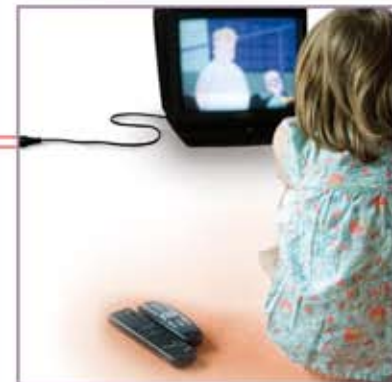


VST

KAD GYVENTI BŪTŲ ŠVIESIAU

CORPORATE SOCIAL RESPONSIBILITY REPORT 2008



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FOREWORD BY THE CEO

Aidas IGNATAVIČIUS **CHIEF EXECUTIVE OFFICER, VST AB**

For the fifth year already, VST AB public company has been launching and implementing various social responsibility projects. This is our first social responsibility report, presenting accomplishments in this area in 2008.

The values of our company are its cornerstone and we take guidance from them both in our everyday work and in relations with our environment – the community, customers, employees and society as a whole. High ethical and moral standards obligate us to seek to be the best in all our activities and to exceed expectations of the public. We have been seeking this persistently and now are able to evaluate what has been achieved.

In our opinion, the meaning of social responsibility lies in the areas where support is most needed. We sponsor educational and research projects and support the most vulnerable members of society. The underlying principle of VST's support policy is that assistance should be rendered to those for whom it will be an incentive not to give up and to move forward.

We encourage progress and continuously support the academic community, understanding that scientific knowledge, innovative ideas and new attitudes form a basis for new opportunities and for the adoption of decisions that allow for the improvement of processes, optimising costs, and increasing efficiency. Education and science are priority areas in VST's social responsibility policy.

Those who have shared at least once know the happiness of sharing. We continuously allot support for children's care homes, contributing to the enrichment of leisure activities of the children living there.

The lines of social activities are partially determined by the nature of work in the energy sector, i. e. the distribution and supply of electrical power. Increasing public awareness of safe behaviour near electrical installations is one such line. The most effective information channels and means have been selected in order to ensure that this vital information reaches everyone. Children represent an important part of our audience. A campaign entitled "Electricity as a Friend but Not a Playmate" is being continued for a number of years; this year around 10 thousand pupils of Western Lithuania learned about the benefits and dangers of electricity.

Environmental protection issues are relevant to any member of society. Amazing results could be achieved if everyone cared for the environment even a little bit. VST implements a campaign for the preservation of white storks. Every fifth stork returning to Lithuania settles in the safe nests raised by VST.

We seek to become the best members of our communities. During the campaign "To Live a Brighter Life", employees of VST's branches contributed to the tidying of their own towns and villages. Rubbish, old leaves etc. were collected on river banks, parks, historical mounds, cemeteries.

We care for our customers. To increase their satisfaction we invest in personnel training and rehabilitation of transmission grids, renovate and modernise customer service units, and implement new services. We conduct surveys to learn about our customers' opinions and take them into account while organising further work.

Social activities carried out by VST reflect the model of responsible business, which is applied by the organisation now and which it intends to follow in the future. We pursue our social responsibility policy – which involves supporting, organising, assisting, encouraging, investing, caring, and acting – so that life becomes brighter for everyone.

Aidas Ignatavičius
Chief Executive Officer

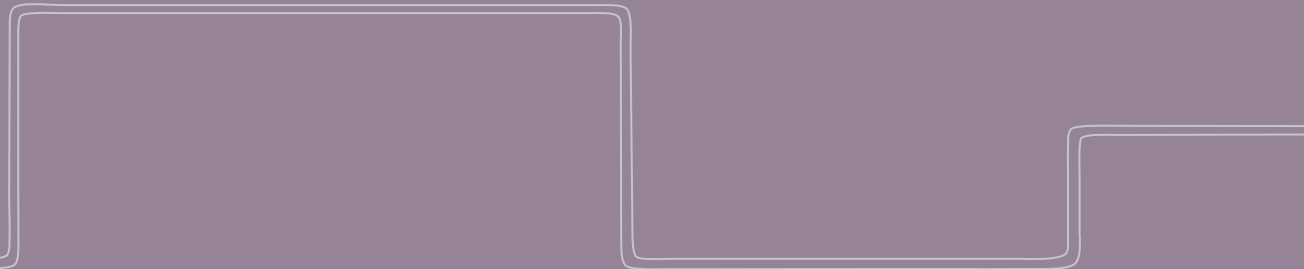


SOCIAL RESPONSIBILITY STRATEGY

It's good to do good

Each socially responsible business organisation must be concerned about its environment – society. Certain ethical, moral, economic and political principles should be applied in the organisation's communication with society. Adherence to these principles means that the organisation is prepared to be responsible for its behaviour; social responsibility obligates businesses to be responsible for their actions.

Short-lived social projects that have no continuity or are contrary to the company's operations usually have little value. Therefore, a socially responsible organisation has to ensure continuity of activities initiated by it as well as social justice and correspondence to the values declared.



VST as a socially responsible organisation launches social projects and ideas. For several years already the company has been sponsoring innovative research, education and culture projects and environmental protection. Social responsibility is an integral part of VST's activities. Activities of a socially responsible company are in line with the society's expectations. Our words do not differ from works – the company is constantly seeking ways to contribute to social welfare.

Being the best regulated service provider in Lithuania, we attempt to be also the best for our environment and our community.

VST implements its social policy through corporate activities in the following areas:

- relations with employees;
- relations with customers;
- relations with the public;
- environmental protection.

SOCIAL RESPONSIBILITY TO EMPLOYEES

■ Employees are ambassadors of a company. VST takes such position with respect to each employee; social responsibility to employees is one of the key social policy areas for VST. The company has created favourable conditions for its employees, who are provided with social guarantees and fringe benefits. Employees' satisfaction with both working conditions and atmosphere in the company is important for management, therefore, various social responsibility activities are implemented and further improvement of relations with employees is sought.

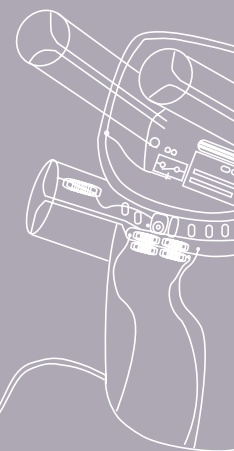
■ The in-house document of the company *Employee's Guide* regulates employees' rights and obligations, stipulates the provisions of the collective agreement, dress code, professional conduct, general rules of procedure, and added value provided by the company to its employees. All benefits granted by the company apply for the employees on paternity or maternity leave and their children.

■ Internal communication – exchange of information within the company plays an important role in the policy of social responsibility to employees. The employees are being informed about the company's activities and are involved in them. The employees understand the processes and tasks of the company as well as their role therein and, what is most important, contribute to the attainment of common objectives. For this purpose the employees define their personal objectives. This is the highest level of cooperation between the employee and the employer.

■ The company supports employees' initiative to voluntarily join associations and recognises their right to the social dialogue with the employer. There are three trade unions in the company.

SOCIAL RESPONSIBILITY TO CUSTOMERS

■ Our customers are our priority. This is the key principle of VST, meaning that each customer should feel as an exclusive one.



- In order to ensure customer satisfaction the company consistently invests in the quality of services and training of customer service personnel and conducts surveys on a periodic basis in order to reveal strengths and weaknesses of service.

- Much is invested in the renovation of customer service units where customers find pleasant atmosphere and impeccable service. One-stop-shop service model is employed to save customers' time.

- Customer information is in the focus of the company's attention. All the information relevant to customers is presented in both national and regional press and in VST's website.

SOCIAL RESPONSIBILITY TO SOCIETY

- The company sponsors research projects, cultural events, social and charity projects, and renders support to children's care homes.

- Initiates campaigns the aim of which is to teach children safe behaviour with electricity. The campaign "Electricity as a Friend but Not a Playmate" involves specialists' visits to Western Lithuanian schools during which the children learn about benefits and dangers of electricity.

- Fights thefts of transformer oil or wires due to which thousands of customers are left without electricity. Theft prevention is one of VST's strategic objectives, which is being persistently implemented with the help of police officers and active members of the public calling the hotline.



SOCIAL RESPONSIBILITY FOR THE ENVIRONMENTAL PROTECTION

- VST contributes to the preservation of stork nests. The majority of storks coming to Lithuania settle in its western part,

building large nests on utility poles, which is dangerous both to the birds and nearby residents. For several years, energy specialists have been mounting special metal supports on electricity posts at their own expenses, where birds can safely make nests.

- While making investments in the old distribution grid, the company gives priority to environmentally-friendly equipment that does not pose a hazard to the environment and people. Stormwater and oil collection equipment preventing the release of pollutants into the environment is installed at transformer substations being renovated.

- The company prefers efficient means of work and encourages saving attitude toward the use of service cars, computers, stationery, paper etc.



BUSINESS PHILOSOPHY

The basic values and objectives pursued by VST are close to each employee's principles and convictions adhered to both in personal and professional life.

Mission – we work in order that Western Lithuania always has electrical power.

Vision 2010 – we seek to become the best provider of regulated services in Lithuania.

Values – professionalism and responsibility
quality
common work
initiative
efficiency



Professionalism and responsibility are the key values for people working in the energy sector as power supply and distribution is important and dangerous work. Today's life is unimaginable without electricity; quality of life depends on everyday work – knowledge, efforts, and effectiveness. Safe distribution and supply of electrical power is a duty of VST and we perform it unconditionally.

Quality. We are committed to provide high-quality services and we keep our word by investing in our transmission grids and consistently improving the quality of customer service. Quality is related both to customers and employees.

We seek to achieve harmony bet we work as a team, **common work** unites us for the common goal. Working together we can achieve objectives and results sooner. Together we are an excellent team in which each of us has his/her own area and seeks to excel at it.



Initiative. In everyday work we take guidance from a simple principle: if one does something useful for the company, one does it for himself/herself. Therefore, we are actively showing initiative. We respect the diversity of opinions, encourage creativeness, and realise best ideas.

Efficiency is the goal of our activities. We are interested in working well in order to achieve what we wish to achieve. We purposefully seek to attain our strategic objectives and, working together, we create added value of our operations and develop as professionals and individuals.

ABOUT VST

VST AB is a modern efficiency-oriented company responsible for the distribution and supply of electrical power in Western Lithuania - Kaunas, Klaipėda and Šiauliai regions. More than one half of Lithuania's population live in this territory. The majority of the electricity distributed and supplied is purchased by industrial enterprises, with the remaining part consumed by residents, commercial enterprises and institutions financed from the state budget. VST provides services to nearly 700,000 customers and this number is constantly increasing.

The company owns 16 000 transformer substations and 57 000 km of overhead and cable lines. The company is responsible for the security, reliability, operation, maintenance, management and development of the transmission grids owned by it.



Customers and partners are the main evaluators of the quality of activities and services, and the company puts forth efforts to ensure the highest quality. The company employs nearly 2 000 people. The success of the company's activities is determined by teamwork, professionalism, initiative and responsibility of its employees, focus on the personnel development and training and on the motivational programmes.

BACKGROUND

The Electrical Power Distribution and Supply Enterprise was established on 28 June 2001 after the Seimas of the Republic of Lithuania enacted the Law on Reorganisation of Lietuvos Energija AB. Under this law, the national energy company was split, the energy generation, transmission and distribution activities were separated and four new companies were formed. Vakarų Skirstomieji Tinklai AB was one of such companies.

On 23 December 2003, Vakarų Skirstomieji Tinklai AB was privatised. Upon formation of the administration of the company, amending internal procedures and restatement of corporate values, in 2005

the general meeting of shareholders of Vakarų Skirstomieji Tinklai AB resolved to change the name of the company to VST AB.

The change of the name was followed by a substantial change in the corporate image. The lines of activities of a modern company were defined, the mission, vision and strategic objectives were formulated. By presenting its mission, vision and values to the public, the company has explicitly stated that transparency, clarity and purposeful striving to achieve the objectives are key to the company.

After 21 July 2007 when the Government of the Republic of Lithuania started negotiations with NDX Energija UAB for the establishment of a national investor, VST AB found itself in the centre of events significant for the Lithuanian state and society.

On 19 December 2007, an investment and management project on a new nuclear power plant and related infrastructure was presented to the Seimas and the public. On 20 May 2008, the national investor - LEO LT, AB (the Lithuanian Electricity Organisation) was established. Through its subsidiaries, the national electrical power company controls the main part

of the Lithuanian energy system, i. e. the transmission and distribution grid.

Upon formation of the national investor - LEO LT, AB (the Lithuanian Electricity Organisation) on 20 May 2008, VST became its subsidiary. Core activities of VST – the distribution and supply of electric power – remained the same; the company preserved its structure and management and is pursuing its strategic aims. The company is a significant component of the national energy system with new opportunities and prospects.

LEO LT, AB as a holding company owns shares in its subsidiaries: major power transmission and distribution companies - Lietuvos Energija AB, VST AB and Rytų Skirstomieji Tinklai AB; a company formed for the preparation of the project for the new nuclear power plant - Visagino Atominė Elektrinė UAB; and Interlinks UAB implementing the projects on inter-system power links that will connect Lithuania's energy system with the energy systems of other countries.

MANAGEMENT OF VST AB

VST AB is a provider of regulated services and its activities are strictly regulated by the laws. VST has the legal obligation to ensure high-quality and effective distribution and supply of electricity on equal terms to all customers, in a manner that is safe both to people and the environment.

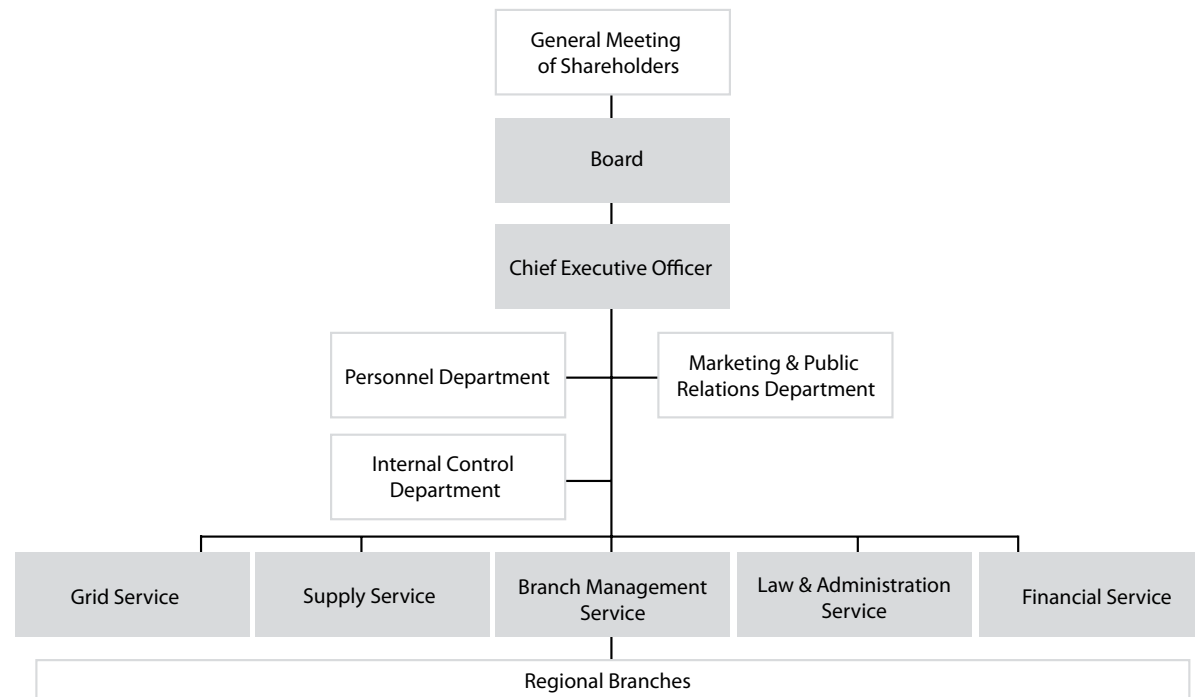
The general meeting of shareholders is the **supreme body of the company**.

The general meeting of shareholders is entitled to amend the Articles of Association of the Company, elect and recall the Board and its members, elect and recall an audit firm, manage shares, approve annual financial statements, adopt decisions on profit allocation, increase or reduction of the authorised capital, reorganisation, restructuring, transformation, liquidation of the company etc.

The Board is a collective management body headed by the Board chairperson. The Board of the company consists of 4 persons: chairperson - Aidas Ignatavičius, members – Rytis Borkys, Gytis Kundrotas and Lina Minderienė.

The **Chief Executive Officer** is the head of the company. Aidas Ignatavičius is the Chief Executive Officer of the Company since 6 August 2007.

MANAGEMENT STRUCTURE OF VST AB

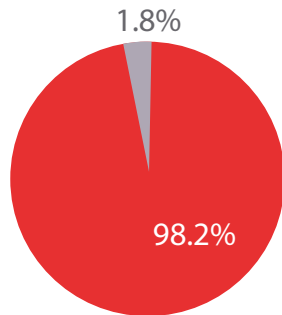


SHAREHOLDERS

LEO LT, AB is the majority shareholder of VST AB, holding 98.2 % of the shares in the company. The remaining shares are held by minority shareholders.

The authorised capital of VST (LTL 111 539 940) has been divided into 3 717 998 ordinary registered shares of LTL 30 par value.

COMPANY SHAREHOLDER'S STRUCTURE 31 DECEMBER, 2008



Majority shareholder:

LEO LT, AB
Žvejų str. 14A,
LT-09310 Vilnius,
Register code 301732248

Other shareholders
LEO LT, AB

AWARDS

On 3 December 2008, VST AB received a NASDAQ OMX Baltic Securities Exchange award for the best annual report. Eight best companies out of 68 companies listed in the securities exchanges of the Baltic States received awards.

MEMBERSHIP IN ORGANISATIONS

- Lithuanian Electrical Energy Association
- Lithuanian Confederation of Industrialists

RESULTS

Financial and Operating Results of VST AB in 2008.

Income	1 164.149 m. LTL
Net profit	11.675 m. LTL
Investments	144.4 m. LTL
Electricity sales	4 019.7 m. kWh
Average number of the employees of 2008	1 855



SOCIAL RESPONSIBILITY TO EMPLOYEES

Ideology forms a basis for the success and longevity of a company. As a building cannot exist without foundations, a company cannot succeed without ideology, i. e. values, vision and mission – the main principles to which the company adheres in its activities and which define its identity. An ideology is vital if the employees, management and shareholders of the company believe it and take guidance from it.

Employees are the greatest asset of a company. The company must motivate and develop them and give them incentives. A pleasant working environment is formed not only by the social conditions created by the employer but also by a friendly collective, attention shown by the employer, opportunities for development, gifts and celebrations for the employees' leisure.



VST AB AS A DESIRED EMPLOYER

A survey of residents and representatives of enterprises conducted by Sprinter Tyrimai in 2008 has shown that VST AB is one of the most desired employers in Lithuania.

FOCUS ON INTERNAL COMMUNICATION

Communication is very important for the company. It forms a basis for the company's activities and helps achieve the set aims.

Employees play a key role in the formation and maintaining of the company's image. Therefore, it is very important to properly and timely include the employees in this process, and internal communication is the main means to do this. Internal communication means information exchange within the company, involving employees at different levels, management, shareholders and family members.

Internal communication ensures that the movement of information is both top-down and bottom-up. In this way the

employees are involved in the company's activities and not merely informed about them. They understand the processes and tasks of the company as well their own roles, and, which is most important, contribute to the attainment of objectives. Practice shows that those employees who have been involved in the adoption of decisions perform the tasks assigned to them more effectively than those who do not perceive themselves as part of the company. Conventional means of internal communication help to achieve results that exceed the expectations.

■ Intranet of the company is a modern means to disseminate information when it is needed. The latest and most relevant information about changes and development, main events and plans is placed on the Intranet. Information about the company's branches, their functions and responsibilities, projects being implemented is collected there; it contains a database of applicable legal acts. One can find a summary of events, press overviews, virtual IT courses on the Intranet. It is an interactive place for the in-house competitions, campaigns and internal discussions.

■ Corporate newspaper "Vakarai" is published since 2004. It contains most relevant information about the company's operations, employees, events, plans etc. The information is published in a concentrated way; a summary of monthly events is provided. The newspaper contains stories about VTS's employees, presents divisions of the company, and some information for entertainment.

■ In-house events. The company has two traditional events: at the request of the employees, since 2008 each division organises its Christmas party, and a sports festival held in summer is common to all employees. At the end of the year, best employees of the year are elected and awarded. An event reminding of the corporate mission, vision and values is organised at the divisions has become traditional as well.

■ Social campaigns involving family members. To be the best is VST's vision so it is important to strive to be the best in all areas, and one should start from one's own community. Therefore, a message of 2008 – „To Live a Brighter Life“ has acquired one more meaning. Employees

of VST's divisions did a lot of good things tidying parks, historical mounds and other places, working at children's care homes and carrying out other community works.

■ Notice boards. Notice boards at the company's divisions is an important means of disseminating most relevant information of the company – news, information notices to employees, announcements etc. The employees have identified the notice boards as a key means of communication as the information is noticed and read by many employees including field personnel as well as customers and visitors.

■ Informal communication – discussions and proposals. Initiative of employees is one of the declared corporate values. VST is a democratic company where different opinions are heard and respected. The company organises a number of competitions, campaigns and meetings, while

ideas, comments and proposals are always accepted and discussed.

SOCIAL PARTNERSHIP BETWEEN THE EMPLOYER AND THE EMPLOYEES

A concordant and motivated team of employees is one of the main aims of the company and favourable opinion of the employees – “internal customers” about the working environment is not less important than that of external customers. The company is concerned about its employees first of all on its own initiative rather than being obligated by agreements or urged by trade unions. Management is interested in the welfare of the company's employees and can do and does more than the words in the collective agreement. This is a firm position of the company.

On the initiative of the company, social guarantees in addition to those stipulated in the Labour Code and the collective agreement are provided to the employees in order to develop motivated and loyal staff and to ensure social welfare for the employees.

By resolution of the Board, the employees receive the following additional social guarantees and fringe benefits:

- cash benefits when a child is born;
- cash benefits in case of death of the close one;
- cash benefits to the family in case of employee's death;
- additional paid days-off on the occasion of a wedding and in case of death of a close one;
- funding of a selected sports activity;
- support for basketball and football teams of the company;
- traditional festive events;
- vocational training;
- leadership development programmes;
- academic study support programmes.

COOPERATION WITH TRADE UNIONS

The company provides support for trade union activities thus ensuring social dialogue between the employer and the employees. Three trade unions function at VST: joint trade union of energy enterprises of the Kaunas region, trade union of Šiauliai electrical power enterprise, and trade union of Klaipėda electrical power enterprise. Every year, conferences of representatives of the employees and the employer are held, at which the implementation of the collective agreement, relations between the employer and the employees, results of work and future plans are discussed.

The company also funds cultural and sports events organised by the trade unions.

EMPLOYEE TRAINING AND DEVELOPMENT AND CAREER OPPORTUNITIES

Educational attainment

The overall educational attainment level of VST staff is high. As much as 64% of

the employees have higher or further educational attainment, 34% - secondary education (including those who are still studying), 2% - incomplete secondary education.

Training

VST organises training of various forms for its employees including training of managers, vocational training, and skills improvement courses.

The company seeks to develop managers – leaders who are concerned about both performance results and the entire process of work. Training of the company's managers includes company-specific training and leadership skills training. All the managers are involved in the consistent cycle of leadership training. 90 managers took part in the leadership training events in 2008.

Vocational training is intended for acquisition or improvement of specific qualifications/skills necessary for the safe and professional performance of dangerous and potentially dangerous works. Qualifications improvement courses are organised

and employees take part in various conferences.

Over 1200 employees (69%) participated in training in 2008. 37% of all training events took place at external licensed training institutions. In 2008 there has been a greater focus on internal training, with approx. 63% of training organised internally. Upon completion of internal screening procedures 4% of the employees were promoted.

At VST, career development takes place vertically and horizontally. Vertical career means assuming greater responsibility or transfer to a higher position, while horizontal career involves greater responsibility and extension of knowledge/skills in the same or another area at the same organisational level.

In 2008, there have been 104 changes in the employee positions; 69% of the changes involved promotion including 80% - promotions from the position of an inspector, technician or engineer; 4 persons became division heads, 1 – deputy

head, 1 – division manager, and 1 – department manager. 20 internal screening notices were published in 2008.

The company enables its employees to seek to extend their activity areas: when a vacancy appears, priority is given to the candidacies of current employees, especially for managerial positions.

Election of the Employee of the Year

For several years already, five employees who have best performance results, are involved in teamwork, and have shown initiative and professionalism are elected. The nomination of the Employee of the Year is intended for the evaluation of and showing of respect for the most merited employees of the company. Any employee irrespective of his/her position or area of activity can be proposed. Most importantly, it must be a person who cherishes corporate values and has distinguished himself/herself by professionalism, performance and quality, who is respected and valued by managers and colleagues. A commission elects five Employees of the Year out of the candidacies proposed. Traditional statuettes and cash bonuses are presented to the winners of the competition.

INTEGRATION OF NEW EMPLOYEES

Success of a company largely depends upon appropriate selection of employees. It is very important for VST that any new employee is welcomed and all the necessary means of work are prepared. Employees who have changed a workplace know the difference when one has to start work at a new place.

There is a three-month introductory programme for newly hired employees involving the new employee, the line manager, the administration and the Human Resources Department. The main aim is to ensure that the employee becomes involved in the work process and integrated into the team as soon as possible. 187 new employees were hired by VST in 2008.

A FLEXIBLE PAY SYSTEM

Pay for work is important both as remuneration and as a display of evaluation and trust. Therefore, the remuneration and bonus policy of the company is aimed at attracting and retaining the best employees. The policy takes account of

the company's financial results and the labour market situation. The pay package consists of the competitive basic pay, targeted extra benefits, and the bonus system approved by the Board.

The bonus system is related to the annual performance evaluation, with the targets clearly linked with the strategic corporate objectives set for the company's divisions.

The purpose of the bonus system is to make a fair evaluation of individual and team results of each employee and the company as a whole and the level of implementation of the set tasks, linking them with the level of attainment of the strategic objectives and financial indicators.

Types of bonuses:

■ Monthly bonuses are paid to the employees of the divisions involved in the core operations of the company, upon evaluation of the division's performance and of each employee's personal contribution to the results of the division.

■ Annual bonuses are paid to the administration (management) upon evaluation of the attainment of the objectives set for the divisions and the contribution to the corporate strategic objectives. The annual bonuses are linked to the annual performance evaluation when the level of achievement of the agreed objectives is discussed.

■ Additional bonuses may be paid for excellent performance by the decision of the Board.

■ Additional bonuses are also paid to employees for the collection of amounts for the company's benefit in cases when illegal consumption of electricity is detected.

The pay and bonus policy is flexible as the contribution of employees of different categories is taken into consideration. The bonus policy is subject to regular reviews and improvements.

The employees are always paid for overtime work and work at night and during holidays and days off.

CONCERN ABOUT HEALTH AND SAFETY OF EMPLOYEES

Health and safety at work is in the focus of attention of VST. The Health and Safety at Work Department is responsible for this area. The task of the department is to ensure that employees are safe in performing their duties. With this aim in view, health and safety instructions are prepared for employees and briefings are held. Checks of workplaces are aimed at assessing specific occupational risks. The number of accidents at work has decreased in 2008 compared to 2007. Employee health checks are carried out regularly depending on the employee positions. Field staff are vaccinated against encephalitis.

VST is committed to promoting employees' health and each employee is afforded an opportunity to choose a sports activity – a pool, a fitness centre, or a hall for basketball. All the health and safety measures are funded by the company.



SOCIAL RESPONSIBILITY TO CUSTOMERS

CUSTOMERS ARE KEY TO US.

This is an actual attitude toward each customer and not just a declaration. As customers are the main evaluators of the company's activities, their opinion on the services is the main indicator helping the company to assess its work and showing whether the strategic objectives are being implemented.



INVESTMENTS

VST is consistently investing in its distribution network in order to ensure the reliable and high-quality supply of electrical power to its customers. The investments are earmarked mainly for the improvement of service quality. In 2008, VST's investments in the Kaunas, Klaipėda and Šiauliai regions amounted to LTL 144.4 m.

The majority of the investments – over LTL 73.4 m was allotted to the Klaipėda region because this part of Lithuania is strongly affected by the maritime climate – storms, gusty winds and abundant precipitation. Reconstruction of “Taikos” and “Gedminų” transformer substations in Klaipėda was completed in 2008, with the total project value of LTL 16.6 m. A 110/35 transformer substation in Tausalas (Telšiai) was reconstructed; LTL 9 m were allotted for the project. Automation equipment in the “Uosto” transformer substation (Klaipėda) is being reconstructed; reconstruction of the Šilutė substation is continued.

In 2008, LTL 39.4 m was invested in the Kaunas region. Construction of the “Nem-

uno” 110/10 kV TS in Kaunas was completed, with LTL 12.4 m invested in the project. “Giraitės” 35/10 kV TS was built near the Kaunas-Klaipėda highway (between IX Fortas and Babtai), necessitated by rapid urban development and the need to improve new customers' connection to the VST grid.

Nearly LTL 23 m was invested in the Šiauliai region in 2008. Reconstruction of a 110/10 kV transformer substation in Mažeikiai (“Miglos” TS) was completed, with LTL 6.2 m invested in the project. Replacement of the power transformer at the Tytuvėnai

35/10 kV transformer substation cost approx. LTL 1.1 m.

Last year the company built 285 new transformer substations. 430 km of new overhead and cable lines were laid including 406 km of underground cable lines ensuring the high-quality electricity supply in any weather. In 2008, The company completed repairs of 1341 (6-10 kV) transformer substations and 4 241 km electricity lines.

Introduction of common customer service standards. The standards reflect the main principles to be applied in the communication with the company's partners, suppliers and colleagues. Initiative and ideas of the company's employees were used in the formulation of the standards. The employees themselves have formulated the key principles of customer service, which are used by the customer service personnel in their everyday work. In 2008, the section on employees' appearance including clothes has been improved in the standards.



Customers are served by a team of professionals. Customers' satisfaction with VST's services is one of the priorities of the company. For this purpose, training and evaluations of the customer service personnel including managers, dispatch control staff, engineers etc. are organised. The specialists regularly improve their qualifications at different courses, take part in conferences etc. About 500 workers took part in the training on effective customer service in 2008.

Annual Secret Customer Surveys and service quality evaluations are conducted every year and the results are discussed with the employees. The Secret Customer Survey enables us to look at our services and work through the eyes of a person calling or visiting our company. An outsider can see important things that remain unnoticed by the employees. An evaluation by a secret customer is objective as he/she knows nothing about the employee's experience, past performance etc. The survey enables the company to obtain important information which cannot be provided by the operating and marketing information. Persons imitating customers communicate with the compa-

ny's service staff according to the pre-set criteria that are socially relevant. The Secret Customer Survey shows the strengths and weaknesses of the company. The survey conducted in 2008 has shown that the results in the area of calls to dispatch control centres have improved, i. e. the customers calling to such centres receive increasingly better service.

Modern customer service units were opened at regional branches, where the "one-stop-shop" service model was implemented. Experienced and highly qualified specialists effectively provide all the required information and assistance. The customer is conveniently served at a single point without the need to visit different rooms. Two such units were opened in 2008 – in Prienai and Mažeikiai.

CONVENIENT METHODS OF PAYMENT

The company seeks to provide its customers with the opportunities to pay for electricity in the most convenient way. Payments for the electricity consumed can be made at banks and post offices, through e-banking systems, at VST branch offices in Klaipėda, Šiauliai and Kaunas,

through Perlas lottery terminals, at credit unions and newsstands. A new method of payment was implemented in 2008: payment cards can be used at VST branches in Klaipėda, Šiauliai and Kaunas.

DISSEMINATION OF INFORMATION ABOUT SERVICES

In order to ensure that all customers of VST receive the requisite information about services, tariff rates, scheduled disconnections etc. in due time, the company publishes notices in the national and regional periodicals, in its website, at customer service units and branch offices of VST. An information dissemination survey carried out in 2008 has shown that more than one half of respondents – individuals and 71% of companies receive all the required information about the electricity supply services.



SOCIAL RESPONSIBILITY TO THE SOCIETY

VST is a reliable social partner that contributes to the addressing of important social issues, focussing on the most vulnerable members of society and on advanced educational and research projects

SUPPORT FOR EDUCATIONAL ESTABLISHMENTS

VST seeks to contribute to incentives to young people studying at higher educational establishments. For the fifth year already VST awards nominal grants for the best students of the Faculty of Electrical and Control Engineering at the Kaunas University of Technology. In 2008, grants were awarded to 30 students from the electrical engineering, electrical power, electrical systems and their management, energy management, automation and control, and control technology programmes. The company accepts students of the Kaunas University of Technology for vocational practice periods; every third such student becomes employee of VST. More than fifty KTU students were accepted for practice in 2008.

LTL 150 000 have been allotted by VST for student grants during five years.



SUPPORT BY VST

For a number of years already the company has been collaborating with and rendering support for the Kaunas University of Technology, donating used computer hardware to schools and other educational establishments. Support is mainly concentrated in the regions in which VST carries out its main operations.

SPONSORSHIP OF CHILDREN'S CARE HOMES AND HEALTHCARE ESTABLISHMENTS

The company has been consistently car-

ing for and supporting the children living at care homes in the Kaunas, Klaipėda and Šiauliai regions. The support is focussed on the improvement of the children's living conditions. For a second time, the company has bought annual subscription to Gatvė magazine intended for children and teenagers. Over 3 000 children living at the care homes of the Kaunas, Klaipėda and Šiauliai regions will be able to read this magazine.

In 2008, support was also rendered to the Kuršėnai, Šakiai, Tauragė, Telšiai and Jona-va district children's care homes as well as the children's day care centre established by the Pakruojis Šv. Jono Krikštytojo parish.

VST has been a sponsor of the clinic of the Kaunas University of Medicine during many years. The company has funded the project "Child-Friendly Hospital" implemented by the Students Research Society of the Kaunas University of Medicine; 11 play-spaces with educational toys, means of drawing, children's magazines and books were fitted out for the money allotted by VST. The main aim of the project is to make hospital environment closer to home environment so that the children patients feel better in the hospital and recover sooner.

SUPPORT FOR MUNICIPAL AND CULTURAL EVENTS

By supporting different events in the regions, the company seeks to establish and maintain warm relations with municipal communities. In 2008 VST allotted financial support to the Raseiniai music club, "Aušros" museum in Šiauliai, the centre for ethnic culture and traditional crafts of the Šiauliai district municipality, Gargždai centre of culture, Skaudvilė community, Šilutė culture and entertainment centre, Žagarė regional park authority, association "Šačių village community of Skuodas district", Kelmė centre of culture, municipal administrations of Radviliškis, Kretinga and Mažeikiai districts, public entity "Impetus Musicus"; VST has also funded "Šiauliai Days 2008" held on the occasion of the city's anniversary.

CAMPAIGN FOR PRIMARY SCHOOL PUPILS "ELECTRICITY AS A FRIEND BUT NOT A PLAYMATE"

In the performance of their functions – supply and distribution of electricity –

electrical energy enterprises seek to ensure that no accidents take place through lack of knowledge or inappropriate behaviour. Therefore, VST devotes considerable attention to the information about potential electricity hazards and implements, for a third year already, a campaign for children entitled "Electricity as a Friend but Not a Playmate".

In 2008, events under this campaign took place in 26 schools of Western Lithuania: lectures-exhibitions were held during which children were acquainted, in the form understandable to them, with the benefits and hazards of electricity. To make the information more memorable, the electrical hazards were compared to the threat posed by exotic animals when they are treated inappropriately. About 10 thousand of primary school pupils participated in the campaign. The aim of the "Electricity as a Friend but Not a Playmate" is to achieve that the number of informed children is as large as possible, that the children know how to avoid danger and teach their friends.

CONCERN ABOUT SAFETY OF THE PUBLIC

The company is publicly fighting thefts of transformer oil and wires and actively implementing theft prevention measures in order to protect members of the public against traumas ending in death or serious bodily injury, to safeguard the company's assets, and to avoid potential disruptions in the electricity supply. VST uses modified oil in its transformers, informs residents about the damage done by thefts and threats posed by live equipment, and cooperates with police officers.

Being concerned about people's safety, the company regularly informs the public about potential threats posed by electrical facilities in order to prevent accidents and create appropriate conditions for the operation of the grids.

A threat to people's safety can arise in case of inappropriate behaviour toward electrical equipment, visiting or performing works in the protected life-threatening zones of operation of electrical facilities, cables or overhead lines, therefore, the company publishes information about such zones in the national and regional periodicals.

HOTLINE ROUND-THE-CLOCK

The company operates a 24-hour free hotline which can be used by anyone wishing to report damage to electrical equipment, unaccounted use of electricity, stealing of transformer oil or wires etc.

The number of the hotline is 8 800 20204. A number of crimes have been disclosed by means of people who have shown their civic initiative by calling the hotline. In 2008, 55 reports on thefts were received. 15% of the reports were true – the fact of theft was corroborated or there were grounds for believing that a theft took place.

SURVEYS

VST commissions annual visibility surveys; in 2008 such survey was conducted for the fourth time. The findings of the surveys and the weaknesses revealed enable the company to identify and resolve problems in its activities. The visibility survey takes place on two levels – representatives of companies and residents.

The vision of VST is to become the best provider of regulated services. The visibility survey carried out in 2008 has revealed that, in the opinion of respondents, VST is the best among the providers of regulated services. It also showed that VST's image is one of the best among the regulated service providers. Based on the results of the survey one may assert that such image is based both on successful communication and the quality of service.





SOCIAL RESPONSIBILITY FOR THE ENVIRONMENTAL PROTECTION

For several years already the company has been consistently working in the area of the protection of the environment and preservation of natural resources. Different projects on the preservation of green and unpolluted environment are being launched and implemented.

MODERN AND ENVIRONMENTALLY-FRIENDLY EQUIPMENT

Stormwater and oil collection equipment preventing the release of pollutants into soil and municipal sewerage networks are installed at the transformer substations under renovation.

Environmental protection is taken into account while replacing obsolete equipment: electrical equipment meeting modern quality standards and enabling reliable supply of electricity are installed. The company seeks such technical solutions which would ensure continuous monitoring of the distribution grid and effective elimination of failures, prevent disruptions of electricity supply, and allow to duly protect the environment.

PRESERVATION OF STORK NESTS

According to estimations, there are approximately 3 000 stork nests on the utility poles in the territory serviced by VST. In order to protect them, in early spring and late autumn the company erects special metal masts over the poles, on which

the birds later build their nests. In order to preserve the white stork population, VST seeks, in cooperation with the Ministry of Environment and the Institute for Ecology, effective methods to preserve the nests.

In 2008, just as every year, more than 400 stork nests were raised by the VST's specialists.

SAVING PAPER

Everybody wants to live in a healthy and green world, so everybody's duty is to contribute to its preservation. Seeking to minimise consumption of paper, at the beginning of 2008 the company launched the campaign "Going Green" the purpose of which is to reduce paper consumption. This initiative allowed the company to cut paper consumption by 12 tons compared to 2007.

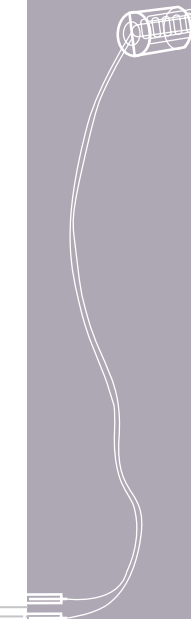
DEVELOPING A SAVING ATTITUDE

VST seeks to ensure efficiency of its operations, i .e. best results at lower costs. It has succeeded in achieving optimal costs

of means of work. The company allots its employees new vehicles which save fuel and maintenance costs, while air pollution is minimal. By investing into modern corporate vehicles that meet the highest quality standards, the company contributes to the reduction of environmental pollution and the efficient use of energy sources.

TREE PRUNING

The company carries out, on a regular basis, pruning and cutting of trees in the cable or overhead line protection zones in order to prevent accidents and to provide appropriate conditions for the operation of the grid. This work is done first of all in the public interests, i .e. to ensure safety of residents or property and to secure safe and reliable supply of electricity.



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