

Title of the normative internal legal act	Public Procurement Policy of the Group
Process title	Management of Procurements – Public Procurements
Process owner (unit)	Head of Group Procurement of UAB “Ignitis grupės paslaugų centras”
Approving company	AB “Ignitis grupė”
Position/body of the approving person	Management Board of AB “Ignitis grupė”
Effective date	The same as the date of approval

PUBLIC PROCUREMENT POLICY OF THE GROUP

1. PURPOSE AND SCOPE OF APPLICATION

- 1.1. The purpose of the Public Procurement Policy of the Group (hereinafter – the Policy) is to assure implementation of the laws of the Republic of Lithuania and the directives of the European Union (hereinafter – the EU) on the requirements for conclusion of public contracts, and to establish the main principles for planning, execution and control of public procurements of the Companies, according to which the public procurements are implemented in the Companies of the Group (hereinafter – procurements).
- 1.2. The Policy shall be applied for all the Companies registered and operating in Lithuania that act as Contracting Authorities or Entities. The Policy shall be applied for the companies registered and operating abroad (hereinafter – foreign companies) that have the duty to carry out public procurements under the laws of the country in question, within the scope not contradicting to the regulation of public procurements in the country in question. The application scope of the Policy with regard to particular foreign Company shall be agreed between the Company and the Function Manager.
- 1.3. Other procurements of the Company, for which the requirements of LP and/or LPP are not applied, shall be governed by the [Commercial and Regulated Procurement Policy of the Group](#) and the internal legal acts implementing it, and they shall not be covered by this Policy.

2. CONCEPTS

- 2.1. The general concepts used in the Group are defined in the [Glossary: CPO, Employee, Function, Function Manager, Guidelines, Group, Group CPO, GSC, Company, Parent Company, Contracting Authority, Contracting Entity, Procurement Work Area \(PWA\), PI, Standard, Supplier, Public \(Classical\) Procurement, Public \(Utility\) Procurement, Public Procurement, Standards of Public Procurement Process, Internal Legal Act, LPP, PPO](#).
- 2.2. The “public procurements” shall be called “procurements” in this Policy. Other definitions used in the Policy:
 - 2.2.1. **Annual procurement plan** means the plan of procurements to be implemented by the Company in the current year, i.e., the preliminary list of procurements to be implemented in order to satisfy the Company’s needs.
 - 2.2.2. **Procurement object** means goods, services and/or works to be purchased. The division of the procurement object into the lots is defined in the provisions of LPP Art. 28 and LP Art. 40.
 - 2.2.3. **Procurement procedures** mean the actions performed by the Company carrying out the procurement from its initiation until the end of the procurement procedures (or certain lot if the procurement is divided into several lots) (as defined in LPP Art. 29(2) and LP Art. 41(2)).
 - 2.2.4. **Procurement process** means the totality of procedures intended to enter into the procurement contract.
 - 2.2.5. **Employees participating in the procurement process** mean the procurement initiator, a chairman and a member of the public procurement commission, the Procurement organizer, an expert, and other employees of the Company organizing and performing the Procurement, who take part in the planning, organization and implementation of procurements under their competence.
 - 2.2.6. **Procurement contract** means a written or oral contract on the Procurement object concluded by and between the Company initiating public procurement and one or several Suppliers. The procurement contract shall also mean the preliminary contract.
- 2.3. Other concepts shall be understood according to the definitions provided in LP, LPP and other legal acts governing public procurements and procurements.

3. PRINCIPLES OF PROCUREMENT

- 3.1. The purpose of procurement is to conclude a Procurement contract that enables the Company to acquire goods, services or works while prudently using the funds allocated for the purpose, and thus contribute to the attainment of the relevant strategic objectives of the Group and Company.
- 3.2. The Companies shall plan and carry out the procurements by assuring the principle of their lawfulness, i.e., conformity with the applicable legal acts – they shall refer, first of all, to the requirements and principles established in LPP and/or LP and in the implementing post-statutory legal acts that are interpreted in the totality of legal regulation of public procurements, and they shall assure fulfilment of these requirements.
- 3.3. Additionally, the Companies of the Group shall assure that the procurement process would be based on the following principles:

PRINCIPLE	DESCRIPTION
TRANSPARENCY, IMPARTIALITY AND ZERO TOLERANCE FOR CORRUPTION	<ul style="list-style-type: none"> • The conclusion of the procurement contract shall be based on implementation of procedures established in LPP and LP in assurance of fulfilment of the principles of LPP and LP. • The information on the Procurement shall be made public in consideration of the requirements established in LPP and LP and assurance of the Company's commercial interests. • The employees of the Companies shall conduct procurements impartially, i.e., objectively, in a business-like manner, without prejudice, in accordance with the principles of equality, non-discrimination, proportionality and transparency for all the suppliers. • The Companies and their employees executing and initiating procurements are subject to the Group's Standard of Recusal or Self-Recusal the compliance with which ensures a proper management of the conflict of interests, provides for the measures to avoid any conflicts of interests, implements the principles of objective decision-making, transparency and publicity, builds an environment of zero tolerance for corruption, and puts in place a procedure for the recusal or self-recusal of employees from a decision-making process in view of any conflicts of interests. • When conducting Procurements, the employees shall also follow the Group's Anti-Corruption Policy, the Group's Standard of Corruption Risk Assessment, and the Code of Ethics of the Group.
EQUALITY AND NON-DISCRIMINATION	<ul style="list-style-type: none"> • In equivalent factual situations the aim is to make equivalent decisions. • The suppliers invited to participate in unannounced procurements are selected freely, without discrimination, considering the expertise of the company, its knowledge of the products offered in the market, the performance of the suppliers in fulfilling their obligations, etc.
COMPETITIVENESS AND POLICY WITH REGARD TO THIRD COUNTRIES	<ul style="list-style-type: none"> • Procurements shall be conducted by promoting search for and comparing competitive tenders and by observing and assessing innovative solutions in the market. • Procurement shall not tolerate any agreements that restrict or may restrict competition (price fixing, market or customer sharing, restriction of production or trade volumes, etc.). • If the supplier belongs to the Group, it shall not have any advantage in the procurement where it is participating as a supplier. • It shall be aimed to reduce dependency on the manufacturers and suppliers of products who do not satisfy the criteria of European and transatlantic integration (they are not established or registered in the Member States of the European Union, the North Atlantic Treaty

	<p>Organization, the European Economic Area and/or the Organization for Economic Cooperation and Development) in the activities of the Companies, using various means (e.g., by choosing the technological solutions, procurement strategy, consultations with the market participants).</p> <ul style="list-style-type: none"> • In the cases defined in the legal acts governing procurements, when the procurements are related to national security, the goods, services and works have to be acquired from the suppliers (including the engaged sub-suppliers or economic entities) that are registered in the Member States of the European Union, the North Atlantic Treaty Organization, or in the third countries that have signed the World Trade Organization's agreement on public procurements and other international agreements binding to the Member States of the European Union. • In the cases permitted by the legal acts governing procurements, the contracts regarding the products, the origin whereof is in the third countries, with which no multilateral or bilateral agreement has been made with the European Union in order to assure competitive and efficient entrance of the companies of the European Union into the market of those countries, shall not be concluded, unless the acquisition of the products, regardless of their country of origin, are inevitably necessary to assure continuity of the Company's activities, or in case of other justified circumstances.
PROPORTIONALITY	<ul style="list-style-type: none"> • The requirements for the suppliers shall be proportionate to the Procurement object and its scope. The necessity and proportionality of the requirements for the product's quality or qualification of the supplier have to be assured in the course of the Procurement. • When determining and applying the Procurement procedures, effort shall be made to ensure the optimal balance between the use and the expected (target) outcome (effect) of the resources (financial, time, human, etc.), when applying the procedures in the scope where such choice is possible and without prejudice to the legal acts.
SUSTAINABLE DEVELOPMENT	<ul style="list-style-type: none"> • Procurements shall be carried out in compliance with the Sustainability Policy of the Group. • The Procurement procedures are designed to promote the application of measures supporting sustainable development.
CONFIDENTIALITY	<ul style="list-style-type: none"> • The employees of the Companies participating in the Procurement ensure the confidentiality of the information obtained by them as part of Procurement procedures. • The Group is classified as a vertically integrated entity (hereinafter – VIE), therefore, it is obliged to ensure a proper segregation of distribution operations from the energy production/generation and supply activities. The employees of the Companies participating in the Procurement process are obliged to keep all information received in relation to the different activities of the energy sector (distribution, production, supply) confidential, and must ensure the confidentiality and use of the received information exclusively in the interests of the respective Companies.
EFFICIENCY	<ul style="list-style-type: none"> • The Procurement process has to be transferred to the digital Procurement Work Area used for the Group's procurements in the maximum possible scope. The Procurement data of all the Companies is accumulated in a single Procurement Work Area, save for the exceptions referred to in the legal acts implementing the Policy.

	<ul style="list-style-type: none"> • Depending on the procurement object, in order to perform the procurement effectively, the possibilities to carry out the procurement via Group CPO / CPO or from Group CPO / CPO shall be considered. • As much as possible, the procurements shall be conducted through the information system administered by PPO, and the information shall be submitted using the electronic means. • In order to uniform the procurement practice and to exchange the information between the Companies, the innovative and convenient tools, solutions and methods should be selected. • Part of the procurement procedures is to ensure a competitive and reasonable price of the products to be procured. The Companies are required to follow the international trends in the area of procurement, respond to changes and follow the good practices. • With a view to ensuring the interests of the Company, the Procurements are encouraged to be conducted while negotiating with the suppliers within the scope permitted by legal acts. • It is encouraged to compare the tenders for the Procurements according to the economic advantage criteria. • In the scope not contradicting to the legal acts, the procurement processes shall be improved so that to assure the highest efficiency and attainment of the best result.
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4. STANDARDISATION AND CENTRALISATION OF THE PROCUREMENT PROCESSES

- 4.1. The procurement processes within the Group shall be centralised and standardized as much as possible.
- 4.2. Objectives of procurement standardisation and centralisation:
 - 4.2.1. to ensure legitimacy of the Procurement procedures;
 - 4.2.2. to introduce the uniform Procurement process;
 - 4.2.3. to instil the consistent practice of application of legal acts;
 - 4.2.4. to increase transparency;
 - 4.2.5. to optimise and streamline Procurement processes, to transfer them to digital space;
 - 4.2.6. to procure efficiently the necessary goods, services or works in reasonable deadlines and conditions;
 - 4.2.7. to distribute human resources efficiently and flexibly;
 - 4.2.8. to achieve a synergy effect;
 - 4.2.9. to ensure sufficient competences of the specialists and to develop them;
 - 4.2.10. to ensure an efficient control system.
- 4.3. The Procurement process in the Group is centralised – it shall be coordinated by GSC:
 - 4.3.1. it performs Group CPO functions;
 - 4.3.2. it regulates, standardises and improves the Procurement process;
 - 4.3.3. it coordinates preparation and announcement of the annual procurement plans of the Companies and gives recommendations on the issues of procurement planning;
 - 4.3.4. it consolidates the need for procurements;
 - 4.3.5. it implements the procurement procedures in accordance with Paragraph 4.4 herein;
 - 4.3.6. it consults on the issues of procurement implementation;
 - 4.3.7. it consults on the issues of contract execution according to the competence;
 - 4.3.8. it summarises the procurement experience and requirements, prepares the template documents, etc.
 - 4.3.9. it represents the procurement area in various institutions.
- 4.4. The procurements of the Companies shall be carried out and the Group CPO functions shall be performed by GSC, unless the procurements are carried out by the Company initiating the procurement in the following cases:
 - 4.4.1. when GSC is interested to participate and participates in the procurement as a supplier;
 - 4.4.2. when the procurements are carried out by the Companies registered and operating abroad;
 - 4.4.3. in other cases defined in the Guidelines implementing the Policy.
- 4.5. The Companies grant all the necessary powers to GSC, as Group CPO, to organise the

procurement activities and to carry out the Company's procurements. When the powers to perform certain actions cannot be granted to the Company executing the Procurement because of legal restrictions, such actions shall be performed by the Company initiating the procurements, in accordance with the legal acts.

- 4.6. GSC shall organise and perform the procurements in accordance with this Policy and the legal acts implementing the Policy, as well as in accordance with contracts made with the Companies for the services of procurement organisation and implementation, and other procurement-related documents.
- 4.7. In the cases when the procurement of goods, services or works is related to general business support and similar procurement operations are carried out by at least several Companies, the Procurement may be combined. Any other procurement operations may be combined and carried out in a centralised manner, subject to consent of each Company initiating the procurement.

5. DISTRIBUTION OF RESPONSIBILITIES

- 5.1. The Company executing the Procurement shall be responsible for organisation of the assigned Procurement processes, performance of Procurement procedures and their lawfulness (terms, information protection, lawfulness of operating decisions and their compliance with LPP and LP principles, performance of procurements within the set terms), and representation in various authorities on the procurement issues.
- 5.2. The Company initiating the Procurement shall be responsible for identification of the procurement needs, planning of the necessary funds, preparation, determination and assessment of technical and qualitative requirements for procurements, conclusion and implementation of the procurement contracts, and provision of information to GSC necessary for reports, announcements and publications.
- 5.3. The Companies initiating and performing the Procurements shall cooperate as partners and aim to achieve the procurement objectives. In order to assure smooth procurement process, the risk level acceptable to the Group and the Company, and efficient representation of the Companies' interests, the Company initiating the Procurement shall be involved in the Procurement procedures and making of the most important procurement decisions.
- 5.4. The detailed responsibilities and roles of the Companies initiating and performing the Procurements in different stages of the Procurement procedure shall be defined in the Guidelines and Standards implementing the Policy. The Companies initiating the Procurements cannot determine different distribution of responsibilities. The Companies may elaborate the performance of the functions assigned to them inside of the Company.

6. LEGAL REGULATION OF PROCUREMENTS

- 6.1. The procurement procedures shall be governed and the procurements shall be carried out in accordance with the following legal acts:
 - 6.1.1. The Directives of the European Parliament and of the Council:
 - 6.1.1.1. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.
 - 6.1.1.2. Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC.
 - 6.1.2. Laws of the Republic of Lithuania implementing the above Directives – LPP and LP;
 - 6.1.3. Post-statutory legal acts governing the procurements;
 - 6.1.4. The internal legal acts that have to be approved in accordance with the legal acts;
 - 6.1.5. Other internal legal acts of the Group and/or the Company governing the public procurement process.
- 6.2. The Companies initiating and performing the Procurements shall be responsible for defining and application of the legal regulation environment in case of each procurement.

7. PROCUREMENT PROCESS STAGES

- 7.1. The Procurement process is an integral part of the contract management cycle and includes the following stages:

- 7.1.1. Procurement planning;
- 7.1.2. Procurement initiation and execution;
- 7.1.3. Management of amendments of procurement contracts.
- 7.2. The contract conclusion and execution processes are regulated by the Standard on Contract Conclusion, Execution and Control of the Group.
- 7.3. The procurement process stages are regulated in the standards of public procurement process, in consideration to the requirements of the legal acts.
- 7.4. The procurement processes shall be performed and the data shall be recorded in the information system administered by PPO, in the Procurement Work Area, or using other electronic means and systems.

8. PROCUREMENT PROCESS. PROCUREMENT PLANNING STAGE

- 8.1. With a view to ensuring a timely conclusion of Procurement contracts required for the Companies, a proper management of supply-related risks and an efficient distribution of resources, the Procurements have to be planned by preparing an annual procurement plan of the Company.
- 8.2. The preparation and announcement of the Companies' annual procurement plans shall be coordinated by GSC; however, each Company shall be responsible for submission of correct and completely accurate information. The procurement may be performed only if it is included in the annual procurement plan. The procurement shall be executed in the mode defined in the annual procurement plan.
- 8.3. The Companies have to endeavour to provide relevant information in the annual procurement plan and, if necessary, to initiate the amendments of the annual procurement plan in the scope permitted by the legal acts.
- 8.4. When planning the procurements, the Company has to make sure that the preliminary value of each particular procurement would be planned in the Company's budget so that the future obligations to the supplier could be fulfilled.
- 8.5. When planning the Procurement operations, the Companies initiating the Procurement perform various scale market research, market consultations, consult with potential suppliers, etc., in order to identify or specify their procurement needs. These actions assist the Companies to find out qualitative and quantitative information about the supply and price tendencies of goods, services and works, to regularly follow the market information about any emerging innovations, new decisions, trends in the professional field and areas identifying the largest potential for new and improved solutions.
- 8.6. The market research and consultations performed by the Company initiating the procurement prior to the procurement may refer to some particular procurement or to the group of procurements, while the collected information together with other available information on the Company's activities shall be used to plan the procurements in the annual plan or to initiate certain procurement (e.g., by choosing a procurement strategy, setting the technical requirements, the requirements for the suppliers' qualification, etc.).
- 8.7. The Companies have to be active and make sure that the suppliers would have sufficient information about participation in the procurements, would be able to compete and submit the tenders conforming to the needs of the Company initiating the Procurement, and that the announced procurements would receive sufficient interest and participation of the suppliers.
- 8.8. When communicating with potential suppliers, the confidential information cannot be disclosed nor can other information that would grant advantage to one or several suppliers be provided. It is forbidden to give expectations to certain supplier to have his goods, services or works purchased in the future.

9. PROCUREMENT PROCESS: PROCUREMENT INITIATION AND EXECUTION

- 9.1. The responsibility for the identification of the need for the Procurement and the initiation of the Procurements required for the Company's operations lies with the Company initiating the Procurement. The Company initiating the Procurement must put in place a clear process for the approval of Procurement need.
- 9.2. The Company initiating the Procurement shall ensure that only those procurements are initiated for which the funds are allocated or will be allocated in the Company's budget, or

the Procurement funding is ensured in another way.

- 9.3. The responsibility for organisation, conducting the procurement process until signing of the Procurement contract and its compliance with the requirements of the Policy and the legal acts implementing it shall lie with the Company executing the Procurement.
- 9.4. When the procurement is not announced under the grounds established in LPP and LP and the grounds are linked to existence of certain circumstances that have to be justified according to LPP and LP, the Company initiating the Procurement has to justify the existence of circumstances substantiating non-announcement of the procurement, and the Company executing the Procurement has to make sure about admissibility of justification before the procurement is started. If necessary, it has to contribute to preparation of justification according to its competence.
- 9.5. If the choice is permitted, the procurement procedures determined in LPP and LP have to be selected so that the optimal ratio between the efficient use of resources and expected result (effect) of these procedures could be assured.
- 9.6. When preparing the procurement documents and performing the procurement, it is necessary to endeavour at applying the experience and knowledge accumulated in the course of the procurement process, and at following the practice of clarification of legal acts.
- 9.7. It shall be endeavoured at having as few procurements as possible not ending in the procurement contract (cancellation of procurement, failure to receive any tenders, etc.). The reasons off such cases should be analysed and the necessary actions should be undertaken.
- 9.8. In the stage of procurement initiation and execution, the corruption risk of the procurement contracts (transactions) and potential work partner shall be assessed according to the Group's Standard of Corruption Risk Assessment.
- 9.9. When the procurement is completed, the Company initiating the Procurement shall enter into the procurement contract. The procurement contracts shall be made in writing, unless the character of the obligations undertaken by the parties and the legal acts do not demand for written contract.
- 9.10. GSC shall prepare and submit all the procurement-related reports, announcements and information that has to be made public, as provided in LPP and LP.

10. PROCUREMENT PROCESS: MANAGEMENT OF AMENDMENTS OF PROCUREMENT CONTRACTS

- 10.1. The procurement contracts shall be implemented according to the terms and conditions set forth therein. The Company that has signed the procurement contracts shall be responsible for their execution.
- 10.2. The procurement contracts shall be amended in accordance with the terms and conditions set forth therein and civil law provisions in the scope permitted by LPP and LP.
- 10.3. The Company that has made the procurement contract shall make sure that only the amendments in conformity with the Company's interests and the requirements of LPP ad LP would be made.

11. EMPLOYEES PARTICIPATING IN PROCUREMENTS AND THEIR COMPETENCE

- 11.1. It has to be assured within the Group's scale that the employees participating in the planning, organization and execution of procurements would comply with the highest standards of professional ethics, ethical and moral norms, requirements of legal acts, and principles of objectivity, impartiality, efficiency, responsibility, confidentiality and professionalism.
- 11.2. The persons participating in the procurements shall submit a declaration of private interest to the Supreme Professional Ethics Commission using the terms and means established in the legal acts, and they shall complete all the documents that are compulsory under legal acts.
- 11.3. The Companies' employees who have the necessary knowledge and experience in certain area may be involved in the procurement process to consult on the issues related to the procured object. The procurement organizers shall take the opinion of the experts participating in the procurement and other objective factors into consideration.
- 11.4. The employees participating in procurement processes shall act independently from the suppliers, other persons, and shall make decisions in accordance with the requirements

regulating procurements and other legal acts. They shall avoid preconception and shall not misuse mistakes or lack of knowledge of other persons.

- 11.5. The employees participating in procurement processes shall be responsible for their decisions and, if necessary, they shall justify and explain their decisions. The employees have to act competently and if they do not have the necessary knowledge and skills, they shall notify the person, who has assigned them, thereof.
- 11.6. The employees participating in procurement processes shall not implement the unlawful assignments and instructions and shall notify the person, who has assigned them, thereof immediately, and if the unlawful instructions are given by the person who has assigned them, the employees shall notify the superior manager of the person, who has assigned them, and the appropriate prevention unit.
- 11.7. The functions, rights, duties and responsibility of the persons participating in the procurements in certain procurement stages are defined in the Standards.
- 11.8. The employees responsible for the planning, execution and control of Procurement must be secured all the conditions for continuous qualification development in order to ensure the competencies of employees to properly perform the assigned functions and protect the interests of the Company and the Group.

12. INTERNAL CONTROL PRINCIPLES

- 12.1. With a view to ensuring a proper management of the Procurement process, identifying possible errors or irregularities at any stage of the Procurement process, preventing them in the future, the following actions shall be applied:
 - 12.1.1. the decisions to conclude the procurement contract shall be made under a four eyes principle, i.e., at least two employees of the Companies participating in the procurement processes shall take part in the process of decision making on the supplier's selection (contract's conclusion) or in the selected stages of the process, save for the exceptions provided in the internal legal acts elaborating the Policy;
 - 12.1.2. GSC shall perform continuous monitoring of the legal acts governing the procurements and the case law, and reviews of certain normative internal legal acts and processes;
 - 12.1.3. GSC shall review periodically and initiate the necessary amendments of the Companies' internal legal acts in order to assure conformity of the Procurement procedures to the requirements of legal acts;
 - 12.1.4. GSC shall consult on the legal issues of procurements, coordinate and manage the judicial processes in the Procurements.
- 12.2. The Companies shall develop and put in place the respective processes ensuring the implementation of the Policy.
- 12.3. GSC shall ensure the collection and submission to the Group's Procurement function manager and the Companies of the data required for the monitoring and improvement of Procurement function, and engagement in the process review and improvement actions.
- 12.4. The internal audit of Procurement shall be periodically carried out by the Internal Audit Service of the parent company.

13. FINAL PROVISIONS

- 13.1. In order to formulate the procurement policy properly and to assess the attainment of the set goals, the uniform indexes of the Procurement process (duration, costs, quality, etc.) shall be determined, stored and analysed.
- 13.2. In order to assure proportionate input and responsibility for the procurement outcomes, it is determined that the Companies shall be responsible for attainment of the indexes of the Procurement process, depending on the input of the Company initiating and executing the Procurement into the process. The input of each participating party into the total outcome shall be also assessed on the basis of the pre-established indexes.
- 13.3. The implementation of the provisions of the Policy is specified in the internal legal acts approved by the Procurement function manager of the Group – the Guidelines and the Standards applicable to all the Companies.
- 13.4. If necessary, having agreed with the Procurement function manager of the Group, the Companies may adopt internal legal acts related to the implementation of the Policy and the

Guidelines and Standards specifying its implementation. The internal documents of the Companies necessary to implement the Policy shall be coordinated by the Procurement function manager of the Group.

- 13.5. The foreign companies executing the public procurements according to the foreign law shall assure implementation of the requirements of the legal acts.
- 13.6. The responsibility for the implementation of the Policy and control at the Group level lies with the Procurement function manager.

14. RELATED LEGAL ACTS

[Anti-Corruption Policy;](#)

[Code of Ethics;](#)

[Sustainability Policy;](#)

[Commercial and Regulated Procurement Policy of the Group;](#)

[Standard on Contract Conclusion, Execution and Control of the Group;](#)