

Anti-corruption policy

POL003 Version: 3

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| Field of activity | 11. Manage risks, compliance, and strengthen operational resilience; |
| Process group | 11.5 Manage resilience: prevention of corruption |
| Process owner | Chief Resilience Officer |
| Process manager | Corporate Security Manager |
| Prepared by | Prevention Specialist |
| Review | Every 3 years |
| Scope of application | Applies to all KN Group companies; |

1. Purposes of Policy Implementation

| Objective | Objective Indicator | Implementation |
|---|-----------------------------------|----------------|
| To ensure an effective, corruption-resilient environment in order to prevent manifestations of corruption within the Company, to promote integrity, transparency, and accountability at all levels of employee activity, and to strengthen the trust of business partners in the company. | CRL (Corruption Resilience Level) | |

2. Main principles and commitments

- 2.1. **KN Energies (hereinafter referred to as – KN or the Company)** undertakes to organize and conduct its operations in a way that prevents corruption or any manifestations thereof:
- **Zero tolerance for corruption:** KN does not tolerate any form or manifestation of corruption (including nepotism, cronyism, lobbying, violation of sponsorship requirements, etc.) and applies effective preventive measures to manage corruption risks.
 - **Leadership and managerial involvement:** KN's managers and members of collegial bodies, through their decisions and behaviour, create a corruption-resilient environment, promote positive change, and engage employees in applying an anti-corruption culture in practice.
 - **Compliance with legality and the highest ethical standards:** Measures for creating a corruption-resilient environment are implemented in compliance with the Constitution of the Republic of Lithuania (hereinafter referred to as – Lithuania), laws, and other legal acts. Where such acts do not establish behavioural norms, the Company follows the highest standards of reliability, honesty, and transparency accepted in society.
 - **Avoidance of cronyism and nepotism:** KN does not tolerate cronyism or nepotism. Direct subordination or control relationships between employees who are related by family or personal ties are prohibited.
 - **Prohibition of abuse:** KN does not tolerate any abuse of official duties. All Company assets, finances, resources, and confidential information are used solely for Company purposes and needs, in accordance with internal legal acts.
 - **Risk management and performance evaluation:** The Company carries out a continuous process of identifying and monitoring corruption risks, evaluates the effectiveness of anti-corruption activities, and ensures their ongoing improvement.

3. Measures for creating a corruption-resilient environment

- 3.1. **Ensuring personnel reliability:** In accordance with the provisions of Chapter III of the Law of the Republic of Lithuania on the Prevention of Corruption (hereinafter referred to as – Corruption Prevention Law), information is collected about persons seeking or holding positions in the Company. The purpose of such information collection is to ensure personnel reliability and to reduce the likelihood of corruption within the Company. In line with Article 17 of the Corruption Prevention Law, by order of KN's General Director, a list of positions is approved for which a request is submitted to the Special Investigation Service of the Republic of Lithuania to provide information. Only persons of impeccable reputation may be employed by KN.
- 3.2. **Declaration and monitoring of private interests.** Measures for managing the interests of Employees and Members of Collegial Bodies, intended to ensure the primacy of interests, are established in the Private Interests Management Policy and internal legal acts. In private interest declarations, Employees and Members of Collegial Bodies declare their private interests; conflicts of interest are resolved through recusal or removal actions; monitoring of private interest declarations and employee consultations are carried out.
- 3.3. **Clarity of the Gift Policy.** Restrictions on the acceptance and offering of gifts and provision of support:
- 3.3.1. KN does not tolerate gifts or services given or received in connection with work or official duties, except for:
 - 3.3.1.1. gifts given or received under international protocol (value not exceeding EUR 150);
 - 3.3.1.2. items intended for representation (symbolic items, calendars, books, and other informational materials with a value not exceeding EUR 150);
 - 3.3.1.3. services granted or offered that are used exclusively for business or representation purposes on behalf of the Company. All expenses related to conferences, travel, or events organized by potential suppliers should, whenever possible, be covered by the Company itself.
 - 3.3.2. It is prohibited to accept any gifts in the form of money, gift vouchers (coupons), or alcoholic beverages, as well as small-value gifts, if the circumstances of their offering or acceptance could be interpreted ambiguously, assessed controversially, or create an appearance of a conflict of interest.
 - 3.3.3. Offering, receiving, or giving high-value gifts or exceptional benefits may be regarded as an attempt at bribery and must be reported to the employee responsible for corruption prevention within the Company and to the competent authorities.
 - 3.3.4. The acceptance, offering, registration of gifts, and all proposals of gifts and hospitality are evaluated in accordance with the procedures established in the Gift Policy.
 - 3.3.5. Employees, regardless of their role or position, who individually or on their own initiative engage in political activity or campaigns, may not use KN resources, networks, or trademarks to provide financial or non-financial support to political parties, politicians, or political campaigns.
 - 3.3.6. Support and humanitarian aid are provided in compliance with legal requirements and KN's internal regulations. KN does not support political parties, organizations, or politicians.
- 3.4. **Verification of Business Partners** KN seeks to ensure that all Business Partners are familiar with and comply with this Policy. At the beginning of cooperation, the Company conducts a financial, economic, and reputational–integrity assessment of the prospective Business Partner, and applies consistent evaluation and monitoring mechanisms with respect to existing partners.
- 3.5. **The Company applies measures ensuring the transparency of the transactions it concludes.** KN ensures that all procurements are carried out transparently, in compliance with the principles of equal treatment, non-discrimination, mutual recognition, proportionality, and impartiality, while using funds efficiently and ensuring

equal and non-discriminatory conditions for suppliers during both the procurement process and the execution of contracts. The Company's suppliers are required to comply with the Company's Supplier Code of Conduct.

- 3.6. **Enhancing employees' anti-corruption awareness.** KN periodically organizes anti-corruption training to increase employees' anti-corruption awareness and provides consultations to employees on the creation of a corruption-resilient environment. The level of employees' anti-corruption awareness is periodically measured through an Employee Intolerance to Corruption Survey.

4. Responsibility, implementation, and transparency.

- 4.1. Each employee is responsible for complying with the requirements of this Policy and for implementing its provisions. In performing their daily functions, employees follow the principles of anti-corruption activity, comply with anti-corruption requirements, implement anti-corruption measures within their competence, and participate in activities aimed at increasing anti-corruption awareness.
- 4.2. Managers, acting within their areas of responsibility, foster a culture of resilience to corruption in their departments, ensure transparent organization of activities, apply measures for managing corruption risks, and submit proposals for improving anti-corruption efforts.
- 4.3. The Corporate Security Manager is responsible for monitoring the implementation of corruption prevention measures and reports directly to the KN General Director.
- 4.4. The Company periodically audits the applied anti-corruption measures and their effectiveness, as well as conducts regular monitoring.
- 4.5. In order to properly manage the risk of corruption, periodic identification and assessment of corruption risk factors is carried out and management measures are planned, including the identification of the likelihood of corruption occurring. The results of the corruption risk assessment surveys shall be made publicly available on [the Company's website](#).
- 4.6. Corruption risk assessment is used as a basis for the preparation of a corruption risk list (map), which is integrated into the risk management plan of the Company.
- 4.7. The Company ensures the disclosure of relevant information and operational transparency so that its activities and objectives are transparent and clearly communicated.
- 4.8. The Company protects confidential information, trade secrets, and the personal data of clients and other individuals, and does not disclose them to third parties who are not entitled to receive them. KN complies with the requirements of the General Data Protection Regulation (GDPR) and other applicable legislation, ensuring that personal data are processed lawfully, fairly, and transparently, only for clearly defined purposes and without exceeding the necessary scope of processing.
- 4.9. The Company analyzes and reviews all reports received through its information channels regarding employee misconduct, abuse, non-transparent procurement, bribery, conflicts of interest, nepotism, and cronyism.
- 4.10. The Company encourages all its employees, the public, and business partners to act responsibly and to immediately report any suspected manifestations of corruption or violations of the law through KN reporting channels (<https://www.kn.lt/pranesk/2570>). Reports received are reviewed in accordance with the procedure established by the Company, taking into account their content.
- 4.11. The Company takes all necessary measures to protect whistleblowers from any possible negative consequences and to ensure the confidentiality and anonymity of personal data, in accordance with the procedure established by laws and other legal acts.
- 4.12. In cases of non-compliance with this Policy, an investigation of the possible violation is conducted; the results, conclusions, and recommendations of the investigation are submitted to the members of the

Company's management bodies and are made public through internal and external communication channels to the extent permitted by personal data protection requirements.

- 4.13. Failure to comply with this Policy is considered a gross violation of work discipline and entails liability in accordance with the laws of the Republic of Lithuania. If the violation has elements of a criminal offense, the competent authorities are informed.
- 4.14. The provisions of this Policy shall be reviewed every three (3) years, or earlier if necessary; the review is initiated by the Corporate Security Manager of KN.
- 4.15. The Policy is approved, amended, or repealed by the Supervisory Board, with the consent of the collegial management and supervisory body.
- 4.16. The Company promotes the importance of transparency and its role in creating a corruption-resilient environment; therefore, all documents and reports related to the implementation of this Policy are made public and freely accessible to the public on [the Company's website](#).

5. References

- 5.1. The requirements of this Policy are implemented in accordance with the following legal acts of the Republic of Lithuania and documents regulating KN's activities (as amended):
[General Data Protection Regulation \(GDPR\)](#);
[Personal Data Privacy Policy POL013](#);
[AB "KN Energijos" Work Regulations](#);
[Gifts Policy POL021](#);
[Code of Conduct POL012](#);
[Procedure for Reporting, Examining, and Informing on Possible Violations PRC011](#);
[Law of the Republic of Lithuania on the Legal Protection of Personal Data](#);
[Law of the Republic of Lithuania on the Prevention of Corruption](#);
[Law of the Republic of Lithuania on the Adjustment of Public and Private Interests](#);
[Private Interests Management Policy POL018](#);
[Procedure for Declaring Private Interests and Managing Conflicts of Interest POL029](#).

6. Terms and Abbreviations

- 6.1. The following terms and abbreviations are used in this Policy;

Company – AB KN Energijos (KN).

Employee – a person employed by KN, holding a position in its management or supervisory bodies, or a third party acting on behalf of KN.

Gift – tangible or other personal benefit (gifts of hospitality, services, privileges, discounts, consumable gifts, etc.) to which the Employee has no private right and which provides them with a better financial or non-financial position. This also includes benefits received by third parties, such as close relatives.

Conflict of interest – a situation where an employee, while performing their duties or carrying out an assignment, must make or participate in making a decision, or execute an assignment, that is also related to their private interests.

Corruption – abuse of authority for personal gain or for the benefit of another person in the public or private sector.

Corruption prevention – systematic activity aimed at increasing the resilience of public and private sector entities to corruption, including the identification, assessment, elimination, and/or reduction of corruption risk factors, by developing and implementing a system of measures to create an environment resilient to corruption.

Corruption-related criminal offenses – all criminal acts of a corrupt nature as defined by the applicable legal acts of the Republic of Lithuania (e.g., bribery, offering or accepting bribes, trading in influence, or other acts aimed at obtaining benefits for oneself or another person).

Cronyism – favoritism and protection of friends and associates through the use of one’s position, name, or power.

Nepotism – favoritism and protection of family members, relatives, or other close persons through the use of one’s position, name, or power.

Abuse of office – intentional misuse of one’s official position to obtain undue compensation or benefit for oneself or another person or entity.

Business partner – an external party (clients, consumers, externally engaged contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, intermediaries, etc.) with whom KN has established or intends to establish certain business relations.

Other terms used in this Policy are understood as defined in the Criminal Code of the Republic of Lithuania, other laws and legal acts, and the Company’s internal documents.