

LTG

AB "LIETUVOS GELEŽINKELIAI"

Group of Companies Supplier Code of Conduct



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1. Introduction

1.1. The AB Lietuvos geležinkeliai group of companies (hereinafter – the LTG Group) adheres to high standards of business ethics, social responsibility and environmental protection in its operations and expects the same responsible conduct from its suppliers (hereinafter – the Supplier). The Supplier Code of Conduct (hereinafter referred to as the Code) sets out the LTG Group’s expectations of the Supplier and forms the basis for transparent, honest, ethical and sustainable cooperation.

1.2. The Code is based on the principles set out in the United Nations Global Compact, the Paris Agreement, conventions of the International Labour Organization, guidelines of the Organisation for Economic Co-operation and Development, the Sustainable Development Goals and the Universal Declaration of Human Rights and the policies approved and in force within the LTG Group. The principles and standards of business ethics, safety—which encompasses the safety of rail transport operations, people, data and property—and environmental protection and social responsibility set out in this Code apply to all Suppliers who provide services, supply goods and carry out work for LTG Group companies. Suppliers shall ensure that their subcontractors, sub-suppliers and sub-contractors (hereinafter referred to as ‘subcontractors’) also comply with the provisions of this Code. The provisions set out in this Code establish the minimum standards expected of Suppliers; however, LTG Group companies expect Suppliers to strive to exceed these standards.

1.3. In the Code, the term ‘Supplier’ includes the supplier’s employees as well as experts, consultants and other persons working for the supplier on a basis other than an employment relationship. Other terms used in the Code correspond to the terms used in the Law on Public Procurement of the Republic of Lithuania¹ and the Law on Procurement by Contracting Entities in the Fields of Water Management, Energy, Transport or Postal Services of the Republic of Lithuania².

2. Business Ethics

2.1. LEGALITY

2.1.1. The Supplier shall at all times comply with the laws, regulations or other legal provisions of the country in which it operates or provides services.

2.2. PREVENTION OF CORRUPTION

2.2.1. The Supplier shall conduct its activities ethically, transparently and honestly, shall not tolerate any form of corruption, and shall not offer, accept or provide any unlawful remuneration, benefit or privilege. The Supplier refrains from making unlawful payments or offering gifts with the aim of gaining an unfair advantage or which may influence decision-making or create the appearance of a conflict of interest, in accordance with applicable legislation and international business practices.

2.2.2. The Supplier shall ensure that any support or charitable contributions are not used to gain an unfair advantage or to promote interests.

2.2.3. The Supplier shall implement effective measures to prevent corruption, money laundering and the financing of terrorism, as well as internal control measures; shall not use non-public information; shall avoid conflicts of interest; and shall immediately report any such conflicts should they arise.

2.3. FAIR COMPETITION

2.3.1. The Supplier complies with legislation governing import, export and transit activities.

2.3.2. The Supplier does not coordinate prices or participation in tenders with other market participants and does not participate in cartels or agreements restricting competition.

2.3.3. The Supplier does not use third parties to gain an unfair advantage.

2.3.4. The supplier does not fund interest groups in order to gain an unfair competitive advantage.

2.4. PERSONAL DATA PROTECTION

2.4.1. The Supplier shall sign all necessary agreements with LTG Group companies regarding the processing and/or exchange of personal data, and shall process personal data held by or entrusted to it in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other legislation governing the processing and protection of personal data.

¹ The Law on Public Procurement of the Republic of Lithuania

² Law of the Republic of Lithuania on Procurement by Contracting Entities in the Fields of Water Management, Energy, Transport or Postal Services

2.5. QUALITY OF SERVICE AND RESPONSIBLE CONDUCT

2.5.1. The Supplier shall ensure respectful, professional and clear communication with LTG Group employees, customers and other stakeholders.

2.5.2. The Supplier shall provide accurate, clear and timely information regarding the goods supplied, services provided or work performed.

2.5.3. The Supplier shall fulfil its obligations and, in the event of a change in circumstances, shall immediately inform the LTG Group company and provide the necessary information regarding the reasons for the changes and possible solutions.

2.5.4. The supplier cooperates in resolving any issues that arise, takes measures to prevent potential disruptions and minimise their impact.

2.5.5. The Supplier shall conduct its activities in such a way as to contribute to the provision of high-quality LTG Group services to end customers.

2.6. NATIONAL SECURITY

2.6.1. The Supplier complies with international sanctions implemented in the Republic of Lithuania.

2.6.2. The Supplier does not carry out activities in the countries or territories listed in Article 92(15) of the Public Procurement Law of the Republic of Lithuania.

2.6.3. The Supplier is not a member of a group of companies in which any member carries out activities in the countries or territories listed in Article 92(15) of the Public Procurement Law of the Republic of Lithuania.

2.6.4. The Supplier does not participate in the activities of a group of companies, any member of which carries out activities in the states or territories listed in Article 92(15) of the Public Procurement Law of the Republic of Lithuania, through its manager, members of another management or supervisory body, or another person (other persons) authorised to represent or control the supplier, to take decisions on its behalf, to conclude a transaction, or a person (or persons) authorised to draw up and sign the supplier's financial accounting documents.

2.6.5. The supplier shall not rely on the capacities of, and/or enter into a subcontracting agreement(s) with, a subcontractor(s) who does not meet the above-mentioned conditions.

3. Safety and Environmental Protection

3.1. GENERAL PRINCIPLES OF MANAGEMENT AND MONITORING

3.1.1. The Supplier must implement safety and/or environmental management measures that enable the systematic identification, assessment and management of risks associated with its activities. These measures must be proportionate to the nature, scale and risk level of the Supplier's activities.

3.1.2. The supplier must have established responsible business and sustainable development objectives and measures to achieve these objectives, enshrined in a relevant policy, strategy, declaration or other binding document.

3.1.3. The supplier must regularly assess the negative impact of its activities on safety and the environment and take measures to mitigate it. Upon request by the LTG Group, the supplier must provide the information necessary to assess the effectiveness of safety and/or environmental management measures, insofar as this relates to the fulfilment of contractual obligations and does not infringe upon the supplier's legitimate interests.

3.2. SAFETY

3.2.1. When procuring goods, services and/or works, the LTG Group aims to minimise any negative impact on safety. The supplier must conduct its activities in accordance with all safety requirements applicable to its operations, as set out in applicable laws, regulations and standards, with a view to establishing and implementing a safety management model that ensures the company's safe and sustainable operations and a developed safety culture, as provided for in standards LST EN ISO 14001, LST ISO 45001 and Regulation (EU) 2018/76.

3.2.2. Where activities relate to railway subsystems, the Supplier must demonstrate that it applies informal safety and quality management measures in its operations and during the performance of the procurement contract, ensuring compliance with the requirements of EU regulations and the TSI, or have an effective safety policy that helps to manage safety issues and minimise the negative impact on human safety and health, where there are links to safe railway traffic, the data, property and material assets of other legal and natural persons.

³ Railway Technical Specification for Interoperability (TSI) – a specification approved by the European Commission which sets out detailed requirements for the characteristics of a railway subsystem or part thereof, designed to ensure compliance with essential requirements and the interoperability of the railway system.



3.3. ENVIRONMENTAL PROTECTION

3.3.1. The Supplier must conduct its activities in an environmentally responsible manner and strive to minimise any negative impact on the environment and climate change. Activities must be organised in such a way as to conserve natural resources and reduce pollution.

3.3.2. The Supplier must strive for the rational use of energy, water and other natural resources and, where relevant, reduce the impact of its activities on climate change. The Supplier is encouraged to implement energy efficiency measures and more environmentally friendly solutions, and to use energy from renewable sources. The Supplier is encouraged to assess and reduce greenhouse gas emissions.

3.3.3. The Supplier must ensure the responsible management of waste and chemicals used in its operations, with a view to preventing pollution and adverse environmental impacts. Waste volumes must be minimised as far as possible, and waste management must comply with legal requirements. Hazardous substances must be stored, used and disposed of in an environmentally safe manner.

3.3.4. The supplier must assess the environmental impact of supply and transport and, where possible, minimise it. When delivering goods or providing services, the supplier is encouraged to opt for transport solutions that cause less environmental pollution.

3.3.5. The supplier is recommended to regularly assess the impact of its operations on the environment and climate change, set targets for reducing negative impacts, and plan measures for their implementation. The LTG Group may request information regarding the setting of such targets and the measures applied to achieve them.

4. Social Responsibility

4.1. RESPECT FOR HUMAN RIGHTS

4.1.1. The Supplier shall ensure equal opportunities for its employees and equal treatment in the workplace, regardless of their age, gender, race, family or social status, nationality, sexual orientation, disability, pregnancy or maternity, political beliefs, or membership of different communities or religious groups; creates an ethical and respectful atmosphere; and fosters freedom of opinion and expression.

4.1.2. The Supplier shall ensure that, in the supply of goods, provision of services or performance of works, at no stage of the supply chain are children exploited, nor is forced or coerced labour used, including modern slavery and human trafficking.

4.1.3. The Supplier shall respect the dignity, privacy and rights of every individual.

4.1.4. The Supplier prohibits direct and indirect, physical or verbal harassment, discrimination, psychological abuse or other exploitative behaviour in the workplace.

4.2. DECENT WORKING CONDITIONS

4.2.1. The Supplier shall ensure that:

- employees are paid a fair wage or at least the minimum wage set by the country in which the business operates; overtime and work on non-working days and public holidays are remunerated in accordance with the law; no evasion of employment-related taxes takes place in the country where goods are supplied, services are provided or work is carried out (i.e. no payment of wages in envelopes);
- a proper working time regime is established, which complies with the requirements set out in legislation regarding working hours, overtime, adequate breaks and rest periods, temporary incapacity for work, holidays, etc.;
- conditions are created for employees to freely form organisations and express their opinions without facing threats, pressure or penalties, and that there is no interference in such activities;
- safe and healthy working conditions are provided, and the necessary and appropriate work equipment is supplied;
- conditions are created for the confidential reporting of misconduct, and adequate protection for such whistle-blowers is guaranteed.

4.3. HEALTH AND SAFETY

4.3.1. The Supplier shall take due care of the safety and health of its employees, visitors and other persons who may be affected by its activities.

4.3.2. The supplier ensures a safe working environment, product safety and the necessary competence of employees whose work involves ensuring safety and compliance with safety requirements.



4.3.3. The supplier implements continuous and preventive occupational health and safety measures at work to protect employees from potential threats to their health and life, and creates safe, non-hazardous working conditions.

4.3.4. The Supplier shall ensure that occupational risks are continuously assessed at workplaces, and that each employee's workplace and its surroundings comply with the requirements of occupational health and safety legislation, so that employees, visitors or third parties are protected from potential injuries, and that their environment is free from health-hazardous or dangerous risk factors that could adversely affect them.

4.3.5. The Supplier shall ensure that employees only commence work at the company after having been instructed and/or trained to perform their assigned tasks safely, and having acquired the necessary competences to carry out the work; that employees carrying out work in the railway danger zone are trained in accordance with the procedure laid down in the Law on Railway Transport Safety of the Republic of Lithuania.

4.3.6. When cooperating with another employer or working together at the same workplace, the supplier shall organise work safely to ensure the proper safety and health of all employees, regardless of which employer's employee is working, shall take the necessary measures to ensure that workplace health and safety legislation is complied with, and that all employees are informed of potential hazards and risk factors arising from the activities of each employer.

4.3.7. The Supplier shall comply with the requirements set out in the Memorandum for Third Parties (for clients, contractors carrying out work and providing services on the premises of LTG Group companies) and, where specified in the contract, shall submit a completed questionnaire declaring the safety status of their company.

5. Compliance and Control

5.1. The Code forms an integral part of the purchase and sale contract (hereinafter – the Contract), therefore the Supplier and its subcontractors are obliged to comply with the operating principles set out in this Code, and the LTG Group company has the right to verify (either itself or through third parties) how the Supplier and/or its subcontractors comply with them. Such verification may include, but is not limited to, the inspection of premises, documents or other data which the LTG Group company may reasonably request.

5.2. Should any of the circumstances set out in this Code arise (namely, a potential or established breach of this Code committed or potentially committed by the Supplier and/or a subcontractor), the Supplier must immediately provide, in writing, to the person responsible for the Contract at the LTG Group company all information relating to the circumstances in question. Failure to provide such information shall be deemed a material breach of the Contract. The Supplier must also take measures to ensure that such a breach is rectified immediately and, by submitting an action plan, ensure that breaches of the Code do not recur in the future. If a breach of the Code has been committed by the Supplier's subcontractor, the Supplier undertakes to replace such subcontractor if the breach committed by the latter cannot be remedied immediately.

5.3. Should an LTG Group company initiate an internal investigation on suspicion that the provisions of this Code have been breached, or whilst verifying the Supplier's compliance with its obligations, the Supplier shall cooperate in good faith with the LTG Group company and promptly provide all necessary data (information) required to conduct such an investigation.

5.4. The Supplier's refusal to provide data (information) or explanations, or any evasion or delay in providing them, shall be deemed a breach of this Code and the Contract.

5.5. The Supplier must take all possible measures to rectify any non-compliance with the provisions of this Code identified or observed during an inspection of the Supplier, its subcontractors or LTG Group companies, to rectify them within a reasonable timeframe and to inform the responsible persons at LTG Group companies thereof.

5.6. In the event of a breach of the Code or a refusal to provide information for the purpose of assessing a potential breach, the LTG Group companies reserve the right to assess the consequences of such conduct by the Supplier within the scope of the contract performed by the Supplier, without prejudice to the possibility of taking appropriate decisions regarding further cooperation.

5.7. Suppliers are encouraged to report any suspected or actual breaches of the provisions of this Code in good faith via the LTG Group's transparency hotline. The Supplier shall ensure the possibility of reporting potential breaches confidentially and shall not tolerate any adverse consequences for persons making such reports.

