



IDAVANG GROUP
CORPORATE SOCIAL
RESPONSIBILITY
REPORT
2015





CONTENT

1.	CEO OF THE GROUP: CHALLENGES ARE THE TRIGGER FOR BUSINESS GROWTH	5
2.	IDAVANG GROUP: CHOICES THAT DETERMINE SUCCESS	5
	Our vision	
	Our mission	
	Values	
3.	IDAVANG'S POLICY OF SOCIALLY RESPONSIBLE ACTIVITIES	7
	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	
4.	SOCIALLY RESPONSIBLE ACTIVITIES IN 2015: EVEN HIGHER STANDARDS	10
4.1	QUALITY PRODUCTS	10
	Clear origin of products	
	Help in the kitchen	
4.2	ENVIRONMENTAL PROTECTION: NO COMPROMISE	11
	Modern farms	
	Efficient use of natural resources	
	Environmental activities	
	Environmentally-friendly transportation	
4.3	OPENNESS IN RELATIONSHIPS WITH NEIGHBOURS	15
	Active cooperation	
	Support for village communities	
	Support for educational establishments	
	Support for organisations and other associations	
	Support for sports organisations and events	
4.4	EVERYDAY ATTENTION TO ANIMAL WELFARE	19
	Safe environment for animals	
	Balanced nutrition	
	Qualified handling of animals	
	Safe transportation	
4.5	CONCERN FOR EMPLOYEEES	20
	Compliance with labour laws	
	Work & Life balance	
	Equal opportunities	
	Employee Engagement	
	Motivating remuneration	
	Ensuring feedback	
	Training and improvement of qualification	
	Cooperation with educational institutions	
	Occupational safety	
4.6	CLOSE RELATIONSHIPS WITH CUSTOMERS	26
	Responsible choice of business partners	
	Product delivery	
	Anti-corruption	
4.7	ACTIVE LEADERSHIP	
5.	LOOK INTO THE FUTURE: GOALS FOR 2016	27
	Environmental protection	
	Production and animal welfare	28
	Quality of products	
	Human resources	
	Community relationships	



1.

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

For Idavang, a group of companies that has been in operation for 17 years, the year 2015 brought some business challenges, like a significant decrease in meat prices and an increase in grain prices. These challenges to our industry proved that our commitment to deliver only premium quality products together with our sustained approach towards innovation is the cornerstone of our strong, long term business performance.

Our position as a leader in our industry obliges us to focus constantly on continuous improvement – to always recognise and implement the latest scientifically proven innovative methods, not only in the raising of pigs, but also constantly look for the new ideas concerning how we as a company may optimize the support of our core business. Our organization's focus on continuous learning is the way we maintain our business know-how at the highest level and are able to overcome difficult periods in our business and industry.

I am also very proud that our day-to-day operations involve more than just raising pigs. We have continued to follow our commitments to the local communities where we operate and delivered our promises to contribute to them. At the same time we have applied high standards everywhere we operate and have set clear and measurable targets that helped us reduce our environmental impact, for example, decreasing CO2, water and electricity consumption, etc.

Today I am confident that we are ready to move forward. We will explore all possible growth opportunities and start expanding our business again. We are moving closer and closer to the end consumers, which will allow us to better understand their needs. This will make us even more competitive and give us an advantage in delivering premium quality products.

Claus Baltersen, CEO of the Idavang Group

2.

IDAVANG GROUP: CHOICES THAT DETERMINE SUCCESS

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 15 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.



Our vision: To be a supplier of high-quality pigs in undersupplied markets while respecting the highest ethical and environmental standards unconditionally.



Our mission: To be the leading pig farming business known for its high-quality products in the Baltic countries and North Western Russia, capable of setting the highest ethical and environmental standards. We strive to become an important partner for our customers and surrounding communities. We want to be an interesting and attractive place of employment that offers personal and professional development opportunities for its staff in a desirable company with good career possibilities.

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.



Environmental responsibility. We use the state-of-the-art technology and adhere to the principles of corporate social responsibility.



Quality and ethics. Following the animal welfare principles, we only turn out quality products.

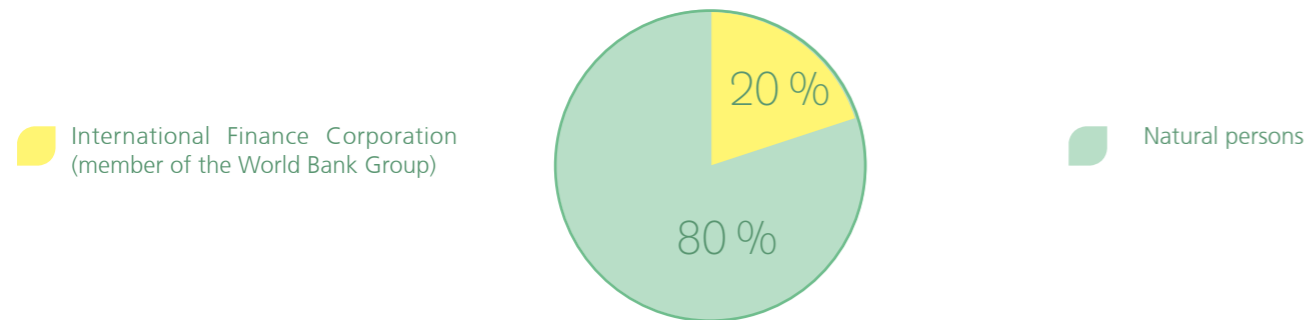


Continuous development. We are open to change and innovation and feel responsibility for the personal and professional development of our employees.



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

SHAREHOLDERS OF THE IDAVANG GROUP



3.

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 9 principles, introduced by management of the Group.



ENVIRONMENTAL RESPONSIBILITY/ CLIMATE CHANGE

Tadas Palubinskas, Environment Manager, Lithuania: "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 complexes 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

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". Most of our investments are done to improve the animal welfare, it is everything including better feed structure and, higher fibers 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, "Our business philosophy takes the society's well-being into consideration. We try to make the life around us better. We have strong community links

where we operate and always look for the opportunities to contribute to the local initiatives in educational, well-being and other domains."



HUMAN AND EMPLOYEE RIGHTS

Darius Makauskis, Director of Human Resources: "We strongly believe that the different backgrounds, experiences and perspectives of our employees are a huge asset to our company. We foster diversity

in our workplace and always follow employment legislation and the principles of Idavang human resources policy."



OCCUPATIONAL SAFETY

Audronė Kaminskienė, Head of Occupational Safety and Health Services and Civil Protection: "To preserve the productiveness, 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."



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".



ACTIVE LEADERSHIP

Saulius Leonavičius, General Director, Lithuania: "We are constantly improving and believe that we can contribute further to the development and improvement of our field. We openly share our progress and innovations with market participants. We continue

to participate in an association where I, myself, am a member of the Board of the Lithuanian Pig Breeders Association and Claus Baltersen, CEO of the Idavang Group is a member of the Board of DCC".



CUSTOMER RELATIONSHIPS

Marijus Klevas, Commercial manager, Lithuania: "The customer is our boss, no matter whether it is the slaughterhouse or end customer,

we treat, respect, and deliver the best quality product."



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 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, 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.



4.

SOCIALLY RESPONSIBLE ACTIVITIES IN 2015: EVEN HIGHER STANDARDS

Each employee of the Idavang Group strives for the maximum in the sphere of corporate social responsibility. The year 2015 was no exception in this respect. The achievements of 2015 are the result of the common efforts made by all of us.

We are proud of our employees and partners who develop innovative ideas in the spheres of product improvement, environmental protection, community relationships, animal welfare, etc. We are grateful to all those who help us to implement these ideas.

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.

CLEAR ORIGIN OF PRODUCTS

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. In Poland,

we grow around 80000 pigs under contracting business; all of them are sold to local slaughterhouses.

The growing expectations of our end customers who have meals made from our products determined Idavang's important decisions related to product quality in 2015.

HELP IN THE KITCHEN

The most delicious pork dishes can only be prepared from meat with the best qualities. Thus at the end of 2015, we compiled a book, where our customers can find recipes of pork dishes collected from all corners of the world created by a very charismatic chief from Vilnius. Using the recipes published there, lovers of good food can taste British breakfasts, exotic barbecue from the Philippines, colourful Columbian dishes or a more familiar Hungarian goulash. The cookbook is available on the websites of Idavang.



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.

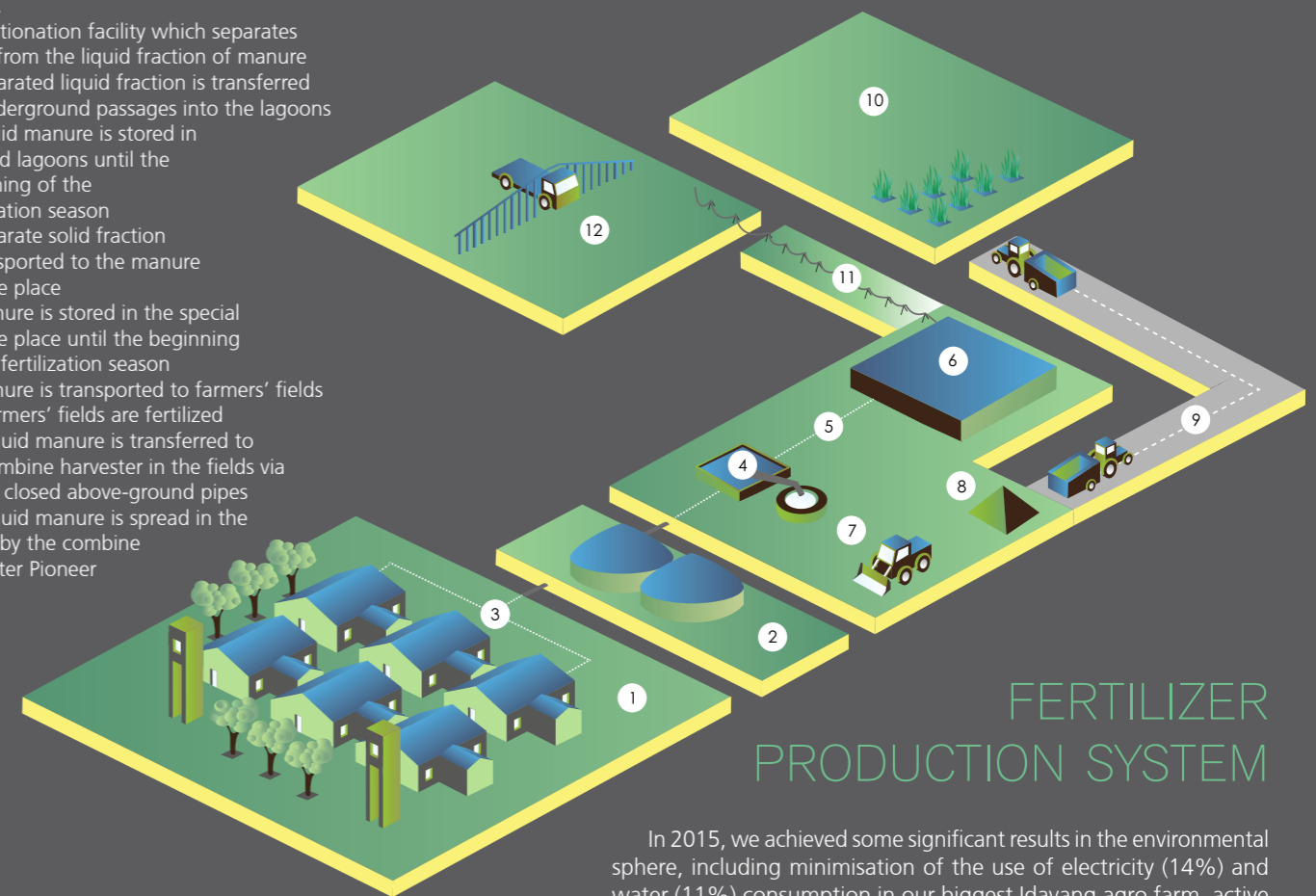
Seven of our complexes in Lithuania have biogas power plants

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

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

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

1. Complex
2. Liquid manure via underground passages is transferred to biogas power plant or manure processing facilities.
3. Liquid manure via underground passages is transferred to fractionation facility.
4. Fractionation facility which separates solids from the liquid fraction of manure
5. Separated liquid fraction is transferred via underground passages into the lagoons
6. Liquid manure is stored in covered lagoons until the beginning of the fertilization season
7. Separate solid fraction is transported to the manure storage place
8. Manure is stored in the special storage place until the beginning of the fertilization season
9. Manure is transported to farmers' fields
10. Farmers' fields are fertilized
11. Liquid manure is transferred to the combine harvester in the fields via 10 km closed above-ground pipes
12. Liquid manure is spread in the fields by the combine harvester Pioneer



FERTILIZER PRODUCTION SYSTEM

In 2015, we achieved some significant results in the environmental sphere, including minimisation of the use of electricity (14%) and water (11%) consumption in our biggest Idavang agro farm, active support of the waste sorting system in the divisions and the biggest achievement – a decrease of 13,990 tonnes of greenhouse gas emissions in 2015 due to biogas plants.

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



MODERN FARMS

On advanced farms run by Idavang, we comply with all environmental and sanitary requirements. Our 12 complexes in Lithuania and 3 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. In 2015 Idavang completed the implementation of all seven biogas plant projects. Power plants built near almost all bigger "Idavang" LT

complexes – they reduce greenhouse gas emissions, neutralize pig manure odour, raise the quality of fertilizers and produce electricity as well as heat. Investments into the entire biogas power plant project amounted about 29 million EUR.

The modernisation of Idavang's complexes and the efforts to meet even higher environmental and animal welfare requirements in 2015 involved the performance of the following tasks:

- **Mūša farm (LT):** 3 fence around farm for better biosecurity;
- **Skabeikiai farm (LT):** finished renovation of weaner stable No. 5, 6, 8, 10, 11, 12; isolation and painting of the walls finished.
- **Pasodėlė farm (LT):** wet feed in 1A and 1B stables renovation of roof/ventilation 1a, 1b, 2a, 2b stables finished.
- **Sidabra farm (LT):** 4000 extra pig places (30-110 kg) made.
- **Šeduva farm (LT):** hidromixing system for lagoon.
- **Lekėčiai farm (LT):** Finished renovation of feed mill, 3 fence around farm for better biosecurity;
- **Ramygala (LT):** Boarstation running 100% (self supplied by semen for the sows in LT).
- **Idavang Agro, Tosno (RU):** New canteen in the pig fattening stable, flame sensors inside buildings, new grain storage on the B side, sawdust handling/packaging machine, new roof on the boar stables / feed mill / EPP, electricity saving LED lights and cabling in the slaughtering stables, AGM screw press separation, 4 pcs- for better manure handling, renovation of the insemination laboratory,

new drinking water saving nipples in the pig fattening section, hammer mill for better feed production, loading ramp, grid for ventilation against insects (biosafety), dead pig incinerator 1 pcs Volkan, upgrading of the weaning sections for better pig welfare.

• **Idavang farm, Ostrov (RU):** Straw boiler for heating – renewable energy, foundation for 2 new grain silos of 6000t, drain area between stables, ventilation in feed mill, seed silos construction started. And also some biosafety measures: grid for ventilation, disinfection wash hall and wash place, incinerator 1 pcs Volkan for dead pigs utilization, disinfection bath and frame, entering container, new wash area for agriculture equipment, reloading ramp, move the scale into the clean zone, 2 easy feeders, automatic medicine dosing system, concrete pad for grain.

• **IDAVANG Luga farm (RU):** Scale in Luga, drilling and licensing water wells, construction office, road to the new farm.



EFFICIENT USE OF NATURAL RESOURCES

Seeking to achieve environmental sustainability and contribute to the welfare of the future generations, we devoted a great deal

of attention to the efficient and spare use of energy and material resources.

• The boiler houses that burn straw in our 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. During 2015 one more brand new boiler house was built in Idavang RU.

• In 2015, Idavang Agro, Tosno ensured an 11 % (39,105 m3) reduction in total water consumption. This was achieved by: an improved separation process, so higher amounts of recycled slurry could be used for cleaning channels instead of pure water. Changing drinking nipples to modern ones in the weaned pigs section. This allowed the elimination of breakdowns and water losses during animal drinking. Installation of a higher capacity water condensate tank; this allowed to keep all water (condensate) inside the condensate tank, avoiding overspill into the sewage as it was before. Regular monitoring of water consumption, which allowed noticing problems at the moment of their start. The preventive maintenance programs in the water delivery systems allowed the repair and maintenance of the water delivery system, avoiding additional spills from the system

• During 2015, an electricity savings plan in Idavang Agro was successfully prepared and implemented. The electricity consumption in Idavang Agro in 2015 was reduced by 14% (1,296,237kw)

compared to 2014. The biggest savings in electricity consumption related to incandescent lamps, which have been changed to LED lamps in some departments. A heating system with hot water from the boiler house is used instead of electric heating, less water for production purposes was used, so less electricity was needed to pump it, and the mild winter weather helped.

• In 2015, 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 Pasodele complex (Lithuania). As a result, the ammonia emissions fell almost by 70 % there.

• We cooperate with recyclers of paper, plastic and glass. In 2015, 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 complexes contain memos concerning the safeguarding of resources and waste sorting.



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 2015 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 was carried out in Idavang LT, 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 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.
- 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.



SUPPORT FOR VILLAGE COMMUNITIES

During the reporting period of 2015 Idavang contributed to a number of projects, supporting the local communities. The company reported about the following initiatives, supported by Idavang:

- Joniškis annual birthday celebration;
- Jusevičiai community summer events;
- Papilė town festival celebration;
- Linkuva's traditional feast of the Scapular
- Lekėčiai town festival celebration;
- Tytuvėnai town summer festival "Tytuvelo 2015";
- Pagryžuvis cultural center roof restoration.





SUPPORT FOR EDUCATIONAL ESTABLISHMENTS

- Pakruojis "Žemynos" gymnasium summer camp
- Pakruojis students' study support fund;
- Supporting Special Education Centre No 2, Ostrov. We helped the Centre to prepare application for state financing, provided gifts for children (Easter eggs, New Year and Christmas gifts), helped the Centre to buy materials for workshops, musical instruments and notes and microwave oven.
 - School No 7 in Ostrov. In January 2015 we bought 132 bags of quartz sand to repair the swimming pool in which younger children learn to swim. In summer 2015 we changed windows in two class rooms
 - Local library in Malaya Guba.
 - Supporting children institutions in Ostrov. We bought special furniture for the small children (tables and chairs) for the local kindergarten in Ostrov. In December our employees collected children

cloths, toys, New Year presents and delivered them to the orphanage in Ostrov.

- Nurma art school. During the year we supported various children music contests and provided prizes for the winners. Besides we helped to change the pipes of the heating system, purchased and installed new drainage pumps.
- Nurma School. New windows in the sports hall were installed.
- Out-of-school activity center in Nurma. During the year we supported activity of patriotic section "Jaguar" and provided meals for the schoolchildren during summer search expedition in the memory of World War II.
- Kindergarten in Nurma. We installed new windows in natatorium, repaired junior class, purchased and installed energy saving lamps instead of fluorescent lights and repaired heating system on the first floor.



SUPPORT FOR ORGANISATIONS AND OTHER ASSOCIATIONS

- Nurma municipality. We provided presents for Elderly people Day, presents to the War veterans on Victory's Day, purchased construction materials and sand for the playground, border stone for the sports ground. After the field works were over we repaired internal roads and helped in fencing and filling skating rink. Besides we provided our own bus on a regular basis to bring school children and sport teams to the contests, sightseeing tours etc.
- Social rehabilitation center for disabled people in Shapki

settlement. Shapki rehabilitation center for disabled people wards are employed in IDAVANG Agro and involved in landscaping and cleaning the territory.

- Shapki municipality. In 2015 Shapki volunteer group with support of local authorities started "clean area" project to remove garbage from the recreation area near the lakes. Several times we provided machinery and trucks for garbage removal and some of our employees joined the volunteer group.



SUPPORT FOR SPORTS ORGANISATIONS AND EVENTS

- Krekenava's M. Antanaičio gymnasium children playground installation.
- Supporting sports activities in Ostrov. We helped to prepare

skiing tracks for school children who go on for skiing. In November IDAVANG provided prizes for the winners and participants of field-and-track race "Tishino – Ostrov" in memory of Ostrov partisans.





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 complexes grow pigs the best breed 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 triple 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.

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

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



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.

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, and in Russia we use harvest from our own fields that cover an area of about 8000 hectares.



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.

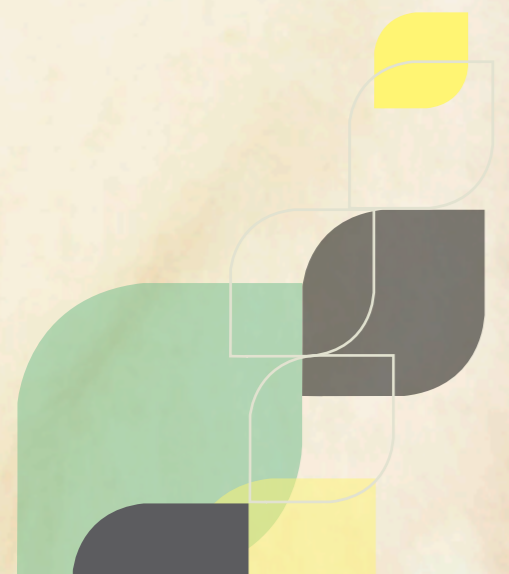
When selling weaned pigs for further rearing on farms, we always advise customers on responsible pig farming.



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.



4.5. CONCERN FOR EMPLOYEES

Respect for human rights is inherent part of "Idavang" culture. Employee relationships are based on respect. We strive for openness and transparency in our cooperation, strictly abide by internationally accepted principles of human rights.

Company aim each of us would be free to use their rights, feel free and dignified. We have zero tolerance for discrimination, do not tolerate forced child labour. We guarantee a rational work, rest and leave schedule and a reasonable remuneration system for our employees.

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.



WORK & LIFE BALANCE

We ensure a balance between our employees' professional and personal lives.

We encourage our employees to get involved in socially responsible activities in their local communities.



EQUAL OPPORTUNITIES

"Idavang" offers equal employment, remuneration, career and competence development opportunities for everyone, regardless of

their nationality, origin, gender and age. We have zero tolerance for discriminating or disrespectful behaviour among employees.

- Our company provides equal opportunities to different gender (in Lithuania 55% of males and 45% of females and respectively 65% and 35% 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.
- Employees have the right to express their opinions - directly communicate with their managers and provide suggestions.
- We employ non-experienced specialists, allowing them to gain valuable experience in the professional field by organizing personal trainings.
- 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.

- In 2015, we provided the employment for two workers with disabilities.
- In 2015, 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.
- We hadn't any discriminating or disrespectful behaviour cases among employees in 2015 year.





EMPLOYEE ENGAGEMENT

“Idavang” strives to ensure that every employee, whatever his/her position, seeks to be a highly qualified specialist capable of contributing his/her knowledge and initiative to the good relations between the company and neighbouring communities, customers and partners. 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 engagement.

- The working conditions in the “Idavang” divisions are discussed in employee-manager meetings held weekly and quarterly.
- Employees freely express their opinion by presenting it to their managers at any time and during the annual employee opinion survey.
- Employees can also put their confidential observations and proposals into the proposal boxes located in the divisions.
- In Russia, during the reporting period one of the main focuses was to reduce the turnover of employees by coaching managers

and giving more attention and devoting more time to support new employees.

- In Lithuania, employees can change their working environment through participation in the Time for Ideas programme being implemented for three years already. In 2015, the company received 101 ideas, of which 81 were implemented – it’s 80% of all proposed ideas.
- In different locations various events were organized for our employees, - summer picnics, new year’ events in Russia.



MOTIVATING REMUNERATION

“Idavang” pays competitive remuneration to its employees. An employee survey results (2015) showed that 80% of “Idavang” employees in Lithuania think, transparent and on time paid salary is

one of the company’s values.

Employees also receive working clothes and benefits still uncharacteristic of the market:

- We provide meals (lunch, coffee, tea, snacks, etc.) for our employees. These additional employee benefits constitute about EUR 940 in Lithuania per person annually.
- Company provides all necessary working clothes and footwear.
- We have organised already a fourth event to award employees who have been with the company the longest. In 2015, we awarded 15 employees in Lithuania for their 10- year-long careers at Idavang. In Russia, the employees with 5 years of seniority were acknowledged and rewarded with symbolic gifts.
- It was for the fourth time that we elected ambassadors of our corporate values at the end of the year in Lithuania. We organised a trip to a theatre, where ambassadors of our values had a possibility

to watch latest premiere of the performance and to socialise with their colleagues from other departments.

- 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.).
- 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.
- In Russia the competition of best employee of production was held every month. The winner got diploma and company’s gift.
- We take care of our employees and provide them with influenza and tick-borne encephalitis vaccinations.



ENSURING FEEDBACK

- In 2015, management received feedback from the 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.
- As every year, in 2015 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 74 % of employees in Lithuania would recommend it as an excellent place of employment.

- In 2015, 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

- We are open to changes and innovations, responsible for continuous personal and professional development of our employees, therefore we seek to develop and improve their qualifications purposefully. According to company's and personal objectives, competency assessment and development needs, the company constantly encourages its employees participate in competencies development training.

- In 2015, employees developed their skills at safety at work, environmental training courses, and devoted some time for personal development while gaining deeper knowledge and skills in the management and negotiation courses, Polish language lessons, which will be useful in improving relationships with partners in Poland.

- 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 2015, several specialists changed their place of work for some time to gain experience while working in another country where the company operates as well.

- The training plan for 2015 has been prepared and carried out, middle managers and specialists participated in various trainings in Lithuania and Russia.

- We visit other international companies to get acquainted with the good working practices, to gain new knowledge and ideas.



COOPERATION WITH EDUCATIONAL INSTITUTIONS

In order to attract young qualified specialists, Idavang actively cooperates with educational institutions. Students are able to apply their theoretical knowledge and gain practical skills in practice. Idavang met students of local Panevezys and Mazeikiai agricultural

schools to share their insights about labor market, presented their company to students, offered them internships in the company and told about the possibility of gaining employment in one of the company's subsidiaries after the completion of the internship.



OCCUPATIONAL SAFETY

We guarantee safe and convenient workplaces that meet safety requirements. 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.

- In 2015, 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 2015, a few incidents occurred at work that had no consequences. 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.

- As every year we reviewed and updated a list of issued personal protective equipment ensuring quality and comfortable using.

- With a view to ensuring safety at work, the involvement of all employees is of paramount importance. Remarks of employees were taken into account in Lithuania when drawing up plans of measures for the elimination and reduction of professional risks for 2016 year.

- All employees of "Idavang" have been trained and certified according to "Employees who perform dangerous works" training program.

- We take care of our employees' health. As every year, company organize free medical checks to every employee, if it's necessary.

4.6. CLOSE RELATIONSHIPS WITH CUSTOMERS

We continually develop business relationships based on mutual trust. Consideration of the needs and expectations, competence and professionalism, flexibility and transparency, politeness and

friendliness and regular communication, all these are the principles on which the relationships of our company with every customer and business partner rest.



RESPONSIBLE CHOICE OF BUSINESS PARTNERS

- In Lithuania and Russia, Idavang works with more than 380 and 270 suppliers of goods and services respectively.
- We pursue to procure goods and service from local suppliers, it contribute region economics and minimize transport waste, CO2 emission.
- In an effort to ensure more sustainable and efficient supply chain, in 2015 we implemented and developed warehouse management system.
- To exceed customer expectations, we choose our business partners with particular care. Good reputation, high product and service quality, efficiency and strict compliance with laws, veterinary standards and animal welfare regulations are our requirements not

only for product suppliers and carriers but also for companies to which we supply products from our farms.

- We apply the same principles of biosafety and safety at work both to our new suppliers and existing suppliers with which the contracts are renewed. All suppliers of Idavang are introduced to the Group's corporate social responsibility policy and key operating principles.
- Following the principle of transparency, we effect all financial transactions without using cash.
- At meetings with potential suppliers, Idavang's representatives inform them about the applicable anti-corruption requirements.



PRODUCT DELIVERY

- During transport, our specialists take responsible care to comply with the animal welfare and veterinary conditions.
- Strict planning of transportation ensures the timely delivery of

products to the customer.

- We pursue a strict accident prevention policy. On each trip, drivers follow safety standards and regular rest schedules.



ANTI-CORRUPTION

All our partners and employees are informed about our attitude and principles towards corruption. Some warning signs are placed on the walls, doors, info boards, etc. around the farms as well as in

the headquarters. In any case of corruption we terminate contracts without any limitation.

4.7. ACTIVE LEADERSHIP

As a modern pig-farming enterprise, we are actively involved in sharing our knowledge, experience and insight with other market participants such as partners, customers, organisations and decision

makers. We do this to ensure that the development of this industry in Lithuania and Russia follows the best world practices applicable in the spheres of pig farming, environmental protection, animal welfare, etc.

- Idavang takes an active part in the activities of the Lithuanian and Russian Pig Producers Associations, the Investor Forums of Lithuania and Russia's Pskov region and the Danish Chamber of Commerce in Lithuania and Russia's Leningrad region.
- In Pskov region in Russia, Idavang is one of the most active members of the Agronomy Club, organising seminars and study visits to farms for local specialists.
- As members of the Lithuanian Pig Producers Association, Idavang's representatives took an active part in addressing the

problem of the spread of African swine fever at European and national level and proposed solutions to control the virus.

- We are among Lithuania's largest tax payers. In 2015, 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 there account for a significant share of revenue in the local government budgets.



5.

A LOOK INTO THE FUTURE: GOALS FOR 2016

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 2015, we emerge stronger, more

community-oriented and much more collegial towards each other. The challengers 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 2016.



ENVIRONMENTAL PROTECTION

- In Idavang LT, we will look for possibilities to sell more slurry as valuable fertilizer. We are determined to increase the efficiency of fertilisation operations. We will carry environmental audits and prepare action plans for improvements.
- In Russia, Idavang will ensure that only EU approved pesticides and fertilizers are used and in accordance with the relevant application guidelines. This includes enforcement of the relevant non-application zones around drainage and water channels to prevent contamination

of waterways. Plus, a production control system will be implemented to minimize the effects on the environment.

- 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 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. 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 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.



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 encourage 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.



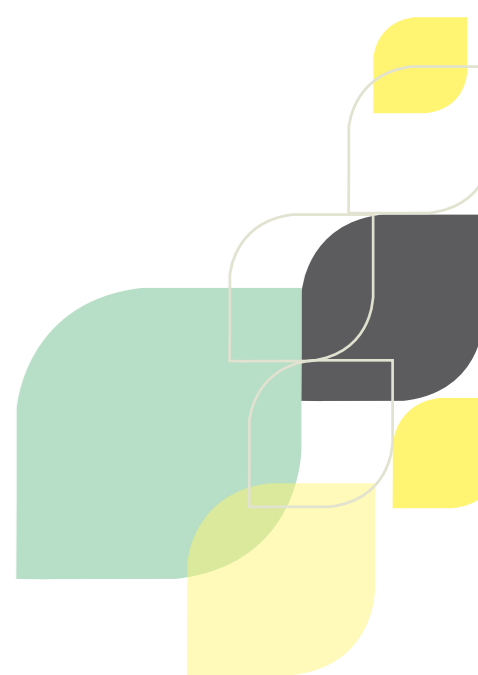
COMMUNITY RELATIONSHIPS

- Under the general procedure for the granting of support to communities, in 2016 we will hold discussions with community leaders and allocate support with account of community needs and

possibilities of our company.

- We will continue to provide full information to the population of the neighbouring districts on the beginning of fertilisation seasons.





CORPORATE SOCIAL RESPONSIBILITY
REPORT 2015

