



**CONSOLIDATED  
SUSTAINABILITY  
REPORT  
IN ACCORDANCE**  
with GRI standards

**2021**

# INTRODUCTION



This 2021 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 and Effluents (2018)  
GRI 305 Emissions (2016)  
GRI 306 Waste (2020)  
GRI 307 Environmental Compliance (2016)

GRI 402 Labour / Management Relations (2016)  
GRI 403 Occupational Health & Safety (2018)  
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.

Please note that the report for 2022, to be produced in 2023, will use a new updated and heavily revised version of the GRI Universal Standards. This will mean significant changes to the format and content of next year's report.



# GRI 102: GENERAL DISCLOSURES (2016) ▶



## ORGANISATIONAL PROFILE

102-1	Name of the organisation	AB “Kauno energija” (ENG – 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
102-6	Markets served	Information presented in the annual report

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.

102-8 Information on employees and other workers

Figures shown are for the full year ending 31 December 2021 (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
377	36	7	29	341	94	247

Total Number of Employees by Employment Type and Gender

Total Number	Full-time Employees			Part-time Employees		
	Total	Women	Men	Total	Women	Men
377	340	88	252	37	13	24

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 an increase in staff numbers of approx. 3.28%. All employee data is compiled and processed by the company's personnel administration department.

102-9 Supply chain

The company supplies heat to 3,744 companies and organizations and 118,468 households, in total - 122,212 consumers. Pursuant to legal acts, the company purchases heat energy from 11 independent producers operating in Kaunas city and Kaunas district. In 2021, heat energy was purchased from the following suppliers:

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

In 2021, the company and its subsidiaries hired 648 external suppliers, who provided various volumes of services to the company. Of these, 634 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

The company recruited new staff across a number of the departments, and carried out a review and a renewal of key management positions. This resulted in 90 new employees starting (to replace almost the same number leaving), and represented approx. 80% of the management team. The Marketing and Communication Department changed substantially, with highly qualified professionals joining the team so that it now has the required expertise to promote the company rebrand and new logo. In addition, the Asset Management Division is now attached to the Personnel Management Division.

These changes reflect our desire to create a modern, innovative and attractive employer and service provider. The new logo is on the new company workwear, stationery and internet, and on the outside of our buildings and our company cars. The management's approach to sustainable growth has been substantially renewed, with new services introduced to the market in line with our new visual identity.

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

Kauno Energija continues to participate in the international EU funded project 'RenOnBill' (<https://www.renonbill.eu/>), 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, and the project will finish in April 2022. There were no other external initiatives during 2021.

102-13 Membership of associations

Kauno Energija is a member of the United Nations Global Compact, as well as the following five associations:

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

## STRATEGY

102-14

Statement from senior decision-maker



**Tomas Garasimavičius**  
General Director  
of AB Kauno Energija

### **Dear customers, partners and all stakeholders,**

The recent global challenges - the COVID-19 pandemic and the tense geopolitical situation at Europe's borders - have affected everyone without exception. The impact on the energy sector has been particularly severe, with energy prices hitting record highs. In 2021, we have managed to remain fully focused on our work, without distraction. We have successfully managed these unplanned, long-term challenges, and Kauno Energija has continued to provide its vital services of supplying heat and hot water to Kaunas city, Kaunas district and Jurbarkas. In addition, we have continued our renewal and development of more than 410 km of city heating networks, as well as offering new services to the market.

We have ensured the uninterrupted production and supply of heat and hot water in accordance with the EU Green Deal. Approximately 90% of city heat supplied by Kauno Energija, was produced (Kauno Energija boiler houses and independent suppliers) from biofuel - a renewable energy source. By using renewable energy sources (RES), we reduced CO<sub>2</sub> emissions by 268 375 tons.

We have continued our active participation in the international project RenOnBill. This project – promoting complex renovation and energy saving initiatives for apartment buildings - was selected as 2021 finalist for the prestigious European Union Sustainable Energy Awards.

We have streamlined the management of the company, with a substantial renewal of the chain of management, with many highly regarded professionals in their fields joining the company.

We have implemented innovations that make production and supply more efficient: a 2.4 MW heat-absorbing heat pump with a second-degree smoke condensing economizer has been installed in the biofuel boiler house at Petrašiūnai power plant. This in turn has increased the boiler efficiency by about 10%, leaving less than 20 mg / m<sup>3</sup> solids in the smoke; eleven large scale projects were carried out for the reconstruction of heat supply pipelines; and we started to supply heat to the Kaunas Free Economic Zone.

All of these activities and developments, allows heat to be supplied to inhabitants, and business and public sector consumers at one of the lowest prices in Lithuania.

Developing the company's main activity – the production and supply of heat and hot water, we also focused on the development of new Kauno Energija services for individuals and the public sector, businesses. These included Kaunas city coverage with the LoRA 'Internet-of-things' network, allowing remote scanning of data from various meter devices; the installation of two absorption heat pumps at the Science Museum (currently being constructed and due to open in 2022). Each pump weighs 30 tons and has a capacity of 1,576 kW, able to cool 11,500 tons of heat per square metre.

Our new Kauno Energija brand was launched and used to inform public and interested groups about the changes taking place in the company and the expanding portfolio of services

By submitting this Consolidated Corporate Social Responsibility Report, we show our commitment to continuing the introduction of new technologies, to improving our quality of services, and to reducing environmental pollution.

## 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: <https://www.kaunoenergija.lt/apie-bendrove>.

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

## GOVERNANCE

102-18

Governance structure

Committees responsible for decision-making on economic, environmental, and social topics include:

- **Audit Committee:** there are currently three members: one external/independent, and two from among the company's employees. During 2021 the Audit Committee did not meet.
- **Technical Board:** established by order of General Director, it examines adopted resolutions and makes recommendations to the company's General Manager on a range of economic, social and environmental topics. During 2021, the board met 19 times.
- **Occupational Health & Safety Committee:** with no issues to deal with in 2021, it had no reason to meet.

## STAKEHOLDER ENGAGEMENT

102-40

List of stakeholder groups

These 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 Kaunas City Municipality and Jurbarkas District Municipality). A full list of the 630 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 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	<p>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.</p> <p>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. Post-COVID-19, the company hopes to increase activities with stakeholders in 2022.</p>
102-44	Key topics and concerns raised	Nothing reported or raised by customer representatives (including buildings administrators and systems supervisors) during 2021.

## 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). 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 sixth 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 can 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 and Effluents (2018)</p> <p>GRI 305: Emissions (2016)</p> <p>GRI 306: Waste (2020)</p> <p>GRI 307: Environmental Compliance (2016)</p> <p>GRI 402 Labour/Management Relations (2016)</p> <p>GRI 403: Occupational Health and Safety (2018)</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 &amp; 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 2021.
102-49	Changes in reporting	None to report
102-50	Reporting period	January 1 <sup>st</sup> to December 31 <sup>st</sup> 2021.
102-51	Date of most recent report	This is the sixth report produced under GRI Standards with the last report being for 2020.
102-52	Reporting cycle	Annual.
102-53	Contact point for questions regarding the report	Šarūnas Bulota Head of Marketing and Communications Department AB "Kauno energija" Mob. +370 695 18 136 Email: s.bulota@kaunoenergija.lt www.kaunoenergija.lt
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.
102-56	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. 69.9% of consumers heat demand.

The boundary is with all of the business and residential customers who receive heating using these sources. However, by law, the company provides a back-up facility for energy provision, therefore, this risk is completely reduced. If serious impacts are likely to occur, we can correct through improved procurement procedure month by month if necessary.

103-2

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:  
<https://www.kaunoenergija.lt/pirkimai-pardavimai/viesieji-pirkimai>.

The company has an approved Gift Policy, which is publicly available on its website: <https://www.kaunoenergija.lt/esame-atsakingi/dovanos> and its Anticorruption Policy which is available here: <https://www.kaunoenergija.lt/esame-atsakingi/korupcija>. The company also publicises on its website a Notice of Restrictive Practices, issued by The Competition Council of the Republic of Lithuania: <https://www.kaunoenergija.lt/esame-atsakingi/konkurencija>.

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.eviesiejipirkimai.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.

103-3

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

103-1

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:  
<https://www.kaunoenergija.lt/esame-atsakingi/korupcija>.

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](mailto:pasitikejimo.linija@kaunoenergija.lt) or by filling out the notification form published on the company website (<https://www.kaunoenergija.lt/esame-atsakingi/korupcija>). 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 ALL FIVE GRI 300 ENVIRONMENTAL MATERIAL TOPICS

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. 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.



## 103-2

The management approach and its components

Environmental management systems in the company are working properly. The company has high-level management systems that record and report on environmental impacts, as well as an effective system for receiving and resolving complaints.

The company has a special environmental laboratory, certified by the Lithuanian Environmental Protection Agency. This enables the laboratory, on behalf of the company and its subsidiaries, to continuously monitor, manage, collect, and process all relevant data on the company's 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. In terms of activities to reduce emissions from energy production, six boiler-houses, from which heat is purchased, use biofuels which contributes towards reducing atmospheric pollution.

All waste from AB Kauno Energija (and that produced within the whole of the Republic of Lithuania) is accounted for and managed in accordance with the applicable legislation. The electronic waste accounting system GPAIS ([www.gpais.eu](http://www.gpais.eu)) has been developed, and the company accounts for all its waste on this portal. Through this, reports are submitted to the Environmental Protection Agency, and these reports can also be accessed by our customers and other members of the public. For this 2021 report, there are no significant waste-related impacts to report.

The company performs wastewater tests at both our Petrašiūnai power plant and our Ežerėlis boiler house with the data published on our website. All standards set are done so through applicable national legislation.

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 in 2021, a small administrative fine of 45 Euros was incurred for late provision of reporting data).

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). The company reporting procedures and data collection methodologies are steadily improving as we increase the number of disclosures that we report on.

## 103-3

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, is 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 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 division, an Occupational 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 Occupational Health and Safety Department reports directly to the General Manager, and its main objectives are to:

- establish employee safety and fire safety requirements in the company;
- monitor the compliance of employees with these requirements;
- organize preventive measures to improve the health and safety of workers;
- investigate incidents and accidents related to work;
- organize exercises and trainings on the issues of health and safety of employees and fire safety, and
- advise employees.

Full instructions on all of the above are provided by the company. Responsibilities for the implementation of employee safety have been transferred to the heads of departments, work supervisors, and those employees who maintain and operate equipment throughout the company.

The company's occupational health policy ensures that all employees must undergo a health check before employment to determine the hazards identified for that job. The company has a signed service agreement to allow a medical institution to complete this procedure. Employees are then provided with periodic health check-ups once every two years. If an employee is unable to perform their assigned work due to ill health, they are transferred to other jobs where they can work. Prior to any medical examination, employees sign a confidentiality form regarding personal data usage required for this.

In 2021, there were no specific health and/or safety promotional campaigns, apart from national requirements in line with restricting the spread of COVID-19.

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. All employees of the company are instructed once a year in accordance with the approved instructions for the safety and health of employees and fire safety. Depending on the complexity of the work, an account-permit, instructions and orders are issued for the work. These documents identify hazards, risks and measures to eliminate or reduce them. For external contractors working on the company's premises, a 'Permit to Act' is issued, which lists the requirements for the performance of work, the safety measures that must be implemented, and the identification of potentially hazardous areas. These areas, and the possible risks associated with them, are assessed in accordance with national safety legislation.

Under the requirements of the company's occupational health and safety regulations, any employee who notices an unsafe practice in the workplace must immediately stop work and inform their direct supervisor. In addition, employees can make suggestions to improve the situation directly to their supervisor or the occupational health and safety department. If a violation of any safe practice is identified that poses a real risk of injury or injury to a nearby employee, then work is stopped immediately, and an inspection report is filled in indicating the corrective actions and the date by which they must be implemented. The next inspection checks whether the irregularities have been rectified and corrective action has been taken. In 2021 there were no such violations.

The company holds periodic briefings with employees on these issues, and any measures that improve the safety situation in the company are coordinated with the company's trade union.

Employees are trained and certified periodically according to the company's established procedures. Training is carried out in accordance with the company's annual "Employee Training Plan", which specifies for which specific employee when and in which qualification training it is mandatory to participate. Training is planned for the operation of energy equipment, maintenance and management of potentially hazardous equipment, and the performance of any hazardous work. Upon successful completion of the theoretical training and examinations, qualification certificates are issued.

In addition, 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.

The trade union within the company had 92 members as of 31 December 2021. Both the trade union and individual employees are free to enter associations and negotiate collectively for better working conditions or pay.

In 2021 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 2021 not 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 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. It is planned for 2022 to begin providing employee feedback for annual personal appraisals.

103-3

Evaluation of the management approach



# TOPIC SPECIFIC DISCLOSURES - 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 99.912%; locally 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 99.912% of company budget spend, are constantly monitored. 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	<p>The company has had a Corruption Prevention Policy since February 2017 which is published on its website: <a href="https://www.kaunoenergija.lt/atsisiuntimas?download_id=38">https://www.kaunoenergija.lt/atsisiuntimas?download_id=38</a>. 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: <a href="https://www.kaunoenergija.lt/esame-atsakingi/korupcija">https://www.kaunoenergija.lt/esame-atsakingi/korupcija</a>.</p> <p>All 377 employees have been notified of the organization's anticorruption policies and procedures. All our suppliers (11 major suppliers and 648 smaller external 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.</p> <p>The anti-corruption policy is an integral part of the Company's business ethics and is valid throughout the Company's geography as defined in Section 102-4. The company also has in place a Code of Ethics <a href="https://www.kaunoenergija.lt/esame-atsakingi/etikos-kodeksas">https://www.kaunoenergija.lt/esame-atsakingi/etikos-kodeksas</a> (see disclosure 102-16).</p> <p>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: <a href="https://www.kaunoenergija.lt/esame-atsakingi/dovanos">https://www.kaunoenergija.lt/esame-atsakingi/dovanos</a>.</p> <p>Specific activities in 2021 included training by the national Special Investigation Service (hereinafter - STT) on corruption prevention, including gift policy:</p> <ul style="list-style-type: none"><li>Two employees from the company's Prevention Department attended STT trainings on an e-learning platform, passed tests and received certificates. Topics included - the concept of corruption, conflicts of interest, gift policy, and bribery of foreign officials.</li><li>A list of company positions (totalling 51 different positions across 18 departments and sub-divisions) has been approved for the compulsory declaration of any public and private interests in these roles. This includes a list of positions for which a written request will be made to the Special Investigation Service to provide information on persons before they are appointed.</li></ul>

205-3	Confirmed incidents of corruption and action taken	No cases of corruption were identified or reported to the company during 2021.
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TOPIC SPECIFIC  
DISCLOSURES - GRI 300:  
ENVIRONMENTAL



GRI 302: ENERGY (2016)

302-1

Energy consumed within the organisation

Kauno Energija 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 the company's annual report. Fuel usage for energy production in Kauno Energija in 2021 was as follows: Natural gas 33.4%; Solid biofuel – 64.4%; and other fuels – 0.22%. UAB 'Petrašiūnų Katilinė' was 100% solid biofuel, UAB 'GO Energy LT' used no fuel, but consumed electricity in 2021.

The company purchased 11,356,331 kWh of electricity, of which 10,584,867 kWh was consumed for its own needs. The remaining 771,464 kWh was resold.

For own needs	For heat production and supply
1,154,521 kWh	9,430,346 kWh



UAB 'Petrašiūnų Katilinė' purchased and consumed 626,123 kWh of electricity for its own needs. Electricity was not resold.

For own needs	Šilumos energijos gamybai ir tiekimui
15,027 kWh	611,096 kWh

UAB 'GO Energy LT' purchased and consumed 122,657 kWh of electricity, of which 1,100 kWh was for its own needs. The remaining 121,557 was resold.

For own needs	Šilumos energijos gamybai ir tiekimui
1,100 kWh	0,000 kWh

- 302-2Energy consumed outside the organisation
- 302-3Energy intensity
- 302-4Reduction of energy consumption
- 302-5Reductions 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 & EFFLUENTS (2018)

- 303-1Interactions with water as a shared resource
- 303-2Management of water discharge-related impacts

These two disclosures are 'Management Approach Disclosures', and as such, they are reported under GRI103: Environmental Management Approach Disclosures.

- 303-3

Water withdrawal

In 2021, Kauno Energija withdrew 374,861 m3 of water taken from the following sources:

  - 25,208 m³ from the municipality water-supply
  - 57,519 m³ from company boreholes
  - 292,134 m³ from Nemunas river

UAB „Petrašiūnų Katilinė“ withdrew 357 m3 of water from the public water-supply, and UAB “GO Energy LT” withdrew 946 m3 from the municipality water-supply.

All calculations are taken from direct measurements using water meters. There were no water sources affected by the company's withdrawal of water, nor was any water taken from areas suffering from 'water stress'.
- 303-4

Water discharge

21 972 m³ of water flows into the sewage system, through which it enters the sewage treatment plant and 106 603 m³ of water flows into the open water bodies.
- 303-5

Water Consumption

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 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 2021, we can report that total direct emissions from the company's heat production sources was 22,203 t CO<sub>2</sub>, with gases included in these calculations being CO<sub>2</sub> only (the biological emissions of CO<sub>2</sub> in metric tonnes are not counted in CO<sub>2</sub> 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 CO<sub>2</sub> equivalent data for 2021 are as follows:

  - Petrašiūnų elektrinė – 10,412 t CO<sub>2</sub>
  - “Pergalės” katilinė – 4,937 t CO<sub>2</sub>
  - “Šilko” katilinė – 6,370 t CO<sub>2</sub>
  - Garliavos katilinė – 127 t CO<sub>2</sub>
  - Jurbarko katilinė – 357 t CO<sub>2</sub>



For the period 2013 to 2021, 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	2021
GHG Emissions	36,042	32,711	8,607	8,480	8,918	21,008	12,644	7,280	22,203

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.

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.

In 2021 the company emitted 22,203 tonnes of greenhouse gases (CO<sub>2</sub>).

Neither the company nor its subsidiaries produce or emits 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.

For 2021, the decrease in emissions for some of the reported categories is again mainly due to the heat demand in the district network. Though this may still be related to adjustments to switch over to the EMEP calculation and reporting methodology. Full reporting of all available and relevant requirements of this disclosure is contained in the company annual report.

305-2

Energy indirect (Scope 2) GHG emissions

305-3

Other indirect (Scope 3) GHG emissions

305-4

GHG emissions intensity

305-5

Reduction of GHG emissions

305-6

Emissions of ozone-depleting substances (ODS)

305-7

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

Per Year, t	Particulates	Nitrogen Oxides	Carbon Monoxide	Sulphur Dioxide	Hydro-carbons	Vanadium Pentoxide	Others
2021	72.9579	196.5479	781.2462	158.4375	1.2315	0.0000	0.2966
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

\* The huge decrease in SO2 indicator in 2019 is due to the changes in calculations. This indicator was no longer counted in 2019 for production sources using biofuels. The calculations shown for 2019 are based on estimated data only for the two small boilers using diesel fuel.

GRI 306: WASTE (2020)

306-1

Waste generation and significant waste-related impacts

306-2

Management of significant waste-related impacts

306-3

Waste generated

These two disclosures are ‘Management Approach Disclosures’, and as such, they are reported under GRI103: Environmental Management Approach Disclosures.

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 for the amount of waste collected in this way for recycling.

Type of Materials	Tonnes	Type of Materials	Tonnes
Glass	1.04 t	Small IT and telecommunications equipment	0.417 t
Mixed municipal waste	27.14333 t	Large IT equipment	0.523 t
Metal	791.45 t	Portable lead-acid batteries	0.412 t
Bottom ash, slag and boiler dust	1,584.12 t	Engine, gearbox and lubricating oil	0.35 t
Fuel oil and diesel fuel	1.484 t	Mixed construction and demolition waste	113.16 t
Fractions not otherwise specified	2.46 t	Used tyres	1.73 t
Components removed from discarded equipment	0.057 t	Packages containing or contaminated with dangerous substances	1.835 t
Wastes whose collection and disposal is subject to special requirements to prevent infection	0.006 t	Screens, monitors and equipment containing screens with a surface area of more than 100 cm²	0.1 t
Absorbents, filter materials (including oil filters not otherwise specified), wipes, and contaminated protective clothing	0.07 t	Laboratory chemicals (including mixtures of laboratory chemicals, consisting of or containing of dangerous substances)	0.421 t
Paper and cardboard	0.864 t	Daylight lamps	0.088 t
Batteries and accumulators	0.147 t	Plastic	0.197 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. Kauno Energija is obliged under legislation to transfer waste to legal waste managers, but there is no further obligation on Kauno Energija to take an interest in how this waste is further recycled. However, our largest amount of waste generated is ash from the combustion of biofuels, and we are considering the possibility of handing this over to farmers to use.

306-4	Waste diverted from disposal	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 ability to do so.
306-5	Waste directed to disposal	

GRI 307: ENVIRONMENTAL COMPLIANCE (2016)

307-1	Non-compliance with environmental laws and regulations	In 2021, an administrative fine was imposed for failure to provide environmental monitoring data in a timely manner on the company's website. A company employee received a fine of 45 Euros.
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# TOPIC SPECIFIC DISCLOSURES - 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	Occupational health and safety management system	
403-2	Hazard identification, risk assessment, and incident investigation	These three disclosures are 'Management Approach Disclosures', and as such, they are reported under GRI103: Social Management Approach Disclosures.
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	These four disclosures are 'Management Approach Disclosures', and as such, they are reported under GRI103: Social Management Approach Disclosures.
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	The system within the company for occupational health and safety management is in line with the national and EU legislation for health and safety requirements. This covers all employees, and those workers who are not employees, but whose work takes part on company premises or sites.

403-9	Work-related injuries	<p>During 2021, one employee suffered a minor work-related injury. Details of the injury are as follows:</p> <ol style="list-style-type: none"><li>1. Trauma (multiple fractures of the ribs) classified as mild;</li><li>2. Employee had 35 days off work (280 hours) due to the injury;</li><li>3. Injury occurred when the worker fell from a height.</li></ol> <p>A plan of preventive measures was drawn up, and according to this, service sites were inspected, and barriers were placed where necessary in order to restrict access to hazardous areas.</p> <p>Three other incidents in which workers suffered minor injuries occurred on their journey to work, injuries that were not directly related to the workplace. During 2021 the company received no information from contractors regarding injuries to, or accidents involving, employees at the facilities of Kauno Energija.</p>
403-10	Work-related ill health	<p>There were no reported or recorded cases of work related ill-health due to access or exposure to hazardous materials.</p> <p>One worker was diagnosed with an occupational disease which may have been related to the work performed for the company. However this connection was never confirmed (his disease may have been connected with his previous employer), and as the employee has now left the company, we will not know.</p>

GRI 404: TRAINING AND EDUCATION (2016)

404-1	Average hours of training per year per employee	<p>The company has a permanent in-service training programme which includes: in-service training run by external experts on team-building for managers and middle managers. This training takes place once per month throughout the year. Participation is voluntary and open to each employee.</p> <p>The average duration of training hours in 2021 per employee was 9 hours (a figure based only on the in-service training programmes the company runs), a decrease of seven hours per employee based on last year's figures.</p> <p>The gender split is approx. 230 hours for women and 3,601 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.</p> <p>The split of training hours for categories of employees is as follows: 520 hours for managers, 1,143 hours for specialists, and 2,168 hours for workers.</p>
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404-2

Programmes for upgrading employee skills and transition assistance programmes

For current employees there are no special programmes, except for those 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 Management Board has five members, all male, and all are not employees of the company. The Audit committee currently consists of three members, one female and two males. The company does not have information on the age of members of these three bodies.

The Occupational Health & Safety Committee has three members: two female and one male. Two between 30 to 50, and one over 50 years old.

Age distribution of employees of Kauno Energija, UAB GO Energy LT and UAB Petrašiūnų katilinė:

	<30	30 to 50	Over 50	Total
Men	19	117	137	273
Women	11	41	52	104
<b>Total</b>	<b>30</b>	<b>158</b>	<b>189</b>	<b>377</b>
			Men	72,4%
			Women	38,1%

The split between men and women at management level across the company is:

Total Managers	Women	Men
Kauno Energija	5	15
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

There is no difference between the salaries of women and men with the same qualifications and working in the same positions within 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 2021.

## 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 92 members as of December 31, 2021.

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.
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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 2021.
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