A QUICK GLANCE INTO 2018

IDAVANG GROUP: CHOICES THAT DETERMINE SUCCESS

Our vision
Our mission
Values

IDAVANG’S POLICY OF SOCIALLY RESPONSIBLE ACTIVITIES

Environmental responsibility/Climate change
Animal Welfare
Support for the development of communities
Human and employee rights
Occupational safety
Active leadership
Customer relationships
Supervision of socially responsible activities

SOCIALLY RESPONSIBLE ACTIVITIES IN 2018: EVEN HIGHER STANDARDS

QUALITY PRODUCTS
Clear origin of products

ENVIRONMENTAL PROTECTION: NO COMPROMISE
Modern farms
Efficient use of natural resources
Environmental activities
Environmentally-friendly transportation

OPENNESS IN RELATIONSHIPS WITH NEIGHBOURS
Active cooperation

EVERYDAY ATTENTION TO ANIMAL WELFARE
Safe environment for animals
Balanced nutrition
Qualified handling of animals
Safe transportation

CONCERN FOR EMPLOYEES
Equal opportunities
Compliance with labour laws
Employee engagement
Motivating remuneration
Internal communication
Training and improvement of qualification
Cooperation with educational institutions
Occupational safety

CLOSE RELATIONSHIPS WITH CUSTOMERS
Responsible choice of business partners
Product delivery
Anti-corruption

ACTIVE LEADERSHIP
A LOOK INTO THE FUTURE: GOALS FOR 2019
ENVIRONMENTAL PROTECTION
PRODUCTION AND ANIMAL WELFARE
QUALITY OF PRODUCTS
HUMAN RESOURCES
COMMUNITY RELATIONSHIPS

IDAVANG WON PRESTIGIOUS AGRIBUSINESS LEADER AWARD OF 2018 IN LITHUANIA.
The undersupplied Lithuanian market of pig farming welcomed farmers from Denmark 20 years ago. Dedicated to continuous improvement, the farmers quickly developed their company into a multinational pig-rearing business that meets the highest world standards.

Assisted by highly-skilled employees of the company, IDAVANG presently owns 15 farms in Lithuanian and Russia.

However, being the biggest pig farming enterprise in Lithuanian and one of the 20 largest pig producers in Russia, the Group continues to turn out only top-quality products for customers.

Innovative work methods and exclusive technology allow the IDAVANG Group to be a market player that sets the standards of modern food production in Lithuania and Russia.

**OUR VISION:**
Our vision is to achieve and maintain the highest quality of pigs while strictly adhering to all ethical and environmental standards.

**OUR MISSION:**
Our mission is to be the top producer of pigs in the Baltic states and North Western Russia, renowned for high quality pigs produced in accordance with top ethical and environmental standards. We strive to be an important and dependable partner to our clients, an actively benevolent member of the surrounding communities, an employer who provides an exciting and appealing workplace environment while offering our employees personal and professional development opportunities, as well as steady career possibilities.

This year our long lasting trip is crowned as 20th year anniversary of IDAVANG company. Starting from one farm in 1999 today we have 15 farms with almost 800 highly qualified employees and it is a result of hard efforts of all our employees and business partners. Moreover, during this period our company became an active and reliable social partner to the local communities. We provide a support and actively participate in the local activities. Also, we turned to a green company with biogas, LED lights and the other environmental initiatives.

We never compromise and always follow our core values by being transparent and committed to our promises. We always value the feedback of our employees and clients. First, it helps to create the attractive workplaces and provide to employees what they value the most. Second, it moves us closer to the end consumer and allows us to understand the latest trends in the market. In 2018 we started to sell more meat instead of selling only live pigs and built more capacity to increase a live weight on the pigs.

At the end I would like to highlight, that the success in a long term can be achieved only by respect and trust. Personally, it is one of the most important values to me and only by showing respect and trust to each other among employees, stakeholders, clients and business partners we can become even stronger and accelerate our progress and meet the objectives of 2019 and long term, as well.

Claus Baltserse, CEO of the Idavang Group

**SHAREHOLDERS OF THE IDAVANG GROUP**

<table>
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<tr>
<th>International Finance Corporation (member of the World Bank Group)</th>
<th>Natural persons</th>
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IDA AVANG’S POLICY OF SOCIALLY RESPONSIBLE ACTIVITIES

Since the very beginning of its operations, IDAVANG has followed the principle that success can only be achieved through the development of a socially responsible business. Environmental protection, respect for the surrounding communities and employees, high-quality products and relationships based on transparency and trust, all these are the fundamental values that determine each decision of the company.

The corporate social responsibility policy based on our values rests on the following 10 principles, introduced by management of the Group.

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ENVIRONMENTAL RESPONSIBILITY/CLIMATE CHANGE

Tadas Palubinskas, Environment Director: “In being responsible for the environment in which we operate, we develop environmentally-friendly farming practices. Constant energy and water monitoring, preventive maintenance programs, covered lagoons, straw heated boilers, manure recycled in Biogas and IPP plants, and strict waste sorting, all this enables us to reduce our environmental footprint. Our modern farms meet all the environmental and sanitary requirements of the European Union and throughout the world. We strictly abide by the principles laid down in IDAVANG’s environmental policy”.

ANIMAL WELFARE

Lars Christiansen, Chief Operating Officer of IDAVANG Group: “The ethical treatment of animals is one of our fundamental values. Our work is based on the criteria of fairness and transparency and European Union and national legislation on animal welfare. We carry out regular reviews and assessments of our activities to ensure top-level animal welfare and efficiency of production. Our everyday operations follow the rules laid down in our animal welfare policy”.

Most of our investments are done to improve animal welfare, including better feed structure and higher fibre content, to making new floors in the corridors so that people and animals do not slip.

SUPPORT FOR THE DEVELOPMENT OF COMMUNITIES

Tatyana Sharygina, General Director Russia: “IDAVANG Group pays a lot of attention to charity and the support and development of local communities. We try to make life around us better by finding situations where a minimum investment can make considerable difference.”

HUMAN AND EMPLOYEE RIGHTS

Daria Emelyanenko, Director of Human Resources Russia: “The transparency and communication build the trust among the employees. We foster the diversity among the employees and never compromise our obligations towards our employees.”
Tadas Viluskis, Head of Occupational Safety and Health Services and Civil Protection, Lithuania: “To preserve the productivity, health and safety of all our employees at work, all appropriate measures are taken throughout all the departments of the company and at all operational phases in order to protect employees from occupational risks or to minimize them. The strategic aim is to eliminate serious or fatal accidents at work and to decrease the number of minor accidents and incidents at work by forming a socially responsible approach to the health and safety of our employees.”

Saulius Leonavičius, General Director, Lithuania: “We are aimed at constant development trying to implement best practices and share the results with our colleagues and partners. We continue to participate in an association where I, myself, am a member of the Board of the Lithuanian Pig Breeders Association and Claus Baitersen, CEO of IDAVANG Group is a member of the Board of DCC.”

Michael Henriksen, Group CFO: “Transparency in all our actions and zero tolerance to the corruption”.

Marijus Klevas, Commercial and Logistics Director of IDAVANG Group: “Long lasting relations with our business partners is one of our main objectives and key success factors.”

All activities of the Group carried out in accordance with the corporate social responsibility policy are supervised by the functional managers of the companies. The progress achieved in these activities is discussed and recorded at management meetings on a monthly basis. The meetings analyse the processes and examine opportunities for the improvement of our social activities. In addition, managers of departments constantly monitor compliance of the activities in their respective areas with the corporate social responsibility standards.

At the end of a year, we draw up reports on social responsibility initiatives implemented. The reports are available on the website of IDAVANG Group at www.idavang.com. IDAVANG also provides information on social responsibility initiatives implemented to the employees of the companies and, through the regional media, to the local communities.
4 SOCIALLY RESPONSIBLE ACTIVITIES IN 2018: EVEN HIGHER STANDARDS

In 2018 we paid a lot of attention to corporate social responsibility issues first of all concentrating on ensuring that each employee of IDAVANG Group regards this sphere as one of the most important aspects of our daily life. We continued spreading our ideas on corporate social responsibility among the wide circle of our partners, counter-agents and other stake holders.

4.1. QUALITY PRODUCTS

We always pay special attention to the quality of our products constantly monitoring all production factors which might influence the quality and working on improvements.

Perfect animal breeding and rearing conditions and a well-balanced diet ensure a distinctly high quality of slaughter pigs we offer our customers.

4.2. ENVIRONMENTAL PROTECTION: NO COMPROMISE

All IDAVANG farms boast the state-of-the-art production and maintenance technologies available in the world, which place them among the most modern facilities in Lithuania and Russia. IDAVANG devotes special attention to the management of pig manure that is an inevitable outcome of the production process. The manure is a valuable fertiliser which, however, has a specific odour. With a view to putting the fertilisers to efficient use and causing no inconveniences to our neighbours, we carry out careful maintenance and continuous improvement of the manure collection and storage and fertilisation systems.

Many of our farms in Lithuania and Russia have successfully functioning manure management equipment that separates the liquid and solid fractions of manure and removes excess phosphorus and ammonia.

Eight of our farms in Lithuania have biogas power plants that allow managing the manure even more efficiently. Processing liquid manure, they neutralise the odours, improve the quality of fertilisers and enable the production of heat and power. These energy resources are beneficial for both the surrounding inhabitants and the Lithuanian state that is striving to diversify energy generation and produce more energy from renewable sources.

Prior to the processing of manure, the waste is mainly stored in covered lagoons that meet the highest European Union requirements. Such lagoons are available at all our farms. The double bottoms and the covered tops of the lagoons prevent the release of ammonia, nitrogen, greenhouse gases and odours into the environment.

For fertilising the soil, we use one of the most modern present-day techniques, involving the application of slurry to the soil by spreaders that help to minimise odours emitted during the fertilisation process.

In 2018, we achieved some significant results in the environmental sphere, active support of the waste-sorting system in the farms, environmental audits and the biggest achievement – a decrease of 17655 tonnes of greenhouse gas emissions in 2018 due to biogas plants.

Environmental protection at IDAVANG Group falls under the responsibility of a team of more than 60 persons.
MODERN FARMS

On advanced farms run by IDAVANG, we comply with all environmental and sanitary requirements. Our 13 farms in Lithuania and two pig and one crop farm in Russia undergo continuous modernisation to meet the highest European Union standards. The major share of corporate profits is invested in upgrading the farms in particular. Biogas power plants built near almost all IDAVANG LT farms – they reduce greenhouse gas emissions, neutralize pig manure odour, raise the quality of fertilizers and produce electricity as well as heat. Investments into the entire biogas power plant project amounted about 29 million EUR.

The modernisation of IDAVANG’s farms and the efforts to meet even higher environmental and animal welfare requirements in 2018.

DURING THE REPORTING PERIOD, SOME INVESTMENTS/CHANGES WERE MADE AND ARE IN PROGRESS IN IDAVANG, LITHUANIA AS WELL:

- **F1 Šalnaičiai farm:**
  - Used tractor for pig loading bought - Belarus 820
  - 1 Reel with hoses
  - Electric fork lifter for corn mill
  - Used slurry wagon
  - Demolition of pretank house
  - Feed truck (with ZSK)
  - New separator Agrometer.
  - Laundry room repair (install ventilation, cosmetic repair of the walls)
  - New drain system around the farm
  - Renewal of fattening pens (64 pens) (new gates)
  - New mixer for uncleaned slurry
  - Concrete grid for fattening stables (need 200 m2 grid)
  - New automatic valves for slurry backflush
  - Dressing rooms for men/women (install ventilation)
  - Feed truck
  - New stable Weaner section
  - New telescopic loader - Bobcat

- **F2 Rupinskai farm:**
  - Feed truck
  - New stable Weaner section
  - New telescopic loader - Bobcat

- **F3 Musa farm:**
  - Small used tractor for territory need with PTO
  - Aluminium trailer for crafter with ramps
  - 7 floor staircase windows installed/changed
  - New scales for old ramp
  - Automatic grain collector vacuum to corn mill tester
  - New telescopic loader - Bobcat

- **F4 Sajas farm:**
  - Used tractor for pig loading Belarus 820
  - 1 km hose with reel
  - New telescopic loader - Bobcat

- **F7 Skabeikiai farm:**
  - New separator Agrometer

- **F8 Lekeciai farm:**
  - 2 kilometres hose with reels
  - Electric fork lifter for cornmill
  - New separator Agrometer
  - Rebuilding the old ventilation to the new one
  - Replacement of old ventilation computers to new ones (SKov) 15 pcs.
  - Install new gates in 11-16 stables (300 units)
  - New separator Agrometer
  - New separator Agrometer
  - Reconstruction of SGP place (outside)
  - F8 Ukrainian rooms repair (windows, paint)
  - Changing sows trays in nursing ward, 100 pcs.
  - Changing sows trays in nursing ad lib, 2 sections, 110
  - F8 Telescopic loader - Bobcat
  - Pig trailer
  - Grain scales 60t (construction rusted)

- **F5 Šalnaičiai farm:**
  - Used tractor for pig loading bought - Belarus 820
  - 1 Reel with hoses
  - Electric fork lifter for corn mill
  - Used slurry wagon
  - Demolition of pretank house
  - Feed truck (with ZSK)
  - New separator Agrometer.
  - Laundry room repair (install ventilation, cosmetic repair of the walls)
  - New drain system around the farm
  - Renewal of fattening pens (64 pens) (new gates)
  - Feeding line pipes in fattening stables 300 m
  - New mixer for uncleaned slurry
  - Concrete grid for fattening stables (need 200 m2 grid)
  - New automatic valves for slurry backflush
  - Dressing rooms for men/women (install ventilation)
  - Feed truck
  - New stable Weaner section
  - New telescopic loader - Bobcat
  - New separator Agrometer
  - Reconstruction of SGP place (outside)

- **F7 Skabeikiai farm:**
  - New separator Agrometer

- **F8 Lekeciai farm:**
  - 2 kilometres hose with reels
  - Electric fork lifter for cornmill
  - New separator Agrometer
  - Rebuilding the old ventilation to the new one
  - Replacement of old ventilation computers to new ones (SKov) 15 pcs.
  - Install new gates in 11-16 stables (300 units)
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  - F8 Telescopic loader - Bobcat
  - Pig trailer
  - Grain scales 60t (construction rusted)
devoted a great deal of attention to the efficient and spare
contribute to the welfare of the future generations, we
Water and Utilities efficiency plans are approved and
F14 Sidabra farm:
• 3 new pig slaughter stables were prepared with 3400
place units
• New Valtra
• New Middle pump for the pioneer
F10 Pasodele farm:
• In 2018, the floors and walls of the pigsties of many
farms were sprayed with substances reducing air
absorbed from ambient air during plant growth.
• The boiler houses that burn straw in our farms
practically allow receiving the whole quantity of heat
away by companies, which are approved by the authorities
years. All hazardous and non-hazardous waste is taken
used recycled paper to print their documents for several
In 2018, employees in Russia and Lithuania collected used
paper for recycling, and the offices in Lithuania have only
used recycled paper to print their documents for several
years. All hazardous and non-hazardous waste is taken
away by companies, which are approved by the authorities
and have licenses for the further processing of waste.
• Periodically, we prepare articles for employees with
information on the benefits of saving, which urges them
to save both at work and at home. The information
billboards at all farms contain memos concerning the
safeguarding of resources and waste sorting.

EFFICIENT USE OF NATURAL RESOURCES

Seeking to achieve environmental sustainability and
contribute to the welfare of the future generations, we
devoted a great deal of attention to the efficient and spare
use of energy and material resources.
• The boiler houses that burn straw in our farms
practically allow receiving the whole quantity of heat
from renewables grown by local farmers. Straw is a
fuel that does not increase the carbon dioxide levels
in the atmosphere in the burning process as it is
absorbed from ambient air during plant growth.
• Water and Utilities efficiency plans are approved and
followed up every month by responsible persons.
• In 2018, the floors and walls of the pigsties of many
farms were sprayed with substances reducing air
pollution and odours. As a result, the ammonia
emissions fell almost by 70% there.

ENVIRONMENTAL ACTIVITIES

Our activities are designed to save natural resources
and nurture volunteering traditions.
• IDAVANG’s employees constantly show their own
initiative to contribute to the maintenance and
improvement of the environment.
• As is usual in Lithuania, in 2018 we participated in
the Darom (Let’s Do It) campaign and cleaned the
environment not only in the territories of the company
but also in the areas outside them.

ENVIRONMENTALLY FRIENDLY TRANSPORTATION

With a view to reducing the carbon footprint, we
implement initiatives to minimize transport emissions.
• We have chosen a method of optimal logistics,
which ensures lower fuel consumption, leading to
further reduction of environmental pollution during
transportation.
• We have entrusted the international haulage of
special equipment that together with AdBlue reduces
environmental pollution and, consequently, fuel
consumption.
• To ensure more efficient route planning, the vehicles
have been equipped with GPS tracking systems.
• We favour local raw materials for the preparation of
animal feed. Thus, we avoid price increases determined
by transportation costs and preserve the environment.

IDAVANG ensures that only certified pesticides and
fertilisers are used in the agricultural fields of the
company in compliance with appropriate programmes
and provisions. This involves monitoring of certain
zones with drainage channels to prevent pollution.
• Environmental audits were carried out in IDAVANG LT
and RU, and corrective actions were made.
• Environmental monitoring (water, soil, air) was carried
out in both countries to control impact on the nature
the company does.
4.3. OPENNESS IN RELATIONSHIPS WITH NEIGHBOURS

We participate fully in the communities in which we operate. Our aim is to become a desirable employer. Therefore, we believe that responsible conduct and openness with neighbours are a basis for good relationships.

ACTIVE COOPERATION

Since the beginning of our activities, we have readily contributed to the improvement of the living conditions of the local communities; we have nurtured the environment they live in and supported the meaningful leisure and comprehensive development of these communities.

In consultation with community leaders and in consideration of the communities’ most important needs, each year we grant support for the implementation of various projects.

During the reporting period, IDAVANG contributed to a number of projects benefiting local communities, and the company reported about the following initiatives, supported by IDAVANG in Lithuania:

- Linkuva culture center electricity installation repair;
- Akmene district Eglesiai community summer festival celebration;
- Lithuanian Independence day celebration event in Mikoliakai community;
- Lithuanian Independence day celebration event in Papile community;
- Summer festival in Kalskiai community;
- Disable Society of Akmene district Mother day celebration;
- Pagryzuvs Cultural Center roof renovation;
- Pakruojis Zemyna school camp;
- Akmene town Museum traditional summer festival celebration;
- Saloici community summer festival celebration;
- Pakruojis study support foundation;
- Pakruojis football club support;
- Pakruojis traditional summer festival;
- Pagryzuvs town summer festival celebration;
- Ignalina culture and sport center summer festival celebration;
- Lekciialiai traditional town festival celebration;
- Linkuva traditional feats of the Scapular;
- Grybenai town festival;
- Juseviciai community summer festival celebration;
- Tytuvenai traditional town festival Tytuva 2018 celebration;
- Joniskis municipality traditional town festival celebration;
- Pakruojis Zemyna school camp;
- Seduva town traditional summer festival celebration.

In Russia IDAVANG Group also pays a lot of attention to charity and the support and development of local communities. We try to make life around us better by finding situations where a minimum investment can make considerable difference. Our special target group consists of people who have difficult life conditions – handicapped people, single mothers, old people, families with many children, etc. We run a number of projects both in the Leningrad and the Pskov region:

- IDAVANG is a socially responsible company. We support the local communities, complete charity projects, and take part in various campaigns as sponsors. This year was not an exception. In 2018, we mostly focused on supporting talented young people, social and educational institutions, sports activities, and veterans.

- As a part of our support program aimed at promising and proactive young people, we funded the Youth activity spring camp, and arranged an art works competition dedicated to Ostrov district. After the results are summarised, we will provide the winners with good prizes. In addition, the company supported educational institutions. We helped ‘Berezka’ kindergarten to purchase a gazebo for one of their groups. It has already been appreciated by the most critical visitors, the young citizens of Ostrov. We purchased plastic windows and arranged their installation in one of the class rooms in the secondary School No 3 in Ostrov, and in the Nurma kindergarten. The rooms are warmer now, and there is more light in them. When we took part in the city-wide campaign ‘A gift to the city’ which united all the citizens, our contribution was particularly significant. We are planning to build a wooden hall for a children’s project ‘My dream Park’, as pupils of the House of Youth creativity asked for it. One will identify it easily by the company logo of IDAVANG.

- We also completed a few projects supporting talented athletes. The company prepared special prizes for the winners of the Nationwide roller ski competition, which took place at the Ski and Biathlon centre “Yunost”, and rewards for the winners of the Regional stage of the Nationwide mass race “Russian Ski Track 2018”. We purchased performance uniform for talented athletes and sisters Anastasiya Nikolaeva and Elizaveta Nikolaeva. These two girls who come from a small village in the Ostrov district have achieved significant progress in athletics. They are in the leading position among other fellow athletes of their age group.

- Our company also supported traditional family values with a certain contribution. Within the celebration of “Day of Family, Love, and Loyalty” we prepared peculiar gifts to newlyweds. This was the first time for this celebration to be held in Ostrov, and on the same date the City park was opened after the renovation. As a Mother’s Day speciality, IDAVANG Agro supported Pediatric Department of the central regional hospital located in Tosno district. The company purchased an electronic baby scale of a new generation designed for anthropometric measurement, and an UV sanitizer which is especially useful for additional quartz treatment during outbreaks of diseases.

- As a tradition, IDAVANG takes care of those who need our assistance essentially: the veterans. Prior to the Victory day we handed food packages over to the elder generation of Ostrov and Nurma. We also helped the local Houses of culture to arrange and hold Victory Day celebrations. We supplied materials for repairing the mass grave of the war time located in Berezhanskaya volost settlement.

- IDAVANG is a powerful company, and it is our responsibility to support people who experience difficult circumstances. We helped to repair a burned-out roof of an apartment block in Nurma. We are planning to extend this list in the coming year. We hope that our employees will support these initiatives, too.
4.4. EVERYDAY ATTENTION TO ANIMAL WELFARE

The ethical treatment of animals is one of the most important values of IDAVANG. Animal welfare controlled in a transparent and responsible manner and in compliance with all European Union and national requirements allows us taking proper care of the pigs reared in the farms. Our animals live in facilities with floor areas amounting to 200 000 square metres in all farms in Lithuania and 133 000 square metres in Russia.

IDAVANG farms grow pigs of Danish breeds that boast excellent genetics and good health. However, we always take the animals’ vital needs into consideration, which determines higher levels of health and productivity on our farms.

The main principles that enable us to ensure the welfare of both the animals and the people who work with them are respecting the biosafety rules, using safe feed, creating and maintaining an environment that ensures animal welfare, and providing professional and humane care, animal healthcare and safe transportation. We believe that abiding by these principles is essential, as good treatment of animals and guarantee of their welfare reflect our own culture and progress.

Our experience has shown that no care related with animal health can be excessive. We lived through a painful period of African swine fever that affected one of IDAVANG’s farms in the middle of 2014 and devoted even more effort to the protection of our animals.

To achieve better protection against the spread of African swine fever, all the farms were equipped with additional means of protection, including triple fences around the farms, screens against insects and ultraviolet lamps in the barns, outdoor pig loading ramps, entrance containers with the tourniquets for hand disinfection, and UV light for bags and personal items, shelves for shoe change, disinfection barriers at each door, disinfection and quarantine facilities for tools and other items.

To ensure animal welfare and the quality of meat, IDAVANG would not compromise on the quality of feed. We only use the best raw materials for the preparation of balanced feed in accordance with a special formula developed by our animal nutrition specialists, which can include wheat, barley and soya.

Having a special modern instrument for feed testing, we can quickly and efficiently evaluate the quality of the raw materials and the formulated feed.

To ensure the safety of animals during transportation, all of our drivers undergo special training. Persons who handle the animals during transportation must complete a training course and hold special certificates evidencing the competence of an animal handler.

Our company only employs highly-skilled animal care specialists. Workers who handle the animals constantly improve their qualifications and knowledge at international fairs, conferences and seminars.

Each IDAVANG complex has in-house veterinarians. The farms are regularly visited also by external veterinarians.

All IDAVANG farms boast safe physicians’ offices to which access is granted only to the qualified staff or veterinarians. Moreover, foreign veterinary consultants visit our farms several times a year and give advice on issues of animal welfare and treatment.

When selling weaned pigs for further rearing on farms, we always advise customers on responsible pig farming.
4.5. CONCERN FOR EMPLOYEES

Respect for human rights is inherent part of IDAVANG culture. Employee relationships are based on respect. We strive for openness and transparency in our cooperation, strictly abide by internationally accepted principles of human rights. We have zero tolerance for discrimination, do not tolerate forced children labour.

EQUAL OPPORTUNITIES

IDAVANG offers equal employment, remuneration, career and competence development opportunities for everyone, regardless of their nationality, origin, gender and age. We have zero tolerance for discriminating or disrespectful behaviour among employees.

- Our company provides equal opportunities to different gender (in Lithuania 56% of males and 44% of females and respectively 69% and 31% in Russia), and employees of the different age.
- In accordance with IDAVANG’s social responsibility and human resources policies, the company does not employ persons younger than 18 years of age.

- We employ a lot of non-experienced specialists and provide on the job training or send to the external trainings in order to obtain the necessary certificates.
- We put a lot of focus on the employee integration, by implementing the integration program.
- In 2018, the company hired several dozen temporary workers who received the same benefits as did its full-time employees.
- Employees arriving from other regions or countries are provided with the temporary accommodation.
- We hadn’t any discriminating or disrespectful behaviour cases among employees in 2018 year.

COMPLIANCE WITH LABOUR LAWS

We operate in accordance with legislation on the employment and dismissal processes and work and rest time schedules.

EMPLOYEE ENGAGEMENT

We understand that IDAVANG success depends on our own ability to attract, grow and retain talented, satisfied and motivated employees. When implementing our aspirations, we place a special focus on ensuring the best working conditions and fostering employee’s engagement.

- The working conditions in IDAVANG farms are discussed in employee-manager meetings held weekly and quarterly.
- Employers are encouraged to provide their feedback in the informal or formal way, through daily conversations with the management and performance review conversations or annual employee opinion surveys. Also, employees can also put their confidential observations and proposals into the proposal boxes located in the farms.
- The results of annual employee survey 2018 were presented in the Group newspaper and were discussed with employees during farm meetings in February 2018, followed by the action plan on how to improve the results.
- X-department cooperation was enhanced, an employee committee of the group newspaper was assembled, as well as the organization of summer and Christmas events. Moreover, the group also established a project to work on different projects and events.
IDAVANG has the competitive remuneration system for the employees.

- We pay competitive salaries to our employees. The transparent salary structure/system with standardized principles was developed and communicated to the entire organization.
- We designed the career ladders with clear criteria how employee's qualification and pay level might progress respectively. It will be launched in 2019.
- We provide free meals (lunch, coffee, tea, snacks, etc.) for our employees.
- Company provides all necessary working clothes and footwear.
- We also enjoy our leisure time together: each year we organise corporate events (e.g. summer and Christmas festivals, trips to concerts, theatres, water parks, etc.). Also, the Children's New Year party for the employee's children was held in Russia.
- We provide accident insurance to our employees and support them in case of any loss of their immediate family members.
- We organized the volleyball and football teams in IDAVANG Ostrov and trainings were attended by our employees.
- We award the employees for the seniority by providing the lump sums and small gifts.

Internal Communication

- The group newspaper is published quarterly in Russian, Lithuanian and English languages. It enables a broad sharing of experiences, stories, and latest news.
- The frequent meetings are held with employees to provide the key messages and discuss their needs.
- The monitors are installed in the different locations, where the company shares the business results and the other messages with our employees.
- The internal Facebook group was created for our employees where every employee can make a post or provide his/her comments.

Training and Improvement of Qualification

- Constant Feedback System online was designed and launched in 2018. Employees/managers constantly set and monitor the objectives and individual development plans.
- The behavioural/competency model was communicated across all affiliates, which consists of 3 levels: individual contributor, team contributor and effective manager, followed by the different communication sessions.
- In May, the training “Behaviours in action” was delivered to all non-managers about the two levels (individual and team contributor) of the behavioural model.
- The Leadership profile/model was designed and communicated/explained to managers. Also, the training was given to all managers about the 3rd and 4th steps (team awareness and engagement) of the leadership model.
- Constant technical development of workers’ qualifications continued (e.g. licenses, certificates, the qualification improvement courses).
- We provided a lot of attention for on the job development; different projects were run, sharing of the best practices among the farms.
- Our employees visited the other companies to get acquainted with the good working practices, to gain new knowledge and ideas.

Cooperation with Educational Institutions

- We continued our relationship with professional agricultural schools in order to present our company to students, to attract and offer them internship in the company and tell them about working opportunities in one of the company’s subsidiaries after the completion of internship and finishing a professional school.
- The Leadership profile/model was designed and communicated/explained to managers. Also, the training was given to all managers about the 3rd and 4th steps (team awareness and engagement) of the leadership model.
- Constant technical development of workers’ qualifications continued (e.g. licenses, certificates, the qualification improvement courses).
OCCUPATIONAL SAFETY

During the reporting period, the following significant actions were accomplished:

In 2018 the focus was on internal Work safety audits and employee Safety training.

WORK SAFETY AUDIT

In 2018 we carried out internal verification of occupational health and safety, and fire safety documentation, and evaluation of physical condition (13 pig production farms) Concerning Verification of Compliance of the Occupational Safety and Health Procedures and Documentation with the Legal Requirements.

All pig farms were inspected and compared using the same questionnaires prepared taking into account the basic safety requirements for the company. Farms managers, engineers according to the internal audit/report, investigated and prepared the action plans of measures for the removal of the violations found.

SAFETY RULES

- New Fire safety evacuation plans prepared for all pig farms.
- Farm territory schema for safety traffic and safety requirements. For all pig farms.
- New Safety requirements for visitors. Safety instruction.
- New procedure for purchasing and issuing work safety protective equipment.
- According to the Training matrix for IDAVANG LT, company employees attended in safety training. The training was for all levels of staff, from top management to simple employees, according responsibilities:
  - 37 (thirty-seven) - training days;
  - 20 (twenty) different training programs, according responsibilities and work area;
  - 661 potential risks identified and tasks delegated;
  - 566 potential risks removed;
  - 86% percentage of safety nonconformities fixed.

HEALTH CARE

- All employees of the company passed medical check-up. Later, medical checks are carried out periodically according to the particular occupational risk factors;
- 39 employees vaccinated against Tick-borne Encephalitis;
- 71 employees vaccinated against Influenza.

In end of the year best performing departments were identified and awarded for their achievements. This year, by joint decision of OHS manager and the top management of the organisation, two departments were chosen - Šalnaičiai farm and the Environmental Department, for their best occupational safety achievements during the year.

Results of internal audit
- 50 and more, performed work safety audits;
- 661 potential risks identified and tasks delegated;
- 566 potential risks removed;
- 86% percentage of safety nonconformities fixed.

Healthcare

- 132 employees passed safety induction;
- Safety induction program extended within the Civil Defence, Electrical safety (first grade), Fire safety & Emergency response part;
- Based on the risk assessment 65 Safety instructions were supplemented, redone and introduced for the first time and 15 programs to instruct employees in the work place;
- New types of PPE purchased for different positions in order to improve the effectiveness of protection of workers (headphones, safety goggles, respiratory protection);
- For working at height procedure, safety equipment and tools were assessed and new ladders were purchased; inspected and marked as well;
- Official workplace assessment has been provided in IDA, IDL, SV.

In 2018, IDAVANG, Russia approved the procedure for the distribution of roles and responsibilities in the HES area. The HES service has strengthened its work in the following areas:
- Annual medical check and obligatory psychiatric check-up provided – up for IDAVANG Agro, Nurma (IDA), IDAVANG Ostrov (ID), IDAVANG Agro, Luga (IDL). Medical restrictions not found;
- Personal protection equipment for IDAVANG, Russia reviewed within the obligatory norms of skin protection creams for employees;
- 14 employees were trained in fire safety;
- 44 employees were trained in electric safety;
- 37 employees were trained in safe work at heights;
- 14 employees were trained in state technical supervision of Russian Federation (pipes energy safety (steam, gas), grain hazardous facility safety, etc.).

No. Training programs Trained employees
1. Forklift driver training program 30
2. Work with chemicals and work in a chemical environment training program 342
3. Workers in noise and vibration environment training program 238
4. Occupational safety and health control training program for top management, managers, farm managers, engineers, environmental specialists, etc. 36
5. Work at height (ladders, mobile scaffolding) training program 324
6. Lifting platform and machinery operator training program 21
7. Work at height, supervisor training program 17
8. Safe killing of pigs 11
9. Steam (up to 0.05 MPa) and water heating (up to 110°C) boilers fired with solid and liquid fuel stoker training program 15
10. Lifting crane supervisor training program 17
11. Load hanger training program 87
12. Safety materials handling and lifting (with hands) training program 324
13. Forest worker: tree, bush and branch pruning training program 3
14. Gas and electric welder training program 12
15. Petroleum products gas station operator training program 20
16. Fire safety training program 263
17. First aid training program 259
18. Pressurized pipelines - boilers maintenance foreman training program 8
19. Building maintenance supervisor training program 9
20. Maintenance foreman of lifting machinery training program 8

In 2018, IDAVANG, Russia had 6 accidents.
4.6. CLOSE RELATIONSHIPS WITH CUSTOMERS

We continually develop business relationships based on mutual trust. Consideration of the needs and expectations, competence and professionalism, flexibility and transparency, politeness and friendliness and regular communication, all these are the principles on which the relationships of our company with every customer and business partner rest.

RESponsible CHOICE OF BUSINESS PARTNERS

• In Lithuania and Russia, IDAVANG works with more than 380 and 270 suppliers of goods and services respectively.
• We pursue to procure goods and service from local suppliers, it contributes region economics and minimize transport waste, CO2 emission.
• To exceed customer expectations, we choose our business partners with particular care. Good reputation, high product and service quality, efficiency and strict compliance with laws, veterinary standards and animal welfare regulations are our requirements not only for product suppliers and carriers but also for companies to which we supply products from our farms.
• We apply the same principles of biosafety and safety at work both to our new suppliers and existing suppliers with which the contracts are renewed. All suppliers of IDAVANG are introduced to the Group’s corporate social responsibility policy and key operating principles.
• Following the principle of transparency, we effect all financial transactions without using cash.
• At meetings with potential suppliers, IDAVANG’s representatives inform them about the applicable anti-corruption requirements.

PRODUCT DELIVERY

• During transport, our specialists take responsible care to comply with the animal welfare and veterinary conditions.
• Strict planning of transportation ensures the timely delivery of products to the customer.
• We pursue a strict accident prevention policy. On each trip, drivers follow safety standards and regular rest schedules.

ANTI-CORRUPTION

All our partners and employees are informed about our attitude and principles towards corruption. Some warning signs are placed on the walls, doors, info boards, etc. around the farms as well as in the headquarters. In any case of corruption, we terminate contracts without any limitation.

4.7. ACTIVE LEADERSHIP

As a modern pig-farming enterprise, we are actively involved in sharing our knowledge, experience and insight with other market participants such as partners, customers, organisations and decision makers. We do this to ensure that the development of this industry in Lithuania and Russia follows the best world practices applicable in the spheres of pig farming, environmental protection, animal welfare, etc.

• IDAVANG takes an active part in the activities of the Lithuanian and Russian Pig Producers Associations, the Investor Forums of Lithuania and Russia’s Pskov region and the Danish Chamber of Commerce in Lithuania and Russia’s Leningrad region.
• In Pskov region in Russia, IDAVANG is one of the most active members of the Agronomy Club, organising seminars and study visits to farms for local specialists.
• As members of the Lithuanian Pig Producers Association, IDAVANG’s representatives took an active part in addressing the problem of the spread of African swine fever at European and national level and proposed solutions to control the virus.
• We are among Lithuania’s largest tax payers. In 2018, our tax payments to the national and municipal budgets amounted to more than EUR 3.1 million (excluding VAT). In Russia, the companies of the IDAVANG Group are among the biggest taxpayers of the regions where they operate. IDAVANG’s taxes their account for a significant share of revenue in the local government budgets.

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A LOOK INTO THE FUTURE: GOALS FOR 2019

We continuously focus on the development and innovation. We see ourselves as reliable partners who care about our employees, nature and surrounding communities. Our business ethical principals are reflected in our daily operations where we pay special attention to animal welfare, environment protection, transparency, trust and respect.

5.1. ENVIRONMENTAL PROTECTION

- In IDAVANG LT, we will look for possibilities to sell more slurry as valuable fertilizer. We are determined to increase the efficiency of fertilisation operations. We will carry environmental and biosafety audits and prepare action plans for improvements.
- In Russia, IDAVANG will ensure that only EU approved pesticides and fertilizers are used and in accordance with the relevant application guidelines. This includes enforcement of the relevant non-application zones around drainage and water channels to prevent contamination of waterways. Make the separation of waste on more fractions and increase the percentage of waste which will be delivered to reusing/utilization.

5.2. PRODUCTION AND ANIMAL WELFARE

- In IDAVANG LT, we will look for possibilities to sell more slurry as valuable fertilizer. We are determined to increase the efficiency of fertilisation operations. We will carry environmental and biosafety audits and prepare action plans for improvements.
- In Russia, IDAVANG will ensure that only EU approved pesticides and fertilizers are used and in accordance with the relevant application guidelines. This includes enforcement of the relevant non-application zones around drainage and water channels to prevent contamination of waterways. Make the separation of waste on more fractions and increase the percentage of waste which will be delivered to reusing/utilization.
- We are replacing some of the boars to renew the genetic level in the herd.
- Building on the experience of other companies, we will optimise the use of medications at the farms, and constantly monitor the quality of feed.
- As the risk of African swine fever remains high, we will apply strict biosafety controls at the farms of our company.

5.3. QUALITY OF PRODUCTS

With a view to ensuring the transparency and traceability of the supply of products at the place of their sale, we will continue to develop and install a technological product management system of a new generation. Within the coming few years, this system will give the customers the awaited opportunity of knowing more about the product they purchase and choosing those products that come up to their expectations and values.

5.4. HUMAN RESOURCES

- We will continue encouraging our corporate culture through engaging our employees and promoting desired behaviours.
- The development of our employees will remain one of our priorities. We will build a structured curriculum of development activities not only with class trainings, but also with significant focus on development activities on the job.
- We will continue enhancing occupational safety.
- We will continue standardising our daily operations. We will encourage employees to become actively involved in implementing changes and applying ideas and proposals to upgrade everyday processes.

5.5. COMMUNITY RELATIONSHIPS

- We will continue our work on supporting the neighbouring communities, paying special attention to educational initiatives, social issues and sustainable development of rural territories.
- We will continue enhancing occupational safety.
- We will continue providing full information to the population of the neighbouring districts on the beginning of fertilisation seasons.