

INVESTORS' FORUM
ANNUAL REPORT

2016

INVESTORS'
FORUM



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INVESTORS' FORUM MISSION, VISSION, VALUES

About us: Voluntary, independent and self-managed business association of the largest and most active investors in Lithuania. We are creating a clear FDI dialogue between government and investors community, providing an unmatched, exclusive forum for debate and cooperation with public authorities in Lithuania, in order to overcome difficulties and obstacles that may exist in the relations with investors. Investors' Forum is an association with the goal to promote the interests of the international business community in Lithuania.

Mission: to improve the business environment and investment climate in Lithuania, through cooperation with public institutions and the business community.

Vision: The most Investor-friendly business climate in the EU

Values: The way that we pursue our mission is as important as the mission itself. Our values guide us in the way we think and act. They are the major influence in determining our objectives, forming our strategies, and evaluating our results. We believe these values to be essential in operating our organization and our activities:

1. Leadership
2. Highest ethical standards
3. Inclusiveness

INVESTORS' FORUM MEMBERS



Dear Members,

May you live in interesting times. Looking back at 2016, first thought coming to my mind is this ancient Chinese saying – or, rather, a curse. Indeed, last year could best be qualified as a very interesting one both in global and in local political and economical landscape. Brexit followed by the U.S. presidential elections made the world gasp in awe, as if ongoing geopolitical tensions, migration crisis in the Europe, political disagreements between members of the EU and other issues international economy is currently facing were not enough. Furthermore, Parliamentary elections in Lithuania last autumn raised new questions to business and society, most important of which was 'O.K., what to expect next?'.
But that is one way to look at the world we live in today. The other way is a lot less dramatic. The fact is that despite change and turmoil, Lithuania is doing well. According to the World Economic Forum, our country's competitiveness is steadily increasing. During last three years Lithuania's position in global competitiveness ranking increased by 13 positions, from 48th place in 2013 to 35th in 2016, making the biggest leap amongst the Baltic States.

Lithuania is ranked 21 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. Furthermore, the prestigious business publication Forbes has ranked Lithuania 15th globally in its annual Best Countries for Business list. This could lead to conclusion that our country is able to turn to account global and regional changes and is on a strong course to further improve its business environment and investment climate.

However, in order to do so, a number of important changes need to be made. Among these, improvement of tax system, public sector effectiveness and labour regulation are the most important. Our Investors Confidence Index surveys clearly indicate significance of the latter issue: half of the investors operating in Lithuania state that change in labour regulation should be one of the state's top priorities. Therefore, adoption of the new, modern, more flexible Labour Code, corresponding to business needs and suiting current situation in Lithuania's labour market, was our main concern and focal point of our effort in 2016. As chairman of the Investors' Forum board I am very proud that our association took pivotal role in discussion on the new Labour Code, leading to adoption of the new law last year. Despite the fact that the Labour Code's coming to effect was eventually postponed, local and international business society received a clear signal: Lithuania is open to discussion and change in the focal areas defining business climate.

As I write these words, the final decision on the new Social Model are yet to be made. But there is one thing I am certain of: we, Investors' Forum, are the voice of reason that defines the challenges, offering solutions and making significant impact on further growth and development of Lithuania's economy and improvement of investment climate.

Becoming this voice of reason would have been impossible without your contribution and honest work. On behalf of the administration office and the Board of our association, I thank you for your support in 2016. And may we all live in interesting times, as I am certain that no task is unachievable and no challenge is too difficult while working with you, dear colleagues.

Chairman of the Board
Rolandas Valiunas



BOARD MEMBERS



ROLANDAS VALIUNAS
VALIUNAS ELLEX



JONAS AKELIS
EY BALTIC



SKIRMANTAS MAČIUKAS
CIRCLE K LIETUVA



KIM BARTHOLDY
DSV TRANSPORT



MINDAUGAS DACYS
PHILIP MORRIS BALTIC



VLADAS ALGIRDAS BUMELIS
NORTHWAY GROUP



AIVARAS ČIČELIS
SEB BANK



KĘSTUTIS ČIPLYS
SIEMENS OSAKEYHTIO
LITHUANIAN BRANCH



PER DAHL
RIMI LIETUVA



MYKOLAS KATKUS
FABULA



ALGIMANTAS MARKAUSKAS
THERMO FISHER SCIENTIFIC



INGA SKISAKER
NORDEA

INTRODUCTION

Investors' Forum continues to represent, express and advance the shared opinion of its members, in order to promote common interests and to improve the investment environment in the country. We cooperate with public authorities in Lithuania, in order to overcome difficulties and obstacles that may exist in the relations with foreign investors. We have maintained our regular activities and organized meetings with public officials where we have shared our expertise and presented proposals for creating better business environment in Lithuania. We have recognized and awarded the leaders in the market for best investments, most responsible business practices, most important decisions for business climate improvement, best

journalism practices and outstanding public service. Convening our members' proposals, press conferences, public talks on labour regulation, spatial planning, health care system, migration and competition assurance, finance sector, transparency, tax system issues were organized. We met and presented Investors' Forum to various stakeholders such as IMF mission, rating agencies, EU officials, OECD, Labour Unions and many others. We encourage all our members to take the advantage of networking and dialogue opportunities throughout the year.

The following provides an update on the activities for the year 2016:

INVESTORS' FORUM EVENTS DURING THE YEAR 2016

INVESTORS' FORUM MEETING WITH THE GOVERNMENT MARCH 3RD, 2016

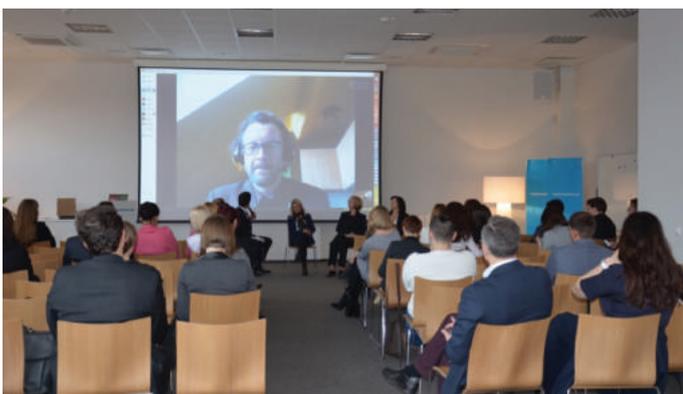
During the forum, investors have put forward and discussed proposals for improving business environment and investment climate in Lithuania. Proposals - "HOW TO DOUBLE AVERAGE SALARIES IN 5 YEARS? CORE DECISIONS AND ACTIVITIES" were presented.



RESPONSIBLE INVESTMENT: INTERNATIONAL TRENDS AND BEST PRACTICE MARCH 3RD, 2016

Investors' Forum organized an event on Responsible Investment: International Trends and Best Practice together with experts from Lithuania, Latvia, Belgium and Sweden.

Investors' Forum together with CSR Baltic Network and BCC invited Lithuanian businesses, government, NGOs and each individually concerned to discuss responsible investment - global trends, best practices in Sweden and EU, opportunities in the Baltic States, business views towards such investments, sustainability and innovations.



INVESTORS' FORUM AWARDS: APRIL 15TH, 2016



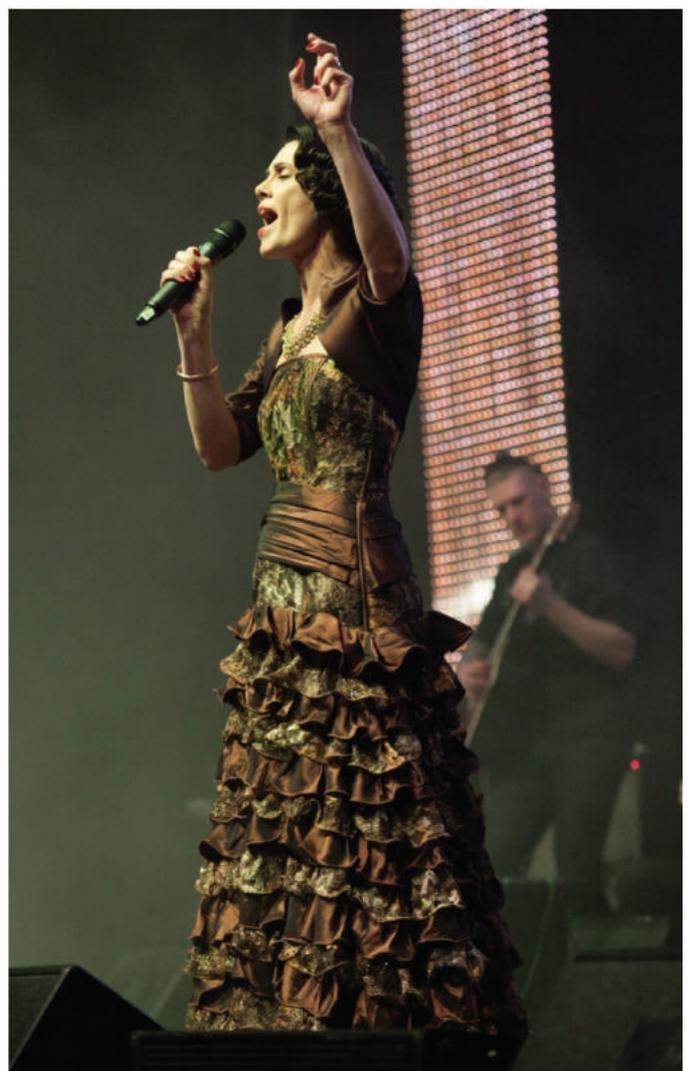
Danske Bank" was awarded as "Investor of the Year" for investment in Group IT service centre in Lithuania at the "Investors' Forum" awards, a traditional annual event bringing together top business, political and media leaders in Lithuania. Every year the awards celebrate the most important contributions to the improvement of Lithuanian investment and business climate and evaluates successful business projects as well as activities of public and educational institutions.

"Rimi Lietuva" won the "Responsible business 2015" award and prof. Tomas Davulis together with the expert group triumphed at the "Best decision for business climate improvement" category for the project of the new Lithuanian Labour Code.

The "Best business journalist" award has been granted to Edmundas Jakilaitis while Alytus "Putinu" gymnasium teacher Donatas Vasiliauskas became the best "Teacher of economics 2015". The "Public servant of the year" award went to Diana Vilyte, Director of the Lithuanian Public Procurement Office for her substantial efforts and reforms aimed at increasing accountability and transparency of the Office.

One more very important category was established – for creativity. For most beautiful Christmas Cards our organization has awarded our artists from Viešvilė, Jurbarkas district.

AND AWARDS CEREMONY CULMINATED IN THE CONCERT – "INVESTORS GO LATINO"
PERFORMED BY INVESTORS' FORUM MEMBERS AND FRIENDS:





A WEEK OF TRADITIONAL ANNUAL CAMPAIGN "NO COUNTRY FOR SHADOW"

In 2016 "No Country for Shadow" took place in more than 80 cities and towns. On the 23rd May 2016 by fencing the entrance of one of the biggest outpatients in Vilnius we announced the transparency week. The patron of the initiative the President of Lithuania Dalia Grybauskaite officially opened this year's campaign and met with business leaders on the 25th May. The residents and guests of the capital were invited to try out the unique transparency maze placed in Vincas Kudirka square, to visit exhibition of seized contraband items and the conference about shadow economy in the Government.

Active citizens, representatives of business, state and public institutions as well as youth organizations interacted with people in the streets and main squares of Lithuanian cities and handed specially prepared postcards (40 000 in total), that every citizen could contribute to the shadow economy's reduction. The aim of this campaign is to draw public attention to the problems caused by the scale of shadow economy and to spread a message that "everyone can chose a transparent way" and to contribute to their own and public welfare.

A conference - "Shadow economy. Changes over the decade" was organized at the Lithuanian Government. Members of the Government, Universities, State Tax Inspectorate, the Financial Crime Investigation Service and other public institutions shared their insights about the shadow economy. An exhibition of unique goods and means confiscated by customs officers was also open for the public there.

Financial Crime Investigation Service contributed to the action and lifted a special air balloon with the slogan "Shadow NO". Teachers of economics contributed by lessons about the shadow economy and special discussion with the pupils.

The initiative is organised by Investors' Forum and transparent business labeling initiative Clear Wave. Partners of the initiative: President of the Republic of Lithuania, Government of the Republic of Lithuania, Tax Inspection, State Social Insurance Fund, Junior Achievement, Lithuanian Post office, local authorities and other business and non-governmental organizations.





OTHER MEETINGS:

» Investors' Forum members met with EU Commissioner Ms. Bienkowska on the 16th of June.

» Investors' Forum members met with the Minister of Energy Rokas Masiulis and discussed Lithuanian energy strategy on the 4th of July.

» Rūta Skyrienė participated in a discussion „Brexit: Investment Oportunities for Lithuania“ on the 25th of August.

» On the 12th of September Investors' Forum together with other members of Lithuanian Business Council held an annual event marking the start of a new political season: “Elections 2016. Do Election Programs Reflect Business Expectations?” Flexible labor code, Social security contribution cap, improved quality and competitive compensation structure in the public sector, talent attraction and remigration – topics that were emphasized as essential and of a highest priority for the business community.



» Investors' Forum Tax Group met with Minister of Finance Rasa Budbergytė on the 30th of August 2016. Relevant issues regarding tax administration, state owned enterprise profitability, real estate tax, labour taxation and alternative sources of income for the state budget were discussed during the meeting.

» Investors' Forum members met with the Speaker of the Lithuanian Parliament Loreta Graužinienė on the 6th of September and expressed support for the labour code that was passed by the Parliament.

» On the 18th of October Investors' Forum together with Ellex Valiunas organized a forum "Labour Code: changes and emerging opportunities for businesses"

» Lithuanian Business Council met with a newly elected Prime Minister Saulius Skvernelis

» Rūta Skyrienė participated in "Vilnius Fast Track" – an event aimed at discussing measures that can be taken to promote remigration and immigration of highly qualified employees, such as social security contribution cap and easier and faster migration procedures.



ADVOCACY AND STAKEHOLDER RELATIONS:

Investors' Forum maintained an active policy advocacy throughout the year to highlight the needs of our members and to encourage the necessary actions to improve the investment climate and business environment. The advocacy of the organization had two major pillars – public commentary via media interviews and press releases, and representation on various government committees and working groups, meeting government officials and political leaders. Based on feedback from our mem-

bers, from our work groups and the analysis of the business environment, the underlying issues addressed throughout the year were as follows:

a) **Social model.** Active participation in all stages of discussions – starting from public hearings to discussions in Seimas committees. IF took an active position in presenting to public the possibilities and positive changes in regulating of labor market, by establishing "Dirbanti Lietuva" as a platform for

discussions. We were able to gather 200 signatures of prominent figures from business and local community to support the Parliament in resisting Presidential Veto on Labour Code amendments. Our active presence in the Social committee in the Parliament (not a single meeting missed) contributed to the result- new Labour Code was passed, however the newly elected government postponed the adoption of the law. Example: On June 29th, 2016 Lithuanian Business Council wrote a letter to Lithuanian President Dalia Grybauskaitė with an encouragement to sign the approved labour code and to support the adoption of the law from the 1st of January 2017.

b) **Electricity energy law.** Investors' Forum expressed support for the proposal to allow operators to reach agreements with land owners on the easement contracts.

c) **Amendments of the civil code.** Investors' Forum provided proposals for the civil code.

d) **Establishment of new business.** IF has presented proposals to allow the establishment of a business entity to be registered through a third party website, which guarantees secure and reliable identification and have other required functionalities.

e) **Companies with strategic importance to national security.** IF have presented proposals to maintain balance in the law of companies with strategic importance to the national security: ensuring security without endangering the investment climate.

f) **Publicly owned companies.** Proposals to allow IPO's and partial stock sale on the stock exchange of publicly owned companies were presented to the authorities. IF members were members of the working group in the Ministry of Economy responsible for the overview of State companies.

g) **Lobbying law.** IF has presented proposals to balance the Lobbying law in order to ensure adequate scope, levels of transparency and administrative burden.

h) **Lithuanian citizenship and migration.** IF has presented proposals regarding the reestablishment of Lithuanian citizenship and easier migration procedures.

i) **Environmental impact assessment.** Proposals regarding the law of environmental impact assessment of business activity, ensuring balanced procedures and predictable timeline were presented to the authorities.

j) IF has provided proposals for the venture capital support system, participants selection criteria.

k) IF has expressed disapproval of the initiative to install an anonymous bonus payment system in public health institutions (legalization of bribes) for medical professionals.

l) IF has provided proposals to Health ministry regarding the implementation of the assisted pregnancy laws

m) Proposals regarding the removal of restrictions preventing the use of sales venue management systems were presented to the authorities.

n) Investors' Forum Proposals for the prime Minister Saulius Skvernelis regarding the improvement of the investment climate in Lithuania „Necessary decision to foster wage growth and creation of new jobs for the 2017“.

The association further strengthened its advocacy through involvement in committees and working groups in the areas of:

a) **National Progress Council** – Rolandas Valiūnas (Ellex Valiunas) is a member

b) **Economic Diplomacy Council** - Rolandas Valiūnas (Ellex Valiunas) is a member of Economic Diplomacy Council. Rūta Skyrienė (Investors' Forum) is a member of the work group for the Economic Diplomacy Council;

c) **Innovative Economy Council** - Algimantas Markauskas (Thermo Fisher Scientific) is a member of Innovative Economy Council (Ministry of Economy).

d) **Lithuanian Business Council** - Rolandas Valiūnas and Rūta Skyrienė participate in regular coordination meetings of Lithuanian Business Council (IF is a Member of the Council).

e) **Invest LT** - Rolandas Valiūnas is a member of the Board

f) **Enterprise Lithuania** - Arūnas Jonuška (Orion Global PET) is a member of Supervisory Board.

g) **Interdepartmental committees to fight corruption** – Liudas Jurkonis Chairman of Business Ethics group, EY

In addition to the above Investors' Forum continued its advocacy in several seminars, conferences and workshops:

1. October 30th. Conference at Ministry of Justice – “The future of work in the age of technological progress” Rūta Skyrienė presented on the challenges and opportunities in adapting to technological change.

2. September 23rd. European Commission representation in Lithuania – European strategic investment fund implementation in Lithuania. The Fund is an initiative by European Commission and EIB, which aims to overcome current investment gap in the European Union and to crowd-in private investment.

3. June 17th. Meeting at European Commission Representation office – Rūta Skyrienė presented on the demand of highly qualified labour force based on Investors Confidence Index data.

4. Official Meeting between International Forum for Women MFK, Poland and Lithuanian Business Women's Association LBWA (Verslo Moterų Asociacija), Lithuania under the auspices of the Embassy of the Republic of Poland in Vilnius in The House of Polish Culture in Vilnius.

5. May 31st - June 1st. Rūta Skyrienė has participated in OECD Annual Forum.

6. February 10th. Conference “Social Europe – present and future”. Rūta Skyrienė gave a presentation on job creation strategy through the liberalization of the Labour Code.



PUBLIC RELATIONS

During 2016 a number of press releases and articles were issued:

1. April 15th. Rūta Skyrienė – new Labour Code will open new opportunities and will not foster the tension between employees and employers.
2. February 4th. Rūta Skyrienė – Acknowledgement for the Health care Minister and cure for the health care system
3. April 22nd. Kęstutis Lisauskas, Chairman of Tax group, EY. Article – “We will not win the race against Estonia only with the tax break on reinvested profits”

4. June 7th. „Investors’ Forum“: the most important challenge for business – restoring public trust.

5. August 24th. Rūta Skyrienė: Labour Code – one step forward, three backwards.

6. September 1st. Investors’ Forum: Government should motivate patients to contribute to the health care system and not to legalize bribes for the staff.

R. Skyrienė. Darbo kodekso pakeitimai turėtų atverti naujas galimybes, o ne skatinti susipriešinimą (18)

Rūta Skyrienė, „Investors’ Forum“ vykdomoji direktorė,
www.DELFI.lt
2016 m. balandžio 20 d. 13:49



Investuotojai į Lietuvos ekonomiką ir mes, juos vienijančios asociacijos atstovai, su ypatingu dėmesiu ir šiokiu tokiu nerimu stebime Seime kunkuliuojančią diskusiją dėl naujojo Darbo kodekso. Su ypatingu dėmesiu, nes politikų sprendimas, kur link kreipti šalies darbo rinkos politiką, bus teigiamas arba neigiamas, tačiau bet kuriuo atveju – labai stiprus signalas tarptautiniams investuotojams apie mūsų šalies patrauklumą.



Rūta Skyrienė

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R. Skyrienė: padėka sveikatos apsaugos ministrei ir vaistai sunkiai sergančiai sistemai (10)

Rūta Skyrienė, asociacijos „Investors’ Forum“ vykdomoji direktorė,
www.DELFI.lt
2016 m. vasario 4 d. 15:36



Pastarosiomis dienomis girdėti įvairių nuomonių apie sveikatos apsaugos ministrę Rimantę Šalaševičiūtę. Esą ji nepateisinusi lūkesčių, nepasiekusi ypatingų rezultatų antikorupcijos ir skaidrumo srityje, ir apskritai, pasak kai kurių politikų, kažkas yra „ne taip“. Tačiau kuo daugiau klausausi šių vertinimų bei svarstymų, kokios gi priežastys iš tiesų ministrę verčia iš posto, tuo labiau norisi jai padėkoti.



Rūta Skyrienė

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INVESTORS' FORUM WORK GROUPS

Investors' Forum keeps actively working on advising the Government of Lithuania as well as drafting related proposals and legislation in the areas important for the investors such as taxation, labour regulation, business ethics.

LEADERS AND MEMBERS OF INVESTORS' FORUM WORKING GROUPS

Tax Group:

Kęstutis Lisauskas, Leader of the Group, EY

Members:

Gintaras Balčius, Valiunas Ellex
Saulė Dagilytė, Sorainen
Lina Krasauskienė, Deloitte
Aistė Medelienė, Valiunas Ellex
Nerijus Nedzinskas, PwC
Birutė Petrauskaitė, KPMG Baltics
Vita Šumskaitė, KPMG Baltics

Business Ethics Group:

Liudas Jurkonis, EY

Members:

Eglė Adomavičienė, Leader of the Group, Nordic
Sugar Kėdainiai
Vytautas Danta, DNB
Linas Dičpetris, EY
Inga Radzevičienė, OVC
Raimondas Rapkevičius, General Financing
Aušrinė Suslavičienė, DNB
Daivis Švirinas, Sorainen
Živilė Valeišienė, Western Union
Inga Vyšniauskienė, Hewlett-Packard

Improvement of Business Environment in the Technology Sector Group:

Kęstutis Šliužas, Leader of the Group, Teo

Members:

Andrius Bogdanovičius, Creditinfo
Vytė Danilevičiūtė, Sorainen
Stasys Drazdauskas, Sorainen
Darius Guoba, General Financing
Karolis Kačerauskas, Valiunas Ellex
Giedrė Kaminskaitė – Salters, Teo
Vitalijus Kirvaitis, BITĖ
Arturas Piliponis, EY
Laura Šlepaitė, Valiunas Ellex
Inga Vysniauskiene, HP

Communication Advisory: Mykolas Katkus, Fabula

Labor Group:

Ramūnas Petravičius, Leader of the Group, Valiunas Ellex

Members:

Ramūnas Bagdonas, Teo
Zita Blažienė, Teo
Vaida Grigonienė, Global Orion PET
Rūta Juzikienė, MOOG
Daiva Kasperavičienė, Teo
Vitalijus Kirvaitis, BITĖ
Julija Lisovskaja, EY
Gintarė Mikalauskaitė, Sorainen
Nerijus Patlabys, Valiunas Ellex
Algirdas Pekšys, Sorainen
Rimantas Stanevičius, Valiunas Ellex
Agnietė Venckienė, Sorainen
Ela Žemaitienė, Klasmann- Deilmann

Energy Group:

Saulius Bilys, Leader of the Group, Ambergrid

Members:

Jonas Akelis, EY
Mindaugas Bakas, Nasdaq OMX
Dovilė Grėblikienė, Valiunas Ellex
Dalius Misiūnas, Lietuvos energija
Alydas Naujėkas, Vėjų spektras
Daivis Virbickas, Litgrid
Egidijus Lazauskas, EY Baltic
Daivis Švirinas, Sorainen
Šarūnas Skyrius, M&A International
Virginijus Strioga, E-energija

Public Health Group:

Dovilė Burgienė, Leader of the Group, Valiunas Ellex

Members:

Diana Bumelytė, Northway
Linas Dičpetris, EY
Mindaugas Socevičius, Lirema
Vitalijus Orlovas, Euromedic

TOP 10 INVESTORS' FORUM PROPOSALS:

HOW TO DOUBLE AVERAGE SALARIES IN 5 YEARS? CORE DECISIONS AND ACTIVITIES

1) Establish sustainable and most competitive Labour regulations in Eastern and Central Europe that would react to current Economic situations, satisfy the needs of employees and employers and enable to compete in the international arena for investments and talents. First of all, it is essential in 2016 to adopt the Labour Code amendments proposed by the Government in the initial project submitted to the Parliament which would enable more flexible labour relations. A wider variety of labour contracts, shorter notice terms, balanced severance payments and less administrative burden would allow for higher wages and creation of new workplaces.

2) Improving quality of public services by raising wages for civil servants who are ready to improve their work efficiency. This should be implemented by reducing the number of employees in the public sector (with exception of areas where staff reduction in the near future is not feasible, e.g. police patrols, firefighters, etc.). State agencies and institutions that will carry out structural optimization should receive financial incentives.

3) Introduce a cap on "Sodra" payments (equal to 4 average wages), taking into consideration not only immediate losses of the budget, but also foreseen increases in consumption and other tax revenues.

4) List a part of large state-owned companies' shares on the stock exchange. This would enhance transparency, promote accountability, as well as revive capital markets and competition for skilled employees and in turn stimulate wage growth.

5) Ensure connections by air transport between Vilnius and major European cities, at least on weekdays in the morning (to Vilnius) and in the evening (out of Vilnius). The main focus should be on cities located in countries with potential of investing in Lithuania: Amsterdam, Brussels, Frankfurt, Helsinki, Copenhagen, London (Heathrow or Gatwick), Manchester, Oslo, Paris, Riga, Stockholm, Stuttgart, Tallinn, Warsaw, Vienna.

6) Encourage re-migration to Lithuania and attraction of skilled labour force and talents. Create a special talent visa for highly qualified specialists (including start-ups) that are absent in the market. Optimize migration processes for highly skilled specialists by ensuring that processing times will not exceed 1 month and that specialists can bring their families. Also, a dedicated service branch for business and skilled workers should be established.

7) Taking into account the projected decrease of EU funding in economically strong regions and the necessity to compete with other megacities and centers of attraction, the majority of 2015-2020 EU structural funds should be focused on improving economic and social environment of most potential cities of Lithuania – Vilnius, Kaunas and Klaipėda.

8) In return for a commitment of employers to increase wages, reduce labour taxation: raise the nontaxed income level and transfer payments of basic pension from "Sodra" to the national budget and reduce "Sodra" contribution accordingly. Example – national agreement „Páirtíocht sóisialta" which has been carried out in Ireland since 1987 and entrenched the agreement between employees, employers and the Government to increase wages in exchange for reduced labour taxation.

9) Increase funding for targeted measures for attracting Foreign direct investment.

10) Prepare and implement effective education system reform:

- » Increase wages for higher-education lecturers as well as school teachers (by merging small schools and reducing the number of teachers)
- » Improve qualification of teachers by transferring the funding for preparation of teachers to selected higher education institutions that are qualified to complete the task.
- » Financial incentives to encourage mergers of higher-education institutions
- » Financial incentives to encourage students to choose study programs that are essential for Lithuanian labour market and economic development.

TAKING RESPONSIBILITY FOR OUR IMPACT IN THE SOCIETY

As a business association of largest investors in Lithuania, representing collective interests and having an influence on society, we want to play an active role in the public policy debate and to do it in a responsible way.

As stated in our Ethics Statement, we regard responsible lobbying as an important and legitimate way to participate in political decision-making processes. We believe that sharing our expertise and communicating our positions significantly contribute to the policy-making and are part of our engagement as corporate citizens. Investors' Forum respects the national laws of each of the jurisdictions in which Investors' Forum carries out lobbying activities. Investors' Forum lobbying and advocacy activities are guided by Transparency and Openness.

Investors' Forum does not make any donations as an association to political parties, politicians or candidates for a political office. Investors' Forum is a member of UN Global Compact.

During the year 2016 Investors' Forum continued to promote business integrity and ethics. We are running transparent business labelling initiative 'Clear Wave', established in 2007, to unite companies and organisations which supports transparent business practice.

During the year 2016 Investors' Forum together with Clear Wave expanded a joint initiative "No country for Shadow" to 82 Lithuanian cities. The initiative dedicated to raise public awareness about the harmful impact of shadow economy in Lithuania brought together over 1000 participants and reached out to 40000 citizens across Lithuania. Business leaders, Government representatives, heads of NGOs, civil society joined together to make it a national week of "Transparency".

In 2016 we were involved in preparation of 'Anti-corruption Guide for Business' initiated by Special Investigation Service.

We participated in Human Rights Impact Assessment (HRIA) for Lithuania, managed by BSR (Business for Social Responsibility) initiated by Telia. Investors' Forum taking care of the "Investors' tree alley" by the Upes Street in Vilnius. Already, 52 trees are blooming up every spring.

We recycle, save paper, switch the computer devices when leaving the office. We do promote e-invoicing – all our long-term suppliers send us e-invoices, we don't use Fax and limit using the stamp on the agreements as much as we can. We send e-cards to our Members to greet them with all the celebrations.

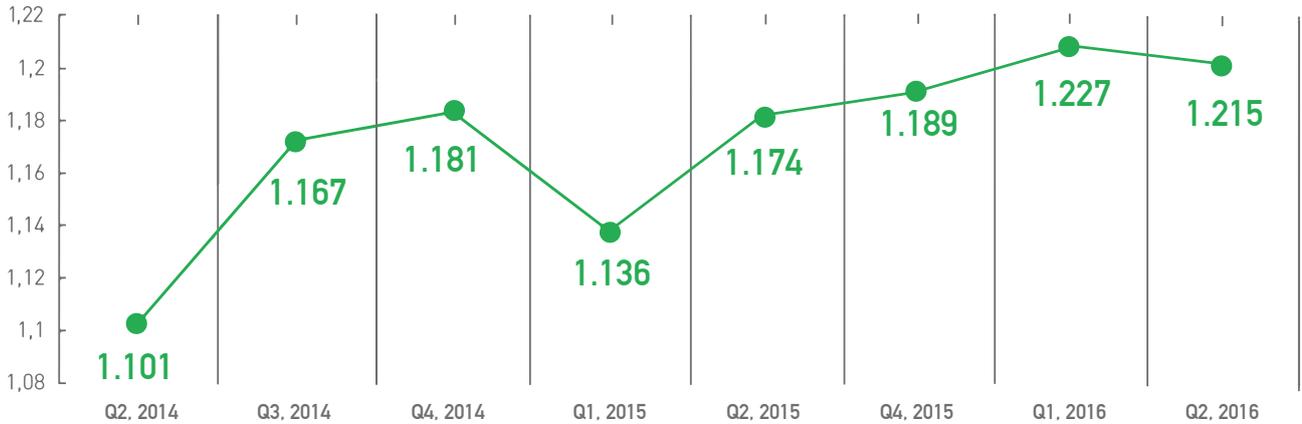
We believe that fruitful cooperation is the greatest tool to reach success. Therefore Investors' Forum is open for cooperation and volunteering opportunities. In 2016 we signed an agreement to participate in Youth Guarantee initiative project 'Atrask Save'.

Investors' Forum has a social program of supporting the Child Care home of Viešvilė. Every year we buy the greeting cards painted by children in Child Care Home and send them during the Christmas time to our partners and friends. The cards painted by children have wishes on the back side of each card. Therefore, during the Annual Awards ceremony of Investors' Forum, the association established one more nomination – "For creativity" with only one nominee: The Group of Children who painted the Cards. They are invited to the event and awarded during the ceremony with the prizes-wishes they've written on the card. The gifts were established by Investors' Forum members: Omnitel, DNB Bank, Ellex Valiunas, Nordea Bank, Swedbank, Northway group, SEB Bankas, Western Union, DSV Transport, Affidea, Jonas Akelis

The Executive Director of Investors' Forum Rūta Skyriene is a member of Evaluation Committee of "Verslo švyturys" Business Awards, member of the Court of Honor of the association of Public Relations Agencies, member of the Board of Red Cross in Lithuania. Project Manager Ieva Lapeikiene is a member of Social Enterprises Working Group, coordinated by Labour Exchange office.

Having over 10 years of expertise in CSR Investors' Forum office is delivering lectures on the topic to businesses, NGOs, Governmental institutions, students. As well as presenting Investors' Forum and topics on business environment. Investors' Forum is a partner of Best Employer and Reputation Survey studies.

INVESTORS' CONFIDENCE INDEX FOR LITHUANIA 2014 Q2 - 2016 Q2



Investors' Confidence Index for Lithuania (ICIL) – the purpose of this index is to provide an alternative tool with which to assess the business conditions and investment climate in Lithuania, as well as to indicate the expectations of market participants for the short-term future.

Latest index of 2016 has revealed that Investors maintain a positive outlook of Lithuania's economy as the Investors' confidence index remained strong at 1,215. The most optimistic trend is that company

specific factors and other internal market indicators remain at the high level and investors operating in the market continue to see conditions in the country as favorable for business.

On the other hand, during the last quarter expected political stability plummeted and reached a record low. As much as 62% of respondents expected deterioration of political stability and not a single respondent predicted an improvement of the situation.

INVESTORS' FORUM ACCOUNTS

No.	ASSETS	Note No.	Financial year, 2016	Previous financial year, 2015
A.	NON-CURRENT ASSETS		2 829	1 796
I.	INTANGIBLE ASSETS		0	0
II.	TANGIBLE ASSETS	1	2 829	1 796
III.	FINANCIAL ASSETS		0	0
B.	CURRENT ASSETS		85 339	74 940
I.	INVENTORY, PREPAYMENTS AND CONTRACTS IN PROGRESS	2	13 878	645
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	3	15 560	2 583
III.	OTHER CURRENT ASSETS	4	14 481	14 481
IV.	CASH AND CASH EQUIVALENTS	4	41 420	57 231
	TOTAL ASSETS		88 168	76 736

No.	EQUITY AND LIABILITIES	Note No.	Financial year, 2016	Previous financial year, 2015
C.	EQUITY		24 878	21 031
I.	CAPITAL			
II.	REVALUATION RESERVE			
III.	OTHER RESERVES			
IV.	RETAINED EARNINGS (LOSS)	5	24 878	21 031
D.	GRANTS AND SUBSIDIES	6	39 805	37 025
E.	AMOUNTS PAYABLE AND OTHER LIABILITIES	7	23 485	18 680
I.	LONG-TERM AMOUNTS PAYABLE		33	0
II.	SHORT-TERM AMOUNTS PAYABLE		23 452	18 680
	TOTAL EQUITY AND LIABILITIES		88 168	76 736

	ARTICLES	Note No.	Financial year, 2016	Previous financial year, 2015
I.	INCOME		246 111	308 757
1.	Income from services rendered, goods sold	8.1.	11 396	74 735
2.	Financing income		234 638	233 970
2.1.	The funding amounts from the state budget			
2.2.	Other financing income	8.2.	234 638	233 970
3.	Other income	8.3.	77	52
II.	COSTS		242 264	296 993
1.	Services provided, cost of goods sold	9.1.	11 980	72 175
2.	Other costs		0	0
3.	Operating costs	9.2.	230 284	224 818
3.1.	Costs of sales		0	0
3.2.	Labor costs		119 935	108 138
3.3.	Depreciation (amortization)		727	938
3.4.	Maintenance of premises		5 793	6 044
3.5.	Communications		2 283	1 560
3.6.	Transport costs		3 232	4 500
3.7.	Asset impairment costs		0	0
3.8.	Other operating costs		51 492	81 785
3.8.1.	Events costs		33 958	62 374
3.8.2.	Non-deductible VAT costs		7 640	7 968
3.8.3.	PR & marketing		832	1 589
3.8.4.	Vacation reserve (change)		-468	1 070
3.8.5.	Other		9 530	8 784
3.9.	Charity, assistance		150	120
3.10.	Correction of errors (due to earlier periods)		0	0
3.11.	Project "Baltoji banga"		46 672	21 733
3.12.	Other projects			
III.	OPERATING RESULT BEFORE TAX		3 847	11 764
IV.	PROFIT TAX			
V.	NET OPERATING RESULT		3 847	11 764

ADMINISTRATION OFFICE



RŪTA SKYRIENĖ
EXECUTIVE DIRECTOR OF
INVESTORS' FORUM



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