

# Suppliers' Code of Ethics Monitoring Report

# 2022







The [Group Supplier Code of Ethics](#) (SCE) was approved in 2021, reflecting the Group's ambition to strengthen sustainable cooperation with its suppliers by promoting legal, professional, and fair business practices that incorporate environmental, social responsibility, business ethics and governance objectives. The SCE defines minimum standards of business conduct that all Group suppliers are expected to comply with and, if possible, to exceed. To assess the Group's suppliers' compliance with the provisions of SCE, an assessment of compliance with SCE for 2022 was conducted for the first time since the approval of SCE.

The assessment of SCE compliance included gathering information about suppliers' practices, assessing them, and planning improvement actions with a view to strengthen the sustainability aspects of the Group supply chain. **58%** of the invited suppliers responded to the written questionnaire. Information from publicly available data sources was also collected about all suppliers selected for the assessment.

## Areas and aspects of SCE assessed

All three areas identified in the [Group Supplier Code of Ethics](#) – environmental protection, social responsibility, business ethics and governance – have been selected for the assessment, aiming to assess suppliers' practices and the standards of business conduct they apply. This year, the assessment was mostly focused on the area of environmental protection. Information was also gathered from publicly available data sources to determine whether suppliers are members of international or Lithuanian sustainability promoting organisations, such as the Lithuanian Responsible Business Association, the UN Global Compact, the Lithuanian Diversity Charter Association, and the White Wave Initiative.

## Assessment results regarding compliance with SCE provisions

Assessment results show that **93%** of the suppliers comply with the requirements set out in the SCE. We would like share our suppliers' achievements in environmental protection, social responsibility, business ethics and governance.

### Assessment results regarding compliance with SCE provisions

#### Environmental protection



Suppliers **meeting the requirements / criteria of at least 2 of the 6 verified environmental aspects.**



Suppliers **contributing to the EU's circular economy objectives.**



Suppliers **applying an ISO 14001 certified environmental management system** in company's operations.



#### Social responsibility



Suppliers with a **policy on ensuring human rights** in the company's operations.



Suppliers with a **policy on ensuring employees' rights; safe, healthy and dignified working conditions** in the company's operations.

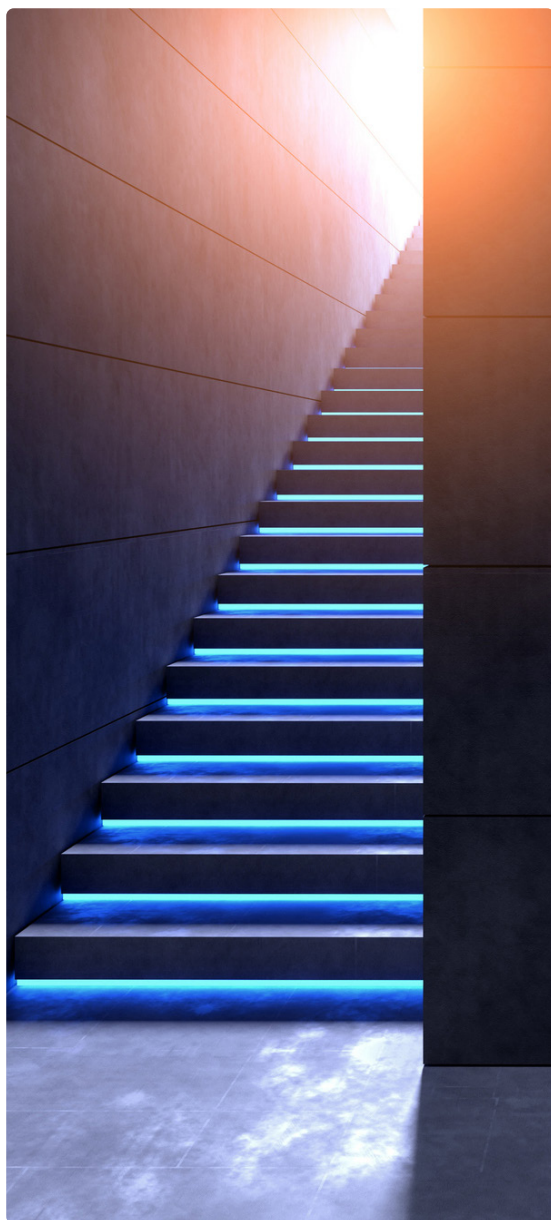


#### Business ethics and governance



Suppliers with an **approved code of ethics** within the company's operations.





## Improvement actions focused towards suppliers

To have an impact on suppliers with sustainability performance aspects to be strengthened in the areas of environmental and social responsibility, an improvement action plan focusing on suppliers' education on sustainability is planned for implementation in 2023.

### Improvement action plan for implementation

Direction of the improvement action plan	Improvement action	Aim of the improvement actions
1. <b>Environmental violations</b>	1.1. Monitoring the remediation of suppliers with environmental violations.	1.1.1 Increase cooperation with the Group's suppliers, who have aspects to be strengthened in the field of environmental protection, to help them meet SCE requirements in the future.
	1.2 Developed and implemented practise in certain Procurements to impose an additional requirement to supplier regarding the absence of violations in environmental protection (during the last one-year period).	1.2.1 Reduce the entry of suppliers with environmental violations into the Group's supply chain.
2. <b>Environmental management measures</b>	2.1 Introducing the supplier with the application process of the environmental protection management system (s) and / or measures.	2.1.1 Increase the number of Group suppliers that apply environmental management measures in their operations.
3. <b>Circular economy</b>	3.1 Introducing suppliers to the basics of the circular economy.	3.1.1 Increase the number of Group suppliers contributing to the circular economy.
4. <b>Membership in international and Lithuanian organisations promoting sustainability</b>	4.1 Introducing suppliers to the activities of international and Lithuanian organizations that promote sustainability.	4.1.1 Increase the number of Group's suppliers that are members of international and / or Lithuanian organisations promoting sustainability.