



TEO LT, AB
CORPORATE
SOCIAL
RESPONSIBILITY
REPORT 2008

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THIS REPORT IS INTENDED FOR THESE STAKEHOLDERS:

- Clients
- Employees
- Investors
- Suppliers
- Business and social partners
- Society

All stakeholders may send their remarks, questions, comments and other information concerning the corporate social responsibility by e-mail or snail mail.

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THE SCOPE OF THE REPORT

This Report is already the third Corporate Social Responsibility Report of TEO LT, AB (hereinafter – TEO or Company) that covers the Company's corporate social responsibility projects and activities in the areas of ecology, social responsibility and environment protection in 2008 (from 1 January to 31 December inclusive). The data of TEO subsidiaries are not included in this Report. It is planned to commence providing such data in the next three years.

The Report, presented in Lithuanian and English, is placed on the Company's website from April 2009 in a PDF format. It is also provided for the employees on the intranet. In order to save natural resources, the Report is not printed, but is recorded on an USB flash drive, which is made available to all interested parties – the Company's customers, employees, investors, suppliers, business and social partners, as well as all others interested.

The preceding Corporate Social Responsibility Report of TEO was published in April 2008 and encompassed the Company's socially responsible activities in 2007. The Company publishes corporate social responsibility reports once per year.

This Report has been drawn up according to the guidelines of the Global Reporting Initiative (GRI) which define social responsibility as the measurement, disclosure and reporting of a company's sustainable development practice to internal and external stakeholders.

We declare that this report meets the requirements of Application Level C of the Global Reporting Initiative (hereinafter – GRI). The Application Level was determined by means of self-assessment. The independent audit of this Social responsibility report has not been made.

		REPORT APPLICATION LEVEL					
		C	C+	B	B+	A	A+
STANDARD DISCLOSURES	G3 PROFILE DISCLOSURES	REPORT ON: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	STAGE II REPORT EXTERNALLY ASSURED	REPORT ON ALL CRITERIA LISTED FOR LEVEL C PLUS: 1.2 3.9, 3.13 5.4-4.12, 4.16-4.17	STAGE IV REPORT EXTERNALLY ASSURED	SAME AS REQUIREMENT FOR LEVEL B	STAGE VI REPORT EXTERNALLY ASSURED
	G3 MANAGEMENT APPROACH DISCLOSURES	NOT REQUIRED		MANAGEMENT APPROACH DISCLOSURES FOR EACH INDICATOR CATEGORY		MANAGEMENT APPROACH DISCLOSURES FOR EACH INDICATOR CATEGORY	
	G3 PERFORMANCE INDICATORS AND SECTOR SUPPLEMENT PERFORMANCE INDICATORS	REPORT ON A MINIMUM OF 10 PERFORMANCE INDICATORS, INCLUDING AT LEAST ONE FROM EACH OF: SOCIAL, ECONOMIC AND ENVIRONMENTAL.		REPORT ON A MINIMUM OF 20 PERFORMANCE INDICATORS, INCLUDING AT LEAST ONE FROM EACH OF: ECONOMIC, ENVIRONMENTAL, HUMAN RIGHTS, LABOUR, SOCIETY, PRODUCT RESPONSIBILITY.		RESPOND ON EACH CORE G3 AND SECTOR SUPPLEMENT INDICATOR WITH DUE REGARD TO THE MATERIALITY PRINCIPLE BY EITHER: A) REPORTING ON THE INDICATOR, OR B) EXPLAINING THE REASON FOR ITS OMISSION.	
REPORT IMPROVEMENT STAGES		STAGE I		STAGE III		STAGE V	

GENERAL MANAGER'S WORD



I would like to present for your attention the report of TEO that reflects the Company's activities in the area of corporate social responsibility and sustainable development in 2008.

For Lithuania's economy, the year 2008 was contradictory, restless, with a rapidly deepening recession at the end of the year. In that fast-declining economic context TEO managed to ensure a stable business growth, complete the year with excellent financial results, which consequently ensured the possibility for the Company to carry out projects in the areas of social partnership, information society development, ecology and in other socially relevant areas. Personally I would like to call your attention to our two major activities – a complex programme, carried out by TEO last year, for the development of volunteering in Lithuania and the project Save Resources and Change Yourself, aimed at promoting environmental behaviour and natural resources saving among the Company's employees.

Last year TEO also consistently developed its corporate social responsibility as a specific management discipline - a position of Corporate Social Responsibility Projects Manager was established, and a transition was made towards planned and regular activities.

On the following pages of this Report, you will find detailed information about these and other works of TEO in the social area. I could finish here, but before that I would like to share with you one more idea, which is important for me personally.

As the global and Lithuanian economy have fallen into the pit of recession, economic theorists and expert have turned their eyes on systematic issues, mainly concerning financial markets and the processes ongoing there, and – the problematic issue of determining regulatory mechanisms for new markets. To my understanding, the roots of the current crisis should be sought, primarily, in the unbalanced business practice and culture. Crises occur as a result of excessive greed and artificial "inflation" of financial and other markets, when no one cares about consequences and seeks only fast and short-term profitability, mostly at the expense of other market participants. When business lacks the self-regulation, based on corporate social responsibility and morality, it is hardly possible to create such "new rules of the game", which would guarantee even economic development for a long time.

The current crisis is nothing more than returning to normal and consistent economic development, to mature management, the main target of which – not to seek a huge profitable growth, but to retain in balance the existing long-term value of the Company or of the market. I think that the newest management fashion will be called "creation of a long-term economic value and its preservation for future generations" and it will, more than ever before, be supported by the principles of corporate social responsibility and sustainable development.

Arūnas Šikšta

General Manager of TEO LT, AB

TEO ATTITUDE TOWARDS SOCIAL RESPONSIBILITY

TEO sees social responsibility as a coherent, long-term activity strategy, which is primarily reflected in the Company's philosophy:

TEO VISION

YOUR BEST PARTNER IN COMMUNICATING WITH THE CONSTANTLY CHANGING WORLD

By employing the most modern technologies we enable our customers to reach people, knowledge and entertainment

TEO MISSION

TO CREATE VALUE FOR SHAREHOLDERS AND CUSTOMERS BY PROVIDING PROFESSIONAL AND HIGH-QUALITY TELECOMMUNICATIONS, TV AND IT SERVICES

TEO VALUES

OPENNESS, RELIABILITY, BUSINESS MINDED, PARTNERSHIP

In implementing the culture as well as practice of socially responsible business in the Company and its environment, TEO takes into consideration the social and environment protection aspects of business, assumes responsibility for the short-term and long-term consequences of its activities as a market participant, as an employer, as a consumer and as a society member.

Thus TEO implements its social responsibility through purposeful corporate behaviour in the following four main areas, which are established in the Company's Corporate Social Responsibility Policy:

- market
- environment protection
- relations with employees
- relations with society.

In its daily activities, TEO follows the following documents:

- Corporate Social Responsibility Policy of TEO
- Code of Ethics of TEO
- Guidelines of Social Responsibility Policy of TeliaSonera
- Principles of the United Nations Global Compact
- Guidelines of the Global Reporting Initiative (GRI) (for reporting on corporate social responsibility)
- The Environmental Charter of the European Telecommunications Network Operators' Association (ETNO)
- Code of Advertising Practice of the Republic of Lithuania.

STRATEGIC DIRECTIONS AND TARGETS

In planning the long-term and short-term targets of the Company's corporate social responsibility, TEO takes into account the Company's business strategy, corporate social responsibility policies, international and national obligations in the area of corporate social responsibility, as well as the overall economic, social and environmental situation in the country and the world.

AREAS	Strategic directions	Actions accomplished in 2008 (summary)	Objectives for 2009
MARKET	To reduce the digital divide of technologies	* Divide reducing technologies (FTTH , DVB-T) were installed * Contribution to Internet infrastructure development projects (RAIN) was made	* Further installation of divide reducing technologies (FTTH, DVB-T) * Contribution to implementation of Internet infrastructure projects
	To implement the measures helping customers use the Internet safely	* Services in this field (Triple protection, others) were introduced * Participation in the European Commission (EC) programme Safer Internet LT	* Initiation of the tour Safer Internet Academies on Wheels round Lithuania * Release of educational publication intended for Internet beginners * Contribution to implementation of the project Libraries for Progress promoting Internet use in rural areas
ENVIRONMENTAL PROTECTION	To save natural resources	* Water, paper consumption was reduced if compared with 2007	* Transition to the use of certified environmentally-friendly paper for office needs * Reduction in paper consumption for office needs by 10% * Consumption of water per one employee not exceeding the level of 2008 * Electricity consumption not exceeding the level of 2008
	To reduce CO ₂ emissions into the environment	* Reduction in fuel consumption for the needs of the Company's transport fleet * Reduced emission of pollutants from cars	* 10% reduction in fuel consumption by TEO vehicles * 10% reduction in pollutants emitted by TEO vehicles * Reduction in the number of business trips by car and plane, replacing them with modern, environmentally-friendly ways of communication - video, teleconferences, internet, etc.
	To promote waste sorting in the Company and utilizing	* Installation of a waste sorting system in six buildings of the Company in Vilnius * Campaign of personnel information on this subject was conducted	* Completion of a waste sorting system installation in the Company * Continuation of personnel information about sorting possibilities and advantages
	To involve employees into environmental protection projects	The project Tausok ir keiskis (Save Resources and Change Yourself) was launched by the Company	* Increase of personnel involvement into the project Tausok ir keiskis (Save Resources and Change Yourself) * Encouragement of personnel and their family members to take part in environment cleaning campaigns including outside the boundaries of the Company
	To include environmental protection criteria into the Company's procurement procedure	Additional environmental criteria were developed	Approval of additional environmental ("green") criteria in the Company's procurement procedure

EMPLOYEES	To increase the loyalty of employees	* Personnel loyalty survey was conducted	* Improvement of personnel loyalty rate
	To improve working conditions in the Company by creating a positive, healthy and safe working atmosphere	* Pay rise (above the market average) for majority of the employees * Replacement of computers * People employed by the Company for over a year were covered by additional health insurance	* Maintenance of the level of personnel pays, social funds and possibility for personnel to have access to additional social guarantees the same as in 2008
	To provide for employees the possibility to harmonize work and family life	Employees were provided with the possibility to start and finish their work at the time convenient for them	* Provision of a possibility for the Company's employees with minor children, disabled or elderly family members and experiencing financial difficulties to harmonise their work and family interests through participation in the UNDP programme Balance of Work and Family Responsibilities * Provision of employees' family members with a possibility to benefit from additional social benefits, similar conditions as the Company's employees
	To strengthen the relationship with its employees, ensure them the opportunity to provide feedback	* Employees were polled on interdepartmental co-operation * Christmas events for employees and their children were organised	* Organisation of a cycle of meetings of the Company's management and employees in order to ensure a smooth and constructive dialogue * Strengthening of co-operation among the Company's units through organisation of personnel's training in this field, co-operation appreciation and promotion * Increase of awareness of career opportunities within the Company via internal communication channels
	To invest in competence improvement of employees	* Number of TEO employees involved in training increased, training duration per one TEO employee increased * Share of funds allocated for personnel's qualification improvement increased	* Allocation of funds for personnel training and development at no lower level than in 2008 (excluding EU support) * Assurance of a conversation for every single employee with his/her superior on assessment of his/her yearly performance and prospects for next year's activities and development of competences
SOCIETY	To promote the idea of socially responsible business all over the country	Involvement in the activities of the National Network of Responsible Business	Presidency over the National Network of Responsible Business in pursuit of more active co-operation of companies and consolidation of social responsibility reporting traditions
	To promote volunteering internally in the Company and externally	* Preparation of the research illustrating the situation of volunteering activities in Lithuania * Summoning of an international conference * Release of a publication	* Promotion of the Company's personnel to take part in volunteer social activities * Propagation of volunteering ideas outside the Company
	To implement projects, promoting development of future leaders	Projects in this field, initiatives (school children's IT competition Beaver, youth entrepreneurship competition Profas, etc.) were launched or continued.	* Continuation of the projects and initiatives in this field
	To promote social co-operation with local communities	Projects in this field, initiatives (town festivals, cultural, social solidarity and other projects) were launched or continued	* Continuation of launched projects and initiatives in the field of cultural, social solidarity, charity, support to local communities, contribution to implementation of new projects in this field * Contribution to support of the Lithuanian millennium events
MANAGEMENT	To implement the Corporate Social Responsibility Policy and activity principles in the subsidiaries companies of TEO Group	* Analysis of TEO social responsibility management was conducted * Establishment of the Corporate Social Responsibility Project Manager's position	Appointment of persons in the companies of TEO Group in charge of regular provision of information on social responsibility issues
	To improve TEO corporate social responsibility reporting in accordance with the Global Reporting Initiative (GRI) guidelines	* Analysis of TEO social responsibility reporting was conducted * Regular monitoring of GRI (environmental) was planned	* Expansion of the list of GRI regularly monitored in the Company by including a bigger number of economic, social initiatives



TEO AT A CLOSER LOOK

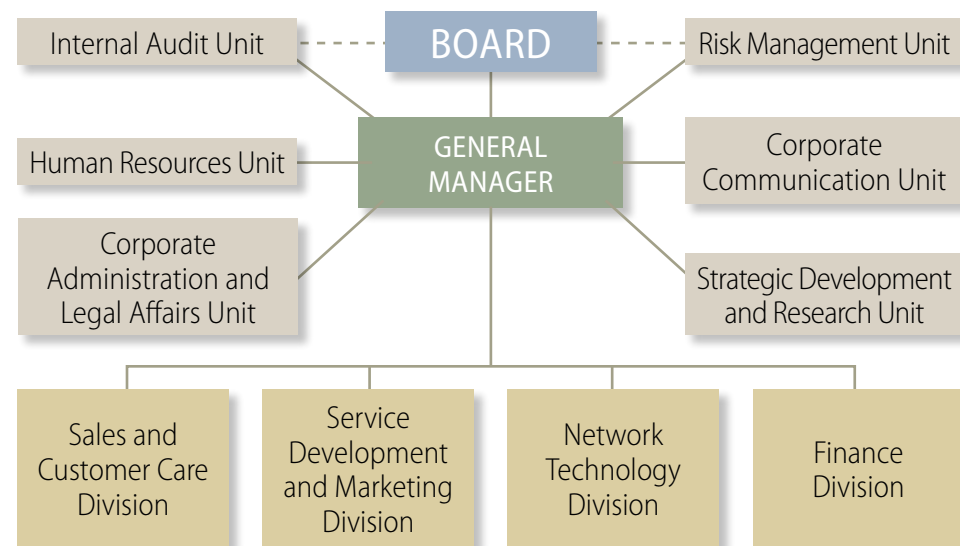
TEO LT, AB is the largest provider of integrated telecommunication, IT and TV services in Lithuania.

MAIN BRANDS AND SERVICES OF TEO:

- VOX – voice telephony services for residential customers within TEO network.
- ZEBRA – Internet services for residential customers: High-speed Internet and Wireless Internet.
- GALA – television services: digital terrestrial television (DVB-T) service Digital GALA and Internet television (IPTV) service – Interactive GALA.
- TEO VERSLAS – services and solutions for business (voice, Internet, data communication and IT services).

TEO Head Office is situated at Savanorių ave. 28, Vilnius. The Company's services are available all over Lithuania.

TEO GOVERNANCE STRUCTURE



IMPORTANT EVENTS IN 2008:

- 6 February – approval of the Customer Communication Standard of TEO
- 7-8 February – main provider of IT and telecommunication services for the Meeting of NATO Defence Ministers in Vilnius
- February – June – renovation of 8 TEO customer care centres, 1 new centre opened
- March – launching of provision of the digital terrestrial television service Digital GALA
- March – launching of the environmental project Tausok ir keiskis (Save Resources and Change Yourself)
- April – cover of TEO Group personnel employed by the Company for at least one year with additional health insurance
- 29 July – launching of the renewed portal ZEBRA.LT
- August – arrival of a mobile customer care centre TEOBUSAS to Lithuania
- September – introduction of an Internet safety service Triguba apsauga (Triple Protection).

- The main shareholder of TEO is the largest telecommunication corporation in the Nordic and Baltic countries TeliaSonera AB, which indirectly owns 60 per cent of the Company's shares.

TEO GROUP

TEO LT, AB, the parent company of TEO Group, offers voice telephony, Internet, digital television, data communication, IT and network interconnection services in Lithuania. It is also the owner of the Internet portal www.zebra.lt.

Lintel is the largest provider of Contact Center services in Lithuania by business volumes and the most modern - by technologies and management. The company handles nearly 16 million calls per year. Lintel provides Directory Inquiry Service 118, IT Help Desk Service 1518. The company provides remote customer care solutions to its business customers.

Baltic Data Center is the leading data center and information systems management service provider in the Baltic States. Professional services provided by Baltic Data Center comprise maintenance of data centres and computer-aided workplaces and IT Service Desk services for the big business segment.

On 3 January 2008, TEO acquired **Nacionalinė Skaitmeninė Televizija** (National Digital Television) which has two licences for re-broadcasting of television channels via digital terrestrial television (DVB-T) networks. From March 2008, Nacionalinė Skaitmeninė Televizija provides the digital terrestrial television

service Digital GALA. From the end of 2008, this company was integrated into TEO LT, AB.

Kompetencijos Ugdymo Centras

provides training and consultancy services, organises certified training. Kompetencijos Ugdymo Centras is one of the largest employees' development institutions in Lithuania.

TEO Sportas manages women's basketball team TEO – multiple Lithuanian and Baltic champion of women basketball, participant of the women's EuroLeague. TEO is the sole founder of non-profit organisation VšĮ TEO Sportas.

EMPLOYEES

On 31 December 2008, the total number of employees in TEO Group was 3,332

The number of employees in TEO Group

TEO LT, AB	2,183
UAB Lintel	934
UAB Baltic Data Center	186
UAB Kompetencijos Ugdymo Centras	22
VšĮ TEO Sportas	7

Main financial and operating results of TEO Group

	2008	2007	Change (%)
Revenue (thousand LTL)	826,267	793,450	4.1
Net profit (thousand LTL)	159,908	162,830	(1.8)
Capitalization (thousand LTL)	945,299	1 931,343	(51.1)
Number of telephone lines in use	767,805	788,946	(2.7)
Number of broadband Internet users	298,080	258,819	15.2
Number of IPTV service users	66,677	17,453	282.0
Number of wireless Internet access points	4,203	3,182	32.1
Number of employees at the end of the period	3,332	3,177	4.9

2008 AWARDS

In 2008, TEO was recognized and received the following awards:

- THE BEST IN THE COMMUNITY OF THE YEAR
National Socially Responsible Business Awards 2008, category of big companies
- THE MOST EFFICIENTLY MANAGED COMPANY
Most Respected Lithuanian Company Awards 2008
- THE MOST RESPECTED COMPANY
Most Respected Lithuanian Company Awards 2008, public opinion poll
- BEST INVESTORS RELATIONS BY LITHUANIAN COMPANY
IR Magazine Awards
- BEST INVESTOR RELATIONS IN LITHUANIA
OMX Baltic Market Awards 2008

TEO GOVERNANCE

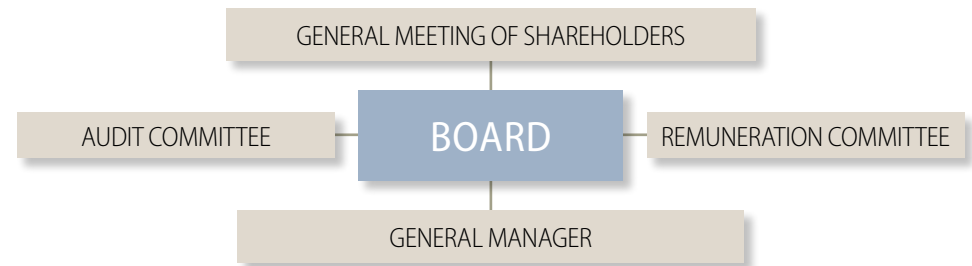
According to the By-Laws of TEO LT, AB, the Company's governing bodies comprise the General Meeting of Shareholders, Board and General Manager. Resolutions of the General Meeting of Shareholders, made regarding the matters within the competence of the General Meeting of Shareholders provided for in the By-Laws of the Company, are binding upon the shareholders, Board, General Manager and other officials of the Company.

The annual General Meeting of Shareholders is convened each year, no later than within four months from the end of each fiscal year, i.e. 31st of December. The

Board of the Company consists of seven members elected for a two-year term at the General Meeting of Shareholders.

The Board institutes the following two committees: Audit and Remuneration Committees. Each committee consists of three Board members. The Company has its internal auditors. An independent external

auditing company is elected by the ordinary General Meeting of Shareholders. The Board elects and recalls the General Manager, who organises the activities of TEO within his/her powers. The Management Charter approved by the General Manager defines the duties and authority of the General Manager and his/her Deputies as well as other officers of the Company in more details.



MEMBERSHIP IN ORGANISATIONS

In 2008, TEO was member in the following Lithuanian and international organisations:

ORGANISATIONS OF THE REPUBLIC OF LITHUANIA:

- Association Investor's Forum
- Infobalt Association
- Lithuanian Advertising Association Advertising Bureau
- Vilnius Chamber of Commerce, Industry and Crafts
- Lithuanian Museum Association
- National Network of Responsible Business in Lithuania

INTERNATIONAL ORGANISATIONS:

- European Telecommunications Network Operators' Association (ETNO)
- IPLC OSS Forum (International Private Leased Circuit One Stop Shopping Forum)
- ETRF (European Telecoms Risk Forum)
- European Network Planning Meeting (ENPM)
- Global Telecommunications Meeting (GTM)
- European Peering Forum
- UNPD Global Compact

CORPORATE SOCIAL RESPONSIBILITY ON THE MARKET

The implementation of modern Internet and TV technologies and the services improved and developed on their basis in the course of 2008 provided an opportunity for the Company's customers to reach people, knowledge and entertainment, and together helped reduce the digital divide.



Progress on the market in 2008:

- all the main indicators of the services' quality were improved (information on which is regularly provided for the Communications Regulatory Authority)
- 8 customer care centres of TEO were renovated and 2 new customer care centres were opened, one of which – a mobile customer care centre TEOBUS
- TEO was chosen as a telecommunications partner in organising an extraordinary event of international importance – the NATO Defence Ministers' meeting in Vilnius
- Since its launch in September 2008, the Triple Protection service by the end of the year "caught" more than 1.3 million viruses on the computers of Internet users

More information about the Corporate Social Responsibility Policy of TEO [on the market](#)

- The overall customer satisfaction with the work of TEO engineers removing faults was rated at 9.5 points out of 10 possible.

RESPONSIBLE INVESTMENTS

By investing in modern technologies, TEO seeks to develop the services, which give the biggest benefit to its customers. Jointly with responsible investments, it is being sought to reduce the technological divide on the country's market, to contribute to information society development.

In the course of 2008, TEO allocated over LTL 180 million for investments, including LTL 127 million invested into the network development. The Company's main focus in 2008 was on the development of its new-generation fiber-optic FTTH (Fiber-to-the-Home) access network and digital terrestrial television (DVB-T).

- On the occasion of the International Day of Information Society, TEO received a letter of thanks from the Minister of Transport and Communications of the Republic of Lithuania for its contribution to the creation of modern society through development and implementation of state-of-the-art technologies.

SPECIAL ATTENTION TO QUALITY

TEO has a functioning quality management system in place, which is intended to assure and improve the quality of the services provided by TEO. In May 2008, an updated version of the main document of the system – the Quality Manual – was approved, which constituted a closer approximation to the requirements of the international quality management standard ISO 9001:2000.

The updated document specifies in more detail the quality management system, defines and describes the function of the management's representative for quality. The document details the quality regulations of the core activities of TEO – dealing with customers, service implementation and provision, and also lays down the quality targets of the year. This document is a binding internal normative document of TEO.

In February 2008, the Customer Communication Standard of TEO was also approved. Following this Standard, the quality of direct customer care is maintained and improved. New requirements replaced the Customer Care Standard, which had been effective in the Company since 2004.

To ensure the high quality of customer care, increase their loyalty and satisfaction with the Company's services, in 2008 TEO launched a project called Šuolis (Jump). The project was designed to simplify, as much as possible, the customer care process - to achieve that service installations, fault removals and consultations for residential customers would be provided by one universal telecommunications specialist.

In the first quarter of 2008, the preparation of a new telephone call duration metering system was completed. TEO remained the only operator in Lithuania performing a particularly accurate metrological verification of call duration metering.




- Customer care and service provision are in compliance with the laws and the requirements of regulatory institutions, following the customer relations principles set forth in TEO Mission and Values, Code of Ethics and Quality Manual.

QUALITY INDICATORS

TEO submits regular reports to the Communications Regulatory Authority of the Republic of Lithuania on the evaluation of the quality indicators of public telephony, Internet, TV services, provided at a fixed location*.

More information about these and other quality indicators of TEO and other Lithuanian operators can be found in the publicly available reports of the [Communications Regulatory Authority](#).

Annual indicators of the quality of TEO services in 2007 and 2008

Services	Indicators	Result 2008	Result 2007	Change in comparison 2008 with 2007
TELEPHONY SERVICES	Number of faults per 100 lines	0.83	0.94	
	Number of recurring faults per 100 removed faults	145	1.93	
	Number of faults per 100 installed services	0.51	1.3	
INTERNET SERVICES	Number of faults per 100 lines	1.78	3.15	
	Number of recurring faults per 100 removed faults	4.45	5.93	
	Number of faults per 100 installed services	4.68	5.83	
IPTV TELEVISION SERVICES	Number of faults per 100 lines	2.68	9.42	
	Number of recurring faults per 100 removed faults	5.02	7.54	
	Number of faults per 100 installed services	5.07	10.34	
DVB-T TELEVISION SERVICES	Number of faults per 100 lines	0.76	Launched only in 2008	
	Number of recurring faults per 100 removed faults	5.81		

In 2008, there were improvements in other quality indicators of TEO as well:

- The time period for installation of a line decreased (from 29 days in 2007 to 24 days in 2008)
- The relative number of faults per 100 lines fell (from 10.78 fault reports in 2007 to 9.65 fault reports in 2008)
- The percentage of bill correctness complaints went down (from 0.11% in 2007 to 0.09% in 2008).

*The quality of services was calculated by using the information registered in GASS/Vantive systems on customer reports about service malfunctions.

■ When commenting to the Delfi portal on the organisation of the NATO Summit in Vilnius and the provided working conditions, BBC correspondent ROB WATSON said:

"I can say I am very surprised with what we found here, in the capital of Lithuania, Vilnius. The mere sight of this building. The perfect place to work, everything works, a good telephone connection. We could broadcast the information to radio and television programmes almost without moving from our chairs. Can you believe that? All this – thanks to the broadband Internet connection."

TEO COMMUNICATION SERVICES – AT THE NATO DEFENCE MINISTERS' MEETING

The high quality of TEO services is also proved by the fact that TEO communication services were chosen for the event of huge international importance – the NATO Defence Ministers' meeting. At the event, which took place in Vilnius on 7-8 February 2008, TEO was the main provider of IT and telecommunications services.

The NATO meeting in Vilnius was attended by over 50 delegations from different countries of the world and international organizations. The total number of participants and journalists was about 1000. TEO ensured a stable and reliable telephone and Internet connection, installed local area networks. TEO received a letter of thanks from the Minister of National Defence for the help in organizing the event.

TEO also successfully ensured communication during the meeting of NATO delegations in 2005.

FAULT PREVENTION

TEO promptly informs users and society about technological breakdowns and network interruptions via its communication channels and mass media. The Company has the Crisis Management Committee which adopts decisions regarding prompt information dissemination.

In order to reduce the potential risk of breakdowns and faults, TEO performs constant monitoring and maintenance of the network elements (24 hours a day). For that purpose, the main elements of the network are duplicated and, according to the approved methodology, there has been made a list of spare parts of the network elements that is required for timely restoring of the functionality of the network elements. In addition, Risk Management meetings are held every week to analyze the situation in the network, causes and consequences of the faults that have occurred earlier, and possible preventive solutions for reducing the likelihood of faults in the future. Upon noticing potential faults in their early stages, preventive works are carried out.

TEO constantly performs the registration of breakdowns and evaluates the overall number of affected users. In the middle of December 2008, there was 1 major (first-level) breakdown – a logical fault of the

switch card, as a result of which the operation of data transmission and Internet services was interrupted. 93 business customers (about 1858 connections) were affected. The fault was promptly removed by restarting the switch card. Subsequently, the entire card was replaced.



- According to the FTTH Council Europe, Lithuania is ranked in the top twenty of countries with the highest FTTH penetration.

FTTH in Lithuanian Cities*



In 2008, the FTTH network of TEO was installed in 1862 multi-family apartment houses in the micro-districts of the country's biggest cities and district centres

market



REDUCTION OF THE TECHNOLOGICAL DIVIDE

In 2008, TEO continued reducing the technological divide by developing its fiber-optic (FTTH) access, IP and data communication networks, installing digital terrestrial television transmitters, implementing Internet technologies in smaller towns and rural areas, increasing the number of wireless Internet access points (hot-spots).

FTTH – ONE OF THE MOST PROGRESSIVE INTERNET TECHNOLOGIES

TEO – one of the few European operators investing in new-generation fiber-optic FTTH (Fiber to the Home) access networks. The fibers of this network are laid directly up to the user's computer. In 2008, the new fiber-optic access network was installed in more than 1862 multi-family apartment houses in the country's biggest cities and district centres.

According to the FTTH Council Europe, about 80% of all users, using fiber-optic Internet access, are in Asia, about 15% – in North America, and just approximately 5% – in Europe. This situation in Europe is due to rather strict regulatory experience in the telecommunications market, a not very clear regulatory policy of fiber-optic networks, and the need for huge investments into network development.

The situation in Eastern Europe and Western Europe is different. In Western Europe, broadband DSL communication constitutes about 80%, whereas in Eastern Europe countries, where DSL technologies came later, fiber-optic technologies are replacing DSL technologies at a much more rapid pace. Lithuania can also be attributed to these countries. According to the FTTH Council Europe, Lithuania is ranked in the top twenty of countries with the highest FTTH penetration

Fiber-optic user access in future will allow increasing the speed of Internet access provided to end users up to 1 Gbps. This will provide users with the possibility to enjoy the extremely high quality of different services through a single Internet access line: to make telephone calls, to watch digital TV, to browse the Internet and to send video records simultaneously.

PARTICULARLY RAPID DEVELOPMENT OF DIGITAL TERRESTRIAL TELEVISION (DVB-T)

In the first quarter of 2008, TEO launched the digital terrestrial television (DVB-T) service Digital GALA (Skaitmeninė GALA). By that step TEO sought to give a new impuls to the development of digital terrestrial TV in Lithuania. The Company expects that this will ensure a bigger variety of services and their better quality as compared to analogue TV, which, from 2012, will be fully replaced all over Lithuania with digitally provided services.

The digital terrestrial television service is particularly relevant to people living in the suburbs and more remotely located areas, where until now it has not been possible to choose from among several multi-channel TV service providers.



- In September 2008, the Government of Lithuania ratified the Program for the Shutdown of Analogue Terrestrial Television and Promoting Digital Television in Lithuania, according to which it was decided to discontinue analogue television broadcasting in Lithuania on 29 October 2012.

In 2008, LTL 4.1 million were invested into the expansion of the DVB-T network: 16 transmitters were installed in 15 new locations, enabling users to watch up to 40 channels in Lithuanian, English, Russian and other languages. The expansion of the network of transmitters was one of the key steps in developing digital television services in Lithuania and in preparing for the turn-off of analogue TV by 2012.

THE SURVEY REVEALED A LACK OF INFORMATION

According to the data of the “TNS Gallup” survey conducted upon request of TEO, only 19% of Lithuanian residents claim they have sufficient information about switching to digital television. The greatest lack of the information was detected in the rural areas – only every eighth state having sufficient information. According to the survey, for residents it would be most convenient to learn about that in television and radio programs, while the youth tends to look for information in the Internet.

Public opinion surveys show that people in Lithuania rate the possibilities of new television technologies positively and are ready to make use of their advantages. A substantial part of the country’s residents intend to start using digital television already in the nearest future.

Almost a half - even 48% of the survey participants who know about technology changes - think that analogue television could be discontinued earlier than in 2012. The most valued features of digital television are good audio and video quality (valued by 62% of the respondents), a great number of channels (42%) and the possibility to choose the language of the broadcasted channel (35%). The surveys show that the decision to refuse analogue television broadcasts is negatively regarded only by 14% of the surveyed residents in Lithuania.

- TEO seeks to start informing the public about technology changes as soon as possible in order that it would not be necessary to do that hastily in 2012.

TV MOZAIKA (TV MOSAIC) WILL PROMOTE THE EXPANSION OF DIGITAL TV POSSIBILITIES

In August 2008, TEO completed the implementation of TV Mozaika, a project which was implemented together with its partners and co-financed from the European Union funds. The project, the implementation of which lasted for more than 2 years, created prerequisites for the faster expansion of digital TV possibilities

in Lithuania. The total value of the co-financed project exceeded LTL 3 million.

During the project started in the middle of 2006, TEO specialists, together with scientists of the Kaunas University of Technology and company Tildè IT, conducted an analysis of business models for digital content dissemination as well as a technical feasibility study, and developed technical specifications for the implementation of the system’s prototype. Based on that analysis, TEO developed and tested the prototype of the system for the provision and management of interactive TV services.



WIRELESS INTERNET DEVELOPMENT

Having launched installation of wireless Internet (WiFi) hot-spots in Lithuania in 2005, TEO increased their number up to 4,203 in 2008, i.e. by 32% more than in 2007 when 3,182 hot-spots were installed.

While installing the hot-spots, providing users with the possibility to access the Internet in places, where it is needed mostly, in 2008 1541 wireless Internet devices were installed:

in Kaunas	377
in Klaipėda	339
in Šiauliai	191
in Vilnius	559
in Panevėžys	75

At present, the speed of TEO wireless Internet is from 5 to 10 Mbps.

INTERNET PENETRATION IN REGIONS

In 2008 TEO paid a lot of attention to provision of Internet services in rural areas and small towns. For that purpose, the facilities of the European Union-supported project Rural Area Information Technology Broadband Network (RAIN) were used.

During the implementation of this project, the laying of fiber-optic cables enabled solving the problems of the shortage of

DSLAM traffic flows as well as ensuring the provision of high-quality and higher-speed Internet and IPTV services to residents and companies in the majority of rural local administration centres.

Seeking to provide in the rural local areas higher-speed internet and IPTV services, the Company invested more than LTL 2.5 million into modernization of its data communication systems in 2008.

In just 2008 alone, the possibility to use the facilities of the RAIN project enabled to provide high-quality VOX, ZEBRA and GALA services in 243 towns of the country, of which in Vilnius region – 73, Kaunas region – 52, Klaipėda region – 30, Šiauliai region – 24, Panevėžys region – 64.

In addition, at the Company's initiative, 42 Internet communication nodes (SD DSLAM) were modernised in 2008, the majority of which – in Kaunas (15) and Vilnius (12) regions. From 4 to 6 nodes were installed, respectively, in Klaipėda, Šiauliai and Panevėžys regions.

TEO built channels to the territories of rural local administration centres during the implementation of the RAIN project in 2008

Region	The length of fiber-optic channels, built to the territories of rural local administration centres (km)
Vilnius	10
Kaunas	1.5
Klaipėda	The plan was implemented in 2007
Šiauliai	17.1
Panevėžys	15.3
In total:	43.9



INFORMING OF CUSTOMERS

TEO seeks that the information disseminated about its services, tariffs and the methods of payment for services is easily accessible, clear, transparent and relevant to the user.

Provision of information about TEO services is regulated by the Law on Electronic Communications and by the Rules for Provision of Electronic Communications Services. These regulatory enactments obligate the Company to publish information about services, including tariffs, as well as information about the subscriber's rights, and model agreements. TEO fulfils these requirements by informing its customers and users directly or via mass media. The Company annually surveys how customers evaluate the information provided by the Company.

CUSTOMER INFORMATION CHANNELS

TEO informs customers through different communication channels. Individual information is provided in customer care centres, on the online self-service system Mano TEO (My TEO), in email messages, monthly newspapers TEO Pasaulis (TEO World) that are sent with bills. Customers can find information on the Company's

websites or by calling the short numbers (1816 - for business, 1817 – for residential customers), where information is provided in Lithuanian, English and Russian languages.

In order that information reaches customers quickly and conveniently, TEO encourages its customers to start using the online self-service system Mano TEO (My TEO). Here they can find all necessary information related to the services and paying for them. The shift to online self-service meets the expectations of a modern user: to conveniently get accurate information online, quickly and simply order and manage services as well as pay for them.

From 1 September 2007, TEO Internet users, instead of paper bills by post, started receiving electronic letters. Paper bills are still sent to the customers using voice and digital television GALA services, but customers are encouraged to start using the online self-service system.

INFORMING ABOUT PRODUCTS AND SERVICES

When distributing telecommunications products (modems, other terminal equipment), TEO informs customers about their:

- country of origin
- components

- safe use (in accordance with EU regulations, information pictograms are provided in user manuals)

Information on the Company's services are provided on the Company's website (www.teo.lt) and on the websites presenting individual services (www.gala.lt; www.zebra.lt; www.vox.lt), as well as in the agreements on the purchase and use of services that are signed with customers.

THE RENOVATED CUSTOMER CARE CENTRES

In 2008, TEO renovated the majority (8 out of 10) of its existing customer care centres in Klaipėda, Alytus, Marijampolė, Utena, Mažeikiai, Tauragė, Šiauliai and Panevėžys. A new, second customer care centre of TEO was opened in the business centre Neapolis in Klaipėda.

The renovated customer care centres of TEO have become more functional and convenient. Customers at these centres are provided services and information faster. It is possible to get consultations or pay for services at special fast-service or self-service points. Customers willing to test TEO services and to make sure of their quality have the possibility to do that at special demonstration stands of the digital television GALA and ZEBRA Internet. A conference hall for presentations and new comfortable spaces have been designed



TEOBUS: NUMBERS AND FACTS

- Manufactured in 7 months
- Total weight (including that of the towing vehicle) – 30 tons
- Total length of the trailer (including that of the towing vehicle) – 17 metres
- Height of the trailer with the uplifted screen – 8.30 metres
- Width of the trailer – 2.55 metres
- Width of the expanded trailer – 9 metres
- 15 tons of iron and 2 tons of wood were used for equipping the trailer
- Total length of installed wires – 6.5 km

for business customers to meet with sales managers. The renovated customer care centres are adapted for the needs of the disabled. For the convenience of customers, some centres have started working on Saturdays as well.

The presentation of a mobile customer care centre – TEOBUS – became one of the most outstanding novelties on the customer care market.

The TEOBUS with installed modern communication technologies, audio and video systems provided the opportunity to introduce these technologies to the residents of outlying areas, thus contributing to the reduction of the technological divide in Lithuania.

One of the exclusive features of the TEOBUS, which has been manufactured according to a special order –the upliftable light emitting diode (LED) display screen of 9.4 square meters that is capable of showing TV broadcasts, video clips and other video content.

CUSTOMER CARE AND SERVICE QUALITY RESEARCHES

In order to evaluate the quality of TEO customer care, services and the attitude of customers, the following researches are regularly carried out:

- once a year - a comprehensive research of residential and business customer satisfaction
- quarterly – a research of customer satisfaction with the quality of services and customer care
- twice a year – a “mystery shopper” research, during which professional conductors of the research evaluate how TEO customer care employees follow the customer care standard.

The 2008 research results show that over the past years, the image of TEO as a reliable company has improved. TEO is viewed as a customer concerned, good and well-known company. Over the years, the high level of customer care has been maintained.

The data of the “mystery shopping” research, carried out by TNS Gallup in 2008, reveal that according to the level of customer care TEO stands high among the telecommunications companies carrying out such researches. Direct customer care at Customer Care Centres was evaluated at 9.1 points (in 2007- 9.0 points), whereas the average evaluation of the telecommunication sector – 8.9.

As the conducted researches reveal, the level of customer care by phone is higher than the general average of companies participating in the researches. TEO customer care by phone was evaluated at 9.3 points, while the general evaluation of companies of all business areas – 9.1, the average of the telecommunications sector – 9.2.

CLEAR PRINCIPLES OF MARKETING, COMMUNICATION AND ADVERTISING

In carrying out marketing, communication and advertising activities, TEO follows the principles of fair communication and non-misleading of customers.

The Company has the approved Requirements for the Advertising of TEO LT, AB and its Services and the Advertisement Preparation and Coordination Guidelines, which require to follow uniform standards and to ensure the compliance of advertisements with effective legal acts.

From June 2006, TEO co-operates with the advertising self-regulatory association Lithuanian Advertising Bureau ("Reklamos biuras") and observes the Code of Advertising Practice.

In 2008, the Company recorded no incidents in the areas of marketing, communication, advertising or sponsorship, violations of laws, standards or voluntary commitments.

SECURITY OF USERS

When creating and developing new services, TEO considers their potential effect on different user group.

TRIPLE PROTECTION

In September 2008, TEO presented to residential users of ZEBRA Internet services a new service – Triple Protection (Triguba apsauga), protecting computers from viruses, hack attacks and unauthorised interception of confidential data (phishing).

The service was introduced after analyzing research data and customer needs. According to the data of TEO, as many as 82% of ZEBRA Internet users know about possible threats when paying over the Internet. Even 96% are worried about viruses spreading over the Internet and their potential damage, but two thirds do not have necessary anti-virus protection installed on their computers.

Triple Protection protects customers' computers from viruses, Trojan horses, worms, spyware, adware, and blocks such software attacks from other computers. Triple Protection also protects customers from email letters targeted at the user in an attempt that the user leaves his/her confidential data on third-party websites (phishing).

US company Fortinet, which has developed the technological solution of the Triple Protection service, is a recognized leader on the market of integrated computer protection solutions.

■ It has been calculated that Triple Protection prevents, on the average, one virus from getting into a computer per day, one unwanted spam message – per 2 hours, and one hack attack – per week.

A LOWER AMOUNT OF UNWANTED E-MAIL

In February 2008, TEO completed the upgrading of its electronic mail servers, which allowed to significantly reduce the amount of unwanted electronic mail messages (spam). In addition, the storage capacity of e-mail accounts held by TEO customers using the e-mail service was increased up to 100 megabytes without any extra charges.

Starting from March, the customers who use the e-mail services provided by TEO can send their e-mail messages via a new server (smtp.zebra.lt), which ensures advanced security of outgoing e-mail, sends e-mail faster and also prevents spam e-mail from getting into inboxes.



TEO servers have installed multi-level protection against unwanted e-mail. All received e-mail messages are scanned and filtered by the system according to their certain features and the most of unwanted e-mail is marked with the SPAM tag. This electronic mail evaluation system is being coordinated with other providers of such services all over the world and it is constantly updated in order to be able to efficiently identify and delete unwanted e-mail messages.

FRAUD PREVENTION

TEO performs the monitoring of the bills of its customers – fixed-line telephony subscribers – which allows preventing fraud. When substantial changes are noticed in a bill indicating that the customer has used telephony services unusually much, the customer is warned of that. Thus, the customer is protected against possible fraud or reckless and careless behaviour with a phone in the future (for example, a bill might increase considerably as a result of children using the phone for calling international or toll numbers).

PASSWORDS FOR USERS OF DIGITAL TELEVISION SERVICES

Users of the digital television GALA services wishing to view adult channels must enter a password. They can also remove a television card to prevent their children from watching inappropriate programs. Users of the GALA Video-On-Demand service, when ordering any film, must enter a password.

CUSTOMER DATA PRIVACY

TEO has a strict policy regarding assurance of customer data security, which is implemented following the requirements of the Law on Legal Protection of Personal Data and the Law on Electronics Communications. In providing personal data, TEO cooperates with other enterprises and state institutions in accordance with the procedure established by laws.

An additional guarantee of ensuring the privacy of customer data – the Company's internally effective Regulations for the Processing of Personal Data that also regulate the actions of TEO employees in processing the personal data of TEO customers.

Every employee of the Company strictly adheres to the requirements set forth in the Company's documents ensuring the privacy of personal data and is personally responsible for security of personal data within the Company. TEO employees respect customers' right to privacy and protect the confidential information provided by them. This information is neither made public nor used to the prejudice of customers or for the benefit of any third parties.

Strictest information security requirements are observed in provision of all services of the Company – management and maintenance of servers and other equipment, maintenance and development of business management systems, maintenance of IT Service Desk and computerized workplaces.

In 2008, the Company recorded no reasonable complaints regarding infringements of the privacy of customer data. In 2008 there also happened no incidents resulting in the loss of customer data.

■ In 2008, Baltic Data Center, a subsidiary of TEO, set up and equipped the first in Lithuania underground data center facility, complying with the strictest security requirements. Its exclusive feature is that it is designed to provide protection of hardware and data against electromagnetic pulse, even in the event of a nuclear explosion.

COMPETITIVE ENVIRONMENT

Following the Law on Electronic Communications and other regulatory enactments, the Communications Regulatory Authority (RRT) of the Republic of Lithuania has designated TEO together with its related legal entities as an operator with significant market power (SMP) in 14 markets. TEO competes in provision fixed-line telephony, Internet, data communication, leased lines, IT and TV services, except mobile telephony services. The Company's activities are monitored and constantly evaluated by the Communications Regulatory Authority.

In 2008, TEO did not commit any violations in the competitive environment, for which penalties would have been imposed related to non-compliance with the laws and requirements.

In 2008, there was registered one non-pecuniary claim related to the refusal of the Competition Council of the Republic of Lithuania to start an investigation regarding the alleged abuse by TEO of its dominant position. The decision dated 31 January 2008 was appealed against by five companies. The Court of the First Instance rejected the appeal of the applicants, but they appealed against that decision in accordance with the appeal procedure. TEO was a third party in the case.

TEO competes in all areas, except mobile telephony services

Market	Market revenues (LTL million) in 2008	Market change over a year (%)	Number of market players	TEO market share in 4th quarter of 2008 (%)
Fixed-line telephony services	400	(3.2)	47	95.2
Leased line services	38	44.3	13	64.1
Internet access services	384	22.7	113	40.1
Data communication services	73	31.2	14	64.8
Network interconnection services	730	8.4	>4	15.6
Mobile telephony services	1363	(1.7)	9	–

According to the Company's estimates, at the end of 2008 the number of TEO digital television (IPTV and DVB-T) users (66.7 thousand) constituted about 12% of the Lithuanian multi-channel TV market.

CORPORATE SOCIAL RESPONSIBILITY IN ENVIRONMENT PROTECTION

In 2008 TEO sought to solve environmental problems in a purposeful way. The Company did that by saving natural resources, involving its employees into initiatives of this area, and by providing environmentally friendly services to the country's residents and companies.



TEO progress in environmental protection in 2008:

- the employees' environmental concern at work increased by 23%
- office paper consumption decreased by 19%
- 27% less paper bills were sent to customers
- water consumption declined by 3%
- fuel consumption (diesel and petrol) went down by 5.8%
- car emissions into the environment – 12% less

More information about the Corporate Social Responsibility Policy of TEO in the area of [environmental protection](#)

- The main goal of the project Save Resources and Change Yourself – to encourage TEO employees and their family members to take concrete actions to save natural resources and reduce pollution.



SAVE RESOURCES AND CHANGE YOURSELF

In 2008, one of the most important steps of TEO in the area of environmental protection – the project Save Resources and Change Yourself, which lasted throughout the whole year.

The main goal of the project – to encourage TEO employees and their family members to take concrete actions to save natural resources and reduce pollution. Having in mind that in all regions of the country TEO employs over 2100 employees, even the employees' individual efforts produce an obvious result.

The project, the symbol of which is a green clover, was divided into three stages – spring, summer and autumn. Each stage was aimed at solving a particular environmental problem. For example, the spring was intended for paper and water saving, the summer – for waste sorting and transport, the autumn – for electricity saving and noise reducing.

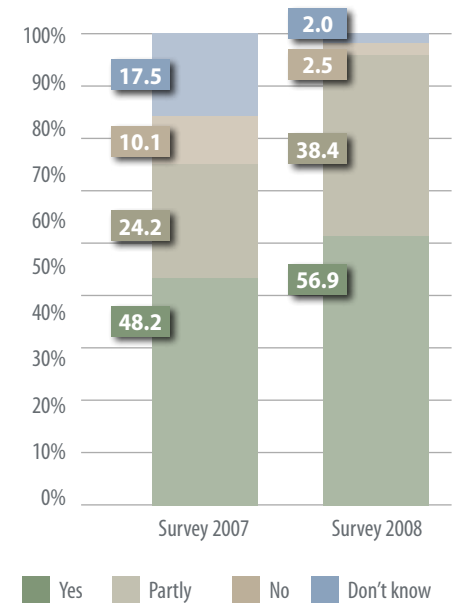
During the project, there was carried out an informative and active campaign on the Company's intranet page and in the newspaper for the employees.

The most important results of the project Save Resources and Change Yourself in 2008 are summarized in the employee poll (over 700 TEO employees took part in the poll):

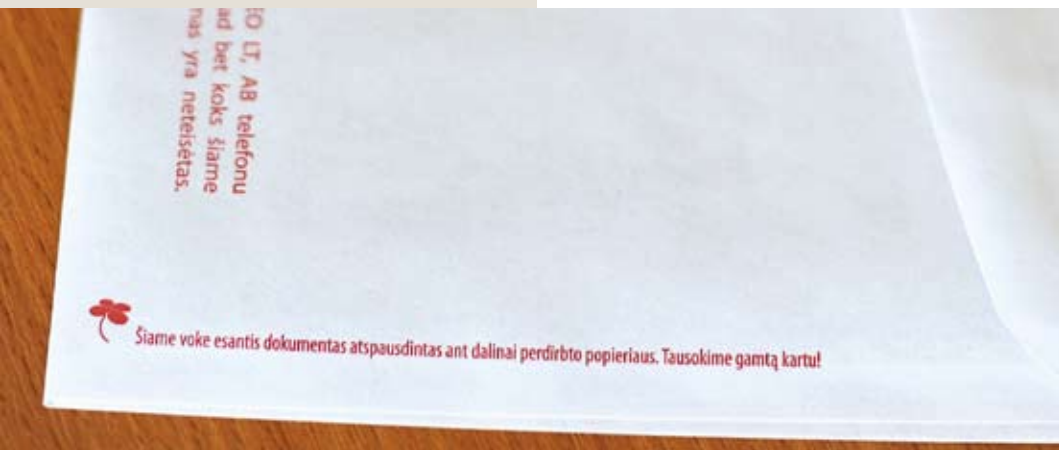
- over the year, the employees' environmental concern at work increased by 23%. Almost all (95%) of TEO employees are more or less concerned about the environment
- even 51% of employees encouraged their family members and friends to take care of environment
- 2 out of 3 TEO employees used less resources (paper, water, energy and other resources) in 2008
- 85% of TEO employees consider environmental protection to be personally important and they seek that the Company should also promote environmental protection.

Taking into consideration the interests of both the employees and the Company, this project will be continued in 2009 as well.

Are you environmental responsible at the workplace?



- The project Save Resources and Change Yourself in 2008 was recognized as the best internal communication project at the PR Baltic Awards. During the above-mentioned competition, the project Save Resources and Change Yourself also became one of the best projects in the category of Social Responsibility.



With underline on the envelope TEO customers are informed about the fact that bills are printed on eco-friendly paper.

MATERIALS

In order to save natural resources, TEO tried to use less paper in its activities in 2008 and, at the same time, encouraged its customers to do the same as well.

In 2008, TEO used 28.6 tons of paper for its office needs (copying and printing). As compared with 2007, paper consumption decreased by 19%.

Table. TEO paper consumption for office needs in 2007 and 2008

2007	35 tons
2008	28.6 tons

TEO payment documents, which are sent to customers, are printed on eco-friendly paper, which contains 30% post-consumer recycled waste paper. In 2008, TEO consumed 27 tons of such paper, which is by 0.5 tons less than in 2007. This decrease is related to the fact that in 2008 the Company sent 27% less paper bills to its customers than in 2007.

In 2008, TEO announced an initiative, urging customers to refuse receiving paper bills and instead use electronic ones. By this means, the Company expects, through joint efforts with customers, to save 100 tons of paper per year and thus preserve almost 2 thousand trees.

TEO does not use packaging materials – cardboard, polyethylene.

Correction: In the Corporate Social Responsibility Report of TEO for the year 2007, it was announced that during 2007, TEO used 87 tons of carbon paper. In fact, 35 tons of paper were used. We apologize for inaccuracies.

ENERGY

Due to increased activity volumes and rapidly installed network technologies (FTTH/LAN, ADSL internet equipment, digital terrestrial television transmitters) in 2008, TEO consumed 8.8% more electricity than in 2007.

TEO energy consumption in 2007 and 2008 (MkWh)

Year	Total consumed electricity	Electricity consumed for the infrastructure	Electricity consumed for technologies
2007	35.9	8.4	27.5
2008	39.1	8.6	30.5

The amount of the fuel consumed was 13.5m³ in the year 2008 for testing electricity generators and for production of electricity:

oil	0.05 m ³
diesel	5.79 m ³
petrol	7.7 m ³



WATER

In 2008 TEO consumed 48.1 thousand cubic meters of water or more than 3% less than in 2007, when water consumption per year was 49.6 thousand m³.

Table. TEO water consumption in 2007 and 2008

2007	49.6 thou m³
2008	48.1 thou m³

When calculating water consumption per employee of TEO, water consumption increased by 1% in 2008.

All water was consumed from a single source – the central water supply system.

In 2008, rain wastewater on the territory of TEO constituted 19.648 m³.

- Lithuania is the only country in the EU where groundwater constitutes 100% of drinking water.

WASTE

WASTE DELIVERED BY TEO FOR RECYCLING IN 2008

The amount of non-hazardous waste:

scrap metal	25.04 tons
scrap plastic-coated copper cables	11.9 tons
paper	7.4 tons
In total:	44.3 tons

The amount of hazardous waste:

luminescent lamps 1 313 pcs.	0.19 tons
accumulator scrap	62.9 tons
In total:	63.09 tons

TEO partners in the area of waste recycling and management:

- UAB Elektroninių Mašinų Perdirbimas (EMP) – the cooperation from 1999 on the collection of luminescent lamps, cables, and ferrous metal scrap;
- UAB Bateris – waste related with telecommunications network equipment – accumulator batteries, cables, etc. – delivered for secondary recycling;
- AB Grigiškės and UAB Europopierius (in Vilnius) and UAB Eko Group (all over Lithuania) – paper and plastic waste.

HOUSEHOLD WASTE SORTING

In July 2008, TEO, on its own initiative, implemented a waste sorting system in the 6 buildings of the Company in the city of Vilnius.

From the total amount of collected waste, 82% were household waste, while the remaining amount was sorted: plastic waste constituted 6% (47.65 cubic meters) and paper – 12% (110.7 cubic meters).

FACTS:

- According to TEO estimates, the Company's current operational cars consume a third less fuel than those used 10 years ago
- In 2008, TEO purchased 12 new operational ecological cars Fiat 500 recognized as the cars of the year 2008 in Europe

TRANSPORT

Having one of the largest transport fleets in Lithuania, with its transport policy TEO seeks to protect the environment and to reduce costs. For that purpose in 2008, as every year, TEO renewed its transport fleet giving priority to cars with economical engines (engine capacities from 1.2 to 1.6 litres), meeting Euro4 requirements and qualified as low emission cars. At the same time, the Company invites its employees to travel as little as possible (there are limits set for cars (not more than 2 000 km/month); only lead-free fuel is chosen for use.

During 2008, the renewed part of the Company's transport fleet was even 24% of the total number of vehicles held by TEO. On average, until the year 2008, about 13% of vehicles used to be renewed every year.

At the end of 2008, there were almost 1000 vehicles in the transport fleet of TEO, which is about 5% less than at the end of 2007.

The amount of fuel consumed by TEO transport fleet in 2008:

petrol	1,166 tons
diesel	300 tons
In total:	1,466 tons

Due to the fact that TEO renewed its transport fleet with new, more environmental friendly cars, the tax paid by TEO for environmental pollution from mobile pollution sources in 2008 decreased by even 53%.

Tax paid by TEO for environmental pollution from vehicles

2007	LTL 5,889
2008	LTL 3,840

The amount of pollutant emissions (t) from TEO vehicles:

	2007	2008
carbon monoxide	144.634	128.369
carbohydrates	56.745	43.158
nitrogen oxides	16.103	11.877
sulphur anhydride	1.552	1.465
solid particles	0.833	0.619
In total:	219.876	185.488

In addition, in 2008 TEO also expanded its transport fleet with 10 bicycles, intended for use by all TEO employees for work purposes. In order to make the use of bicycles convenient for employees, TEO buildings were equipped with showers and other necessary infrastructure.

- According to the data of TEO, expansion of the Company's transport fleet with bicycles – one of the first initiatives of this kind implemented by Lithuanian business enterprises.

BUSINESS TRIPS

TEO also encourages its employees to choose, when possible, not travelling by car or other means of transport, but teleconferencing and other means of communication which do not harm the environment.

The number of kilometres travelled / flown by TEO employees on business trips in 2008:

by vehicles	60,681 km
(owned by the Company or acquired by leasing)	
by airplanes	72,885 km

- Fiber-optic technologies are considered to be the most progressive ones not only because they provide many new possibilities to users, but also because they are eco-friendly and energy-efficient.

ENVIRONMENTALLY FRIENDLY SERVICES

In order to contribute to the protection of natural resources, TEO implements advanced, environmentally friendly technologies and encourages customers to use the services, developed on their basis and facilitating the solution of environmental protection problems on the global scale:

1. Video conferences, communication over the Internet. The rapidly installed new-generation fiber-optic (FTTH) access network ensures the possibility of calls over the Internet and video conferences, and this enables customers to enjoy better quality and smoother communication over distance, to work from home. It significantly reduces the need to travel on business and, in turn, CO₂ gas emissions into the atmosphere.
2. Fixed communication does not emit electromagnetic radiation.
3. Electronic self-service. TEO encourages its customers to use the services of the electronic self-service system at www.manoteo.it, to refuse receiving paper bills and pay their bills by direct debit.

CUSTOMERS PROTECT NATURE TOGETHER WITH TEO:

- In 2008, about a third of TEO customers received electronic bills
- Approximately a fifth of TEO residential customers paid for TEO services by using direct debit
- The number of TEO customers, who receive and pay their bills electronically, increases by about 20% every year

GREEN PURCHASES

In 2008, TEO started analysing the possibility of including the criteria of “green purchases” into the procurement procedure of TEO. Although, up to that point, that had not been covered by any regulatory documents, already some time before that, when purchasing different technological equipment, not only their price, but also their performance efficiency and environmentally friendly features used to be taken into consideration:

- printers and copiers having two-sided printing and multiple cartridge re-fill capability

- accumulator batteries with the service life of no less than 12 years.

In December 2008, the criterion of “green purchases” was included into the Company’s project, called “Green Purchases”. It is planning, that it will took effect from the II quarter of 2009.

TEO INITIATIVES TO SAVE ENVIRONMENTAL RECOURES:

In order to reduce electricity consumption, in 2008 TEO implemented the following initiatives:

- replaced 159 old-type direct current rectifiers BAZ (devices for supplying power to telecommunications equipment and charging and maintaining accumulator batteries) with new-type direct current rectifiers TMK. This has increased the efficiency coefficient of devices by almost one third and allows to save more than 35,168 kWh electricity per year. Furthermore, the new rectifiers ensure accurate regulation of outgoing power voltage, thus prolonging the life of service of accumulator batteries. This allows to change batteries less frequently and thus reduce the pollution of the environment. In addition, batteries with a lower lead content are used for these accumulator batteries.

■ In 2008, TEO joined the environmental protection initiative of the daily Verslo Žinios (Business News) – Your Office is a Zone of Responsible Behaviour, encouraging office employees to sustainably use resources.

- In more than 50 technical premises of TEO 420 accumulators were replaced with those having almost 2 times longer service life than the ones used before, therefore their production and operation create lower pollution.
- invested into the technological equipment requiring smaller premises. The heat emitted by the equipment located there is in part heating the shelter and, at the same time, less energy is consumed.
- In order to protect the environment, TEO invested in CTV series accumulator batteries, containing lower than usual levels of lead. Almost 200 of such accumulator batteries were purchased in 2008.
- implementing the project on updating of computer hardware and software, in 2008 TEO replaced more than 2000 computers with new ones. In addition to other benefits, the new computers help save about 70% of the total electricity consumed by computers.
- improved the quality of services provided in rural areas and saved energy resources by switching off inefficient telephone exchanges of analogue type consuming a lot of energy. In 2008, 29 exchanges of old type were replaced (in 2007 – 18 exchanges).

- used efficient premises heating methods: the heating temperature is regulated according to the outdoor temperature and is reduced during non-working days.

In 2008 TEO received no penalties or warnings for failure to comply with the norms of environmental legislation or other legal acts regulating the sphere of environmental protection.



CORPORATE SOCIAL RESPONSIBILITY IN RELATIONS WITH EMPLOYEES

Being one of the biggest employers in the country, TEO considers its employees to be the biggest asset and success factor. The Company pays constant attention to improving working relationships, social guarantees, creating a favourable working atmosphere.



TEO progress in
relations with
employees in 2008:

- more than 80% employees of TEO have got their basic salaries increased
- supplementary health insurance cover was provided for the employees who have worked in the Company for more than 1 year
- more than 2000 computers were replaced by those which emit lower radiation,
- average training time per TEO employee was 30 hours. In total, as many as 79% of TEO employees participated in training programmes

More information on TEO Corporate
Social Responsibility Policy
in relations with employees

- The Lithuanian citizens' opinion poll The Most Desirable Employer 2008, carried out by TNS Gallup, Verslo Žinios (Business News) and CV.LT, revealed that TEO is among the top 12 most desirable employers in Lithuania.

GENERAL INFORMATION ABOUT THE COMPANY'S EMPLOYEES

According to the data as on 31 December 2008, the number of employees in TEO LT, AB was 2183. Out of them 2143 were working under employment contracts of indefinite duration.

The majority – more than a half of TEO employees work in Vilnius. The remaining employees are distributed in other regions of the country.

TEO employee distribution by regions
(31 December 2008)

Vilnius region	1,221
Kaunas region	364
Klaipėda region	256
Šiauliai region	174
Panevėžys region	168

According to TEO data, the employees of TEO have low rate of changing the workplace - 9.6%. For companies which do not apply any adaptation programs for new employees, the average indicator is 37% and in larger Companies it is from 13% to 35%.

More than a half (53.2%) of TEO employees have higher education, 21.75 % – post-secondary (college) education, 24.77% – secondary, 0.27% – incomplete secondary education.

TEO employee distribution by educational background (31 December 2008)

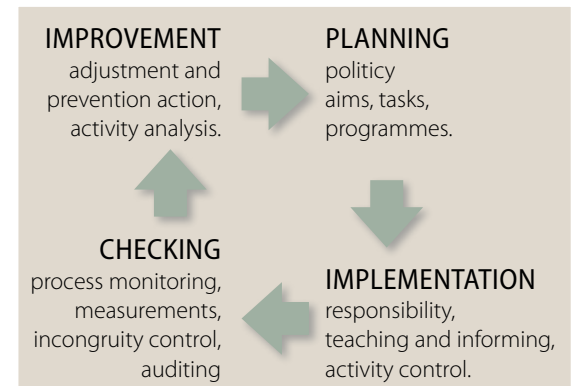
Higher	1,120	1,162
Higher non-university	33	
Student	9	
Post-secondary	45	475
Special secondary	430	
Secondary	499	541
Basic	2	
Vocational	40	
Incomplete secondary	2	6
Other	4	

TEO employees' rights and interests are ensured by Collective agreement. It defines terms of general organizational principles in the areas of ensuring safe and healthy working conditions, material liability, work remuneration, working hours, off-days, and employee education, extended guarantees and advantages which help to ensure social safety for employees.

EMPLOYEES' HEALTH AND SAFETY

In order to ensure efficient occupational safety and health care for TEO employees, the Company follows the Occupational Safety and Health (OSH) management system, which provides for the basic principles, objectives, targets and implementation directions of the occupational safety and health policy. The system is also aimed at reducing the likelihood of accidents at work and occupational morbidity.

The creation of safe and healthy working conditions in the Company is established by the Collective Agreement and is regulated by the Labour Code of the Republic of Lithuania and other legal acts regulating occupational safety and health, the Company's Occupational Safety Policy.



ADDITIONAL SOCIAL BENEFITS FOR EMPLOYEES

As every year, in 2008 the Company continued to attach high priority to additional social guarantees. One of the most important ones – supplementary health insurance for the employees, who had worked in the Company for more than 1 year, that took effect from May 2008. In 2008 the terms and conditions of the employees' insurance against accidents were revised and updated as well, i.e. all of the Company's employees, without exception, are covered by 24 hours insurance against accidents. In addition to the above-mentioned types of insurance, at working places TEO employees are provided with first aid kits. The Company organises tests of personal and collective protection aids and examinations of working environment and workplaces. Also, all the employees who request are vaccinated against influenza for free. One of the additional social initiatives – upon the start of the dark season, 1 100 reflectors, helping to be safer on the road, were specially manufactured and presented to be used by all children of TEO employees from 3 to 14 years. In 2008, upon completion of the Company's project on updating computer hardware and software used in the employees' workplaces, more than 2000 computers were replaced with new ones emitting less radiation.

Also, in 2008, the Mobile Workplace project was implemented. As a result of that, starting from December 2008, more than 400 of TEO customer care employees can work much more conveniently and efficiently – by using portable computers and Internet access, which enables remote connection to the Company's internal systems.

ACCIDENTS

In 2008, 9 accidents in total were recorded in TEO – more than 2.5 times less than in 2007, when 25 accidents were recorded. Out of all accidents in 2008, 2 accidents occurred at work, other – while travelling to/from work.

No lethal, group accidents or occupational diseases related to accidents were recorded in 2008.

Analysis of accidents at work, while travelling to/from work recorded in TEO in 2008

	WHILE TRAVELLING TO/FROM WORK	
	At work	While travelling to/from work
Lethal	0	0
Severe	0	1
Light	2	5
Investigation terminated	0	1

As a result of safe and healthy working conditions in TEO, the figures of recorded occupational morbidity are low. During the year 2008, one employee of TEO was on sick leave for an average of 5 days.

THE SOCIAL NEEDS FUND

The Social Needs Fund is intended to satisfy the wants and social needs of TEO employees. Financing from this Fund is used for different means to promote employee well-being, cultural events, as well as for the employees' allowances in the event of accidents. For those purposes, almost LTL 650 thousand were allocated in 2008. The Fund is administered by the Committee of the Social Needs Fund that is composed of representatives of the employer and trade unions.

EMPLOYEES' TRAINING AND EDUCATION

The funds allocated in 2008 for TEO employees' competence improvement and competitiveness enhancement, including EU financial support (LTL 1.56 million), amounted to LTL 3.4 million. (3.6 million in 2007). 79% of TEO employees took part in various educational programmes, including projects supported by the Republic of Lithuania and co-financed by the Social Fund of the European Union in 2008.

In 2008, as many as 30 training hours on the average were assigned per employee of TEO in total.

- In 2008, TEO supported Master's degree studies of 16 of its employees in various Lithuanian and foreign universities. Almost LTL 56 thousand were allocated for that purpose.

Average number of training hours per employee of TEO in 2006 – 2008

2006	2007	2008
12 hrs.	23 hrs.	30 hrs.

In 2008, as well as in the previous year, the following programmes were planned and continued to be implemented:

- **KEY EMPLOYEES' PROGRAMME.** According to this programme, every year the employees of key importance for the Company's business are identified, their reserve is formed, business leaders' training and mastery development programmes are developed, training is delivered.
- **MANAGEMENT TRAINING PROGRAMME.** A novelty of 2008 is a programme, called Coaching, which involved all managers of TEO. The main focus areas of the programme: focusing on solutions, recognition of employees by involving them into the search for new ideas and proposals and realization of their propo-

sals by developing activities, solution of training, motivation and other issues.

- **BUSINESS LEADERS' TRAINING PROGRAMME.** The main aim of the programme – development of competent, reliable, result-oriented business leaders capable of uniting and inspiring team members to pursue the established target.
- **PROGRAMME FOR NEWLY EMPLOYED STAFF.** In order to shorten the time of newly employed staff's adaptation, the Company's top-level managers introduce the Vision, Mission, strategy and targets of TEO, specialists share their experience in service and product development and give an introduction to relevant development-related issues to the newly employed TEO employees.

- **SALES SPECIALISTS' TRAINING.** In 2008 the programme, called Šuolis (Jump) was implemented. The programme was aimed at improving customer care through technicians – engineers and telecommunications specialists. The Sales Specialists' Training programme consists in total of four modules – starting from the programme, called Sales Fundamentals, up to the forth – Craftsmanship – module.

- In 2008, 25% participants of the key employees' reserve training programme climbed up the career ladder and were appointed to leading positions.

Average number of training hours per employee in each category in 2008 (hrs)

Category	Number of employees	Number of hours	Average number of hours
Leading managers	9	304	34
Operation Level Managers	267	13,004	49
Leading Specialists	61	29,715	49
Specialists	1,312	46,757	36
Technicians	69	20,545	30
Total:	1,718	65,091	38

- Following the principles of the Global Agreement, TEO eliminates forced and child labour and seeks that this principle is followed by the Company's partners and suppliers.

EQUAL OPPORTUNITIES

TEO ensures equal opportunities and rights for its employees, following the prohibition of discrimination in respect of age, gender, race, religion, political views, nationality, social background and beliefs that is established in the Constitution of the Republic of Lithuania and other labour laws.

There were no cases of discrimination or infringements in the above-mentioned respects recorded in the Company neither in 2008 nor before.

- According to the data as on 31 December 2008, 12 disabled people worked in TEO.

According to the data as on 31 December 2008, 1330 men (60.9% of the total number of employees) and 854 women (39.1%) worked in TEO. Among top-level and middle-level managers in 2008, there were 86 women or 31% of the total number of managers.

The 7-member Board of TEO is composed of men. The top-level management positions in the Company (General Manager and his four deputies – Directors of Divisions) are held by men. One of six main Units is headed by a woman. Four women head TEO Departments (the Company has 12 Departments in total) and one of five

regional centres is headed by a woman. Also, one woman is Corporate Image Formation Adviser to General Manager. There weren't any more advisers in 2008.

Promoting equal opportunities in the Company, 42.5% women were selected and participated in the High Potential Development Program in 2008, although the percentage of women employees in the Company – 39%. The Program's approach was to encourage women to seek career opportunities and leading positions in TEO.

In 2008, the average age of the employees of TEO LT, AB was 39.6 years. The biggest numbers of the employees fall in the age groups of 40 - 49 years (31.7%) and 30 - 39 years (27.2%). The smallest number of the employees is found in the age group of 18-19 years (2 employees or 0.09%).

Employee distribution by age

Under 18 years	0
18 – 19 years	2
20 – 29 years	471
30 – 39 years	594
40 – 49 years	692
50 – 59 years	372
60 – 65 years	50
Over 65 years	3

COOPERATION WITH EMPLOYEES

TEO pays much attention to co-operation with its employees and maintaining feedback with them. The Company uses internal communication channels and events, carries out employee opinion polls, researches of co-operation between units, annual employee performance evaluation discussions as well as management performance evaluations are conducted, and the employees are encouraged to become involved in decision-making processes.

INTERNAL COMMUNICATION

To ensure good working relationships in the Company, a strong focus is placed on internal communications. For that purpose, in 2008 the Company launched preparation and posting of video reports on the Intranet.

Also, the Intranet site TEO Lyga (TEO League) has been updated and made even more easy-to-use and attractive for the employees. Among its novelties is the rubric, called Newcomer's Page (Naujoko puslapis), where, in order to make the adaptation process of the newly employed TEO employees easier, information relevant to such new employees is provided in a convenient form. Video reports are provided in a separate section, a new

- More efficient internal communication in the Company is also ensured by informative video reports, launched in 2008.

rubric ECOpulse (EKOpulsas) has been introduced and other improvements have been made.

Another internal communication source, which also receives high attention from TEO employees is the weekly publication Mūsų TEO (Our TEO), which is read on the Intranet by approximately more than 1000 employees per week.

Another original means of TEO internal communication – THE BANK OF IDEAS, which is aimed at encouraging the Company's employees to propose their ideas related to business development or new services, and thus contribute to decision-making processes. During 2008, nearly 50 ideas were received, a part of them – successfully implemented.

EMPLOYEES' OPINION POLLS

To evaluate the satisfaction of TEO employees with the Company and their place of employment, the Employee Opinion Poll was conducted again in 2008 (the last time TNS Gallup conducted such survey in 2003). The survey showed that the satisfaction of TEO employees with the Company coincides with the Lithuanian average (50 points).

The survey results also showed that the index (77 points) of TEO management evaluation is higher than corresponding

average global indexes (70 points). TEO employees, when evaluating their Company, particularly noted TEO "leadership in innovation" and "responsibility to the environment and society". The survey results will be taken into consideration when planning the Company's activities next year.

Co-operation among the Group's companies and units is promoted and valued in the Company. As every year, the 2008 research of Co-operation between Units involved evaluation of the activities of 80 units and 3 subsidiaries, stressing the importance of cooperation, openness, responsibility and proactiveness in mutual relations. The results of the survey, which involved the participation of more than 500 employees, confirmed the continuously improving co-operation among the Company's units.

- In the world, only 3% of line managers, on the average, get a TRI*M index score of 100 or higher, whereas in TEO even 23% of managers get a score of 100 and more.

Management evaluation index

TEO N=1 438	77
THE WORLD N=25 000	70

In addition, in 2008 over 400 of TEO employees took part in a two-day training course Co-operation Promotion (lectors were from Human Study Center), the aim of which – to promote co-operation among the employees of the Company's different structural units.

Seeking efficiency of the activity management system in general, and, above all, constructiveness of performance evaluation discussions, in 2008 the managers' survey about performance evaluation discussions was conducted. Based on the survey results, training and appropriate management communication were organized for the managers.

INCENTIVES FOR THE EMPLOYEES

The Company seeks to recognize and appreciate those employees, who have achieved excellent performance results and whose work and behaviour have been in accordance with and implementing the values of TEO. For this purpose, every year the Company organizes the Employee of the Year Elections, which have already become a traditional part of the organisation's culture. In 2008, 20 employees of TEO were recognized as the best.

In order to motivate its employees, every year the Company allocates salary bonuses for the achievement of targets (annual or quarterly, depending on the

nature of work), as well as one-off bonuses. It is also important to emphasize that the salaries paid to all employees of TEO are higher than the minimum wage standard in Lithuania.

The Company also applies non-financial incentives: trips, events, additional days off. In 2008, the employees were offered the opportunity to use all TEO services for half the price.

FAMILY-FRIENDLY WORKING ENVIRONMENT

In order to create favourable conditions for its employees to reconcile work and family needs, TEO provides its employees with the possibility to choose the most suitable working hours, starting from 7 a.m. to 11 a.m. and finishing work at, respectively, from 4 p.m. to 8 p.m., in order to manage to take children to or from kindergartens or schools.

As the State has created favourable financial conditions for parents to bring up their children (the amount of the maternity (paternity) allowance until the child turns 1 year old makes up 100%, and until the child turns 2 years old – 85% of the allowance beneficiary's reimbursed remuneration), TEO employees actively use maternal (parental) leaves and child care leaves. Until the child reaches the age of 3 years, all guarantees to retain the job are ensured.



TEO employees children were organized 6 Christmas performances in Vilnius, Kaunas, Klaipeda, Siauliai and Panevezys.

TEO employees also use additional free days, allocated for families with two children under the age of 12 as well as for large families.

In total, in 2008 TEO employees had over 840 children up to 12 years old, who received gifts from TEO as well as a Christmas event on the occasion of Christmas.

CORPORATE SOCIAL RESPONSIBILITY IN RELATIONS WITH SOCIETY

In 2008 TEO continued the started co-operation projects with its long-term social partners, allocated free of charge short numbers, promoted entrepreneurship among students, took part in festivities of the country's cities and towns, also initiated and supported new projects, which evoked great response in the society.



TEO progress in relations with society in 2008:

- expanded the circle of social partners, involving more than 20 long-term partners. In 2008 TEO concluded more than 230 different support and co-operation agreements in total
- allocated, free of charge, 23 short numbers, by which almost LTL 400 thousand were donated
- volunteering promotion (initiated a survey; organized an international conference; released an information publication)
- promotion of social communication and co-operation (supported: city festivals, social, cultural projects, the projects initiated by the communities themselves).

More information about the Corporate
Social Responsibility Policy of TEO
in relations with society

- The objective to be social and valued by communities is reflected in TEO Vision: "Your best partner in communicating with the constantly changing world", as well as in the slogan: "Be with the World".

TEO SOCIAL PARTNERSHIP STRATEGY

Maintaining long-standing traditions of relations with communities and being one of the biggest sponsorship providers in Lithuania, TEO seeks to secure long-term harmonious progress of business and society, to contribute to the social development and welfare of society, and the creation of e-society.

Following the Social Partnership Strategy adopted in 2007, TEO invests in social projects and programmes which:

- create long-standing value;
- help to handle problems that are relevant for the whole society;
- help to establish progressive, future-oriented trends in Lithuania.

In accordance with the above-listed principles, TEO planned the following key directions of support and co-operation:

- **volunteering promotion** (from surveys in the field and support to actually working volunteer organizations to involvement of the employees in volunteering projects)

LTL 96 000

allocated in 2008

- **development of future leaders** (educational projects, implementation of young people's ideas (in business and social fields); development of information technologies and science)

nearly LTL 150 000

allocated in 2008

- **promotion of social co-operation** (festivals of towns and cities; projects initiated by communities)

over LTL 1.2 million

allocated in 2008

- **promotion of innovations** (knowledge society development projects based on state-of-the-art technologies, digital divide reduction projects)

LTL 71 000

allocated in 2008

- **support to sports** (women's basketball team TEO).

over LTL 2.5 million

allocated in 2008

In total, TEO allocated over LTL 4 million* for support in 2008, including the amount of LTL 295 000, which was allocated for regional cultural, social and community activity projects.

*This total amount is the financial support allocated by TEO. This amount does not include TEO support by providing telecommunication services and employees' working hours spent working on social projects.

CO-OPERATION PRINCIPLES

TEO partnership with local communities, representatives of non-governmental organizations or municipalities is based on TEO values: openness, reliability, proactiveness and co-operation.

When developing a dialogue with stakeholders, the Company primarily listens to their wishes, and, taking into account the needs and interests, offers the best options of co-operation (from long-term co-operation and support to telecommunications solutions or specially-developed services).

Decisions on specific support, communication and co-operation with stakeholders are adopted during once-a-month meetings, attended by the members of the Committee for Provision of Support and Other Allowances as well as the Communication Committee that are composed of TEO representatives.

Depending on the nature, content and other circumstances of projects, short-term or long-term co-operation agreements are signed with stakeholders. In the course of 2008, in total, over 230 such agreements were signed (in 2007 – 189).

Much attention is also paid to feedback. Partners' opinion on the cooperation is

- The choice of social partners depends on whether they act socially responsibly or not.

disclosed in letters, letters of gratitude and during dialogues. These and other responses about the Company's activities are integrated into the operation plans for improving co-operation, developing services, improving customer care and communication.

TEO does not provide support and other allowances to profit-seeking and political organisations and parties, religious communities, brutal sports representatives, gambling organisers, and illegally operating organisations. Financial support is not granted to natural persons either.

SOCIAL WELFARE SERVICESS

- Deferred payment for services. Taking into consideration the difficult economic situation in Lithuania at the end of 2008, after the start of the cold season, TEO provided all its residential customers the opportunity to defer a part of payments for the Company's services and to pay for them later.
- Discounts for elderly and socially disadvantaged persons. TEO applies discounts from LTL 5 to LTL 15 per month on the service most relevant to elderly and socially disadvantaged persons – voice telephony.

- Promotion of communication. On public holidays, TEO applies the tariff of 3 cents per minute to all its residential customers. This tariff is valid for local and domestic long-distance calls within TEO network on even 15 days of public holidays. The holiday tariff is applied in order to provide customers with possibilities to call and extend greetings on the occasions of public holidays.

- Reduction of social exclusion. In 2008 TEO signed a 3-year agreement with the Ministry of Education and Science for long-term co-operation and support in implementing information and communication technologies and in the application of electronic communications services in the Lithuanian education system.

Over 100 of the country's schools seized the opportunity offered by TEO in 2008 to use the Internet for free or with a big discount.

- The main obstacles to volunteer involvement – the lack of time and necessary information about where and how people could participate in such activities.

Source: TNS Gallup

VOLUNTEERING PROMOTION

In 2008, TEO continued its policy for promotion of volunteering in Lithuania. To that end, the Company actively co-operated with its partners– public institution Volunteers' Centre, the Lithuanian Free Market Institute (LFMI) and public opinion poll and market research company TNS Gallup.

SURVEYS REVEALING THE CURRENT SITUATION OF VOLUNTEERING IN LITHUANIA

In order to clarify the actual situation of volunteering and topical issues in the country, in 2008 TEO and its partners decided to initiate two surveys: the public opinion survey on this topic and the legal environment survey.

According to the data of the survey conducted by TNS Gallup, over the year 2008, 46% of Lithuanians were involved in volunteering (mostly – managed the environment or in some other way helped other people). However, still about 39% of respondents stated being determined to start volunteering if informed about appropriate ways and if not obstructed by organisational, legal and other conditions.

The LFMI's experts in their survey noted that the development of volunteering in

Lithuania requires an adequate legal environment, which would ensure safe and flexible volunteering – convenient both to the volunteer and the organisation employing him/her.

The survey has disclosed the main problem: currently, there is no direct regulation of voluntary activities in the legal acts of the Republic of Lithuania and this causes concern to certain organizations engaged in organizing voluntary work in Lithuania about further perspectives of this activity and the legality of voluntary work in general. However, according to the LFMI's experts, voluntary activities raise no doubts about their legality.

INTERNATIONAL CONFERENCE VOLUNTEERING IN LITHUANIA: CHALLENGES AND PROSPECTS

In order to present the survey results to the public, at the end of 2008 TEO together with its partners initiated an international conference "Volunteering in Lithuania: Challenges and Prospects", which was intended to discuss economic, organizational and legal problems for the development of voluntary activities.

During the conference held at the Seimas of the Republic of Lithuania, there was presented an overview of the non-governmental sector and a presentation of the experience of foreign countries – Italy

and Croatia – in the field. The conference ended up with a discussion "Does Lithuania take full advantage of volunteering opportunities?" that evoked particularly high interest among the conference participants.

- The first conference of this type organized in Lithuania attracted particularly strong interest – more than 300 representatives from non-governmental organizations, academic, state institutions and other volunteering supporters participated in it. TEO also invited its employees to take part in the conference.



Representative of the European Parliament Marian Harkin presented the European Parliament's position on volunteering.



2011 – THE YEAR OF VOLUNTEERING

After the international conference, its organizers signed a petition, in which the country's highest government officials were invited to support the initiative of the members of the European Parliament to declare 2011 as the European Year of Volunteering.

There was a hope expressed in the text of the petition that the declaration of 2011 as the European Year of Volunteering would contribute to the development of volunteering and would be a positive impetus both in the European Union and Lithuania to take real action in the promotion of wider public involvement in voluntary activities. The petition was forwarded to the President of the Republic of Lithuania, leaders of the Government and the Seimas.

A PUBLICATION FOR THOSE WHO WANT TO VOLUNTEER

Seeking continuity of the volunteering promotion initiative, TEO released an educational publication entitled "Volunteering in Lithuania: WHAT? WHERE? HOW?" in which the most important survey results, practical advice and the contact information of organizations employing volunteers is provided.

The publication was disseminated during the conference and later it was distributed

to the representatives of organizations employing volunteers all over Lithuania (circulation - 5 000 copies). The publication and the conference materials are available electronically to everyone interested on the Company's website.

- The impetus for releasing the information publication was provided by the results of public opinion surveys – namely the lack of information constitutes the main obstacle for a substantial number of people in Lithuania to become involved in volunteering.

SUPPORT TO "GOLDEN HEARTS"

The volunteering promotion initiatives in 2008 culminated in the becoming-traditional event "Golden Heart", during which an honourable awards ceremony was held for the people, who had been year after year doing good works on a voluntary basis, without any payment in return.

The event, sponsored by TEO, was organised for already the third year in a row on the occasion of the International Volunteers' Day and was broadcasted on one of TV channels on the Christmas Eve.

DEVELOPMENT OF FUTURE LEADERS

The targeted investments of TEO in 2008 were intended for scientific and cultural initiatives as well as development of the country's promising youth – the would-be future leaders.

- More than 1000,000 books and 100,000 school childrens who read them – these are the figures, which the project "Draugau su knyga. Atrask lietuvišką knygą" (Be Friends with a Book. Discover a Lithuanian Book), organized in 2008 by the Ministry of Education and Science and supported by TEO, can boast of.

IT COMPETITIONS FOR SCHOOLS

Already for the fifth year in a row, about 7 thousand school children of the forms 5-12 from all schools of the country had the opportunity to reveal their skills at the international information technology contest Bebras (Beaver), initiated by the Ministry of Education and Science and the Institute of Mathematics and Information Science. During the contest, school children solved the tasks requiring skills in

■ The concept of the contest Beaver started in Lithuania is successfully implemented in other 9 countries: Austria, Czech Republic, Estonia, Latvia, Netherlands, Poland, Slovakia, Ukraine and Germany. In 2008, in total 97,617 participants participated in the contest Beaver.

logics, structured thinking, understanding of computer systems and general historical knowledge, created for the competition by not only Lithuanian, but also foreign teachers and university lecturers.

For the best contestants, TEO, a long-year partner of the contest, arranged a festival – over 200 school children, who best demonstrated their knowledge and skills, their teachers and parents were invited to the State Small Theatre of Vilnius, where they were awarded diplomas and watched the performance “Atsitiktinumas”, directed by Gabrielė Tuminaitė.

Among examples of long-term cooperation of TEO with youth development organizations – the traditional Competition of Lithuanian Schools’ Websites, organised for the ninth year in a row. 100 Lithuanian schools and 7 schools from Latvia took part in the Competition held in 2008. The Competition is organized by public institution “Švietimo tinklas”.

TEO has for a number of years been supporting the National Young Informatics Contest and the contest LOGO.

INCENTIVES FOR GIFTED CHILDREN

TEO objective to contribute to the development of future leaders is proved by its continuing co-operation with public insti-

tution National Student Academy, which develops children with exceptional abilities.

This unique-in-Lithuania organisation unites the most gifted children in various fields from all over Lithuania and focuses its attention not only on specific knowledge but also on personality development.

In addition, in 2008, TEO supported the yearly school children’s competition organised by the national committee of the Joint World’s Colleges for scholarships for studies in Italian, Norwegian and Hong Kong colleges. Three most advanced eleventh form pupils are invited to study (out of 67 applications); upon completion of studies, pupils are issued international baccalaureate certificates, which are adequate to secondary school-leaving certificates.

■ Since 1993, the national committee of the Joint World’s Colleges has sent over 50 Lithuanian pupils to study abroad.

THE BRIDGE BETWEEN STUDENTS AND BUSINESS

The international youth entrepreneurship competition Profas (Ace), organised for the fourth year in 2008, attracted a record number of participants – over 500 students from Lithuanian universities and

colleges as well as from educational establishments of other European countries.

■ Profas – an educational project, which helps the youth develop entrepreneurial skills and learn about the business world not only from textbooks.

In the final, 30 students (in 2007 – 15), having passed a special selection process, had to solve quite uneasy tasks – to participate in the business simulation, aimed at getting the knowledge about the market’s oligopolistic processes and evaluating the corporate strategies of business enterprises for business operations during the period of economic downturn.

In 2008, TEO granted not only financial support to the project, but also took part in the activities of the assessment commission. The international youth entrepreneurship competition is organised by the Ministry of Education and Science, the Lithuanian Students’ Union, public institution Profat and the country’s business enterprises.

PROMOTION OF SOCIAL CO-OPERATION

From support to the cultural projects relevant to the whole Lithuania to assistance to particular people, for example large families from Varėna district that received the computers donated by TEO – this is how the social co-operation with local communities promoted by TEO during the whole year can be described.

CULTURAL PROJECTS

In 2008, TEO further supported and cooperated in the preparation of a number of relevant cultural projects throughout Lithuania. One of the most interesting ones – “Jazzing GALA Street”, which is a part of the biggest cultural event “Palanga Summer” sponsored by TEO that takes place in Palanga throughout the whole summer.

During the festival, the renovated Dariaus ir Stasio Girėno street of the resort town became the “Jazzing GALA Street”, where free live performances of not only jazz grands, but also less famous professional performers from different countries of Europe were held during the whole summer.

Among other events organized in Klaipėda and patronised by TEO – the Sea Festival and Klaipėda Jazz Festival, which always receive huge popularity.

In the spring of 2008, TEO sponsored a unique project of modern art “Art in Old Lithuanian Manors 2008”, organized in old manors and castles of Lithuania. During the project, nine artists from Lithuania and Ukraine presented their works of painting, photography, sculpture as well as art installations. In total, 38 personal and group exhibitions were organized in the course of the project.

TEO also was the main sponsor of the international experimental archaeology festival “Days of Live Archaeology” in Kernavė.

FROM FILMS TO MUSIC

The GALA Festival of non-commercial films, sponsored by TEO, accelerated its pace in 2008. During the first season (November 2007 – May 2008), 37 films were shown, which attracted an audience of over 10,000. The Festival’s film shows were also launched in Kaunas and Panevėžys. The second season of the GALA Festival started in November 2008 and will continue until June 2009.

STATISTICS OF THE GALA FESTIVAL:

- Films by filmmakers from 24 countries were shown
- The most popular film in 2008 – “The Band’s Visit”
- During the second GALA season (November 2008 – June 2009), 30 films will be shown

A new formula of the Film Festival created by Lithuanians - projection of films on the last week of every month during the whole film season - is innovative and unique on the global scale. In January 2008, the festival received a prize from the culture publication “Pravda” as the best newcomer of the year.

In 2008, TEO also sponsored the production of the biographic documentary “Dance in the Desert” in memoriam of famous writer, artist, traveller and photographer Jurga Ivanauskaitė (1961 - 2007). The film’s premiere was scheduled for February 2009.

Seeking to contribute to revealing the talent of young musicians, in 2008 TEO continued its co-operation with the Lithuanian Foundation of Supporting Musicians. The Company’s financial support was allocated for Lithuanian school children, prizes for the laureates of international competitions and their teachers and for organising a ceremony in their honour.

- TEO supports voluntary non-remunerated blood donation.
34 employees participated and donated their blood during the blood donation campaigns held in the Company in 2008.

SOCIAL SOLIDARITY PROJECTS

One of the most tangible steps of TEO help for communities – the gratuitously provided numbers, which annually contribute to the public campaigns aimed at helping those who have suffered different kinds of disasters or mobilizing society in solving social problems. During 2008, people calling from their fixed-line phones to TEO short numbers donated nearly LTL 400,000 for various support projects, campaigns and initiatives (in 2007 – LTL 330,337).

- In 2008, the country's residents, by calling to the short numbers allocated by TEO, donated over LTL 35.7 thousand for war-devastated Georgia.

The short numbers, 800- or 900-line services, allocated by TEO, helped TEO public partners not only collect support, but also provide various forms of consultation. For instance, since 2008, the telephone line, allocated to the Children's Rights Ombudsman's Institution, has been used to provide free consultations in addressing the social and psychological problems related to violations of children's rights and their legitimate interests; by calling the line allocated for the information campaign "Pastebėk gerą

policininką" initiated by the Ministry of the Interior people could tell about the good works of police officers, whereas on the toll-free telephone line of the educational campaign "Egzaminai.Nesinervink.lt", consultants helped school graduates prepare for school-leaving examinations and advised how to manage emerging emotion, fear.

- There are about 7,000 visually-handicapped people in Lithuania for whom it is particularly important not only to listen to recorded audio books, but also to be capable of reading books by themselves.

"Harry Potter and the Deathly Hallows", the 7th and the last book of the Harry Potter novel series, which was published in Braille in January 2008, could be called perhaps the brightest social solidarity project of TEO. Lithuania is one of the few countries in Europe where all the 7 books by J.K. Rowling about Harry Potter, a young sorcerer, have been published in the script understandable by the blind. The books, the publication of which was sponsored by TEO, have been given to the Lithuanian Library for the Blind in Vilnius as well as its branches in other cities and towns of Lithuania.

CHARITY PROJECTS

The Vilnius Town Hall housed the sixth international Christmas Charity Fair, organised by the International Women's Association uniting wives of foreign ambassadors and businessmen residing in Lithuania. TEO was one of the main sponsors of the Fair. During the event, patronised by the First Lady Alma Adamkienė, it was possible not only to buy original Christmas gifts, but also to grant support to those needing it most.

Upon having calculated the money received for charity, it turned out that a record amount of funds so far collected during the Fair had been achieved – over LTL 250 thousand. The total amount collected during the Fair over five years – almost LTL 700 thousand, which went to disabled and disadvantaged children and elderly people.

Also, more than LTL 55,000 were collected for socially disadvantaged children during the fourth Christmas auction, arranged by public organisation "Save the Children", where the art works donated by Lithuanian artists were presented. TEO contributed to the collected funds as well – bought at the auction the picture "Cosmos Watcher" by Dovilė Norkutė for LTL 9,000.

SUPPORT TO LOCAL COMMUNITIES

In 2008, TEO supported festivals, cultural projects, other community initiatives in nearly 90 cities and towns (in 2007 – 60).

To add more colours to the daily life and festivals of small towns of the country, TEO enlisted the help of a TEOBUS – a unique and modern customer care unit on wheels, manufactured according to a special order of TEO which, since its launch in August 2008, has already managed to visit almost 15 towns of Lithuania.

In addition, in 2008, the TEOBUS's biggest in Lithuania mobile LED screen was used for live broadcasting of the XXIX Beijing Olympic Games to the public in the City Hall square in Vilnius.

Seeking to contribute to the promotion of healthy lifestyle and occupation, in 2008 TEO renovated outdoor basketball courts in Alytus, Radviliškis and Švenčionys. During the project's implementation period from 2007 to 2008, TEO renovated in total 24 outdoor playing courts in different towns of the country.

In 2008 TEO provided support for the local communities in the form of 250 computers. The computers were distributed to the people needing them most, for example, large families living in Varėna district. By the way, the open-source operating system "Baltix-Linux" with all office applications in the Lithuanian language had been installed on the donated computers.

PROMOTION OF INNOVATIVE IDEAS

When selecting sponsorship and co-operation directions and projects, TEO considered, first of all, their benefit to society – whether or not they would help solve relevant problems.

"MANO BALSAS" (MY VOTE) HELPED TO ELECT THE SEIMAS

One of all Lithuania-relevant projects supported by TEO in 2008 – a web-based smart voting tool – "Mano balsas" (My Vote) (www.manobalsas.lt). This project, aimed at encouraging public spiritedness and responsibility of Lithuanian citizens in electing the Seimas of the Republic of Lithuania, was implemented by the Institute of International Relations and Political Science of the Vilnius University, Kaunas University of Technology, Mykolas Riomeris University and public institution "Regioninių projektų iniciatyva" (Regional Projects Initiative).

- In just the first three months of the project's existence, the website Manobalsas.lt was visited by 140 thousand visitors.

The project received a very high recognition by society and specialists: it was awarded with a special innovation

prize of the "Best Lithuanian ICT Product of the Year 2008" project organized by the Infobalt Association. Furthermore, at the national contest "Innovation Award 2008", public institution "Regioninių projektų iniciatyva" (Regional Projects Initiative), the initiator of the "Mano balsas" project, received an award for the innovative product in a non-business field.

PROMOTION OF KNOWLEDGE SOCIETY DEVELOPMENT

By co-operating with the non-governmental sector for a number of years, TEO seeks to promote the development of information and communication technologies and of knowledge society. For that purpose, in 2008 TEO further continued its cooperation with the "Window to the Future" alliance, the Association of Local Authorities of Lithuania, municipalities of different towns and districts, culture centres, public institutions, the Electronic Grade-Book project, the INFOBALT Association, other organisations.

FOCUS ON SAFE INTERNET

Already for the second year in succession, TEO continued its co-operation with the Communications Regulatory Authority and the Ministry of Education and Science in implementing the European Commission (EC) programme "Safer Internet LT" in Lithuania. This programme implemented in all countries of European Union.

During 2008, for the website of the “Safer Internet” programme www.draugiskasinternetas.lt TEO regularly provided educational information about the Internet’s opportunities and threats that both children and parents can encounter on the Internet.

- The objective of the “Safer Internet” programme is to call the society’s attention to illegal and harmful information on the Internet (pornography, paedophilia, racism, xenophobia). Particular attention is being attached to protection of children and adolescents from the harmful content of the Internet.

Furthermore, in co-operation with the magazine for children “Bitutė”, Jonvabalio Žybsis (Twinkler the Lightning-Bug), a personage created by TEO, has been regularly preparing Internet lessons for the littlest users of the Internet – readers of this magazine from 2008.

- The Office of Journalists’ Ethics Inspector has recognized the magazine “Bitutė” as the best cultural – educational publication for children in Lithuania.

SUPPORT TO SPORTS

In 2008, TEO further remained the biggest supporter of the women’s basketball team TEO Vilnius. It is the strongest women’s basketball team in the Baltic region and one of the most powerful ones in Europe.

In 2008, for the ninth time in a row, basketball players of the team TEO Vilnius became the winners of the Baltic Women’s Basketball League Championship and won the Winners’ Cup of the Lithuanian Women’s Basketball League. TEO Vilnius is the only Lithuanian team playing in the Europe’s most prestigious women’s basketball tournament – EuroLeague.

- TEO basketball players were ranked among the TOP 10 European youth women basketball players of 2008. Gintarė Petronytė won the highest – 1st place, and Auri-mė Rinkevičiūtė – the 8th. The best women basketball players were elected by the commission composed of basketball experts and fans.

Jurgita Štreimikytė – Virbickienė, who is called the best basketball player in Lithuania, has been playing in TEO basketball team.



COMBATING CORRUPTION

In 2005, TEO was one of the first in the country to join the United Nations Global Compact. TEO also actively participates in the activities of **the National Network of Responsible Business**. By joining the Global Compact, TEO on its own initiative committed to comply with the **ten principles** in the areas of human rights, labour, the environment and anti-corruption.

In order to prevent corruption, the Company familiarizes its employees with fair business principles and ethical standards and, at the same time, promotes fair business policy and transparent communication with state institutions, by supporting organisations that popularize a socially responsible attitude towards business in Lithuania.

The Ethics Committee has been set up in the Company to investigate possible cases of corruptive acts related to the activities of TEO. Every employee has the possibility to inform the Ethics Committee about violations of ethical standards by sending e-mail messages to a special e-mail address.

TEO is also one of the first companies in the country to join the **Clear Wave** (Baltoji

bangą) movement. Its main objective is to promote transparent business practice in the country, to fight against the odious practice of paying part of the wage to employees in "envelopes", to draw public attention to the progressive and reliable Lithuanian business companies which aim at creating proper working conditions for their employees.

In 2008, no charges were made to TEO for corruptive activities.

- The principles of TEO fight against corruption are set forth in the Company's Code of Ethics: TEO employees are prohibited from participating in illegal and dishonourable activities, accepting gifts, money or gratuitous services. TEO also undertakes not to provide gifts or services if this might affect the benefit of another party.

However, it is important to note that in 2008 there arose legal difficulties regarding the headquarters building of TEO at Lvovo St. 21A, Vilnius. The persons, having declared their place of residence to be next to the building area, had made legal claims to the Vilnius City Municipality with regard to the approval of the building's

detailed plan. TEO provided and continues providing all the information requested by relevant authorities, and cooperates in clarifying the circumstances of this proceeding.

APENDIX. THE TABLE OF INDICATORS

In the table below General Reporting Initiative indicators corresponding C adaptation level requirements are presented. The status of revelation, location in the report and comments are shown.

Indicator	Description	Status	Page (s)	Explanatory Notes
1. STRATEGY AND ANALYSIS				
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	Y	4	
2. PROFILE				
2.1	Name of reporting organization	Y	3	
2.2	Primary brands, products and/or services	Y	8	
2.3	Operational structure of the organization including main divisions, operating companies, subsidiaries and joint ventures	Y	8, 9	
2.4	Location of organization's headquarters	Y	8	
2.5	Number of countries where organization operates	Y	8	The Company is operating in Lithuania only
2.6	Nature of ownership and legal form	Y	10	More information - "TEO Annual Report 2008"
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Y	9	More information - „TEO Annual Report 2008“
2.8	Scale of reporting organization including:			
2.8.1	Number of employees	Y	9	
2.8.2	Net sales	Y	9	
2.8.3	Total capitalisation	Y	9	
2.8.4	Quantity of products and services provided	Y	9	
2.9	Significant changes during the reporting period regarding size, structure or ownership, including - Location of, or changes in operations, including facility operations, closings, and expansions; and - Changes in the share capital structure and other capital formation, maintenance, and alteration operations	Y	9	More information - „TEO Annual Report 2008“
2.10	Awards received during the reporting period	Y	10, 24	

Indicator	Description	Status	Page (s)	Explanatory Notes
3. REPORT PARAMETERS				
3.1	Reporting period for information provided	Y	3	
3.2	Date of most recent previous report	Y	3	More information - "TEO Social Responsibility Report 2007"
3.3	Reporting cycle	Y	3	
3.4	Contact point for questions regarding the report or its contents	Y	3	
3.5	Process for defining report content, including: - Determining materiality - Prioritising topics within the report - Identifying stakeholders the organization expects to use the reports	Y	3, 5, 6, 7	
3.6	Boundary of the report	Y	3	
3.7	Specific limitations on the scope or boundary of the report	Y	3, 5	
3.8	Basis for reporting joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability	Y	3	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Y	3	More information - „TEO Annual Report 2008“
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Y	3	There were no significant changes in the report
3.12	Table identifying the location of the Standard disclosures in the report	Y	48	
3.13	Policy and current practice with regard to seeking external assurance for the report	Y	7	In 2008 external experts made an analysis of TEO Social Responsibility reporting of the previous year
Indicator	Description	Status	Page (s)	Explanatory Notes
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENTS				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks such as setting strategy or organizational oversight	Y	10	More information - "TEO Annual Report 2008"
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Y/N	10	More information - "TEO Annual Report 2008"
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non executive members	Y/N	10	More information - "TEO Annual Report 2008"
4.4	Mechanisms for stakeholders and employees to provide recommendations or direction to the highest governing body	Y	10, 34, 35	More information - "TEO Annual Report 2008"
4.14	List of stakeholder groups engaged by the organization	Y	10	
4.15	Basis for identification and selection of stakeholders with whom to engage	Y/N	39	More information - „TEO Annual Report 2008“

Indicator	Description	Status	Page (s)	Explanatory Notes
5. ECONOMIC PERFORMANCE INDICATORS				
EC4	Significant financial assistance received from government	Y	16,32	The Company received LTL 1.8 million in support from the EU for training of employees and for implementation of new technologies development projects
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagements	Y	12, 15, 16, 17, 20, 38	
Indicator	Description	Status	Page (s)	Explanatory Notes
6. ENVIRONMENTAL PERFORMANCE INDICATORS				
EN1	Materials used by weight or volume	Y	25	
EN2	Percentage of materials used that are recycled input materials	Y	25	
EN3	Direct energy consumption by primary energy source	Y	26	
EN4	Indirect energy consumption by primary source	Y	27	
EN5	Energy saved due to conservation and efficiency improvements	Y/N	29	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Y	28, 29	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Y	27, 28, 29	
EN8	Total water withdrawal by source	Y	26	
EN16	Total direct and indirect greenhouse gas emissions by weight	Y/N	27	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Y	27, 28, 29	
EN20	NOx, SOx, and other significant air emissions by type and weight	Y	27	
EN21	Total water discharged by quality and destination	Y/N	26	
EN22	Total weight of waste by type and disposal method	Y	26	
EN23	Total number and volume of significant spills	N		There are no data in this field
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Y	28, 29	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Y/N	26, 27	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Y	29	

Indicator	Description	Status	Page (s)	Explanatory Notes
7. LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS				
LA1	Total workforce by employment type, employment contract and region	Y	31	
LA2	Total number and rate of employee turnover by age group, gender and region	Y/N	31	
LA3	Benefits provided to full-time employees	T	32	
LA4	Percentage of employees covered by collective bargaining agreements	Y	31	100% employees are covered by bargaining agreements
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work related fatalities	Y	32	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Y	32	
LA10	Average hours of training per year per employee by employee category	Y	33	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their careers	Y	33	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Y	34	
Indicator	Description	Status	Page (s)	Explanatory Notes
8. HUMAN RIGHTS INDICATORS				
HR4	Total number of incidents of discrimination and actions taken	Y	34	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Y/N		The antidiscrimination obligations defined in the area of relations with employees in the Social Responsibility Policy of TEO
HR6	Operations identified as having a significant risk for incidents of child labour, and measures taken to contribute to the elimination of forced or compulsory labour	Y/N	34	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Y	34	
Indicator	Description	Status	Page (s)	Explanatory Notes
9. SOCIETY INDICATOR				
SO2	Percentage and total number of business units analysed for risks related to corruption	Y		There were no such cases recorded
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Y/N	47	
SO5	Public policy positions and participation in public policy development and lobbying	Y	39	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Y	39	
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Y	22	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Y		In 2008 TEO received no penalties for non-compliance with laws in this area

Indicator	Description	Status	Page (s)	Explanatory Notes
10. PRODUCT RESPONSIBILITY INDICATORS				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	Y/N		In 2008 there were no such incident of non-compliance with laws in this area
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Y/N	18	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Y	19	
PR6	Programs for adherence to laws, standards and voluntary codes concerning marketing communications including advertising, promotion and sponsorship	Y	20	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	Y	20	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Y	21	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Y		In 2008 TEO received no penalties for non-compliance with laws in this area
Indicator	Description	Status	Page (s)	Explanatory Notes
11. TELECOMMUNICATION SECTOR SPECIFIC INDICATORS				
PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas	Y	15, 17, 18	
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities and age	Y	18	Customer care by phone is available in Lithuanian, English and Russian
PA3	Policies and practices to ensure availability and reliability of telecommunications products and services	Y	14	
PA4	The level of availability of telecommunications products and services in areas where the organization operates	Y	15, 17	
PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population	Y	39	TEO applies a discount for telephone services for the elderly; it also offers the deferred payment service
PA6	Programs to provide and maintain telecommunication products and services in emergency situations and disaster relief	Y	14	
PA10	Initiatives to ensure clarity of charge and tariffs	Y	18, 20	
PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective and environmentally preferable use	Y	18, 28, 45, 46	

Y - Yes, the Indicator is provided in the Report

N - No, the Indicator is not provided in the Report

Y/N - The Indicator is partly provided in the Report

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