



PakMarkas, UAB
Corporate Social Responsibility Report of
2013



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Executive letter



In the rush to perform our everyday tasks, we rarely stop to think where do we hurry so much, what do we leave after ourselves and what will the people that come after us find. While growing our businesses and contributing to the development of companies and corporations, we seldom notice the corresponding growth in energy consumption and the pollution that remains after the human activity.

It's all very well if the pollution and waste are disposed instantly – a lot of people and companies have developed such a habit. However, we could achieve considerably greater results if we applied precautionary measures, for example, by sorting the materials fit for recycling, by organising the process in such a manner that the waste of production is directed to recycling as well. This way we would get closer to production without waste and the minimisation of the waste left over after our activities.

Our company is operating in the packing field. We cooperate with our customers and try to avoid unrecyclable materials. Therefore we carefully select a way of packing. In respect of our capabilities, we arrange the packing in a manner that would be easy to sort and simple to recycle. We seek to decrease the waste in the manufacturing process and, in later stages, to keep our nature clean of used packing.

The member states of European Union have named their tasks, one of which is to manage the waste of packing by 2020, while since 2030 – to stop applying non-reusable materials for the packing manufacture altogether. Therefore, the time is perfect to review the processes of manufacture and to divert a part of waste formed to recycling or generating energy.

Even now, as the world is filled with tension, we should be concerned with the effectiveness of our processes, as well as the things we leave behind.

Virginijus Gumbaragis
General Manager



A photograph of a field of tall grasses at sunset. The sun is low on the horizon, creating a warm, golden glow. The grasses are in focus, with some in the foreground and others blurred in the background. The text "About the REPORT" is overlaid on the image in a simple, black, sans-serif font.

About the REPORT

Let us introduce you to the 8th Social Responsibility Report of *PakMarkas*, the packaging and labelling company that has been operating for over 20 years, and let us familiarise you with the activities, environmental and social initiatives and the progress made in the employment relations.

Auditorium

The Corporate Social Responsibility Report is dedicated to the parties concerned with the company's activity, i.e. shareholders, employees, clients, suppliers, community, institutions and all of those wishing to get a closer look at company *PakMarkas*.

Accountability to the public

The progress reports of corporate social responsibility are prepared in the Lithuanian and English languages each year. The electronic versions of the report are published on company's website www.pakmarkas.com (column "Social Responsibility") and website of the UN Global Compact www.globalcompact.org.

Reliability of report

The Corporate Social Responsibility Report was prepared pursuant to the practical guidelines of the UN initiative Global Compact (Communication on progress, COP) by reviewing all 10 principles of the Compact. The content of the Report was approved by General Director, Head of HR and Head of Quality.

Period

This report covers our activities throughout the calendar year 2013 (from 1st January to 31st December).

Contact information

We kindly invite you to share your opinion and comments on the presented projects and Report.

Contact person:
Jurgita Bagdonaviciene, Marketing Manager,
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Company OVERVIEW

We believe that packaging and labelling solutions can be implemented by stimulating economic wealth, environmentally-friendly surrounding and responsible consumption.

PakMarkas, UAB is one of the largest companies in the product packaging and labelling sector in the Baltic States. The company is engaged in four main areas of activity: label printing, trade in packaging materials, design and production of packaging lines and trade in spare parts of industrial equipment.

We are concerned about HOW we realise our business solutions, therefore, we always consider the environmental aspect when installing new technologies. Our products are safe to the users – the labels and films meet the strictest hygiene requirements of the European Union. We care for the welfare, safety and personal improvement of our employees and maintain a dialogue with the community in order to coordinate our needs.

We have been the members of the UN Global Compact since 2005. Our activities are based on 10 universally accepted principles of the UN Global Compact in the area of human rights, labour, environmental protection and prevention of corruption.

Mission of PakMarkas

Our aim is to become the leaders in the Baltic States by offering our clients the advantageous solutions in the packaging and labelling sector and to enhance the welfare of our shareholders, employees and business partners.

Values of PakMarkas

- Consideration for a client
- Constant improvement and competence
- Teamwork
- Respect for employees and business partners
- Desire to have the lead

PakMarkas in NUMBERS



There were 206 employees working in our Lithuanian and Latvian companies in 2013.



Lithuania – 177.

Latvia – 29.



The consolidated company's sales increased by 5% in 2013.

Consolidated – EUR 20,47 million;

Lithuania – EUR 18,86 million;

Latvia – EUR 3,72 million.



Our clients and partners come from various countries around the world.

Clients – more than

8000.

Partners – more than

150.



In 2013, we invested over EUR 1 million into modern technologies in the area of production and environmental protection.

Investment –
EUR 1,16 million.



In 2013, the company provided support in the child welfare, culture, education, sports and other fields.

Support –
EUR 11
thousand.



Human RIGHTS

A close-up photograph of a small green stem with two delicate white flowers resting on the pages of an open book. The book's text is visible but blurred, with some words like 'Simtaprocentinis' and 'fakulteta' clearly legible. The lighting is soft, creating a gentle and contemplative atmosphere.

tologas. Simtaprocentinis
ir medicinos fakulteta.
aukdamas, kad šitaip ji sten

We recognise human rights and freedoms as the universally accepted value, therefore, one of our aims is to protect and ensure these rights and freedoms.



In our activities, we follow the documents that are ensuring human rights and are approved in the organisation: Ethical Employment Policy (<http://en.pakmarkas.lt/social-responsibility-policy.html> and SA 8000 standard (<http://en.pakmarkas.lt/social-responsibility.html>). *PakMarkas* does not tolerate any violations of human rights, speaks up against any kind of discrimination, forced and child labour, complies with the laws regulating the duration of working hours and overtime and respects the right to time off.

The protection of human rights in the company is supervised by the representative of the SR management. He is assisted by 4 representatives of employees elected by the way of voting. The employees are provided with an opportunity of anonymous notification on any possible violations of human rights or other offences. No complains related to the violation of human rights were recorded in the company in 2013.

A group of people in formal attire, including suits and hats, are gathered around a roulette table in a casino. An older man in a dark suit and a grey fedora hat is leaning over the table, pointing at a roulette ball. Other people are looking on, some holding drinks. The table is green with white grid lines and a roulette wheel is visible on the right side.

Employment RELATIONS

The personnel policy of *PakMarkas* is oriented to the employment relations based on a value, security and trust.



Renata Brasienė
Head of HR

People are the greatest treasure of the company, and our responsibility is not only to ensure mutual relationships of cooperation while adhering to the laws, but also develop them while implementing the initiatives of social responsibility. I believe that mutual respect, understanding and growing all contribute to the success of the company and the life of every employee.

The acquisition of new technological equipment, increase in sales and export development resulted in the growth of the number of company's employees: the number of employees increased by 9.3% in one year and the majority of new employees were recruited to the positions of specialists and workers.

PakMarkas's employees according to the categories:

	2012 (31 st December)	2013 (31 st December)	Change (%)
Management staff	8	9	6,7
Middle-chain management	16	17	6,7
Experts	82	89	46,6
Workers	56	62	40
All employees	162	177	100



Monitoring of equal opportunities. In order to maintain equal opportunities of women and men, we are constantly monitoring the following indices:

	2011	2012	2013
Women and men ratio (%)	W 23 - M 77	W 22 - M 78	W 21 - M 79
Fixed-term employment contacts (units)	W 1 - M 0	W 3 - M 1	W 1 - M 2
Employment contracts for an indefinite period of time	W 31 - M 122	W 32 - M 126	W 37 - M 137
Maternity leave	W 4 - M 0	W 5 - M 2	W 5 - M 2
Employed persons with disabilities	M 1	M 1	M 1

All company's employees raising children, irrespective of their sex, are provided with additional benefits. For example, in 2013 those *PakMarkas's* employees, who are raising children, were provided with 589 additional rest days.

Health and safety. In order to ensure effective monitoring of occupational health and safety, we follow the system of Occupational Health and Safety Management. By following this system, we also seek to decrease the likelihood of accidents at work and

morbidity of employees. The number of accidents at work decreased down to 0 in 2012 - 2013.

Development of competencies. We organise the mandatory and optional training for employees. The employees who pass mandatory trainings are awarded with special permits and certificates allowing them to perform special works. The selected trainings are dedicated to the education of general competencies, enhancement of skills (sales, negotiations, management, etc.).



In 2013, the number of hours dedicated to employee training decreased. It was conditioned by the fact that the annual company's qualification enhancement plan was not approved at that time and only the most necessary training, according to the opinion of heads of branches, were conducted.

Number of hours dedicated to personnel training:

	2011	2012	2013
In total (managers, specialists, workers)	2064 hours	1944 hours	848 hours
Change compared to the previous year (%)		- 5,81	- 56,38
Share (of operating costs) used for training	1,22 %	1,01 %	1,09 %

Remuneration system. The package of remuneration of company's employees comprises financial and non-financial remuneration. The financial part is composed of the basic and variable wage. Pursuant to the company's Social Responsibility Standard (SA 8000), the minimum wage calculated and established in the company is higher than the basic minimum wage in Lithuania – EUR 347.5 (incl. taxes), which is constantly reviewed in case of any changes in the market conditions.

The variable part depends on the established criteria, for example, work results according to the targets. There are also bonuses for individual or company's activity results, commission for salespersons, allowances for overtime, night time, etc. According to the established procedure, the employees are also provided with additional benefits (vaccination, payouts in case of family misfortunes or celebration of wedding, portable computers, telephones, etc.).

The forms of non-financial remuneration enhance the loyalty of employees and form traditions, which are crucial when creating the general welfare of the company. These include the festivals organised for employees and their families, joint social campaigns, letters of appreciation, public praise among the colleagues, nominations.

Evaluation. On 6 November 2013, in the National Responsible Business Awards, *PakMarkas* won the title of the "Workplace of the Year 2012" in the category of very small, small and medium-sized companies. The award was given for ensuring more favourable economic conditions for employees than it is actually requested by the legal acts. The National Responsible Business Awards were organised by the Ministry of Social Security and Labour together with the Ministries of Economy and Environment as well as the social partners.

A top-down view of a pond with several koi fish. The water is clear and blue-green, with ripples and reflections. The fish are in various colors: orange, white with orange spots, and brown. One large orange fish is prominent on the right, and a white fish with orange spots is in the foreground. Other fish are visible in the background and left side.

BUSINESS environment

“Each of you is important” – is not a declared, but rather an actual attitude of PakMarkas to each and every client and partner

Anti-corruption. We strongly support transparent cooperation with business partners and public authorities. We comply with the laws of the Republic of Lithuania and act in a fair and responsibly manner. We always communicate with various institutions and are ready to provide all the necessary information. On our website, we publicly express the company's attitude to corruptive actions and provide contact information to be used in case of noticing any such actions of our employees (<http://en.pakmarkas.lt/social-responsibility-policy.html>).

Customer service. In order to ensure high-quality customer service, we conduct the annual customer satisfaction survey. The questionnaire is composed of several groups of questions: evaluation of sales personnel, evaluation of quality, client expectations. In 2013, we set a specific customer service quality index which is monitored and analysed at the managerial level.

Responsible supply. In 2013, we joined the global Supplier Ethical Data Exchange (SEDEX) ensuring ethical and responsible practice of the management of business processes. The accession to SEDEX enables *PakMarkas* to improve ethical and responsible busi-

ness, create strong relations with suppliers, improve the image of the trademark by reducing the risk and acquiring competitive advantage.

Promotion of responsible activity in Lithuania.

In 2013, we became one of the founders and members of the Lithuanian Responsible Business Association. In cooperation with other business companies and public organisations, we seek to encourage the responsible business development in Lithuania and follow the principles of responsible activity (www.asociacijalava.lt).

Evaluation. *PakMarkas* was awarded with the "Successfully Operating Company 2013" for the best activity results achieved during the year. In 2013, the company showed a gradual growth: increased its sales volumes and the number of clients, made significant investments into modern printing technologies and increased the number of employees.

The nominations of the "Successfully Operating Company" are given to the companies that manage to achieve the best activity results during the year.

Environmental CARE

We realise the threats to climate change due to the increase in the consumption and industrial development and seek to minimise our company's potential impact on environment as much as possible.





Antanas Savickas
Head of Quality

*If green economics will be a part of our working
environment depends on us and us only!*

Energy saving project. In the late 2013 – early 2014, we installed modern building management system to control a status of cooling systems. This system services the industrial premises by automatically maintaining the most suitable air temperature. Modern cooling system offers the remote control of climate in the workshop as well as enables the company to administer the maintenance costs.

Waste recycling and treatment. The process of label production generates quite significant amounts of waste, such as paper, film and photopolymers. To recycle this waste, special containers and waste pressing equipment are placed in the production unit. Office personnel have special boxes placed in their offices to collect the most usual waste – office paper.

In 2013, we joined the national environmental protection project “We Recycle!”. Special containers for the collection of small electricity and electrical equipment waste are placed in the company.

Pollution prevention. In order to avoid potential environment pollution, we are planning to replace the old technologically aged treatment facilities with new more efficient and more powerful ones in 2014.

We are constantly monitoring the following indices with environmental impact:

Index	Units	2012	2013
Electricity			
Electricity consumption	kw/h	1942116	2040000
Pollution sources			
Volumes of emissions	kg	Sewage 131 Gas 3725	Sewage 197 Gas 4192
Pollution tax (fines)	EUR	-	29
Raw-materials and waste			
Consumed packaging materials	m2	12127473	14783027
Waste (by type)	m2	Paper (labels) 1952350 Film (sleeves) 694917 Photopolymers 376	Paper (labels) 2258803 Film (sleeves) 922485 Photopolymers 362
Waste delivered for recycling (by type)	kg	Cardboard 6440 Cellulose (office paper, magazines, ...) 70	Cardboard 8010 Cellulose (office paper, magazines, ...) 175
Water			
Consumed water	m3	3016	3512





PakMarkas in the PUBLIC

We seek to be a reliable social partner and contribute to solving the relevant public problems.

Education. We care about the professional education of the young generation, therefore our company willingly cooperates with universities and colleges. In 2013, 9 students conducted apprenticeships at the company. Two of them stayed to work at the company.

We are happy to contribute to the Lithuanian future by educating creative and brave youth – each year we participate in the “Lithuanian Junior Achievement” project “Young Colleague”.

The youngest company’s guests include kindergarten and school children who are invited for excursions to the factory, familiarised with the processes of label production and management of industrial waste.

Support. In 2013, we joined the social campaign “Christmas of Books” initiated by the President of the Republic of Lithuania and inviting people to give new books to the libraries. We made stickers for this campaign to be stuck on the book and indicate the recipient of the gift.

We always support sports and people doing sports. In 2013, we allocated support to the Kaunas Motor Sports Club, Nemenčinė Sports Club and RBS Motorsport propagating motor sports field „drifting”.

Each year, we contribute to the Christmas event of Vilkpėdė Community Social Services Centre and support PI „Viena šeima” project „Rain of Smiles” and organise the campaigns of free donation.

PakMarkas, UAB, Lithuania

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