



Normative internal legal act	Group Environmental Policy
Title of the process	Environmental management
Approving company	AB "Ignitis grupė"
Process owner (unit)	Group Business Resilience
Approving person (body)	Management Board of AB "Ignitis grupė"
Date of approval, decision No.	By the decision of 6 December 2022 No. PR_2022-72
Date of entry into force	From the date of approval

GROUP ENVIRONMENTAL POLICY

1. PURPOSE AND SCOPE

- 1.1. The purpose of the Policy is to define the general environmental provisions and principles of the Group in order to mitigate the impact on the environment, manage related risks and foster a culture based on sustainable development principles within the Group and its environment.
- 1.2. The Policy shall apply to all Companies of the Group.

2. TERMINOLOGY

- 2.1. **LoC** shall mean the Law on Companies of the Republic of Lithuania.
- 2.2. **The Parent Company** shall mean AB "Ignitis grupė" (legal entity code 301844044).
- 2.3. **Biodiversity** shall mean a variation of ecosystems (natural capital), species and genes in the world or in a specific habitat.
- 2.4. **Employee** shall mean a person who has an employment relationship with the Parent Company and/or a Company, including Managers, Top Executives, Members of Management Boards.
- 2.5. **Energy Efficiency** shall mean lower energy consumption to carry out the same task or achieve the same result.
- 2.6. **Energy Efficiency First Principle** shall mean prioritising cost-efficient energy efficiency measures which reduce energy demand when making investment decisions.
- 2.7. **Function** shall mean core business support, which is established by the decision of the Management Board of the Parent Company by appointing the head of Function and, if necessary, the head(s) of Functional Area. A Function can include several Functional Areas.
- 2.8. **Functional Area** shall mean a part of Function.
- 2.9. **Group** shall mean the Parent Company and its subsidiaries (including lower-tier subsidiaries), also subsidiaries with head offices located in foreign countries wherein it directly and/or indirectly holds a majority of the voting rights or it may directly or indirectly exercise a dominant influence, as defined in Article 5 of the LoC.
- 2.10. **Company** shall mean a Group company, not including AB "Ignitis grupė".
- 2.11. **ISO 14001** shall mean the environmental management system standard adopted by the International Organization for Standardization (ISO).
- 2.12. **Policy** shall mean Group Environmental Policy, this document.
- 2.13. **Greenhouse Gas (GHG)** shall mean any gas that has the property of absorbing infrared radiation (net heat energy) emitted from Earth's surface and reradiating it back to Earth's surface, thus contributing to the greenhouse effect. Carbon dioxide, methane, nitrous oxide and water vapour are the most relevant greenhouse gases.
- 2.14. **Circular economy** shall mean a model of production and consumption, which involves using existing materials and products for as long as possible and is based on the principles of sharing, leasing, reusing, repairing, refurbishing and recycling and, thus, extending the lifecycle of manufactured products. The main aspects of circular economy model are eliminating waste and pollution, circulating products and materials for as long as possible, regenerating natural ecosystems.

3. GENERAL PROVISIONS

- 3.1. The Group, while implementing its long-term strategy, focuses on renewable energy development, decarbonisation of the energy sector, digitalising the energy system, creating innovative solutions, where respect for the environment and its protection is integrated in all activities and processes, including when making internal decisions.

- 3.2. The Group is united by the mission to make the world more energy smart. In its vision, the Group is transforming for a more sustainable world. Group employees adhere to the common values of responsibility, partnership, openness and growth in their work.
- 3.3. The Group's responsible business conduct is based on the principles of United Nations Global Compact, and its strategic objectives are aligned with United Nations Sustainable Development Goals.
- 3.4. One of the priorities of responsible conduct of the Group is conserving environment and energy awareness. The Group is committed to follow environmental legislation and best international practices. It also contributes to the Sustainable Development Goals in the environmental areas by following the principles set out in this Policy.

4. ENVIRONMENTAL PRINCIPLES

- 4.1. The Group takes responsibility for the impact on the environment and commits to:
 - 4.1.1. develop effective, sustainable and environmentally responsible business model;
 - 4.1.2. follow legal and environmental requirements applicable to the Group as well as other commitments made by the Group in an effort to reduce the likelihood of accidents and the impact on the environment;
 - 4.1.3. endeavour to solve environmental issues in the Group companies while following the highest international standards by applying the best available technologies and practices and by implementing effective processes;
 - 4.1.4. conduct environmental activities while following the principles of precaution and "monitor-comply-improve", include the Energy Efficiency First Principle and environmental aspects in the early stage of decision-making;
 - 4.1.5. contribute to climate change solutions and achieve net zero emissions;
 - 4.1.6. invest in renewable energy generation: wind, solar, biomass, while considering the interests of all stakeholders, including local communities, also maintaining and expanding (if there's an opportunity) current hydropower generation capacities;
 - 4.1.7. apply the Energy Efficiency First Principle when making decisions related to the energy system development, prioritise measures that enable energy efficiency, reduce energy demand if they have economic advantage over other respective energy supply solutions;
 - 4.1.8. employ the most advanced technologies in waste-to-energy generation;
 - 4.1.9. improve reliability and resilience of electricity and natural gas distribution networks;
 - 4.1.10. take good care of managed assets and upgrade them in order to improve environmental conditions and the quality of life of the public;
 - 4.1.11. regularly analyse the impact and potentially negative impact of the Group's activities, equipment, products and services on the environment, assess the risks, plan and implement measures to reduce, avoid or eliminate it;
 - 4.1.12. apply the mitigation hierarchy principle: avoid and minimize as much as possible the Group's impact on the environment and ecosystems. When the impact cannot be avoided entirely or there are no ways to mitigate it, the Group commits to consider potential compensation and restoration measures that would align with the biodiversity principle of 'no net loss' and, when applied, would have a net positive balance;
 - 4.1.13. follow the principle of non-disturbance of protected areas and the integrity of species and habitats of high ecological value, and when it cannot be avoided due to objective reasons, the Group commits to implement all the necessary impact reduction and compensation measures;
 - 4.1.14. avoid deforestation and conversion of territories of high ecological value;
 - 4.1.15. develop biodiversity protection projects while considering local environment conditions (monitoring, improving forest and natural environment areas, preserving and/or restoring habitats and species, cooperating with education and/or science institutions, etc., including assessing the risks posed by invasive species);
 - 4.1.16. after the operations are terminated, restore the territory where the operations were carried out to reduce the negative impact and benefit the environment as much as possible;
 - 4.1.17. follow the principle of free, prior and informed consent (FPIC), when necessary;
 - 4.1.18. follow the principle of not trading the species included in the Convention on International Trade in Endangered Species (CITES) and encourage suppliers to follow this principle;

- 4.1.19. promote rational and conservative management of resources such as energy, fuel, commodities, waste, by-products, water (including water stress zones, when relevant), land, etc., avoid using hazardous chemicals;
- 4.1.20. reduce waste from operations, ensure their safe and responsible management by applying pollution prevention principles, give priority to less pollutant transport;
- 4.1.21. contribute towards global transition to circular economy, apply its principles in all Group's activities, consider resource efficiency during designing phase, endeavour to reduce environmental impact based on life-cycle assessment (LCA);
- 4.1.22. develop innovative solutions and provide services that would facilitate a more efficient and simple consumption of energy: develop EV infrastructure, install smart metering system, etc.;
- 4.1.23. offer customer solutions that allow customers to become more environment-friendly, supply clean and renewable energy;
- 4.1.24. develop employee competences and a responsible approach to their work and environmental protection;
- 4.1.25. raise awareness, educate and encourage Group employees, contractors, suppliers and other stakeholders to follow the commitments of this Policy;
- 4.1.26. initiate and/or support educational projects and awareness campaigns by involving employees, customers, suppliers, local communities, young people and other stakeholders in such projects;
- 4.1.27. cooperate and exchange information related to environmental issues with business partners, state authorities as well as other stakeholders and institutions;
- 4.1.28. monitor, control and communicate about the Group's environmental goals, achieved objectives and indicators constantly and in a transparent manner to employees, customers, investors, local communities and other stakeholders.

5. IMPLEMENTATION MEASURES FOR ENVIRONMENTAL PRINCIPLES

- 5.1. In order to reduce the negative impact on the environment in the most efficient manner, the Group shall concentrate its efforts in the areas that have the greatest impact and where actions allow for the best results.
- 5.2. Pursuant to the principles of this Policy, the environmental aspects shall be identified, environmental goals shall be established, and objectives shall be formulated, which, in their own right, shall be integrated into general business plans of the Group and Group companies. Results shall be monitored periodically, and processes shall be audited by assessing the performance in accordance with internal and external environmental standards.
- 5.3. In order to ensure continuous improvement of environmental protection effectiveness, the Group companies shall be encouraged to implement a management system based on ISO 14001 standard and constantly improve the implemented system.

6. "RESPONSIBLE REPORTING" ON ENVIRONMENTAL VIOLATIONS

- 6.1. Anonymous reports on potential environmental violations can be submitted via the Trust Line by email pasitikejimolinija@ignitis.lt, by leaving a recording in the voicemail box at tel. +370 640 88889, or via the internet by clicking the following link: <https://ignitisgrupe.lt/en/trust-line>.
- 6.2. The operation principles of the Trust Line are established in the [*Group standard for implementing internal communication channels for reporting violations and their functions*](#).

7. FINAL PROVISIONS

- 7.1. The Policy shall be approved and amended by the decision of the Management Board of AB "Ignitis grupė".
- 7.2. Head of Group Business Resilience shall be responsible for preparing and updating the Policy.
- 7.3. Each Group employee shall be responsible for following the environmental principles set out in the Policy.
- 7.4. Head of Group Business Resilience shall be responsible for implementation and control of this Policy's measures.

- 7.5. Risk Management and Business Ethics Supervision Committee shall be responsible for supervising the adherence to the Policy.
- 7.6. All Group employees must be introduced to the Policy and each one of them must apply the principles of this Policy in their work.
- 7.7. The Policy shall be made publicly available on the websites of the Group companies.

8. RELATED LEGAL ACTS

[Group standard for implementing internal communication channels for reporting violations and their functions](#)