

SOCIAL RESPONSIBILITY REPORT



Introductory Word from the Director

We are socially responsible and committed to our employees. We promote transparency in our business relations and we follow all of the applicable laws and regulations.

We understand that the real change might be achieved only by changing ourselves. Therefore, solving sustainability issues is part of our daily routine.

- We pay attention to public safety and environment. Vlantana has prepared the environmentally friendly driving training program in order to reduce fuel consumption, emission level, and to improve the behaviour of drivers on the road.
- We carry out transportation by combining different modes of transportation (land transport, ferries, and rail) and planning instruments in order to reduce CO2 emissions and use resources more efficiently.
- We strive to implement Electronic data interchange (EDI) solutions at every stage of our daily operations: from the approval of orders to the issue of invoices. Together with our partners, we aim to implement electronic CMR system.
- Our fleet complies with EURO VI standard, where we are expanding the fleet of trucks powered by alternative types of fuel (LNG and LBG). The fleet is not older than 2.5 years on average.
- We are taking necessary measures in order to promote more environmentally friendly lifestyle of our employees – from lower energy consumption within our facilities and premises to sorting of waste in the company so it could be recycled and disposed. Sustainability means a better future for us all.
- We support community, environment, and sports. Therefore, we uphold and promote positive values, healthy habits, and the enlightenment of community members.



It is obvious that the rapid achievements in areas of process digitization and data management, as well as the breakthrough in technologies have great potential in solving the most complex social and environmental issues. Understanding that we invest in digitalization projects, thereby reducing the influence of our activities on the work time of our people and on the technology resources that are being used.

We strive for our employees, partners, and clients to protect the environment as they perform their daily work, as well as to focus on the implementation of sustainable business processes so that the use of resources would not harm the environment. Social responsibility begins with each of us, therefore I invite you not only to act socially responsible, but also to demand from your employers, related companies, and institutions a responsible attitude towards people and the environment where we operate and live.

We hereby present the social responsibility report of Vlantana which will introduce you to the progress that our company has made in 2020 in the field of sustainable and socially responsible business.

CEO
Tomas Stonys

TABLE OF CONTENTS

- 1. About social responsibility report**
- 2. About the company**
- 3. Human rights**
- 4. Employee rights**
- 5. Environmental protection**
- 6. Fight against corruption**
- 7. Public relations and social initiatives**





About social responsibility report

The social responsibility report (hereinafter referred to as “SRR”) of JSC Vlantana (hereinafter referred to as “Vlantana”) is prepared following the principles of Global Compact that was initiated by United Nations. These principles help to evaluate activity by the economic, environmental, employee rights, human rights, market, and public relations indicators.

In order to strengthen social responsibility, we constantly increase the value of the company and give meaning to its role in society. Social responsibility in our company is not a one-time initiative, but an approach to business that we perpetually demonstrate. Clear guidelines and constant training are provided so that the company employees and partners would be able to make the right ethical decisions.

As an international company, Vlantana admits that the company’s actions affect all interested parties - clients, employees, suppliers, partners, non-governmental organizations, the public and others, as well as the environment.

By presenting the report, we seek to further strengthen social responsibility in our everyday activity. We are planning to organize the employee surveys on the topic of social responsibility. The obtained results will allow us to direct our actions in the direction in which employees of Vlantana are interested.

01

Social responsibility policy of Vlantana is based on its vision, mission, values, and directions and goals approved in the five-year strategy – i.e. development of activities and assurance of strategic projects success, effective activity, an organization that is creative and progressive. Company's responsibility is broadly focused on these key areas (see picture 1):

Social responsibility in the market, effective and transparent business: open and honest cooperation with interested parties that help to implement socially responsible business provisions, safe and reliable transfer of natural gas to users within the system, fight against corruption and bribery, assurance of competitiveness, taxes paid fairly;

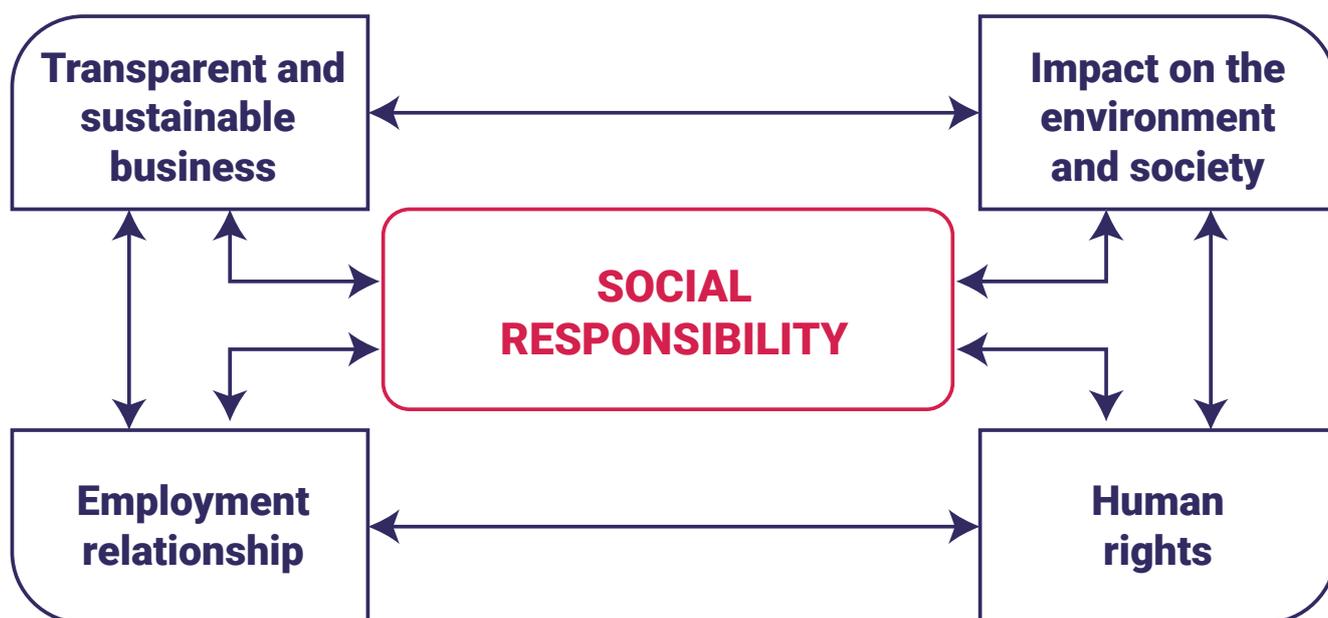
Social responsibility in the field of environmental protection: efficient use of natural resources, participation in environmentally friendly prevention programs that ensure landscape and biodiversity, promotion of sus-

tainable approach to the environment by employees, contractors, suppliers and the public;

Social responsibility in maintaining relations with employees: responsibility for employees, taking care of the health, safety and equal rights of our employees, application of advanced performance management and remuneration system, creation of conditions for personal and professional development of our employees and conditions for the development of their general competencies;

Social responsibility in maintaining relations with society: development of various social initiatives, volunteering and other projects in local communities and at the national level, cooperation with educational institutions.

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02

About the company

Vlantana, one of the most initiative logistic companies in Lithuania, uniting 2,500 employees and having a fleet of more than 1,550 trucks, specializes in FTL transportation throughout the European Union and the CIS countries. International company with 25 years of experience solves the customers' logistics and transportation needs in the industrial, commercial and consumer supply chain.

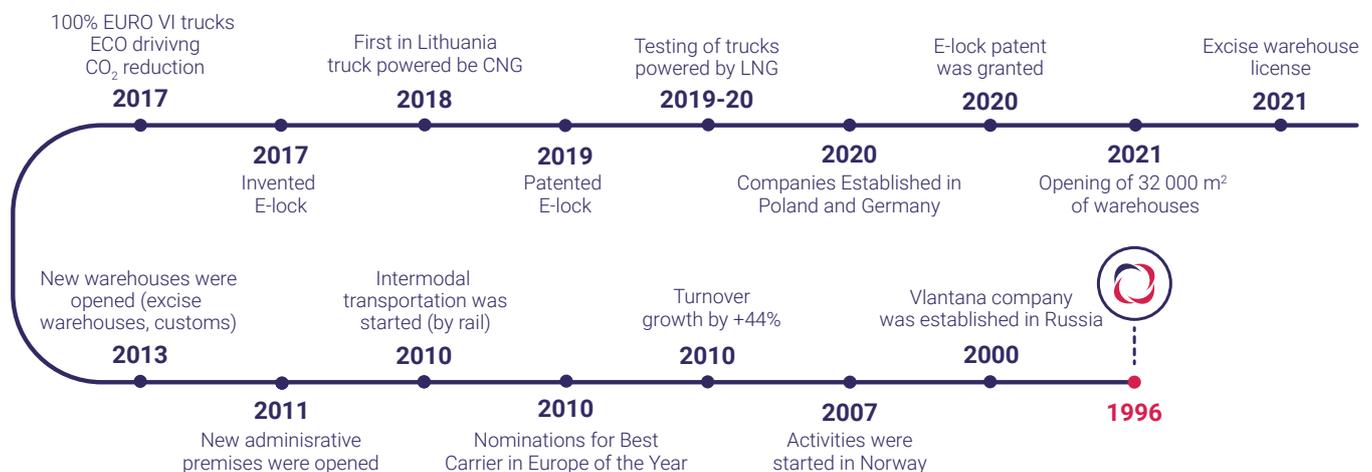
In order to be a leader in logistics innovation, providing the highest quality and unique customer service, being an inspiring and responsible employer for society and the environment, the company is guided by the following values: innovation, leadership, responsibility, respectfulness and agility.

The company's goal is to be a leader in logistics innovation, a reliable partner that provides the highest quality and unique customer service, and an inspiring and responsible employer for society and the environment.

Fundamental operational principles:

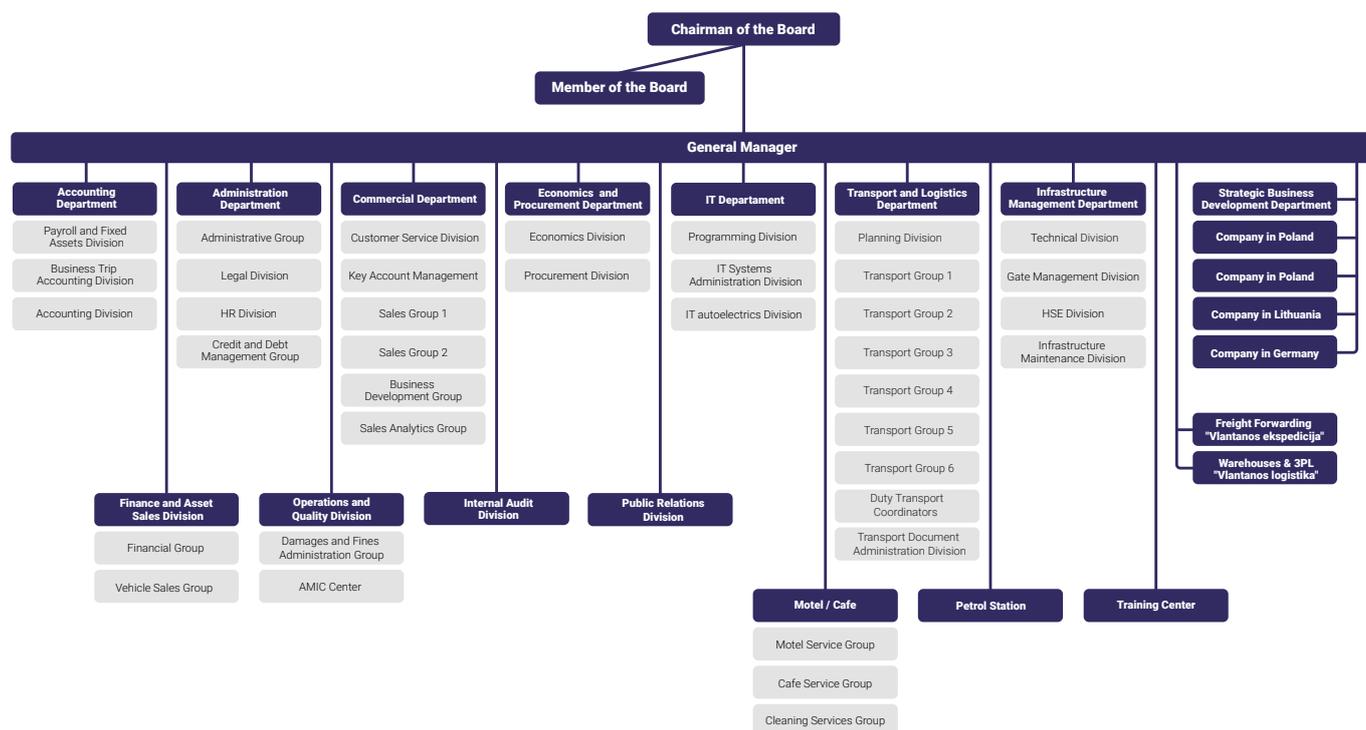
- High work quality standards;
- Trust, respect and honesty;
- Promotion of employee initiative, responsibility and professionalism;
- Seeking a long-term partnership;
- Team work.

Over the years, the trust of our customers has led us to become one of the largest transport companies in Europe that manages its own fleet of vehicles. Listening to the needs of our customers and employees, growing together and embracing our values as part of the company's DNA have taken us to where we successfully are today.





Management of the organization. The management structure of Vlantana matches the global best practice. The organization has a functioning and approved organizational structure, which is introduced to all of its employees.



Managers practice and promote ethical behaviour, accountability, and transparency. The organization has a clear decision-making process and, where appropriate, a document delegating staff authorization is signed.

Employees are involved in making important decisions in the organization. We have an approved staff selection procedure; the staff selection criteria are clear and objective.

We apply additional social guarantees to employees: we provide an additional day off for parents raising 2 children under 14 years of age.

Data on performance and structure are made public:

- In presentations for clients, in the media;
- In social media.

03

Human rights

We are strictly against human rights violation and we do ensure that within our scope of influence it is respected and adhered to the principles and rights declared in UN Global Compact:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

Both principles are fully incorporated in our code of conduct and implemented in our daily performance. We comply with both international law and national law of the Republic of Lithuania.

The selection criteria are clearly defined in the procedure of employee search and recruitment and they are objective. We ensure equal opportunities for all our employees: we ensure equal working conditions and equal pay regardless of the gender or social status of the employees; we pay a fair salary and apply equal pay for equivalent work to employees who belong to social minorities or have physical disabilities; we create equal opportunities for everyone to be promoted to the suitable higher positions at work, taking into consideration only the length of service and competence.

We ensure the employee rights to rest, leisure and a reasonable limitation of working hours, also paid standard vacation days, and payment for work on public holidays.



04

Employee rights

Vlantana guarantees a fair and timely pay and social security to its employees, who are considered to be the company's greatest asset and a factor of success.

It is very important for us to build strong culture in the organization, where the values of employees meet the values of the organization.

Our company complies with legal requirements for employment practices: we ensure working conditions that meet safety and hygiene requirements; our employees have the right to use the company's welfare - kitchens, recreational areas and hygiene facilities; people working here are given freedom of expression - the right to participate trade unions and associated structures.

Taking in consideration the type of business activity and conditions and without violating the employees' interests, more flexible working-time regime has been determined: the start of the working day may vary between 7 a.m. to 9 a.m., and the end of the working day, respectively, between 4 p.m. and 6 p.m. This makes it easier for employees to combine career and personal goals, and to pay more attention to their families.

In our company there is no discrimination in making employment or dismissal decisions; we do not use or tolerate child or forced labour; we have a defined and functioning employee evaluation and motivation system.

We create favourable conditions for combining family and employee liabilities: we create remote work conditions; we form the vacation schedule taking into consideration the impact on the employee's family members.

The safe and healthy working conditions in the company are created under the regulations of

the Labour Code of the Republic of Lithuania and other legal acts on occupational safety and health:

- We provide safety and health measures at work;
- We periodically organize safety and health training at work;
- We cover the expenses for the employee medical check-up;
- When possible, we organize the medical check-ups of employees at a convenient time for them or at the workplace;
- We have proper ergonomics in the workplace;
- We invest in employee training and education.

The internal events are organized for employees: summer celebration, Christmas event, team building events and other initiatives. A joint recognition ceremony of loyal employees is organized annually.

Communications. We pay great attention to internal communications. The company has prepared a special publication for new employees that introduces the company, its structure, services provided, traditions, management and work organization processes.

Microsoft Teams communication platform that facilitates the communication between distant divisions is installed in all employees' computers. Through this communication platform, the distant divisions can remotely participate in meetings and negotiations.

Education. In order to be a learning organization, we create learning and improvement opportunities for our employees. A learning plan is prepared annually.

05

Environmental protection

The company supports environmental protection and it complies with all environmental requirements: the natural resources are saved, waste is sorted and sent for recycling or utilized according to the types of waste under the requirements of waste utilization.

Throughout internal communication we grow consciousness of our employees in terms of sustainable way of living, the impact of the company's activities on environment and importance of compliance with environmental safety legislation.

We promote efficient use of resources: we save electricity, we print on both sides, for internal use we print on used paper, we store documents in digital media or we send them by e-mail. We sort waste and deliver unused objects for recycling rather than throwing them out.

According to the ISO 14001 Environmental Management System, which has been used in the company's activities for seven years, Vlantana is committed in its environmental policy to:

- Prevent pollution and continuously improve the environmental condition by using technologies that have the least harmful effect on the environment.
- Implement planning and transport coordination measures for highly efficient use.
- Efficiently use all raw materials, other materials, energy and renewable natural resources; recycle waste.
- Develop in every employee of the company the sense of responsibility and understanding that environmental protection and saving natural resources is not only a common responsibility but also each employee's personal duty.

Therefore, Vlantana takes necessary measures in order to promote more environmentally friendly lifestyle of its employees – from lower energy consumption within our facilities and premises to sorting of waste in the company so it could be recycled and disposed.

The company supports environmental protection and it complies with all environmental requirements; the natural resources are saved, waste is sorted and utilized according to the types of waste under the requirements of waste utilization. The company seeks to develop in every employee responsibility and understanding that environmental protection and preservation of natural resources is not only a common responsibility but also everyone's personal duty.

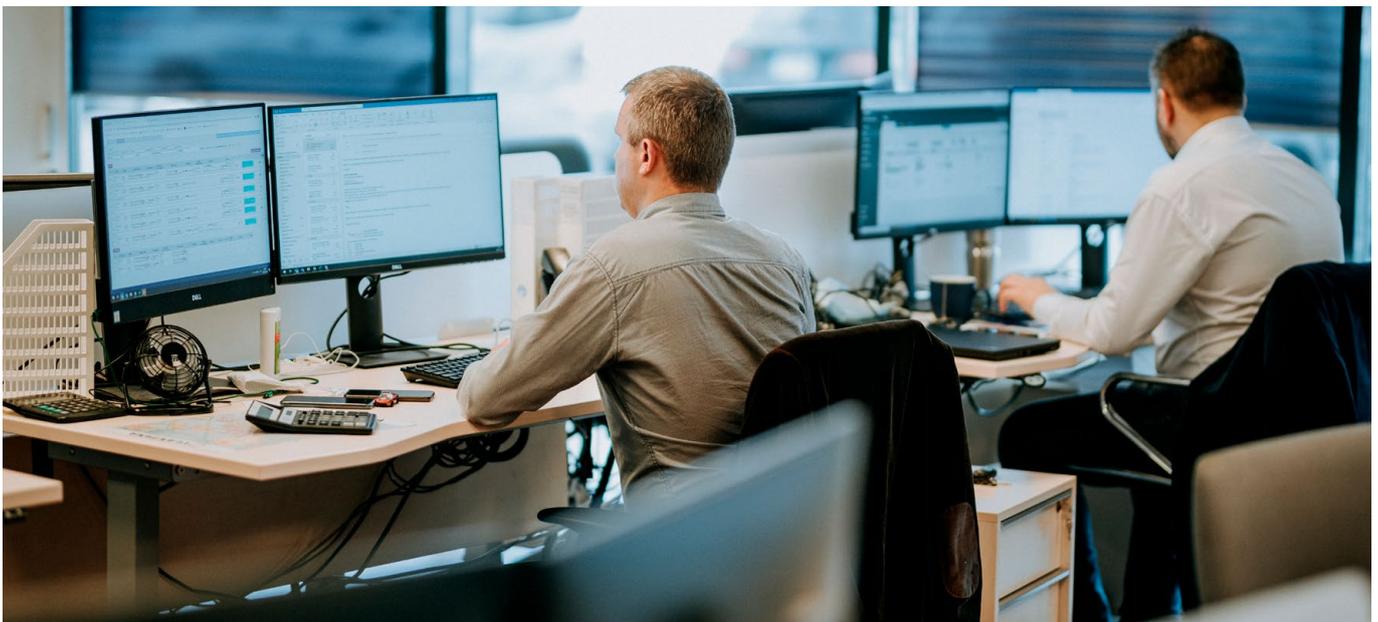
In order to reduce the negative impact on the environment, the vehicles are constantly upgraded or changed to the ones that use less-polluting fuel (LNG - liquefied natural gas, LBG - liquefied biomethane gas), whereas their technical characteristics contribute to the reduction of environmental pollution. In order to reduce the CO₂ emissions, the company uses railway and ferry services. The company is interested in technologies that have the least harmful impact on the environment and applies them in its activities - the aim is to prevent pollution and constantly improve environmental condition. The company participates in new technology development programs and seeks to be the first to implement environmentally friendly measures in its activities.

Demonstrating its sustainable development, environmental improvement, employment and human rights as well as ethics, in 2021 Vlantana plans to assess itself according to the EcoVadis system.

05

Resource preservation. The company implements actions that help to protect the environment and develop the ecological awareness of employees:

- Recycled paper that was produced following the quality and environmental protection standards ISO 140001 is used.
- Employees use environmentally friendly pens – made out of recycled paper and thatch.
- Employees take notes in environmentally friendly notebooks from stone paper. Writing on stone paper helps to use about 30% less ink – the pen lasts longer.
- We actively use paper and plastic waste recycling bins.
- We collect and hand over old and non-functioning office equipment to an appropriate company for destruction.
- We responsibly buy office supplies: notebooks, markers, pens.
- We use refilled printer cartridges.
- The paper towels that are used in the household of the company are more environmentally friendly, non-polluting, and rapidly degradable.
- The employees of the company are informed about the collection of specific waste (electrical appliances, light bulbs, office equipment, cartridges, medicines, metal, fabric waste, medical or used first aid equipment, chemicals, vials, and etc.) - where it is collected inside the company, how it is further handled and where it is further placed.



Waste prevention. The company constantly looks over its processes, analyses and provides insights on how to improve its existing performance factors. The following factors contributed to this year's result:

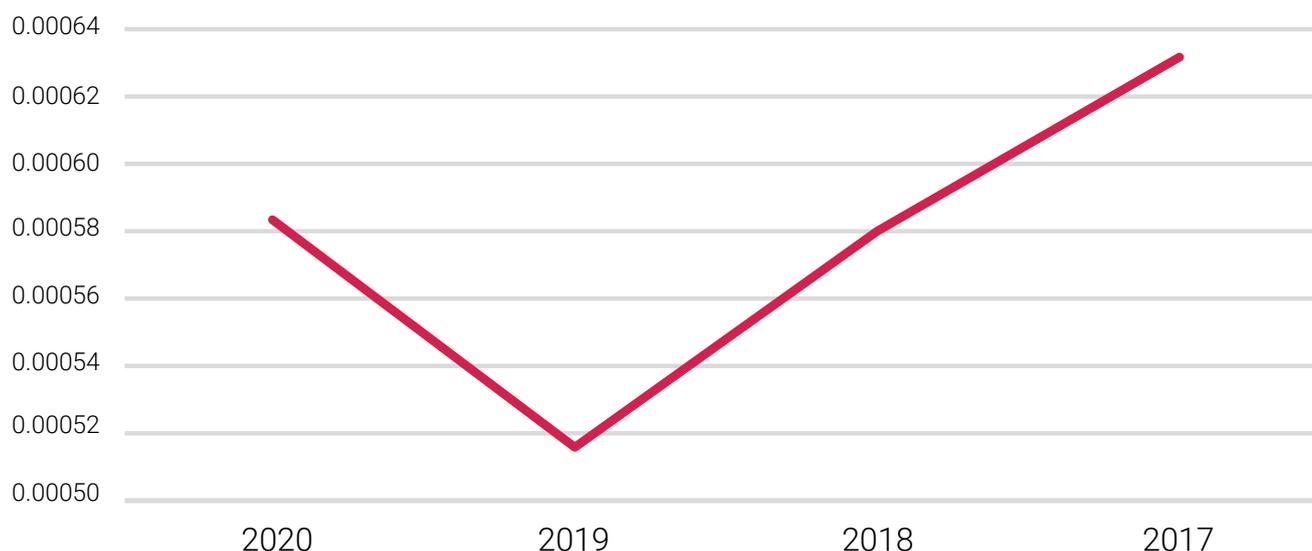
In 2020, we collected and sent for recycling 7.6 tonnes of paper and cardboard, which is 0.5 tonne less than in 2019. This was mainly due to the start of work from home because of the COVID-19 pandemic and the reduction of office paper use by more than 0.5 tonne in 2020.

In 2020, we managed to collect and send for recycling 11.1 tonnes of plastic and plastic packaging, which is 1.5 tonnes more than in 2019. We believe that it is also partially related to COVID-19 pandemic – due to the ban on eating at Vlantana cafeteria, food was packed

in disposable plastic packaging for take-away, also a large quantity of plastic packaging resulted from disinfectants and other protective measures. We also believe that the awareness and knowledge of our employees on sorting of waste is growing each year, more and more waste, especially plastic, is being sorted and does not go to dumps together with household waste.

Environmental impact. During its operations in 2020 Vlantana directly emitted about 112 thousand tonnes of CO₂ into the environment, i.e. 8% less than in 2019, even though the intensity of CO₂ (tonnes CO₂e / income from sales) increased from 0.00051 to 0.00058.

CO₂ intensity: metric tonnes CO₂e / sales



05

Intermodal transportation. In 2020 we saved 33,000,000 kg of CO₂ by transporting cargo by intermodal transportation. Last year, we transported about 28 per cent of all cargo by ferries, and thus we contribute to the European Commission's goal of reducing CO₂ emissions by 30 per cent by 2030. Intermodal transportation contributes to the optimization of road safety and traffic flows.

In 2020 we saved 1,819,000 kg of CO₂ by transporting long-distance cargo by railway. Intermodal transportation helps to reduce CO₂ emissions and is a safe way of delivering cargo.

In 2020 we emitted 13,000 kg less CO₂ when transporting cargo with LNG-powered trucks.

Since Lithuania does not yet have a gas station where trucks could be filled with LNG fuel, in 2022/2023 we plan to set up LNG and LBG gas filling stations in our territory close to Klaipėda, nearby the main highway of the country - A1. A specific location is planned next to our currently operating gas station, and we have prepared a project.

In 2021 we plan to increase our fleet of trucks by 50 vehicles that are powered by such alternative fuel. These trucks will significantly contribute to the reduction of CO₂ emissions, and the possibility to use in them LBG (bio) gas will reduce CO₂ emissions to a minimum. So far the new trucks will be working in foreign markets where LBG filling stations network is developed best.



Safe and economical driving

In order to solve the lack of drivers issue in 2012 the Drivers Training Centre (VMC) was established, where about 1,500 drivers are trained annually. Some of them start from the basics of driving, and others only need to renew their qualification. The majority of trainees, about 95% of drivers, remain to work in the company. All drivers, regardless of their qualification, before beginning their work in the company receive training, if necessary, acquire needed driving categories, and have to listen to the eco-driving course.

The company successfully implements the road safety assurance system, there is a common responsible approach to the training of new drivers, the existing problems related to assurance of road safety and their reasons are analysed.

The competency centre has a road safety auditorium, modern training materials, stands, interactive demonstration and computer equipment, and new training vehicles. The training covers the topics of road traffic regulations, road safety, eco-driving, vehicle maintenance and structure. Practical driving instructors with many years of experience in international transportation develop safe, responsible and cultural driving skills, introduce the principles of eco-driving.

The eco-driving (a modern responsible and rational driving style, when the driver takes into consideration the dynamics of traffic flow, but at the same time drives safely, preserves the vehicle, and uses less fuel) course focuses on:

- Safety. After mastering the principles of eco-driving, driving becomes much safer, the chance of traffic accident reduces significantly, and the result is achieved without losing the driving dynamics.
- Economy. The trainees manage to save 5-25% of fuel (depending on the skills that the learner already has). Also, the vehicle is better preserved, therefore the expenses for repair and maintenance are reduced, and thus, the conditions for not increasing insurance price are created.
- Ecology. When fuel consumption reduces, the environmental impact reduces respectively, and less pollution ensures a better quality of life for society.
- Health. If the driver simply changed his/her approach to driving, he/she would remain more productive – the driver would less likely be in difficult situations which could lead to injuries or death, and also the driver would feel less stressed.
- Comfort. Much smoother ride that ensures significantly greater driving comfort.

Environmentally friendly sustainable measures for transport and logistics activities.

- Tire retreading and automatic tire pressure control. In 2020 compared to 2019 we reduced the number of utilized, i.e. obsolete, tires by 27% (> 30 tonnes).
- Electric stations for ensuring the proper temperature in refrigerated trailers – by using the electricity of the stations, in 2020 we did not emit about 290 tonnes of CO₂ into the environment, which would have been emitted if we had used diesel fuel.
- Solar batteries on the refrigerated semi-trailers' roofs – 1,000 semi-trailers with 40W solar collectors (power supply for GPS and temperature appliances).
- Intermodal transportation (CO₂ saving) - we have not emitted more than 35,000 tonnes of CO₂ by using ferries and railway.



Environmentally friendly sustainable measures for infrastructure.

- Solar water heating system – due to solar energy, we saved 3.5 tonnes of liquefied petroleum gas (LPG) in 2020, which would have been burned in order to prepare hot water for the administrative building and motel, and thus we did not emit into the environment more than 11 tonnes of CO₂.
- The use of excess heat from refrigeration equipment in warehouses for water and indoor heating - the use of compressor excess heat from cooled warehouses for administrative premises and water heating helped to save almost 1 tonne of liquefied petroleum gas (LPG); we did not emit 3 tonnes of CO₂ into the environment.
- In 2020 we have used 12 per cent less office paper than in 2019, which was greatly influenced by employee awareness.
- The replacement of a stationary breathalyser device with another one (no disposable test straws are used), in 2020 helped to save 20,000 units of plastic straws.
- The replacement of lamps to LED lights. The project to change the lighting system to LED, launched in 2020, will save about 50,000 kWh of electricity per year.

05

Investment in renewable energy sources.

- One of the main targeted and daily management operations is related to ensuring that the company, the employee and the community would become environmentally friendly and would be oriented to eco-energy consumption. As we begin from the main activity of the company – transportation – we assure that the whole fleet complies with the newest Euro VI standard, is fuel efficient, and helps to reduce CO2 emission to a minimum.
- For deliveries from and to the Baltic States the company uses intermodal transportation (by ferries), in order to ensure that thousands of long-distance deliveries would be made not by ground transportation. Only the very first and last kilometres of the route would be covered by road transport. In Europe we also use all railway network possibilities.
- Equally important step is investment in trucks that are powered by alternative types of fuel (LNG and LBG). The company has already acquired 15 such environmentally friendly trucks, and in 2021 it is planned to increase the size of the fleet of trucks powered by LNG fuel by more than three times. At the same time, the company plans to invest in construction of LNG and LBG gas station nearby the currently operating gas station that is in the company's territory. This will create opportunities for other companies to start using such trucks and, together with Vlantana, will save much more CO2 emissions in Lithuania and nearest countries.
- As the company carries out its daily activities, it consumes a lot of electricity, which is necessary to ensure the entire operation of the Logistics Centre. Currently the company is using 100% green energy, which it purchases from the supplier/producer of wind park, at the same time the company finishes its analysis and preparation to invest in the establishment of its own solar park. The company has about 5 ha of area on the roofs, where it is planned to establish a 2.5 MW solar power plant which would produce electricity for the company's needs.





Anti-bribery and corruption policy

The corruption prevention is regulated by the Code of Conduct and by the Ethics, Conduct and Equal Opportunities Policy.

We give priority to suppliers who practice honest and respectful employment:

- Who has a code of ethics;
- Who has implemented management system standards (ISO and others);
- Who has not received any fines due to the employee rights violation;
- Who has not received any fines due to the violations of environmental protection laws.

Business partners of the company follow the highest professional and ethical standards accepted in society, keep their agreements, and fulfil their obligations. They have the same or similar values, are interested in innovations, they are leaders and professionals in their area, they value quality, principles of sustainability and responsible business. The company values mutual respect and full cooperation. In order to be the leaders in logistics and transportation, we contribute to the development of appropriate supply chain innovations and tools in the logistics and transportation community.

In our business it is necessary to choose an appropriate supplier. Any supply chain is as strong as its weakest link, putting emphasis on the importance of choosing an appropriate supplier. Vlantana provides services of highest quality and requires the same from the suppliers, in order to ensure the continuity of business and best work of its clients.

We are sure that by focussing on managing supplier relationships, the value is created for all interested parties, which directly leads to better results.

The evaluation of actual and potential suppliers is an on-going process in the company. Our choice depends on various factors, such as the price-quality ratio, quality, reliability and service. The suppliers, which we constantly communicate with, are evaluated by their experience, and actual experience of cooperation with them. The potential suppliers are evaluated by determining their abilities, and such factors like the age of the company, financial data, reviews by previous clients and many more. The supplier analysis depends on potential expenses and value of the service. At all times, we strive to ensure that our goods and services would be the result of a transparent, objective, economical and timely process.

We treat suppliers fairly: we pay a fair price, we pay on time, and we solve problems that occur. We analyse the value/supply chain in order to assure that the applicable tariffs are sufficient for suppliers to meet their social obligations.

We treat consumers fairly: we provide unambiguous information, we live up to our obligations, we solve problems that occur.

We respect the ownership (property) rights – we pay fair price for the property that is acquired or rented.

07

Public relations and social initiatives

As it considers itself a responsible organization, Vlantana feels obliged not only to follow the principles of socially responsible organizations, but also to educate the public on responsible activities.

Sponsorship:

- Donation to National Public Health Centre (10,000 protective masks);
- Financial aid to support fund “Laikykitės medikai” (COVID-19);
- Donation to Subačiaus gymnasium (computers);
- Donation to animal shelter “Būk mano draugas” for the improvement of infrastructure.
- Donation to “Caritas” for improving the quality of life of the elderly;

Social initiatives:

- Cooperation with higher education institutions (student internships, employment opportunities);
- Participation in Gargždai city celebration (community activities);
- Social responsibility projects that are implemented within the company;
- Flu vaccines initiative – for all employees of the company;
- Road safety initiative #SafeDistance, which aim was to change the driving behaviour, and increase tolerance for other road users.

Sports activities and taking care of physical health.

The company created favourable conditions for employees to take up sports - play basketball, football or volleyball. Team-building events focus on promoting sports activities and a healthy lifestyle for employees.

Career days. Visits.

With career days and visits to our company we have contributed to the career days organized annually by Klaipeda State University of Applied Sciences and by Lithuanian Maritime Academy. 3 groups of students visited the company; they were introduced to the activities, the company’s territory, and various professions.

A visit by Mažeikiai Business Association. 14 entrepreneurs from Mažeikiai district municipality visited the company; an excursion and meeting with company’s managers was organized, in order to introduce them to company’s activities, share good practices and ideas.



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