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
Anti-corruption
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.

**IDAVANG GROUP: CHOICES THAT DETERMINE SUCCESS**

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 Balterson,
CEO of the Idavang Group

**A QUICK GLANCE INTO 2018**

- **OUR VALUES:**
  - **RESPECT AND TRUST.** Each employee and partner is very important to us, and we treat them with fairness and respect, expecting the same from them in return.
  - **QUALITY AND ETHICS.** Following the animal welfare principles, we only turn out quality products.
  - **TRANSPARENCY.** We always act in a legal and proper, as well as transparent and fair manner.
  - **ENVIRONMENTAL RESPONSIBILITY.** We use the state-of-the-art technology and adhere to the principles of corporate social responsibility.
  - **CONTINUOUS DEVELOPMENT.** We are open to change and innovation and feel responsibility for the personal and professional development of our employees.

**SHAREHOLDERS OF THE IDAVANG GROUP**

International Finance Corporation (member of the World Bank Group) - 20%
Natural persons - 80%
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.

**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 Baltsersen, 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.
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.

IDAVANG Group sells about 800,000 pigs per year, half a million of them being grown in Lithuania and the rest in Russia. The majority of pigs grown in Lithuania are sold on the local market, the remaining 30% being exported to other European Union member states. In Poland, IDAVANG Group grows around 50,000 pigs under contracting business; all of them are sold to local slaughterhouses. In Russia, all 300,000 pigs reared are sold on the domestic market, mostly in the North Western region where there are not so many pig producers.

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 17,655 tonnes of greenhouse gas emissions in 2018 due to biogas plants.

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.
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 23 million EUR.

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

IDA VANG FARM:

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
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<tbody>
<tr>
<td>New aqua flow in stable 1 and 2</td>
<td>Done</td>
</tr>
<tr>
<td>New heating lamps in farrowing section</td>
<td>Done</td>
</tr>
<tr>
<td>Replacement hydro mixing system on 1 lagoon</td>
<td>Done</td>
</tr>
<tr>
<td>Dry stuff storage</td>
<td>Done</td>
</tr>
<tr>
<td>3 New high pressure cleaner Clena (2x200bar/1x160bar)</td>
<td>Done</td>
</tr>
<tr>
<td>Firefighting system in garage</td>
<td>Done</td>
</tr>
<tr>
<td>Earthling protection system around the farm</td>
<td>Done</td>
</tr>
<tr>
<td>Replacement of car</td>
<td>Done</td>
</tr>
<tr>
<td>Repair shower room and lap in boar stables</td>
<td>Done</td>
</tr>
<tr>
<td>Press for carton and plastic</td>
<td>Done</td>
</tr>
<tr>
<td>Automatic feeding (dry) (now 4 tons hand and feeding daily)</td>
<td>Done</td>
</tr>
<tr>
<td>Wash place for agro equipment and trucks (including cleaning stations)</td>
<td>Done</td>
</tr>
<tr>
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</tr>
<tr>
<td>Modernization of mixing system for lagoons (purchase of pumps and repl valves)</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Upgrade cone on all the silos in feed mills</td>
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</tr>
<tr>
<td>Replacement main water line from Vostochny to farm</td>
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</tr>
<tr>
<td>New compressor in farm area</td>
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</tr>
<tr>
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<td>Done</td>
</tr>
<tr>
<td>Repair feed mill building (industrial safety)</td>
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IDA VANG AGRO FARM:

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IDA VANG LUGA FARM CONSTRUCTION IN PROGRESS:

<table>
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<tr>
<th>Project</th>
<th>Status</th>
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<tbody>
<tr>
<td>Electricity installation</td>
<td>In progress</td>
</tr>
<tr>
<td>1 MW transformer station</td>
<td>In progress</td>
</tr>
<tr>
<td>Inclusion pump and cabinets</td>
<td>In progress</td>
</tr>
<tr>
<td>Sewage line</td>
<td>In progress</td>
</tr>
<tr>
<td>Grain silo foundations</td>
<td>In progress</td>
</tr>
<tr>
<td>Gas line</td>
<td>In progress</td>
</tr>
<tr>
<td>Temporary dry feed system</td>
<td>In progress</td>
</tr>
<tr>
<td>Heating line</td>
<td>In progress</td>
</tr>
<tr>
<td>Temporary shower rooms</td>
<td>In progress</td>
</tr>
<tr>
<td>Water supply line</td>
<td>In progress</td>
</tr>
<tr>
<td>Feed mill foundation</td>
<td>In progress</td>
</tr>
<tr>
<td>Mature pipe line</td>
<td>In progress</td>
</tr>
<tr>
<td>Crematorium</td>
<td>In progress</td>
</tr>
<tr>
<td>Stables construction</td>
<td>In progress</td>
</tr>
<tr>
<td>Temporary freezer container</td>
<td>In progress</td>
</tr>
<tr>
<td>Warehouse construction</td>
<td>In progress</td>
</tr>
<tr>
<td>Temporary disinfection baths</td>
<td>In progress</td>
</tr>
<tr>
<td>Mature tank foundation</td>
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DURING THE REPORTING PERIOD, SOME INVESTMENTS/CHANGES WERE MADE AND ARE IN PROGRESS IN IDAVANG, LITHUANIA AS WELL:

- **F1 Šaltinaičiai 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)

- **F2 Rupinskiai 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 cranter with ramps
    - Corn mill fence/Evacuation staircase mounted
    - 7 floor staircase windows installed/changed
    - New scales for old ramp
    - Automatic grain collector vacuum to corn mill tester
    - New telescopic loader - Bobcat
    - 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)
    - F4 Sajas farm:
      - Used tractor for pig loading Belarus 820
      - 1 km hose with reel
      - New telescopic loader - Bobcat
      - New separator Agrometer.
    - F7 Skabeikiai farm:
      - New separator Agrometer
      - F8 Lekeciai farm:
        - 2 kilometres hose with reels
        - Electric fork lifter for corn mill
        - New mixer on the lagoons
        - Install an additional tower for 8-12 kg feed in the galley in year 2018 (in weaner stables)
        - Requires SKov dual computers, 6 pcs. (replacement)
        - New lightning protection ( breeding farm)
        - Changing sows feeders in nursing ad lib, 2 sections, 110
        - F8 Ukrainian rooms repair (windows, paint)
        - Changing sows trays in nursing ward, 100 pcs.
        - Change floor (in 2 weaner stables)
        - New telescopic loader - Bobcat
        - Pig trailer
        - Grain scales 60t (construction rusted)
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.

We cooperate with recyclers of paper, plastic and glass. 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**

- Change windows in mill (into plastic)
- Change windows in inner dining room and women showers, 13 pcs.
- Change windows in raw material warehouse 500t (into plastic), 8 pcs.
- Change windows in connecting corridors, 7 pcs.
- Roof repair in dining room and women showers (water leakage)
- Change windows in mill (into plastic)
- Change windows in straw building (into plastic)
- Air washer, ventilation system

**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.
- 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.

**ENVIRONMENTALLY FRIENDLY TRANSPORTATION**

With a view to reducing the carbon footprint, we implement initiatives to minimise 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.
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 Engelsiai community summer festival celebration;
- Lithuanian Independence day celebration event in Nikoliškiai community;
- Lithuanian Independence day celebration event in Papile community;
- Summer festival in Kalniskiai community;
- Disable Society of Akmene district Mother day celebration;
- Pagryzuvo Cultural Center roof renovation;
- Pakruojis Zemyna school camp;
- Akmene town Museum traditional summer festival celebration;
- Salocioi community summer festival celebration;
- Pakruojis study support foundation;
- Pakruojis football club support;
- Pakruojis traditional summer festival;
- Pagryzuvo town summer festival celebration;
- Ignalina culture and sport center summer festival celebration;
- Lekėciai traditional town festival celebration;
- Linkuva traditional feast of the Scapular;
- Grybenai town festival;
- Juseviciai community summer festival celebration;
- Tytuvėnai traditional town festival Tytuba 2018 celebration;
- Joniskis municipality traditional town festival celebration;
- 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 in 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 “Bierekai” 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 specially, IDAVANG Agro supported Pediatic 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 sanitiser 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 to take 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.

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.

All IDAVANG farms employ highly-skilled 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.

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.

With a view to ensuring the highest nutritional value of feed, we entrust its preparation to our qualified in-house specialists. Feed is mixed in each complex separately.

We believe that it is worth having a speedy access to top quality feed for the sake of animal welfare and product quality. Therefore, we cooperate with local cereal farmers in Lithuania. In Russia we use harvest from our own fields that cover an area of more than 10,000 hectares. It covers 60% of the need; the rest is purchased from ASF free areas, in Russia.

As animals of various age groups have different needs, we ensure regulated air temperature and appropriate lighting in different barns of the farms.

Our all farms in the European Union meet the animal welfare requirements applicable in the Community since 2013.

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.

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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.

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.

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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.

4.5. CONCERN FOR EMPLOYEES

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

EQUAL OPPORTUNITIES

- 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.

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.

COMPLIANCE WITH LABOUR LAWS

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

Human resource specialists of the Group continuously update their knowledge on labour law at various workshops and trainings.

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• 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.
MOTIVATING REMUNERATION

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 award the employees for the seniority by providing the lump sums and small gifts.
• 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 congratulate our employees on their anniversaries.
• 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 take care of our employees and provide them with influenza and tick-borne encephalitis vaccinations.

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.
• 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.

TRAINING AND IMPROVEMENT OF QUALIFICATION

• 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.

COOPERATION WITH EDUCATIONAL INSTITUTIONS
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.

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;
- 36 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 - Salnaucia 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

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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.).

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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.

During the reporting period, Idavang, Russia had 6 accidents.
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.
- 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.

4.6. CLOSE RELATIONSHIPS WITH CUSTOMERS

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.

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.
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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 principles 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 IDA-VANG 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, IDA-VANG 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.
- In both countries, we will improve employee competences and educate highly-skilled environmental professionals. To ensure the more efficient work of fertilisation specialists and team members, we will train their leaders. We will encourage all employees to handle waste at the farms in a more efficient manner.

5.2. PRODUCTION AND ANIMAL WELFARE

- Using new work processes and equipment, we will organise the operations of workers involved in production more efficiently and improve their competences.
- We will use the Cloudfarm production management programme in our everyday work with consistency and efficiency. We will also link it with the accounting software. Still in progress.
- 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 to provide full information to the population of the neighbouring districts on the beginning of fertilisation seasons.
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