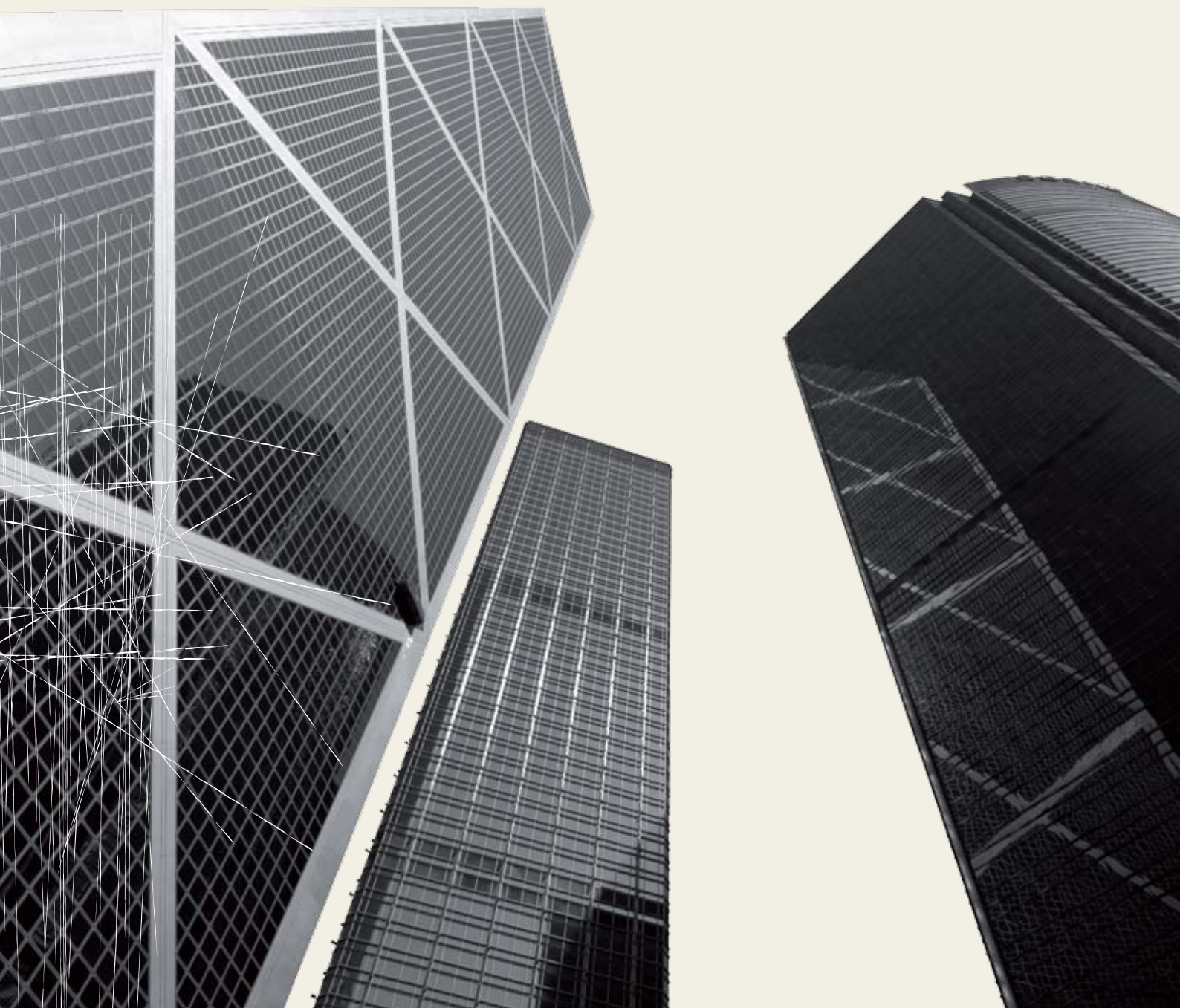


Our Contribution to the Society



SOCIAL RESPONSIBILITY REPORT OF AB LIETUVOS DRAUDIMAS

**The
behaviour
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WHAT DOES CORPORATE SOCIAL RESPONSIBILITY MEAN?

The objective of the Global Compact is to encourage companies to act responsibly, without damage to the environment, society, other businesses and, through common efforts with the UN, governmental authorities and NGOs, to take part in the solution of social and environmental issues, contribute to the development of the society and to economic growth.

Corporate social responsibility is the principle when companies take into account the needs of the society through their socially responsible behaviour in all their activities that have impact on consumers, employees, shareholders, communities and the environment (Ministry of Social Security and Labour of the Republic of Lithuania).

CORPORATE SOCIAL RESPONSIBILITY POLICY OF RSA GROUP

RSA and its Group companies worldwide are committed to seriously manage the impact of their business on the environment, people and communities. It means that the behaviour of both individuals and the company is responsible and ethical.

Being a major insurer of commercial, industrial and personal risks, generating commercial benefits, RSA Group and its

member companies contribute to the creation of value added to the society. RSA has accounted for its business and environmental responsibility since 1999. AB Lietuvos Draudimas became a member of the Global Compact initiative in 2008, and its social responsibility report has been drawn up for the second time. Before the Company started to draft and present its social responsibility reports to the public at large, it had regularly provided its shareholders with information about different social responsibility policies implemented by the Company.

Business responsibility is a process through which the Company integrates environmental and social issues into its business operation and interactions with its stakeholders.

The approach of RSA and AB Lietuvos Draudimas, as a member of the Group, to business responsibility is based on business principles and its brand, which underlie all actions and interactions with the stakeholders. These actions are supported by the following major policies:

- Environmental,
- Community interaction,
- Human rights.

The Group focuses its major attention on the following three strategic subjects: environmental and climate change, security, and social cohesion.



APPRECIATIONS, AWARDS, PARTICIPATION IN PUBLIC INITIATIVES

The Company encourages to share good practice.

It has been a number of years in a row that the Company has been nominated among the top fifteen most desirable employers in Lithuania. The list of the most desirable employers is published by the business daily Verslo Žinios, the public opinion and market research company TNS Gallup and the career portal cv.lt, after having conducted a public survey. Moreover, in 2010, CV-online together with the student organisation AIESEC organised the competition of the Most Attractive Employer. AB Lietuvos Draudimas was recognised as the most attractive company in Lithuania, which students or young graduates aged 19-27 would most want to work for.

AB Lietuvos Draudimas is a long-term member of the Lithuanian Insurers Association. It is a non-profit organisation uniting insurance companies, taking active part in the development of common insurance policy and promoting a positive image of the insurance industry in the society.

In 2007, together with the leaders of the banking and telecommunications markets and the organisation gerasaptarnavimas. It, AB Lietuvos Draudimas established the Service Quality Association and became its full-fledged members. The Association is engaged in the development of service quality standards for shared customers, setting of assessment criteria, and implementation of common standards. Seeking to further develop the idea of good service and strengthen the Company's excellent service culture, AB Lietuvos Draudimas installed and launched a special Voice of the Customer system in 2010. This system enables to identify customer expectations, assessment of the Company's performance and, based on the results, measures aimed at improving the target indicators. The Voice of the Customer

listens to client opinions and, based on them, measures the Net Promoter Score. AB Lietuvos Draudimas constantly measures the customers' NPS and analyses how this indicator fluctuates after mass claims (for instance, after a summer storm) among customers who suffered damage and those customers who did not suffer damage in the current year. The Company has set and announced to the employees its goals, the periods in which a certain NPS is expected to be achieved.

The long-term cooperation with the organisation Junior Achievement of Lithuania is further maintained. Further continuing the tradition, the Company joined the initiative Young Colleague in 2010 and provided an opportunity to talented Lithuanian schoolchildren to familiarize themselves with the insurance activities from inside the Company.

Since 2008 AB Lietuvos Draudimas has been a member of the National Responsible Business Network, which belongs to the global network of socially responsible companies Global Compact. In 2010, AB Lietuvos Draudimas chaired the activities of this network for the entire year. During the entire year, the Company encouraged the members of the network to share good practice of socially responsible companies, and the main theme in the annual conference of the network organised with our assistance was a socially responsible employer; how the employer motivates and engages its employees, how its employees are protected and nurtured. The employee engagement rate as one of the key factors determining the productivity and satisfaction of an employee with his/her work was addressed by Kęstutis Šerpytis, the CEO of AB Lietuvos Draudimas, at the special event for managers.



HUMAN RIGHTS, RESPONSIBILITY ON THE MARKET AND TO THE SOCIETY

The RSA Group and all its member companies adhere to the accepted policy of human rights protection, aimed at minimising the risk of potential infringements of the international human rights standards by RSA individually or together with its business partners and suppliers.

It aims at protecting business by setting forth a system of principles of fundamental human rights, which RSA follows in its activities.

Special emphasis is placed on the following areas:

- Procurement services, when important offers for contracts with third parties, business partners, suppliers and their supply chains are considered and performed. Priority should be attributed for the application of the principles to the existing suppliers, taking into consideration the actual and potential

risk for human rights and also in resale. It is impossible to assess each individual supplier and the entire supply chain.

- Services dealing with business partners (commercial lines, joint ventures, etc.), in order to ensure that partners adhere to the same principles in their activities and in their supply chains in the course of implementation.

SUPPORT AND CHARITY

COMMUNITY AND CHARITY POLICY

For us, being a responsible company means participation in joint activities with stakeholder groups for the sake of our communities. Our community programme is aimed at promoting return, helping the deprived and ensuring support for local communities of the customers and employees.

Priority areas of focus by RSA, all associated with insurance, are as follows:

- Safety
- Social inclusion (e.g., education, youth, financial integration, etc.)
- Environment
- Volunteering

Strategic directions of support are as follows: The safety of children, environmental protection, projects of scientific progress, traffic safety and youth programmes as well as sports. The contribution for support and charity totalled LTL 95,000.

SAFETY OF CHILDREN

AB Lietuvos Draudimas organises **two social campaigns to ensure the safety of children:**

The objective of the campaign **Protect Me** is to ensure the safety of children on the road after their return to school after summer holidays. In 2010, this campaign was organised for the eleventh time

already and was significantly expanded on this occasion. During the initiative, which for the first time continued for an entire month and covered all roads and streets in Lithuania, the Company provided personal accident insurance to all schoolchildren on all streets and roads of the country, not only at crossings. During the campaign, 3 fatal car accidents involving schoolchildren were reported in the districts of Marijampolė, Šilalė and Šiauliai. The parents of the killed children received 10,000 litas for each event. Another 8 children suffered serious or minor injuries, and they received the benefits as well.

The Company organises this campaign every September in order to draw the attention of all of us to the youngest traffic participants – children and to protect them. As this campaign has entered into the second decade, the initiative gradually develops as the sign of goodwill – “protect my children and I will protect yours”, and it also involves all employees of the Company who **watch road crossing points on the 1st of September and help children reach schools safely.**

In addition, every year before summer holidays AB Lietuvos Draudimas encourages paying attention to the safety of children in water and next to water bodies. Special campaigns are organised for this purpose as well.

COMMUNITY CARE

In 2010, seeking to draw attention to the driving culture, the knowledge of our drivers and road safety, AB Lietuvos Draudimas organised the National Road Traffic Regulations examination for the first time. During the examination, cooperation was maintained with the Lithuanian Road Police and the Vilnius City Municipality. This examination, which will become a tradition in the future, seeks to show the safety of driving through a positive example and help the public understand that a good driver must have an excellent knowledge of the Road Traffic Regulations.

The analytical survey **Burglars See It the Other Way**, which was conducted among persons serving their sentences for thefts, was initiated by AB Lietuvos Draudimas and carried out in cooperation with its social partners, namely, the Prison Department under the Ministry of the Interior of the Republic of Lithuania and the Policy Department, and won recognition on a global scale. AB Lietuvos Draudimas received the so-called Oscar of the public relations industry – the Sabre award – for “Best Use of Research for Communication”. Attention was paid to the fact that this survey conducted by the Company delivered invaluable **information to residents on the issues of home security**, and such high award has never been won by any Lithuanian or even Baltic company before.

VOLUNTEERING

RSA actively encourages its employees to voluntarily participate in various charity events during working hours and applies a flexible policy to volunteer activities during working hours. AB Lietuvos Draudimas also actively promotes the principles of volunteering among its employees. In 2010, when the RSA Group marked its 300th anniversary worldwide, all the companies of the Group participated in volunteer projects.

The result of the volunteer activity of AB Lietuvos Draudimas in 2010: 2,196 litas was donated by the employees themselves, 46.5 hours were spent while voluntarily helping those who were in need of assistance, and 559 gifts (various items) were collected and given to the needy.

In 2010, the employees of AB Lietuvos Draudimas voluntarily:

- Completed the first aid training course organised by the Red Cross and learned how to provide first aid
- Helped clean and fix the premises of the Lithuanian Red Cross after the repairs
- Not only donated the most essential items to mothers who suffered violence and their children supported by the Lithuanian Caritas Society but also went to communicate and play with these children. The items donated to these single mothers included clothes, footwear, bed sheets and other essential items.
- Participated in the public environment-cleaning campaign DAROM. During this campaign, the LD volunteers together with thousands of people who support this initiative cleaned the surroundings, parks, forests and river banks, as well as collected waste in all cities and towns around Lithuania.
- The LD Talents invited all the LD people to join the Food Bank initiative. During this campaign, foodstuffs were collected for the needy and the hungry, and they were delivered to the Food Bank.
- On the 1st of September, the Company's employees volunteers, as every year, watched the road crossing points by schools and helped schoolchildren who have returned from their summer holidays cross the street safely, reminded the road traffic regulations and the principles of road safety.

AB Lietuvos Draudimas supports:

- The British Embassy in Lithuania
- Mykolas Romeris University
- Public institution Tauragės Futbolas
- Lietuvos Rytas basketball team
- Events organised by D.lbelhauptaitė

AB LIETUVOS DRAUDIMAS SUPPORTS

YOUNG COLLEAGUE:

Together with the organisation Junior Achievement of Lithuania, the project Young Colleague intended for the education of schoolchildren has been initiated and supported since 2007 to promote active and business-minded society.

In 2010, more than 100 participants of the Junior Achievement of Lithuania programme – schoolchildren and their teachers – visited the branches of AB Lietuvos Draudimas throughout Lithuania and familiarised themselves with the business model of the Company.

one of the strongest clubs of the country Lietuvos Rytas. A total of LTL 350,000 was allocated to this club in 2010.

ŠARŪNAS MARČIULIONIS' BASKETBALL ACADEMY:

AB Lietuvos Draudimas supports the development of the young generation of basketball players. Since 2005 support has been allocated to one of the strongest basketball schools in the country – Šarūnas Marčiulionis' Basketball Academy. One of the teams of the Academy's students has been named after Lietuvos Draudimas since 2005.

SPONSORSHIP FOR SPORTS:

BASKETBALL CLUB LIETUVOS RYTAS:

AB Lietuvos Draudimas supports Lithuanian values and spreading of the fame of the country's name worldwide. Since 2006 AB Lietuvos Draudimas has been a sponsor of

SUPPORT AND CHARITY INDICATORS:
2010 LTL 95 000



LABOUR RELATIONSHIPS

The aim of AB Lietuvos Draudimas as the leader of the country's non-life insurance market is to be the first choice for everybody. This applies not only in respect of our future customers who choose an insurance company or our partners who want to work with us. What is equally important for us – we seek to be the first choice in terms of the criterion “most attractive to employees” and we are concerned about the wellbeing of our employees. We are proud of our strong, motivated and professional team of employees. A general employee development, promotion and motivation system, comprising the fields from the introduction of a new employee until the maintenance of effective relationships with the retired employees, has been developed for the team working in AB Lietuvos Draudimas.

FOR NEW EMPLOYEES

- Having joined the team of AB Lietuvos Draudimas, a new employee is immediately assigned a senior friend – an employee of the division, who serves as the newcomer's guide in the Company, irrespectively of whether this involves an introduction to a certain business process or sharing daily practical advice.
- All new employees are invited to a specially organised Newcomer's Introduction, during which they are familiarised by the Company's Management, including the CEO, with the Company, its strategy, objectives, functions, etc. In addition, all new employees can get acquainted in greater detail with the Company on their own initiative in the LD Intranet Section “For New Employees”.
- As we develop our employees' orientation towards the result and seek to ensure that a newcomer would know what is expected of him/her at work, the new employee must agree with the supervisor on the SMART objectives of his/her trial period which are used to assess his/her performance at the end of the trial period.

INDICATOR OF EMPLOYEE ENGAGEMENT

AB Lietuvos Draudimas places the highest importance on the development of engaged employees because only they can create real value for the Company and ensure high financial performance. An engaged employee is satisfied with his/her workplace, tasks and duties, is aware of what is expected of him/her at work, has all the conditions for improvement and feels recognised for the work performed. Based on the survey data, the most engaged organisations boost the 12% higher customer satisfaction rate and 18% greater productivity level; besides, there is a 15% lower employee turnover in these organisations.

Seeking to measure its employee engagement and satisfaction with their workplace, the Company conducts an annual Employee Engagement Survey and determines the Indicator of Employee Engagement. This anonymous survey conducted by Gallup, the global research leader in this field, measures engagement according to 12 core questions applied to measure employee engagement worldwide. Having obtained the results of the survey, every manager with his/her team draw up an action plan on how the engagement indicator could be retained or enhanced and implement it during the entire year.

AB Lietuvos Draudimas is one of the leading companies in the RSA Group in terms of engagement results:

- In 2010, the Company increased the engagement of its employees up to 4.42 points (the results of the employee engagement survey conducted in 2010), whereas the objective was 4.24 points – this is the highest quartile showing the top 25% of the world's companies with the highest levels of employee engagement.
- In 2010, the Company's employees assigned 4.60 points (out of 5 points) to the statement “I am proud to say that I work for this company”, whereas the statement “I would recommend my company as a very good employer” scored 4.42 points (out of 5 points). In 2010, 94% of employees from the top

level managers to insurance consultants participated in this survey.

- Last year, the private sales structure of AB Lietuvos Draudimas underwent a heavy reorganisation; however, thanks to clear, transparent and timely communication, we managed to maintain the engagement of sales employees – it was even higher than the overall average of AB Lietuvos Draudimas – 4.44 (the overall average was 4.42).

AB Lietuvos Draudimas takes initiative to clarify in greater detail how its employees feel at work and, therefore, it conducted a new survey “How do you feel at work” in 2010 in order to determine what tend to motivate its employees most, what annoys them, or what they do not like and would like to change at work. Based on the results of this survey, action plans on how to change or improve the things to which employees responded negatively were drawn up and some of them have been already implemented.

COLLECTIVE AGREEMENT

- The rights of all AB Lietuvos Draudimas employees are protected by the constantly updated Collective Agreement, which also defines the benefits granted to them.
- There is an active Trade Union representing the interests of employees in the Company, which is consulted when resolving issues that are most relevant to employees, and the approval of which is first sought in case of any organisational changes. Representatives of the AB Lietuvos Draudimas Trade Union also take part in the social dialogue of the European Advisory Forum held within the RSA to share problems faced by trade unions in different countries and ways to resolve them.
- All the principles applicable to employee incentives and salary enhancement are implemented according to the uniform structured remuneration strategy and incentive system, which provides for particular incentive actions for particular results achieved. In addition, the employee

salary ranges by positions are measured on an annual basis so that they would comply not only with Lithuanian but also with global standards. We are delighted that even the economic downturn did not prevent us from finding solutions how to retain the existing employee salary levels.

- All employees jointly and individually, based on results achieved, are entitled to additional benefits: a 24-hour cover against accidents effective worldwide, various educational training courses enhancing professional conduct, compensation for telephone and fuel costs, health insurance for employees with the best performance results, all employees participate in motivational corporate events at least twice per year and in motivational events of individual divisions, sports, leisure competitions, etc. In 2010, additional benefits granted per employee, on average, comprised almost LTL 3,000.
- Furthermore, a separate special motivation programme – LD Stars – was developed for the largest employee group of AB Lietuvos Draudimas – insurance consultants: each insurance consultant receives a certain number of stars, signifying the respective additional benefits according to their sales results.
- Based on the RSA job appraisal system and the experience of the international consultative company HAY, an Employee Benefit Scheme depending on the position held by employees has been developed. Each employee can find information about the benefits he/she is entitled to in a specially published booklet.

TRAINING

The Company seeks continuous development, the acquisition of new knowledge and skills by its employees. Every year, based on the expressed training needs, the Personnel Office prepares an employee training programme which each and every employee of AB Lietuvos Draudimas can take part in. Leader development programmes are also implemented in order to discover and nurture new talents, managers of various areas among the employee. The Company places special emphasis on the upbringing of the young generation.

The employees are encouraged to share their ideas in the "Bank of Ideas", and each employee plans and discusses his/her career with the relevant managers; personal employee plans are drawn up.

- In 2010, a capacity structure project was launched within the entire RSA Group, as a result of which a special electronic Training Space was developed. The Training Space helps each employee of AB Lietuvos Draudimas identify, according to the general and functional capacities assigned to him/her, their weaknesses and improve their capacities by participating in e-courses offered at a global level.
- LD Academy, the main purpose of which is continuous development of employees, training of highly professional sellers, formation of professional skills and high customer service culture, serves the largest sales forces of AB Lietuvos Draudimas. In the LD Academy, training courses intended for sellers are conducted by both internal training managers and external lecturers.
- AB Lietuvos Draudimas provides conditions to its employees to combine their work and studies in external institutions of higher education. In addition, we support the studies of our best employees by reimbursing part of their study fee.
- The Company's employees with the greatest potential, who are capable of replacing the existing managers, are united under a special leadership development programme LD Talents. These employees have an opportunity to participate in special self-knowledge, leadership and cooperation training courses as well as manage various business projects implemented in the Company. During the past few years, 21 out of 40 talents who participated in the programme climbed up the career ladder inside the Company.
- Membership in the RSA Group has given an opportunity to AB Lietuvos Draudimas employees to take part in international training programmes such as Fast Track, Graduates, and Leadership Development Program. More than LTL 110,000 was provided by AB Lietuvos Draudimas to these international trainings in 2010.

HEALTH CARE AND INSURANCE

Based on the best performance, the Company's employees are offered incentives through health, health care or other insurances.

- Health insurance (LTL 178,000 annually) is granted to the Company's employees with the most outstanding and the best performance results. In the meantime, 189 employees enjoy health insurance in the Company.
- All employees of AB Lietuvos Draudimas have a 24-hour cover against accidents.
- All willing employees can get a free vaccination against flu in September-October.
- Discounts for medical services in the institutions of the Company's partners.

SPORTS, LEISURE

- Annual festivals organised for employees are as follows: Summer Festival, Christmas Celebration, LD Bowling Tournament, and motivational events.
- The basketball team participates in the tournament for the Lithuanian Insurers Association's Cup.

Mobile phones and calls, a card, fuel cards, allowances and additional leave are granted according to the position level, as expressly regulated.

There is a system which allows combining family and work duties introduced in the Company, as each employee is able to use a flexible work schedule:

- Each employee can choose a flexible schedule of working hours: to start working at 7-9 a.m. and finish work at 4-6 p.m. It is convenient not only for employees, but also contributes to energy saving and environmental protection – the chosen time of arrival at work helps avoid and does not contribute to traffic jams in the city.
- In 2010, the Company further expanded this possibility – since the last autumn insurance consultants, who reside in residential areas that are located further from the divisions and who find it inconvenient to go to the meetings with the manager or his/her workplace all the time, have been granted the

opportunity to work from home. These employees received laptops, Internet connection, compensation for phone and fuel costs in the chosen amount, and a facilitated system for remuneration and communication with the manager.

SENIORS CLUB

Seeking to maintain efficient and warm relationships with retired sales employees, the LD Seniors Club was established for them. First of all, retiring employees help their successors to take over their customers by visiting them together so that customer would have his/her contact person at all times. The members of the LD Seniors Club not only receive holiday greetings but also are invited to corporate and other events of AB Lietuvos Draudimas intended especially for seniors; they are also encouraged to remain the Company's ambassadors outside the Company.

FIGHT AGAINST DISCRIMINATION, VIOLENCE AND ABUSE AT WORK

The Company ensures the highest standards of equal opportunities and sexual abuse prevention. This policy has been approved in accordance with the standards of the RSA Group, communicated to all employees and adhered to strictly.

ENVIRONMENTAL PROTECTION. SUSTAINABLE USE OF RESOURCES

The impact of AB Lietuvos Draudimas on the environment is insignificant, because the core activity of the Company is insurance services. Major sources of impact on environment: emissions from corporate vehicles, use of heat and electricity in the Company's premises, waste (mostly paper) generation in the operational process.

- AB Lietuvos Draudimas, being a socially responsible company, takes care of the environment and invests into resource saving and environmentally friendly technologies.
- There is also an efficient Internet safety system in place, protecting employees against unsolicited mail (spam) and potential viruses.

The Company is a member of the international organization Forge Group

that unites companies of the finance sector. It aims at contributing actively to the minimization and elimination of negative environmental impact and hazards. Saving resources and protecting the environment in its activities, AB Lietuvos Draudimas follows 9 fundamental principles according to the methodology of Forge Group, covering priority of electronic communication and electronic archiving over hard copy communication and archiving, assessment of the necessity of business travel, while choosing contacts by conference communication, travelling to work by bicycles, energy saving, paper processing, and reduction of the amount of waste.

Furthermore, the employees of AB Lietuvos Draudimas participated in the initiative "A Day Without A Car". Last year this initiative was supported by 500 company employees who came to the office without a car on that particular day.

The Company's employees joined the global initiative "Earth Hour" and turned off their non-essential lighting. This campaign is aimed at reducing pollution at least for a short time and thus draw attention to ecological problems.

In 2010, AB Lietuvos Draudimas started to use "green electricity", which means electricity produced from renewable resources. The "green procurement" is implemented in the entire procurement system.

AB Lietuvos Draudimas adheres to the RSA Group's policy Think Green and seeks to become an environmentally friendly company.

The volume of waste over 2010 remained the same as in 2009.

Unfortunately, over 2010, AB Lietuvos Draudimas slightly increased the costs of electricity - +5%, water - 1% and heating +11%.

Consumption of electricity in 2010 3,316,000 kWh
Consumption of water in 2010: 9,070 m³ (cubic metres)

Consumption of gas in 2010: 32,000 m³ (cubic metres)

Heating in 2010: 2,303 (MWh)

Waste: 91 t (paper -4.9 t), 13.6% of paper processed

Consumption of paper: 36 t

2011 forecast. Having regard to the trends of recovering economy, the Company plans a 5-10% growth in the costs.

FOCUS ON ENVIRONMENTAL PROTECTION AND SIGNIFICANCE OF SOCIALLY RESPONSIBLE BUSINESS:

Socially responsible business is one of the main objectives of the activities of the RSA Group. During the recent years, the RSA Group was particularly active in the fields of climate change and environmental protection as well as in other fields related to socially responsible behaviour. This can be proved by different awards and recognitions won at the Group's scale as well as the recognitions of the RSA Group for socially responsible and ethical operations. In 2010, the RSA won the following international awards:

- The RSA Group raised to the silver class in the 2010 Dow Jones Sustainability Index
- Won the Oekom Research award for leadership in the activities of socially responsible companies
- Sunday Times included the RSA into the list of the Best Green Companies;
- Corporate Communications Magazine awarded the Group for the best strategy of a socially responsible company
- The Group won the 2010 Arabian CSR award
- The Irish Chamber of Commerce award for ongoing efforts made to become an environmentally friendly company
- The RSA Group was included as a member into the FTSE4good responsible investment index
- The RSA Group became a partner of the World Wildlife Foundation, thus, AB Lietuvos Draudimas together with the RSA Group, is going to contribute to research into the risks of climate change, in particular in the Baltic region, over the next three years.

ANTI-CORRUPTION MEASURES

All member companies of the RSA Group adhere to a strict anti-corruption policy.

The companies of the RSA Group are committed to fight bribery and corruption in accordance with the most rigid ethical and legal standards of the countries where they operate.

Any attempts to bribe must be reported by members of the Group to representatives of local law enforcement institutions and to the corporate management.

The rules and guidance on how and when RSA companies can give and accept gifts and other services without infringing anti-corruption laws are available on the intranet of the Group.

