles, roles and responsibilities as defined by the Occupational Safety and Health Committees of the General Regulations, approved in 2013 by the Lithuanian Ministry of Social Security and Labour Minister. This committee operates at a senior management level within the company, reporting directly to the Company Director / Board, and represents 100% of the workforce employees.

403-2

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

All accidents are recorded and investigated, as this is a legal requirement, and much of this information is provided to the national social insurance body (SODRA). In 2020 the company reported the following injuries in the workplace (two female and one male):

- Right arm elbow (trauma in 2020) – female;
- Bruising of the right wrist (trauma in 2020) – female;
- Fracture of the ankle of the right leg and partial amputation of two fingers of the right hand (actual accident was in 2019, treatment continued through to 2020) – male.

The company records the reasons for employees' absenteeism into categories, which include types of injuries and working days lost due to injuries. For 2020, we recorded 75 working days lost in total:

- Accident at work (two employees) – 41 working days.
- Accident at work in Sept. 2019 but with incapacity for work and treatment continuing through to 2020. (one employee) – 34 working days.

There were no recorded accidents at both UAB 'Petrašiūnų Katilinė' and UAB 'GO Energy LT'.

403-3

Workers with high incidence or high risk of diseases related to their occupation

The company does not have any occupational activities that would put its workers at high incidence rate, or high risk of specific diseases.

403-4

Health and safety topics covered in formal agreements with trade unions

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 in 2013 by the Lithuanian Ministry of Social Security and Labour Minister. This committee works with the trade union and covers 100% of all health and safety topics within the workplace and broader work environment.

GRI 404: TRAINING AND EDUCATION (2016)

404-1

Average hours of training per year per employee

The company has an annual programme of professional refresher courses and training, including covering costs for employees wanting to continue university studies, and attendance at various seminars and conferences to help employees update and improve their work skills and knowledge. Once a year, renowned professional thematic experts are invited by the company to deliver lectures to employees on topics such as heat generation and supply.

The average duration of training hours in 2020 per employee was 16 hours, a decrease of four hours per employee on last year's figures. The decrease in training hours is based on the restrictions due to the Covid-19 pandemic.

The gender split is approx. 389 hours for women and 1,921 hours for men. This disparity between male and female hours is based on the fact that there are a larger number of men working in specialist technical jobs that require specialist technical training.

The split of training hours for categories of employees is as follows: 441 hours for managers, 918 hours for specialists, and 951 hours for workers.

404-2

Programmes for upgrading employee skills and transition assistance programmes

Apart from the various training courses and programmes mentioned in GRI 404-1, the company also maintains its close relationship with the local Kaunas University of Technology (KTU) to help develop and better tailor some specific technical courses. This helps to strengthen the theoretical knowledge of all newly recruited employees.

For current employees there are no special programmes, except for some employees who need to update on a regular basis their specific qualifications necessary for holding special certificates or professional licences. To date, the company does not record these by gender.

Transition programmes for those who are retiring (or being made redundant) do not currently exist within the company.

404-3

Percentage of employees receiving regular performance and career development reviews

Omission of full disclosure allowed under GRI Standard 101: clause 3.2. Full disclosure information is not available in the format required for this report. The company does not currently provide performance reviews as part of its training and education for employees.

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)

405-1

Diversity of governance bodies and employees

The Supervisory Board has six members – five male and one female, all of whom are not employees of the company. The company does not have information on the age of members of the Supervisory Board.

The Management Board has five members, all male, and all are not employees of the company. Ages are: one older than 50; three between 30 and 50; and one younger than 30. The Occupational Health & Safety Committee has three members: two female and one male. Two are between 30 and 50 and one is over 50 years old. The Audit committee currently consists of two members, one female and one male, with one of them under 50, and the other over 50 years old.

For 2020, of all employees on executive and senior management level, there were five female executives and 13 males. Distribution of managers of AB Kauno Energija by age is: three persons are younger than 30 years old, 13 are between 30 and 50 years old, and two are older than 50. Age distribution of all other employees (336 employees in total, of which: 103 women and 233 men): 29 employees - under 30, 125 age ranges between 30 and 50 years, and 182 employees are over 50 years old.

UAB 'Petrašiūnų Katilinė' has seven employees. All of them are men. One of them is director of the company. Age distribution of employees of UAB 'Petrašiūnų katilinė': one person is between 30 and 50, and six employees are older than 50. UAB 'GO Energy LT' has four employees, one male – and also Director of the company - and three female. Age distribution of employees is one male between 30 and 50 years, and all three female employees over the age of 50.

The split following information on the number of managers and their distribution by gender was recorded:

Total Managers	Women	Men
KE	5	13
UAB „GO Energy LT“	0	1
UAB „Petrašiūnų katilinė“	0	1

The company does not have any information on persons belonging to minorities or vulnerable groups.

405-2

Ratio of basic salary and remuneration of women to men

The salaries of women and men with the same qualifications and working in the same positions are not different in the company.

GRI 406: NON-DISCRIMINATION (2016)

406-1

Incidents of discrimination and corrective actions taken

No cases of discrimination were recorded in the company in 2020.

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)

407-1

Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

There are no risks to employees' being able to exercise their rights to freedom of association and collective bargaining. All employees of the company (and extended Group subsidiaries) are free to join any association and negotiate collectively for better working conditions or pay. A trade union operates in the company with 107 members as of December 31, 2020.

A collective agreement operates in the company, which covers all issues related to the employee's working conditions as well as all issues of learning and professional development and social security.

GRI 408: CHILD LABOUR (2016)

408-1

Operations and suppliers at significant risk for incidents of child labour

There is no child labour in the company or its subsidiaries. There are also no company operations, or suppliers that the company works with, that can be considered to have significant risk for incidents of child labour.

GRI 409: FORCED OR COMPULSORY LABOUR (2016)

409-1

Operations and suppliers at significant risk for incidents of forced or compulsory labour

There is no forced or compulsory labour in the company or its subsidiaries. There are also no company operations, or suppliers that the company works with, that can be considered to have significant risk for incidents of forced or compulsory labour.

GRI 415: PUBLIC POLICY (2016)

415-1

Political contributions

No financial or in-kind political contributions were made directly or indirectly by the company or through its subsidiaries.

GRI 416: CUSTOMER HEALTH AND SAFETY (2016)

416-1

Assessment of the health and safety impacts of product and service categories

No significant product and service categories for which health and safety impacts are assessed for improvement. Please note however, that in terms of employee assessment, the company has a series of regular and routine health and safety checks and assessments made as part of its statutory legal working practices.

416-2

Incidents of non-compliance concerning the health and safety impacts of products and services

The company has had no identified or registered non-compliance with regulations and/or voluntary codes.

GRI 418: CUSTOMER PRIVACY (2016)

418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

The company received no substantiated complaints from any outside parties or regulatory bodies, nor were there any identified leaks, thefts, or losses of customer data during 2020.



