



**UNITED NATIONS
GLOBAL COMPACT
COMMUNICATION
ON PROGRESS 2016**

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This is our **Communication on Progress** in implementing the Principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

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STATEMENT OF CONTINUED SUPPORT

I'm pleased to confirm that Girteka Logistics reaffirms its support of the ten principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual communication on progress, we describe our actions to continually improve the integration of the Global Compact and its principles into business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication. As an example then we have created our CSR report based on the Global Compact COP, and not only publish this on all our communication channels, but as well actively share this with our clients, employees and stakeholders.

During the last year our company celebrated its 20th anniversary. We have since our start in 1996 grown to be a sizable leader in our industry. This position creates expectations and responsibilities from our stakeholders and more importantly from within. We take our leadership position serious and during the last year we have continued to do so by investing our time and resources in many interesting projects.

Corporate Social Responsibility has in recent years taken a higher interest in our company, this year as we publish our second COP to the UN Global Compact site, we take extra pride in projects such as our Lithuanian Traffic Safety day held together with the Lithuanian Police.

At Girteka Logistics we were 8000+ employees at the end of 2016, who work all over the European Union and beyond. With our employees in front we have realized and discovered how much we can do to be a responsible employer and corporate citizen while uniting around our values THINK. ACT. LEAD.

We contribute not only by investing in environmentally thought out operations, or by ensuring that our new buildings are highly energy efficient but as well by engaging with our employees to create or engage in relevant CSR projects.

During 2017 we will further our CSR engagement both locally and internationally where we operate as a company. We have a number of innovative projects being planned, this includes a strong focus on the environment and traffic safety.

Once again I would like to reiterate Girteka Logistics continued support for the UN Global Compact, as well as for the Ten Principles. Those Principles are a guideline for all our business entities and we use them as we guide our efforts on corporate responsibility.

We enjoy our ability to positively support and impact people on a daily basis.

Best Regards
Edvardas Liachovičius



CSR AT THE HEART OF OUR ACTIVITY: ANNUAL PROGRESS AND OUTCOMES

This section highlights Girteka Logistics 2016 progress towards the UNGC and the Ten Principles in each of the four issues: Human Rights, Labour, Environment, and Anti-Corruption. For each area we discuss our assessments, policy and goals as well as our implementation and measurement outcomes.

We are proud, that throughout the year our employees expressed their assent for social commitment. Regardless of where they work, everyone at Girteka Logistics takes part in our CSR initiatives. This creates opportunities to achieve even more in 2017.



HUMAN RIGHTS

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.

Girteka Logistics is proactive in its commitment to employee safety. Those areas of our business most exposed to safety risks have developed tailor-made awareness information and training resources. Even so, safety must remain our key priority for the future. Whether on the road, our own sites or on those of our clients – Girteka Logistics is committed to continuous improvement.

GIRTEKA LOGISTICS ENSURES THAT:

- Employees are provided with safe, suitable and sanitary work facilities.
- Employees at Girteka Logistics are protected from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats.
- Measures are taken to eliminate ingredients, designs, defects or side-effects that could harm or threaten human life and health during usage or disposal of products as well as while providing services.



IMPROVING WORKING CONDITIONS FOR OUR DRIVERS

Drivers are our biggest employment group and account for approximately **80%** of our workforce, we consider them our company's frontline Ambassadors. We have during the last year made a number of significant investments in order to provide a better working climate for our drivers. This included buying more than 1.100 new trucks with better safety equipment, and improved comfort for drivers.

Another investment highly tailored towards improving working conditions for our employees is our new facility in Siauliai, Lithuania. This new office includes highly improved facilities for our drivers, such as a lounge, shower facilities and even a laundry area. We also improved the on-the-road facilities with dedicated parking places in areas like Finland and the Netherlands.

EQUAL OPPORTUNITY EMPLOYER

Girteka Logistics is an equal opportunity employer that welcomes everyone, regardless of nationality, religion, gender or sexual orientation.

With headquarters in a small country like Lithuania we are proud to employ 15+ different nationalities working together to provide excellent service to our clients. We employ people from Finland, Ukraine, Russia, Latvia, Chile, Argentina, Denmark, Norway, France and several other countries. Being an international company we are often a preferred employer for young Lithuanians who has studied abroad and return with new knowledge and language skills.

We employ a large amount of drivers from different nations. We realize that transport and logistics is historically a male dominated industry, however in recent years we have seen an increase in female drivers. In our headquarters and other office locations we have a much different situation where female employees almost equal male employees. We only offer employment and promotion based on skills and experience.

MEASUREMENT AND FUTURE GOALS

During 2016 we took further actions to raise awareness among employees on human rights and employee safety. Further focus on LEAN projects have enabled us to communicate with and listen to the ideas from our employees via their KAIZEN suggestions, resulting in a number of serious improvements. An example of such improvements is creation of a special training centre for using of snow chains and more.

We have continued to post special articles on our intranet and various informational posters in warehouses, service centres and driver rest-stops. Nevertheless, we understand that it

is an ongoing process and we are determined to continue our efforts.

We continued our efforts to implement our Code of Conduct, and as well published an updated version with several improvements and corrections.

One of our aims for 2017 is to enhance employee participation and understanding of human rights and employee safety.



LABOUR

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4

The elimination of all forms of forced and compulsory labour;

PRINCIPLE 5

The effective abolition of child labour; and

PRINCIPLE 6

The elimination of discrimination in respect of employment and occupation.

Girteka Logistics respects and values the individuality and diversity that every employee brings. We do not tolerate any form of discrimination, and we seek to create a positive as well as open working environment wherever we operate.

GIRTEKA LOGISTICS ENSURES THAT:

- The company does not participate in any form of forced or bonded labour, as well as do not accept child labour.
- Wages comply with minimum national standards.
- Employment-related decisions are based on relevant and objective criteria.
- Employees are granted freedom of association.

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807	Personalas
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001	Kasa 1

IMPROVED ROAD SAFETY TROUGH ONLINE TESTING

Girteka Logistics Drivers Academy who annually trains more than 4.000 drivers (who participated in more than 8000 courses) in various skills implemented online training modules for drivers.

Using tablets for tests ensure fast and correct registration of their results and eliminates mistakes.

The first steps has been to provide tablets to the drivers for using in tests taking place in the various locations of the driver's academy.

Our driver's academy is the heart and soul of Girteka Logistics, here they ensure that all drivers are trained to the high level expected by our clients around Europe and Scandinavia.

HEALTHY LIFESTYLE THROUGH SPORTS

In Girteka Logistics we value a healthy lifestyle and support our employees sport activities. During the year we support a number of sports activities from Basketball to football teams. We also have Girteka Logistics teams joining the Vilnius Marathon, and Vilnius Bicycle marathon.

This healthy lifestyle is evident and visual in all our activities, as an example then our employee summer party is focused around sports activities. Our head office education academy even doubles as a yoga facility afterhours for our employees.

GENDER BALANCE

Gender balance has a high priority in Girteka Logistics. In management positions we have 41.07% female employees, but can still improve in our top management positions where we only have 31.82% women. We are not satisfied with the number of female drivers

where we have only 0.63% women employees, we will actively seek to increase this number. We believe that a diverse workforce is a strength for our company.

MEASUREMENT AND FUTURE GOALS

Girteka Logistics has labour unions within the company that every employee is free to join. Labour unions are granted independence and collective agreements are signed.

We have a wide scope of employees with different nationalities and cultural backgrounds, our aim is to further develop our achievements in cultural and gender diversity.



ENVIRONMENT

- PRINCIPLE 1** *Businesses should support a precautionary approach to environmental challenges;*
- PRINCIPLE 2** *Undertake initiatives to promote greater environmental responsibility; and*
- PRINCIPLE 2** *Encourage the development and diffusion of environmentally friendly technologies.*

Measures to minimize adverse impacts on human health and the environment are taken throughout the value chain. This includes minimizing pollution, promoting an efficient and sustainable use of resources, including energy and water, and minimizing greenhouse gas emissions in transport. The local environment at the production site, warehouse or the garage shall not be exploited or degraded.

GIRTEKA LOGISTICS ENSURES THAT:

- Environmental damage is avoided via regular maintenance of supply-chain and environmental protection system (air pollution control, waste, water treatment systems, etc.).
- Emergency procedures are created to prevent and address accidents affecting the environment and human health.
- Handling and storage of chemical and other dangerous substances is done in accordance to international requirements and rules (Girteka Logistics holds ADR certificate).

ROAD SAFETY DAY WITH THE LITHUANIAN POLICE

Girteka Logistics Drivers Academy together with the Lithuanian Police created a road safety day in Siauliai, Lithuania. The day focused on road safety for school children, and included our Drivers Academy educating their trainers in blind spot detection and accident prevention.

Children from local schools learned about road safety and how to safely behave in the traffic. Local police participated with expertise, equipment and sharing of best practice.

As traffic safety is of the highest importance for our company, we used this event to improve our company's Drivers Academy understanding of how to protect children in the traffic. During this event we also educated local school children in how to be aware of heavy equipment in the traffic.

The event introduced safe behavior to the children, and also allowed children to see and try the equipment used by Girteka Logistics and the Police. Each child had an opportunity to personalize their own safety vest to make it fashionable enough to be worn every day.

SUPPORTING LOCAL CULTURE

Girteka Logistics is not just an international transport company, we are also a large employer engaged in supporting local culture. During the year we supported musical festivals such as Loftas and Beepositive by providing use of our trucks and trailers as a music stage. We also supported our movie industry by allowing a major movie "Zero 3" to be filmed in our headquarters.

SHARING OF EXPERIENCE

This year Girteka Logistics participated in the career days of two universities in Lithuania, Vilnius University and Vilnius Gediminas Technical University. Practitioners from Girteka Logistics shared their experience and expertise, and provided students with some career tips that might help them in the future.

As part of career Days in VU and VGTU we had interactive workshops, where students had a chance to manage our realistic everyday

work-life situations. During these workshops their roles varied from HR, marketing specialists to planners and sales managers. We received great feedback from the participants; after all, it's true, that you learn better by doing.

Girteka Logistics strive to be transparent and have an open door policy, we therefore had a number of visitors including members of Salesclub.lt and marketing students from ISM University.

ENVIRONMENTAL FOCUS

We have a continuous aim to further reduce our environmental impact by lowering CO2 emissions. Girteka Logistics only buy Euro 6 emission standard trucks, and during 2016 we invested in more than 1,100 such new trucks. We also continue to use fuel saving initiatives such as the Eurotunnel Le Shuttle Freight, ferries and trains. We are among the leaders in eco driving training and have measurable efforts from this training.

We also invest in the most fuel efficient cooling units for our trailers, even using solar panels to power these units. Our new office and truck maintenance facility in Sauliai, Lithuania is a highly energy efficient building, and exemplifies our efforts towards reducing our energy consumption.

MEASUREMENT AND FUTURE GOALS

We believe that the best measurement of environmental impact can be seen in our asset based investments. We only invest in new highly energy efficient buildings and operations. This includes environmentally correct collection, treatment and disbursement of any hazardous waste.

We continue to strive to have the most energy efficient fleet of trucks and trailers in Europe,

we invest considerable resources in training our employees in using this equipment to the highest standards.

During 2017 we will continue our commitment, investments and resources to reach these goals.



ANTI-CORRUPTION

PRINCIPLE 10 *Businesses should work against corruption in all its forms, including extortion and bribery.*

As a transport and logistics industry leader in Europe, we understand that Girtaka Logistics has to set the highest standards of ethical business. Our employees are trained and expected to familiarize themselves with the ethical business standards and uphold them in their day-to-day work. Our Code of Conduct is used as the foundation for our training on these subjects, and have been updated during 2016. The Code of Conduct is available for download on our company website.

GIRTEKA LOGISTICS ENSURES THAT:

- Company is not involved in and does not accept corruption when doing business.
- “Anti-corruption” and/or “ethical behaviour” measures are mentioned while agreeing on contacts business partners.
- Internal procedures are established to support the company’s anti-corruption commitment

COMMUNICATING WITH THE COMMUNITIES WHERE WE OPERATE

Girtaka Logistics on average have up to 100 trucks and trailers in each European Union country every day. We wish to communicate with these communities, and have an opportunity to listen to any suggestions for improvements. We therefore initiated to have a sticker on each trailer with an email where any concerns, comments or compliments can be

addressed. We generally provide responses in a very short timeframe to such emails, and use them to communicate with our drivers and implement improvements.

We also internally provide open and anonymous communication channels to all employees for any issues.

MEASUREMENT AND FUTURE GOALS

We believe that a continued strong focus on our procurement operations has a high importance, we must balance our negotiations and ensure transparent and open procurement procedures.

countries, we believe we must monitor this area and educate our employees and management on a continual basis.

As a company we participate in numerous tenders and transactions in many different

In 2017 we will reinforce awareness of our values and our code of conduct by including this in our education activities for all employee groups.

ABOUT GIRTEKA LOGISTICS

Girteka Logistics is a financially strong and reliable family owned group of companies that during more than 20 years has grown to more than 8.300 employees, and having clients all over Europe.

Our customers range from local producers to big international companies with major regional distribution centres. Our clients are mainly located in the European Union and CIS region where we focus on a long distance full truck loads. Our extensive network of routes caters to our client needs from the occasional or weekly truck to big clients having 10.000+ full truck loads per year or more.

On a daily basis Girteka Logistics have employees, trucks and trailers in more than 30 countries ensuring that our clients receive their valuable cargo on time.

Girteka Logistics thrive due to the high skills and dedication shown by our employees every day throughout our value chain. From the driver spending days away from his family in order to deliver fresh fruits or fish to European families to the warehouse employees working closely with customs inspectors to clear goods, their daily dedication embodies our slogan WE CARE.





CORPORATE PHILOSOPHY

WE CARE is both our slogan and main principle, on which we build our business strategy. This principle is enhanced by four core pillars, guiding us in daily processes and helping with all decisions. These are Services, People, Results and Future.





OUR MISSION, VISION AND VALUES COME FROM OUR MAIN PRINCIPLE AND CORE PILLARS. WE BELIEVE IN THEM AND PROMOTE THEM THROUGHOUT THE COMPANY.

MISSION

We work to help our customers to be more competitive while focusing on excellence in logistics and investing in the development of our employees and technological resources.

VISION

To be a trustworthy enterprise in the fast-changing logistics industry, and to accomplish expectations of our customers, employees, partners and communities.

VALUES

THINK.

We pursue to excel in all areas of our business
We combine best solutions for each and every client
We plan and achieve best results, but focus on the process as well

ACT.

We invest in technology and innovative management practices
We take responsibility and achieve what was promised
We aim to deliver on time, but safety is priority in planning

LEAD.

We are flexible and take individual approach to every request
We help each other to be leaders in our work
We act responsibly towards environment and communities

LEANING TOGETHER WITH OUR EMPLOYEES AND CLIENTS

Operating Girteka Logistics is a complex task on a daily basis. On an average day we have between 50 to 100+ trucks and trailers in each single European Union country and still have some left for the other countries where we work. The work of arranging pick-up and delivery of 250.000+ annual full truck loads and understanding and respecting the little unique things required in every country and at each loading place, is a major task.

Planning towards excellence in CSR and a safe work environment for our employees, together with higher quality standards we understand that these challenges will only increase. Adding to this complex national and international laws and requirements such a cabotage and drive and rest requirements and you understand why we have started to **LEAN** forward.

This journey for Girteka Logistics started with visits by our top management to Japan, to learn best practice both in theory and by visits to leading companies. Since then, each and every business unit of our company have their own **LEAN** champion, understanding and focus. From the outset of our **LEAN** journey the main goal has been to deliver greater added value to our clients and increase our competitive advantage by using fewer resources.

In our garages where we perform warranty service, repairs and safety inspections on thousands of trucks and trailers every year we

have modified, visualized and standardized the working space for each person.

In our commercials departments where they arrange up to 1.000 new truck loads in a single day, every client dedicated team of five to seven people have their own **ASAICHI** board with key performance indicators visible for all to see.

Our warehouse operations are **LEANer** than ever and everyone here understands that **PDCA** means, **PLAN, DO, CHECK, ACT** every single day.

We understand that a good process bring good results. To generate ideas we have a strong **Kaizen** culture that enable all levels of employees to proactively participate in problem solving and make suggestions for improvements. We want all aspects of **LEAN** to act as an interface for our employees to generate ideas on how to improve their daily processes, and thereby enabling the entire company to work more efficiently.

Every department and individual team have a daily **ASAICHI** meetings taking no longer than 10 minutes in the morning where they identify problems or challenges. During the **ASAICHI** meetings we appoint responsible problem solvers and timelines. This ensures that no problem or mistake goes unsolved for longer periods of time, and help us show our clients that we care about operational excellence.



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WE
CARE.