

We invite you to read the annual Sustainability Report, which provides a review of the impact of our activities over the past year on the environment and society.

Sustainability report 2021



Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees
Health and Safety
Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics
Sustainable products

GRI indicators

Information and contacts

Who we are



Pakmarkas is one of the leading companies in the Baltics offering labeling, packaging marking, engineering packaging and drive and automation solutions. We have been successfully developing our business for 27 years.

We believe that sustainable activities are not only our products and solutions, but also our strategic management, the company's internal and external relations and our impact on the environment and nature.

Main areas of activity

We develop our activities in three main directions:

- Printing of labels and packaging
- Engineering solutions for packaging
- Sale of industrial equipment parts

Main Pakmarkas clients:

- food
- beverage
- cleaning products and industrial chemicals
- cosmetics
- pharmaceutical
- and other industrial companies.

Principal export markets

Latvia
Estonia
Poland
Germany
Scandinavia
Belarus
Russia (Kaliningrad)

Head Office

Vilnius-Lithuania

Branches

Riga – Latvia
Pinneberg – Germany

*Data as at 2021

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees
Health and Safety
Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics
Sustainable products

GRI indicators

Information and contacts

Year of incorporation

1994

Employees

205

Client

more than

1000

Production and administrative area

7 200 sq. m.

Revenue

27 mln. euro (consolidated)

Export

33 %

Type of ownership and legal form

Pakmarkas UAB is a Lithuanian capital company registered at Minsko pl. 95, Daržininkai, Vilnius District. According to the company's Articles of Association, the management bodies are the general meeting of shareholders, the board and the head of the company. The CEO is the head of the company, who organises the company's current economic activities in accordance with his mandate.

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts

Foreword by the company head



Thank you very much for your interest in Pakmarkas' sustainable operations, commitments and results.

2021 was a year of continuing unforeseen challenges: a global pandemic, a sharp rise in the price of raw materials, a shortage of raw materials and a shortage of workers.

I am glad that in accordance with the company's values, we have remained focused on the safety and well-being of our employees, and we continue to ensure the company's stability and economic strength.

The transition to a circular economy is accelerating, and new obligations are being introduced for the government, companies, investors and society. This affects us and our customers who need product packaging and production automation solutions. As a result, we have made significant investments over the last few years to present sustainable new packaging to the market that conforms to the new EU regulations on packaging of products that are coming into force.

I am optimistic about our further progress in creating value for customers, employees, community and shareholders. Although a lot of work awaits, with a clear vision for 2022, we will work together to achieve the results.

I am proud that our products are produced using only green electricity.

Virginijus Gumbaragis

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees
Health and Safety
Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics
Sustainable products

GRI indicators

Information and contacts

Sustainable development



Our sustainability activities include social, environmental and economic responsibility throughout our value chain, from the supplier of raw materials to the recycling of products.

When creating a sustainable business, we pursue the following goals:

- **SOCIAL** (respect human rights; ensure healthy and safe working conditions of employees; maintain open relations with the community and contribute to its development).
- **ENVIRONMENTAL** (efficient use of industrial waste and natural resources; carry out systematic environmental monitoring; comply with environmental legislation; set an example for suppliers);
- **ECONOMIC** (creating value for shareholders; meeting customer needs; improving products and services;

Involvement of stakeholders

An open dialogue with our key stakeholders is essential if we are to successfully understand the concerns of those around us, global trends and market expectations. We involve stakeholders in our activities through regular surveys, live and remote meetings. We also receive important information through official complaint / feedback channels.

These objectives are in line with the 10 principles of the United Nations (UN) Global Compact.

Sustainability issues in the company are the responsibility of the Quality Manager, together with a team brought together for a specific project. During the project, we aim to involve as many company managers and other employees as possible, so that the work started continues and everyone understands the benefits of a sustainable organisation.

Since the establishment of the Sustainable Business Association of Lithuania (LAVA), we have been actively contributing to the implementation of the main goals of this organisation and participating in its initiatives aimed at promoting the development of sustainable business in Lithuania as a basis for responsible society and economic growth.

<https://asocijajava.lt>



Pakmarkas' key stakeholder groups include:

- Customers
- Employees
- Shareholders
- Local community
- Partners and suppliers
- Public authorities

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees
Health and Safety
Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics
Sustainable products

GRI indicators

Information and contacts



Social responsibility

As a responsible employer and partner, we build trust in our business.

Employees

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts

Possibilities and challenges

Despite the Covid-19 pandemic, we continue to focus on areas where we can make a positive impact, including ensuring the health and safety of workers. Engaged and motivated employees are more productive, loyal and definitely

happier. We see the need for even more manpower, responsible leadership and planning. We will continue to pay close attention to creating secure jobs, attracting and retaining talented employees, and ensuring equal opportunities in the workplace.

* - forecast

	2018	2019	2020	2021*
Number of employees	202	206	212	206
Overall employee turnover, %	28	30	14,8	17,8
Working full time	191	195	199	192
Working part time	11	11	13	14
Working under an open-ended contract	199	203	208	201
Working under a fixed-term contract	3	3	4	5
Employees with disability, %	1,98	1,5	1,89	1,9

Diversity by age groups, %

	2018	2019	2020	2021*
16–29	23	22	15	18
30–49	59	56	58	57
>50	18	22	27	25
Average age of employees	38	39	42	43

Employees according to position occupied

	2018	2019	2020	2021*
Managerial employees	29	27	26	25
Non-managerial employees	173	179	186	181
Proportion of female employees, %	34	33,5	34	34
Proportion of male employees, %	66	66,5	66	66
Women in management positions, %	17	22	27	27
Men in management positions, %	83	78	73	73
	2018	2019	2020	2021*
Maternity / parental leave used by	7 women	4 women	5 women	5 women
Paternity leave used by	2	2	2	0

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts



Our policy

In our day-to-day operations, we are guided by the ethical employment and working conditions **policy**, which stipulates that we do not use or support child labour, forced or compulsory labour right

to join a trade union, we do not tolerate any form of discrimination, protect the dignity of our employees, ensure working hours in accordance with the laws of the Republic of Lithuania and apply fair wages.

Health and safety

What we do

The occupational safety and health of Pakmarkas employees is our top priority. We understand the safety culture in the company as the responsibility of each employee, that everyone is responsible for keeping their day healthy and safe.

Safety during the global pandemic

We are closely monitoring the Covid-19 situation around the world and are taking action to ensure the health of everyone working inside the company and those visiting from the outside.

In 2020, we assembled a team of employees who worked diligently to ensure the safety of all employees during the Covid-19 pandemic. We took an early action to provide our employees with the necessary personal safety equipment, banned all physical meetings, advised our staff to work remotely, organised IT tools to ensure smooth teleworking, and made the recommendations of the National Public Health Center both for work and personal life available for the employees.

When we started organising work remotely, we faced a deterioration in the psychological well-being of our employees. In order to provide psychological assistance to employees, we organised a training cycle on increasing mental health competencies. Participants were

introduced to the main factors that damage and strengthen mental health, how to manage stress, resolve conflicts and prevent burnout.

Improving occupational safety

The overall incident rate is one of the key performance indicators monitored. It allows you to review the safety situation on a daily basis and is used preventively.

We have had 6 minor accidents in the last four years. Two of them at work and four outside the company.

Fair remuneration and competitive benefits

The remuneration package of Pakmarkas employees is provided both according to the company's results and according to the employee's performance, job functions and position. Remuneration is assessed annually on the basis of the data of the Lithuanian market remuneration survey conducted by Hay Group. We aim to ensure that the salaries we offer are competitive in the industrial sector.

We encourage leaders to communicate as much as possible with their people and to address any issues which arise. However, we also respect and recognise the right of employees to join trade unions or associations voluntarily and to negotiate with their employer.

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts



Community

Supporting the local community during the pandemic

We live in exceptional times and need solidarity more than ever. We support the community in several ways: with monetary donations and our products.

For example, in March 2020, after the onset of the pandemic and the sharp increase in the need for protection measures in Lithuania, we contributed our own funds to a joint initiative of business associations to assist medical institutions by providing them with the necessary protection measures. Through the efforts of businesses, the protection measures from China reached the medical professionals within a week.

A month later, we joined the initiative organised by the Vilnius City Municipality – providing additional support to doctors for the acquisition of the necessary equipment in hospitals.

We have also responded to a request from the Human Rights Monitoring Institute to provide financial assistance so that the institute could keep its staff in employment and continue operation during the difficult times.

We have identified the local Nemėžis community, where we operate, as one of our stakeholders. In 2020, we also provided financial assistance to the Tartar community in Nemėžis.

We have been joining the campaign “Kindness unites us” organised by the organisation Lithuanian Caritas for several years. Feedback from the VA Carito candle workshop team:

“Thank you for your support. It is always great when cooperation is maintained. This year we are very grateful to the socially responsible company PakMarkas UAB, which again donated 60,000 units of candle stickers for the campaign “Kindness unites us”. We wish you success in your business.”

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts



Environmental responsibility

Possibilities and challenges

The trend of reducing waste, which has a significant impact on society, markets and climate change, is the biggest challenge of our time. The European Green Deal envisages a 2050 target to be completely climate neutral and move to a clean circular economy. This is certainly reflected in the packaging material trends. Nevertheless, Pakmarkas welcomes the European Parliament's efforts to make a smooth transition to a circular economy.

What we do

Since 2018, Pakmarkas' products have been manufactured using only green energy.

In 2016, the company has been awarded the international FSC® (Forest Stewardship Council) production chain of custody certificate. License No FSC - C133563. In the past year, about 90 per cent of the labels production was made on FSC-certified paper.

In 2022, we plan to complete the company's CO2 footprint measurements and put together an emission reduction plan.

We are one of the few companies in the European Union and the only one in the Baltic States holding the right to print labels with the DPG deposit mark for the German beverage market. In Germany, this is a strictly regulated system. To ensure the safety of the DPG brand, we are obliged to use special technologies and adhere to strict requirements. Being DPG-certified, Pakmarkas has the right to purchase DPG inks from DPG ink manufacturers and to use the equipment required to check the print quality of the deposit mark. By participating in the process of the reverse vending system, we contribute to the implementation of the circular economy.

Environmental indicators

* - forecast

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts

			2018	2019	2020	2021*
Electricity	Electricity consumption	KW/h	2 600 241	2 705 533	2 776 042	2 870 000
		KWh/m ²	0,15	0,15	0,16	0,16
Sources of pollution	Amount of wastewater discharged	kg	48,9	32,6	30,3	27
		kg (per employee)	0,24	0,16	0,15	0,12
	Penalties for environmental pollution	EUR	0	0	50	0
Raw materials and waste	Quantity of packing material used	m ²	17 053 841	17 780 933	17 712 163	18 200 000
	Label waste	t	661,28	937,59	1065,53	1300
	Other waste recycled	cardboard, t	19,53	24,84	27,5	31,7
		BOPP, t	5,207	5,43	3,3	4,775
Water	Quantity of water used	m ³	2 887	3 166	3 058	2 549
		m ³ (per employee)	14	15	15	12

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts

Economic responsibility



Possibilities and challenges

The urge to move from a resource-intensive and climate change stimulating model to a circular economy is one of our greatest challenges. The circular economy plan encourages the emergence of new packaging legislation, creates the need for new innovative packaging and opens up new opportunities for Pakmarkas. Over the past few years, we have offered our customers a number of more sustainable product packaging solutions, and this is just the beginning.

What we do

Together with our customers, we are constantly looking for solutions to change composite packaging to mono packaging. 80-90% of the labels we produce are recyclable.

We actively cooperate with our customers to improve the efficiency of materials and reduce the environmental impact of our products.

During 2021 we invested about 1.7 million euro to the latest equipment for label and packaging printing, production of medical face masks, laboratory and other equipment. Part of the projects are being implemented with **EU funding** for 2014-2020.

Membership in associations

By participating in the activities of business associations, we contribute to change that promotes industry responsibility.

We are a member of: Sustainable Business Association of Lithuania (LAVA), Association of Lithuanian Printing Industries (LISPA), Lithuanian Packaging Association (LPA), Vilnius Industry and Business Association (VPVA), Lithuanian Engineering Industry Association (LINPRA), German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania (AHK).

Business ethics

Pakmarkas' activities are based on the principles of humanity and honesty. We operate in accordance with national and international laws and regulations, as well as voluntary commitments. At the same time, we demand that our partners and suppliers also adhere to the principles of ethical cooperation.

We do not tolerate corruption and bribery, and other forms of unethical business practices. We take steps to ensure that all of our employees and partners know and live up to our commitment to conduct our business ethically.

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

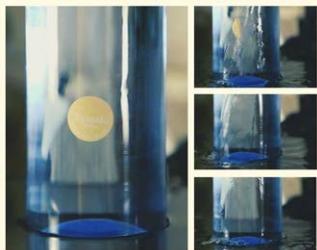
Information and contacts

Sustainable products

In 2021, we offered new products to our customers:

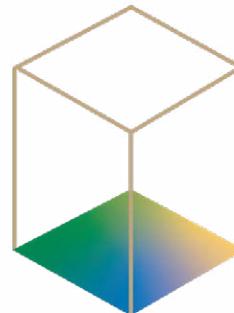
Water soluble labels

These are eco-friendly water-soluble labels that break down up to 100%. For this reason, the labels are completely safe: environmentally friendly, non-toxic and non-flammable. [Product details](#).



Paper flow-pack packaging

This packaging is intended for products that come into direct contact with food. This easily recyclable, biodegradable packaging is a real discovery in the sustainable packaging market. [Product details](#).



ATEITIES PAKUOTĖS KLUBAS

One of our most recent initiatives to be more environmentally friendly is joining the Future Packaging Club of Gamtos Ateitis UAB in the summer of 2021. The club unites companies that are looking for ways to use more sustainable packaging, willingly share their good practices, implement environmental initiatives and raise public ecological awareness..

“We believe that by working together, we can reduce the amount of waste and the impact on the environment, and together we can do it in the most efficient way for business”,

said Virginijus Gumbaragis,
CEO of Pakmarkas.

The special safety of our products includes food contact materials. We strictly adhere to the BRC (British Retail Consortium) standard for packaging and packaging materials, which ensures that the company's labels and packaging meet the highest standards of quality and production hygiene.

We follow internationally recognised ISO and other [quality standards](#), which offer our partners reliability and motivation to carry out transparent, smooth and high-quality operations.

GRI indicators

Pakmarkas' sustainability report has been prepared based on the recommendations of the GRI 4 methodology.

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts

Index of GRI indicators

General information	Name	Page
Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organisation	4
About company		
G4-3, G4-4	Name of company, operations	2, 3
G4-5	Address of head office and branches	3, 15
G4-6	Countries where the company operates	3
G4-7	Nature of ownership and legal form	3
G4-9	Key company indicators	3
G4-10	Number of employees	3
G4-16	Membership in associations	12
G4-19	Material aspects of the report	15
Stakeholders		
G4-24	Stakeholder groups	5
Report details		
G4-28	Reporting period	1

G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding social responsibility accountability	15
G4-32	GRI G4 indicator disclosure table	14
General information	Name	Page
Labour relations		
G4-LA1	Types of employment contracts, positions, turnover	7
G4-LA3	Parental leave	7
G4-LA12	Employee diversity indicators	7
Human rights guarantee		
G4-HR3	Equal opportunities (non-discrimination)	8
G4-HR5, HR6	Attitude to child labor and forced labor	8
Protection of the environment		
G4-EN1	Resources used by weight or volume	11
G4-EN2	Recycled waste by weight	11
G4-EN3	Energy consumption within the company	11
G4-EN8	Total water consumption	11
G4-EN22	Quantity of water discharge	11

Information and contacts

Who we are

Main areas of activity

Foreword by the company head

Sustainable development

Social responsibility

Employees

Health and Safety

Community

Environmental responsibility

Environmental indicators

Economic responsibility

Business ethics

Sustainable products

GRI indicators

Information and contacts

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About report

This report has been prepared in accordance with the principles of the United Nations Global Compact, the Global Reporting Initiative (GRI) guidelines G4 and requirements. The G4 Guidelines are recommended internationally as one of the most advanced non-financial reporting methodologies for measuring and presenting information to internal and external stakeholders.

We publish the report on the company's website, making it available to all stakeholders. The annual report will not be printed, only this electronic version is available in Lithuanian and English on www.pakmarkas.lt and www.unglobalcompact.org.