

KN SOCIAL RESPONSIBILITY REPORT OF 2019

FOLLOWING GRI STANDARDS

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Abbreviations:
KN - AB Klaipėdos Nafta (the Company)
LNG - Liquefied natural gas
LNGT - Klaipėda Liquefied Natural Gas Terminal
KOT - KN Klaipėda Oil Terminal
SOT - KN Subačius Oil Terminal
GRI - The Global Reporting Initiative

Dear Stakeholders,

Introducing ourselves as a socially responsible business is in itself a serious decision, if social responsibility is not a mere declaration. As every organization has to create and observe social responsibility in its activities every day, i. e. during the making of daily operational decisions, creation of a dialogue with its target audiences inside and outside the organization, as well as during the planning of the further development of the company and making business decisions.

For KN 2019 was the year of internal transformations, in 2019 we focused on developing a strategy for the new decade. During the work with strategy development, you always assess how relevant your business is, how much it addresses the current issues and new trends of society.

Like any company that works with fossil fuels, we understand that the need for transformation is stronger than ever before. That is why we have identified sustainability as one of the most important leitmotifs in our activities. We strive to make our operations as neutral to the environmental as possible, so we have promised ourselves that we will be the ones to significantly reduce emissions in our operations over the next decade.

Year 2019 was also important to us because it was a community year. We have focused on dialogue with stakeholders, both through philanthropy and through a sincere effort to hear and address the expectations of those who work with us or for us, as well as those who work for the company.

The path to sustainability is a conscious and difficult choice. The fact that this report is based on the guidelines of the GRI standard is also an important step in strengthening the sustainability initiatives of KN. The preparation of the report allows to assess the current situation and set guidelines for improvement in the future. This is precisely how I suggest the readers to interpret this document.

Darius Šilenskis
CEO of KN



KN SOCIAL RESPONSIBILITY POLICY, GOALS, AND PRINCIPLES

KN understands social responsibility as an integral principle of its activities. Every organization can create both positive and negative impact through its activities, thus we aim to become an example of a business that creates positive impact.

During the preparation of this report, we have identified key areas of organization's impact based on the nature of the company's operations and long-term strategy, as well as business risks and opportunities.

Dialogue with stakeholders is one of the principles of our open and responsible operation, it allows to identify key issues important to stakeholders. Our key stakeholders are: employees, shareholders, business partners, customers, communities and society at large, as well as decision-makers at national and regional levels. Topics that are relevant to our target groups include the safety of our operations, economic impact, environmental impact, and good governance practices.

As an important Company not only for Klaipėda and Kupiškis Regions, but also nationally for its activities and size, we can use our influence to contribute to different aspects of the activities of social responsibility - not only by promoting dialogue with communities in Klaipėda, but also by contributing to the promotion of the liquefied natural gas (LNG) as a cleaner fuel alternative, and promoting education and science, healthy lifestyle, and environmental initiatives through support and aid.

To date, KN does not have a social responsibility policy in place, and social responsibility and sustainability have been reflected in KN's operational strategy only in part. However, in February 2020, the Company presented a new business strategy for the period till 2030, one of the key principles is the pursuit of sustainable and responsible activity in each of our business segments. Based on this, and in order to strengthen its focus on socially responsible activities, in 2020 KN will formulate a social responsibility policy applicable to all companies of the KN group in each market where the Company operates. The company is also developing a Stakeholder Policy that will define how communication with each stakeholder takes place more clearly in order to hear and address their expectations with respect to the company.

IN OUR OPERATIONS, WE FOCUS OUR RESPONSIBILITY (IN A BROAD SENSE) ON THE FOLLOWING MAIN AREAS



ESSENTIAL FACTS ABOUT THE COMPANY AND THE ECONOMIC VALUE IT CREATES



Joint Stock Company Klaipėdos Nafta (hereinafter – KN or the Company) is a joint-stock company registered in the Republic of Lithuania. KN Group is comprised of the following companies (hereinafter referred to as the Group):

NAME OF THE COMPANY	ADDRESS	OWNERSHIP PART, PER CENT	ACTIVITIES
AB Klaipėdos nafta	Burių g. 19, LT-92276 Klaipėda	100	The business activity of the Company can be divided into two lines of activity: oil terminals and LNG terminals, and into four separate fields of activity: oil product transshipment (Klaipėda oil terminal), long-term oil product storage (Subačius oil terminal), LNG terminal operation, and the development of LNG related activities.
UAB SGD terminalas	Burių g. 19, LT-92276 Klaipėda	100	Operation (management) and development of the infrastructure of the liquefied natural gas terminal in Klaipėda.
UAB SGD logistika	Burių g. 19, LT-92276 Klaipėda	100	International expansion of LNG terminal activities, LNG transportation by sea, other activities.
UAB SGD SPB	Burių g. 19, LT-92276 Klaipėda	100 owned by UAB SGD logistika	International expansion of operation of LNG terminal activities by investing and establishing project companies in Lithuania and abroad (holding activities).
KN Açu Servicos de Terminal de GNL LTDA (KN Açu)	F66 Fazenda Saco Dantas s/n, Distrito Industrial, Area 1 and Area 2, 28200-000 São João da Barra, State of Rio de Janeiro	90 owned by UAB SGD logistika and 10 owned by UAB SGD SPB	Services of LNG terminal operator in Açu port, Brazil.

The Company is a joint stock company with shares traded on a regulated market. As of 31 December 2019, all the shares were owned by 2,646 shareholders (as of 31 December 2018 all the shares were owned by 2,191 shareholders).

	2019		2018	
SHAREHOLDERS	NUMBER OF SHARES HELD (thousand)	PART OF OWNERSHIP (%)	NUMBER OF SHARES HELD (thousand)	PART OF OWNERSHIP (%)
State of Lithuania represented by the Ministry of Energy (Gediminas av. 38/2, Vilnius, 302308327)	275.587	72,34	275.241	72,32
Concern UAB Achemos grupė (Jonalaukis village, Jonava district, 156673480)	39.650	10,41	39.605	10,41
Other (less than 5 per cent each)	65.715	17,25	65.760	17,27
Total	380.952	100,00	380.606	100,00

ACTIVITY AND THE CAIN OF VALUE

KN is the company of strategic importance for the energy security of Lithuania and the surrounding region, which ensures the possibility to import oil and liquefied natural gas into Lithuania and neighbouring countries, as well as the storage of the mandatory oil product reserve of the Republic of Lithuania, and a reliable and efficient transshipment of oil products in the Port of Klaipėda. In 2019 the business activity of KN can be divided into two lines of activity and four separate fields activity: oil terminals and LNG terminals, and into four separate fields of activity: oil product transshipment (at Klaipėda oil terminal), long-term oil product storage (at Subačius oil terminal, located in Kupiškis District), LNG terminal operation, and the development of LNG related activities. The management evaluates the financial results of each activity and sets strategic goals for each of them.

MAIN TERMINALS

OIL TERMINALS



KLAIPĖDA OIL TERMINAL



SUBAČIUS OIL TERMINAL

LNG TERMINALS



KLAIPĖDA LNG TERMINAL



KLAIPĖDA SMALL SCALE LNG TERMINAL

SUPPLY CHAIN

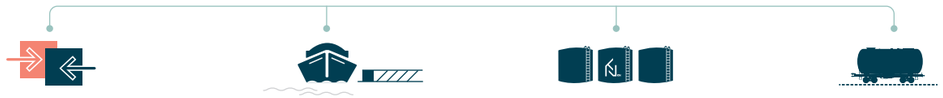
The purpose of KN Oil Terminal is to provide the services of handling of oil products supplied from/to oil refineries (from railway tank cars to tankers and vice versa) and storage of such products in the storage tank park of the terminal. Oil products are also imported through KN Oil Terminal, by providing the services of transshipment of oil products from oil tankers to the customers' vehicles (tank trucks and/or tank cars).

LNG terminal is one of the most important national facilities ensuring the energy security, which allowed for the formation of a natural gas market in Lithuania and opened opportunities for the country as well as its people and companies to import natural gas from all over the world. The LNG terminal is part of a complex LNG service chain, designed by the company to supply

THE COMPANY HAS INVESTMENTS INTO THE FOLLOWING ASSOCIATE COMPANIES AS OF 31 DECEMBER 2019:

NAME OF THE COMPANY	ADDRESS	OWNERSHIP PART, PER CENT	ACTIVITIES
BALTPOOL, UAB	A. Juozapavičiaus g. 9, LT-09311, Vilnius	33	Operator of the Lithuanian Energy Resource Exchange, authorised to organize trade in biofuel products, administrator of the funds of Public Interest Services (PIS).
Sarmatia Sp. z o.o.	ul. Nowogrodzka 68, Prima court, 02-014 Warsaw, Poland	1	Analysis and engineering of possibilities to construct oil pipeline between Asian states and the Baltic Sea.

SUPPLY CHAIN OF OIL PRODUCTS



IMPORT / EXPORT
Oil products are imported and exported mainly by sea (oil tankers) and by rail. Delivery by auto trucks is also used.

SUPPLY BY SEA
Supply of oil products involves transferring them from/to rail wagons from/to oil tankers.

HANDLING & STORAGE
Oil products are stored in the storage tanks of the terminal.

SUPPLY BY RAIL
Oil products are imported and exported by rail using tank wagons.

SUPPLY CHAIN OF SGD



LNG TRANSPORTATION
LNG is delivered to FSRU "Independence".

STORAGE / TRANSFER
The gas is temporarily stored and transferred to an LNG carrier.

LNG DISTRIBUTION BY SEA
LNG carrier delivers the gas by sea to smaller LNG terminals, distribution stations & vessels.

LNG DISTRIBUTION STATION
LNG is transferred from a carrier to on-shore storage tanks. Using filling stations installed at the tanks, the gas is transferred to trucks.

LNG DISTRIBUTION BY ROAD
LNG is delivered by trucks to customers who are not connected to the natural gas distribution network.

the Baltic Sea region with the cleanest fossil fuel and to promote environmentally friendly logistics. The LNG storage facility with the regasification unit is an LNG tanker that receives LNG from the gas vessels delivering it to the Seaport of Klaipėda and can transship LNG to the arriving gas vessels. The regasified LNG is delivered to the natural gas transmission system. The LNG reloading station commenced its operation in 2018, it is designed to receive LNG from small-scale gas vessels, temporarily store it and transship it to LNG tank trucks or vessels. LNG can also be loaded into ISO-compliant standard-sized containers that can be transported by rail and road. This opens up opportunities for industrial sites and settlements that are further away from the pipeline, to obtain cleaner energy.

For more information on the Company's activities see the Consolidated Annual Report of KN for 2019, section "Information on the Company and its activities".

THE COMPANY'S STRATEGY

In the beginning of 2020, KN business strategy for the period to 2030 has been approved. It established common strategic goals for the entire Company and for each individual activity performed by the company, evaluated the historical financial information of the Company and established the target indicators for the strategic period. The Company's mission is to ensure safe, reliable, and efficient access to the global market of energy resources through sustainable development, investment and the operation of multifunctional liquid energy resource terminals worldwide.

Through its operations, the Company aims to help its customers move to cleaner energy, while at the same time helping them to remain competitive.

KN'S STRATEGIC DIRECTIONS AND STRATEGIC GOALS OF INDIVIDUAL ACTIVITIES FOR THE PERIOD OF 2020 - 2030



STRATEGIC OBJECTIVES FOR MAJOR ACTIVITIES

OIL TERMINAL
- Sustain and increase volumes and profitability of oil terminals under consideration of changes to the market structure.
- Enter market for transshipment of petrochemicals and other new products.
- Ensure environmentally sustainable activities of KN oil infrastructure.
- Ensure secure, reliable and efficient operation of oil terminal.

KLAIPĖDA LNGT BUSINESS
- To ensure security of supply and create value for consumers and shareholders.

LNG RELOADING STATION RELATED BUSINESS
- Profitable small-scale terminal with a proven value in the growing regional ssLNG market.

LNG BUSINESS DEVELOPMENT
- Operator of at least 5 LNG terminals by 2030.
- Shareholder in at least 4 LNG terminals by 2030.

Along with the update of the strategy, the Company's mission and vision were updated as well.

OUR MISSION

We ensure safe, reliable, and efficient access to global energy market by sustainable development, operation of and investment into multifunctional liquefied natural gas terminals worldwide. Our aim is to help our customers to maintain competitive advantage and help their transition to more sustainable types of energy.

OUR VISION

Top LNG terminal operator worldwide and the most competitive oil and refined products handling hub in the Baltic region.

The Company's Strategy also provides for close attention to the key asset of KN, i. e. people, and concentrate on the direct and indirect impact of the business on society - social responsibility and digitization and innovation measures implemented by the Company. We are socially responsible, we care about global climate change, and therefore the company invests in sustainable and efficient technologies, and streamlines business processes. We aim to significantly reduce emissions from activities by 2030.

In its activities, the Company continues to be guided by the valuesof professionalism, improvement, respect, and cooperation.

The Company's business strategy for the period to 2030 is published on: 2030.kn.lt.

ACTIVITY RESULTS

In comparison to the financial indicators of 2018, KN's financial indicators of 2019 have been affected by the 16th International Financial Reporting Standard "Lease" (hereinafter - the IFRS 16) amended on 01 January 2019.

This change has a significant impact on KN financial condition and general income reports, and, consequently, on its financial indicators. When the Standard amendments become effective, the lease is included in the accounting as an asset and a liability (the right to the leased asset and the financial lease liability). Because the 16th Standard causes imbalance of the published financial results and does not allow for comparison between actual operational results, KN also presents a managerial (adjusted) result in its financial statements. This allows for a better understanding of the company's performance during the reference period, eliminating the effects of factors that the company does not actually experience - such as exchange rate fluctuations - that are offset by the specifics of the regulated activity and have no real impact on the company's performance.

In 2019 the Group's adjusted net profit is EUR 12,665 thousand and is higher by 9.4 per cent or by EUR 1,088 thousand comparing to 2018 (EUR 11,577 thousand).

In 2019 the Company's adjusted net profit is EUR 13,051 thousand and is higher by 12.7 per cent or by EUR 1,474 thousand comparing to 2018 (EUR 11,577 thousand).

The Group's adjusted net profit growth by EUR 1,088 thousand, compared to 2018, was mostly impacted by: EUR 2,308 thousand higher net profit of LNG terminal and EUR 14 thousand higher net profit of KNT:

- LNG terminal's adjusted net profit was higher by EUR 2,308 thousand and equal to EUR 6,523 thousand due to higher quantity of LNG regasification;
- Klaipėda Oil terminal's adjusted net profit was higher by EUR 14 thousand and equal to EUR 9,245 thousand mainly due to the following reduced terminal costs: variable costs (gas, electricity and railroad costs) lower by EUR 1,029 thousand, and depreciation and amortization costs lower by EUR 990 thousand ;
- Subačius oil terminal's net profit was lower by EUR 254 thousand and equal to EUR 461 thousand. The change has been mainly influenced by lower income from commercial oil storage services;

12.7
MILLION EUR
KN GROUP'S ADJUSTED NET PROFIT

25.7
MILLION EUR
KN GROUP'S ADJUSTED EBITDA

6,5
%
GROUP'S ADJUSTED ROE

- The loss of LNG related business development was higher by EUR 594 thousand up to EUR 3,178 thousand due to higher new costs of preparation for LNG project implementation;
- The operation of the subsidiary UAB SGD logistika (Costs of LNG transportation by sea) was unprofitable - a loss of EUR 382 thousand.

In 2019 Group's adjusted EBITDA comprise EUR 25,767 thousand and was lower by 4.4 per cent or by EUR 1,182 thousand compared to 2018 (EUR 26,949 thousand).

In 2019 Company's adjusted EBITDA comprised EUR 26,154 thousand and was lower by 3.0 per cent or by EUR 795 thousand compared to 2018 (EUR 26,949 thousand).

In 2019 the Group's adjusted annual return on equity (ROE) is 6.5 per cent, the Company's ROE of 2019 is 6.7 per cent (5.8 per cent in 2018).

The Group's sales revenue in 2019 was higher by 4.4 per cent or by EUR 4,365 thousand (EUR 104,363 thousand) compared to 2018 (EUR 99,998 thousand). The Company's sales revenue was EUR 104,138 thousand and the subsidiary's UAB SGD logistika – EUR 225 thousand.

The Company's sales revenue in 2019 was higher by 4.1 per cent or by EUR 4,140 thousand (EUR 104,138 thousand) compared to 2018 (EUR 99,998 thousand). The increase in sales revenue is related to the increase in LNG terminal revenue by EUR 6,543 thousand.

During 2019, KN paid over EUR 168 million in various taxes to the state budget (EUR 161 million in 2018).

Taxes paid to municipal budgets in 2019 amounted to EUR 371 thousands, a year ago EUR 230 thousands.

By the decision of the General Meeting of Shareholders of 2019, 100% of net profit, earned in 2018 (EUR 11,577 thousands), was paid in dividends.

For more information on financial performance, see Consolidated Annual Report of KN for 2019

INFORMATION ON THE STATE AID

On 19 September 2019 a decision of the European Commission on the coordination of state aid by securing a refinancing loan for the LNG component with a state guarantee was received.

On 27 December 2019 the Ministry of Finance of the Republic of Lithuania has issued a state guarantee securing the Company's liabilities to the NIB for EUR 134 million. The loan will be used to finance the balancing of the additional component of the LNG terminal security to the natural gas transmission price.

Commitment to implement sustainable operations and to continue investments in environmental protection remains the focus of KN. The company managed to receive the aid of EUR 200 000 for the installation of an air pollutant treatment plant at the Oil terminal of Klaipėdos Nafta. Purchase and installation of the necessary equipment will cost about EUR 0.5 million. About EUR 300 thousand will be allocated from the company budget, while the remaining EUR 200 thousand was received by submitting the application to the Environmental Projects Management Agency. The Agency decided to grant the funding to the Project from the funds of the Program of the Lithuanian Environmental Investment Fund.

The LNG reloading station is a commercial project of the Company financed by the Company and partly by the European Union support funds under the CEF-Transport program for the implementation of the HEKLA and Blue Baltics projects. In 2019 the European Commission allocated EUR 1.8 million to these projects.

For more information, see the Consolidated Annual Report of KN for 2019.

EMPLOYEES

The average number of employees of the Company on 31 December 2019 was 369 (on 31 December 2018 - 391). The average number of employees of the Group on 31 December 2019 was 373 (on 31 December 2018 - 393).

At the end of 2019, one employee worked part-time. In 2019, one employee worked under a lease agreement for 4 months. The principles of the KN collective agreement apply to all employees. The Company also has one trade union, which unites 43.57% of all KN employees (34% - in 2018).

COMPANY SALARY INFORMATION FOR 2019 AND 2018

	MANAGERS [1]		SPECIALISTS		WORKERS		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019
Number of employees according levels of positions (average)	40	41	196	181	155	147	391	369
Average salary, Eur/ month [2] [3]	5054	4744	2312	2286	1678	1621	2313	2282
Total accruals related to employment, including employer taxes, thous. Eur	2658	2784	5701	5506	3293	3037	11652	11327

[1] The Company's managers include: Chief Executive Officer (CEO), Directors, Functional Managers and Heads of Divisions.

[2] The average monthly salary is calculated in accordance to average monthly wage calculation procedure as stated in the State companies' employees' average monthly salary calculation procedure approved by the Lithuania Government on 23 August 2002, resolution No. 1341 and its subsequent changes.

[3] For comparability reasons of data the average monthly salary of 2018 has been multiplied by 1.289.

	NUMBER OF EMPLOYEES IN THE KN GROUP AT THE END OF THE YEAR	FEMALES	MALES
2016	383	98	285
2017	396	106	290
2018	402	106	290
2019	373	97	276

In comparison to 2018, the number of employees decreased by 7% in 2019. This was mainly due to the Company's focus on operational and process efficiency, when, due to the natural turnover of employees, vacancies were not always announced. Also, due to executed optimization of management structure, at the beginning of 2019 the Company terminated employment contracts with 20 employees, who were provided with all social guarantees, also those, who wanted, were provided with assistance in finding another job.

General turnover of KN staff:

- 2016 - 8.76%
- 2017 - 5.65%
- 2018 - 8.77%
- 2019 - 14.45%

In 2019 four of the seven top executives had their main workplace in Vilnius. The vast majority of middle managers are from Klaipėda.

COMPANY REMUNERATION POLICY

The Company's remuneration policy is regulated by the "Employee Remuneration Policy" approved by the Board of the KN and the "Procedure for Award of Bonuses to the Top Management of AB Klaipėdos Nafta".

In 2019 357 KN employees became shareholders of the company - the share of shares granted to them amounts to about 0.2% of the total number of KN shares. KN is the first state-owned company in the country to pay part of the bonus to its employees in company shares. Up to 50% of annual bonus awarded to employees for the results of 2018 was paid in KN shares. With this decision, the company aims to increase employee involvement in achieving the long-term goals of the organization and to promote responsibility for the overall performance, as well as to strengthen its competitiveness in the labour market.

Although the actual salaries have not decreased, the decrease in the average monthly salary of the Company's employees in 2019 is apparent due to the fact that about 50% of the annual bonus amount was paid in shares and transferred to third-tier pension funds chosen by the employees.

The standard salary for beginners is determined according to the Hay group's 50-75 percentile, depending on the experience and competencies that they have.

On 28-04-2020 Annual General Meeting of shareholders approved the Renumeration Policy of the Company, which is applied to the Company's Chief Executive Officer, Board, Supervisory Board and other Committee's members.

The Company's remuneration system is based on the Hay Group Methodology which measures jobs by relative size, nature, and importance in order to ensure that each job within the Company is fairly rewarded. The monthly salary/wage is set for a job upon evaluation of the level of knowledge and work experience required for the job, the complexity of functions, the degree of responsibility and management. Aim of the company is to ensure competitiveness of the employees' pay, feeling of internal justice and remuneration that does not discriminate any employee on the ground of sex or any other ground.

Annual employee performance reviews are conducted annually with every employee. During the performance evaluation the development with employee is discussed in respect to KN values and setting the goals for the new period.



KEY FACTS ABOUT SOCIAL RESPONSIBILITY OF THE COMPANY AND THIS REPORT

The company submits an annual Social Responsibility Report prepared in accordance with GRI standards.

Until now, the Company's social responsibility and the concept of sustainability have been limited mainly to economic responsibility and the assurance of good governance practices, with a focus on philanthropic activities. Two years ago, the Company began to actively invest in the environment and promote volunteering.

INTERESTING FACTS ABOUT KN'S SOCIAL RESPONSIBILITY

In 2019, the amount of paper used in KN offices has been reduced by 44%, which means that 48 trees have been saved in 2019. In total, the Company has saved 1,000 hours of working time due to digitized processes.

In 2019 KN granted support to 21 projects in the fields of environment, culture, sports, education, and other areas useful to the public. The support provided amounted to 90 thousand euros.

In 2019, the project Blue Baltics, coordinated by KN and the basis for the creation of LNG value chain in the Baltic Sea and promotion of the use of clean fuels in shipping, was awarded the prestigious Energy Globe Award Lithuania 2019 award for its positive impact on the environment.

According to the STI, in 2019, the KN ranked fourth among the largest taxpayers of the country.

In 2019 "green" electricity accounted for 74% of all electricity purchased and consumed in the oil terminals operated by KN.

TOPICS RELEVANT TO THE STAKEHOLDERS OF KN

In order to ensure the Company's accountability to stakeholders, the Company discloses information about its activities in the following ways:

- Provides annual and quarterly financial statements prepared in accordance with International Financial Reporting Standards as applicable by the European Union;
- Provides annual and semi-annual reports;
- Publishes preliminary revenue of each month;
- Presents the financial results every three months in an online seminar during which stakeholder questions are answered as well;
- Informs about significant events at the Company through the system of Nasdaq Vilnius:
  - Shareholders' meetings, changes in management structure, changes in management bodies;
  - Significant service and procurement agreements;
  - Approved investment projects, estimates thereof;
  - Other necessary information;
- Publishes periodic data of KN oil terminal environmental monitoring, which can be found on the KN website, in the Sustainable Development section;
- Reports on the support provided and provides information on all support requests received. All information is available on the KN website, in the Sustainable Development section.

The Company's circle of stakeholders is wide, but in this context the most important target groups are:

- Shareholders;
- Employees;
- Customers;
- Surrounding communities.

Although only a few of the largest target audiences are listed here, the Company operates in accordance with the principle of open and transparent dialogue with all stakeholders.

The largest shareholder of the company is the State of Lithuania, represented by the Ministry of Energy. The shareholder expresses its expectations to the Company through a letter of expectations, which is prepared and submitted to the Company at least every 4 years. By participating in the management of the Company under its control, the state pursues the increase of business value, the yield of dividends or profit contributions, the safeguarding of national security interests, the implementation of strategic projects or other objectives established by the legislation.

Statement of the expectations raised by the state for a state-owned enterprise, contains the main and other activities of the enterprise, activity priorities, key performance evaluation indicators, accountability needs, and economic projects important to the state under implementation.

Employee expectations are assessed through an engagement survey conducted at the Company since 2015. Representation of employees is also ensured through a trade union. Regular meetings with employees take place (e. g., by holding a traditional hour with a manager for all employees of the Company), maintaining the opportunity to submit their proposals to the company's management directly or anonymously through the proposal boxes. Employees' expectations of the organization are: a transparent and fair remuneration policy, work-rest balance, behaviour based on values in decision-making and in daily work.

KN maintains constant relations with communities of Klaipėda city. Communities expect the Company to be a good neighbour, i. e. that the Company's activities would have the least possible negative impact on the quality of life of its neighbours and ensure a safe environment. These interests are expressed by the communities both through the supervisory and regulatory authorities and directly to the company - through calls to a dedicated telephone line, letters, and questions to the company. In order to achieve a sustainable partnership, KN initiates regular meetings with community representatives, both on the premises of the Company and during community meetings. Direct communication also provides opportunities to hear out community expectations regarding company's involvement in projects that are important to communities. The Company also contributes to projects that are in line with the directions of KN support.

The Company's customers are communicated with regularly, promptly responding to their needs. Timely and high-quality services, flexible solutions, as well as proper corporate governance and good reputation are important for the Company's customers. Most of KN's customers are long-term partners who have been extending cooperation agreements for several years.

By taking care of the security of personal data of customers and employees, KN updated the Guidelines for the Processing of Personal Data, the Information and Cyber Security Management Procedure, and updated the Guidelines for the Classification and Management of Information in 2019. In 2019, the Company also provided training to its employees on the processing and management of personal data. It was attended by 60 employees of the Company. The Company received no complaints regarding improper processing of personal data in 2019.

In 2020 KN plans to continue to focus on this field, both by ensuring proper compliance and by training the employees of the Company.

In order to achieve a more sustainable long-term dialogue with KN's stakeholders, this field will be defined separately in the KN Stakeholder Policy and the KN Social Responsibility Policy. Both important documents must be prepared and their application must commence in the Company in 2020.

CORPORATE GOVERNANCE

STRUCTURE OF THE COMPANY MANAGEMENT

Management and supervisory bodies of KN follow in their activities the Law on Companies, the Law on Securities, the Articles of Association of the Company, and other legislation in force in the Republic of Lithuania, and the operational documents of the Company. In its activities, the company also takes into account the good governance practices of the International Organization for Economic Co-operation and Development (OECD) and the Good Governance Guidelines of the NASDAQ Stock Exchange.

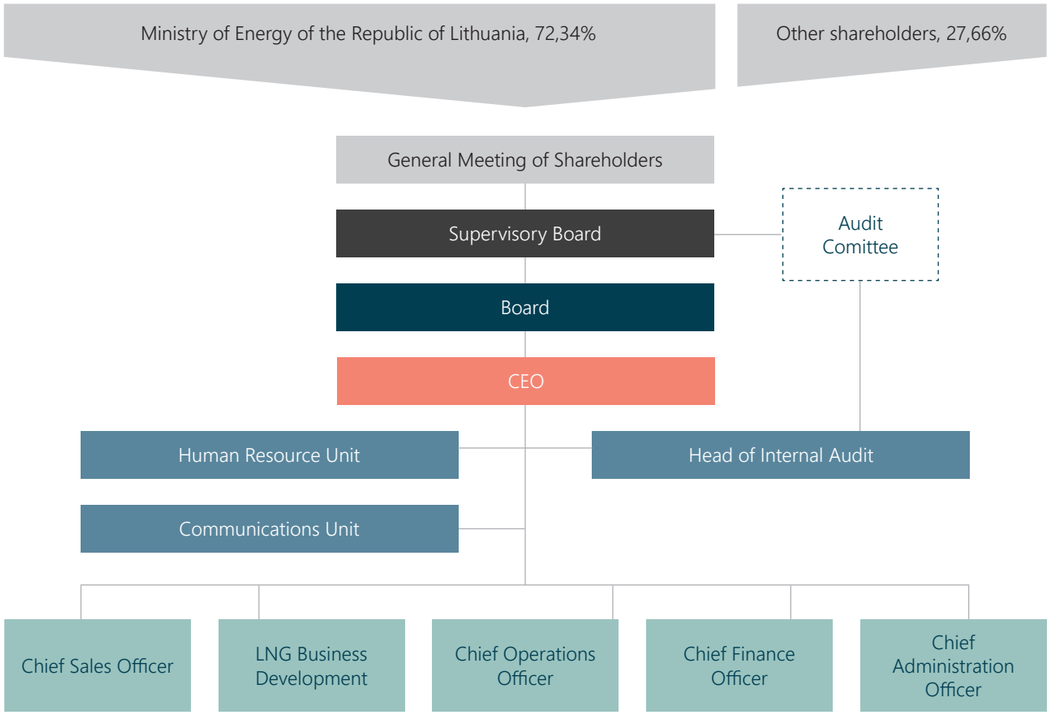
The Articles of Association of the Company registered in the Register of Legal Entities provide for the following bodies of the Company:

- General Meeting of Shareholders,
- Supervisory Board,
- Board,
- The head of the company - the CEO.

The General Meeting of Shareholders is the supreme body of the Company, solving the issues of activity assigned to its exclusive authority that cannot be delegated by the Law on Companies and the Articles of Association of the Company. The competence of the Company's General Meeting of Shareholders, shareholders' rights and their exercising are defined in the Law on Companies and the Articles of Association of the Company.

The Supervisory Board is a collegial supervisory body, comprised of 3 (three) members, elected for the period of 4 (four) years by the General Meeting of Shareholders according to the procedure established by the Law on Companies. The number of terms of office of a member of the Supervisory Board is unlimited. The Supervisory Board is a collegial body supervising the Company's activities and approving corporate strategy. Its status, competence and functions are defined in the Law on Companies and the Articles of Association of the Company. The functions, rights and obligations of the Supervisory Board are detailed in the Rules of Procedure of the Supervisory Board. Under the decision of the General Meeting of Shareholders of the Company of 27 April 2018 the following members of the Supervisory Board were elected for a term of 4 years: Eimantas Kiudulas, Andrius Varanavičius, and Tomas Lukoševičius (resigned on 03 September 2019).

ORGANIZATIONAL AND MANAGEMENT STRUCTURE OF AB KLAIPĖDOS NAFTA



Under its decision, the Supervisory Board of the Company forms the **Audit Committee**, as an advisory body of the Supervisory Board. The Audit Committee consists of 3 (three) members, elected before the end of the term of office of the Supervisory Board. The functions, rights and responsibilities of the Audit Committee are regulated by the Rules of Formation and Operation of the Audit Committee of AB Klaipėdos Nafta approved by the Supervisory Board and other documents regulating the activities of the Audit Committee. The main functions of the Audit Committee are: monitoring of the process of preparation of the Company's financial statements, monitoring of the audit process, performance of the analysis of the effectiveness of internal audit and risk management systems. By the decision of the Supervisory Board of the Company Andrius Varanavičius and Laura Garbenčiūtė-Bakienė were elected as members of the Audit Committee of the Company as of 21 August 2018, and Žana Kraučenkienė as a member of the Audit Committee of the Company until the end of the term of office of the current Supervisory Board of the Company.

The Board is a collegial management body of the Company, which is comprised of 5 (five) members, elected for a period of 4 (four) years by the Supervisory Board. Members of the Board of the Company of 2019: Dainius Bražiūnas, Mantas Bartuška, Giedrius Dusevičius, Bjarke Pålsson, and Ian Bradshaw (since 02 January 2019). The members of the Board elect the Chairman of the Board. Giedrius Dusevičius, a member of the Board, was elected the Chairman of the Board on 28 May 2018. The number of terms of office of a member of the Board is unlimited. A person who: is a member of the Supervisory Board of the Company; and in accordance with the mandatory provisions of the applicable laws, is not entitled to hold office on the Board, may not be elected a member of the Board. The authority of the members of the Board and the fields of activity of the manager are defined in the Law on Companies and the Articles of Association of the Company.

The company is managed by the head of the Company - **the Chief Executive Officer**. The CEO is the single-person managing body of the Company. The CEO is the main person managing and representing the Company. The duties and authority of the CEO are defined in the Law on Companies and the Articles of Association of the Company.

Detailed information regarding bodies of the Company, principles of their formation, competence, evaluation of their activities is provided in the Articles of Association of the Company, which is published on the Company's website, in the section "About us".

For more information on KN's governance structure see the KN Management Report for 2019, Corporate Governance section.

RISK MANAGEMENT

The Risk Management Policy approved by the Board of the Company regulates the Company's risk management, defines the principles of risk management and responsibilities, the functions and responsibilities of the Chief Risk Officer, and sets the Company's risk appetite and tolerance limits. The risk management system is developed in accordance with the recommendations of the ISO 31000 standard. The list of main risks and the plan of their management measures are presented and approved by the Board of the Company on a quarterly basis. The Board actively participates in the principal risk management process by continuously monitoring the changes in the risk level and the condition of action plans for risk management measures. The top managers of the Company are responsible for shaping the personnel's attitude towards risk management, setting the risk management goals in the managed area, implementation of the control measures, implementation of the risk management measures, and monitoring of their efficiency. Mid-level managers are responsible for carrying out the risk assessment process and presentation of the results, as well as the reliability, accuracy, and objectivity of the information. The Company has also established an Audit Committee with the main task to increase the efficiency of the work of the Supervisory Board in the field of supervision of Company's finances, and to help ensure that decisions are made impartially and with due consideration. The Audit Committee supervises the processes of the preparation of Company's financial statements and audit performance, ensures that the Company complies with the principles of independence and objectivity of auditors and audit firms, and monitors the Company's internal control, risk management, and internal audit systems.

The main risk groups that the Company is exposed to are:

- **Business risk**. This is a group of risks that is more related to the environment in which the Company operates and which affects the Company's financial performance

- **Operational risk.** This is perhaps the broadest group of risks covering potential threats, arising from internal processes, procedures, employee mistakes, system failures, corruption and criminal acts, or any event that disrupts the business processes.
- **Reputational risk.** This risk is mainly related to the decisions made by the Company and the behaviour of employees.
- **Project risk.** During the implementation of large scale investment projects, effective risk management throughout the project life cycle is a critical attribute for achieving project objectives.

Details on risk management are provided in KN Management Report of 2019, Key Risk Factors and Risk Management section.

THE FIGHT AGAINST CORRUPTION AND BRIBERY

The Company has zero tolerance for any kind of corruption or its manifestations and strives for open competition, ethical business conditions, and to properly ensure the transparency and publicity of its activities. The Company follows a Zero Tolerance Policy against Corruption approved by the CEO (hereinafter – the Policy). The Policy is a clear and public declaration of the Company's stance against bribery, fraud, extortion, fraudulent accounting, unofficial and inadequately documented transactions, fictitious expense accounting, the use of false documents, and other manifestations of corruption referred to in the United Nations Convention against Corruption. The provisions of the Policy are applicable to all employees of the Company, members of the Company's management and supervisory bodies, and third parties which act on behalf of the Company. The Policy is being constantly improved, updated, and supplemented in response to changes of the legal regulation. All employees of the company are familiarised with the Policy and are committed to complying with its provisions. KN's Zero Tolerance Policy against Corruption is available on KN website: www.kn.lt/pranesk/2570.

The Company is politically neutral and does not provide any financial support to political parties, groups, or politicians. The Company has clearly defined rules for giving and accepting of gifts. There are circumstances defined in which it is permitted to give or accept gifts, and/or participate in events organized by third parties. Furthermore, in 2019, KN provided training to managing staff on potential conflicts of interest and their management. The Company has prepared and started to apply an updated procedure for declaring private interests as of 2020, according to it members of the company's collegial management bodies, employees included in the formed and published list of positions, as well as all employees participating in public procurement of KN must declare private interests through the database of the Chief Official Ethics Commission. More information on the declaring of private interests is published on the KN website, Speak Up section.

The Company also has effective rules for provision of support, which are published on the website, they regulate the allocation and provision of the Company's support funds for the purposes beneficial to the public, and set the key principles and directions of support provision, as well as support criteria and priorities. The Company has approved the Description of the Procedure for Completing Employees' Declarations of Private Interests, which is intended to establish the requirements for the conduct of employees in the performance of their duties, the procedure for declaring private and Company interests, and the actions of employees in the event of a conflict of interest. According to the provisions of the current Description of the Procedure, private interests must be declared by all employees holding managerial positions. The Company has control mechanisms in place to identify, assess, and monitor potential corruption risk factors. The internal control system is constantly reviewed and improved. The Employee has the right, and the Company provides opportunities for them, to anonymously report suspected acts of bribery and corruption or attempts to commit them, or about suspected or actual violations of this Policy, as well as violations of the requirements set out Company's internal procedures and the Code of Conduct. Notifying about possible cases of corruption or manifestations of corruption is encouraged at e-mail manrupi@kn.lt or anonymously by submitting the form on www.kn.lt. This contact can be used by both the Company's employees and all other interested parties. Over 2019 no message were received on this line.

In order to reduce the likelihood of corruption, KN also applies "due diligence" procedures not only to its employees, but also to its business partners. Before appointing employees to positions, KN shall utilise all possible measures to ensure that KN employs only good reputation and trustworthy individuals, taking into account the functions of the future employee and the corresponding risk of corruption. KN has an approved list of positions which are subject to inspection by the Special Investigation Service.



In order to ensure the transparency and legitimacy of the partner's activities, KN may apply various "due diligence" verification procedures before or during the cooperation.

PUBLIC PROCUREMENT

During planning and implementation of procurements and the performance of procurement agreements, the Company shall act in accordance with the provisions of the Law of the Republic of Lithuania on Procurement by Entities Operating in the Water, Energy, Transport, and Postal Services' Sectors (hereinafter – the Law), other legislation regulating procurement and applicable to the Company, or in compliance with a good commercial practice unless the Law is not applicable to specific procurements.

INTERNAL PROCESSES

Procurement planning, execution, and completion in the Company shall be regulated by the following documents that have been specially developed for procurement regulation: the Procurement Organization Procedure, the Regulations of the Procurement Commissions, and the Low Value Procurement Organization Procedure. All the procurements executed by the Company shall be subject to planning, while the summary list of procurements shall be published in accordance with the procedure prescribed by the Law. Generally, the procurements of the Company are executed by the Organizers of procurements (in the events of low value procurements) or by the Procurement Commission (for procurements other than those of low value). All the actions taken during procurement shall be documented, while the procedure for adoption of decisions shall be subject to the application of multi-level control measures.

TRANSPARENCY

All persons participating in the procurements organized by the Company or exercising direct or indirect influence thereon have signed declarations of impartiality and the obligation of confidentiality. The Company shall publish procurement agreements it has entered into in accordance with the procedure prescribed by the Law. The Company shall also prepare and submit to the Public Procurement Office of the Republic of Lithuania the following documentation:

- A statement on procurement procedure per procurement effected;
- A statement on procurement agreements covering all procurement agreements concluded per calendar year.

From 2020 all employees of the company participating in public procurements of KN must have declared their private interests through the system of the Chief Official Ethics Commission (COEC). This is done to prevent potential conflicts of interest.

FAIR TAXES

KN implements fair business principles by responsible and correct declaration and payment of all operating taxes that are charged. Next to the usual profit, resident income, VAT, and taxes paid to Social Insurance Fund, the Company as the owner of the excise warehouse also ensures correct declaration of excise and customs taxes, and payment thereof for storage of customers' oil products and natural gas.

Over the last 5 years, no complaints have been filed against the Company regarding the incorrect declaration and payment of taxes. At the same time, KN neither seeks nor applies special tax optimization or artificial tax reduction schemes.

According to the STI, in 2019, KN ranked fourth among the largest taxpayers of the country.

ANTI-MONOPOLY

THE COMPETITIVE ENVIRONMENT OF THE OIL TERMINAL

KN oil terminal operates in a competitive environment. Its main competitors are all oil product handling terminals operating in the ports on the eastern coast of the Baltic Sea and in the port of Odessa (Ukraine). It should be noted that the competitive environment in the oil product transshipment market becomes more intensive every year. The foregoing is especially true when talking about the flow of Russian and especially Belarusian transit oil products.

COMPETITIVE ENVIRONMENT OF KLAIPĖDA LNG TERMINAL

LNG terminal shall be considered as a nationwide strategic energy object. The Company carries out its business activity in accordance with the Law on the Liquefied Natural Gas Terminal of the Republic of Lithuania, which sets forth that the LNG terminal and the LNG terminal interconnection shall be deemed to be installations that have strategic importance for national security. In addition to this, the LNG terminal operator shall be deemed to be an entity that has strategic importance for national security as it is set forth in the Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises of Importance to Ensuring National Security of the Republic of Lithuania. The operation of the LNG terminal is subject to regulation. Therefore, the regulation environment of its operation defines the yields and profitability of this activity, guidelines, the scope of the activity, and pricing.

In order to ensure the functioning of free market at LNG terminal, the LNG terminal fully ensures the third-party access requirements in accordance with EU laws. The terminal's activities are organized in observance with the Rules for Use of the Liquefied Natural Gas Terminal (hereinafter - Terminal rules), adopted after public consultations with market participants and agreed upon by the decree of the NCECP (currently NERC). Capacity of the LNG Terminal shall be made available to potential users on equal terms, during the current year or the annual public and transparent capacity allocation procedure, if the LNG terminal has available capacity. Further information on activities, procedures and rules of the LNG terminal is available here: www.kn.lt/musu-veikla/sgd-terminalai/klaipedos-sgd-terminalas/159

During 2019, five companies from Lithuania and Estonia utilised the services of KN Klaipėda LNG terminal.

ENVIRONMENTAL IMPACT AND PROTECTION

Environmental protection is one of the priority areas of KN's social responsibility and is given overarching attention. Both in operating the existing oil and LNG terminals and in planning new activities, KN observes the fundamental principles of environmental protection, established in the National Environmental Protection Strategy, follows the conditions laid down in environmental permits, and adheres to the norms set out in environmental rules and standards.

The company's efforts in the field of environmental protection can be divided into the following areas:

- The Company constantly implements environmental measures, environmental pollution prevention and control, fire and other systems.
- It seeks to preserve natural resources.
- The Company contributes to the development of the market for LNG as a clean and safe fuel in Lithuania and the Baltic Sea region.

KN implements the Environmental Action Plan, according to which the investments of KN in the field of environment will reach 8 million euros by the end of 2021. To date (during the period of 2013-2019), the Company has already invested close to 5 million euros into measures dedicated to the reduction of the ambient air pollution.

Assessing the following results of 2018 and 2019, it is important to note that in 2019 the new KN Light oil product park was put into operation in June. This may affect the indicators presented in this part of the report.

INVOLVEMENT OF THE PUBLIC IN THE ENVIRONMENTAL PROTECTION

During the planning of new economic activities, expansion or modernization of existing terminals, the Company evaluates potential impact on the environment and foresees the environmental protection measures at the early stages of the developed projects. Environmental impact assessment procedures shall enable the public to become acquainted with the proposed economic activities as early as possible and to submit comments and suggestions, as provided for in the Aarhus Convention. The Company actively takes care of the environment and public welfare, is open to providing information to interested institutions, public organizations and society, and for many years pays great attention to strengthening relations with communities.

In 2019, the Company continued active communication with representatives of neighbouring communities and invited representatives of the communities KIDE, Vitė, Melnragė to its oil terminal area, where guests were given the opportunity to observe the Company's technological processes from up close, get acquainted with ongoing activities, environmental projects, and plans. Representatives of the Company also participated in the events of Vitė and Melnragė communities, presented the progress of the ongoing Environmental Measures Plan, and answered relevant questions that were of concern to the communities.

KN is also openly sharing environmental data with society – data of monitoring of Klaipėda oil terminal is provided on the Company's website, as well as information regarding the progress of the Environmental Action Plan.

ENVIRONMENTAL IMPACT

At the Klaipėda oil terminal of the Company, stationary sources of ambient air pollution (oil product tanks, boiler) are operated in accordance with the environmental permit issued by the responsible authority. KN also regularly publishes data of the monitoring on the effects on ambient air. The monitoring shows that the Company's activities do not exceed the permissible pollution indicators, and in May of 2018, the National Public Health Laboratory, based on modelling of odour dispersion based on the samples taken, determined that the permissible odour concentration threshold value in the ambient air of nearby residential and public areas is not exceeded.

In order to reduce the impact of economic activities on the ambient air, the following environmental measures are employed during the handling and storage of oil products:

- Light petroleum products (petrol, diesel) are loaded and stored only in tanks with pontoons (internal floating screens), also more than 50% of the tanks in which heavy oil products (fuel oil) are loaded are equipped with pontoons, this reduces the release of volatile organic compounds (hereinafter - VOCs) into the ambient air;
- During unloading of petrol from railway tanks into tanks on the railway overpass, a VOC vapour recovery unit is used to reduce the entry of VOCs into the ambient air, and during the loading of petrol into vessels, the generated VOC vapours are directed to the VOC vapour incinerator.

The efficiency of these environmental measures is as high as 95%. The prepared environmental action plan provides for the installation of 2 air pollution treatment plants to reduce VOC and odour emissions. Air pollution treatment plants will be built within 2 years. These environmental measures significantly reduce the release of pollutants into the ambient air and the intensity of odours in the environment.

The Company monitors pollutants entering the environment from stationary sources of ambient air pollution at the oil terminal, the purpose of monitoring is to assess whether the set one-time emission standards are not exceeded during economic activities. Monitoring of the impact on air quality is also carried out, the purpose of which is to determine whether the established threshold values for VOC pollution in ambient air have not been exceeded during economic activities in the environment (outside the territory of the Company). The 30-minute VOC threshold value for ambient air pollution is 5 mg/Nm^3.

The Company leases cars for economic and commercial activities. These cars are equipped and have operational emission control systems that meet the requirements of the EURO VI standard, and this measure reduces the ambient air pollution.

ENVIRONMENTAL PROTECTION

At the end of September 2018, KN completed the preparation of an Environmental Action Plan, which sets out measures and a commitment to continue to operate sustainably and to ensure the highest environmental standards, and submitted it to the environmental authorities. It is projected that by the end of 2021, the Company's investments in the field of environmental protection will reach 8 million euros.

DURING THE IMPLEMENTATION OF ENVIRONMENTAL ACTION PLAN THE FOLLOWING ACTIONS WERE PERFORMED IN 2019:

SER. NO.	AIR POLLUTION REDUCTION MEASURES	EXPECTED RESULTS	DEADLINE FOR IMPLE-MENTATION*	PROGRESS
1	Installation of an air pol-lution treatment plant for the purpose of cleaning pollutants collected from: (i) 16 existing oil prod-uct storage tanks lo-cat-ed in the black oil product park. (ii) oil product railway loading platforms No. 1-2, where black oil products are loaded (e. g. fuel oil)	Emissions of volatile or-ganic com-pounds (VOCs), emitted during the load-ing of petroleum products from/ to railway tank cars and from the handling and during the stor-age of petroleum products in tanks, will be reduced	31-12-2020 - 31-12-2021	Q1 2019 a permit has been obtained from the responsible authority for the installation of an air pollution treat-ment plant and a technical specifi-ca-tion has been prepared for the procurement of design services. Q2 2019 procurement proce-dures for the procurement of design works have been com-menced. Q3 2019 an agreement has been signed with the design company for the development of the design of the required infrastructure Q4 2019 documentation for the pro-curement of air pollu-tion treatment plant was prepared.

Continues on the next page >

2	Installation of a new air pollution treatment plant, which will clean pollution collected from 12 newly built tanks.	The newly built tanks will be connected to an air pollution treatment plant, which will ensure minimal emissions to the environment.	31-12-2020	Q1 2019 a permit has been obtained from the responsible authority for the installation of an air pollution treatment plant. Q2 2019 a technical specification for the procurement of the plant has been prepared. Q3 2019 a market research was carried out for the procurement and installation of the plant. Q4 2019 a public procurement was announced for the procurement of a hydrocarbon vapour recovery unit with installation works. Note: All tanks that will be connected to the new air pollution treatment plant are already built with branch pipes, i. e. the pollution collection infrastructure (pipelines) is installed, and the air pollution treatment plant will be connected to it.
3	Modernization of the existing VOC vapour incineration plant	The planned reconstruction of the Terminal quays will allow to accommodate more vessels, therefore increasing the capacity of the VOC vapour incinerator will ensure more efficient VOC vapour neutralization.	31-12-2020	Q1 2019 an agreement was signed for the supply of the plant to the Company. Q2 2019 the service provider delivered the plant to the Company. Q3 2019 a tender was an-nounced for the installation of the plant. Q4 2019 the necessary plant has been installed to increase the efficiency of the VOC vapour incinerator. The capacity of the VOC vapour unit has been increased.
4	Modernization of the burners of 2x45MW boilers of Klaipėda Oil Terminal Boiler House	The modernization of boiler burners will reduce the single emission limit values for nitrogen oxides and carbon monoxide from 300 mg/m^3 to 100 mg/m^3.	Boiler No. 1 will be reconstructed by 31-12-2020 Boiler No.2 will be reconstructed by 31-12-2021	Q4 2018 the procurement procedures were terminated, because the price for the plant offered to the Compa-ny was too high. Q1 2019 a new market research was carried out for the procurement and installation of the plant. Q3 2019 procurement procedures for the procurement of design works, plant (burners) and its installation works, were updated.

GREENHOUSE GAS (GHG) EMISSIONS

The annual greenhouse gas reports are prepared in accordance with the requirements of The Green-house gas protocol A Corporate Accounting and Reporting Standard (hereinafter - the International Protocol). GHGs include CO_2 and CH4 emissions. Emissions of other greenhouse gases (N_2O, HFCs, PFCs, SF6) are not accounted for because no significant sources of pollution with these gases have been identified.
GHG emissions include emissions listed in the international protocol Scope1, Scope 2, and Scope 3:

Scope 1.Direct CO_2 emissions (from boilers, vehicles) and direct CH_4 emissions (from natural gas leaks in pipe-lines and tanks).
Scope 2. Indirect CO_2 emissions related to the production of purchased electricity.
Scope 3. Indirect CO_2 emissions from the production of purchased materials and services.

98% of GHG emissions consist of emissions from combustion plants using fossil fuels. However, in 2020 an energy audit is planned, the findings of which should help to achieve greater operational efficiency and, accordingly, more efficient use of natural gas.

GHG emission reduction measures:

- Increasing the share of electricity produced from renewable sources. In 2018-2019 “green” electricity accounted for 74% of all electricity purchased in the oil terminals operated by KN. In 2019 more than 5 tons of GHG was not emitted due to “green” electricity. The aim is to maintain this trend in the future.
- Implementation of the oil terminal pipeline electric heating modernization project - the implementation of innovative control of pipeline electric heating allows to save up to 30% of electricity intended for heating of pipelines.

EMISSIONS OF OTHER POLLUTANTS

This report provides data only for those air pollutants with the highest emissions, namely carbon monoxide (CO), nitrogen oxides (NOx), and volatile organic compounds (VOCs). Pollutant emissions have been calculated in accordance with the methodologies in force in the Republic of Lithuania.

At KN oil terminal, annual VOC emissions depend directly on the annual amount of oil products transshipped,

NOx, CO, LOJ EMISSIONS

INDICATOR	DLT*, T/M	2018 M, T/M	2019 M., T/M
1. KOT			
CO	83,0	30	15
NOx	61,6	15	24
LOJ	178,1	98	98
2. SOT			
LOJ	31	6,6	8,2
3. FSRU			
NOx	308	102	113
CO	252	62	67

*DLT - the annual limit set in the environmental permit

GREENHOUSE GAS (GHG) EMISSIONS

INDICATOR	2018	2019	REMARKS
Direct CO_2 emissions (Scope1), t/m	18 034	16 630	98,3 % of these emissions are from KOT boilers (combusting gases).
Indirect CO_2 emissions (Scope2)*, t/m	1 725	1 960	100 % of these emissions are from electricity production (purchased without certificates proving the origin of electricity produced from renewable energy sources).
Indirect CO_2 emissions (Scope3)**, t/m	45 881	50 155	99,8 % of these emissions are from FSRU (combusting gas and diesel).
Indirect CO_2 emissions (Scope2), t/m	(-)6549	(-)5492	With more than 70 % of purchased electricity coming from renewables, KN didn't release into the environment more than 5 thousant t of CO_2 emissions.
Total, t/m	65 666	68 745	
Relative GHG emissions per tonne of product transhipped (KOT and SOT) or degassed MhW			
Transshipped amounts at KOT, kg CO_2/t	2,97	3,23	
Transshipped amounts at SOT, kg CO_2/t	1,83	1,52	
GDP degasified and transshiped volumes of natural gas, kgCO_2/MWh	0,27	0,24	
LNGT degasified and transshiped volumes of natural gas, kgCO_2/MWh	5,02	2,55	Although in 2019 twice as much gas was degassified as in 2018, the amount of natural gas burned remianed at the same level as in 2018.

* Indirect CO_2 emission released from generating electricity, purchased for KN needs.
** CO_2 emissions from FSRU are attributed to scope3

and CO and NOx - on the amount of natural gas burned in combustion plants, i.e. in the boiler room and VOC incinerator. According to preliminary data, the implementation of the Environmental Action Plan should reduce annual VOC emissions by approximately 30%.

More than 95% of emissions of the LNG storage facility to the environment consist of CO and NOx, the amount of which depends directly on the amount of gas burned in the combustion plant. One-off CO and NOx emissions comply with the threshold values of 100 mg/m^3 set in the Best Available Techniques applicable in the EU.

In 2019 the actual emissions did not reach the permissible annual pollution levels (standards) set in the environmental permits issued to the terminals of the Company.

In order to meet all environmental protection requirements, KN collects and treats the sewage, generated in the operation, so that it would meet the established standards. The amount of pollutants discharged with sewage is calculated in accordance with the methodologies approved in the Republic of Lithuania. The amount of sewage discharged is accounted for by the installed accounting devices.

Monitoring of discharged sewage and monitoring of the impact on surface water quality is performed, during these processes the condition of the Curonian Lagoon (Klaipėda Strait) below and above the sewage discharge facility is monitored. The relevant report shall be submitted to the Environmental Protection Agency on a quarterly basis.

The Klaipėda Oil Terminal operates biological sewage treatment plant, the purpose of which is to collect and

SEWAGE

		2018		2019	
INDICATOR	DLT*, T/M	FACT, T/M	TREATMENT EFFICIENCY, %	FACT, T/M	TREATMENT EFFICIENCY, %
1. KOT (domestic, industrial, surface wastewater)					
BDS7	12,0	0,5072	98	0,3982	98
NOx	12,0	0,9598	72	1,0652	70
Phosphorus	1,2	0,0981	85	0,0701	83
Oil and oil products	0,8	0	100	0,0000	100
Total treated amount, m^3		352 528		335 376	
2. SOT (domestic and surface wastewater)					
BDS7	0,1219	0,128	not measured	0,7938	not measured
Oil producst	0,0219	0,023	not measured	0,1726	not measured
Suspended substances		0,19	not measured	0,1588	
Total treated amount, m^3		34 401		34 514	
3. FSRU					
	Collected sewage is transfered to the third parties for treatment.				

* The annual limit set in the environmental permit.

treat industrial, domestic, and surface sewage generated during economic activities. The efficiency of sewage treatment from pollutants is very high: the treatment efficiency from total nitrogen is about 72%, from total phosphorus - about 85%, from biodegradable organic substances - about 98%, and from oil products - up to 100%.

During 2019, 335,376 m3 (during 2018 - 352,528 m3) of treated sewage was discharged into the Curonian Lagoon. In 2019, 1,533 tones (in 2018 - 1,565 tones) of pollutants were discharged with sewage, while the permissible total annual pollution is 26 tones/year. The amount of pollutants discharged with sewage corresponds to the amounts specified in the environmental permit.

Subačius Oil Terminal operates sewage treatment plant, which treat surface sewage collected from the terminal territory and domestic sewage. Sewage is treated up to the standards and discharged into a surface water body - the Lėvuo River. During 2019, 34,514 m^3 (during 2018 - 34,401 m^3) of sewage was collected and treated and 1.125 t of pollutants were discharged with them (0,341 tons of pollutants were discharged in 2018).

Information on the LNG terminal is not provided, because the sewage discharged into the Curonian Lagoon does not require treatment (water used in the operation, see G4-EN8).

USAGE OF WATER

AT THE KN OIL TERMINALS

The main water source used in operations of Klaipėda Oil Terminal is centralized water supply networks. The majority (94%) of water taken from centralized networks in 2019 was used for steam production and on the oil

USAGE OF WATER ACCORDING THE SOURCE

	2018			2019		
TERMINAL	CENTRALIZED NETWORK, M^3	GROUNDWATER, M^3	SURFACE WATER, M^3	CENTRALIZED NETWORK, M^3	GROUNDWATER, M^3	SURFACE WATER, M^3
Oil terminals						
1. KOT and LNG reloading station	95 810			100 575		
2. SOT*		92			8 817	
LNG terminals						
1. LNGT			144		133	
2. FSRU			53 988 000			61 514 800

* Groundwater is calculated since August 2018.

product trestle, the rest of the water was used for household purposes and provided to subsubscribers.

The Subačius oil terminal draws water from a groundwater well for economic activities.

Water usage in Klaipėda and Subačius oil terminals does not have a significant impact on water sources, as KOT take water from centralized networks and the amount of water consumed by SOT is too small to affect the quality and quantity of groundwater.

Water is not reused in Klaipeda and Subačius oil terminals.

AT THE LNG TERMINAL IN KLAIPĖDA

Main source of water for LNG storage vessel is water from the Curonian Lagoon. The FSRU uses water from the Curonian Lagoon for technological processes: (i) cooling - cooling / cooling of the ship's engines and auxiliary equipment premises; (ii) in the gasification unit water is used in the LNG "defrosting" process; (iii) for "water curtain", which means the continuous spraying of water on the hulls during the transhipment of LNG from / to the LNG carrier / storage vessel, so that in the event of a LNG leakage damage to the hull is prevented.

About 70% of the extracted water is used in the gasification plant, about 30% goes for cooling. Used water is returned to the Curonian Lagoon. The water used in the activity is not polluted and complies with the established quality parameters, therefore it does not affect the water quality of the Curonian Lagoon.

In the LNG storage vessel in the gasification process in winter (when the water temperature is less than 13 C °) the water taken from the Curonian Lagoon is used in a "closed circuit", that is, water is not discharged into the Curonian Lagoon, but is reused in the LNG gasification process.

PROTECTION OF GROUNDWATER, GROUND, AND SOIL

Since 1996 Klaipėda Oil Terminal monitors the impact on groundwater, the purpose of this monitoring is to monitor changes in groundwater quality. Multi-year groundwater observations show that groundwater pollution, formed over several years at the site, has been decreasing. The data of multi-year monitoring of impact on groundwater allow to conclude that the "historical" pollution of soil and groundwater with oil products in the territory of Klaipėda Oil Terminal is decreasing.

However, in September 2019, after evaluation of the groundwater monitoring report of Klaipeda Oil Terminal for the last five years, the Lithuanian Geological Survey additionally instructed to prepare a management plan for the territory including the railway loading stage and to arrange the territory.

SIGNIFICANT SPILLS

During 2019, there were no significant spills of oil products, chemicals, or waste in the operation of Klaipėda Oil Terminal, which would have resulted in a pollution of surface waters or soil.

In 2019, during the loading of oil products into the tanker at the quay managed by the Klaipėda Oil Terminal, an insignificant amount of oil products spilled into surface waters due to the actions of the tanker crew. In accordance with approved procedures, spilled products were promptly collected and disposed of to minimize environmental impact.

In 2019, there were no spills at Subačius Oil Terminal and Klaipėda Liquefied Natural Gas Terminal.

WASTE MANAGEMENT

Information on the management of waste generated at KN oil terminal is based on data provided by waste managers.

During 2019, the total amount of waste generated at KN oil terminal in Klaipėda was 299 tonnes (in 2018 - 362 tons), of which 38% (144 tons) accounted for non-hazardous waste and 62% (185 tons) - hazardous waste. In 2019, non-hazardous waste (144 tons) generated at Klaipėda Oil Terminal was managed by waste managers in the following ways: 66% of waste was recycled, 5% turned into compost, 2% used as a fuel for energy production, and 27% removed to landfill. About 90% of hazardous waste (172 tons) of Klaipėda Oil Terminal were recycled by the waste managers, and the rest was disposed of in a landfill.
During 2019, Subačius oil terminal generated a total of 57 tons of waste (66 tons during 2018), of which 94% were hazardous waste (liquid oily waste), which was later regenerated into an oil product at KN oil terminal in Klaipėda at waste treatment facilities.

The principles of waste prevention are implemented in the recycling (recovery) of waste by using the waste to improve the state of the environment and by separating secondary raw materials from waste.

During 2019, LNG storage facility generated 40 tons of waste, of which 92% were non-hazardous waste. All waste that was generated was handed over to a licensed waste manager for further management.

WASTE MANAGEMENT AT KOT IN 2019

	TONNES	%
Non-hazardous waste treatment		
Non-hazardous waste, total	299,138	184,99
Recycling	361,735	259,726
Removing to landfill	361,735	259,726
Composting	361,735	259,726
Combustion (generating energy)	361,735	259,726
Hazardous waste treatment		
Hazardous waste, total	184,99	100
Recycling	171,975	93,0
Combustion (generating energy)	12,422	6,7
Removing to landfill	0,593	0,3

WASTE

TERMINAL/YEAR	TOTAL AMOUNT, T	HAZARDOUS, T	NON-HAZARDOUS , T
1. KOT			
2019	299,138	184,99	144,178
		62%	38%
2018	361,735	259,726	102,009
		72%	28%
2. SOT			
2019	56,979	53,529	3,45
		94%	6%
2018	66,41	62,825	3,585
		95%	5%
3. LNGT			
2019	39,775	3,208	36,567
		8%	92%
2018	44,922	7,189	37,733
		16%	84%

The Company's sewage treatment plant in the State Seaport of Klaipėda operates as a port pollution collection facility as well - collecting vessel-generated waste (bilge water) and cargo residues. The Company has the right to handle certain hazardous waste, i. e. to accept water contaminated with oil products, liquid fuel mixtures, bilge water from other economic entities and vessels, and to engage in the management of sludge generated during the Company's activities in biological sewage treatment plants.

USE OF NATURAL RESOURCES AND RAW MATERIALS

KN provides oil and gas handling and storage services and does not carry out production, which requires large quantities of raw materials. Small amounts of materials are used to service and maintain the existing infrastructure.

ENERGY CONSUMPTION

During 2019, 16,646 MhW of electricity was purchased from the centralized electricity supply networks for the needs of KN terminals. During the reference year, the electricity consumption was 11% (2324 MhW) lower than in 2018.

In 2019, 74% of the electricity consumed at the oil terminals (in Klaipėda and Subačius) was comprised of electricity produced from renewable energy sources.

LNGT storage facility generates electricity for its own needs from LNG and produced 46,461MhW for its own use during 2019.

In 2019, almost all combustion plants and transport used less fuel. This was mainly due to lower volumes of operations at the Company's terminals. Due to significantly

ENERGY CONSUMPTION

	2018			2019		
TERMINAL	PURCHASED ELECTRICITY FOR OWN USE	SHARE OF ELECTRICITY FROM RENEWABLES	GENERATED ELECTRICITY FOR OWN NEEDS	PURCHASED ELECTRICITY FOR OWN USE	SHARE OF ELECTRICITY FROM RENEWABLES	GENERATED ELECTRICITY FOR OWN NEEDS
Oil terminals						
1. KOL	18 478			16 068		
2. SOT	333			339		
LNG terminals						
1. LNGT-KN *,	91			94		
2. GDP						
3. FSRU	68		n.d	145		46 461
Total, MhW	18 970	14 678		16 646	12313	
Share of purchased electricity from renewables, %	77			74		

* LNGT- KN operated objects: gas metering station, tap platforms

FUEL CONSUMPTION BY THE COMBUSTION PLANTS AND TRANSPORT

INDICATOR	TOTAL	COMMENT
Natural gas, thousand m^3, in 2019	30 823	Fuel at Klaipėda oil terminal and FSRU
Natural gas, thousand m^3, in 2019	32 077	
Liquid fuel, thousand m^3, in 2018	10	Fuel for the boilers at SOT
Liquid fuel, thousand m^3, in 2019	7	
Diesel fuel, m^3, in 2018	10	
Diesel fuel, m^3, in 2019	14	
Petrol and diesel for Company's cars, m^3, 2018	89	Fuel for Company's cars
Petrol and diesel for Company's cars, m^3, 2019	78	

ENERGY INTENSITY

INDICATOR	2018	2019
KOT electricity for the transshipement, MhW/t	0,0028	0,0028
SOT electricity for the transshipement, MhW/t	0,0032	0,0028

increased business volumes, the amount of natural gas consumed at Klaipėda LNGT was higher than in the corresponding period a year ago.

ENERGY SAVING

In 2019, the project "Modernization of Oil Terminal Pipeline Electric Heating" was implemented, the goal of which is to reduce the consumption of electricity by implementing modern process control. The implemented project allows to save up to 30% of electricity dedicated for the heating of pipeline of black oil products.

During 2020, an audit of the Energy, Energy Resources, and Water Consumption of KN Oil Terminal will be performed, the aim of which is to identify opportunities to reduce energy consumption and provide measures to increase the efficiency of energy production and consumption.

SAVING OF OTHER RESOURCES

In order to reduce the amount of paper used, and to streamline document management processes and costs, the Company has implemented and operates an electronic document management system, in which all documents are managed and archived electronically. This measure allows the Company to significantly reduce paper consumption.

In the framework of KN digitization initiative KN digital, in 2019 KN set an ambitious goal of becoming a paperless office by 2030, and to cut the use of paper in half over 2019. Therefore, in 2019 the Company continued to transfer documents to the electronic space, abandoning paper documents as much as possible, actively signing with an electronic signature and encouraging its customers, suppliers, and partners to do so. During 2019, the Company reviewed more than 500 document files, about 100 paper files were replaced by electronic ones, the processes that mostly used paper documents were analysed, part of tanker, railway cars and tank trucks loading documents, which make up the largest part of paper documents, were digitized. A decision was also made to encourage throughout KN to sign procurement agreements (for goods, services, works) with a qualified electronic signature as of 01 June 2019, slightly more than half of the procurement agreements were signed by electronic signature. Most of KN support agreements are also signed by electronic signature. During the implementation of the initiatives to digitize KN, it is estimated that over 2019 it was possible to reduce the amount of paper used in KN offices by 44%, which means that 48 trees have been preserved. In total, the Company has saved 1,000 hours of working time due to digitized processes.

The Company, in order to save fossil fuels and reduce ambient air pollution, caused by car exhaust, organizes meetings between the Company's divisions, customers, service providers, construction contractors, etc. via teleconferences and videoconferences. In order to preserve natural resources and separate as many secondary raw materials (paper, plastic, and glass) as possible from the municipal waste stream, a primary waste sorting system - sorting boxes - was set up at the Company's premises.

FINES AND SANCTIONS RELATED TO THE ENVIRONMENT AND COMPLAINTS

In 2019, 5 environmental inspections were performed at Klaipėda Oil Terminal, 1 at Subačius Oil Terminal, and 3 at LNG Terminal.

STATE CONTROL, EXTERNAL AUDITS

TERMINAL/YEAR	PLANNED	UNPLANNED	RESULTS
1. KOT			
2019	4	1	No violations found
2018	3	3	No violations found
2017	3	1	No violations found
2. SOT			
2019	1	-	No violations found
2018	1	-	No violations found
2017	1	-	No violations found
3. LNGT			
2019	1	-	No violations found
2018	1	-	No violations found
2019	1	-	No violations found

Pastaba - informacijos apie išorinius auditus ir jų metu gautas pastabas dėl APL neturima.

COMPLAINTS

TERMINAL	TOTAL AMOUNT	DIRECTLY SUBMITTED FROM THE SOCIETY	INQUIRIES FROM THE AUTHORITIES IN RESPONSE TO COMPLAINTS	KN MEETINGS WITH COMMUNITIES
1. KOT				
2019	17	4	13	5
2018	22	18	4	6
2017	10	0	10	-
2. SOT				
2019	-			–
2018	-			–
3. LNGT				
2019	-	-		
2018	-	-		



„ENERGY GLOBE AWARD LITHUANIA 2019"

During 2019, no sanctions or penalties were imposed on Klaipėda Oil Terminal, Subačius Oil Terminal, and Klaipėda LNG Terminal for violations of environmental requirements.

Complaints received in any form (written or oral) are registered. Upon receipt of the complaint, the situation for which the complaint was submitted is assessed / analysed and a response is provided to the applicant.
All complaints from the population or inquiries from state authorities were received due to the activities of the KOT - a possible intense odour. In 2018 a separate phone line has been set up at the KOT, where the population can receive information about the handling of oil products or submit a complaint regarding the KOT activities.

During 2019, no environmental complaints were received regarding the operation of the Subačius oil terminal and the LNG terminal.

OTHER INITIATIVES

In 2019, Blue Baltics project, coordinated by KN, was awarded the prestigious award Energy Globe Award Lithuania 2019 for its positive impact on the environment. Blue Baltics Project is the foundation for the creation of the LNG value chain and the promotion of the clean fuel use in shipping. During Blue Baltics Project that was launched in 2016, the LNG reloading station was built in Klaipėda, which allowed the port city to become the axis of LNG value chain and LNG distribution hub by linking four Baltic states into a single LNG value chain. Blue Baltics Project was allocated about EUR 15 million from the foundation Motorways of the Sea, of which EUR 4 million was allocated to KN.

A business lunch was held during the Energy Globe Award Lithuania 2019 in Klaipėda, during which representatives of municipalities, business and ministries gathered to discuss the wider use of LNG as a clean fuel for transport.



INVESTMENT INTO EMPLOYEES AND PROTECTION OF THEIR RIGHTS

PRINCIPLES OF PERSONNEL POLICY

The Company's main asset is its employees, who are the most important link to the achievement of Company's goals. Company's personnel policy is focused on the development of teamwork and unity, constant improvement, the optimal use of work resources, training of staff competencies, and development of the engaging culture of the Company that creates higher added value.

The Company and its employees, being responsible to each other, colleagues, and to the society act according to the following:

- Collective Agreement;
- Rules of Work Procedure;
- Personnel Policy;
- Standard of Conduct;
- Remuneration Policy;
- Procedure for the Formation of the Remuneration System;
- Procedure for Discussing and Rewarding Employees' Annual Activities;
- Procedure for the Organization of the Adaptation of New Employees;
- Qualification Improvement Guidelines;
- Procedure for the Organization of Employee Selection;
- Procedure for the Organization of Internal Training;
- Planning of the Management Succession and Development.

TRADE UNIONS

The Company has one trade union, which unites 43.57% of all KN employees (34% - in 2018). Meetings of trade union representatives with the Company's management are organized periodically to discuss relevant issues related to the amendment of the collective agreement. Such meetings usually take place twice a year.

COLLECTIVE AGREEMENT

The Collective agreement has been concluded between the employer (the Company) and the staff. The Collective agreement regulates the salary, working and rest time, employee qualification improvement, safety and health, and other socio-economic working conditions. The purpose of the agreement is to create conditions for the development of sustainable economic activities and business, and to guarantee a higher level of working conditions than provided for in the legislation of the Republic of Lithuania.

On 25 October 2019 the Conference of KN employees approved a draft of a new collective agreement for 2019-2023, which came into force on 01 November 2019 and will be valid until 31 October 2023. The amended Collective Agreement, which was in force since 2018, includes the following additional social guarantees for employees:

- An employee, raising 3 or more children under 18 years of age, a material allowance of 2.5 MMW is paid once a year before 01 September.
- In the event of the death of a family member (spouse, parents, child, adopted child) of a Company employee, the Company pays a funeral allowance of 1.5 MMW.
- Upon the death of an employee of the Company, a one-time funeral allowance of EUR 2,000 is granted to his family.
- In the event of the birth of a child, the employee is entitled to a one-time payout of 2 MMW, valid on the day of the child's birth.
- Other benefits are paid by decision of the management: in case of difficult financial situation of the employee, if the employee incurs losses due to natural disasters, fire, flood, etc.
- Employees who have reached retirement age and retire are paid additional severance pay, which is higher than provided for in the Labour Code of the Republic of Lithuania.

During 2019, 42 employees benefited from the relevant social guarantees of KN's collective agreement (43 employees in 2018).

According to the current practice of KN, employees can submit complaints regarding working conditions and violations of their rights to KN's trade union, directly to KN's human resources department or anonymously by filing out the Report form on the website or via mail, as well as through proposal boxes at Company terminals. No such complaints were received by the Company during 2019.

DEVELOPMENT OF COMPETENCIES

The company regularly organizes briefings, qualification and other training for its employees.

In 2019, an introductory interactive video instruction for newly hired employees was created and introduced, according to which all newly hired employees are introduced to the basic principles and requirements of employee safety and health, fire safety, electrical safety, and civil safety throughout the Company.

The heads of the Company's divisions brief all subordinate employees at the workplace at least once a year. Employees of other companies performing work in the territory of the Company according to orders are familiarised with (briefed on) the requirements for employee safety, fire safety and civil safety established in the terminals.

Employees performing hazardous work and with potentially dangerous equipment, as well as maintain-ing this equipment, are trained in safe working methods in accordance with the Description of the Procedure for Inspection and Assessment of Employee Training and Knowledge on Occupational Safety and Health, approved by the CEO of the Company. Employees operating energy equipment are period-ically certified in accordance with the procedure established by the order of the Minister of Energy of the Republic of Lithuania. In 2019, 269 employees participated in training that covered safety and health, and energy topics (241 employees participated in 2018).

In 2015, the procedure for internal training of employees of production units was approved, it provides for the development of the necessary training programs, training of employees, and periodic certification. Internal training programs are periodically updated, employees working in the oil and LNG business units are trained and/or certified according to them. Internal training and periodic certifications are organized in order to help acquire or refresh professional knowledge, acquire or test skills about specific production technological processes and equipment of the Company, and to constantly maintain a high professionalism of employees.

General training for the maintenance and development of employees' competencies is organized by sending employees to seminars, courses, and conferences organized by external suppliers and by organizing internal training. The training is selected based on the Company's strategy and strategic projects, plans of structural units, and the competencies of employees necessary for their implementation, development tasks of the manager reserve, needs recorded in annual employee activity interviews, and the needs recorded in the documents of the end of new staff assessment period. In 2019, a significant part of investments continued to be allocated to continue the leadership development program launched at the end of 2017, which is aimed at development of the leadership competencies of top and mid-level managers.

The Company also started using training offered by external digital training companies in order to "bring" training closer to each participant (considering the convenient time and method, as well as what is needed and when it is needed). As this direction is continued, the focus is on complex training (combining digital training with "live" sessions).

Employees are encouraged to share the knowledge and experience gained through in-house training. In 2019, 34 internal training sessions were held on 21 topics, conducted by 16 employees and attended in total by 206 employees. In addition, individual training was conducted separately for newcomers as needed.

LEVEL OF POSITION	ANNUAL TRAINING HOURS			AVERAGE TRAINING DAYS PER EMPLOYEE		
	2019	2018	2017	2019	2018	2017
Managers	1786	3.681	2.346	5,72	11,6	7,9
Specialists	3343	7.122	5.330	2,24	4,6	3,7
Workers	852	1.240	1.420	0,68	1	1,1
Total:	5981	12.043	9.096	1,96	3,9	3,0

During 2019, the Company's employees studied / improved their qualification for a total of 5,981 working hours (or on average one employee spent 1.94 days each), excluding study time. During 2018, the Company's employees studied / improved their qualification for a total of 12,043 working hours (or on average one employee spent 3.9 days each).

In order to ensure the smooth transfer of manager activities, the aim is to train employees, who could take over the management of the unit in the event of a situation. To this end, development plans for manager reserve are being prepared - employees who are seen as potential future managers are encouraged to acquire higher qualifications. It is also one of the tools for employee motivation, as well as career preparation and planning. We make every effort to get KN staff to work in positions where they have the opportunity to excel. We promote internal career and professional development. In 2019, 25 employees were happy about their internal career (26 employees in 2018): 24 about vertical and 1 about horizontal career.

In order to maintain the direct components of the employee remuneration and motivation package, fewer resources were allocated to their formal training, supported by external consultants. In 2019 the Company focused more on employee development by encouraging to perform more diverse tasks in their workplace.

INTEGRATION OF NEW EMPLOYEES

In order to integrate new employees as quickly and efficiently as possible, an adaptation program is prepared for them, during which they are introduced to the Company's activities, oil and LNG terminals, and functions of the divisions and their employees related to the of the functions and activities of the newcomer. The goal of the adaptation period is to help newcomers to adapt more quickly to the Company's organizational culture, integrate into the team, understand the principles of work, and to begin creating value for the Company as quickly as possible. A new employee is assigned a curator - an experienced employee, usually from the same unit, who is able to convey the knowledge they have, both in their field and about the Company, its traditions and culture. Curators are responsible for organizing the training during the adaptation and passing of information about the newcomer's achievements to the head of their unit.

OTHER GOOD INITIATIVES

The Company promotes healthy lifestyle, sports activities, and physical health of its employees. In 2019, the Company took out private health insurance for each of them, taking care of the health of its employees. Employees were able to choose the right health insurance option from the three options, ensuring that everyone took maximum care of their health and its improvement.

The Company also created favourable conditions for sports, i. e. to play basketball and football. The Company supported a basketball team, comprised from the Company's employees, which participated in the Amateur League of Klaipėda City. In order to strengthen social relations, organize active, meaningful leisure time, improve the physical abilities of employees and strengthen their health, KN employees participate in the spartakiad of the companies of the Port of Klaipėda.

Various traditional festivals are organized for the Company's employees and their children, as well as Christmas greetings for retired employees. Employees together with their families take part in celebrating the biggest festival of Klaipėda city - the Sea Festival.

KN participates in the project "Week of the Young Colleague" organized by the organization "Junior Achievement Lietuva", during which various companies open their doors to students. In 2019, thirteen students were given the opportunity to talk to KN specialists, get acquainted with potential jobs, and learn about skills and knowledge that are required to apply for them. A team of students from the Faculty of Law of Vytautas Magnus University, which is preparing to participate in the international moot court competition "Jessup", also visited KN office in Vilnius in February. KN employees took time to help students to prepare for this competition.

By taking care of employee development, the Company has also initiated the Knowledge driven discussion format - informal meetings with interesting people, well-known public figures, who share their knowledge, experience, insights about important phenomena or events with KN team. KN employees are also encouraged to share in this format their experience and knowledge with their colleagues.

On the last Friday of April of 2019, KN employees took part in the nature cleaning day organized by the campaign "Let's do it". During this day, the team of employees cleaned the territory of the Seaside Regional Park and the territory around KN terminal in Subačius, not only trying to beautify the environment and strengthen mutual relations, but also to promote public environmental awareness.

During commemoration of the Global Environment Day, which draws the attention to environmental issues and promotes protection of the environment around the world, KN invited its employees to the cinema to watch the film Acid Forest and discuss KN's environmental plan.

OCCUPATIONAL HEALTH

The Company performs and updates the occupational risk assessment every year. Employees' health examinations are carried out, recommendations for health improvement are provided, and employees are taught about health risks and ways to improve it. All those working in hazardous conditions are provided with personal protective equipment and additional briefing is conducted.

The company is one of the few companies in Lithuania that has a licensed medical facility. It provides emergency first aid, preventive health care of employees, control of infections, and control of risk factors harmful to health. Occupational health monitoring of employees is conducted as well.

In 2019, 82 employees were consulted at this facility. 268 employees were served on an outpatient basis, 30 of which were referred to another medical institution. 178 employees underwent prophy-lactic health check-up.

The company regularly organizes training of first aid and hygiene skills, performs health examinations during hiring and mandatory preventive health check-up when working. In 2019, 45 employees participated in the training of first aid and hygiene skills.

Employees are covered by personal health insurance every year. In cooperation with personal health care centers, employees are provided with free extended health care and vaccination services. In 2019, immunoprophylaxis was provided (vaccination with traveller, tick-borne encephalitis, typhoid, hepatitis A and B, influenza, and tetanus vaccines) to 198 employees.

Health and safety is a priority in the Company, therefore a health improvement at work program has been implemented. General summaries are provided - leaflets on balanced diet, proper sitting, work activities, special movement exercises and measures to promote physical activity. The Company also has a physical medicine and rehabilitation office dedicated to strengthening of the health of employees. In 2019, 225 rehabilitation and health support procedures were performed.

In order to promote a healthy lifestyle, during the summer of 2019 KN initiated a physical activity program for employees. Employees who signed up for KN Activity Challenge, counted steps and kilometers covered while cycling or running, and calories burned with the use of various mobile apps. In the physical activity program 46 employees participated, and those who achieved the most impressive results were awarded prizes for healthier work in the offices. Also within the scope of this program, stress management lectures were organized for employees in all divisions of KN.

In 2019, the automatic external defibrillator (AED) LIFEPAK CR Plus storage point was set up in the control room of Klaipėda Oil Terminal. The defibrillator here is available 24 hours a day. Fortunately, in 2019 there was no need for it.

OCCUPATIONAL SAFETY AND ACCIDENT PREVENTION

The Company's safety management system operates in accordance with legal requirements and best market practices: that is, the Labour Code, the Law on Employee Safety and Health, relevant Govern-ment resolutions and other legislation, as well as The Oil Companies International Marine Forum (OCIMF) and Marine Terminal Management and Self-Assessment (MTMSA) Guidance. KN ensures com-pliance with the highest safety standards and the implementation of safety policy through the Com-mon Safety Management System (SMS), which provides information on all potentially harmful activities of KN. The SMS includes safety and health briefing, training and testing of employees and contractors, and their familiarization with safety requirements for visits or works by all third parties arriving at KN terminals (2257 visitors were briefed in 2019). The Company's SMS is revised after changes in normative documents regulating civil and employee safety.

The basic principles of SMS are:

- Oblige each employee to be responsible for the safe functioning and operation of equipment, facilities, and processes.
- Give priority to such operating conditions that fully ensure safe operation and minimize negative impacts on individuals and the environment.
- Prioritize safe repairs and temporary stoppages that ensure safety for people and the environ-ment.
- Implement emergency readiness inspections and ongoing monitoring.
- Integrate the implementation of accident prevention and monitoring of safety system activities into the general management system of the Company.
- Coordinate safety management systems and integrate them into existing environmental, health, and safety systems.
- Comply with all laws and other legislation adopted in Lithuania in this field, as well as good manufacturing practice.
- Ensure compliance with the obligations of the safety management system.

The safety management system includes:

- Rules for safe activity, including activity development, repairs, temporary stoppage and start-ing of installations, and application thereof.
- Procedure for the potential hazard anticipation and preparation for them.
- The procedure for the preparation, implementation, and revision of the internal emergency plans of a dangerous object.
- Procedures for assessing the implementation of accident prevention and operation of safety systems.
- Evaluation of the procedure for preparation for the implementation of accident prevention and emergency response measures (monitoring of these activities).
- Procedure for auditing and reviewing of the monitoring of all hazardous activities.

The health of employees is periodically inspected in accordance with the requirements established by the Ministry of Health, and the risk assessment of workplaces is also taken into account. Accidents or near misses are investigated in accordance with the procedure established by the Ministry of Social Security and Labour, as well as KN's internal procedure.

The Company attaches great importance to the safety of employees in order to create a safe and healthy work environment. Before allowing employees to work in a new workplace, the risks of that workplace are assessed and quantified. If workplace risks are unacceptable or intolerable, measures shall be planned and implemented to eliminate them or reduce them to acceptable levels. Employees are provided with personal protective equipment free of charge to protect against risks at the workplace. The list of personal protective equipment issued free of charge to employees is agreed with the employees' trade union and approved in the Company's collective agreement.

In 2019, there were no employees in KN who would be at greater risk from their workplace, because of their current or potential state of health.

KN carries out an initial workplace risk assessment and a continuous risk assessment of work-related hazards before planning any work. These procedures are implemented through a work permit system, which requires a risk assessment before commencing any work. The persons responsible for the prepa-ration, execution, and inspection of the work are specially briefed and trained according to formal and informal training programs necessary for the job. Supervisors, performers, and inspectors are trained to identify work-related hazards and hazardous situations, to stop hazardous work and to report such situations using KN's system for reporting of accidents, accidents of relatives, and unsafe situations. In 2019, 6 incidents and 34 accidents were recorded and investigated (26 in 2018).

The Company also actively promotes the development of the safety culture in order to raise employ-ee awareness and encourage active monitoring of the work environment and proactive communica-tion of potential risks or near misses at the workplace. It is expected that the number of reports on near misses in the Company will continue to grow, and thus employees will be actively involved in the formation of a safety culture and ensuring a safe working environment.

KN recognizes that, due to the nature of its operations, the Company has the potential to cause major accidents and is committed to managing risks in a manner that avoids major accidents and ensures a high level of protection for its employees, contractors, visitors, neighbours, and the environment.

In order to prevent major accidents or incidents and to reduce the consequences of such incidents, the Company also undertakes to:

- develop and maintain a high safety and environmental protection culture, involving employees at all levels in the processes of developing and monitoring the SMS;
- provide employees and contractors with the necessary information, training, including emergency readiness to respond to accidents, briefings, and supervision;
- carry out investigations into past accidents, emergency situations or incidents and identify the causes and corrective actions, taking into account the conclusions reached and in order to prevent such accidents, emergency situations or incidents in the future, or to mitigate their consequences;
- carry out regular safety and environmental monitoring.

Pursuant to the provisions of the Government Resolution on Industrial Accident Prevention, Elimination, and Investigation Regulations, the Company systematically analyses the internal emergency plan of terminals and its effectiveness, including security measures, warning, information exchange and involvement in processes to reduce the impact of major accidents and lessen their consequences.

KN encourages the sharing of good practice. In 2019, the delegation of the State Labour Service of Ukraine got acquainted with the measures ensuring work safety at Klaipėda LNG terminal. Klaipėda LNG terminal has been selected for the visit as an object that is distinguished by a high work safety culture, and implements not only mandatory, but also additional work safety supervision and employee health protection measures.

PROTECTION OF HUMAN RIGHTS

In carrying out its activities, the Company adheres to the principles of human rights protection and ensures that it does not contribute to violations of human rights. The Company is committed to a fair and transparent salary policy, complies with laws governing overtime and working hours, respects the right of employees to rest and does not tolerate any form of harassment or violence. The Company opposes any discrimination and forced labour. Employees of the Company, regardless of gender, nationality, religion, social or marital status, affiliation with a public or political organization or personal characteristics, have equal opportunities to hold managerial positions, participate in decision-making, and improve professional qualification. In 2019, no human rights violations or related complaints have been recorded in the Company. We will continue to try to ensure the highest standards of the protection of human rights throughout the Company.

GENDER EQUALITY

The Company advocates equal opportunities for all employees, regardless of the gender of the employee. The majority of the Company's employees (74%) are males. This is greatly influenced by the specifics of the activity performed, i. e. females are less likely to choose technical engineering profile and field-based technological work, as well as specialties directly related to these positions.

During 2019, the number of female unit managers increased from 7 in 2018 and 2017, to 12 in 2019. In 2019, 80 females and 106 males held specialist positions throughout the Company; 5 females and 137 males held worker positions. In 2018, 77 females and 120 males held specialist positions throughout the Company. Compared to 2018, the changed in number of employed specialists was +3.84% for female specialists and -11.6% for male specialists, respectively.

RESPONSIBILITY TO SOCIETY



SUPPORT

KN support is provided in accordance with the principles of transparency, openness, social responsibil-ity, sustainability and mutual trust, public benefit, efficiency, and rationality. By providing support, KN seeks to contribute to projects that primarily create value and benefits for the Region of Klaipėda. During the consideration of the support it is taken into account whether the considered project cre-ates clear and real value for the society or target group in whose environment the project is being implemented, as well as whether the activities of the project that is being considered are in line with the strategic goals and values of KN. In 2019, for the second year in a row, the selection of projects for support was carried out in accordance with the updated Support Rules, which were approved by the Board of KN at the end of 2017. During the evaluation of projects for support the relevance of the support project, the justification of the problem, the justification and feasibility of the goals and ob-jectives of the project, and the means to achieve the selected goals were taken into account.

In 2019, KN granted 90 thousand euros for 21 projects requiring support. The full list of supported projects is published in the Sustainable Development section of the KN website.

THE TOPIC OF AIR QUALITY IMPROVEMENT DOMINATED IN ENVIRONMENTAL PROJECTS

Based on the applications for support received in 2019, KN continued to contribute to the improve-ment of the environment in neighbouring communities. KN provided support to the ongoing project Clean House Air implemented by the association Vitė Community, as well as to the project imple-mented by the Public Institution Vaivorykštės Takas Gymnasium, which aims to improve the learning and working conditions of the gymnasium by using advanced air conditioning and cleaning solutions in the gymnasium. Support was also granted to the research on air pollution in Klaipėda initiated by KU researchers in 2019 and for the preparation and publication of a scientific publication related to the research.

The focus on the improvement of the environment quality in surrounding communities arises in re-sponse to the needs expressed by community representatives. That is why the Company not only im-plements the environmental action plan, but also allocates funds to improve the well-being of the residents around the Company's terminal in Klaipėda and provides support for more comprehensive research in Klaipėda.

IN ACCORDANCE WITH THE SUPPORT RULES, IN 2019 KN PROVIDED SUPPORT IN 5 FIELDS THAT ARE BENEFICIAL FOR THE SOCIETY:

- ENVIRONMENTAL PROTECTION
- CULTURE
- EDUCATION
- SPORTS
- OTHER PROJECTS eligible for KN support



OPEN LECTURE OF PROFESSOR KRZYSZTOF OBŁÓJ PHD TO THE LITHUANIAN BUSINESS COMMUNITY

EDUCATION FOCUSES ON SCIENCE-BUSINESS PARTNERSHIPS

By supporting the field of education, in 2019 KN focused on several different directions.

KN continued its cooperation with Klaipėda University and provided targeted support for the im-provement of the LNG terminal engineering study programme, as well as one-time scholarships for students. Support for students of this field of study has been provided in the company since 2017. KN is involved in the improvement of studies not only through financial means, but also by allowing stu-dents, interested in LNG terminal engineering, to do internships in the Company, submitting proposals on the topics of final theses, as well as improving competencies of lecturers by organizing practical visits to the Company. In June 2019, the lecturers of the LNG terminal engineering study pro-gramme of Klaipėda University visited the LNG storage facility Independence and got acquainted with the LNG infrastructure. KN specialists contribute to the promotion of LNG and share their experience with the lecturers of LNG terminal engineering.

Another project supported by KN in 2019 focused on the improvement of the competencies of the business community and promoting productive cooperation between science and business. In cooperation with the ISM Foundation, an open lecture of Professor Krzysztof Obłój PhD to the Lithuanian business community was arranged, which was attended by 500 hundred people.

The cooperation between science and business was also a part of another KN supported international event for business in Klaipeda. During a business conference the



BUSINESS CONFERENCE

subject of which was “Industry 4.0 - from business survival to value”, KN shared its experience in promoting digitization and innovation.

Also last year, a partnership was established with the Baltic Technology Park in Klaipeda. The aim of this partnership to give a push to cooperation between business, science, and state institutions in developing the widest possible range of innovative projects and gather a community of innovators.

CULTURAL PROJECTS FOCUSSING ON THE REDUCTION OF EXCLUSION

One of the traditional directions of KN support is cultural projects.

In cooperation with Šeikas Dance Theater, free motion classes for Klaipėda city elders and a show at the XYZ International Contemporary Art Festival “PLATforma 2019” were organized. Elders attending motion lessons always improve not only the skills of movement, but also those of communication, make new acquaintances, share their stories, and find friends. In May 2019 a performance “Here and Now” by 40 elders of Šeikas Dance Theater were performed at the Old Market.

Apeironas Theater received support for the initiative “Dialogue”, promoting cultural and social cohe-sion. During the project, a six-day psychological-theatrical expression workshop was held, in which three different target groups were combined for joint creative and educational work: youth with mental disorders, professional theater performers, and Klaipėda youth (16 - 29 years of age). Another part of the program was aimed at children and adolescents experiencing ethnic exclusion (in coop-eration with the Center for the Integration of Ethnic Minorities “Help to Fit in”) in Vilnius. In total, about 40 participants of the target group participated in the workshops of this initiative.

KN also traditionally contributed to the Sea Festival, which is very important for Klaipėda, and provided support for its organization. KN not only took part in the traditional procession of the Sea Festival, but also invited the visitors of the Sea Festival to KN’s pavilion, themed “Surprise the world - mission possible!”. In two days, visitors of KN’s pavilion were able to acquaint themselves with a model of LNG terminal’s vessel, learn more about KN’s activities, and also listen to stories of various guests. This way, KN contributed to the Sea Festival program to make it even more diverse and attractive to citizens and city guests.

KN also supported the international theater festival “The-Atrium” taking place in Klaipėda. In six days, 15 performances by Lithuanian theater performers were shown, seen by over 3,000 viewers from Klaipėda and entire Lithuania.



SEA FESTIVAL

Among other initiatives, KN supported Cultural Center of Kupiškis District Municipality - support for the puppet theater festival “Children and Dolls” dedicated to commemorate the Family Day and in-creasing the availability of art for children of Kupiškis District and surrounding areas.

IN SPORTS, THE FOCUS IS ON YOUNG TALENT

By supporting sports projects, KN aims to encourage young people to take a more active interest in sports, lead healthier lifestyle, and contribute to the promotion of community spirit. Based on that, in 2019 a support was provided to the basketball club Neptūnas, which carried out a project to involve the community of Klaipėda in active sports - organized a street basketball tournament in which the community of Klaipėda and young basketball talents could participate. Support was also provided for the training of young talents of the Klaipėda Neptūnas - Akvaservis basketball team.

Also in 2019, KN sought to contribute to the preparation of Lithuanian athletes for the Paralympic Games. The Association of Disabled Athletes was granted support to purchase a necessary for training rowing machine - an ergometer, which is irreplaceable in preparation for the competition season dur-ing winter.

PROVIDING SUPPORT FROM 2020

In light of the recommendations received, as well as the practice that has emerged over two years, KN plans to update the Support Rules in 2020.

Based on the fields where the impact of KN may be the most significant, three main directions of KN support have been refined:

- Environmental protection, ecology and energy sustainability initiatives and research;
- Education and science;
- Promotion of a healthy lifestyle.

OTHER PUBLIC INITIATIVES

Support is just one of the ways for KN to contribute to social initiatives. Sharing knowledge, good practices, and experience with representatives of business, science and the public sector is one of the most important aspects of KN’s social responsibility.

DIGITIZATION AND INNOVATION

In 2019, KN has focused its efforts on digitization processes and innovation. This was reflected both in the Company’s own activities, through the review of processes, implementation of innovations, and aiming efforts at third parties. In 2019 the Company has identified six directions for the implementation of the KN digital and innovation strategy, which include the digitization of processes, documents, communications, technological processes, more efficient management of business intelligence, and the creation of an environment open to digital technologies and innovation in the organization.

In 2019, KN became one of the founders of the Baltic Maritime Digital Innovation Hub. By participat-ing in its activities, the Company expects to create innovations that can be adapted for KN’s opera-tion. The mission of this center is to make progress in the Baltic Sea Region through digital technolo-gies and networking, initiate and develop cooperation between public sector, business, and science in digital innovation, using state-of-the-art communication tools, mobilize the necessary infrastructure for research and development (R&D), initiate development of new products and services, conduct product prototyping and testing, perform quality validation, standardization, certification, industrial design, provide management consulting for digital innovation projects, participate in EU, national, and other programs, unite participants of Klaipėda Region digital ecosystem for networking, and create added value for companies.

Also, in order to achieve the goals of digitization of KN, the employees of KN raised issues regarding the reduction of the amount of paper documents in the Company relations with state institutions. For example, one of the major sources of paper consumption in the Company is the printing of documents about loaded tank trucks. As it is formally mandatory under existing legislation, the issue has been raised with the relevant authorities in order to further digitization.

KN’s experience in the field of digitization was of interest to the municipality of the port city. Repre-sentatives of the Municipality Administration were interested in the Company’s experience. KN em-ployees presented the road of the Company’s team towards the digitization, lessons learned, and also shared the insights.



ILLUMINATION OF TANKS OF THE KN OIL TERMINAL IN KLAIPĖDA, IN LITHUANIAN TRICOLOR ON THE OCCASION OF THE STATEHOOD DAY

KN also stimulated the attention of the Company's employees to innovation and initiated the first hackathon of its team, which was attended by about 40 members of the KN team. 5 teams had to find the best solution for a mobile application that would work on a "one-stop-shop" basis within 5 hours. KN also got involved in the port technology hackathon Portathon Baltic 2019 held in Klaipeda. Its participants generated and presented to the commission 18 innovative and ambitious solutions. One of the winners was Clever LNG, the joint team of Klaipėda University students and KN employees. This team proposed a solution to increase the efficiency of the planning of operations of the LNG terminal.

COMMUNITY INITIATIVES

KN launched the initiative KN ideas, back in 2018, it is a program of employee suggestions for the improvement of operation and processes. During 2019, about 30 ideas were presented and more than 60 since the start of the initiative, half of which have been implemented or are being implemented.

KN Ideas contributes not only to greater efficiency of the Company's operations, but also to other public initiatives. One of the presented ideas, which was implemented by KN, was the illumination of tanks of the KN oil terminal in Klaipėda, in Lithuanian tricolor on the occasion of the Statehood Day. From now on, tricolor illumination is switched on on all occasions important to the State or the city of Klaipėda.

KN also joined the Global Minute of Silence initiative on June 14, the Day of Mourning and Hope, when the whole country paused for a moment to honour compatriots affected by deportation and imprisonment. KN employees from different units of the company came together for a minute of silence, both actually and virtually.

In response to requests from neighbouring communities, in 2019 KN organized civil safety training for the residents of Melnragė, located near the Klaipėda Oil Terminal. The Head of Safety and Health of the KN Oil Terminal lectured the residents of Melnragė about the cargo handled by KOT, possible ac-cidents at the terminal and emergencies that may arise due to them, as well as terminal emergency response systems. A representative of Klaipėda Municipality Administration presented the procedure for evacuation of residents in Melnragė in the event of an emergency. In 2020 KN will continue its dialogue with the neighbouring communities on safety issues.

In 2019, KN decided to give the money, planned for the presents of customers, partners, and other recipients of Christmas gifts, to those who need that help the most. In cooperation with the Order of Malta, KN invited its employees to a volunteer campaign. During it, we brought happiness to 40 lonely and poor elders with festive baskets, containing various food products, and each elder was also given a 50 euros pharmacy check. KN team members not only presented gifts, purchased by the Company, but also devoted their personal time and attention.

OTHER INITIATIVES

KN actively participates in various business conferences and discussions, which encourage discussion of the most relevant trends and potential in the field of energy, as well as relevant business manage-ment issues.

Klaipėda LNG Forum 2019, the largest event organized in the port city to date, was held in Klaipėda on May 15-16, dedicated to a wide-ranging overview of liquefied natural gas (LNG) industry trends and the establishment of new connections for business cooperation. The forum was organized by the part-ners of Lithuanian LNG cluster: Klaipėda Science and Technology Park, KN, and the Embassy of the Kingdom of the Netherlands in Lithuania. The event was attended by approximately 200 participants from more than 10 European and other countries.

Together with experts and politicians, KN invited to discuss the expectations of state-owned enter-prises. In September at the discussion festival "Exactly!" KN initiated the topic - "Globally operating state enterprise - mission possible?", which was attended by Vidas Danielius, Head of the Management Coordination Center, Mindaugas Glodas, Entrepreneur, Erika Maslauskaitė, Vice President of LFMI, and Rytis Valūnas, Director of Legal and Administration Department of KN.

At the traditional Vilnius Energy Forum, KN participated in the session on the development of LNG potential in business, state and cities, as well as discussed the LNG potential in the transport and en-ergy sectors in the era of the green energy revolution.

OPPORTUNITIES FOR INTERNSHIP

The company cooperates with educational institutions and provides conditions for university and col-lege students to apply theoretical knowledge and acquire practical skills. The Company welcomes both, students arriving according to the internship programs provided by the educational institutions and students wishing to perform voluntary internship. The Company accepts trainees for internship to the LNG storage facility Independence and other departments of the LNG Business Service since 2017

In 2017, 24 students completed an internship at the Company. 23 students in 2018, and 35 students in 2019.



DISCUSSION FESTIVAL "EXACTLY!"

They studied at Klaipėda University, Kaunas University of Technology, Vilnius University, Vil-nius Gediminas Technical University, Klaipėda State College, Lithuanian Higher Maritime School, Lith-uanian Business College, and Klaipėda Shipbuilding and Repair School.

Some students who demonstrate the best academic results and the highest motivation are offered a job. It is also possible to perform practical training tasks in accordance with the formal and informal work safety programs of other training companies, according to which the Company's employees are sent for training.

MEMBERSHIPS

As an active member of business community, KN is a member of the following organizations:

- Klaipeda Association of Industrialists
- The American Chamber of Commerce in Lithuania
- Lithuanian Association of Stevedoring Companies
- Lithuanian Confederation of Industrialists
- Klaipeda Chamber of Commerce, Industry and Crafts
- LNG cluster
- Baltic Innovation Hub
- LNG platform

GRI INDICATOR (G4) INDEX

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