

Supplier Code of Ethics Monitoring Report

2024

The report was finalised in October 2024





Ignitis Group (Group) Supplier Code of Ethics (SCE) defines the standards of business conduct and practices in the areas of environmental protection, social responsibility, business ethics and governance, which are expected to be adhered by all of the Group's suppliers and the business partners involved in their supply chains.

In continuation of the established practice of assessing suppliers within the framework of SCE compliance monitoring, an assessment of suppliers' adherence to SCE standards was conducted in May–June 2024. As part of this process, suppliers were invited to complete an electronic SCE compliance monitoring questionnaire. The assessment further included the development of an improvement action plan. The Group remains committed to enhancing sustainable cooperation with its suppliers.

The suppliers who were invited to participate in the assessment and their response rate

The suppliers who were awarded the largest procurement contracts by the Group, in terms of their value, were selected for the assessment. The total value of these supplier contracts across the Group accounted for **96%** of the overall procurement spend. The final selection of suppliers for the SCE assessment also incorporated a random selection criterion, ensuring that the largest suppliers across all Group companies were represented.

A total of **64%** of the suppliers who were invited to participate in the assessment completed the SCE compliance monitoring questionnaire. We are pleased with the high level of engagement, marking the highest supplier response rate in the Group's three-year history of SCE compliance monitoring and supplier assessments.











SCE areas selected for the assessment

Suppliers were invited to share their business practices across all areas outlined by the SCE: environmental protection, social responsibility, business ethics and governance. This year, the assessment focused on maintaining a balance across all three areas, with 38% of the questionnaire items dedicated to social responsibility, 33% to business ethics and governance, and 29% to environmental protection.

Assessment results

The assessment of suppliers' compliance with the SCE revealed that **97%** of participating suppliers uphold high standards and practices in the areas of social responsibility, environmental protection, business ethics and governance. We are pleased with the strong performance demonstrated by our suppliers and their continued contributions to fostering a more sustainable future.

Overview of the SCE compliance assessment's results

Area	Overview of results	Comments
Social responsibility 	Suppliers who comply with social and labour law requirements in their business activities and have no infringements in the following areas. 	Social and labour law obligations, as established under the European Union and national legislation, include requirements related to employment relations and conditions, occupational health and safety, social security and worker protection, the representation and collective defence of workers' and employers' interests, and the promotion of equality between men and women in accessing the labour market, among other related areas.
	Suppliers who have an approved normative legal act governing the safe organisation of work in the company. 	Approved health and safety instructions, rules on safe work practices, etc.
	Suppliers who promote human rights in their business activities. 	Workers are paid a fair and competitive wage in accordance with national legislation, physical punishment and forced labour, as provided for in International Labour Organisation Convention No. 29 Protocol, including modern slavery and human trafficking, as well as prison labour, forced labour for debt and other forms of forced labour, the direct or indirect employment of children, as far as may be known to the employer, and the maximum number of hours of work a worker may work in a given period as provided for by law, etc., are prohibited.
	Suppliers with no occupational accidents within the last year. 	For Ignitis Group, the safety and health of suppliers and contractors is important. Compliance with SCE helps ensure the well-being of workers in the supply chain, prevent accidents, and contributes to sustainable and responsible operations. The Group strives to maintain the highest safety standards and requirements to ensure safe working conditions for suppliers and contractors.
Environmental protection 	Suppliers who comply with environmental legislation and have no infringements in this area. 	
	Suppliers who implement initiatives that support the EU's circular economy principles. 	They are ensuring safe and responsible management of the waste generated by the company's operations, reducing the amount of waste generated by its own operations, investing in repairing and refurbishing equipment and items when they break down, using fewer/no hazardous chemicals in the production of goods, services and work, using recycled materials, ensuring that the products we offer comply with the requirements of the Type I eco-label, etc. The EU's circular economy is a model economic system that aims to preserve the value of products, materials, and resources for as long as possible, and to reduce waste and encourage reuse. It is based on the responsible use of natural resources, recycling of materials and waste minimisation to ensure environmental sustainability. The circular economy seeks to move away from a 'take, make, throw away' model to a 'make, use, renew and recycle' model, promoting longevity and more efficient resource management.
	Suppliers who contribute to reducing greenhouse gas emissions. 	Their contributions include resource-saving initiatives, preference for cleaner/fewer polluting vehicles in the fleet, introduction of environmentally friendly technologies, use of green electricity, setting targets for a more efficient use of transport, assessing the company's impact on climate change, etc.
	Suppliers who apply an environmental management system and its principles in accordance with ISO 14001. 	84% of the suppliers were identified to have an ISO 14001 certified environmental management system.

Area	Overview of results	Comments
Business ethics and governance	Suppliers who comply with money laundering legislation and have no history of money laundering violations.	
		
	Suppliers who are increasing cooperation with subcontractors in their supply chain.	Suppliers have to adhere to a requirement of having a positive impact in the areas of environmental protection, social responsibility, business ethics and governance; they have established a code of ethics for subcontractors, etc.
		
	Suppliers who apply the principles of an anti-corruption management system in their activities.	An anti-corruption policy has been adopted, principles have been established to guide the company's implementation of the anti-corruption policy, regular anti-corruption training is provided to employees to develop their anti-corruption awareness and resilience to corruption by providing them with the necessary knowledge and developing the necessary skills in the area of anti-corruption, etc.
		



2024–2025 Improvement Action Plan

Direction of the improvement action plan	Improvement action	Objective of the improvement action
1. Environmental infringements in the field of environmental protection	1.1 Continue monitoring the remediation of suppliers with environmental violations (individual meetings with the supplier, if necessary, individual communication of Ignitis Group's position to the supplier regarding the compliance with the provisions of the Ignitis Group Supplier Code of Ethics, etc.).	1.1.1 Increase the cooperation with Ignitis Group's suppliers who have areas for improvement in the environmental area in order to help them comply with the Ignitis Group Supplier Code of Ethics in the future.
2. Ensuring equal opportunities for employees	2.1 Raise awareness of suppliers on measures and/or actions that would help ensure equal opportunities for workers in the workplace.	2.1.1 Increase the number of Ignitis Group's suppliers who ensure equal opportunities for their employees in the workplace.
3. Ensuring the prevention of violence and harassment in the workplace	3.1 Raise awareness of suppliers on measures and/or actions that contribute to the implementation of violence and harassment prevention practices in the workplace.	3.1.1 Increase the number of suppliers of Ignitis Group who implement measures to prevent violence and harassment in the workplace.
4. Occupational accidents	4.1 Monitor suppliers with occupational accidents (individual communication from Ignitis Group to the supplier, if necessary, etc.). 4.2 Educate suppliers on occupational health and safety and share good practices that contribute to safe working conditions.	4.1.1 Increase the number of suppliers of Ignitis Group who have zero accidents at work.
5. Greenhouse gas emissions	5.1 Continue to educate suppliers on greenhouse gas emissions, share the best practices, including methodologies for calculating greenhouse gases, and measures to reduce them in the company's operations.	5.1.1 Increase the number of suppliers of Ignitis Group who contribute to the reduction of greenhouse gas emissions in their own operations.
6. Collaboration with suppliers in the supply chain	6.1 Encourage suppliers to share sustainability-related information within their supply chain (individual communication from Ignitis Group to the supplier if needed, etc.).	6.1.1 Increase the number of Ignitis Group suppliers who cooperate with their subcontractors on sustainability issues.

