



PakMarkas

**Corporate Social
Responsibility Report of 2009**



Introduction

It has all started naturally, as many good things do: spring follows a long winter, one good thing leads to another...

When creating our business, we were sorting out priorities, asking each other what our company should look like, discussing the importance of always treating our clients and partners fairly in order to achieve better results, so that attention to the client, continuous improvement, competent and cohesive team would be the driving force for our business and we could create meaningful relationship and value while living and working in our community.

Back in the day these visions became the “foundation” of our Company. We stick to these principles today and we'll try to keep doing it in the future.

Contents

A Message from the Head of the Company	4
About <i>PakMarkas</i>	5
■ Our mission	5
■ Our values	5
■ Membership in organizations	6
■ Awards	6
■ Administrative and industrial premises	7
■ Key figures	8
What does social responsibility mean to <i>PakMarkas</i>?	9
Our achievements	9
■ Partnership with clients	10
■ Creation of motivating working conditions	11
■ Environmental protection	13
■ Cooperation with NGOs	14
We do value your opinion	15

A Message from the Head of the Company



Dear readers,

I would like to thank you for taking interest in corporate social responsibility of our Company.

No matter what era we live in, socially responsible activity is of great concern.

When times are hard, it is more likely to face people in need of charity and support.

Therefore, it is of utmost importance to fulfill social responsibilities. I doubt it would be fair to say "I'm so tired" or "I had enough work for today" in respect of those people in need. After the working day is over, one's duty to help still calls.

Once we recover from economical and financial crisis, it is very important to take care of these smaller and weaker people around us. Dear readers, it would be much harder for those people to recover without your support and it would take much longer. By helping others to rise we, at the same time, become stronger and lift the spirit.

Respectfully and sincerely,

A handwritten signature in black ink, appearing to be 'V. Gumbaragis', written in a cursive style.

Virginijus Gumbaragis
Generalinis direktorius

About PakMarkas

UAB *PakMarkas* is one of the strongest and leading-edge companies in Lithuania offering packing and marking solutions. During the activity period of 16 years in the market of packaging, we have developed the process of label/packaging production, implemented modern technologies, built the team of qualified professionals, which ensures accuracy and speed of services, environmentally friendly production and high-quality of print.

As of the first days of the Company activity (1994), we have offered a wide range of packing services to the Lithuanian and foreign markets:

- Print of self-adhesive labels and shrink-sleeves;
- Trade in packing materials;
- Trade in packing and marking equipment;
- Gears and automation systems.

Attention to product quality and protection of the surrounding environment have become an integral part of *PakMarkas* activity.

In 2002 we have implemented the quality management system complying with ISO 9001. Moreover, in 2003 we integrated the environmental management system complying with ISO 14001.

Our mission

We work to become the leaders in the Baltic States by offering the advanced solutions to our customers in the sphere of packaging and commodity marking as well as to improve the welfare of our shareholders, employees and business partners.

Our values

- **Client care**
We take care of our customers on a regular basis and in an attentive manner, being aware that our customer's welfare means our welfare.
- **Continuous improvement and excellence**
Continuous update of knowledge and its application contribute to coming out on top under any harsh and changing conditions.
- **Team work**
We believe that pulling together contributes to the faster achievement of the common goal.
- **Respect to employees and business partners**
We understand that respect guarantees long-term and reliable relations.
- **Ambition to take the lead**
This is our driving force making us strive for new heights.



About PakMarkas

Membership in organizations:

- Lithuanian Packagers' Association (LPA) as of 1995;
- Initiative of the United Nations: Global Compact www.globalcompact.org as of 2005;
- Corporate Social Responsibility network of Lithuania (NAVIT) as of 2005;
- Lithuanian Printers' Association (LISPA) as of 2006.



Awards

Most Successful Operating Company 2008

In 2008, *PakMarkas* was recognized as "Most Successful Operating Company 2008" by the Lithuanian Confederation of Industrialist. The Company was awarded for implementation of modern technologies, investment into production and increasing efficiency.

In 2008 *PakMarkas* installed an environment friendly flexographic printing machine (ten colors) – only 4 machines of this type exist all over the world.

The core of the equipment lies in the new Wet-Flex Unicure® technology, which is famous for the supreme quality of reproduction. Moreover, patented high-quality paint used for printing is particularly friendly to environment: carbon dioxide (CO₂) is not emitted to the environment, which prevents from greenhouse effect. Print is also safe in hygiene terms, i.e. it is suitable for food packaging.

Top Employer 2009

We are happy that our socially responsible approach to business and employees was recognized. In the category of small and medium enterprises *PakMarkas* was recognized as "Top Employer 2009" (the Company was awarded for good working conditions and informal attitude towards people).

Companies which managed to get ready for the crisis promptly responded to challenges and initiatives of their employees, solved the problems of crisis by creating jobs, as well as maintained additional guarantees to the employees and maintained the level of remuneration for work were put in nomination of "Top Employer".

The national responsible business award was initiated by the Ministry of Social Security and Labour together with the United Nations Development Programme in Lithuania, as well as the Ministry of Economy and the Ministry of Environment.

About PakMarkas

Administrative and industrial premises

In 2008, *PakMarkas* moved to newly arranged, modern industrial and administrative premises, located in Daržininkai village, Nemėžis ward, Vilnius region. A building of 7,110 sq m contains modern administrative premises, label production division and a large stockroom from which distributed goods are delivered to the broad market.

When choosing the location for a new building, we took into consideration convenience of access for clients and our employees. We have settled down near the centre of the city and the air port so that our employees would have a convenient access by either public or private transport. Clients and partners arriving from abroad can easily find the location of *PakMarkas* as well.

Subsidiary in Latvia

Having started successful operation, in 1995 we established a subsidiary in Riga, Latvia for convenience of our clients. Today, SIA *PakMarkas* account for the major share in the Latvian market of packing services, whereas fifteen years ago the company entered the emerging packaging and marking market with a simple PVC tape for packing bread and confectionary.

In 1999 SIA *PakMarkas* became a member of the Latvian Packaging Association. The Company is also a member of the Latvian Chamber of Industry and Commerce. In 2005 the company was awarded the prize "Mercury 2005" as one the most successful Lithuanian companies operating in Latvia. The prize was awarded by the Lithuanian Chamber of Commerce operating in Latvia which brings together the Lithuanian entrepreneurs conducting business in the neighboring country.



About PakMarkas

Key figures

LITHUANIA

	2007	2008	2009
Sales income (without VAT, in thousand Litas)	58,941	53,663	46,036

	2007	2008	2009
Number of employees	147	157	157

LATVIA

	2007	2008	2009
Sales income (without VAT, in thousand Litas)	10,798	9,239	8,053

	2007	2008	2009
Number of employees	20	20	21

At least 25% of our production is exported on a constant basis. We have operated in the export market for more than 15 years. The export countries are the following: Belarus, Russia, Poland, Ukraine, Latvia, Denmark, Germany etc.

What does social responsibility mean to PakMarkas?

In 2005 we were invited to join the United Nations Global Compact (www.globalcompact.org). In the same year we became a member of Corporate Social Responsibility Network (NAVIT).

Membership in corporate social responsibility organizations means that in addition to our main objectives, such as financial targets, we publicly and responsibly declare our respect for human rights, working conditions, compliance with anti-corruption principles, attention to environmental improvement and protection. And what concerns activity of the Company, we will make related information publicly available for the society, partners and other groups concerned.

In 2007 we presented the first social responsibility report for the year 2006. Today, it is the fourth social responsibility report of *PakMarkas* you are reading.

Social responsibility of *PakMarkas* includes economic, environmental and social activity issues. This report has been prepared on the basis of these issues:

- Economic – our clients;
- Environmental – our Planet;
- Social – jobs and cooperation with our society.

Our achievements

Following principles of socially responsible business in our every day activity, we achieved positive results during the year 2009 by:

- Maintaining partnership with our clients;
- Creating motivating working conditions;
- Preserving environment;
- Communicating and cooperating with non-governmental organizations (NGO).



Our achievements

Partnership with clients

We accept responsibility for good service, high-quality production and services, obligations fulfilled timely and in a professional manner, solutions creating value for clients.

We see successful partnership with clients as self-determination to grow and improve together.

We value your opinion

In October 2009, in cooperation with TNS Gallup, Global market research company, we conducted a research on client needs. Clients' comments and suggestions revealed the Company's areas of improvement and encouraged to look for new ways of communication with clients. Results of the research show that clients of *PakMarkas* greatly appreciate compliance with terms and deadlines, considerable experience of the Company and professionalism of staff.

Reliable and high-quality package

In order to guarantee the quality of raw materials are used by the Company, in 2009 we started implementing requirements of Good Manufacturing Practice (GMP).

- We have conducted a research on migration of PET, CPP, PE, A-PET films into food. Results of the research have shown that raw materials are used by the Company fully comply with the EU requirements for food contact materials.
- Risk of pollution in the production process was assessed; schedules on cleaning of premises were set up.

Significant stability

We are happy that in 2009 the number of recorded non-compliances did not increase despite the production volume increased of 30%.



Our achievements

Creation of motivating working conditions

We know from experience that safe and motivating working conditions contribute to each decision taken by the employee, his emotional, physical health and efficiency. Therefore, we create such working conditions that our employees could be proud of.

Increased importance of responsibility during the economic slowdown

Once we felt the very first changes due to the economic crisis, we had an open discussion with our staff and started looking for rational decisions how to cushion the effects of the crisis. In doing so we were able to save jobs, maintain the social security guarantees for our staff, provide tangible and intangible incentives. Furthermore, our remuneration policy has been fair and transparent, work schedule remained flexible so that employees could adjust it to their family lives or studies.

Safety at work

In early 2009, in association with experts of National Public Health Surveillance Laboratory we tested and assessed the professional risks our employees are exposed to. The results showed that the professional risks were in compliance with requirements for normal working conditions laid down by legislation. Tidy, safe and comfortable working environment is the working routine of our employees.



Continuous learning

In 2009, our employees spent 441 hours on improving their skills and developing personal efficiency. 29 employees were improving their knowledge and skills.

Motivation

In November 2009, we carried out a survey on employees' motivation in order to find out what are the main motivators and de-motivators. The results showed that the main motivator for employees is a good team. Based on the survey results, the Company's managers have plans to conduct team building activities.

Our achievements

Company culture

PakMarkas upholds traditions and events, which gather together all the employees of the Company.

In 2009 we followed our traditions and organized Christmas events: one for our employees and the other for their children. It was a special Christmas event; a number of participating employees with their significant others broke the records.

At the end of each year we grant one of our employees with award for personal initiative. In 2009 this award went to Jolita Daunorienė, Quality Manager, for organizing the environmental campaign "What could be your contribution?" ("Kaip prisidėsi tu?"). Each Monday our employees used to get an e-mail containing useful tips and interesting facts about effects of our daily activity on the environment. This information made us think about it and showed that all of us could contribute to saving environment, starting with small and simple things.

We also encourage children, our little fellows, to broaden their horizons and take interest in the world around us. In 2009 we were visited by a group of first-year schoolchildren from Vilnius primary school "Žiburys". Children were talking to our employees, visited our print house, had a chance to see how colorful pictures were put on packs of their favorite chips, how self-adhesive labels were produced. Children were thankful to us and made a little exposition of brooches hand-crafted by them and their parents.



Our achievements

Environmental protection

We understand perfectly the extent of environmental damage caused by production companies. Therefore, we seek to minimize this damage throughout the whole production cycle.

Measurement of air pollution

During November-December of 2009 we carried out inventory of stationary sources of air pollution and emissions of *PakMarkas*. The results revealed that emissions were in compliance with air pollution regulations.

Changing old to new

We have purchased new shaft ultrasonic cleaning equipment, which helps to prevent use of substances, thinners and solvents hazardous for people and environment, since shafts are cleaned by the ultrasonic device.



Our achievements

Cooperation with NGOs

We are an active part of our society; therefore, we highly appreciate a possibility to have a direct contact with local communities, respond to their needs and be useful.

Project “Leaders of Tomorrow”

In order to make a contribution to development of our leaders, we have participated in the project “Leaders of Tomorrow 2009” organized by Career Centre of Vilnius University. 9 out of 27 participants of the project selected *PakMarkas* for development of their competences.

Project “Junior Colleague”

Cooperating with “Lithuanian Junior Achievement” we have participated in the “Junior Colleague” program for the second time already. We are happy to be able to encourage students to achieve high academic and practical results.

Preparation of printing specialists

We have successfully completed one-year preparation project for printing specialists, organized by Lithuanian Printers’ Association (LISPA): we assisted in educating the first graduates of printing and post printing operator’s qualification program.

Voluntary activity incentives

We have participated in the “Auction of Volunteers” for social organizations arranged by the Corporate Social Responsibility network of Lithuania, the purpose of which is to strengthen dialogue between the business and non-governmental organizations, encourage business to participate more actively in the society’s life, get familiar with current issues and help finding solutions. *PakMarkas* offered 6 of its employees as volunteers for 4 out of 8 social projects selected by the commission of NAVIT.



We do value your opinion

You are welcome to join us in improving our social activity and share ideas how to develop our socially responsible activities.

By creating a better world together we will achieve way better results.

Please, send your comments by e-mail to: ***pm@pakmarkas.lt***

Be sure that all your suggestions and comments are important to us and they will be considered.