

 LIETUVOS GELEŽINKELIAI	AB "Lietuvos geležinkeliai"
Policy on the Prevention and Management of Conflicts of Interest	No. P/FN13/LTG/4 Version 02

APPROVED
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of the Board of AB "Lietuvos geležinkeliai"

POLICY ON THE PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST

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1. Introduction

1.1. The Policy on the Prevention and Management of Conflicts of Interest (the "Policy") is intended to ensure the functioning of the system for the prevention of conflicts of interest in the group of companies of AB "Lietuvos geležinkeliai", to identify potential conflicts of interest, to create an environment resistant to corruption and dishonesty, and to increase confidence in the activities of LTG Group. All staff members of the LTG Group of companies must take action to avoid potential conflicts of interest.

1.2. The Policy was prepared taking into account the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests, the LTG Anti-Corruption Policy, the Code of Ethics of LTG Staff, and other legal acts and best practices.

1.3. The Policy shall apply to all companies in the LTG Group. The processes, methodologies and other governing documents relating to the prevention and management of conflicts of interest in the companies of LTG Group shall not contradict the provisions of the Policy and shall be updated in accordance with the Policy as necessary.

1.4. In respect of a company of LTG Group acting as a public railway infrastructure manager, the provisions of this policy shall apply and be valid to the extent that they do not conflict with the regulatory requirements of impartiality and financial transparency in the management of the public railway infrastructure manager, the allocation of public railway infrastructure capacity, and the calculation and payment of the minimum access package fee.

1.5. The steps, processes and standard forms of documentation for the prevention and management of conflicts of interest shall be set out in the relevant methodologies and process standards.

1.6. The system for the prevention and management of conflicts of interest in LTG Group includes: the provision of information to Stakeholders and information about the requirements and obligations imposed on them in relation to Conflicts of Interest and Potential Conflicts of Interest; the continuous consultation of Stakeholders on matters relating to Conflicts of Interest; and the analysis of information and advice provided to the responsible persons of LTG Group on Conflicts of Interest or Potential Conflicts of Interest of Stakeholders.


2. Terms

2.1. Terms and abbreviations used in this Policy.

Term	Definition
LTG	AB "Lietuvos geležinkeliai"
LTG Group of companies / LTG Group	A group of companies consisting of LTG, its subsidiaries and downstream legal entities.
Conflict of Interest	A situation in which a Stakeholder, in the performance of their official duties or the execution of an official order, is required to take or participate in a decision or to execute an order which also concerns their private interests.
Potential Conflict of Interest	A situation where a Stakeholder may potentially have a Conflict of Interest in the performance of their duties in LTG Group due to the Stakeholder's relationships with natural and legal persons or Stakeholders, or due to being a Politically Vulnerable (Exposed) Person.
Close Person	The spouse, cohabiting partner, or partner of a staff member of the LTG Group of companies where the partnership is registered in accordance with the law (the "partner"), as well as the declaring person's parents (adoptive parents), children (adopted children), brothers (stepbrothers), sisters (adopted sisters), grandparents, grandchildren, and their spouses, cohabiting partners, or partners.

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Related Persons	<p>In relation to a specific Stakeholder, a Related Person is:</p> <p>(i) A person close to the Stakeholder;</p> <p>(ii) A legal entity where the Stakeholder or a Close Person of the Stakeholder is a member of the management or supervisory body or where the Stakeholder or a Close Person of the Stakeholder controls, directly or indirectly, at least 5% of the capital or of the votes at a meeting of the participants of the relevant legal entity;</p> <p>(iii) A person who is a direct or indirect manager of the Stakeholder or a member of a body which, according to the relevant organisational structure, is higher than the Stakeholder (applicable to positions in any legal entity, except for charitable (non-profit) legal entities and public organisations that are exclusively concerned with the fulfilment of personal and/or family needs).</p>
Selected Candidate	A person selected by selection, tender or other means for a position within the LTG Group.
Stakeholder	A staff member or Selected Candidate of LTG Group.
Politically Vulnerable (Exposed) Persons	Natural persons who are or were entrusted with Important Public Functions and their close family members or close associates.
Close Associate	<p>(1) A natural person who is a participant in the same legal entity or organisation without legal entity status as a person who performs or performed Prominent Public Functions, or a natural person maintaining a business relationship of a different kind with the above-mentioned person;</p> <p>(2) A natural person who is the sole beneficiary of a legal entity or organisation without legal entity status incorporated or existing <i>de facto</i> in pursuit of material or other personal benefit for a person who performs or performed Prominent Public Functions.</p>
Immediate Members	Family A spouse, a person with whom partnership is registered (a cohabiting partner), parents, brothers, sisters, children, and children's spouses and cohabiting partners.
Important Public Functions	<p>Any of the following positions in the Republic of Lithuania, the European Union, international or foreign institutions:</p> <p>(1) The head of state, head of government, minister, vice-minister or deputy minister, secretary of state, chancellor of parliament, government or ministry;</p> <p>(2) A member of parliament;</p> <p>(3) A member of supreme courts, constitutional courts or other supreme judicial bodies whose decisions cannot be appealed;</p> <p>(4) A mayor of a municipality, a director of municipality administration;</p> <p>(5) A member of the governing body of the supreme state audit and control authority or the chairperson, deputy chairperson or member of the board of the central bank;</p> <p>(6) An ambassador, a temporary chargé d'affaires, the Commander of the Lithuanian Armed Forces, the commanders</p>

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	<p>of armed forces and formations, the Chief of Defence Staff or a high-ranking officer of the armed forces of a foreign country;</p> <p>(7) A member of the management or supervisory body of a state-owned enterprise, a public limited company, or a private limited company, the shares or part of the shares of which, conferring more than 1/2 of the total number of votes at the general meeting of shareholders of these companies, are owned by the state;</p> <p>(8) A member of the management or supervisory body of a municipal company, a public limited company, or a private limited company, the shares or part of shares of which, conferring more than 1/2 of the total number of votes at the general meeting of shareholders of these companies, are owned by the municipality and which are considered large companies according to the Law of the Republic of Lithuania on Financial Reporting by Undertakings;</p> <p>(9) The head, deputy head, member of the governing or supervisory body of an international intergovernmental organisation;</p> <p>(10) The head of a political party, their deputy, a member of the governing body.</p>
Operational Unit (OU)	A company belonging to the group of companies of AB "Lietuvos geležinkeliai", except LTG

3. General Provisions

3.1. The purpose of the function for the prevention and management of conflicts of interest shall be to establish a system for ensuring the prevention and management of conflicts of interest within LTG Group, and to ensure the effective functioning and application of the system.

3.2. Long- and short-term objectives for managing and preventing conflicts of interest

3.2.1. To establish a system for prevention and managing conflicts of interest;

3.2.2. To ensure the timely submission of candidate declarations and declarations of private interests by staff;

3.2.3. To be able to identify risks in managing potential conflicts of interest in a timely manner and to provide for proportionate measures;

3.2.4. To update the necessary internal legal framework;

3.2.5. To raise staff awareness to ensure the prevention of conflicts of interest in management.


4. The Principles for Preventing and Managing Conflicts of Interest

4.1. **The Principle of the Priority of Interests.** Conflicts of Interest must be avoided at all times, but where Conflicts of Interest cannot be avoided, the interests of LTG Group and its companies shall always take priority.

4.2. **The Principle of Compliance with Duties and Good Practice.** Both the duties imposed on the responsible person and the rules of conduct established by good practice must be observed.

4.3. **The Principle of Transparency and Accountability.** The processes of conflict of interest prevention and management must be as transparent as possible, and circumstances that may give rise to a Conflict of Interest must be made known to as many people as possible, to the extent permitted by the applicable legislation.

4.4. **The Principle of Compliance.** The processes of conflict of interest prevention and management must comply with applicable legislation, including, but not limited to, the General Data Protection Regulation (GDPR).

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5. The Model for Preventing and Managing Conflicts of Interest

5.1. Declaration of interests of selected candidates.

5.1.1. Selected candidates for relevant positions, the list of which is approved by the CEO of LTG, shall be screened for Potential Conflicts of Interest prior to taking up their position within LTG Group.

5.1.2. Selected candidates shall be required to submit, in accordance with the Standard for the Staff Selection Process, candidate declarations in the prescribed format, declaring whether they are Politically Vulnerable (Exposed) Persons and providing information on their Related Persons.

5.1.3. Each Selected candidate's Potential Conflict of Interest shall be assessed on a case-by-case basis, taking into account the specific circumstances.

5.2. Declaration of interests and opting out of staff.

5.2.1. Staff shall be required to make declarations of private interests in accordance with the procedures laid down by LTG.

5.2.1.1. Heads of constituent bodies/functions of LTG/an Operational Unit, their deputies/substitutes, procurement experts, the initiator of the procurement, the organiser of the procurement, the staff member carrying out simplified procurement, the chairpersons of the procurement committees and their members shall submit declarations of private interests to the PINREG system on the website of the Chief Official Ethics Commission.

5.2.1.2. Staff members with fixed computerised workstations shall submit a declaration of private interests in the LTG self-service module My LTG / Other Services / Declaration of Interests.

5.2.2. Staff members shall submit to their line manager, in accordance with the procedures laid down by the LTG, a notification in the prescribed format whenever it becomes apparent to the staff member, either before or during the performance of their duties, that the respective duties, decisions or functions involve private interests that may give rise to a conflict of interests.

5.2.3. Staff members in relationships (business, informal or other) with other legal entities who are current and/or future or potential clients, suppliers, contractors or other related legal entities of the LTG Group of companies shall manage potential conflicts of interest properly according to the procedure set out in paragraphs 5.2.1. and 5.2.2.

5.3. Informing a staff member about their position in the management and supervisory bodies of another legal entity.

5.3.1. A staff member shall ensure that a position in a management and supervisory body of a different legal entity will not interfere with their main duties in the LTG Group of companies and proper, prompt and efficient performance of their job functions. Staff members are advised against holding more than one position in the management and supervisory bodies of another legal entity. Chief Executive Officers of LTG/Operational Units are advised against holding positions in the management and supervisory bodies of another legal entity.


5.3.2. When deciding to serve as a member of the management and supervision of another legal entity, a staff member must take into account potential reputational risks and ensure that the legal entity does not have any potential conflicts of interest with LTG Group and obtain the approval of the line manager.

5.3.3. Staff members who, prior to the date of adoption of this Policy on the Prevention and Management of Conflicts of Interest, held a position as a member of the management or supervisory body of another legal entity, must inform their line manager.

5.3.4. The line manager shall ask the Head of Business Security to assess whether the legal entity referred to in paragraphs 5.3.2 and 5.3.3 has any potential conflicts of interest with LTG Group.

5.4. Declaration of interests of members of collegiate management and supervisory bodies

5.4.1. Before taking up their duties, members of the board shall be required to make declarations of interest and impartiality in the prescribed format, ensuring that their impartiality is not compromised by any conflict of interest, and to undertake to take all reasonable steps to ensure that their impartiality is not compromised during their term of office.

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5.4.2. Members of the board may only engage in such other employment or hold such other positions as are compatible with their service on the board.

5.4.3. Personal data and other targeted information on the members of the management and supervisory bodies, as well as the members of the committees, shall be published in accordance with the procedures set out in the Description of the Guidelines on Transparency in State-Owned Enterprises.

5.4.4. In the event of a potential conflict of interest on a matter under discussion, the management and supervisory body shall be immediately informed in writing and the staff member shall abstain from participating in the discussion of the matter and from voting.

5.5. Raising awareness among staff.

5.5.1. Guidance and advice shall be provided to staff on the filing of declarations of private interests and the management of conflicts of interest.

5.5.2. Periodic targeted training shall be organised for staff.

5.5.3. Communication on relevant management issues of conflicts of interest shall be carried out.

6. Final Provisions

6.1. The Policy and amendments thereto shall be approved by the LTG Board.

6.2. The LTG Director of Business Resilience shall be responsible for the implementation of the Policy.

6.3. The review and update of the Policy shall be initiated and coordinated by the LTG Director of Business Resilience.

6.4. The Policy shall be reviewed at least once a year.

6.5. The Stakeholder shall be responsible for the accuracy of the data provided in the declaration.

6.6. Violation of the provisions of the Policy may be considered as a serious breach of employment duties and may be subject to liability as provided for in the legislation of the Republic of Lithuania.

6.7. The Policy shall apply to the extent that it does not conflict with the laws of the Republic of Lithuania and/or other applicable legal acts.