CEO OF THE GROUP: CHALLENGES ARE THE TRIGGER FOR BUSINESS GROWTH

IDAVANG GROUP: CHOICES THAT DETERMINE SUCCESS

IDAVANG’S POLICY OF SOCIALLY RESPONSIBLE ACTIVITIES

SOCIALLY RESPONSIBLE ACTIVITIES IN 2014: EVEN HIGHER STANDARDS

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   Help in the kitchen

4.2 ENVIRONMENTAL PROTECTION: NO COMPROMISE
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   Safe transportation

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   Ensuring feedback
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   Production and animal welfare
   Product quality
   Human resources
   Community relationships
For Idavang, a group of companies that has been in operation for 16 years, the year 2014 brought some interesting challenges that raised the Group to an even higher level of innovation, intelligence and flexibility.

Having operated under different names until 2014, our companies in Lithuania and Russia entered the year under the common name of Idavang and immediately got a chance to put the Group’s unity to the test.

Challenges that came with the spread of African swine fever in Europe, changes in the geopolitical situation and currency fluctuations soon brought an understanding that a unified strategy for the companies of the Group had been an excellent decision.

We are pleased about the tried and tested decisions, but we also appreciate the challenges. It is in difficult situations in particular that we understand how much we can achieve by combining the Group’s long-standing experience, the intelligence of our employees and Idavang’s inexorably high operational standards.

However, the final evaluators of our work are those who put food made from our products on the table. These people, including members of our communities, our employees and also business and social partners, know how we are doing, under what working conditions the ingredients for their meals were prepared and what the ultimate result of our work is.

The food made from our products tells the whole story of Idavang and reflects the experience, values and approach gained over many years. We are pleased that Idavang’s products have passed the test of consumer price, quality and social responsibility, and hope that this situation will continue into 2015.

Claus Balsersen, CEO of the Idavang Group

The undersupplied Lithuanian market of pig farming welcomed farmers from Denmark 16 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 14 complexes 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.
IDAVANG’S 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.

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.

Transparency. We always act in a legal and proper, as well as transparent and fair manner.

SHAREHOLDERS OF THE IDAVANG GROUP

Tarptautinė Finansų Korporacija (Pasaulio Banko grupės narė)

Fiziniai asmenys

20 %

80 %

IDAVANG’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.

ENVIRONMENTAL RESPONSIBILITY

Tadas Palubinskas, Environment Manager, Lithuania: “Being responsible for the environment in which we operate, we develop environmentally-friendly farming practices. We renovate the buildings using the best world practices. Our modern complexes meet all European Union and world environmental and sanitary requirements. We strictly abide by the principles laid down in Idavang’s environmental policy”.

ANIMAL WELFARE

Martin Thorsen, Chief Operating Officer, Russia: “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”.

SUPPORT FOR THE DEVELOPMENT OF COMMUNITIES

Saulius Leonavičius, Chief Executive Officer, Lithuania: “The neighbouring communities are our partners, and our relationships with them are based on trust, respect and transparency. We support the vital needs of the local communities. In cooperation with educational establishments, we offer the young generation opportunities to broaden their horizons”.

HUMAN AND EMPLOYEE RIGHTS

Jekaterina Lastochkina, Human Resources Manager, Russia: “We strictly abide by internationally accepted principles of human rights. We do not tolerate forced or child labour. We guarantee a rational work, rest and leave schedule and a reasonable remuneration system for our employees. Our daily operations strictly follow the principles of Idavang’s human resources policy”.

SAFETY AND HEALTH AT WORK

Gintare Mikalauskaitė, Human Resources and Corporate Social Responsibility Project Manager, Lithuania: “The characteristic features of work at pig-farming complexes are related with the protection of employees’ health. Therefore we provide our staff with the broadest possible knowledge of safe behaviour at work and take care to supply them with all personal protective equipment necessary to ensure their safety. We also implement preventive measures that help them to avoid accidents at work”.
ANTI-CORRUPTION

Michael Henriksen, Chief Financial Officer of the Idavang Group: “We do not tolerate corruption in any form. Employees at Idavang neither take bribes nor offer them to customers, agents, contractors, suppliers, workers, government representatives or other persons.”

CLIMATE CHANGE

Tatyana Sharygina, Chief Executive Officer, Russia: “The environmental policy of our operations is designed to protect not only nature in the immediate vicinity. In our business practices, we also implement safeguards for the global ecosystem.”

ACTIVE LEADERSHIP

Lars Christiansen, Production Manager, Lithuania: “We are a market leader aware of the responsibility for our example and activities in respect of the economy of a country in which we operate. Representing technologically and environmentally most advanced pig farming businesses, we support the local markets and promote their compliance with the most up-to-date and progressive global standards.”

CUSTOMER RELATIONSHIPS

Maria Vatanen, Sales Director, Russia: “Our business relationships are based on mutual trust. In our everyday operations, we follow the strict principles of the customer relationship policy.”

SUPERVISION OF SOCIALLY RESPONSIBLE ACTIVITIES

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 are 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, heads of divisions 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 the 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.
SOCIALLY RESPONSIBLE ACTIVITIES IN 2014: EVEN HIGHER STANDARDS

Each employee of the Idavang Group strives for the maximum in the sphere of corporate social responsibility. The year 2014 was no exception in this respect. The achievements of 2014 are the result of the common efforts made by all of us.

4.1. QUALITY PRODUCTS

From the very start of our operations, we have devoted special attention to the quality of our products. Exclusive animal breeding and rearing conditions and a well-balanced diet ensure a distinctly high quality of the output.

The Idavang Group places about 800 000 of pigs on the market annually, of which half a million are grown in Lithuania. The majority of pigs reared here are sold on the local market, while the remaining 40 % are exported to other European Union member states. In Russia, 300 000 of the pigs reared there are sold on the domestic market, supplying the lacking North Western region with meat.

The growing expectations of our end customers who have meals made from our products determined Idavang’s important decisions related to product quality in 2014.

4.2. ENVIRONMENTAL PROTECTION: NO COMPROMISE

All Idavang complexes 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 complexes 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.

- Seeking an even better quality of the pork that reaches the table of the Lithuanian population, in 2014 Idavang launched updated pig genetic selection programmes.
- In an effort to ensure the transparency and traceability of products purchased by our end customers, in 2014 Idavang began developing a technological product management system of a new generation. The system will allow the company to trace information on the feeding and veterinary care of each animal. This will enable us not only to standardise the production process but also to provide this data to customers buying our products in shopping centres in the future. We hope that in 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.

HELP IN THE KITCHEN

- The most delicious pork dishes can only be prepared from meat with the best qualities. Thus at the end of 2014, we compiled a book of recipes for our customers in cooperation with one of the most talented chefs in the sphere of pork preparation. Using the recipes published there and Idavang’s expert advice, lovers of good food can make special dishes for themselves, their family members and friends. The cookbook is available on the websites of Idavang.

CLEAR ORIGIN OF PRODUCTS

- In 2014, we achieved some significant results in the environmental sphere, including the minimisation of fuel consumption, active support to the waste sorting system in the divisions and the 20 % reduction of ecology-related events.

Environmental protection at the Idavang Group falls under the responsibility of a team of more than 60 persons.
On advanced farms run by Idavang, we comply with all environmental and sanitary requirements. Our 12 complexes in Lithuania and two in Russia undergo continuous modernisation to meet the highest European Union standards. The major share of corporate profits is invested in upgrading the complexes in particular. Since the launch of our business, we have already allocated almost EUR 19 million for modernisation related to environmental protection. Idavang’s long-term achievements in the environmental sphere received an acknowledgment of the public when the Group was elected one of the three most ‘green’ enterprises at the 2014 Lithuanian Business Leader awards. This decision of the awards commission was taken with account of Idavang’s long-term significant investments in environmental protection funded by the companies of the Group themselves, as well as of the efficiency of environmental measures implemented.

The modernisation of Idavang’s complexes and the efforts to meet even higher environmental and animal welfare requirements in 2014 involved the performance of the following tasks:

- Work on the Lekėčiai complex (Lithuania) included the expansion of the fractioning system, renovation of the floors in the pigsties, repair of the administrative building and renovation of the feed preparation and conveyance system.
- The complexes at Sidabra, Sėkina and Mūša (Lithuania) saw the installation of a slurry mixing system. For the maintenance of the lagoons at the Mūša complex, several screw press separators and a new telescopic handler were purchased.
- The complex in Skabeikiai (Lithuania) saw the renovation of the piglet barns and the insulation and painting of the walls.
- Part of the asbestos-containing roofs of the pigsties at the Pasodėlė complex (Lithuania) was replaced with modern asbestos-free roofing.
- Together with the partners, Modus energia, the construction of two biogas power plants was completed near the Pasodėlė and Saņķis complexes (Lithuania) as part of the implementation of the biogas power plant construction project. These power plants already operate at full capacity: they neutralise up to 70 % of the odours.
- The complex in Skabeikiai (Lithuania) saw the renovation of the piglet barns and the insulation and painting of the walls.
- The Sajas complexes (Lithuania) as part of the implementation of the biogas power plant construction project. These power plants already operate at full capacity: they neutralise up to 70 % of the odours.
- In 2014, manure transfer passages were installed in the pigsties at the Idavang Agro complex in Russia, which prevent the entry of shallow groundwater into the lagoons. The fire prevention system in the office, garage, feed mill and feed warehouse underwent improvement. The installation of mixing systems for two lagoons was completed. Construction of a new grain storage facility was launched. The foundations for two new grain elevators with the capacity of 3 000 tonnes each were laid. The installation of a fence measuring 11 km in length around the complex was completed, which will ensure better biosecurity. A diesel generator was installed that will ensure an uninterrupted power supply and service the boiler house and the manure separation system.
- With a view to ensuring security, a 700-metre long fence was completed around the territory of the Luga complex in Russia.
- The complex in the Pskov region (Russia) saw the completion of a grain storage facility of 720 tonnes. A concrete floor was installed in a hangar that houses the machinery in winter. The fit-out of a new canteen and showers for field workers was completed. To improve animal comfort, a new insulated floor was installed in the reproduction unit. Part of the pigsties was equipped with additional means of security against fire. With a view to ensuring better biosecurity, an 8-kilometre-long fence was completed around the territory of the complex.

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 boilers that burn straw in our complexes 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.
- Repairs on the water supply systems in the Sajas, Šalnaičiai and Sidabra complexes (Lithuania) and changes in the scope of production in other complexes in 2014 ensured an almost 10 % reduction of total water consumption.
- The production changes in the Sidabra complex (Lithuania) and changes in the scope of production in other complexes resulted in a 5 % reduction of power consumption.
- The production units in Lithuania witnessed an increase in the quantities of recycled waste and a contraction in the quantities of unsorted waste. We managed to achieve this result with the help of an improved waste sorting system. A larger number of sorting sites was installed, training was conducted for the staff and workers were provided with written and visual instructions on the more efficient sorting of waste. In 2014, we delivered about 45 000 kg (i.e. 33 %) less waste to the waste storage facilities, compared to 2013. All hazardous and non-hazardous waste of Idavang is recycled by companies certified by the national environmental authorities, and all hazardous waste is delivered to enterprises that hold licenses for the recycling of such waste.
- In 2014, the floors and walls of the pigsties of many complexes were sprayed with substances reducing air pollution and odours. This practice was also introduced in the Skabeikiai complex (Lithuania). As a result, the ammonia emissions fell almost by 70 % there.
- We cooperate with recyclers of paper, plastic and glass. In 2014, employees in Russia began collecting used paper for recycling, and the offices in Lithuania have used only recycled paper to print their documents for several years.
- Periodically we prepare articles for employees with information on the benefit of saving that urges them to save both at work and at home. The information billboards at all complexes contain memos on the safeguarding of resources and waste sorting.

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. One of the examples of the environmental activities of Idavang is the planting of forest trees in areas near the complexes. This way we reduce the spread of farm odours and make a symbolic contribution to the enlargement of Lithuania’s forest area. Last year we planted some trees on the territory of the Sidabra complex.
- As is usual in Lithuania, in 2014 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 ACTIVITIES

- Idavang’s long-term achievements in the environmental sphere received an acknowledgment of the public when the Group was
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 equipment and raw materials to the international logistics company, DSV, which ensures freight transport only with new EURO4-type trucks that use AdBlue, an ecological fuel additive for tractor trucks. It is a solution that decomposes nitrogen oxide into nitrogen and water which are non-hazardous. The solution can only be used in tractor trucks with special equipment that together with AdBlue reduces environmental pollution and, consequently, fuel consumption.
- For the past few years, Idavang has been optimising the mobility of environmental workers. We hire temporary workers from neighbouring villages to control the slurry spreaders at the complexes during the fertilisation season, which results in a lesser number of commute trips. To ensure more efficient route planning, the spreaders have been equipped with GPS 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.

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.

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. Despite the tense economic situation on the market, in 2014 we allocated EUR 32 600 and RUB 750 000 to the surrounding communities in Lithuania and Russia respectively, which helped to implement a great number of important projects.

To encourage the local communities to provide more active feedback on the activities of the complexes, representatives of the company maintain regular contacts with community leaders, including mayors, elders, sub-elders and chairmen. Information provided by them helps Idavang to find the best solutions that would improve rather than undermine the communities’ welfare.

In Russia, representatives of the company always take part in the presentation of municipalities’ annual social and economic development plans and answer questions from the public related to the implemented and planned activities of the company.
In 2014, Idavang assisted the Nurma municipality administration (Russia) with the preparation of the master development plan and its harmonisation with all regional and national authorities and other parties concerned. Work on the plan showed that the wastewater treatment plant built in 1973 was inefficient and represented a potential environmental hazard. Idavang funded geological and topographical surveys necessary for a construction project for a new wastewater treatment facility, and made all effort to include the project in the National Sustainable Regional Development Programme and receive funding.

- Organisation of a traditional community festival of Paplė town (Lithuania).
- Organisation of a community festival of Lekečiai township (Lithuania).
- Organisation of a community summer festival of Kalniškiai village (Lithuania).
- Repair of the roof of the Pagnyžius division of the Tytuvenė Culture Centre (Lithuania).
- Traditional town festival, Tytuvėnai 2014, in Tytuvėnai (Lithuania).
- Organisation of a festival in Salčiai township (Lithuania).
- Trip of members of the Jusevičiai village community to Vilnius (Lithuania).
- Organisation of the Midsummer Festival of the Pagnyžius village community (Lithuania).
- Dance company of the Paplė township community (Lithuania).
- Sports events of the Eglesiai village community (Lithuania).
- Festival of the Mockačiai village community (Lithuania).
- Christmas gifts for children of the Jusevičiai village community (Lithuania).
- Organisation of a traditional festival in Linkuva (Lithuania).
- Summer festival in Pakruojis (Lithuania).
- Purchase and planting of flowers in the Tiltas community of Krekenava (Lithuania).
- Installation of a stationary flagpole for a national flag in the Krekenava community Tiltas (Lithuania).
- Reconstruction of an accessory building of the parish of the Assumption of the Virgin Mary in Krekenava (Lithuania).
- Christmas events at the Krekenava Culture Centre (Lithuania).
- Events organised by the eldership of Seduva town (Lithuania).
- Satkūnai village festival organised by Satkūnai eldership (Lithuania).
- Organisation of a town festival by Joniškis municipality (Lithuania).
- Repair of 52 km of roads in Ostrov region (Russia). Now the inhabitants of six villages and more than 10 individual houses can have more convenient transport all year round and be confident that cars of the postal, ambulance and other services will reach them in due time. We also clear these roads of snow in winter.
- Participation of an inhabitant of Nurma (Russia) in a children’s song contest.
- Participation of the Nurma (Russia) children’s jazz band in the Jazz Parnas Festival in St. Petersburg.
- Events celebrating the 87th anniversary of Leningrad region (Russia).
- Organisation of Christmas events for children in Nurma and Ostrov (Russia).
- Purchase of gifts for war veterans and organisation of their festival in Nurma and Ostrov (Russia).
- Presentation of a washing machine to the oldest inhabitant and war veteran of Luga municipality (Russia) celebrating his 95th anniversary.
- Via the local media and municipal administrations, Idavang informs the local communities about the beginning of the fertilisation season and modern technologies used. The company also answers inhabitants’ questions and organises fertilisation with account of the environmental indicators, air temperature and the festival schedule of the townships. No fertilisation works are carried out during local festive events.
- In addition, to remind local farmers of the threat of African swine fever and the importance of biosafety, in 2014 Idavang prepared information on these topics and published it in Lithuanian newspapers.

SUPPORT FOR VILLAGE COMMUNITIES

SUPPORT FOR EDUCATIONAL ESTABLISHMENTS

- Further funding of the acquisition of new books for the library in Nurma (Russia).
- Renovation of a secondary school in Nurma (Russia).
- Renovation of a kindergarten in Nurma (Russia).
- We also installed energy-efficient light bulbs there which cut the kindergarten’s electricity costs by half.
- Installation of a fire prevention system and repair of the heating system at the local Children’s Art School in Nurma (Russia).
- Renovation of a school for children with special needs in Ostrov (Russia).
- Launch of a children’s swimming pool installation project in Ostrov (Russia).
- Installation of plastic windows in the classrooms at a school in Ostrov (Russia).
- Acquisition of paint for floor repairs at a kindergarten in Ostrov (Russia).
- Repair of the stairways and installation of new doors at the social centre in Malaya Guba (Russia).
- Organisation of events for children’s summer holidays at the social centre in Malaya Guba (Russia).
- Purchase of books, educational toys and special equipment for a school for children with special needs in Malaya Guba (Russia).
- Establishment of a museum at the M. Antanaitis Gymnasium in Krekenava (Lithuania), displaying information on the history and traditions of the school.
- Organisation of the camp Žemynos šėlsmas of Žemyna Lower Secondary School in Pakruojis (Lithuania).
- Purchase of a copying machine for a gymnasium in Tytuvėnai (Kelme dist., Lithuania).
- Study Support Fund of Pakruojis district municipality (Lithuania).
- Presentation of three laptops to Nemunaitis Lower Secondary School (Kalvarija municipality, Lithuania).
- Organisation of the Nightingale Night Poetry Festival at the Simonas Daukantas Museum in Paplė (Akmenė distr., Lithuania).
- Purchase of a keyboard instrument for the Linkuva Culture Centre (Lithuania).
- Organisation of an anniversary event at the M. Antanaitis Gymnasium in Krekenava (Lithuania).
- Meeting with the Agricultural School in Zarasai (Lithuania) and the Vabalninkas Division of the Biržai Technology and Business Training Centre (Lithuania) where Idavang’s representatives introduced the company to the students, offered work placement opportunities and told about the possibility of employment at one of the several divisions of the company after work placement.
- Meeting with the teachers of the Agricultural College in Luga (Russia) and conclusion of a preliminary cooperation agreement. The college will organise training for operators of large pig farming complexes and improve the methodologies and tractor control study plans to better adapt them to market needs. We hope that the college will provide continuous training and professional development opportunities to employees of Idavang’s Luga complex in the future. The college will organise training for operators of large pig farming complexes and improve the methodologies and tractor control study plans to better adapt them to market needs. We hope that the college will provide continuous training and professional development opportunities to employees of Idavang’s Luga complex in the future.
- Visit of students of the mechanical and tractor control specialties of the Luga Agricultural College (Russia) to the division of Idavang and acquaintance with the practical aspects of control of new machinery.
- Organisation of a round-table discussion for alumni in Ostrov (Russia), in cooperation with the local municipality administration, to introduce opportunities for young specialists offered by Idavang.
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 complexes. Our animals live in facilities with floor areas amounting to 200,000 square metres in all complexes in Lithuania and 133,000 square metres in Russia.

Idavang’s complexes 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 hygiene, 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 complexes in the middle of 2014, and devoted even more effort to the protection of our animals.

SAFE ENVIRONMENT FOR ANIMALS

- To achieve better protection against the spread of African swine fever, all the complexes were equipped with additional means of protection, including double fences around the complexes, screens against insects and ultraviolet lamps in the barns, outdoor pig loading ramps, entrance containers with different disinfection equipment for hands and various items, shelves for shoe change, disinfection barriers at each door, disinfection and quarantine facilities for tools and other items, and transport disinfection barriers. Idavang’s investments in additional means for biosafety constituted about EUR 580,000.

- As animals of various age groups have different needs, we ensure regulated air temperature and appropriate lighting in different barns of the complexes.
- In 2014, the feed conveyance and ventilation systems underwent renovation at the greater part of the barns in the Pasodėlė complex (Lithuania).
- Our all complexes in the European Union meet the animal welfare requirements applicable in the Community since 2013.

SUPPORT FOR ORGANISATIONS AND OTHER ASSOCIATIONS

- Organisation of a festival dedicated to the centenary of the state by the Support Fund of Papilė eldership (Lithuania).
- Charity event organised by the Danish Chamber of Commerce (Lithuania).
- Charity funds Bėdų turgus and Sūduvos ateitis (Lithuania).
- People with Disabilities Club Parama of Papilė eldership (Lithuania).
- Summer camp for teenagers and children from problem families in Nurma (Russia).

SUPPORT FOR SPORTS ORGANISATIONS AND EVENTS

- Girls’ Volleyball Team of the Children and Youth Sports Centre in Kelmė (Lithuania).
- Table tennis tournament in the community of Papilė township (Lithuania).
- Sports competition in the Papartis community of Eglesiai village (Lithuania).
- Purchase of sports equipment for a gymnasium in Linkuva (Lithuania).
- Palnruojis Football Club (Lithuania).
- Purchase of new exercise machines for a local children’s sports club in Nurma (Russia).
- Organisation of an environmental tour along the Voitolovka River (Russia) for secondary school pupils where the children were taught to assess the anthropogenic impact and the effects of industrial activities on the environment.
- Research team Jaguar of a non-formal education centre in Nurma (Russia).

SAFE ENVIRONMENT FOR ANIMALS

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**BALANCED NUTRITION**

- 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 includes 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.

**QUALIFIED HANDLING OF ANIMALS**

- 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 complexes are regularly visited also by external veterinary inspectors.
- All Idavang complexes boast safe physicians’ offices to which access is granted only to the qualified staff or veterinarians. Moreover, foreign veterinary consultants visit our complexes 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.

**SAFE TRANSPORTATION**

- 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.

**ENSURING GOOD WORKING CONDITIONS**

- In 2014, a system of employee adaptation was developed and implemented. Employee memos for new persons help them to perceive the specifics of work and become familiar with the organisation more quickly and join the staff with greater success.
- The employee resignation questionnaire was improved for the purpose of identifying the reasons for which workers leave the organisation and drawing up an action plan to reduce voluntary turnover.
- In 2014, Idavang creates additional 2 000 indirect jobs through its partners that supply feed and raw materials and provide services to the complexes.

**CONCERN FOR EMPLOYEES**

- 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.

- Employee relationships are based on respect. We strive for openness and transparency in our cooperation. We also provide all social guarantees.
- 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.
- In accordance with Idavang's social responsibility and human resources policies, the company does not employ persons younger than 18 years of age.
- In 2014, the Idavang Group had seven workers with disabilities.
- In 2014, 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 accommodation with all amenities, and meals.

**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.
RECONCILING WORK AND PRIVATE LIFE

- We ensure a balance between our employees’ professional and personal lives. To highlight a proper balance, in 2014 a volleyball tournament of employees from Idavang’s complexes was organised in Lithuania. Moreover, from now on employees can improve their skills also on volleyball courts opened in the Lithuanian divisions.
- We encourage our employees to get involved in socially responsible activities in their local communities.

MOTIVATING REMUNERATION

- Idavang pays competitive remuneration to its employees, which is in line with the general dynamics of the salary market in Lithuania and Russia. In 2014, the average pay in the Idavang Group was 2.16 times higher than the minimum remuneration in Lithuania, and in Russia it exceeded the average wages by 20% in Leningrad and Pskov regions where the company operates.
- A new remuneration system introduced in Russia allows the employees to have a clear understanding of the salary structure that includes a fixed and a variable component, the latter one being dependent on compliance with the biosafety, operating and safety requirements and the quality of the final result.
- In addition to the motivating remuneration for the excellent results achieved, employees are also paid bonuses. Employees who have been with the company for many years receive additional bonuses for experience.
- Employees are provided with health insurance valid in the majority of Russia’s regional clinics.
- Apart from the competitive remuneration, employees of the complexes also receive working clothes and benefits still uncharacteristic of the market such as meals (lunch, coffee, tea, snacks, etc.). These additional employee benefits constitute about RUB 54,000 in Russia and EUR 740 in Lithuania per person annually.

EVALUATION AND RECOGNITION

- We have organised already a third event to award employees who have been with the company the longest. In 2014, we awarded as many as 29 employees in Lithuania for their 10- and 15-year-long careers at Idavang. In Russia, we awarded 25 workers who had worked with us for five years.
- On the proposal from colleagues and by the decision of a division manager, every month in Russia we elected and congratulated the employee of the month and at the close of the year we elected the employee of the year. Such employees also received bonuses as incentives. The best employees of the year enjoyed a week’s leave at a resort.
- It was for the third time that we elected ambassadors of our corporate values at the end of the year in Lithuania. We organised a festive dinner for these workers with the executive manager of the company and a talented and well-known chef. During the dinner, the ambassadors of our values had an opportunity not only to socialise with their colleagues from other complexes but also to learn some excellent cooking tips from the chef.
- We not only work but also spend our leisure together. Each year we organise corporate events such as summer festivals and Christmas parties, visits to concerts, theatres, aquatic parks and elsewhere. Those who wish to enhance their communication can also take part in social responsibility and volunteer campaigns.
- We congratulate our employees on their anniversaries or weddings.
- We provide accident insurance to our employees and support them in case of any loss of their immediate family members.
ENSURING FEEDBACK

• In 2014, management received feedback from the traditional annual performance assessment interviews between employees and their line managers. An annual performance assessment interview is one of the best ways to demonstrate to the employees their importance for the company, evaluate their competences, identify their personal career goals for the coming year and collect information on employee expectations.

• In Russia, employees were involved in the annual performance assessment interviews for the first time this year. The interviews identified workers with potential and talented workers. Thus, in cooperation with Russia’s Human Resources Manager, a training plan was prepared after the interviews to help the employees to develop their professional and personal competences.

• As every year, in 2014 we carried out an employee opinion survey for the purpose of examining employee satisfaction with their work, working conditions and internal communication. The survey showed that 96 % of employees in Lithuania trusted Idavang as an employer and 91 % would recommend it as an excellent place of employment. In Russia, the trust in Idavang as an employer was expressed by 84% of the respondents. Based on the employees’ answers, an action plan for 2015 was drawn up.

• In 2014, the corporate newsletter was one of the main means of communication with employees, informing them of the news and changes in the company. The newsletter also enabled a broad sharing of experiences, stories and opinions about the company important for employees themselves.

TRAINING AND IMPROVEMENT OF QUALIFICATION

• All employees at Idavang participate in systematic educational programmes. The companies of the Group also have an employee rotation system that allows workers to understand the value created by each job for the organisation and the overall employee welfare.

• In 2014, employees participated in various internal and external training and refresher courses aimed at improving their professional skills, competences and knowledge. On average, in 2014 one employee spent about eight hours in training in Lithuania and almost four hours in Russia, i.e. 5.5 times more than in 2012.

• In 2014, employees developed their skills at safety at work, computer literacy and environmental training courses, and devoted some time for personal development while gaining deeper knowledge and skills in the spheres of communication, personal efficiency and management.

• Last year, Idavang also invested in the improvement of its employee’s English language skills. In Russia, 10 employees from different divisions of Idavang participated in a training programme.

• The presence of the Idavang Group on the international market gave its functional managers an opportunity to improve their professional expertise through the sharing of experience gained from their work in different countries. In 2014, several specialists changed their place of work for some time to gain experience while working in another country where the company operates as well.

• In 2014, the Group’s internal resources were used intensively for employee development and transfer of expertise and experience. The Human Resources Manager in Lithuania conducted internal training on stress management, effective time management and employee adaptation in different divisions of the company.

OCCUPATIONAL SAFETY

• We guarantee safe and comfortable workplaces that meet safety requirements. We regularly inspect the environmental and workplace conditions, solve issues related with safety and health at work and carry out periodic medical examinations of employees.

• With a view to ensuring safety at work, the involvement of all employees is of paramount importance. In 2014, remarks of employees were taken into account in Lithuania when drawing up plans of measures for the elimination and reduction of professional risks, which are the responsibility of the Head of the Health and Safety at Work Council and Civil Safety.

• In 2014, management of the company in Lithuania initiated an internal audit on occupational safety carried out by an external auditor. The main purpose of the audit was to evaluate the existing situation with safety at work in the complexes, analyse whether the records on safety at work were correct and prepare an action plan on the improvement of safety at work for each division of the company.

• In 2014, management of the company in Russia set up a group aimed at raising employee awareness on safety at work and health issues. The group was headed by an occupational safety expert from Lithuania. During its monthly meetings the group paid visits to different divisions of the company, checked compliance of equipment with safety requirements and analysed employees’ readiness to use the available means of protection.

• In 2014, a few incidents occurred at work that had no consequences. Unfortunately, one of the incidents in Russia was fatal. We investigated these incidents with full responsibility in order to find out their causes and prevent accidents resulting from the same causes in the future. Employees were encouraged to pay their attention to the causes of the incidents and control the situations with responsibility to prevent any recurrence of such events in the future.

• Training on the safety of fire prevention and first aid was organised for employees.
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.

QUALITY PRODUCTS

- We supply only top-quality products to our customers. The finest quality is ensured by the demanding and well-organised production based on good world practices, careful selection, balanced animal nutrition and strict adherence to the animal welfare policy principles.
- The quality and composition of Idavang’s products meet all Russian and European Union requirements and standards for top-quality products.

RESPONSIBLE CHOICE OF BUSINESS PARTNERS

- In Lithuania and Russia, Idavang works with more than 380 and 270 suppliers of goods and services respectively.
- 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 and veterinary standards.
- 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

- We treasure our reputation of a fair organisation and are opposed to any form of corruption.
- With a view to preventing bribery or other forms of personal profit, in 2014 we continued to implement the anti-corruption programme of the Idavang Group which is introduced to employees already on the first day of their work at the company.
- To avoid any cases of corruption, anti-corruption posters and signs were put up on the territories of the complexes.

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 2014, our tax payments to the national and municipal budgets amounted to more than EUR 3.6 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 there account for a significant share of revenue in the local government budgets.
A LOOK INTO THE FUTURE: GOALS FOR 2015

Last year’s challenges have shown to us that the continuous development strategy chosen by the company is the best way leading to the future where business, nature, surrounding communities, animals and all those affected by the Group’s operations have a sustainable existence.

Having learned the lessons of 2014, we emerge stronger, more community-oriented and much more collegial towards each other. The challenges have brought us together and inspired us to focus even more on new activities and the continuation of the old lines of business in the spheres of environmental protection, production, product quality and human resources and community relationships in 2015.

ENVIRONMENTAL PROTECTION

- We will reduce the use of energy resources by ensuring a more efficient use of fuel during the fertilisation season and at other times, better maintenance of equipment and more efficient and speedier elimination of malfunctions. In Russia, we will install an environmentally-friendly boiler house that will burn straw, reduce water consumption and build an additional grain storage facility that will allow cutting the consumption of fuel for the transportation of feed.
- We will look for possibilities to use slurry with an even greater benefit for the community. We are determined to increase the efficiency of fertilisation operations. In Russia, the company will install four new separation presses. We will also begin using a new-generation mechanism, Vogesland, for fertilisation there, which allows applying fertilisers directly to the soil, resulting in a significant reduction of odours during the fertilisation process.
- We will improve employee competences and educate highly-skilled environmental professionals. To ensure more efficient work of fertilisation specialists and team members, we will train their leaders. We will encourage all employees to handle waste at the complexes in a more efficient manner.

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.
- We will launch operations at a new boar complex in Ramygala (Lithuania) and take other measures to improve genetic selection, which will help to ensure animal welfare.
- Building on the experience of other companies, we will optimise the use of medications at the complexes, and constantly monitor the quality of feed.
- As the risk of African swine fever remains high, we will apply strict biosafety controls at the complexes of our company.
- We will continue implementing the LEAN system.

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.

HUMAN RESOURCES

- We will reduce the employee turnover by devoting more attention to the adaptation of new workers, incentive systems and the maintenance of a good climate at work. We will introduce a new remuneration and human resource accounting programme.
- To avoid any accidents or incidents at work, we will enhance occupational safety. We will conduct periodic internal audits of safety at work.
- We will organise training for employees and improve their competences. We will standardise daily operations, this way increasing the efficiency of our work processes. We will encourage employees to become actively involved in implementing changes and applying ideas and proposals to upgrade everyday processes.
- We will improve the working conditions: in Russia, we will renovate the insemination laboratory, equip new changing rooms, modernise the ventilation system and build a canteen.

COMMUNITY RELATIONSHIPS

- Under the general procedure for the granting of support to communities, in 2015 we will hold discussions with community leaders and allocate support with account of community needs and possibilities of our company.
- In 2015, we will continue our efforts to develop and strengthen cooperation with vocational schools.
- We will continue to provide full information to the population of the neighbouring districts on the beginning of fertilisation seasons.