



**ACTIVITY REPORT FOR 2022
OF THE CHIEF OFFICIAL ETHICS COMMISSION**



Abbreviations of the names and concepts used in the report (in alphabetical order):

Action Plan – the COEC’s strategic action plan for 2021-2022.

COEC – Chief Official Ethics Commission.

Compliance Officer – a person designated within an institution or body as responsible for the supervision and control of the area of conflict of interest.

LAL – Law on Lobbying Activities of the Republic of Lithuania.

LAP – Law on Administrative Proceedings of the Republic of Lithuania.

Law on PPIA – Law on the Adjustment of Public and Private Interests of the Republic of Lithuania.

Law on COEC – Law on the Chief Official Ethics Commission of the Republic of Lithuania.

PINREG – Register of Private Interests.

SKAIDRIS – an information system for transparent legislative processes.

About COEC

The COEC is a collegial institution established by and accountable to the Seimas of the Republic of Lithuania to ensure that public authorities and their employees serve the people ethically.

Tasks of the COEC:

- ✓ help people to declare their private interests and adjust them to the public interest;
- ✓ ensure that individuals influence legislation in a transparent way;
- ✓ prevent the emergence and spread of corruption in exercising the powers set out in the Law on Prevention of Corruption of the Republic of Lithuania;
- ✓ help state politicians to behave ethically in public life in exercising the powers set out in the Code of Ethics for State Politicians of the Republic of Lithuania;
- ✓ coordinate the development of ethics policy in state and municipal institutions and bodies, and other public sector entities;
- ✓ monitor the declaration of private interests, assessing and managing risk of conflicts of interest, preventing violations in state and municipal institutions and bodies, other public sector entities and other public and private institutions of the Republic of

Lithuania specified in the Law on the Adjustment of Public and Private Interests of the Republic of Lithuania where declarants work.



COEC's MISSION:

help declarants and their managers to manage the risks posed by private interests, and disclose their influence on legislation in a timely and complete manner.



COEC's VISION:

an institution that helps to quickly find the right way to manage conflicts of interest and makes it easy to disclose influence on legislation.

Activity Report of the COEC for 2022 – on the basis of the Strategic Action Plan

This year, in drafting the report the COEC focused on reporting on its activities in 2022 in line with the COEC's Strategic Action Plan 2021-2022.

Therefore, COEC's report is shaped around the objective set out in the Action Plan – to **pursue impeccable implementation of the standards of ethics (conduct) and transparency in lobbying activities**. In order to achieve this objective, we have selected three tasks in the Action Plan and indicators to measure outcomes of these objectives:

Task I: Engage in prevention of violations of ethical/conduct standards.

Outcome indicators:

- ✓ Number of opinions and recommendations provided by the COEC (5% annual growth since 2021);
- ✓ Number of participants in training courses organised by the COEC (a 10% annual increase since 2021).

Task II: Monitor lobbying and transparent legislative processes.

Outcome indicators:

- ✓ Number of transparent declarations on legislative processes (10% annual increase compared to 2021);
- ✓ Number of registered lobbyists (10% annual increase compared to 2021).

Task III: Investigate breaches of ethical/conduct standards.

Outcome indicators:

- ✓ Proportion of investigations the term of which was extended for more than 4 months as a percentage of the total number of investigations started during a year (no more than 20% of the investigations extended, with a 2% reduction each year);
- ✓ Number of complaints lodged with the COEC as the mandatory preliminary out-of-court dispute resolution body (5% annual growth compared to 2021).

The report provides statistics of the reporting year and year 2021.

The report also provides information on the composition of the COEC team.

| IMPACT INDICATOR |
|--|
| SHARE OF COEC'S DECISIONS APPEALED FOLLOWING INVESTIGATIONS OUT OF THE TOTAL NUMBER OF DECISIONS TAKEN REGARDING A POSSIBLE VIOLATION IN THE CURRENT YEAR. |

Decreasing number of appeals against decisions of the COEC to the court

The Law on the Chief Official Ethics Commission stipulates that decisions of the Chief Official Ethics Commission may be appealed to the Vilnius Regional Administrative Court within one month from the date of publication of the decision or from the date of serving the decision to the stakeholder. An appeal may be lodged by stakeholders who disagree with a decision adopted by the COEC, which has assessed the compliance of the declarant's conduct with the provisions of the Law on PPIA or the compliance of the conduct of a natural or legal person with the provisions of the LAL. **Therefore, the share of the decisions of the COEC appealed against in accordance with the procedure laid down by the Law on Administrative Procedure of the Republic of Lithuania following investigations, in the number of the decisions on a possible violation taken in a calendar year was deliberately chosen as a criterion for assessing the effect of the activities of the COEC.** The indicator is considered achieved if the share of appealed decisions is below 40% of the number of decisions adopted regarding possible violations by the COEC in the respective calendar year.

| Year | Number of decisions appealed | Indicator value |
|------|------------------------------|-------------------|
| 2021 | 12 (out of 92 decisions) | 13% (planned 40%) |
| 2022 | 8 (of 60 decisions) | 13% (planned 38%) |

According to the COEC, this indicator is the best indicator of the validity and credibility of the decisions taken by the COEC. In the reporting year, the COEC assessed and respectively made 55 decisions on declarants and 5 – on the conduct of persons under the provisions of the LAL. Of the 60 decisions taken by the COEC in 2022, 8 were appealed to courts, accounting for 13% of the total number of decisions taken by the COEC in the calendar year on a possible violation, compared to the original value of the strategic objective set or impact of the operating objective at 40%.

COEC believes these results show that the decisions made thereby are trusted. Decisions are clear, comprehensive and well-reasoned, resulting in a relatively low number of court appeals. In 2021, the proportion of decisions made by the COEC appealed to courts also accounted for 13%.

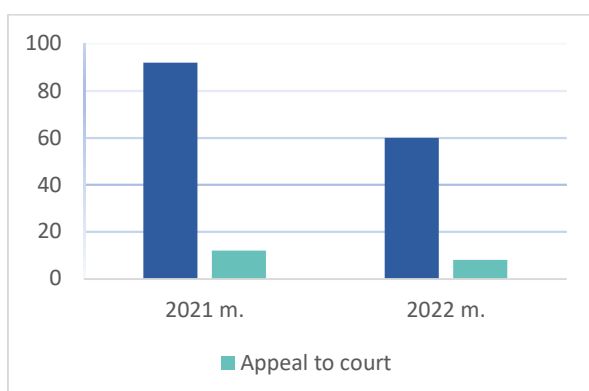


Figure 1: Number of appeals to court against decisions of the COEC

1st Task of the COEC is to prevent violations of standards of official ethics (conduct).

Measure: provide advice and recommendations for the implementation of standards of ethics/conduct, conduct analyses and training.

The opinions and recommendations of the COEC aim to provide information on the implementation of specific provisions of the Law on PPIA, to instruct declarants on the specific actions or standards of conduct which they should follow to properly implement provisions of the Law on PPIA.

The outcome indicator chosen in the COEC Action Plan to monitor this task is the number of opinions and recommendations made by the COEC. The target is to steadily increase the number of opinions and recommendations provided by the COEC by 5% annually from the starting year 2021. The initial target of 300 opinions and recommendations was set in 2021.

| Year | Number of opinions and recommendations provided | Change in indicator |
|------|---|--|
| 2021 | 400 | An increase of 1.3 times (planned 300) |
| 2022 | 468 | An increase of 1.5 times (315 planned) |

The file of the COEC's clarifications is available on the website prevencijavtek.lt

In order to increase the knowledge of civil servants in the areas of declaration, management of conflicts of interest, restrictions on employment after the end of the term of office and other areas of implementation of provisions of the Law, the Commission has launched a website www.prevencijavtek.lt during the reporting year. This website provides the opinion of the COEC on the implementation of the provisions of the Law, having de-personalised the applicants. For the convenience of users, the material provided is organised by topics or keywords, which make it easy to find relevant regularly updated information.

Until 2022, answers of the COEC to individual requests were not made public. The Commission often received similar questions which, due to the large number of classifications, were difficult to accommodate on the official website of the COEC. Therefore, as of Q2 2022, personalised answers to frequently occurring questions have been made available on the prevencijavtek.lt website. This facilitates the search for answers not only for the declarants but also for the staff of the COEC Secretariat, who can send the requestors a link to a question already answered by the Commission (there were more than 250 such cases in the reporting year), and the Commission itself does not have to repeatedly deal with enquiries on analogous situations.

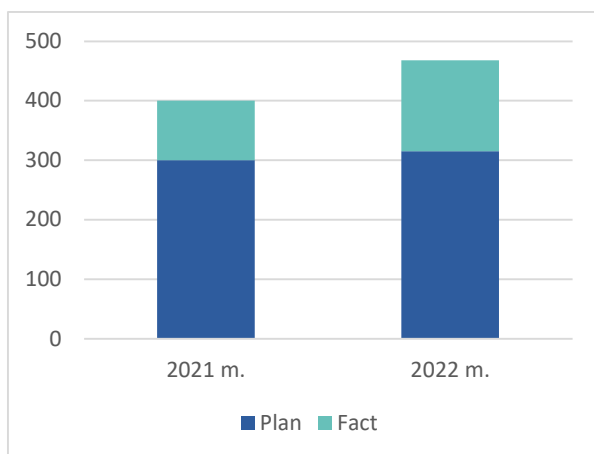


Figure 2: Number of opinions and recommendations issued by the COEC

Increasing number of opinions on the cooling-off period

In the reporting year, the majority of recommendations and opinions issued by the COEC were on issues related to declaring private interests and the identification and management of conflicts of interest (over 90%). However, there has been an increasing trend in the number of opinions requested on post-employment restrictions imposed on persons in public service, i.e. restrictions on employment in a legal entity over which the person has exercised control, supervision or other decision-making powers, and on the representation of natural or legal persons in the person's former employer or in other institutions on matters that were part of the person's official functions in public service.

In addition to consultations on the above-mentioned issues, the competence of the COEC to make decisions on exceptions to the application of restrictions of employment and representation laid down in the Law on PPIA, having received a request from a person and assessed the indicated circumstances, the collected documents or information, as well as the content of the decisions, the nature of the person's duties, functions and the scope of his responsibility, can be distinguished.

During the reporting year, the Commission examined 7 applications for exemption of persons who work (or worked) in the civil service to work in a controlled or supervised legal entity, or to represent a natural or legal person in a former place of employment. Out of 7 applications from persons who work (or worked) in the civil service, 4 were granted exemptions to work or represent natural or legal persons.

Quality training organised by the Commission – one of the indicators of successful prevention activities

The Action Plan foresees the provision of training for persons subject to the provisions of the Law on PPIA. The training will provide the participants, representatives of the public sector, with information on the provisions of the Law on PPIA, discussions, exchanges of views and practical situations, based on a pre-agreed training topic and prepared materials. The training provides information on the implementation of the provisions of the Law on PPIA to the target group (e.g. judges, persons supervising economic operators, etc.). However, the persons entrusted with the supervision and control of the Law on PPIA (compliance officers) remain a priority group in the Commission's activities.

The target is for the number of people participating in Commission’s trainings to increase steadily by 10% each year from the indicator starting year - 2021.

| Year | Number of people having attended the trainings | Change in indicator |
|------|--|--------------------------------|
| 2021 | 4,130 | 4 times more (planned 1,000) |
| 2022 | 1,420 | 1.5 times more (planned 1,100) |

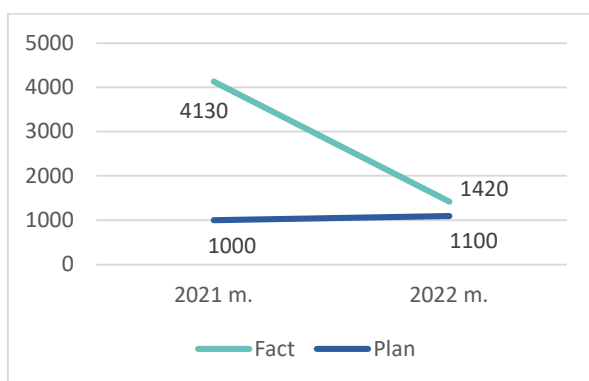


Figure 3. Number of persons having attended COEC trainings

The data reveal that the number of persons having attended COEC trainings in 2022 decreased significantly compared to 2021, although it exceeds the target of the reporting year. This is because the Commission's priority in 2022 was to provide specialised training only to the persons (compliance officers) designated for the implementation of the provisions of the Law on adjustment of public and private interests in respective institutions. This way, trainings are tailored to specific organisations and the specificities of their activities, enabling the COEC to act as an “umbrella” body.

Focus on state-owned enterprises

In the reporting year, training courses were held for the staff of ministries of the Republic of Lithuania, their subordinate institutions, courts, the Environmental Project Management Agency of the Ministry of the Environment of the Republic of Lithuania, the National Paying Agency under the Ministry of Agriculture, the State Enterprise State Forest Enterprise, AB Klaipėdos nafta, AB Ignitis grupė, AB Litgrid, AB Amber Grid, UAB Epso-G, and other organisations. Nearly 1,000 people participated in the trainings organised by the COEC.

Regular work with compliance officers

During the reporting year, the COEC was in regular contact with compliance officers of institutions, bodies and state-owned enterprises (hereinafter – organisations). In 2022, meetings were held with them at least once a quarter to share best practices, challenges and expectations of the organisations they represent. Notably, the compliance officers themselves actively participated in the meetings and shared the achievements and challenges of the organisation they represent in the area of application of the Law on PPPIA.

It should be noted that according to the observations made by the compliance officers during their meetings with the COEC, work is currently underway to improve the functionalities of PINREG, which will facilitate the process of monitoring of declarants.

Remote training

The COEC is currently finalising the testing of an additional module of the PINREG system – the Official Ethics Standards System (OESS). This system includes a training programme component which will provide access to training materials developed by the staff of the COEC. Compliance officers will be able to develop their own knowledge in the area of conflict of interest and will be able to train their own organisation's staff, adapting the training material to the needs of their organisation's activities or of specific staff members. The development of OESS functionalities will provide widely accessible tools for learning and testing knowledge of the provisions of the Law.

2nd Task of the COEC is to oversee lobbying activities and transparent legislative processes.

Measure: to carry out checks on potentially illegal lobbying activities, to provide training and to increase the number of lobbyists through preventive measures.

The regulation of lobbying aims to make lobbying activities as public as possible, to stimulate debate in society, at the same time helping decision-makers not to be afraid to take an interest in the views of stakeholders, knowing that they are acting lawfully and are accountable to the public for their activities.

The COEC oversees lobbying activities in accordance with the Law. On 26 June 2020, the Seimas of the Republic of Lithuania adopted a new version of the Law on Lobbying Activities, which entered into force on 1 January 2021 - from this date, not only natural persons but also legal entities may register as lobbyists, and both natural and legal persons must declare their lobbying activities within no later than seven days, electronically through SKAIDRIS.

Increasing number of lobbyists

Two outcome indicators have been chosen for monitoring lobbying and transparent legislative processes: a 10% increase in the number of registered lobbyists and a 10% increase in the number of declarations of transparent legislative processes each year.

The initial target for the number of registered lobbyists was set at 200 registered lobbyists in 2021, with an annual increase of 10%. Meanwhile, the target for the number of declarations of transparent legislative processes was set at 250 declarations per year.

These performance indicators reflect the effectiveness of actions taken by the COEC in overseeing lobbying activities (the number of registered lobbyists has an impact on the number of transparent declarations made in the legislative process, and the number of cases of illegal lobbying detected by the Commission).

| Year | Number of registered lobbyists | Change in indicator |
|------|--------------------------------|------------------------------|
| 2021 | 255 | 1.3 times more (200 planned) |
| 2022 | 295 | 1.3 times more (planned 220) |

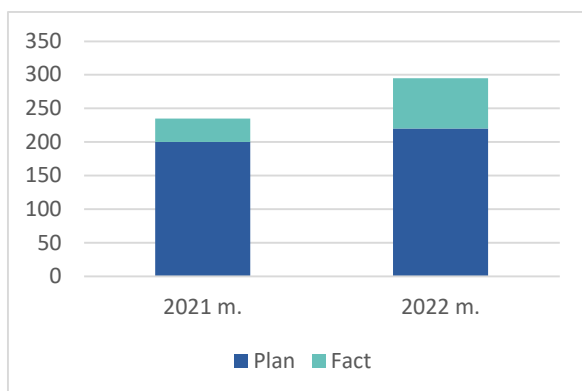


Figure 4: Number of registered lobbyists

In 2022, 40 persons (23 legal entities and 17 natural persons) were added to the list of lobbyists and 696 transparent legislative declarations were submitted, which means that the target increase of 10% in the number of lobbyists and transparent legislative declarations submitted each year has been achieved. According to the COEC, this is due to the innovations in the Law on Lobbying that entered into force in 2021 and the modernised SKAIDRIS information system, as well as to the COEC’s active preventive activities and trainings on the regulation of lobbying activities for both the private and the public sector.

Timely submission of declarations on lobbying activities shows that regulation works

The influence of interest groups on legislation is inevitable, but the process should be transparent. The public has a right to know who and why is influencing legislation, and those who think differently – to be able to engage in discussions with decision-makers. This is why the regulation of lobbying is necessary.

A lobbyist must declare lobbying activities by submitting a Transparent Legislative Processes Declaration for each legislative act no later than within seven days from the start of lobbying activities for a particular legislative act by electronic means in accordance with the procedure established by the COEC in the Transparent Legislative Processes Information System.

| Year | Number of declarations submitted | Change in indicator |
|------|----------------------------------|------------------------------|
| 2021 | 860 | 3.5 times more (250 planned) |
| 2022 | 696 | 2.5 times more (275 planned) |

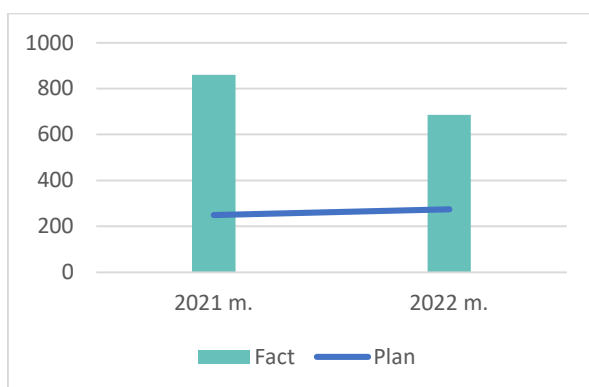


Figure 5: Number of lobbying declarations submitted

The Commission will continue to strive to ensure a more transparent legislative process by providing methodological assistance and mentoring to those involved in or seeking to be involved in legislative processes, encouraging individuals to register in SKAIDRIS and to make appropriate declarations of influence, and by making the activities of those involved in the legislative process available to the general public and stakeholders in a timely manner.

3rd Task of the COEC - investigating violations of standards of ethics/conduct

Measure: Investigations into standards of ethics/conduct, representation in courts, compulsory early resolution of disputes

We aim to conduct research faster with the same level of detail

The provisions of the Law on COEC governing the procedures of investigation of violations also lay down time limits for the investigation. The time limit of 3 months for the investigation may be extended by a decision of the COEC on the basis of the complexity of the circumstances referred to in the report, the amount of information or the continuous nature of the actions complained of, at the request of the person whose conduct is under investigation, or for any other important reasons, but the total time limit for the investigation may not exceed 6 months.

Due to extensive volume of data, the complexity of the circumstances under investigation, or the simultaneous assessment of several different circumstances, many of the investigations carried out by the COEC are extended to the maximum time limit set by law. Ideally, the aim should be to avoid extensions and to conclude investigations with decisions within 3 months, which is a long-term goal of the COEC. Therefore, over the next 3 years, the COEC aims to optimise the procedures for investigations with an extension of more than 4 months and to reduce the share of investigations lasting more than 4 months by 2% annually. The CEO failed to achieve the chosen outcome indicator for the task “Investigate violations of standards of ethics/conduct” (the proportion of investigations with an extension of more than 4 months of the total number of investigations opened during the year) of 20% in 2022.

| Year | Total number of investigations /number of investigations extended for over 4 months | Indicator value |
|------|---|-------------------|
| 2021 | 80/25 | 32% (planned 20%) |
| 2022 | 47/13 | 28% (planned 18%) |

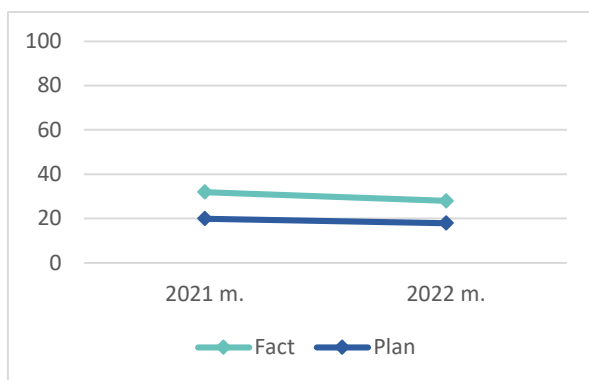


Figure 6: Proportion of investigations extended beyond 4 months

It is common for the subject of an investigation to request an adjournment of his case, because the subject of an investigation has the right to participate in a COEC meeting, and the COEC always takes the subject's request into account.

Investigations are also extended due to the number of episodes or extended limits of the investigation.

In the reporting year, the COEC opened 47 investigations into possible violations of the provisions of the Law on PPIA, 13 of which took longer than 4 months. This figure is slightly above the benchmark of 28%. However, it should be noted that of the 47 investigations opened in the reporting year, only 4 lasted longer than 5 months. A significant part of the 13 investigations that lasted longer than 4 months was due to the fact that during the course of the investigation, the COEC sought the assistance of other competent authorities and awaited their reply in the areas of competence assigned to these authorities. In some cases, due to the complexity of the circumstances under investigation, in order to fully investigate them, the COEC had to make more than several requests to the institution where the person under investigation works or worked for clarification of the circumstances and provision of relevant evidence. Also, some investigations lasted more than 4 months because the investigation period was extended in response to the requests of the persons under investigation.

Having assessed the results of this indicator in 2022, the COEC continues to see the need to find ways to optimise procedures in order to ensure that investigations are carried out in the most expeditious, efficient and timely manner.

COEC - preliminary out-of-court dispute settlement body

The reporting year was the third year when the Commission acted as a binding preliminary out-of-court dispute settlement body in the cases provided for in the Law on COEC. Article 24¹ of the Law on COEC establishes that complaints may be lodged with the COEC by an applicant or by a person in respect of whose conduct an investigation has been carried out and a decision has been taken by an institution or body in accordance with the provisions of Section Four of the Law on COEC. A complaint may be lodged with the COEC within one month from the date of publication or service of the contested decision. Pursuant to Article 241(13) of the Law on COEC, having examined a complaint, the COEC shall take a decision to uphold the complaint and annul the decision or part of the decision complained of, or to oblige the institution or body which took the decision complained of to comply with the COEC's order, or to reject the complaint as unfounded.

The COEC is of the opinion that by contacting the COEC, individuals also express their trust in the Commission and its objectivity. The target criterion should aim at increasing the proportion of

complaints submitted to the Commission, as the mandatory preliminary out-of-court dispute resolution body, by 5 % annually.

| Year | Number of complaints received | Indicator value |
|------|-------------------------------|----------------------|
| 2021 | 56 | 187% (planned 30) |
| 2022 | 24 | 75% (planned 32) |

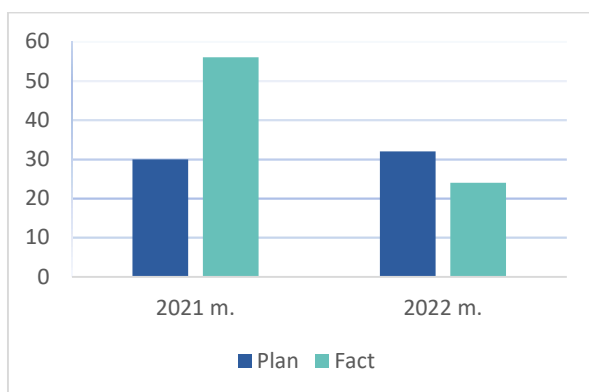


Figure 7: Number of complaints lodged with the COEC as a preliminary out-of-court dispute settlement body

Several year's results of activities of the COEC in this area show that the number of complaints received by the COEC fluctuates and is difficult to predict. In 2022, 24 complaints were submitted to the COEC, just like in the first year of the implementation of this function (21 complaints were received in 2020), while in 2021, complaints were received against 56 decisions taken against persons for violation or non-violation of the provisions of the Law on PPIA and the Code.

However, it should be noted that the 2022 baseline for this indicator was set on the basis of the number of complaints received in the previous year, which was more than double the number received in the first year, so that the expected 5% increase in the number of complaints was not achieved. On the other hand, in assessing this situation, the COEC takes into account that this is a relatively new area of COEC's activity, which has only been in existence for a few years, and it is therefore difficult to predict at this stage what the average number of complaints received might be and how it could and should evolve in the long term.

The methodological assistance provided by the COEC to the ethics commissions of municipal councils may also have contributed to a reduction in procedural irregularities in the assessment of the conduct of members of municipal councils.

COEC team

The COEC is composed of 5 members - state officials and 25 members of the Secretariat - civil servants and employees working under employment contracts.

On 1 January 2020 and later, i.e. on 1 January 2021, changes in the legal framework related to the activities of the COEC, which granted new powers to the COEC, as well as adjustments to the powers it had previously exercised, have changed the tasks and procedures for the COEC's oversight of the Law on PIA and the LAL.

On 21 April 2021, in accordance with Article 8(1) of the Law on the Civil Service of the Republic of Lithuania, the Board of the Seimas of the Republic of Lithuania adopted Decision No SV-S-84 "On the amendment of the Decision of the Board of the Seimas of 16 March 2005 No 170 "On the maximum number of positions of civil servants of the Chief Official Ethics Commission and staff employed under employment contracts", whereby the COEC was granted an additional 5 positions. The plan was to fill vacancies by recruitment of career civil servants, either by way of competition or by rotation. However, to date, no funding has been made available for these 5 positions, which not only increases the workload of a team of only 30 people, but also prevents adequate remuneration for this work.