



PATVIRTINTA
Akcinės bendrovės „Klaipėdos nafta“
Generalinis direktorius
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2022-12-19

SUSTAINABILITY POLICY

DOC. ID. POL020

VERSION 1

1. PURPOSE

1.1. At KN group – SC “Klaipėdos nafta” (hereinafter – Company) and its subsidiary companies (further – KN), we are guided by the principle that we have an obligation to our stakeholders to operate our business sustainably. Company’s management is responsible for enabling employees to contribute to the sustainability objectives and to implement this policy.

1.2. Based on KN vision, mission, corporate values and long-term strategy, KN is focusing its efforts on economic, social and environmental sustainability.

2. SCOPE

2.1. The policy is applicable for all companies of KN group.

3. TERMS AND DEFINITIONS

3.1. Sustainability is a way of developing organisations that aims to use resources and create human well-being in the present without reducing the opportunities for human well-being in the future. Sustainable development combines three fundamental approaches: economic, environmental, and social development, which are interrelated and complementary.

4. SUSTAINABILITY PRINCIPLES

4.1. Operating our business sustainably and socially responsibly is guiding principle for KN and this commitment is embedded in our Code of Conduct and in the following sustainability principles:

- Driving profit responsibly.
- Aiming for enhanced operational efficiency and productivity through thoughtful natural resource utilization, emissions and waste reduction.
- Pursue circular economy principles in the KN's activities.
- Creating healthy, safe, collaborative and diverse work environment.
- Fostering a culture of engagement in sustainability through employee education and engagement, and
- Assisting our customers on cleaner energy transition, considering Lithuania’s and EU, as well as other markets where the KN is present, goals for the climate neutral economy.

4.2. To enable its sustainability principles, KN is following best governance practices, international standards and expert recommendations.

4.3. The Company commits to regularly perform materiality assessment and respectively revise sustainability priorities, taking into consideration stakeholder expectations and developing global trends.

5. ENVIRONMENTAL RESPONSIBILITY

5.1. By environmental responsibility KN assumes the following:

- KPI driven management of environmental sustainability. The significant environmental aspects, given the nature of KN operations, are:
 - Effects on climate change (GHG emissions) and their reduction.
 - Volatile organic compound pollution and reduction of these emissions.
 - Ambient air pollution (NOx and etc.) reduction.
 - Waste and waste management.
 - Water consumption, pollution, and sewage management.
 - Protection of soil and groundwater resources.
 - Prevention and management of emergencies and industrial accidents, which may have an impact on the environment.
 - Improving energy efficiency.
- International standards. Operate in accordance with ISO requirements and the Quality, Environmental, Occupational Health and Safety Policy, which together reflect KN's efforts towards environmental sustainability.
- Environmental accountability. Measure Scope 1, Scope 2 and Scope 3 carbon emissions annually and VOC emissions regularly. Transparent disclosure of information on KN emissions to stakeholders at least once a year.
- Sustainable usage of energy resources. We are looking for opportunities and solutions to increase the sustainable use of energy in the day-to-day operations of the KN through:
 - Increased energy efficiency.
 - Economically viable use of renewable energy in daily operations.
 - Efficient use of natural resources, like water, electricity, natural gas; encouraging respective behaviour patterns of KN employees.
- Application of circular economy principles. We aim to reduce the proportion of disposed waste by increasing the proportion of recycled waste and promoting responsible waste sorting.
- Employee education and engagement. Educate and engage employees on sustainability at home, work, and living environment. A combination of employee communications, learning sessions, and hands-on opportunities are invoked.
- Impact throughout the value chain. Partnering with our suppliers, communities, and other stakeholders to operate sustainably.

6. SOCIAL RESPONSIBILITY

6.1. By social responsibility KN assumes the following:

- Employee health and safety. Continue providing healthy and safe workplace for our employees through sustainable operations, high safety standards and increased employee awareness on working safely.
- Diversity and inclusion. We create environment fostering diversity regardless of gender, religion, age, disability, race, sexual orientation. Everyone has equal opportunities to work, receive fair remuneration and pursue career within KN.
- Respecting human rights and seeking to build awareness among employees to create an organizational culture fostering human rights.
- Building stakeholder relationships based on Code of Conduct, KN corporate values and Stakeholder policy.
- Striving to be an employer that provides opportunities for employees' personal and professional development and growth, as well as work-life balance.

- Sharing good practice. We engage in public debate and share best practices that represent the KN sustainability and corporate social responsibility principles policies and their implementation.
- Dialogue. Fostering consistent dialogue with local communities as a stakeholder engagement routine, which enhance our capabilities to improve our operations, to respond to the communities needs and contribute to the establishment of broader sustainability agenda setting.

7. ECONOMIC SUSTAINABILITY

7.1. By economic sustainability KN assumes the following:

- Providing high quality, safe and reliable services to all our customers, consistently contributing to Lithuania's energy independence and providing an alternative route for the import of energy resources to Lithuania and the other Baltic States.
- Providing transparent and competitive operations in the market, ensuring the profitability and financial return of KN operations to the shareholders.
- Following clear and transparent dividend policy as it comes to sharing returns with shareholders.
- Paying taxes fairly and responsibly in all our business markets and do not engage in tax optimisation schemes.
- Zero tolerance for corruption. KN doesn't tolerate any form of corruption or its manifestations.
- Looking for the solutions to enable the transition to more sustainable energy sources both for KN and for our customers.
- Focusing on efficient and highest value-adding procurement processes, consistently increasing the share of green procurement.

8. GOVERNANCE AND ACCOUNTABILITY

8.1. In the field of corporate governance KN assumes:

- Continuously improving sustainability management within KN. Sustainability is managed based on clearly measurable sustainability indicators and, where possible, by sharing best practices along the value chain.
- Reporting results of sustainability progress to KN stakeholders regularly and according to the international standards.
- Ensure the climate risk assessment relevant to the KN operations, foreseeing risk management measures for different climate change scenarios.
- Ensure the protection and privacy of the personal data of employees, customers, and other stakeholders.

9. ENFORCEMENT AND IMPLEMENTATION

9.1. KN expects that each KN group employee, contractor and supplier will follow the above practices to ensure that KN meets its sustainability goals.

9.2. The policy shall be published on KN website www.kn.lt

9.3. The policy shall be revised periodically, but not later than every two years.