



AB Amber Grid

Sustainability Report 2021



Contents

ABOUT THE SUSTAINABILITY REPORT	3
A WORD FROM THE CEO	4
AMBER GRID ACTIVITIES	5
COMPANY GOVERNANCE	9
PRINCIPLES AND PRIORITIES FOR SUSTAINABLE ACTION	14
SUSTAINABILITY MATERIALITY THEMES AND MATRIX	17
ENVIRONMENTAL SUSTAINABILITY	18
SOCIAL SUSTAINABILITY	23
GOVERNANCE AND ECONOMIC SUSTAINABILITY	34
NASDAQ ASV INDICATORS	48
SUSTAINABILITY GRI INDICATORS	51

ABOUT THE SUSTAINABILITY REPORT

In preparing the Company's Sustainability Report (hereinafter - the Report), AB Amber Grid (hereinafter - the Company, Amber Grid) follows the principles of the Global Compact initiated by the United Nations (UN) and the recommendations of the Global Reporting Initiative (GRI), which help to assess the Company's performance in terms of relevant economic, environmental, employee, human rights, market and community relations indicators.

This report is made available and accessible to all stakeholders, including business partners, investors, workers and their trade union, media, social partners, residents, local communities, and other relevant organisations.

This report presents works and achievements of Amber Grid in 2021 in the areas of sustainability in relation to the market, environment, employee relations and society. It describes the Company's strategic directions, actions and achievements in sustainability.

For questions or comments on how to improve the Corporate Social Responsibility Report, please contact R. Kazlauskienė at R.kazlauskienė@ambergrid.lt.

This report is drafted in both Lithuanian and English. It is available on the Company's website www.ambergrid.lt (under "Sustainability") and on the website of the Nasdaq Baltic Stock Exchange. The report has been partially audited by an independent external auditor (financial results).



A WORD FROM THE CEO

Sustainable business has taken on a new meaning in the light of recent developments in geopolitics, health, climate change and the transformation of societies, particularly in the field of energy, and is a catalyst for change in order to transform the world around us and to make a positive difference in people's lives.

The aim of Amber Grid is to actively contribute to the transformation of the Lithuanian and regional energy sector towards a climate-neutral economy. We are convinced that gas fuel has an important role to play in the successful transition to green energy consumption. Therefore, with a clear understanding of the meaning of clean energy, we are implementing a plan to develop a system that enables competition and the use of climate-friendly energy. Amber Grid is changing and transforming the energy sector by integrating gas markets, innovating and working on the infrastructure and market organisation necessary for green energy.

We aim to contribute directly to the United Nations Sustainable Development Goals by focusing on ensuring access to clean and modern energy, combating climate change, building reliable infrastructure, sustainable supply chains and developing innovation.

We also pay special attention to our employees, creating safe and right working conditions, and we demand the same from our contractors. We invest in employee development. On the road to energy transformation, it is crucial for us to have employees with the highest level of competence, who feel good every day and add value to Lithuania.

We have high standards of transparency, zero tolerance of corruption and demand the same from our clients. We strive to build sustainable relationships with the communities in which we work. We always prioritise constructive dialogue and a search for the best solutions, because we believe that by following the highest standards, we can create returns that will be relevant for our children and grandchildren.

Respectfully,
Nemunas Biknius



1. Amber Grid activities

Amber Grid, the Lithuanian gas transmission system operator, ensures a reliable and secure transmission of natural gas to customers through high-pressure pipelines. The Company is responsible for the operation, maintenance and development of Lithuania's gas transmission infrastructure, which consists of a network of nearly 2 300 km of gas pipelines and two gas compressor stations. Lithuania's well-developed gas transmission infrastructure is convenient for transporting large volumes of energy to the Baltic States and Finland. In 2021, the Company implemented the strategic energy project GIPL (Gas Interconnection Poland-Lithuania). The international pipeline interconnector, which will be launched in 2022, will not only connect the Polish and Lithuanian gas transmission systems, but also the Baltic and Finnish gas markets to the rest of the European Union. In pursuit of decarbonisation objectives of the gas sector, Amber Grid has been active in searching new technological and market solutions and creating the conditions for adapting the gas transmission system for transporting green gas, including hydrogen. Amber Grid has also administered the national register of guarantees of origin for gas produced from renewable energy sources (RES). Amber Grid is a company of the EPSO-G group (hereinafter - EPSO-G, EPSO-G Group). EPSO-G is a state-owned group of energy transmission and exchange companies, while EPSO-G UAB acts as the management company of EPSO-G Group, with the Ministry of Energy of the Republic of Lithuania exercising its shareholder rights and obligations. More information on EPSO-G UAB and EPSO-G Group is available at www.epsog.lt. Amber Grid owns 100 % of the authorised capital of UAB GET Baltic. GET Baltic is a company licensed as a natural gas market operator, which organises and develops natural gas exchange trading in Lithuania, Latvia, Estonia and Finland. For more information on GET Baltic, visit www.getbaltic.com. The Company has no branches or representative offices.



Name	Amber Grid AB (hereinafter - Amber Grid, the Company)
Legal form	Public limited company
Date of registration and register	25 June 2013, Register of Legal Entities
Legal entity code	303090867
Registrar of legal persons	State Enterprise Centre of Registers
Authorised capital	EUR 51,730,929,06
LEI code	097900BGMP0000061061
Registered office address	Laisvės pr. 10, LT-04215 Vilnius, Lithuania
Phone	+370 5 236 0855
Email address	info@ambergrid.lt
Website	www.ambergrid.lt

Company's strategy

In mid-2021, the Company's Board of Directors approved Amber Grid's new strategy for 2021-2030.

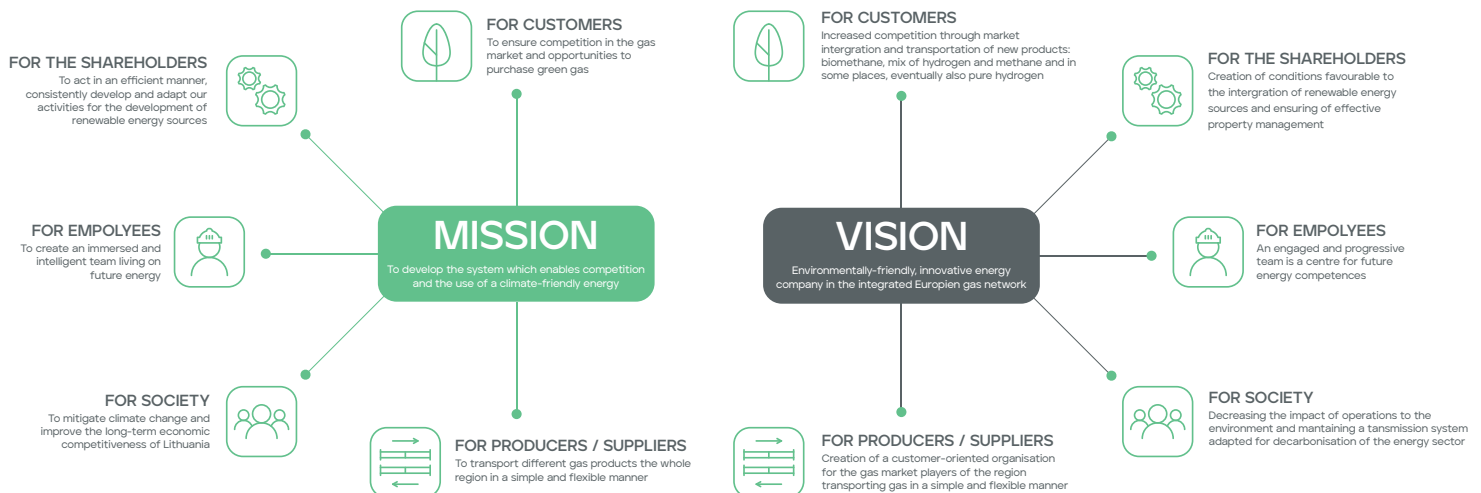
The Company's new strategy sets out the main goal of working together on Lithuania's energy transformation towards a climate-neutral economy. The natural gas transport system - gas transmission pipelines, gas distribution, metering and compressor stations - is an integral part of Lithuania's energy system, which has an important role to play in creating a climate-neutral economy and, most importantly, a cleaner and safer future. Amber Grid is ready to transform the natural gas system to safely transport renewable energy sources such as biogas, methane-hydrogen mixtures and pure hydrogen. We aim to integrate this system into the single European market, creating a single efficiently and transparently operating platform, which will enable the state to confidently follow Europe's green course and consumers to use clean energy simply and at the best price.

Stakeholder value is at the heart of the new strategy. We focus on five stakeholders - consumers, producers/suppliers, the founder, the society and employees - and we are committed to creating value for them.

For each stakeholder, we have defined commitments and a unifying mission, thus identifying the core purpose and identity, and describing them as long-term commitments to stakeholders.



Figure 1. Amber Grid's commitments to stakeholders



Priorities identified for all stakeholders and a vision unifying them for 10 years.

For each stakeholder, key milestones for the implementation of the strategy have been drawn up for a period of 10 years, with lay down specific actions for each year.

Based on the main guidelines for the implementation of the strategy, objectives, measures and strategic performance indicators have been formulated.



Figure 2. Amber Grid's strategic priorities for 2030

	CONSUMERS	PRODUCERS / SUPPLIERS	THE FOUNDER	THE SOCIETY	EMPLOYEES
Objectives	<ul style="list-style-type: none"> To adapt the transmission system for green gas supply to the market To achieve a price difference between the target trade areas of Lithuania and its neighbouring countries close to 0 (according to the data of trade on the exchange) 	<ul style="list-style-type: none"> To create a customer-oriented organization To implement the strategic projects provided for in the National Energy Independence Strategy (NEIS) in a timely manner and to the planned extent 	<ul style="list-style-type: none"> To ensure a sustainable return to the shareholder To ensure an efficient system management, adapting it for RES integration 	<ul style="list-style-type: none"> To significantly reduce environmental impact of operations To empower the transformation of the gas sector integrating RES 	<ul style="list-style-type: none"> To create an involved and advanced organization To create an advanced organization – the Future Energy Competence Centre
Result by 2030	<ul style="list-style-type: none"> Created opportunities for transporting hydrogen and gas mixture in accordance with new national and cross-border standards The 90% day price value on the exchange no more than <=1 EUR/MWh greater than the Dutch TTF price index 	<ul style="list-style-type: none"> Strategic projects provided for in the NEIS/ the NECS completed on time and within the planned scope 100%. Increased regional integration with neighbouring countries (LV, EE, FI, PL) 	<ul style="list-style-type: none"> ROE no lower than set by the Government of the LR 100% of return permitted by the regulator Volume of RES gas supplied to the gas system (with guarantees of origin) – 0.95 TWh 	<ul style="list-style-type: none"> Reduction of environmental impact of operations (CO2, CH4 emissions, etc.) RES gas volume in the system (TWh) 	<ul style="list-style-type: none"> Employee involvement of 65% New Gas Competence Centre – shaping trends, legislation and business model of future energy

Amber Grid's Board has set and approved the Company's annual performance targets for 2021. The financial and non-financial objectives for the Company are identical to objectives of the CEO of Amber Grid. The CEO is accountable to the Board for the achievement of the objectives.

Table 1 below shows the status of implementation of the Company's objectives for 2021.



Table 1. Implementation of the objectives of 2021

CONSUMERS		FOUNDER	
OBJECTIVES		OBJECTIVES	
<p>Adapting the transmission system to the supply of green gas into the market</p> <p>We aim to develop the ability to transport hydrogen and gas mixtures according to new national and cross-border standards. To achieve this objective, we aim to reduce operating restrictions in area classes. In 2021, we conducted a study and drew up an action plan on what changes we need to make. In preparation for green gas entering the transmission system, we have developed a hydrogen testing programme/methodology and started preparing procurement documentation for a P2G pilot project.</p>	<p>Ensuring sustainable shareholder returns</p> <p>For a broader overview of the objective 'Delivering Sustainable Returns to Shareholders', please refer to the Company's Annual Report</p>		
<p>Achieving 0 price differential between the target trading zones of Lithuania and neighbouring countries close to 0 (based on exchange data)</p> <p>In 2021, works with regional partners were continued to create a single market for the region. The aim is to create a single market for all parties, including Lithuanian citizens and businesses. In 2021, the ITC Phase II study was finalised, and a principal agreement was reached between the Baltic TSOs on the future ITC mechanism. The planned actions are slightly late, and the joint application of the operators has been submitted to the national authorities for assessment.</p>	<p>Ensuring efficient management of the system to accommodate RES integration</p> <p>A number of measures are in place to achieve this objective. In 2021, the planned measures were successfully implemented in the risk-based technology asset management systems, solutions for the implementation of maintenance digitisation were selected, announcing the most suitable and unsuitable transmission system locations for connecting biomethane producers, conducting a study on the linking of location classes to the operating pressure of the main pipeline, approving the long-term digitisation strategy, and preparing the Lithuanian Hydrogen Development Roadmap and the development plan. An external audit was carried out, and the company's information security management system was found to comply with the ISO 270001 standard 'Information Security Management Systems'. Implementation of the integrated Accounting and Financial Management Information System (ERP) runs late.</p>		
PRODUCERS/SUPPLIERS		SOCIETY	
OBJECTIVES		OBJECTIVES	
<p>Creating a customer-focused organisation</p> <p>The works planned for 2021 have not been fully completed. After the construction of the gas pipeline interconnection between Lithuania and Poland, the Company conducted preparatory works for working with the Polish TSO; the billing plan was updated, a new monthly closing process was prepared, the rules for the use of the transmission system and balancing were approved, hydraulic calculations were made in the Polish direction, and the GSA capacity allocation system was implemented. An IT system for efficient gas flow management and interactive exchange between the TSO and the system users was developed. A customer satisfaction survey was carried out and the customer service standard was launched. Implementation of the automated solutions platform for serving contractors and other stakeholders is late due to delays in the search for a suitable technical solution and in discussions on the scope of works.</p>	<p>Enabling the transformation of the gas sector through the integration of RES</p> <p>In 2021, the planned actions to integrate the national system of guarantees of origin for gas produced from RES (including hydrogen) into the regional and emerging European system were successfully implemented. A decision on the choice of an IT solution was made. The possibility for trade in guarantees of origin for biomethane between Lithuania, Latvia, Estonia and Finland was suspended due to legislative changes initiated in Estonia and delays in the adoption of legislation in Latvia and Finland related to the operation of guarantees of origin.</p>		
<p>Implementing the strategic projects set out in the National Energy Independence Strategy on time and to the planned extent</p> <p>The construction of the GIPL gas interconnector between Lithuania and Poland was successfully completed in 2021, with the aim of creating a unified infrastructure to connect the Baltic countries to the gas transmission networks of other EU countries. As part of the ELLI project, all planned works were completed in 2021. The project should be completed by the end of 2023, increasing the capacity of the gas interconnector in both the Lithuanian and Latvian directions.</p>	<p>Significantly reducing the environmental impact of activities</p> <p>Significantly reducing the environmental impact of our activities is one of our top priorities. To achieve this goal, 10% of the company's procurements held (by value) were green procurements in 2021, procurement procedures were launched to gradually replace the company's vehicles with cleaner ones, and an inventory of GHG emission sources was conducted.</p>		



EMPLOYEES

OBJECTIVES

Creating an engaged organisation

A strong focus was placed on the implementation of a change in the culture of the organisation. In 2021, the culture change plan was successfully implemented, with active staff involvement and the introduction of good practices to strengthen the organisational culture. An analysis of the current situation of the employer image was carried out, and a plan of measures to improve the employer's image is being prepared.

Creating a progressive organisation - a centre of excellence for future energy

In 2021, internal training was implemented to create a progressive organisation, with the creation of an internal speaker academy to encourage employees to share their competences and experience and to strengthen cooperation between departments. The part of the model on general and managerial competences was also updated, an analysis of the current situation in the priority areas was carried out and ways to develop/acquire competences in these areas were envisaged. A programme for operating efficiency was developed in pursuit of creating a culture of efficiency, but its implementation is runs late.



Collaboration

- I communicate clearly and understandably.
- I show my position and respect others.
- I help others achieve results.



Progress

- I take the initiative and learn from my mistakes.
- I look for new ideas and make them happen.
- I constantly build and share skills.

Company's values

To implement the strategy, Amber Grid creates a respective organisational culture based on the Company's values.

Amber Grid follows common human, national and professional values. Amber Grid's values are the foundation of the Company's behaviour, activities and organisational culture.



Professionalism

- I do a better job than I am expected to do.
- I say what I do and do what I say.
- I keep my promises.

◀ Back to contents

2. CORPORATE GOVERNANCE

The Company's activities are governed by the Laws on Companies and the Law on Securities, the Company's Articles of Association and other legal acts of the Republic of Lithuania. The competence of the General Meeting of Shareholders, the rights of shareholders and their exercise are defined in the Law on Companies and the Company's Articles of Association. The Company's Articles of Association are published on the Company's website: www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/istatai.

The Articles of Association provide that the Articles of Association may be amended by a resolution of the General Meeting of Shareholders adopted by a majority of 2/3 of the shareholders present at the General Meeting of Shareholders.

The Articles of Association provide for the following bodies of the Company:

- General Meeting of Shareholders,
- collegiate management body – the Board,
- the Company's sole governing body – the manager of the Company – CEO

General Meeting of Shareholders

The procedure for convening, decision-making and competence of the General Meeting of Shareholders of the Company is the same as the procedure for convening, decision-making and competence of the General Meeting of Shareholders referred to in the Law on Companies of the Republic of Lithuania (hereinafter – the Law on Companies), with the exception of the additional competence of the Meeting, which is provided for in Article 38 of the Articles of Association of the Company. Article 26 of the Articles of Association provides that the General Meeting of Shareholders shall also take decisions on the following (additional competence of the meeting):

- approval of the decisions of the Board provided for in Article 38 of the Articles of Association¹. In approving the Board's decisions to enter into specific transactions, the Meeting shall, inter alia, approve the material terms of such transactions;
- appointment and removal of members of the Board, the setting of the remuneration of members of the Board, the setting of the annual remuneration budget for the remuneration of members of the Board and for expenses related to the performance of their functions on the Board, the conclusion of contracts with members of the Board of the Company for the performance of their activities on the Board, and the establishment of the standard terms and conditions of such contracts;
- the removal or non-removal of members of the Board, where decisions are taken in presence of a conflict of interest between members of the Board, in the cases provided for in Article 48 of the Articles of Association².

¹38. The Board adopts decisions that require the Meeting's approval. 38.1. on the transfer, pledge or other encumbrance of the Company's shares (interests, shares) or the rights they confer or other rights of a participant of a legal entity; 38.2. on the transfer of the assets of the Company's Controlled and/or Associated Companies or substantial parts thereof, if the carrying amount of the assets to be transferred is greater than 1/20 of the Company's authorised capital; 38.3. on the transfer, pledge, change of legal status, other encumbrance or disposal of assets owned by the Company included in the list of facilities and assets of importance to ensuring national security provided for in the Law on Protection of Facilities of Importance to National Security of the Republic of Lithuania, if the value of the said facilities exceeds 1/20 of the Company's authorised capital; 38.4. on the transfer, pledge, change of legal status, other encumbrance or disposal of the assets owned directly or indirectly by the companies which own the facilities referred to in clause 3 hereof or develop, manage, use or otherwise dispose of such facilities on any grounds, also transfer of shares or rights granted by them, other disposal or encumbrance of shares or rights therein, or any increase, reduction or other action which may change the structure of the share capital of such companies (e. g. issuance of convertible bonds) and decisions on reorganisation, separation, restructuring, liquidation, restructuring or any other action changing the legal status of companies referred to in this Clause; 38.5. investment, transfer, lease (calculated separately for each type of transaction), pledge or mortgage of the Company's assets with a carrying amount exceeding 1/5 of the Company's authorised capital (calculated as a total amount of the transaction); 38.6. on any transactions for agreeing on default interest the total sum of which may exceed 1/5 of the Company's authorized capital; 38.7. surety or guaranteeing for the performance of obligations of other persons in an amount exceeding 1/5 of the Company's authorised capital; 38.8. acquiring assets for a price exceeding 1/5 of the Company's authorised capital; 38.9. submitting the Company's projects to be recognised as projects of special national importance or projects of national significance as such projects are defined by legislation.

²A member of the Board shall not have the right to refuse to vote or to abstain from voting, except as provided by law and these Statutes. If a member of the Board participates (votes, participates in discussions, etc.) in a decision which is also related (directly or indirectly) to the personal interests of the Board member concerned, the Board member concerned shall immediately abstain from any action in the exercise of his/her functions and shall inform the Board of the existence of the conflict of interests. The Board shall decide whether a member of the Board should be excluded from voting on a particular matter and, if the Board is unable to take a decision because no member of the Board is able to vote on the matter in question due to a conflict of interest, the Assembly shall take the relevant decision on the exclusion of the Board members.

³The Company's Articles of Association are available on the website https://www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/istatai

The additional competence of the Board relates to the approval of the Company's key operating documents (strategy, business plan, budget, etc.), the setting of the terms of employment of the CEO, the setting of prices for gas transmission and other regulated services, the approval of the transfer of the Company's assets, and the conclusion of significant transactions as provided for in the Articles of Association.

The Company's Board also performs supervisory functions:

- (i) approves or opposes the conclusion of related party transactions, taking into account the opinion of the Audit Committee;
- (ii) supervises activities of the CEO, provides feedback and proposals to the Meeting regarding the activities of the CEO;
- (iii) considers whether the CEO is fit for the office if the Company is operating at a loss;
- (iv) proposes to the CEO to revoke his decisions which are contrary to laws and regulations, the Articles of Association, decisions of the Meeting or the Board;
- (v) decides on other matters relating to supervision of activities of the Company and the CEO assigned to the competence of the Board by the Articles of Association and decisions of the Meeting.

Information on Amber Grid's Board members, CEO and Chief Accountant is presented in Table 2.

Amber Grid has the following joint committees within the EPSO-G Group:

- Remuneration and Nomination Committee
- Audit Committee
- Innovation and Development Committee

Full details of Amber Grid's committees are provided in the consolidated annual report of EPSO-G Group.

Table 2. Amber Grid's Board members, CEO and Accounting Manager.

First name Last name	Job position	Term of office	Other positions held	Ownership of shares in Amber Grid	Qualification ⁴
Algirdas Juozaponis	Chairman of the Board	From 20 04 2020	CFO of UAB EPSO-G Chairman of the Board of LITGRID AB	None	Vilnius University, Master of Banking; Baltic Institute of Corporate Governance, Professional Board Member
Renata Damanskytė-Rekašienė	Member of the Board	From 20 04 2020	Director of Legal and Corporate Governance, EPSO-G UAB	None	Vilnius University, Faculty of Law, specialization in commercial law, Master of Law; Baltic Institute of Corporate Governance, professional member of the Board; Attorney's-at-Law Certificate
Ignas Degutis	Independent Board member	From 20 04 2020	CFO of RB Rail AS (Rail Baltica), Member of the Board	None	ISM University of Management and Economics, Master of Economics; Baltic Institute of Corporate Governance, Chairman and Member of the Board
Sigitas Žutautas	Independent Board member	From 20 04 2020	Chairman of the Innovation and Development Committee of EPSO-G UAB	None	Vilnius University, Master of Business Management and Administration; ESMT European School of Management and Technology, Berlin, postgraduate studies
Nemunas Biknius	CEO	From 08 04 2020	None	0.001505 % of shares in Amber Grid	Vilnius Gediminas Technical University, Master in Energy and Thermal Engineering; Aalborg University, Denmark, Environmental Management Studies; ISM MBA Management Studies
Rasa Baltaragienė	Head of Accounting	From 02 12 2019	-	None	

⁴ Information on the professional experience of the members of the Board is available on the Company's website at https://www.ambergrid.lt/lt/apie_mus/valdymas/valdyba, and on the professional experience of the Chief Executive Officer and other senior executives - at https://www.ambergrid.lt/lt/apie_mus/valdymas/vadovybe



AB AMBER GRID DETAILED ORGANISATIONAL STRUCTURE

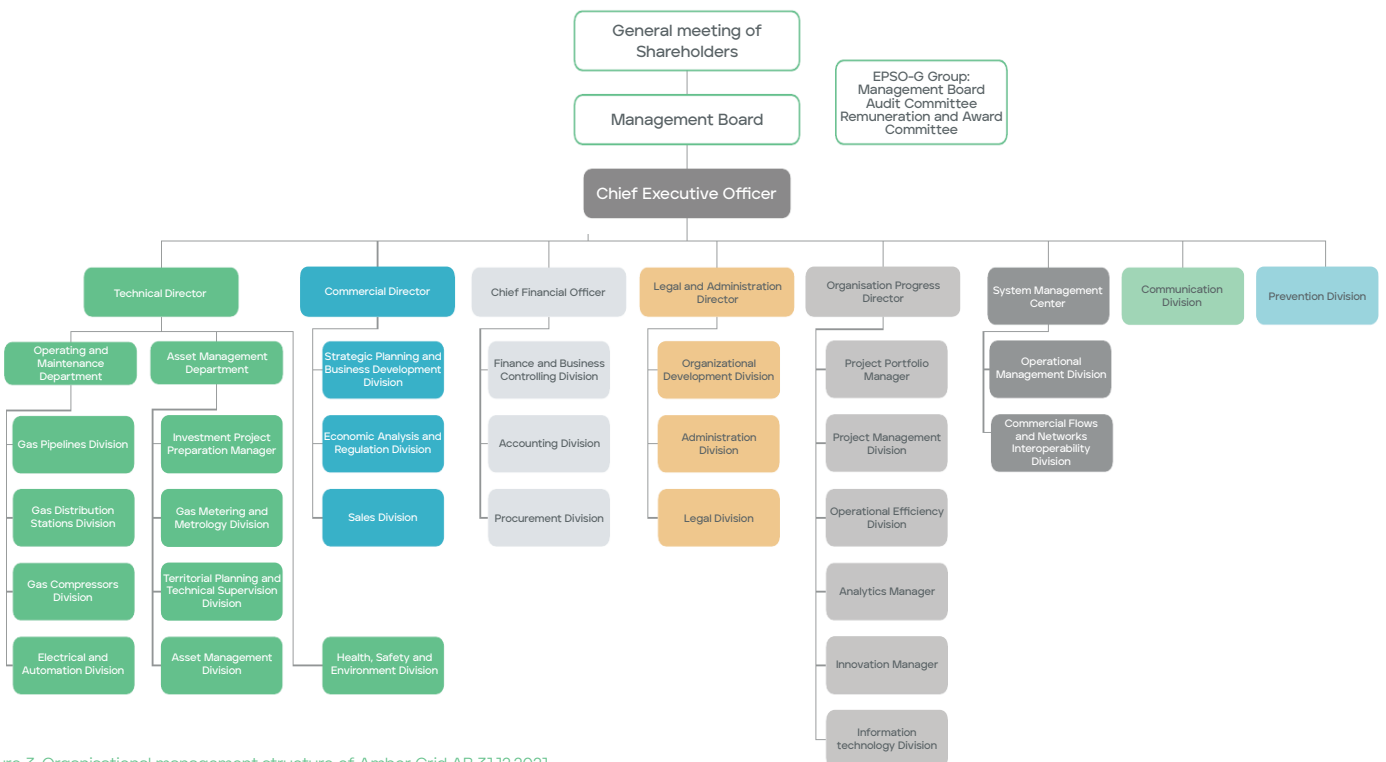


Figure 3. Organisational management structure of Amber Grid AB 31.12.2021



Shareholders

As at 31 December 2021, more than 2 300 natural and legal persons, both Lithuanian and foreign, were shareholders of Amber Grid, 1 (one) of whom held more than 5% of the Company's shares.

Table 3. Shareholders of the Company

Shareholder	Registered office address / legal entity code	Number of shares owned, pcs.
UAB EPSO-G	Gedimino pr. 20, Vilnius, Lithuania/ 302926889	172 279 125
Minority shareholders		6 103 389
Total:		178 382 514

Membership and partnership in organisations

The company is a member of the European Network of Gas Transmission System Operators (ENTSO-G (www.entsog.eu)), the Polish-Lithuanian Chamber of Commerce, the National Energy Association of Lithuania, the Lithuanian Liquefied Natural Gas (LNG) Platform, the EASEE-Gas Association, the European Renewable Gas Guarantee Registry (ERGA), the European Clean Hydrogen Alliance, the Lithuanian Hydrogen Platform, the Lithuanian Hydrogen Association, the Lithuanian Hydrogen Association, the INFOBALT Association, and the European Hydrogen Backbone initiative:

- ENTSO-G was established under Regulation (EC) No 715/2009 of the European Parliament and of the Council as an organisation to ensure cooperation between gas transmission system operators at European Community level.
- The Polish-Lithuanian Chamber of Commerce is a bilateral economic cooperation organisation between Lithuania and Poland. The Association collects information for its members on business opportunities in both countries, cooperates with organisations and individuals involved in business management and development, organises conferences and thematic events.
- The National Energy Association of Lithuania was established in 2016. The Association develops a common position of the energy sector, represents interests of its members in state institutions, public and international organisations, seeks to develop and improve conditions of supply of electricity and gas to the Lithuanian consumers, and promotes economic and technical progress of the energy sector.

- The Lithuanian Liquefied Natural Gas (LNG) Platform was established in 2017. The Platform partners aim to promote the use of LNG as a new, cleaner and quieter fuel in the transport, industrial and other sectors of the economy, and to create an integrated information and work platform for all potential LNG market participants.
- EASEE-Gas was founded to develop and promote simplified and streamlined physical gas transport and gas trading across Europe.
- The objective of the ERGA Association is to promote, develop and maintain a reliable, EU-compliant system to enable cross-border trading of guarantees of origin for gas produced from RES in the European natural gas system, avoiding double selling and double accounting of renewable gas.
- Amber Grid participates in the European Clean Hydrogen Alliance, which aims to contribute to the objectives of the EU's Hydrogen Strategy to create a complete and affordable renewable hydrogen value chain.
- Amber Grid is a member of the Lithuanian Hydrogen Platform, established under the Ministry of Energy. The Platform aims to contribute to the objectives of the EU Hydrogen Strategy to create a full-fledged and affordable renewable hydrogen value chain. It also promotes the use of hydrogen as a clean fuel, energy source and a carrier in the transport, industrial, energy and other sectors of the economy, as well as the involvement of Lithuanian companies and organisations in the hydrogen value chain, developing and manufacturing products and services for the needs of Lithuania and other countries.
- Amber Grid is a member of the Lithuanian Hydrogen Energy Association. The association, which brings together the country's scientists and business organisations, participates in the formulation of national, regional and EU policies and objectives, including the preparation of a strategy and an action plan for the development of hydrogen in the Lithuanian hydrogen energy sector, contributes to the proposal of legislative initiatives that would stimulate the development of hydrogen technologies in the country, ensures cross-sectoral integration of hydrogen and the deployment of related technologies, promotes joint research, experimental development and innovation activities, etc.
- Amber Grid is a member of INFOBALT. INFOBALT is an association of the information, communication and technology sector, which aims to create the best conditions for the application, market development and export of technology. Together with other partners of this association, Amber Grid is developing EnergyTech, a think tank platform for energy, science and IT cooperation, bringing together energy businesses, the scientific community and the most advanced and experienced IT and technology companies. The EnergyTech platform sees itself in 3 directions: as a bank of innovative ideas and a centre of exportable competences; as a space of like-minded professionals for an effective dialogue to foster innovation in the energy sector; as a leader engaging the Lithuanian, regional and international community to ensure a sustainable energy future.
- Amber Grid has joined the European Hydrogen Backbone initiative. Members of the initiative are developing a vision for hydrogen transport infrastructure across Europe.



3. PRINCIPLES AND PRIORITIES OF SUSTAINABLE ACTIVITIES

Sustainability is at the heart of the Company's strategy and strategic plan. The Company has committed to implementing its strategic activities along the following sustainability directions:

Sustainability directions:

 ENVIRONMENTAL AREA Enabling climate-neutral energy by reducing the environmental impact of activities	 SOCIAL AREA Building a progressive organisation which acts in observance of principles of sustainability	 GOVERNANCE AREA Transparent and efficient management and development of the energy exchange platform
--	---	---

It also aims to contribute directly to the implementation of United Nations Sustainable Development Goals by focusing on ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovation, safe and decent working conditions, employee well-being and a sustainable supply chain.

EPSO-G contributes to each of the United Nations Sustainable Development Goals through the following actions:

- Goal 7. Affordable and clean energy:**
- We aim to facilitate the connection of renewable energy producers to electricity and natural gas transmission infrastructure
 - We develop a system for the exchange of guarantees of origin for green gas, maintaining a system for guarantees of origin for green electricity
 - We aim to adapt gas transmission systems for transporting hydrogen.



- Goal 8. Appropriate work and economic growth:**
- We take a proactive approach to employee health and safety
 - We create an organisational culture based on respect for human rights
 - We invest in the professional and personal development of our employees
 - We ensure clear and transparent principles for rewarding employees
 - We support voluntary unionisation of employees
- Goal 9. Industry, innovation and infrastructure**
- We ensure a reliable and safe operation of electricity and gas transmission systems
 - We aim to adapt company structures and incentive systems to foster innovation
- Goal 12. Responsible consumption and production**
- We aim to subject our business partners not only to quality, but also to fairness and sustainability criteria
 - We ensure responsible sorting and management of waste generated by our business
 - We use green criteria in public procurement
- Goal 13. Combating climate change**
- We assess the environmental impacts of our activities and develop plans to reduce these impacts
 - We implement advanced environmental management systems and prevention measures
 - We aim to increase the use of green energy in our activities





The company's key long-term objectives

The aim of Amber Grid's sustainability activities is to transform the energy sector by striking a sustainable balance between environmental, social and economic objectives, thereby contributing to the creation of a climate neutral economy.

Table 4. Sustainability objectives and results

ENVIRONMENTAL AREA	
Enabling climate-neutral energy by reducing the environmental impact of activities	
7 Affordable and clean energy	13 Combating climate change
Objective	2021
By 2030, the negative environmental impact of activities to be reduced by 2/3 (66%) compared to 2019.	-12,77 %
0 significant environmental incidents in operations	0
By 2030, hydrogen transport options to be developed in line with new national and cross-border standards. Hydrogen transport capacity developed in line with the results of the analysis (at least 2% of Lithuania's actual consumption).	A feasibility study on hydrogen development started in 2021. It will lead to the identification of milestones.
The amount of RES gas entering the gas system (with guarantees of origin) in 2030 - 0.95 TWh.	The Biogas Guarantee of Origin scheme was launched in 2021, but no biogas was fed into the system in 2021.

SOCIAL AREA	
Building a progressive organisation, which follows the principles of sustainability	
8 Appropriate work and economic growth	
Objective	2021
0 cases of violation of human rights or discrimination	0
0 serious or fatal accidents	0
At least 70% of employees, producers, suppliers and consumers see the company as an open, progressive and sustainable organisation	The indicator will be established following a survey of all the parties listed above
Customer satisfaction of at least 70%	83 %

GOVERNANCE AREA	
Transparent and efficient management and development of the energy exchange platform	
9 Industry, innovation and infrastructure	12 Responsible consumption and production
Objective	2021
Ensuring 0 cases of corruption	0
We will strive for an A+ Good Governance Index	2020 - A
100% green procurement by 2030	10%.
Reliable and secure operation of the gas transmission system	Share of critical gas leaks eliminated in the total number of critical gas leaks detected 0
Sustainability criteria integrated into requirements for contracting companies	More than 10% share of green procurement in the value of public procurement
Corporate structures and incentive systems tailored to foster innovation	The company has 16 approved innovation projects to be implemented by 2025.



Flowchart for managing the sustainability function



Policies

The sustainability-related policies referred to in this report are publicly available on the Company's website.

Sustainability Policy - in 2021, the Board of EPSO-G approved a new Group Sustainability Policy, replacing the previous Group-wide Social Responsibility Policy. The new Sustainability Policy defines sustainability guidelines and principles common to all the Group's companies and guides the Group's activities. By adopting an umbrella policy governing sustainability and other sustainability-related areas (environment, occupational health and safety, equal opportunities, etc.), the EPSO-G Group is reinforcing its management of sustainability at a strategic level, defining the key directions and principles for the development of sustainability, which guide the Group's activities and the creation of a progressive organisational culture. The implementation of this Policy is the responsibility of managers of the EPSO-G Group companies and mentors of the sustainability functional area.

Environmental policy - EPSO-G Group aims to contribute to the achievement of the environmental and climate change goals set out in the United Nations 2030 Agenda for Sustainable Development, as well as the commitments set out in the Paris Agreement, the European Green Deal, the National Strategy for Energy Independence and the National Climate Change Management Agenda. This policy defines the key environmental principles that apply throughout EPSO-G to minimise the environmental impact of its activities and to promote a culture based on sustainable development in EPSO-G and its environment. The implementation of the environmental policy is the responsibility of the EPSO-G Group's corporate managers and environmental functionaries, who ensure that environmental aspects are identified in a timely manner, that environmental objectives are set, that plans are drawn up, that targets are set to improve the environmental situation and that sufficient resources are allocated to their implementation, that the results are monitored periodically, and that the processes, technologies and working methods used are subject to auditing.

Occupational Safety and Health Policy (OSH Policy) - defines the general principles of occupational safety and health and the basic guidelines for their implementation. The implementation of this policy is the responsibility of managers of companies of the Group and functional supervisors of the OSH area, who ensure that OSH aspects are identified in a timely manner, OSH objectives are set, plans are developed, tasks are formulated to improve the OSH status and sufficient resources are allocated for their implementation, results are monitored periodically, and the processes, technologies and working methods are audited. The functional supervisors of the OSH area of the Group periodically provide the Group's managers and the OSH functional curator of EPSO-G with reports and data on Incidents, Accidents, Occupational Accidents and OSH violations to assess the status of OSH, the effectiveness of the policy and to make decisions to improve OSH.

Code of Ethics - defines the principles and standards of business ethics and the behaviour expected of its employees and partners in their day-to-day work.

Prevention of Corruption Policy - defines the principles and requirements for the prevention of corruption and the guidelines for ensuring compliance with them, the implementation of which creates the preconditions and conditions for the implementation of the highest standards of transparent business conduct.

Support Policy - defines the key principles of support, clear and transparent criteria for selecting projects and activities to be supported, and essential requirements for the transparency and openness of the support provided.

Equal Opportunities Policy - defines the key principles at the company to ensure that equal opportunities and non-discrimination are respected in all areas of employment relationships.

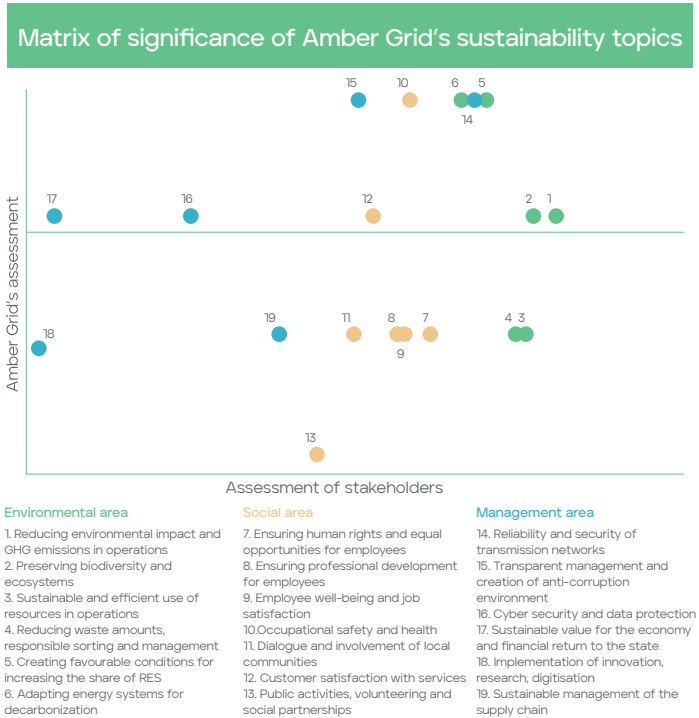


4. SUSTAINABILITY MATERIALITY THEMES AND MATRIX

In 2021, the Company undertook a mapping exercise to identify the Company's most material sustainability themes, which involved extensive interviews with focus groups, using stakeholder views on what is important to stakeholders in relation to the Company.



Table 6. Matrix of significance of Amber Grid's sustainability topics



Note: Amber Grid's assessment of importance does not have a single topic which would be awarded a score below 3. Therefore the scale of sustainability topics ranges from those of average importance, important and highly important.



5. ENVIRONMENTAL SUSTAINABILITY

Environmental protection is one of Amber Grid's priority areas of corporate social responsibility, which receives its full attention. The Company's strategy is focused on the expectations and needs of its stakeholders, including those related to reducing the impact of the Company's activities.

On 14 December 2021, the Board of the Company approved the accession to the Environmental Policy and the Occupational Health and Safety Policy of UAB EPSO-G Group to their full extent.

The Group's Environmental Policy sets out the objective of UAB EPSO-G Group to ensure the implementation of Lithuania's strategic energy objectives and to contribute to the transition to a climate-neutral economy, to guarantee safe operation of energy transmission systems, to enable the Group to take advantage of the benefits of an efficient infrastructure and energy exchanges, thus contributing to the well-being of the society.

Management system

Since 2014, the Company has implemented an environmental management system compliant with the international standard ISO 14001 and since 2016 – the occupational health and safety management system compliant with the OHSAS 18001 standard.

In 2019, the Company's management system was re-certified to the ISO 14001 standard and certified to the new Occupational Health and Safety Management System standard ISO 45001. The environmental and occupational health and safety management system has been integrated into all planning, organisation and management processes of Amber Grid's operations.

An external surveillance audit of the management system carried out in 2021 found no non-conformities.

The environmental and occupational health and safety management has been integrated into the overall organisation and management system of Amber Grid's operations.

The requirements of the management system are based on an iterative process of "plan-implement-check-analyse" involving all levels of employees. The management is committed to continuously improving the environmental and occupational health and safety management, the effectiveness of the environmental and occupational health and safety management, and to managing the management process according to acceptable

standards, taking into account the socio-economic situation as well as the Company's financial and technical capacity.

The management pays close attention to environmental protection and occupational health and safety issues, which are closely linked to the Company's strategic objectives. The Company continuously invests in new equipment, information management and production process technologies to improve the environment and working conditions: periodic health checks are carried out in accordance with the identified occupational risk factors, employees are given prophylactic vaccinations against influenza and tick-borne encephalitis, and only reliable and quality-standard collective and personal protective equipment is selected. The management has set a goal to contribute to the development of green energy, aiming at climate-neutral operations and has set a target to reduce by 2/3 the environmental impact of the Company's activities (including but not limited to greenhouse gas ("GHG") emissions) by 2030.

Employees are kept informed and educated on environmental protection and occupational health and safety issues, ensuring social cooperation and partnership.

The management system is continuously monitored and periodically reviewed, taking into account changing environmental conditions, external and internal factors in direct relation to the Company's environmental and occupational health and safety policy, the Company's strategy and the goals and objectives of its implementation.

In formulating its long-term commitments, strategic directions (priorities) and objectives, the Company drew on the approach to **management through the organization's mission and stakeholder theory** developed by the IESE Business School. The stakeholder theory approach encourages a broader view of the value created by the organisation than just through the prism of shareholders alone, also defining the value created for the key stakeholders and focusing on their well-being.

The Company's management pays particular attention to involving employees in the discussion of internal processes, encouraging suggestions for improving processes and other internal procedures.

The Company's management visits all of the Company's divisions at least once a year to present up-to-date information on the Company's activities, progress of ongoing projects, plans and anticipated changes. During these meetings, employees have the opportunity to ask any questions they may have and to make suggestions.

The Company has elected safety and health representatives and an Occupational Safety and Health Committee, whose members can be contacted by any employee having concerns about poor work organisation and suggestions for improving working conditions. Procedures for recording incidents and potential incidents are in place to manage unsafe situations. Incidents and potential incidents (unsafe workplaces) recorded by the Company are discussed at the Incident Prevention Committee, involving employees from different areas.



Emergency management

The Company, as an object of national importance and an undertaking important for national security, has carried out a hazard and risk analysis and prepared an emergency management plan based on this analysis. The Company has also been registered in the Register of Objects of National Significance and Hazardous Objects as an object of national significance and has been included in the List of Critical Information Infrastructure and its Managers.

The Company's Emergency Management Plan is regularly reviewed, adjusted, supplemented and coordinated with the Fire and Rescue Department under the Ministry of the Interior and the National Energy Regulatory Council.

The Plan is communicated to all employees of the Company in civil protection training in the Company's distance learning system. The Plan is communicated to employees involved in the emergency management process against their signature.

The Company has a Hazard Identification and Risk Assessment and Management Measures document for the prevention and management of occupational risks and emergencies.

Environmental aspects

To reduce its environmental impact, the Company carried out a greenhouse gas inventory in 2021 and, based on the results of the inventory, is developing a plan to reduce emissions from its operations, which is expected to be approved by the end of this year.

According to the results of the Interim Report, the significant environmental aspects of the Company were methane emissions to ambient air (52.3%), gas consumption for own use (32.4%), impact of pipeline infrastructure (10.1%), vehicle fuel consumption and electricity consumption (5.1%). Other environmental aspects are considered to be negligible and account for around 0.2%.

In parallel with the environmental impact assessment, the Company has achieved the following objectives in 2021, which are related to relevant environmental aspects:

Table 7. Objectives and results for reducing environmental impacts

Environmental aspect/ safety risk factor	Goal/objective	Indicator (KPI)		
		Unit of measure	Target	Achievement
Technological discharges of natural gas to ambient air	Reducing natural gas emissions to ambient air using a mobile gas compressor	Thousands of cubic metres	700,0	Reduced by 2 118,0
Shutting down GDS boiler houses during the summer season	Reduce CO ₂ emissions	T	13,44	Reduced by 16,52

In 2021, the mobile gas compressor helped to prevent the release of 2 118.0 thousand cubic metres of natural gas into the environment. In 2020, a reduction of 2 030.0 thousand cubic metres was achieved.

No breaches of environmental legislation have been found at the Company.

Water and wastewater management

In order to meet water needs in the Company's operations, water resources are extracted from 6 underground freshwater wells located at 4 objects owned by the Company. The assessment the use of resources in the 2017 Approval Report for the Piniava water point and the 2019 Hydrogeological Report for the Jauniūnai DKS and Šakiai DAS in 25 years concluded that there will be no significant adverse impact on the environment and other water points. The Company's activities encourage employees to conserve natural resources and thus minimise the volume of wastewater generated.

The Company treats the resulting surface and domestic wastewater in wastewater treatment plants: a biochemical reactor, sludge settling tanks and oil traps. After treatment, waste water is discharged into the natural environment or into the centralised networks.



Table 8. Water and wastewater management results

Indicator	Unit of measure	2021	2020	2019
Amount of water consumed	m ³	3 037	3 101	4 091
Amount of surface wastewater	m ³	11 062	10 258	9 266
Amount of domestic wastewater	m ³	2 864	3 033	4 005

Waste management

The Company's branches have special bins for sorting household waste, as well as special containers for discarding obsolete small electrical and electronic equipment and batteries. Industrial waste water is treated in our own treatment plants and there are petroleum oil trace alarms. Specialised companies are contracted to safely manage and dispose of the waste generated by production activities.

Table 9. Waste management results.

Types of waste	2021	2020	2019
Hazardous waste, t	38,64	18,86	19,64
Non-hazardous waste, t	36,54	95,58	1632,74
Paper, glass and plastics, t	3,05	2,34	1,01

Initiatives are being taken by employees themselves: in 2021, the Trash Bin-Free Offices initiative was launched to reduce the use of trash bags and to encourage employees to use reusable containers, move around more, taking waste that can be sorted to special bins.

Transport fleet

The Company aims to manage its transport fleet efficiently. Employees are encouraged to use car-sharing, public transport, taxis, and to co-operate on business trips or other journeys, wherever possible. The Company encourages employees to hold videoconference meetings between different companies and departments of the Company, thus reducing transport costs and emissions.

The Company's fleet consists of 119 vehicles and 42 special vehicles (trucks, machinery, trailers).

In 2019, the Company used two types of fuel for its cars - diesel and petrol, consuming 108.95 thousand litres of petrol and 265.917 thousand litres of diesel.

In 2020, the Company used two types fuel for its cars - diesel and petrol, consuming 48.1 thousand litres of petrol and 239.3 thousand litres of diesel.

In 2021, the company used two types of fuel for its cars - diesel and petrol, consuming 43,16 thousand litres of petrol and 237,69 thousand litres of diesel.

In 2022, the Company has set a target to replace 10 of its currently used cars with clean electric vehicles and to install charging stations for electric vehicles at its production bases in Vilnius and Panevėžys.

Saving paper

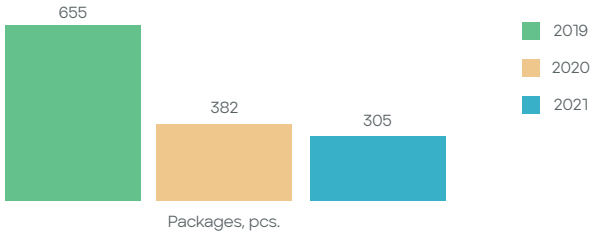
In order to reduce the amount of paper used and to make document management processes and costs more efficient, the Company has a document management system Saperion in place where all documents are managed and archived electronically. In 2021, the Company continued to move its documents to the electronic space by eliminating paper documents as much as possible, actively signing documents with qualified electronic signatures and encouraging its employees, customers, suppliers and partners to do the same, using the Dokobit electronic document signing portal to this end. In this context, approximately 98% of all documents managed by the administration were signed electronically and the number of electronic files increased by 23%



During 2021, in cooperation with suppliers, the volume of paper invoices received was also reduced to 0.1%. In addition, work on the development and integration of unqualified and qualified e-signatures into the DVS was initiated in 2021 (with deployment and use planned by mid-2022).

The combination of these measures allows the Company to maintain the trend of reducing paper consumption (see Table 10) and to manage its processes efficiently. It is important to underline that the number of electronic files increased by 23% in 2021.

Table 10. Trend in the amount of paper purchased by the Company in 2019-2021



Engaging the public in environmental protection

When planning new activities or upgrades, the Company assesses their potential environmental impact and identifies potential mitigation measures early in the project. In the context of the environmental impact assessment procedures, the public is provided with the opportunity to get familiar with the planned economic activities and pollution mitigation measures as early as possible, allowing them to submit their comments and proposals. The Company takes an active care about the environment and public welfare, is open to providing information to interested authorities, public organisations and citizens, and has focused on strengthening relations with communities for many years.

Reducing greenhouse gases

In 2021, EPSO-G launched a Group-wide GHG inventory and assessment of the overall environmental impact of its activities, with the aim of identifying the environmental impact of the Group as a whole and developing a plan of mitigation measures until 2030, with the aim of reducing the overall environmental impact (including but not limited to GHGs) by 2/3 compared to the base year 2019. Comparing the GHG data of 2021 with the base 2019, a 12.77% reduction in emissions was observed. This is due to the increased use of mobile compressors for pipeline maintenance work, pumping gas and avoiding the discharge of natural gas into the environment. The reduction in emissions was also due to the lower operating intensity of the gas compressor stations.

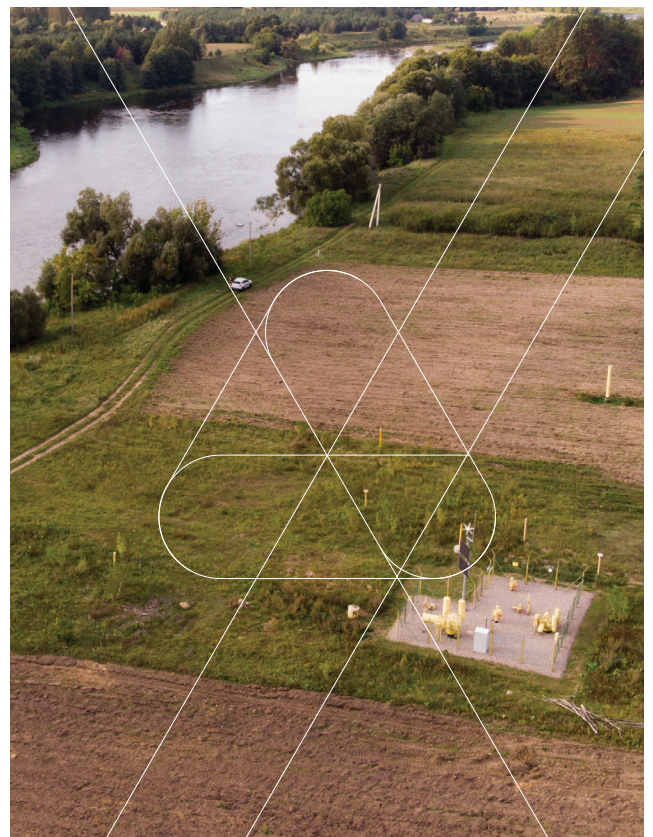
Following a greenhouse gas inventory, a mitigation plan was developed. The mitigation plan will be drafted by the end of 2022.

Table 11. GHG results

Indicator	Unit of measure	2021	2020	2019	Notes
Greenhouse gas emissions					
Direct area 1 emissions (Scope 1)	kg CO ₂ e	58 788 621	62 260 364	67 599 568	Applied area 2 method - Market-based approach
Indirect scope 2 emissions (Scope 2)	kg CO ₂ e	1 741 780	1 632 345	1 800 307	Applied area 2 method - Market-based approach
Total GHG emissions (Direct and indirect)	kg CO ₂ e	60 530 400	63 892 708	69 399 875	
Excludes emissions of biogenic origin	kg CO ₂ e	29 452	32 574	42 083	
Change in GHG emissions compared to the base year 2019	%	12,77	7,93	-	
Relative performance indicator	kg CO ₂ e/kWh	0,00112	0,00107	0,00127	



Indicator	Unit of measure	2021	2020	2019	Notes
Energy consumption					
Natural gas	MWh	32 442,6	23 663,9	41 895,2	
Petrol	L	43 745	48 715	109 129	
Diesel	L	244 751	270 158	274 494	
Energy purchased and consumed, of which:	MWh	3 248	3 059	3 392	
Electricity	MWh	3 140	2 941,3	3 242	
Heat energy	MWh	108	117,4	150	
Renewable energy sources					
Installed capacity of solar panels	MWh	1,45	0	0	Total installed capacity of the 3 solar farms in 2021
Amount of electricity produced by solar panels	MWh	70,1	0	0	1 of the 3 solar farms was connected in mid-2021
Leaks					
Fluorinated greenhouse gas consumption/leakage	Kg	23,60	9,80	0	Refrigerants: R410A and R32
Natural gas loss, of which:	m ³	2 864 945	3 314 339	3 400 832	
Controlled methane emissions	T	1562,5	1792,3	1854,4	
Uncontrolled leakage of methane into the environment	T	492,4	471,6	471,6	



6. SOCIAL SUSTAINABILITY

The strength and key asset of Amber Grid is its experienced and competent employees, implementing projects of strategic importance to the country and shaping the future of energy. The Company is committed to creating and fostering an organisational culture that encourages employee engagement and progress. The aim is to make the Company's employees proud to work in a progressive organisation, to provide opportunities for professional development, to reconcile professional and family responsibilities, and to promote tolerance for individual differences.

On 31 December 2021, the Company had 324 employees (compared to 319 employees on 31 December 2020 and 316 employees on 31 December 2019⁹). Table 12 illustrates their distribution by job position group.

Table 12. Employee structure by category

JOB POSITION GROUP	Number of employees on 31 December 2021	Number of employees on 31 December 2020	Number of employees on 31 December 2019
CEO	1	1	1
Top managers	5	5	3
Middle managers	37	32	28
Specialists	191	181	178
Workers	90	100	106
All employees	324	319	316

⁹ The number of employees has been indicated exclusive of employees on parental leave.



The Company employs people with different educational backgrounds. Table 13 illustrates the structure of employees by educational background.

Table 13. Employee structure by education

EDUCATION	Number of employees on 31 December 2021	Number of employees on 31 December 2020	Number of employees on 31 December 2019
Higher education	211	202	193
Post-secondary education	42	44	46
Secondary and vocational	71	73	77

Appreciating the contribution of every employee, we aim to retain and attract employees under competitive market conditions. Employee turnover has remained similar in recent years.

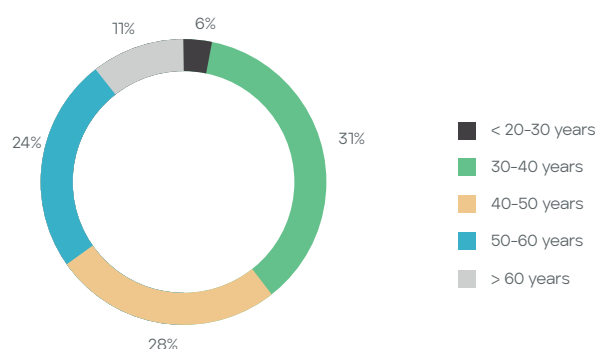
Table 14. Employee turnover

	2021	2020	2019
Change, %	11,21	10,7	13,9
Change by sex male/female, %	75/25	57/43	71/29

In addition, the turnover rate for part-time employees was monitored in 2021 and it was equal to 0 (there were 3 such employees in the organisation) and the turnover rate of fixed-term employees accounted for 5.8% in the total turnover rate (out of 9 fixed-term employees, employment relations were terminated with 2 of them). No significant statistical variables were recorded according to the criteria selected for monitoring.

The average age of employees was 44.7 years in 2021 (women - 42.8 years and men - 45.3 years). The age distribution of employees is illustrated in Chart 1:

Chart 1. Age distribution of employees



The majority of the Company's employees are men. This is strongly influenced by the specific nature of the activities carried out: women are less likely to opt for technical engineering works, technological works performed outdoors and directly related professions. Table 15 presents detailed information on the gender distribution by job position category.



Table 15. Breakdown of employees by gender and job position

Job position category	Lytis	Darbuotojų skaičius 2021 m. gruodžio 31 d.	Darbuotojų skaičius 2020 m. gruodžio 31 d.	Darbuotojų skaičius 2019 m. gruodžio 31 d.
Whole company	Men	252	254	250
	Women	72	65	66
Top managers	Men	5	5	4
	Women	1	1	0
Middle managers	Men	16	22	19
	Women	7	10	9
Specialists	Men	132	129	123
	Women	59	52	55
Workers	Men	89	98	104
	Women	1	2	2

Remuneration management

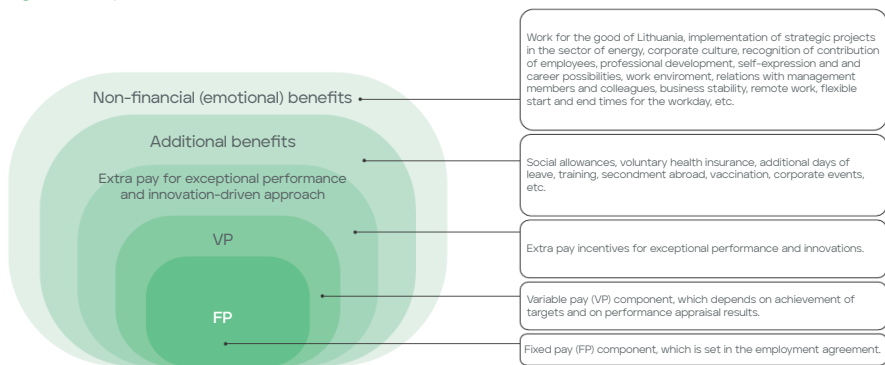
On 31 March 2021, Amber Grid joined the EPSO-G Group's Employee Remuneration, Performance Appraisal and Development Policy (hereinafter - the Remuneration Policy), which applies to all employees of the Company and is publicly available on the website. The Remuneration Policy is approved/ joined by a decision of the Board of the Company, taking into account the recommendations of the EPSO-G Remuneration and Nomination Committee. The Remuneration and Nomination Committee of EPSO-G periodically assesses provisions of the Remuneration Policy, its effectiveness, implementation and application.

The aim of the Policy is to manage payroll costs in an efficient, clear and transparent manner and, at the same time, to create motivational incentives for employees to contribute to the achievement of the Company's mission, vision, values and objectives.

The remuneration of EPSO-G Group employees consists of the following components: fixed remuneration component (FRC); variable remuneration component (VRC); bonuses provided for in the Labour Code of the Republic of Lithuania, internal regulations of the Companies and collective agreements; additional incentives for outstanding performance and innovation; additional benefits; and non-financial remuneration.



Figure 4. Components of remuneration



Fixed remuneration component (FRC) is the largest and most important component of monetary remuneration, which depends on job position level and is determined for each job position according to the methodology used in international practice. The fixed remuneration component (FRC) for employees is set within the limits of the remuneration framework of the grade of the job position concerned, taking into account the experience, competence, level of expertise of the employee, autonomy in performing the functions of the job position, and the remuneration budget for the respective year.

Variable remuneration component (VRC) is set to motivate to pursue the best possible annual results in the implementation of strategic objectives. The specific maximum amount of the VRC is set by the Board of the Company for the CEO of the Company and by the CEO of the Company for other employees. The maximum VRC amount for the Company's CEO and top management is 30%, for middle, entry level management, specialists and workers – 15%.

The variable remuneration component is paid based on the implementation of the annual objectives of the Company (CEO) set by the Board and the achievement of individual objectives. The VRC is paid to managers and specialists once per year following the approval of the Company's audited financial results by the Company's Board and their approval by a resolution of the General Shareholders' Meeting, and it is paid to workers once per quarter.

Table 16. Average Amber Grid salaries by employee group

JOB POSITION GROUP	2021			2022		
	Average relative number of employees	Average calculated monthly salary (fixed remuneration component), Eur	Variable remuneration component paid, calculated as average share of monthly variable salary	Average relative number of employees	Average calculated monthly salary (fixed remuneration component), Eur	Variable remuneration component paid, calculated as average share of monthly variable salary
CEO	1	9520	2770	1	9373	382
Top-level managers	5	5978	1384	4	5869	984
Middle and entry-level managers	39	3616	345	31	3633	435
Experts – specialists	189	2223	200	189	2067	232
Workers	110	1318	177	122	1196	166
TOTAL	345	2166	234	347	1968	236

Table 16 illustrates Amber Grid's average salaries by employee group.



Table 17. Average calculated monthly salary of men and women (fixed remuneration component), EUR

Groups of job position	Men	Women
Top-level managers	5952	5720
Middle and entry level managers	3813	3445
Experts – specialists	2189	2232
Workers	1458	1325
Total	2187	2454

Remuneration policy for members of the collegiate management body and the CEO

On 20 April 2020, the Company's General Meeting of Shareholders approved the Remuneration Policy for Amber Grid's CEO and Board Members, which lays down common, clear and transparent principles for the monetary remuneration of the Company's CEO and Board Members, and a remuneration system based on these principles, which will effectively manage the Company's operating costs and provide motivational incentives for the CEO and the Board Members to contribute to the achievement of the Company's mission, vision, values and objectives.

The principles of remuneration of members of the Company's management bodies are also regulated by the Guidelines for Setting the Remuneration for Membership in Management Bodies of Group Companies of UAB EPSO-G approved by a decision of the sole shareholder of UAB EPSO-G.

The setting of the remuneration for management bodies relies on the principle that the level of remuneration and the procedure for its payment must promote the creation of long-term and sustainable value for the Company and the EPSO-G Group as a whole; be commensurate with the workload of the Company's individual bodies and their members; be in line with the current market situation as far as possible in terms of remuneration, i.e. be competitive with remuneration levels offered to specialists in their respective fields in

the labour market; ensure that management bodies are compensated for their assumed responsibility; ensure the independence of independent members of the Board; and encourage the attraction of high-level specialists in their field of competence for the management of the Company.

Remuneration for serving on the Board of the Company may be paid to independent members and members who are not civil servants or employees of a public authority and who are not employees of Group companies only.

Members of the Company's Board are paid a gross fixed monthly salary (paying whichever is higher corresponding to the circumstances described):

- (i) €1,750 (one thousand seven hundred and fifty euros) for members of the Board who are also members of at least one of the Board Committees formed within the EPSO-G Group;
- (ii) €1,400 (one thousand four hundred euros) for members of the Board who do not serve on any of the Board Committees formed within the EPSO-G Group;
- (iii) EUR 2,150 (two thousand one hundred and fifty euros), taking into account the additional administrative functions of the Chairperson, for the Chairperson of the Board, who is also a member of at least one of the Board Committees formed within the EPSO-G Group; and for the Chairperson of the Committee, who is also a member of the Board of EPSO-G Group;
- (iv) EUR 1,800 (one thousand eight hundred euros), taking into account the additional administrative functions of the Chairperson, for the Chairperson of the Board, who is not a member of any of the Board Committees formed within EPSO-G group.

The decision of the General Meeting of Shareholders of the Company of 23 April 2021 established that the total annual budget for 2021 for the remuneration of members of the Board of the Company and for additional expenses of the Company to ensure the operation of the Board was set at EUR 51600.

Table 18. Remuneration of the Company's CEO

Job position	Name, surname	Date of appointment	Date of dismissal	Accrued salary (Eur)				
				2017	2018	2019	2020	2021
CEO	Saulius Bilys	June 2013	October 2019	117 301	119 392	203 391	-	-
CEO	Nemunas Biknius	October 2019	-	-	-	20 075	117 192	148 586



Table 19. Remuneration of Board members

Job position	Name, surname	Accrued salary (Eur)				
		2017	2018	2019	2020	2021
Member of the Board	Renata Damanskytė - Rekašienė	-	-	-	-	-
Member of the Board	Algirdas Juozaponis	-	-	-	-	-
Member of the Board	Rimvydas Štilinis	-	-	-	-	-
Independent Board Member	Ignas Degutis	-	-	-	11 713	16 800
Independent Board Member	Sigitas Žutautas	-	3 850	14 125	21 000	30 535
Independent Board Member	Nerijus Datkūnas	12 000	11 575	12 305	5 133	-

Cooperation with a trade union

In 2021, 57% of the organisation's employees belonged to a trade union. The aim of a trade union is to represent and defend the professional, labour, economic and social rights and legitimate interests of its members. Periodic meetings have been between trade union representatives and the Company's management to discuss relevant issues.

The Company cooperates closely with the trade union and develops a constructive social dialogue. In 2021, the Company actively cooperated with the Trade Union Council representatives, implementing initiatives and sharing information:

- A new Staff Remuneration, Performance Appraisal and Development Policy, Description of the Procedure of Staff Remuneration and Staff Performance Appraisal were approved;
- The Panel on Employment Contracts examined 1 request submitted by an employee;
- In accordance with the collective agreement's principles for granting material assistance to employees in the event of accidents and illnesses, 3 applications were received in 2021 and all 3 applications were upheld;
- The budget of the collective agreement has been reviewed and agreed.

Collective agreement and additional benefits

The Company supports cultural and health activities, various festive and individual team events and other social activities where all employees of the Company can participate without discrimination or restriction. The collective agreement establishes working, remuneration, social, economic and professional conditions and guarantees, which are not regulated by law or other regulatory acts. Employees are entitled to additional financial guarantees (benefits in the event of accidents, sickness, death of relatives, childbirth support, support in the event of raising three or more children or a child with disabilities), additional days of leave (in the event of a child birth, death of a relative, etc.), and other guarantees.

Figure 5. Amber Grid provides the following additional benefits to its employees:

HEALTH

- Recreation zones (active and passive)
- Health insurance with plan options
- Seminars on the topics of health, emotional wellbeing, physical education
- Vaccination against influenza and tick-borne encephalitis
- Up to 4 working days of absence from work per year, without consulting the medical institution

OTHER ADDITIONAL BENEFITS

- Fruit days at the office
- Parking place near the office
- Drive home service in case of return from an object after business hours
- Modern office premises and ergonomic place of work

FLEXIBLE WORKING HOURS

- Individual start and end times of the workday
- Remote work

CORPORATE EVENTS

- Summer event, Christmas event, presents for employees and their children
- Volleyball tournament to encourage physical activity
- Professional events and national holidays
- Teambuilding activities of subdivisions

FINANCIAL SUPPORT

- Birth of a child
- 3 children or a child with disability
- Death of a close relative
- Termination of employment on retirement
- Accidents

PROFESSIONAL AND PERSONAL DEVELOPMENT

- Incentives for innovations and exceptional performance
- Financial support for studies
- Incentives of annual performance appraisal
- Training, professional and personal development, qualification upgrading courses, seminars, conferences, secondments in Lithuania and abroad
- Career opportunities within EPSO-G group
- Internal lecture programme and training

ADDITIONAL DAYS OF LEAVE

- Additional 3 working days of annual holiday – in total 23 days per year
- Additional 1 working day of holiday after 5 years of service
- Additional 3 working days of leave in case of death of close relative

List of additional benefits

Remote working not only in Lithuania, but also from abroad

The Company encourages its employees to work remotely, if the nature and technical conditions of their work allows them to do so, and to carry out their assigned functions this way.

Since the start of the Covid-19 pandemic in 2020, the Company has organised teleworking for all employees who are able to work remotely in the context of their job. About one third of employees worked this way on a permanent basis during the year.

Since 2021, employees have been allowed to work remotely from abroad.

Developing competences

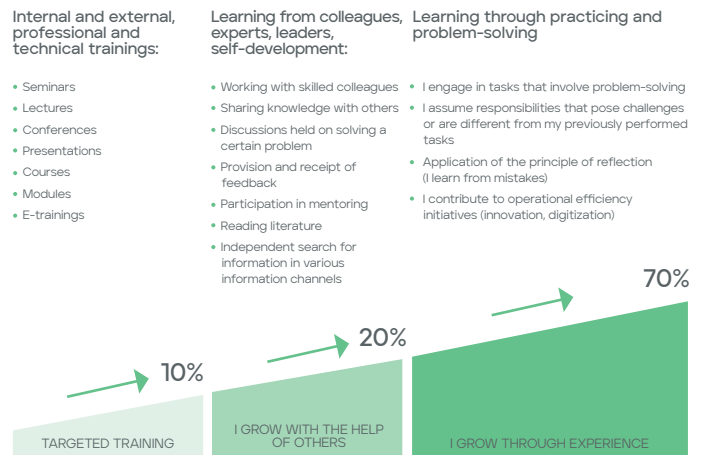
In response to constant changes in the external environment and in line with our operational objectives, we place great emphasis on the development of our employees. In order to create an effective, competent, progressive leadership organisation based on shared values, the Company's competency model identifies strategic skills and capabilities of employees - the competencies that have the greatest impact on the success of the organisation, the achievement of strategic goals and leadership development. The Company's ambition is to become the energy competence centre of the future, shaping future energy trends, legislation and business models.

In 2021, the organisation's general competences model was updated and a professional competences pilot project was implemented to better identify gaps in existing competences and to define clear areas for improvement.

Keeping training linked to strategic objectives and following the principles of the 10:20:70 learning organisation, where 70% of staff knowledge comes from work-related experience, 20% - from learning from other colleagues at different levels, and 10% - from external training events, employee development plans were implemented. The consistent application of this model strengthens not only professional competences, but also cooperation between departments, and improves relations with colleagues and stakeholders.

Figure 6. Learning model of the learning organisation

The learning model of a learning organization is based on the 70:20:10 principle



In 2021, various initiatives were implemented in the area of employee development:

- A continuous training programme for managers of all levels, which improved theoretical and practical leadership skills;
- Growing with AG training by internal speakers, where employees shared their knowledge with colleagues;
- An initiative to give employees a better insight into the activities of other departments and the Company, with presentations by employees from different departments;
- A training programme for new employees;
- "Penktadienis Kitaip" (English: Friday Otherwise) initiative for education and self-education time
- A series of seminars on emotional well-being, where various speakers and external guests shared their insights and experiences;
- Participation in an English language skills development programme, depending on the individual level of English of employees.

We aim to develop managers of all levels, develop a programme of in-house speakers, and promote leadership and professional development by finding alternative ways of learning and applying them in practice. The Company provides employees with the opportunity to participate in various seminars and conferences both in Lithuania and abroad, where they can improve their skills, learn about innovations in their field and best practices of other companies. We encourage employee development and creativity by organising Hackathons.

The Company carries out its core business in a regulated energy environment, where there are clear requirements for professional training and certification of staff to perform core and non-core functions. In accordance with the legal framework, the Company organises professional and other compulsory training and certification of energy staff. Upon the entry into force of the new version of the Safety Rules for Work in Flammable Gas Environments in 2021, additional training and certification of 196 energy employees were held.

In holding trainings at the Company, the focus is on the quality of trainings. As a result, all training materials for energy workers were reviewed and updated in 2021.

The Company ensures that all mandatory trainings are organised in a timely manner (fire safety, civil protection, first aid) and that employees receive not only theoretical knowledge but also practical skills. In order to maintain a high level of emergency response among employees, the Company holds periodic fire and emergency response and civil protection table-top and functional drills.

To develop employees' professional competences, the Company organises additional training on safety, technical and environmental issues (working with chemicals, using and checking elevation equipment, using fall protection equipment, etc.).

Each year, the Company's Occupational Safety and Environment Department organises a Safety Week and a Health Week, which provide safety and health training for employees. Group-wide presentations by responsible authorities to employees on COVID-19 control measures and vaccination were also organised.

At least once a year, environmental awareness training is organised for employees. In 2021, an environmental awareness lesson was arranged to inform employees about the Company's environmental legal requirements and the environmental impact of GHGs.

Table 20. Number of employees having received training

Number of employees trained in 2021

Type of training	Number of trainees	Number of employees having attended trainings	Duration of training, hrs.	% of employees having attended trainings in the total number of employees*
Vocational training	215	130	3866	66,9
Certification of energy workers	346	199	346	62
Compulsory training	360	321	1289	100
Technical training	206	141	577	64,2
General training	2005	289	3952	90

* Calculated as a % of the average annual number of employees (321 employees in 2021)

Staff shifts

Given the uniqueness of the Company's operations and the specific competencies that employees acquire over time, the Company has assessed the need to strengthen shift preparation in 2019. To this end, the Company conducted an assessment of job positions and identified critical positions that require shift preparation, and developed and implemented shift preparation plans for critical positions and supervisors in 2019-2021. In 2022, the development of the necessary competencies within the Company will continue to ensure that employees are able to cover each other's responsibilities and to ensure business continuity when required.

Recruitment and careers

In 2019, the Company adopted a Recruitment Policy which sets out the general principles and practices for the selection of employees, which will help to transparently select the best candidates with the required qualifications, skills, experience and values to contribute effectively to the achievement of the Company's objectives.



The Company has high standards of values, professionalism and integrity for all levels of employees and excellent leadership skills for managers. The combination of competences, leadership and professional knowledge of employees and managers creates the preconditions for building a creative, progressive Company, open to innovation and change.

Considering that career opportunities are one of the key motivational factors for employees, the Company encourages employees to participate in open recruitment processes and to pursue their career path either horizontally or vertically. Looking back over the past years, efforts have been made to maintain a similar rate of change at the job position level, which is linked to a similar rate of turnover.

Table 21. Internal career indicators of employees

Change in the level of job position	2021	2020	2019
Managers-Managers	0	1	2
Specialist Managers	7	7	2
Specialists-Specialists	9	14	15
Workers - Specialists	2	2	2
Workers-workers	1	0	1

In 2020, together with other EPSO-G Group companies, the Company expanded career opportunities for employees - in the absence of a career path within the organisation, the companies have agreed on common principles, giving all employees greater clarity on the possibilities of applying for vacancies within the Group.

Induction and adaptation of new employees

In 2021, the adaptation process for new employees was updated and introduced. The adaptation process has been implemented in the Company in accordance with uniform practices. New employees are provided with an adaptation plan (with the manager in charge and, where possible, a mentor assigned), and during the adaptation period, they are familiarised with the main functions, duties and responsibilities, the Company's activities, employees of other departments, the Company's procedures and working principles, and participate in newcomer training and other familiarisation meetings. After the adaptation period, newcomers are invited to complete a survey in order to obtain feedback from the newcomers and to improve the process according to the needs of the

newcomers. The aim of the updated orientation programme is to help new recruits to get to know the Company's organisational culture faster, integrate them into their team, understand the principles of work and start creating value for the Company.

Employee performance evaluation system

Performance appraisal is one of the most important management and effective leadership techniques for achieving organisational goals, building positive relationships between managers and their subordinates, planning employees' careers, and increasing their motivation.

A new Staff Remuneration, Performance Appraisal and Development Policy and a Staff Performance Appraisal Procedure were adopted in 2021. An annual appraisal is an employee performance management tool that provides a framework for setting, assessing and holding employees accountable for their individual goals, linked to value behaviours and rewards, and helps to build a progressive, results-oriented organisational culture. The Company aims to set individual objectives for each employee, linked to the strategy, which they pursue in line with the Company's values of professionalism, cooperation and progress. Objectives must be measurable, specific, time-bound, achievable and motivating. The annual appraisal helps to assess the achievement of the objectives set for the employee and to set new objectives, creating a culture of feedback between a manager and a subordinate. It also discusses employee's competences, learning and career opportunities and the employee's expectations. All the Company's specialists and managers take part in the annual appraisal process.

Employees in the Company's worker category, who are not subject to an annual face-to-face appraisal due to the nature of their work, are evaluated on the basis of established performance indicators and receive feedback on a monthly basis.

Protection of human rights and equal opportunities

The Company follows the Descriptions of Policies of Ethical Employment and Equal Opportunities adopted in 2017, which emphasise that all forms of discrimination are strictly prohibited (International Labour Organisation Conventions 100; 111). The Company guarantees equal rights to all employees and does not tolerate discrimination in employment, remuneration, training, career, termination or retirement and other areas on the basis of race, nationality, gender, sexual orientation, age, political opinion, or any other aspect that could give rise to discrimination, and does not tolerate any form of intimidating, harassing or abusive behaviour by employees.



Employees who may have been subjected to unlawful acts may lodge a complaint with the responsible person designated by the Company. If an employee is dissatisfied with the outcome of the complaint, he/she may assert his/her violated right in accordance with the procedure established by law. Any employee who sees and/or suspects and/or witnesses an incident of discrimination, harassment or sexual harassment must report it to his/her line manager or to the responsible person designated by the Company. The Company maintains confidentiality in the handling of complaints and, accordingly, all employees and all employees keep confidential any information obtained in the course of investigating a violation. A violation of this provision shall be considered a serious breach of labour discipline.

In 2021, there were no incidents of discrimination or other incidents of violation of human rights at the Company (and none were identified in 2017-2020).

Employee safety

In 2021, the Company continued to take all feasible steps to protect employees from the risk of possible exposure to COVID-19. In light of the changing epidemiological situation, the Company has limited the flow of staff and has prioritised remote working. The Company had contracted a laboratory to perform rapid PCR testing of critical positions to ensure business continuity. Employees had an unlimited access to antibody testing. Personal protective equipment and biocidal measures were provided at all times to employees whose work involved ensuring uninterrupted operation of the natural gas transmission system.

In 2021, a biohazard assessment was carried out throughout the Company and, following the relocation of some of the Company's employees to a new office, a full occupational risk assessment was carried out for these employees.

In 2021, the Company had one minor accident not directly related to the work being performed (0 workplace accidents in 2020 and 1 minor accident in 2019). In total, in the Company's history since 2013, there have been 3 occupational accidents in the Company, all classified as minor.

Since 2014, the Company has had an Occupational Safety and Health Committee (OSHC) in place, which consists of two safety and health representatives elected by employees and two Committee members appointed by the employer. The employee safety and health representatives and members of the Committee are elected for a two-year term of office. The Committee meets at least once a quarter. The agenda and the intensity of the meetings of the Committee depend on the reports of the employee safety and health representatives (there are 19 of them in the Company), the Company's processes, accidents and other matters relating to employee safety and health.

In 2021, the Company updated the procedure for determining insobriety of employees or their impairment by psychoactive substances and approved it with the Company's trade union and the Occupational Health and Safety Committee, providing for a tolerance of 0 per mille for all employees, regardless of the nature of the work performed.

To ensure social cooperation and partnership on environmental protection and occupational safety and health issues, all employees of the Company are continuously informed and educated by organising various events, distributing information materials and internal training.

The Incident Prevention Committee has been in place at the Company since 2018. Its main activity is to investigate potential risky and unsafe situations and safety incidents, identifying and eliminating the causes of such incidents and planning preventive measures. In 2021, the number of occurrences and potential incidents recorded decreased to 15 (compared to 19 in 2020 and 36 in 2019). For convenience of employees and for easier and quicker management of information on safety incidents, the Company's specialists developed a mobile application for registering safety incidents in 2021, which makes it convenient to register a safety incident by phone or computer.

In 2021, the Company reviewed and updated all occupational health and safety instructions, along with a review of all the works carried out and the plant, equipment, tools and materials used. The updated health and safety instructions were also produced in the form of a visual memo.



Health of employees

The Company cares about health of its employees, so it continuously promotes healthy lifestyles and activity, and organises compulsory preventive health check-ups and vaccinations for employees. 263 employees had health check-ups in 2021 (233 in 2020). 110 employees were vaccinated against tick-borne encephalitis (52 employees in 2020) and 101 employees were vaccinated against influenza (141 employees in 2020). The influenza vaccination rate decreased significantly in 2021 as the Company's employees were actively vaccinated against COVID-19, getting the first, the second, and some of employees – the third shot.

The COVID-19 immunisation rate of employees was over 90% at the end of 2021.

The Company organises regular first-aid training, preventive health check-ups, and vaccinations against tick-borne encephalitis and influenza. Employees are provided with general leaflets on a balanced diet, correct sitting, work activities, specific mobility exercises and measures to promote physical activity.

Since 2020, an additional benefit was introduced for all the Company's employees – health insurance, which was renewed in 2021. Health insurance is a company-funded insurance for employees, which allows insured employees to access health-related services, for example, getting medical treatment in the selected public or private healthcare institutions, visit doctors, have various tests, purchase medicines, and other health promotion services, more quickly and conveniently.

Clients

The Company's clients are large electricity, district heating generation, industrial, medium-sized Lithuanian business companies, natural gas supply companies, and natural gas distribution system operators which are provided with natural gas transmission service. In 2021, the Company had concluded agreements with 110 system users (and with 108 system users in 2020).

Focusing on customers and increasing customer satisfaction are among the Company's strategic objectives. In order to find out the needs of its customers, Amber Grid conducted a customer satisfaction survey at the end of 2021. The survey aimed to assess the overall satisfaction with Amber Grid's services and the extent to which the Company's services and service meet customer expectations, as well as customers' day-to-day experience of using the Company's services. The customer satisfaction score was measured by the GCSI Customer Satisfaction Index and the NPS Index. The survey showed high customer satisfaction scores. The GCSI score of 83 is in line with the results

achieved by companies with a high standard of service delivery and the NPS score of 63, which showed that 71% of the respondents are likely to recommend Amber Grid to others. Customers were positive about the professionalism and experience of the Company's employees. Among the areas for improvement, customers mentioned the need for a modern self-service system and API.

Amber Grid appreciates a high level of customers' confidence and aims to maintain high customer satisfaction rates in the future. Amber Grid will introduce a new electronic self-service for transmission services to its customers in 2022. The new self-service will implement all business processes from service ordering to billing, and will allow customers to submit data automatically using the AS4 protocol.

Amber Grid pays a significant attention to improving the quality of customer service. At the beginning of this year, the Company prepared guidelines for good customer service, which are planned to be implemented this year.

Public relations

Amber Grid's societal activities are all about community, partnership and opinion leadership. The Company maintains close ties with the communities in whose territories it operates. The biggest issues raised by the communities are related to the safety of the Company's operations and environmental quality issues. In this context, Amber Grid implements a range of measures to respond to these community concerns. The Company initiates regular meetings with community representatives. It also participates in community meetings, where it answers questions which community members have and proactively shares relevant information. Amber Grid seeks to build relationships with communities on the principles of open dialogue, cooperation and partnership.

Project "Culture of Dialogue and Cooperation"

Amber Grid's project "Culture of Dialogue and Co-operation" having lasted for three years came to an end in 2021. In 2018, we started visiting communities to look for opportunities for dialogue and co-operation, as we wanted to clearly and directly communicate the importance of the GIPL project for Lithuania and the communities, spreading the message of energy independence that this new pipeline will provide. We also used well-known Lithuanian cultural figures to stimulate curiosity and a critical approach to various social phenomena during the discussions. In these three years, 130 live meetings were held, which were attended by 8000 community members from 4 counties, 9 municipalities and 22 elderships. We spent 200 hours and travelled 14 000 km together.



Support

In order to ensure the appropriateness, openness and transparency of the provided support, on 22 April 2017, the Board of Amber Grid passed a Decision whereby it approved the Regulations of the Procedure of Granting Support of the Company, which were prepared in accordance with the objectives of the Company's 2017-2022 business strategy and the principles of the EPSO-G Group's support policy.

Directions of support

The provisions of the said procedure state that the Company's development strategy and projects of national economic importance may affect the quality of life of communities or their environment, and that the Company has the right to use its profits to support the needs of the local regions and/or communities in which the projects are implemented in the form of education, culture, sport, social services, health care or other areas of community welfare. The Company may also provide support to individuals studying programmes related to its direct activities. Amber Grid encourages voluntary, unpaid involvement of its employees in pursuit of social or local community objectives and may provide support in this regard.

In providing support, the Company follows the following principles: consistency with the objectives of its activities, transparency and impartiality, equal treatment, and a balance between confidentiality and publicity.

The Company does not provide support to political parties or political campaigns, for the payment of debts incurred by participants in political campaigns or related to political campaigns, to charitable foundations set up by politicians or persons close to politicians, or to legal persons, for any person who has improperly implemented or is in breach of a previous support agreement with any EPSO-G Group company (or with another donor and is aware of it), for activities promoting or relating to gambling or gambling-related activities, alcoholic beverages, smoking or other intoxicating substances, and for other activities which have or may have a negative impact on the society.

The Ordinary General Meeting of Shareholders determines the share of profit to be allocated by the Company for support annually, forming a reserve for this amount based on the profits of the reporting year and the projects being implemented. The share of profit allocated for support may not exceed 1% of the net profit for the reporting financial year, and in any event may not exceed EUR 50 000. The Regulations on the procedure for granting support are published on the Company's website

https://www.ambergrid.lt/lt/apie_mus/mones-socialines-atsakomybes-politika/parama-ir-jos-teikimo-tvarka.



7. GOVERNANCE AND ECONOMIC SUSTAINABILITY

Key performance indicators

Table 22. Performance indicators

Indicator	2021	2020	2019
Volume of gas transported to the internal discharge point, GWh	24,136	25,144	23,530
Gas transported to adjacent transmission systems, GWh	28,595	32,861	31,991
Number of system users at the end of the period	110	108	105
Length of distribution gas pipelines, km	2285	2115	2115
Number of gas distribution stations and gas metering stations	68	67	68
Revenue, million EUR	77	50,8	-
Net profit, million EUR	23,2	17,4	-
Gas transported, TWh	52,7	58	-

The financial indicators are calculated after eliminating the assets or liabilities generated by LNG terminal funds. Formulas for calculating the indicators:
 EBITDA = profit (loss) before tax + financing costs - financing income + depreciation and amortisation costs + impairment costs + asset write-downs
 Net financial debt = financial debt - cash and cash equivalents
 EBITDA margin = EBITDA/revenue
 Net profit (loss) margin = net profit (loss)/revenue
 ROA = net profit (loss)/average asset value
 ROE = net profit (loss)/average equity

	2021	2020	2019
Financial results (EUR thousand)			
Revenue	68 595	52 286	55 619
EBITDA	35 372	26 060	25 206
Profit (loss) before tax	22 777	14 586	14 734
Net profit (loss)	23 211	18 170	12 572
Net cash flow from operating activities	29 082	24 672	27 216
Investments	45 745	91 903	18 019
Financial debt	104 849	119 591	71 809
Profitability ratios (%)			
EBITDA margin	51,6	49,8	45,3
Net profit (loss) margin	33,8	34,8	22,6
Average return on assets (ROA)	6,9	6,7	5,3
Average return on equity (ROE)	13,95	12,47	9,45
Liquidity ratios			
Total liquidity ratio	1,04	1,16	0,64
Immediate coverage ratio	0,94	1,10	0,58
Non-current asset turnover	0,26	0,21	0,27
Capital structure ratios			
Equity to assets ratio	0,49	0,51	0,57
Financial debt to equity ratio	0,59	0,77	0,53
Financial debt to EBITDA ratio, times	2,96	4,59	2,85
Market value indicators			
Share price to earnings per share ratio (P/E), times	9,38	9,57	13,91
Net earnings (loss) per share, EUR	0,13	0,10	0,07

Total liquidity ratio = current assets / current liabilities
 Quick ratio = (current assets - inventories)/current liabilities
 Non-current asset turnover = revenue/ non-current tangible and intangible assets
 Equity to asset ratio = equity / assets
 Financial debt to equity ratio = financial debt / equity
 Financial debt to EBITDA ratio = Financial debt / EBITDA
 Share price/earnings per share ratio = share price at the end of the period / (net profit/number of shares)



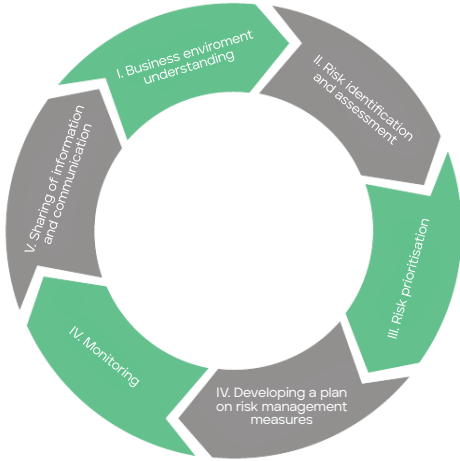
Risks and risk management

The Company defines risk as a possibility of unplanned events that could affect the achievement of strategy and business objectives, both negatively and positively. The Company seeks to actively manage risk and in doing so pursues the following objectives:

- increase the likelihood of achieving the Company's operational objectives and efficiency;
- pre-planning and coordinated implementation of actions to minimise the adverse impacts and/or the likelihood of occurrence of potential events;
- improving safety of employees, third parties and the environment;
- improving the prevention and management of unforeseen events;
- build confidence of the public and the state in the Company.

Risk management is understood as a structured approach to managing uncertainties.

Figure 7: Key risk management processes



The Risk Management Process Group consists of the following processes:

I. Identifying the business environment. Each year, risk owners assess changes in the Company's objectives, internal and external environment, organisational structure, and identify new potential risks.

II. Risk identification and assessment. Using historical data, expert judgement and the results of monitoring the implementation of risks and risk management measures, the Company's risks are defined by identifying the sources of risks, the areas of exposure, the events associated with the risks, their causes, the potential impact in financial terms (in euro) and the longevity of the risks. The type of risks is identified, describing the risk management measures currently in place. The likelihood, impact and level of risks are determined, identifying possible risk management measures, taking into account the interdependencies between risks. The units responsible for risk management carry out the process of risk identification and assessment.

III. Risk pricing. A session for prioritizing risks is initiated to review the list of risks established in Process II. The risks to be prioritised are identified. If this process raises doubts as to the likelihood, impact, management measures or other elements of certain risks, a re-analysis of these risks is initiated.

IV. Developing a plan of risk management measures. A plan of measures to manage the Company's risks identified in Process III, with the resources required to manage the risks, is established and approved by the Board, following the recommendations of the Audit Committee. The identified resource requirements for the implementation of the risk management measures is to be considered in the planning of the following year's budget. If the amount budgeted for risk management in the budget prepared for approval differs from the amount foreseen in the risk management plan, the Company's risk management plan is adjusted. The Board approves the final risk management plan together with the budget. The objectives of the risk monitoring and risk management action plan are linked to annual objectives of persons responsible for monitoring and managing risks.

V. Monitoring. Periodic monitoring of risks and the implementation of risk management measures is carried out to assess changes in the level of risks, progress in the implementation of risk management measures and the effectiveness of the measures. Risk owners and persons responsible for the implementation of risk management measures regularly report the results of the monitoring to EPSO-G's Risk Management and Prevention Unit and to the Board of the Company. Where a risk tolerance or critical value of a key risk indicator (KRI) is exceeded, and new risks the KRI of which exceeds the appetite are identified, new risk management measures are planned and adjustments to the risk management plan are prepared for the approval of the Board.



VI. Communication and information transfer. The basis for effective risk management is continuous communication within the Company between risk owners, the Risk Management Unit, the Risk Management and Prevention Unit of EPSO-G, the Chief Executive Officer and collegiate bodies of the Company. Effective communication requires that relevant information reaches responsible persons in a timely manner.

Risk management is carried out in accordance with the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management (COSO ERM) methodology. The Company has joined the Risk Management Policy of EPSO-G Group to its full extent and follows a common Group Risk Management methodology. The Risk Management Policy and the Risk Management Methodology are approved and amended by a decision of the Company's Board and the process is coordinated by the EPSO-G Audit Committee, which also acts as the Company's Audit Committee.

Main risks managed by the Company in 2021

Risk of the GIPL project not being implemented within the set deadlines. To manage this risk, the Company followed the standard of best practices in project management and quality management, monitored the progress of construction works in accordance with the schedule (guidelines) agreed with the contractors, and exercised continuous control. The construction of the gas pipeline was carried out in accordance with the approved schedule, and the project was completed on time.

Risk of shortages, turnover, motivation of suitably qualified staff. The Company faces competition for highly skilled professionals to contribute to strategic projects. In order to manage the risk of lack of suitably qualified staff, turnover and motivation, the Remuneration, Performance Appraisal and Development Policy was updated in March 2021, an independent study of salary and market trends was carried out, shift plans were drawn up for critical positions and actions were taken to minimise the risk, an analysis of the employer's image was carried out, and a management development training programme was developed and implemented.

Information security (cyber security) risks. The Company is a company important to the national security that manages facilities and assets critical to national security. Information and data managed by the Company are of strategic importance, and the loss, unauthorised alteration or disclosure of such information and/ or data, corruption or interruption of the flow of data necessary for secure operation of the transmission system may cause disruption of operations and damage to other natural and legal persons. In order to manage this risk, the Company carried out the expansion of the critical infrastructure data network monitoring system, and upgraded and installed software necessary to ensure cyber security during the reporting period. Vulnerability assessments of equipment were



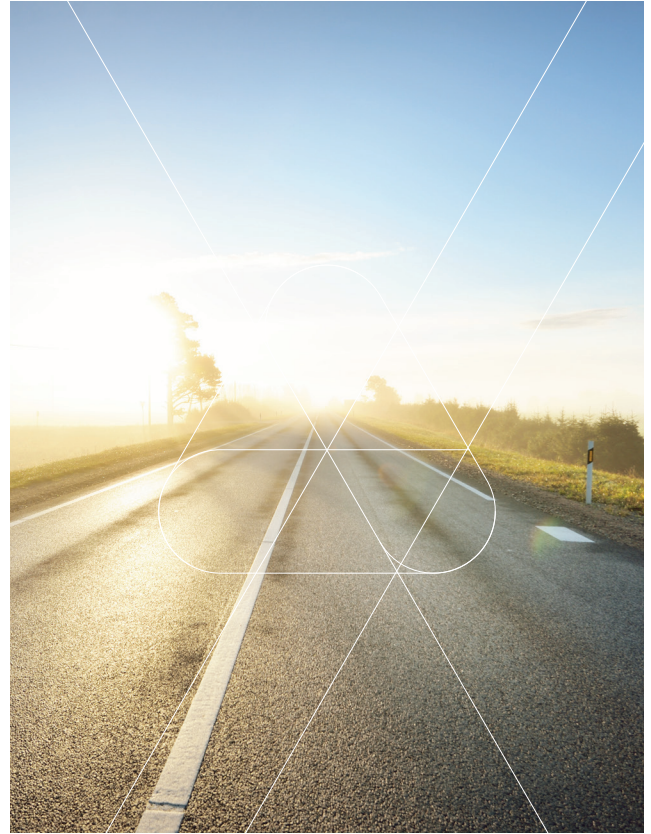
also carried out, employee training in information security and social engineering resilience and employee exercises to assess staff resilience to social engineering techniques were organized, and the Company was certified ISO27001 following an external audit. The cyber security team participated in the "Kibernetinis skydas 2021" (English: Cyber Shield 2021) exercise organised by the National Cyber Security Centre under the Ministry of National Defence.

Technological risks. One of the Company's key functions and responsibilities is to ensure safe, reliable and efficient operation of the natural gas transmission system. For this reason, the Company implements and improves specialised information systems, continuously updates its emergency and technological disruption response and emergency management plans, business continuity plans, and imposes high requirements on contractors. During the reporting period, pipeline diagnostics works were carried out and are planned to be continued in 2022, fixing the identified critical defects in the gas distribution pipeline in a timely manner. An innovative unmanned aerial vehicle (drone) was developed in the framework of the SecureGas international project with Italian partners to search for gas leaks in 2021, which measures the concentration of methane gas in the air and determines the coordinates of a detected leak by means of a laser sensor while flying along a planned route over the gas transmission pipeline. In order to manage the risk of rebuilding pipeline sections where the development standard was exceeded, a study was conducted at the Company's expense to assess the constraints in the class unit of the area, which will be used as a basis for the preparation of drafts for the revision of the Rules for the Installation and Expansion of the Gas Distribution Pipeline and other related legislation in 2022. The results of the study were presented to the representatives of the Ministry of Energy and VERT.

Risk of non-compliance with the project portfolio plan. To manage this risk, the Company carried out timely procurement, ensuring non-deviation from deadlines and full compliance with the legislation governing public procurement procedures, limited and minimised the resulting interim delays in the execution of works, implemented the recommendations of the internal audit of project management carried out in 2020, and held periodic discussions with the Group's companies on the status of the projects and on critical risks.

Regulatory risk. Natural gas transmission prices are regulated, with the VERT setting price/revenue caps and return on investment, and approving investments. These decisions directly determine the Company's operating results and the allocation of funds for necessary operating costs, investments to maintain the reliability of the transmission network, and the ability to finance strategic projects with own or borrowed funds. During the reporting period, the drafting and/or amendment of legal acts regulating the regulated activities of the VERT and other authorities was monitored, expressing the position on draft legal acts.

Risk of non-compliance with employee safety requirements. Due to the nature of its activities and the nature of work at the Company, the Company pays particular attention to employee



safety. This risk has remained a priority area for many years. The monitoring of the application of Covid-19 preventive measures and compliance with the requirements continued in 2021 and has contributed to this risk since 2020.

The management of these risks during the reporting period included the updating of the occupational risk assessment and ongoing structured internal controls at all levels, in accordance with the description of the internal control procedures in the areas of Occupational Health and Safety and the Environment, which was approved and updated in December 2021. This included the assessment of compliance with OSH requirements through the use of checklists, training and awareness of potential risks, timely health check-ups and the development of a safety and health culture. In December 2021, the Company underwent an external audit of its Integrated Environmental and Occupational Health and Safety Management System, which revealed no non-conformities. In December 2021, the Company signed up to the Group's Occupational Health and Safety Policy, which it will apply in full.

There were no fatal or serious accidents in 2021, either to the Company's or to contractors' employees.

Financial risks. In conducting its activities, the Company is exposed to financial risks: credit and liquidity risks. The Company has a treasury and financial risk management policy and a share sale transaction policy approved in November 2021. The Treasury and Financial Risk Management Policy applies the credit rating requirements of financial institutions, regular review and updating of cash flow forecasts, also ensuring the unused reserve. In February 2021, EPSO-G and the Company entered into an amendment to the inter-lending and borrowing agreement extending the term of the agreement for one year.

Business transparency risk. The Company continued to focus on the review of public procurement processes and prevention of corruption in its operations.

In order to manage procurement risks, the Company has focused on continuous communication relating to timely initiation of procurement, has established standard procurement durations and standard procurement schedules, has informed market participants of planned high-value procurements in advance and has focused on attracting new suppliers, has organised best practice exchange sessions with other Group companies, and has carried out an internal audit of its procurement management.

During the reporting period, the Company continued to pursue its policy of zero tolerance for corruption, patronage of family members, relatives, friends or any other forms of influence peddling, and consistently and systematically implemented the prevention of conflicts of interest between the Company and its private interests. The Company encourages its employees and other interested parties to report directly or anonymously



any possible irregularities, unethical or dishonest behaviour to the helpline or directly to the address of the Special Investigation Service of the Republic of Lithuania.

Pursuant to the Law on the Adjustment of Public and Private Interests and the decision of the Chief Official Ethics Commission, as of 1 January 2021, the Company's executives, heads of structural units and functional areas, members of procurement committees, organisers of low-value procurements, experts involved in procurement procedures, employees initiating procurements, and members of the Board of the Company have declared their private interests on the public information platform PINREG.

The Company has implemented a change in its gift policy in 2021 to a zero-gift policy, which means that the Company's employees are not allowed to accept or give gifts, either directly or indirectly, in the course of their duties, except for the exceptions set out in the law.

The risk of gas consumption in Lithuania declining due to competition with other fuels. In 2021, risk management measures focused on diversifying gas supplies and increasing the potential for transit to other EU countries by seeking a common agreement with the Baltic States and Finland in a regional market project and by building a gas interconnector with Poland (GIPL).



In order to attract green gas supplies to gas transmission networks, decisions were taken on the adaptation of the national registry of guarantees of origin to international trade in guarantees of origin, work continued on the implementation of a demonstration project for the blending of green hydrogen into gas networks, and technical conditions for the connection of 9 biogas producers to the Lithuanian gas transmission networks were issued.

COVID-19 risk management

Business continuity and preventive measures continued in 2021:

- employees responsible for monitoring the situation and providing information were appointed;
- the possibility of working remotely for employees returning from countries at risk, taking an annual leave or sick leave was ensured;
- divisions administering critical functions and key systems, employees and their substitutes were identified, ensuring their shifts;
- the use of teleworking tools;
- information was distributed to employees on the application of preventive measures, employees were provided with personal protective equipment;
- premises were disinfected;
- employee flows were managed;
- the benefits of vaccinations were explained to employees;
- opportunities to get vaccinated were ensured.

In 2021, the Company updated the assessment of biological risk factors for all positions. Preventive measures were implemented and long-term protection and biocidal product inventories have been implemented based on the results of the assessment.

The Company's Emergency Management Plan was revised to take into account the nature of emergencies and the measures in place. The Business Continuity Plan has been regularly reviewed in response to changing situations, providing for the most critical activities that cannot be interrupted or temporarily suspended, responsible persons and their substitutes, and other necessary measures.

In 2021, there were 65 cases of Covid in the company, and the immunisation rate of the Company's employees or more than 90% in December 2021.



Anti-corruption and transparency

The Company does not tolerate any form of corruption in its activities, or any improper benefit, acceptance, giving, offering, promising or demanding of gifts in abuse of the position held.

The Company's anti-corruption activities are based on national legislation and voluntary commitments that go beyond it:

- All Company's managers are directly responsible for implementing corruption prevention measures and setting an example for their employees;
- Proportionate, risk-based anti-corruption procedures are in place and can be found here: https://www.ambergrid.lt/lt/apie_mus/bendroveskorupcijospresencijospolitika/abambergridantikorupcijospolitika;
- a corruption risk assessment has been conducted every year, planning and adapting measures to mitigate corruption risks, monitoring the effectiveness of anti-corruption activities and, where necessary, introducing more effective measures.

Pursuant to provisions of the Law on Prevention of Corruption of the Republic of Lithuania, the likelihood of occurrence of corruption in the provision of personal services and processing of applications in the areas of spatial planning and construction (acceptance and registration of applications, processing of applications, submission and registration of answers to applications, supervision and control of the processing of applications) was identified and assessed in Q3 of 2021. The assessment identified risks and made recommendations to make the processes of servicing persons and examining applications in the fields of spatial planning and construction even more transparent. The main conclusion of the assessment stated that: "In accordance with the criteria set out in Article 6(4) and (6) of the Law on Prevention of Corruption, the assessment of the information gathered and the measures/efforts taken by the Company to reduce the likelihood of occurrence of corruption leads to the conclusion that there is a likelihood of corruption in the area of activity of Amber Grid AB - servicing of persons and examination applications in the areas of spatial planning and

construction, however, the Company is currently implementing measures for corruption prevention, and has planned specific actions and deadlines for their implementation to reduce the likelihood of corruption in this area.

Pursuant to the Law on Adjustment of Public and Private Interests of the Republic of Lithuania and the procedure established by the Chief Official Ethics Commission (hereinafter referred to as the CEC), members of the Company's Board, top-level executives, heads of structural units and employees of the Company involved in procurement procedures declared their private interests in the CEC's PINREG information system in 2021. 187 declarations of private interests of the Company's employees were submitted on PINREG in 2021. During 2021, no cases of Company's employees being in a conflict-of-interest situation have been identified.

Violations of the provisions of legislation and norms of conduct, violations of economic transactions and accounting, tampering, bribery, influence peddling, abuse, conflicts of interest, nepotism and cronyism, violations of the requirements of transparency, equality, non-discrimination, proportionality and impartiality of procurement by the Company's managers and employees may be reported to the Helpline at: https://www.amber-grid.lt/lt/apie_mus/korupcijos-prevencija/pasitikejimolinija.

5 (five) reports/complaints were reported to the Helpline in 2021 (no reports were received in 2020 or 2019; 1 report was received in 2018), including 1 (one) report of abuse of position/power by Company's employees, which was investigated, and 2 employees were issued a warning of breach of work discipline. The other 4 (four) reports did not involve corruption.

In December 2021, an annual corruption prevention training/event was held for the Company's employees on the TEAMS information platform. During the event, the following topics were presented/discussed:

- Corruption - abuse of office (powers);
- Changes to the Company's gift policy/procedure;
- New edition of the Law on Prevention of Corruption as of 1 January 2022. Main changes.

The event was attended by 106 Company employees (153 employees in 2020; 99 employees - in 2019, and 45 employees - in 2018).

Moreover, all new employees had training by the Company's Prevention Department on the Company's corruption prevention policy, the Company's anti-corruption measures, the Helpline and whistleblower protection guarantees. 38 new recruits attended Prevention training in 2021.



The Company strives to implement the Group's sustainability responsibility and anti-corruption policies in its operations:

- not tolerate any form of corruption, patronage of family members, relatives, friends or any other form of influence peddling;
- consistent and systematic implementation of the prevention of conflicts of interest between the Company and private interests;
- ensure that the Company's procurement is carried out in a transparent manner, in accordance with the requirements of equality, non-discrimination, mutual recognition and proportionality, and does not tolerate any fraud, bribery or any other unauthorised anti-competitive practices;
- encourage the Company's employees and other stakeholders to report, directly or anonymously, possible violations, unethical or dishonest behaviour without fear of negative consequences;
- apply the zero gift acceptance/giving policy, i.e. we refuse to accept/give corporate gifts, leaving strictly defined exceptions only:
https://www.ambergrid.lt/lt/apie_mus/korupcijos-prevencija/dovanu-politika.

We pursue these goals by doing the following:

- educating/training/counselling the Company's employees about corruption, nepotism or other forms of influence peddling;
- implementing and monitoring the declaration of private interests;
- managing conflicts of interest;
- investigating all reports of corruption and guaranteeing the confidentiality of whistleblowers;
- surveying the Company's employees on their perception of corruption;
- holding annual Anti-Corruption events.

We will measure the achievement of the goals according to the following indicators:

- 0 cases of investigations/ checks for corruption by the VTEK, the STT and/or other authorities;
- 0 cases where the Company's employees acted in a conflict of interest;
- Private declarations of interest received and checked for all staff members who are required to declare their interests in accordance with the procedures laid down by the VTEK;
- All reports of corruption received have been investigated and conclusions/recommendations have been made;
- A survey of the Company's employees on their perception of corruption;
- Annual Anti-Corruption Event.

In carrying out its activities and providing its services, the Company complies with the



requirements of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereinafter - the GDPR), the Law on the Legal Protection of Personal Data of the Republic of Lithuania and other legislative requirements.

The Company has carried out a detailed inventory of the personal data processed by the Company in order to ensure the security of the data of employees and other natural persons. During the inventory, personal data processed by the Company and its units were identified, personal data processing records were prepared in accordance with the recommendations of the State Data Protection Inspectorate, personal data processing rules were updated, and the Company's personal data processing processes and personal data processing documentation were reviewed.

The protection of personal data in the Company is governed by the Personal Data Protection Policy and the Personal Data Processing Rules.

The Company has prepared a privacy notice, which provides visitors of the Amber Grid website with information on what personal data and for what purposes is processed by the Company, providing information on the rights that visitors have in a clear and easily understandable language, explaining how to enforce their rights, also presenting the procedure for handling requests, contacts, and the persons responsible for handling requests. The Privacy Notice is available at

https://www.ambergrid.lt/lt/apie_mus/privatumo-pranesimas

Fair taxes

Amber Grid implements the principles of fair business by declaring and paying all due business taxes responsibly and correctly.

In the last 5 years, the Company has not been reprimanded for improper declaration and payment of taxes. In 2021, the Company paid more than EUR 8.2 million in taxes.

Financial support from the European Union

In 2021, Amber Grid implemented one of the natural gas transmission infrastructure projects envisaged in the National Electricity and Natural Gas Transmission Infrastructure Project Implementation Plan approved by the Minister of Energy of the Republic of Lithuania under the EU Funds Investment Operational Programme 2014-2020, which was granted up to 50% support from the European Union (hereinafter - EU). The project "Implementation of a system for remote control of technological processes and collection of data from gas metering devices in the gas transmission system" involved the development and implementation of software for remote control of technological processes and collection of data from gas metering devices in the transmission system's subsidiaries, thus ensuring the reliability of the gas transmission system as well as flexibility in management. The total value of the project is EUR 2 million.

In 2021, Amber Grid signed a financing agreement with the Lithuanian Business Support Agency under the 2014-2020 European Union (EU) Funds Investment Operational Programme with up to 50% EU financial support. The project "Reconstruction of individual sections of the gas distribution pipeline (Stage II)" provides for the reconstruction of 3.89 km of the gas distribution pipeline by Q3 2023, i.e. reconstruction of the above-ground crossings of the gas distribution pipeline by replacing them with underground ones - 0.285 km, reconstruction of the ungrounded sections of the gas pipeline by deepening them - 3.614 km, and the installation of advanced infrastructural elements, such as corrosion velocity sensors, at all reconstructed objects (above-ground crossings, ungrounded sections of the gas pipeline). The total value of the project is EUR 4 million.

More information on Amber Grid's completed and ongoing infrastructure projects is available on the website: <https://www.ambergrid.lt/lt/perdavimo-sistema/perdavimo-sistemas-pletra/infrastrukturosprojektai>





Public procurement

In planning and executing procurement procedures and procurement contracts, the Company follows provisions of the Law on Procurement by Contracting Entities in the Field of Water Management, Energy, Transport or Postal Services of the Republic of Lithuania (hereinafter referred to as the Law), other legal acts regulating procurement and applicable to the Company or by good commercial practice where the Law does not apply to a certain procurement.

The Company implements projects of regional and national importance. These are projects that require large investments. Their success depends on the understanding, trust and support of shareholders, partners, controlling and regulatory authorities and the

Lithuanian people. Therefore, the Company focuses on oversight of public procurement processes and prevention of corruption in its operations. The Companies have effective measures in place to ensure that procurement procedures are carried out in a transparent manner, in accordance with the requirements of equality, non-discrimination, mutual recognition and proportionality, and does not accept fraud, bribery or other unauthorised, anti-competitive practices. Information on the procurement plans for the year, their implementation and the persons responsible for their implementation is available on the Company's website. In order to ensure fair competition, the Company provides potential suppliers with information about the projects to be implemented and the planned works for which it intends to call for contract tenders.

Green procurement

The Company is committed to reducing its environmental impact and is therefore committed to prioritising green procurement. Green procurement is defined as procurement that seeks to procure goods, services or works that have the lowest possible environmental impact at one, several or all stages of the life cycle of goods, services or works.

The Company follows the green procurement objectives set out in the Resolution of the Government of the Republic of Lithuania on the Establishment and Implementation of Green Procurement Objectives (current version), and undertakes to achieve:

- at least 50% of green procurement by 2022;
- at least 100% of green procurement - every year starting 2023.

The specific green procurement criteria to be applied are set out in the relevant legislation of the Republic of Lithuania (30 product categories approved by Order No D1-508 of the Minister of Environment of the Republic of Lithuania). Elective criteria will be set taking into account the object of the procurement, best practices in Lithuania and abroad, and by assessing the environmental impact of the object of procurement.

In preparing the 2022 Procurement Plan, we have identified green procurement. The environmental impact of the object of procurement and the applicable green criteria will be assessed by conducting studies and market research/consultations.

When initiating procurement, there is a requirement to specify the green criteria to be applied to the object of procurement, and the fulfilment of the green criteria will be monitored during the execution of procurement contracts.

Each quarter, an analysis of the experience of green procurement will be carried out, refining the green criteria and making plans for the future periods.



We distinguish the following as priority green criteria:

- Type I eco-labelling (according to LST EN ISO 14024);
- requirements for suppliers to apply the requirements of an Environmental Management System in accordance with LST EN ISO 14001 or the European Union's Environmental Management and Audit Scheme (EMAS), or other environmental management standards based on relevant European or international standards (as approved by certification bodies that comply with European Union legislation or international certification standards), in conducting works or providing services;
- avoiding paper documents;
- applying the life-cycle cost criterion in the evaluation of tenders;
- assessment of recovery costs and possibilities for reuse;
- energy efficiency;
- conservation of natural resources;
- the use of renewable energy sources;
- durability, strength, functionality, etc.

When implementing green procurement, we will aim to choose materials that are environmentally friendly as possible and, where possible, prioritise the elimination of environmentally harmful materials/products.

We will develop the competences of our employees and suppliers in green procurement, to make green procurement and contract implementation as efficient and smooth as possible.

Supply chain management

In accordance with the Occupational Health and Safety and Environmental Policy, the Company aims to ensure that contractors providing services and carrying out works comply with occupational health and safety and environmental requirements. To this end, the Company carries out environmental and occupational safety compliance inspections of its suppliers.

Table 23. Result of inspections

Types of waste	2021	2020	2019
Number of inspections	146	164	147
Number of non-conformities	45	41	89

The plan is to adopt the EPSO-G Group's Supplier Code of Conduct in 2022, which will require suppliers to comply with all relevant laws, regulations and licences, and to adhere to the principles set out in the Supplier Code, which will serve as a basis for not only constructive cooperation, but also for greater progress in sustainability.



Efficient operations and innovation

In order to become not only more efficient, but also to increase the use of green energy, in 2021 the Company completed the construction of solar power plants started back in 2020, and became a producing green energy consumer. Solar panels of more than 1,400 kW were installed on the Company's premises, which have already generated more than 200 MWh of electricity in 2021. The gas pipeline system and all its objects consume a significant amount of electricity per year, which makes the investment in in-house solar power generation worthwhile. Moreover, having started to produce solar energy, we can already see that electricity generated from renewable sources contributes to a significant reduction in CO2 emissions and allows us to contribute to climate change mitigation goals and the development of renewable energy in Lithuania. Amber Grid's facilities, such as gas compressor stations, gas distribution and metering stations, consume an average of about 3 gigawatt hours (GWh) of electricity per year. The installation of all three solar power plants and the self-generation of green energy will reduce electricity costs by about a half. Two more 1 MW solar power plants located on the sites of the Jauniūnai and Panevėžys gas compressor stations are planned to start producing electricity by the end of this year. All of Amber Grid's solar power plants will generate almost 40% of the Company's electricity consumption. Excess electricity generated on sunny days will be stored with the Energy Distribution Operator (ESO), which will further optimise the cost of energy produced and consumed and allow the excess energy to be used when needed. The latest double-sided solar module technology and a solar tracking system for a part of the power plant were chosen for the implementation of the project.

Digitalisation of IT systems. In 2021, the Company launched or continued a series of IT systems digitisation projects, including continuing the development of the Integrated Accounting and Financial Management Information System, which will ensure efficient accounting, budgeting, control and analytical functions for the EPSO-G Group. The IT system for efficient management of gas flows and interactive information exchange between the transmission system operator and system users was completed. Significant attention has been and will continue to be paid to the cyber security of IT systems. In 2021, the Company completed its participation in the SecureGas research and development project, which started in 2019, in the course of which it cooperated with international partners analysing the security and resilience of the EU's gas network against cyber and physical threats.

As a part of the improvement of the management of activities, the implementation of a risk-based technology asset management system continues. In 2021, the Company's Strategic Asset Management Plan was developed, a risk calculation algorithm for gas distribution and compressor stations was developed together with Italian partners, and the pilot schedules of operation were approved for 2022, taking into account the risks that may arise.

The Company has taken part in an initiative to benchmark the performance of a number of European transmission system operators for the third consecutive year. Based on the results of this analysis, improvements in operational processes are planned and implemented. In 2020 and 2021, the analyses were used as a basis for improving the Company's operational processes. This is a long-term project, and we will continue to improve the efficiency of our operational processes based on the results of the analysis in 2022.

In order to foster innovation and the search for potential new activities, the Company and other companies of the EPSO-G Group updated the functional action plan for the creation of an innovation ecosystem in the EPSO-G Group for the period 2022-2024, and the implementation of the activities foreseen in the plan is planned in 2022. Two brainstorming sessions (hackathons) were held 2021 to involve as many of the Company's employees as possible and thus stimulate the search for innovation and new activities. One of the sessions generated innovative ideas on technological losses and GHG reduction and monitoring, while the other looked for opportunities to employ existing competences in new activities. Dozens of ideas were generated and discussed during the sessions, and a few of the most relevant ones were selected. Further analysis and development of these ideas will be continued in 2022.

Over €1 million was spent on innovation and the development of the innovation ecosystem.



Green gas initiatives

We are ready to transform the natural gas system to safely transport renewable energy sources such as biomethane-hydrogen mixtures and pure green hydrogen. We aim to integrate this system into the single European market, creating a single platform that operates efficiently and transparently, enabling the State to confidently follow Europe's green course and consumers to use clean energy simply at the best price.

Taking into account directions of energy transformation, the decarbonisation of the economy and the implementation of the European Green Deal, we are preparing an analysis of the development of hydrogen technology in Lithuania. After a comprehensive analysis, we will present possible solutions for the hydrogen value chain, using independent foreign experts and working together with Lithuanian institutions and companies. We will complete this analysis by mid-2022.

The intensive development of RES energy production and the significant increase in the share of RES in the overall energy balance, as well as the current and future challenges of balancing the electricity grid and integrating it into the electricity transport system create opportunities for the development of one of the most potential technologies - the "Power-to-Gas" technology of green hydrogen produced from renewable electricity. In order to assess the relevance and applicability of hydrogen gas and the Power-to-Gas technology in Lithuania, in 2021, the Company continued to analyse the technical and economic feasibility of applying these technologies in Lithuania, which is also one of the components of the EPSO-G Group's joint project Raida 2050.

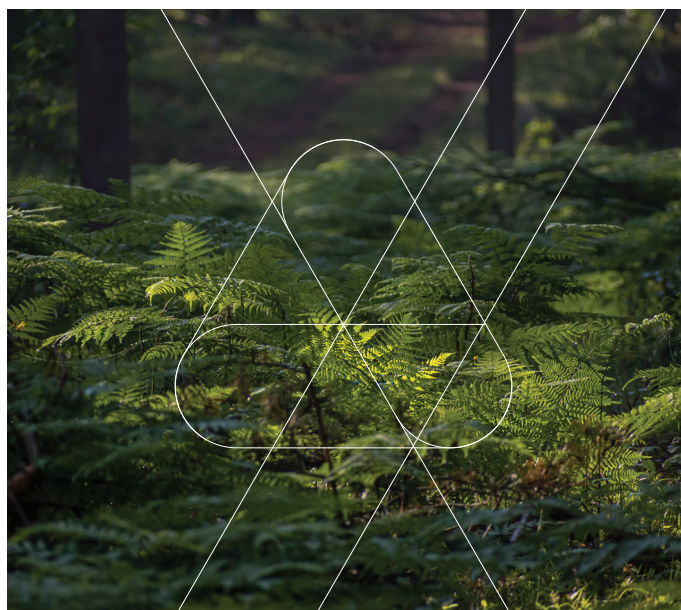
Together with the transmission system operators in the Baltic States and Finland, the Company prepared a research and development plan in 2021 identifying the technical feasibility and required investments for transporting hydrogen and gas mixtures in the region. The first phase of the R&D plan will start in 2022.

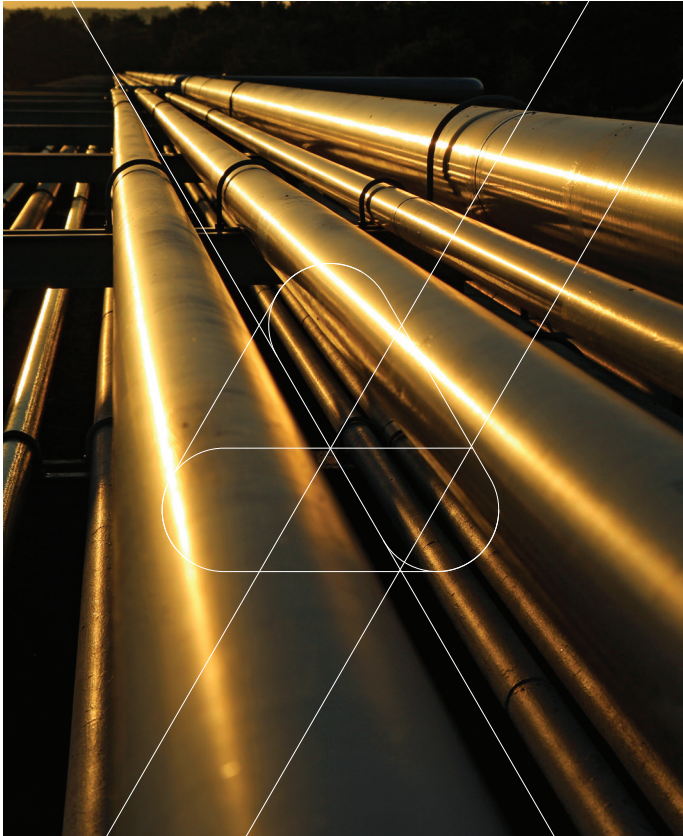
The Company administered the National Register of Guarantees of Origin for gas produced from RES established in 2019, which performs the functions of issuing, transferring and cancelling guarantees of origin, supervising and controlling the use of guarantees of origin and recognising guarantees of origin issued in other countries in Lithuania. This system is useful for energy consumers willing to use in their business environmentally friendly gaseous energy produced in Lithuania or in another European Union country. The Company cooperates with designated bodies in other countries and with organisations in the RES gas sector.

In 2021, the first 10 (10 MWh) of green gas with guarantees of origin were imported into Lithuania through the Guarantee of Origin system in Lithuania.

In 2021, the Company continued its successful participation in REGATRACE (Renewable GAs TRAded Centre in Europe), the project funded by the EU's Horizon 2020 research and innovation programme, to establish a European registry of origin for biomethane and other renewable gases, and to stimulate the development of green gas production and market.

In 2021, the Company was active in the Working Group on the Harmonisation of Green Gas Origin Guarantee Registers established by Finnish, Estonian and Latvian TSOs. Draft general rules and a draft agreement was prepared in 2021 to facilitate the regional exchange of guarantees of origin.





Operation. Reconstruction and modernisation

The operation of gas distribution pipelines is regulated by regulatory legislation and is carried out strictly in accordance with the requirements laid down therein. Maintenance and repair works are carried out on an ongoing basis to ensure the reliability and safety of the transmission system.

The gas distribution pipelines Panevėžys-Šiauliai (33 km), strand II, Vilnius-Kaunas (42 km), and the branches to Palanga (28 km) and Naujosios Akmenės (39 km) gas distribution stations were checked by internal diagnostics in 2021. A total of 142 km of gas pipelines were inspected in 2021.

In 2021, the Company carried out the following reconstruction and modernisation works:

- Replacement of shut-off devices and connection to the remote control system on the branches to Vandžiogala Gas Distribution Station (GDS), Grigiškės GDS, Jašiūnai GDS, Alksnupiai GDS, Gegužinė GDS, Maišiagala GDS, Šiauliai GDS, Širvintos GDS, Karaliaučiai, on the gas pipelines Minsk-Vilnius-Vievis, Panevėžys-Šiauliai, in the 2nd strand, and Panevėžys-Vilnius; Ivacevičiai-Vilnius-Riga;
- installation of a control device start-up chambers in the Ivacevičiai-Vilnius-Ryga gas pipeline and in the Ivacevičiai-Vilnius-Ryga gas pipeline interconnection with the Vilnius-Kaunas gas pipeline, on the branch to the Biržai GDS, the branch to Kėdainiai GDS, the branch to Pajėšmeniai GDS, the branch to Vandžiogala GDS, the gas pipeline Šiauliai-Kuršėnai in Strand II, the gas pipeline Panevėžys-Šiauliai and the gas pipeline Panevėžys-Šiauliai in Strand II;
- 61 the replacement of gas distribution pipeline insertions, taking into account the technical condition of the pipelines and the results of diagnostics;
- designing the restoration and extension of gas metering stations and gas distribution stations;
- design of a pressure relief unit to be installed on the gas pipeline branch to the Marijampolė GDS;
- installation of photovoltaic solar power plants;
- designing the reconstruction of individual sections of the Vilnius-Kaunas gas distribution pipeline;
- design works for the replacement of shut-off devices and connection to the remote control system on the branch to A. Paneriai-I GDS, on the branch to A. Paneriai-II GDS, the branch to Alytus GDS, the branch to Prienai GDS, the branch to Birštonas GDS, the branch to Vilkaviškių GDS, the branch to Batniava GDS, the branch to Miežiškių GDS, the branch to Panevėžys GDS, the branch to Šiauliai GDS, the branch to Pajėšmeniai GDS, the Ivacevičiai-Vilnius-Riga gas pipeline, the Vilnius-Panevėžys-Riga gas pipeline, the Vilnius-Kaunas gas pipeline, the Panevėžys-Riga gas pipeline, the gas pipeline to Klaipėda, the gas pipeline Panevėžys-Šiauliai in Strand II.



In 2021, the Company completed the following reconstruction and modernisation works:

- replacement of shut-off devices and connection to the remote-control system on the branch to the Vandžiogala GDS (GDS – gas distribution station), on the branch to the Grigiškės GDS, on the branch to the Jašiūnai GDS, the Ivacevičiai-Vilnius-Riga gas pipeline, the branch to Alksnupiai GDS, the branch to Gegužinės GDS, the branch to Maišiagala GDS, the branch to Širvintos GDS, the branch to Karaliaučiai, the Minsk-Vilnius-Vievis gas pipeline;
- upgraded video surveillance equipment in buildings;
- upgraded the technological equipment of the Praviena GDS, Vilkaviškių GDS, Švenčionėlių GDS and Gargždai GDS;
- introduced the risk-based management system for technological assets;
- installed one photovoltaic solar light power plant;
- deployed software for efficient gas flow management and information exchange between the transmission system operator and system users;
- upgraded the automated control system of the Jauniūnai gas compressor station;
- installed a system for remote process control and gas metering data collection in the gas transmission system.

8. NASDAQ ESG INDICATORS

The information provided covers the period from 1 January to 31 December 2021, and the indicators should be read in conjunction with the Sustainability Report. The data for the ESG (Environmental, Social Responsibility and Governance) indicators presented below have not been verified by external organisations and reflect the information available at the time of disclosure.

Environmental indicators

E1. Greenhouse gas emissions, kg	2021	2020
Area 1	58 788 621	62 260 364
Area 2	1 741 780	1 632 345
General	60 530 400	63 892 708
Of biogenic origin	29 452	32 574

E2. GHG emission intensity g CO ₂ eq./kWh	2021	2020
	1,15	1,10
E3. Energy consumption		
Electricity generated, MWh	70,1	0
Purchased electricity, MWh	3 140	2 941,3
E4. Energy intensity GJ/MWh		
	3 210	2 941,3
E5. Types of energy consumption		
Renewable energy %	2,18	0
Non-renewable energy %	97,82	100
E6. Water consumption, thousands m ³		
	3,037	3,101
E7. Environmental activities		
Does the Company have a formal environmental policy? Yes / No	Taip	Taip
E8. Climate change / Board engagement		
Does the Board monitor and/or manage climate-related risks? Yes / No	Taip	Taip
E9. Climate change / Management involvement		
Does the senior management team monitor and/or manage climate-related risks? Yes / No	Taip	Taip
E10. Climate risk reduction		
Total annual investment in climate-related infrastructure, resilience and product development:		
Green production EUR million	0,31	0
Modernisation of gas networks, EUR million	11,17	8,86



Social responsibility indicators

S1. CEO/ staff remuneration ratio	2021	2020
Ratio of the CEO's salary and bonuses (X) to the average salary of full-time employees X:1	5,1	4,42
S2. Salary ratio by gender		
Ratio of the average total salary of men (X) to the average salary of women X:1	0,91:1	0,85:1
S3. Employee turnover rate		
% turnover of full-time employees during the period	11,21	10,69
Turnover of part-time employees during the period %	0	0,63
Turnover of employees with fixed-term contracts in % during the period	0,62	1,57
S4. Gender diversity		
Total share of women and men actually in employment, %	78 % Men 22 % Women	80 % Men 20 % Women
Job positions held by men and women, %	99 % Men 1 % Women	98 % Men 2 % Women
Specialist positions held by men and women, %	69 % Men 31 % Women	71 % Men 29 % Women
Middle management positions held by men and women, %	77 % Men 23 % Women	69 % Men 31 % Women
Top management positions held by men and women, %	83 % Men 17 % Women	83 % Men 17 % Women

S5. Share of temporary employees	2021	2020
% of part-time employees	0,93	0,63
Share of employees on fixed-term/-consultancy contracts, %	2,8	1,57
S6. Non-discrimination		
Does the Company have an anti-sexual harassment and/or non-discrimination policy? Yes / No	Yes	Yes
S7. Occupational injury rate		
Injury frequency per number of employees, %	0,3	0,3
S8. Global health and safety		
Does the Company publish and comply with an Occupational Health and Safety and/or Global Health and Safety Policy? Yes / No	Yes	Yes
S9. Child and Forced Labour		
Does the Company have a child labour policy? Yes/No	Yes	Yes
Does the Company have a policy on forced labour? Yes / No	Yes	Yes
If so, does the child/forced labour policy also apply to suppliers and vendors?	No	No
S10. Human Rights		
Does the Company publish and follow a human rights policy? Yes / No	Yes	Yes
If so, does the human rights policy also apply to suppliers? Yes / No	No	No



Governance indicators

G1. Board diversity	2021	2020
Total share of board positions held by women (compared to men), %	25 %	Until 20 April 2020 - 4(0) (4 of the 4 members were male); 0%. From 20 April 2020 to 31 August 2020 - 5(1) (1 woman out of 5 members of the Board); 20 % of the total number of Board members. From 31 August 2020 - 4(1) (1 woman out of 4 members of the Board); 25%.
G2. Board independence		
Is the Company prohibited from allowing its CEO to act as the Chairman of the Board? Yes/No	Yes	Yes
Total share of independent Board members, %	50 %	By 20 April 2020 - 50%. From 20 April 2020 to 31 August 2020 - 20%. From 31 August 2020 - 50%.
Total share of independent Supervisory Board members, %	There is no Supervisory Board in place	There is no Supervisory Board in place
G3. Motivating managers		
Are managers formally motivated to deliver sustainability results?	Yes	No
G4. Collective bargaining		
Total share of employees with collective agreements as a % of the total number of employees, %	57 %	57 %
G5. Supplier Code of Conduct		
Are suppliers required to comply with the Code of Conduct? Yes / No	No	No
G6. Ethics and anti-corruption		
Does the Company comply with the Anti-Corruption Policy? Yes/No	Yes	Yes
If yes, what percentage of employees have formally confirmed their compliance with the policy? %	100 %	100 %

G7. Data protection	2021	2020
Does the Company comply with the Personal Data Policy? Yes / No	Yes	Yes
Has the Company taken steps to comply with the GDPR? Yes / No	Yes	Yes
G8. ESG reporting		
Does the Company publish a sustainability report? Yes / No	Yes	Yes
Is sustainability data included in reporting to operational supervisors?	Yes	Yes
G9. Disclosure practices		
Does the Company provide sustainability data to sustainability reporting systems? Yes/No	Yes	Partly
Does the Company focus on specific Sustainable Development Goals (SDGs)? Yes / No	Yes	Partly
Does the Company set targets and report on progress towards the UN ESGs?	Yes	Partly
G10. External audit and evaluation of the report		
Are sustainability disclosures audited by a third party? Yes / No	Partly	Partly



9. SUSTAINABILITY GRI INDICATORS

General standard disclosures		
GRI Standard	Subject	Page
Organisation profile		
102-1	Name of the organisation	5
102-2	Activities, brands, products and services	5
102-3	Place of registered office address	5
102-4	Place of operations	5
102-5	Ownership and legal form	10
102-6	Markets served	5
102-7	Size of the organisation	23
102-8	Information on staff and other employees	23; 24
102-9	Supply chain	44
102-11	Precautionary principle or approach	19;35
102-12	External initiatives	32
102-13	Membership of associations	13
Strategy		
102-14	Statement by the top decision-maker	4
102-15	Main impacts, risks and opportunities	17;35
Ethics and principles		
102-16	Values, principles, standards and norms of behaviour	6
102-17	Mechanisms for ethical advice and challenges	30

Governance		
102-18	Governance structure	12
102-19	Delegation of powers	9
102-20	Executive management responsibility for economic, environmental and social issues	7;16
102-21	Consultation with stakeholders on economic, environmental and social issues	6
102-22	Composition of the supreme governing body and its committees	10
102-23	Chairman of the supreme governing body	11
102-24	Appointment and election of the supreme governing body	10
102-25	Conflicts of interest	9
102-26	Role of the supreme governing body in setting objectives, values and strategy	7
102-27	Collective knowledge of the supreme governing body	9
102-28	Evaluation of the performance of the supreme governing body	9
102-29	Identifying and managing economic, environmental and social impacts	17
102-30	Effectiveness of risk management processes	35
102-31	Overview of economic, environmental and social issues	14
102-32	Role of the highest governance body in sustainability reporting	16
102-33	Communicating key issues	9
102-34	Nature and number of key issues	9
102-35	Remuneration policy	24
102-36	Remuneration setting process	24
102-37	Stakeholder involvement in determining remuneration	24
102-38	Total annual remuneration ratio	25;49
102-39	Percentage increase in the total annual remuneration ratio	25;49
102-40	List of stakeholder groups	6
102-41	Collective agreements	27
102-42	Identification and selection of stakeholders	6;17
102-43	Principles for stakeholder involvement	7
102-44	Main topics and issues raised	7;17
102-45	Entities included in the consolidated financial statements	3
102-46	Definition of the content of the report and its limits	17



General standard disclosures		
GRI Standard	Subject	Page
Governance		
102-47	List of key topics	17
102-48	Resubmission of information	3
102-49	Changes to accountability	3
102-50	Reporting period	3
102-51	Date of last reference	3
102-52	Reporting cycle	3
102-53	Contact person for questions about the report	3
102-54	Indication of compliance of reports with GRI standards	51
102-55	List of GRI indicators	51
102-56	External inspection	3
103-1	Explanation of relevant topics and their boundaries	14; 17
103-2	Uncovering management's views on managing material sustainability topics	8;14;17
103-3	Assessment of management's approach to important sustainability topics	8;14;17
201-1	Direct economic value created and distributed	34
201-2	Financial implications and other risks and opportunities from climate change	19;35;48
201-4	Financial support from the State	42;48
204-1	Share of the value of procurement awarded to local suppliers	15
205-2	Communication and training on anti-corruption policies and procedures	40
205-3	Confirmed incidents of corruption and actions taken	41
302-1	Energy consumption in the organisation	21;22
302-3	Energy consumption intensity	21;22;48
304-1	Business sites owned, leased, managed in or near protected areas and areas of high biodiversity value outside protected areas	19;21
304-2	Significant impacts of activities, products and services on biodiversity	19;21
305-1	Direct GHG emissions (Scope 1)	21;22;48
305-2	Indirect energy GHG emissions (Scope 2)	21;22;48

Governance		
305-4	GHG emission intensity	21;22;48
305-5	Reducing GHG emissions	21;22;48
306-1	Waste generation and significant waste-related impacts	20
306-2	Management of significant waste-related impacts	20
306-3	Waste generated by type	20
307-1	Non-compliance with environmental laws and regulations	19
308-1	New suppliers that were checked according to environmental criteria	44
308-2	Significant actual and potential adverse environmental impacts in the supply chain and actions to be taken	44
401-1	Recruitment of new employees and staff turnover	23;49
401-2	Benefits for full-time employees that are not available to temporary or part-time staff	49
401-3	Parental leave	27
403-1	Occupational health and safety management system	18;31
403-2	Hazard identification, risk assessment and incident investigation	31
403-3	Services related to occupational health	31
403-4	Health and safety training for employees	31;49
403-8	Employees covered by an occupational health and safety management system	31;49
403-9	Work-related injuries	31;49
404-1	Average number of hours of training per employee per year	29;49
404-2	Staff skills development and career transition assistance programmes	30;49
403-3	Share of employees whose performance and career progress is regularly reviewed	30;49
405-1	Diversity of governing bodies and staff	25;49
405-2	Basic salary ratio between women and men	26
406-1	Incidents of discrimination and action taken to address them	30;31;50
413-1	Activities related to local community involvement, impact assessment, and the development programme	21;32

