

REPORT ON PROGRESS

Republic of Belarus

Sector:

Manufacture of organic milk and juice products

Accounting period:

2011

The socially responsible business policy



Our company turns 35 on December 30, 2011 and in November it has been five years since we joined the UN initiative "Global Compact". Regardless of such a short term of our adherence to the initiative, I can say with full responsibility that we have been guided by the principles of business social responsibility throughout the entire time of our practice. Honesty, decency, loyalty, punctuality and thoroughness are the most important postulates of relationships with all of our stakeholders. Our social report can serve as another proof of this.

Our company has been holding a position of the leader on the country's dairy market for already several years. It is hard to gain leading positions, but it is hundred times harder to retain them. We are well aware of the fact that a leader is always in the public eye, which means there is no room for a mistake. Our company has high reputation. The dairy industry of Belarus and "Savushkin Product" are actually synonymous words on the territory of post-Soviet states. This is the result of long-term conscientious work. And I firmly believe that our team is able to multiply everything we have and to conquer new and higher heights. In our arsenal, there are the most powerful tools, including solidarity, ambition and insistence in achieving of the set goals. All these represent the philosophy of business social responsibility.



General Director of
"Savushkin Product"
A. V. Savchits

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About “Savushkin Product” company

In 2011, “Savushkin Product” grew strong and upheld its leadership positions in the milk processing industry of the Republic of Belarus. The mission of the company is to “Bring people joy and health by manufacturing natural dairy products”, which has been the fundamental principle throughout the entire operation of the company. Being guided by the desire to care for customers’ health, the team of OJSC “Savushkin Product” always regards assurance of the highest quality, hundred-percent naturality and healthiness of output products as of paramount importance. This task is being successfully performed. A combination of quality raw materials, natural components, exclusive formulas, advanced technologies, strict quality control at all stages of the process flow, highly qualified and responsible personnel represents the company’s formula for success in all undertakings.



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About “Savushkin Product” company

Today, the team of “Savushkin Product” totals 2,799 people, the average age of employees is 34 years. The products are manufactured at 4 production sites in Brest, Kamenets, Pinsk and Stolin. Each of the sites specializes in production of a particular range of products. The entire range of whole-milk products and juices is manufactured in Brest; sites in Pinsk, Stolin and Kamenets specialize in cheese production. The company’s production facilities allow processing of up to 2,500 tons of milk per day in total. The company’s raw-material zone consists of 99 farming units of Brest region (307 commercial dairy farms in total). At present (2011), the company processes about 45% of all milk raw materials of the region. Moreover, it is important to note that 75% of milk supplied for production is of highest and of extra grades. In this case, a great contribution into assurance of the high quality of raw materials is made by modern European agricultural loafing methods, computer-aided milking, reduction of hand labor, and, therefore, reduction of direct contact between the product and the human, introduced at farms of the supplying farming units.



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About “Savushkin Product” company

The company’s specialists also take great measures to render the farming units assistance in matters related to further streamlining of the quality of milk raw materials and conduct continuous work on improvement in the quality parameters of raw materials in cooperation with the suppliers. Thus, for 8 month of 2011, OJSC “Savushkin Product” has acquired laboratory equipment, detergents and antiseptics, filtering materials and other auxiliary materials amounting to 2 billion 135 million rubles, as well as 22 items of refrigerating equipment amounting to 1 billion 879 million 476 thousand rubles for the farms of the supplying farming units.

For 9 months of the current year, OJSC “Savushkin Product” has processed over 320 thousand tons of milk and manufactured marketable products to the amount of 724 billion 89 million rubles (in comparable prices), which is 16.6% more if compared to the same period of the last year. In addition, the growth rate of manufacture of whole-milk products in milk equivalent totals to 120.6%, cheeses – 107.2%.



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About “Savushkin Product” company

The range of manufactured products totals to over 200 brands of natural whole-milk and juice products, cheeses, butter and dry milk products. The company's products are manufactured under 7 trademarks, i.e. “Savushkin Product”, “Na Khlebushek”, “Montik”, “Nastoyashchi”, “Brest-Litovsk”, “Laskovoye leto”, and “Gollander”. The company's product line is being continuously expanded. Caring for customers' health, the company actively works on development of product series for functional nutrition being the unique for Belarusian market. Functional nutrition products are the products to strengthen human health and prevent diseases. Dairy products are some of those nutrition products that help the human to maintain proper health.



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About “Savushkin Product” company

At present, the functional nutrition product line includes bio-yoghurts “Savushkin Product” (yoghurts and yoghurt drinks); soft curd “Nezhny” and curd pastes based on soft curds manufactured under the trademarks “Montik”, “Savushkin Product”; probiotic and lactulose enriched kefiric product; Biokefir “Energiya Dnia” enriched with Bifidus bacteria. Sour milk product “Lady Fit” enriched with L-carnitine is a new product in the functional nutrition product line of 2011, the product is meant for weight control and promotion of physical exercises efficiency.



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About “Savushkin Product” company

The primary task of OJSC “Savushkin Product” is to keep up with the leading world companies with reference to business principles and technical infrastructure of the production sites. The company’s strategy is focused on modernization of manufacturing equipment and use of resource-saving zero-waste or low-waste technologies, new methods of material processing and automation of production control in order to ensure continuous renewal of assortment and product quality growth. Fully-automated processes of product manufacturing, feeding and packing allow reducing the impact of the “human” factor on the process to zero level and ensuring the stable high quality of the finished products. Brest platform of OJSC “Savushkin Product” is an automated plant with the computer-aided manufacturing ratio of 99%. The company’s investment policy is focused mainly on continuous technical re-equipment of the production and introduction of modern process procedures. Regardless of the complex economic situation, the amount of investments into the company’s capital assets exceeded 77 billion Belarusian rubles pursuant to the results of 9 months of the current year, which 135.7% more if compared to the same period of previous year.



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About “Savushkin Product” company

Thus, OJSC “Savushkin Product” has rapidly reconstructed one of its manufacturing subsidiaries this year. It took the company less than five months to turn an old-fashioned production site in Stolin into a European-class cheese production facility. The result is evident: the reconstructed branch in Stolin was put into operation on March 5, 2011. As of today, its daily capacity totals to 30 tons of cheese (420 tons of milk). The state-of-the-art technology that allowed making the production process fully automated is by no means the only pride of Stolin branch of “Savushkin Product” today. The production laboratory was equipped to ensure the state-of-the-art safety and quality of products. The company’s warehouses capable to store up to 1,000 tons of cheese have been arranged for cheese storage. All these measures allowed not only accumulating the production capacities and increasing the production efficiency, but also creating the maximum comfortable working environment for the personnel.



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About “Savushkin Product” company

Having won the customers’ recognition and established itself firmly on the domestic market (the share of OJSC “Savushkin Product” on the whole-milk products market exceeds 16% today), the company continues to grow rapidly not only improving the quality and the assortment but also expanding the market. Thanks to the introduction of modern technologies enabling advanced milk processing and the efficient marketing policy, today “Savushkin Product” holds a rightful place among the dairy manufacturers on the markets of neighboring countries.

Considering the task of export potential expansion entrusted by the Head of the State with the country’s industrial sector, OJSC “Savushkin Product” promotes the export of both powder milk and ready-to-use whole-milk products. Currently, the company effects deliveries to 75 regions of the Russian Federation, as well as to Georgia, Armenia, Azerbaijan, Ukraine, Moldova, Kazakhstan, Tajikistan, Jordan, United Arab Emirates and other CIS and far-abroad countries. In general, export deliveries have grown 4 times for the last 4 years with the planned growth of 22.5%. The export ratio with reference to the total output amounted to 52.6 % pursuant to the results of 9 months of the current year. With reference to export positions development, the company has elaborated a long-term program for hard cheese production being implemented currently subject to the schedule.



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About “Savushkin Product” company

Thus, the company’s experts work on development of exclusive brand cheese products that will be able to compete with the best European countries. One of such cheese products has already been introduced to the market and proved itself both in Belarus and on the markets of Russia and Kazakhstan. It is “Brest-Litovsk” cheese that is the pride of the company.

Different conformity marks indicated on the product packing, including GOST, ISO, HACCP, writings “no dry milk”, “no preservatives and colorants” and etc. prove high quality of the dairy products. “Savushkin Product” carries out continuous work on both mandatory and voluntary certification. Thus, on May 13, 2011, the company’s collection of certificates was added with Halal Compliance Certificate being the unique certificate with the Belarusian milk manufacturers. Marat Agybaevich Sarsenbayev, the Chairman of the Technical Committee on “Halal” Standardization, presented the certificate to the representatives of OJSC “Savushkin Product” based on the results of the audit of the company’s activities and its employees training. Our company has become the first one on the Belarusian market that received “Halal” certificate for the whole-milk product line and the first one on the market of the CIS that received the certificate for cheese.



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About “Savushkin Product” company

As of today, the company has over 220 state, professional and international awards. According to the results of 2010, “Savushkin Product” was awarded Grand Prix for substantial contribution into the development of a healthy nutrition product line and for the promotion of healthy nutrition and healthy way of life among the public of the Republic, as well as 4 degree I Winners’ Diplomas and 2 degree II Winners’ Diplomas at the XIII Republican Competition “Product of the Year 2010”. According to the results of the competition “BRAND OF THE YEAR 2010”, the company won the highest award, i.e. the Grand Prix, for brand package “Laskovoye Leto”, as well as the gold medal and the Winners’ Diploma in the professional nomination for brand package “Laskovoye Leto” and Diplomas for “Savushkin Product” being the brand leader in categories “Dairy Products” and “Yogurts”. “Savushkin Product” won in the nomination of honor “SOCIALLY RESPONSIBLE BRAND 2010” at the BRAND OF THE YEAR professional contest and was awarded with the gold medals in three categories: “Environment Protection”, “Private Public Partnership”, “Best Employer” (for good attitude to the staff and for one of the country’s best collective labor contracts). According to the results of 2010, sour cream “Savushkin Product” 20%, yogurt drink with bifidobacteria “Savushkin Product” prunes cereals, and apple juice “Nastoyashchi” were acknowledged the “Best Products of the Republic of Belarus”. Soft curd “Nezhny”, curd “Savushkin Khutorok” and cottage cheese “101 Zerno + Slivki” won the contest “Best Products of the Republic of Belarus on the Russian market”.



The socially responsible business policy



GC Principle No. 1: Businesses should support and respect the protection of internationally proclaimed human rights.

GC Principle No. 2: Businesses should make sure they are not complicit in human rights abuses.

"Savushkin Product" supports the principles of observance and promotion of human rights prescribed by both the international and the national law. It helps the company to avoid legal problems and to win confidence and respect of consumers, partners, employees and the society as a whole".

Considering that the right to have complete and reliable information is one of the main human rights, "Savushkin Product" carries out enormous work on informing and promotion of fair communication between the company and its stakeholders.



The socially responsible business policy



Having made the care for health of the population of the Republic of Belarus the priority of the company's strategy and having set a goal to promote the principles of healthy nutrition and to introduce the culture of milk and dairy product consumption, the company has been gradually implementing a large-scale project "Savushkin Product – for the Nation's Health" started in 2005. Implementation of the project literally involved the overall life of the company, including manufacture of products which assortment was supplemented with the new lines of enriched products; introduction of new packing technologies; measures to bring healthy nutrition problems to the attention of the leading experts in the food industry, public health, production and technologies; informing of the public on milk industry tendencies, new world's tendencies in healthy nutrition. Thus, the declaration of OJSC "Savushkin Product" of the care for the Nations' Health is not just words. It is a company's way of life supported by actual facts and measures, it is the foundational principle of its business and relationships with the customers.



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The project “Quality Nutrition – Care for Children” was launched with assistance of OJSC “Savushkin Product” and Mogilev Regional Executive Committee in the Educational Institution “Mogilev State Sanatory Boarding School for Children Sick with Scoliosis” in 2010-2011 school year. The project’s essence was that the children of the school received desserts based on soft curds, i.e. curd pastes “Savushkin Product” and “Montik” within their daily ration during the entire year free of charge.



It is commonly known that one of the factors to cause this severe and, unfortunately, easy to spread among school children disease as scoliosis, is insufficient amount of protein- and calcium-rich food in children's ration. The results of the study of our products in the Institute of Physiology of the National Academy of Sciences of Belarus confirmed that there were no products that could compete with our curd desserts with reference to minerals content.



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In the course of the project, the most attention was devoted to determination of whether curd desserts “Savushkin Product” and “Montik” had any influence on health and academic progress of the school children in general and their ability to increase efficiency of scoliosis treatment. In addition, a task to form positive motivation for milk product consumption among the school children was set. The project was implemented under the Medical Support Program, therefore, it allowed the company to get reliable information and use it for further purposes as the essential factor to introduce these products relevantly into daily ration of children and school children. The parents of the children participating in the project reported of the improvements in:

- their children’s state of health;
- their children’s disease occurrence;
- their children’s appetite;
- the children started to wake up better in mornings, and became more active, concentrated;
- their children’s academic progress.



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With assistance of our company, clinical laboratory studies (biochemical blood assay involving determination of calcium, phosphorous, alkaline phosphatase) were carried out. At different stages of the project, the results were assessed with the parameters of biochemical blood count of the children participating in the project and the children who had not received additional sources of milk products into their ration, i.e. the children of the State Educational Institution “Mogilev Boarding School No. 1” and the Educational Institution “Cadet Boarding School for Orphan Children”.

The doctors of the boarding school evaluated the results of scoliosis treatment over the latest two years in the Educational Institution “MGSShI”:

School year	Treatment results
2009/2010	39 % stabilization
2010/2011	68 % stabilization



Based on the project results, the doctors came to the main conclusion that *regular consumption of dairy products has a favorable impact on the general physical fitness, leads to immune system strengthening, improves academic progress, stimulates normal functioning of the nervous system, as well as produces positive impact on the bone formation process, which plays quite an important role in achievement of positive results in scoliosis treatment.*

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“Savushkin Product” is a company that values its customers. We appreciate the opinion of each of them and we are grateful to everyone, who has not ignored our company and its products. To implement an open information policy and arrange a feedback in the most comfortable way for the consumers, the “hot line” has been actively used since 2009. The phone number is indicated on each package and any consumer can make a phone call from any place in Belarus completely free of charge to express his/her opinion, wish or to ask any questions about the products or the company's activities. Consumers call to the “hot line” every day. Over 300 calls to the “hot line” have been registered for the past months of 2011.

Implementing an open and transparent business policy, the company continues to conduct annual Open Days. Already four years in a row, everyone had an opportunity to visit the company; the number of visitors grows every year. If during the first years, the visitors were exclusively from Brest region, today we can talk about the Republican level of the event. Consumers from Baranovichi, Minsk, Soligorsk, Molodechno come to see the “kitchen” and to learn the mystery of production of favorite curds, sour cream, milk.



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The format of the Open Days at OJSC “Savushkin Product” in 2011 can neither be referred to as a traditional one. The programs of visits in previous years included mini-seminars held by the company specialists and demonstrations of an image film. Special attention in the course of the Open Day events was paid to the work with school teaching staff and instructional staffs of Brest Universities.

A special program was also developed for the employees of sales companies. About 600 sellers, goods specialists, managers and directors of stores from all, even from the most distantly located, regions of the Republic had an opportunity to visit the company. Even at the time when the company specialists visited major cities of the Republic under the Republican Program “Healthy Nutrition School”, the trade personnel expressed genuine interest in the production process at OJSC “Savushkin Product”, but, as they speak, a picture is worth a thousand words, so curiosity of the representatives of the trade industry was satisfied this time to the full extent.



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“Savushkin Product” continuously and promptly notifies its consumers and the public of its activities. Continuously updated information is available at the corporate website www.savushkin.by. Moreover, the materials are regularly broadcasted and published in republican and regional mass media, including, without limitation, “ONT”, “LAD”, “Sovetskaya Belorussia”, “Ekonomicheskaya Gazeta”, “Komsomolskaya Pravda”, “Zarya”, “Brestski Kurier”, “Vecherni Brest”, “Brestski Vestnik”, the portals tut.by, diva.by, velvet.by, oede.by and etc. Active communication with consumers is organized by means of otzyvy.by portal. The milestones, events, outstanding people, holidays and everyday life of “Savushkin Product” find their presentation on the pages of the corporate publication – “Savushkin Info” newspaper. Moreover, each employee of the company may participate in its creation.



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Even in difficult crisis times “Savushkin Product” gives a helping hand to those who need it. OJSC “Savushkin Product” has made charitable donations to 28 companies to the total amount of 207 million rubles in general for 10 months of the current year. Among these organizations are Brest City Company “Union of Mothers of Large Families”, Brest Regional Union of Disabled Persons, Territorial Public Social Service Center for Moscow District of Brest, Belarusian Children's Fund and others.



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GC Principle No. 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

GC Principle No. 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

GC Principle No. 5: Businesses should uphold the effective abolition of child labor.

GC Principle No. 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

The Policy of labor relationship and protection of labor conditions of OJSC “Savushkin Product” is stated in the following documents:

- *Collective Labor Contract;*
- *Regulation on bonus payment to managers, specialists and workers for business activity results for the current year;*
- *Internal Code of Labor Conduct;*
- *Regulation on staff employment and selection;*
- *Organization standard “Continuous Professional Personnel Training”;*
- *Professional Training Program for personnel of OJSC “Savushkin Product”.*

The specified documents are revised and updated on an annual basis.



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Labor Conditions and Labor Relationship

As of today, 2,799 people work in the company. 1,547 (55.2%) of them are women. The average age of the company's employees is 34 years. 714 workers of OJSC "Savushkin Product" have a diploma of higher education, 783 workers – secondary vocational training certificate, 637 – professional technical training certificate making up 76.2% of the total number of workers. The program of continuous professional training implemented within the company provides each worker with the opportunities of professional self-actualization, broadening, development and acquisition of new professional knowledge. At present, 149 people study in Higher Educational Institutions and Colleges. 21 workers accomplished their training in 2011. Upon submission of an invitation certificate and petition from the head of the subdivision, the trainees were provided with unpaid leave of absence; 11 employees who had signed a contract were provided with paid vacations.



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Labor Conditions and Labor Relationship

The company traditionally works with educational institutions that train specialists on the specialty. Trainees and students of Mogilev University of Food Products, Pinsk Agricultural Technological College, Slutsk College of the Processing Industry, Belarusian State Economic University and other educational institutions have an opportunity of practical training within the company every year. 64 students have passed practical trainings with provision of working places, 79 graduates were employed during the 1st half year of 2011. Young specialists were provided with benefits set forth by the legislation.

“Savushkin Product” tries to assure the maximum comfortable work conditions in all domains of its activities. Acknowledgment of the Collective Labor Contract of the company as one of the best contracts in the Republic of Belarus is a proof. Today, the Collective Labor Contract for the period from March 1, 2010 till February 29, 2012 is applicable in the company.



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Labor Conditions and Labor Relationship

The Collective Labor Contract is the most important local regulatory act. It forms the foundation for legal form of social partnership between the employer and the Trade Union that preserves the social stability of the community. The employer recognizes the Trade Union Committee as the representative of the company's employees, members of the Trade Union Committee in collective negotiations, in decision-making on issues concerning basic interests of the workers, retired employees, veterans and members of their families.

The purpose of the Collective Labor Contract of OJSC "Savushkin Product" is to ensure stable social and economic development, to establish social warranties, compensations and benefits, additional if compared to the ones established by the government, as concerns remuneration of labor, employment, work safety, industrial and ecological safety, medical treatment, health-resort treatment, and housing. The terms of the Collective Labor Contract apply to the employer, salaried workers being members of the Trade Union Committee, in the name of which it has been signed, to staff employees of the Trade Union. Control over implementation of the Collective Labor Contract is carried out by the authorized representatives of the Trade Union Committee and the administration on an egalitarian basis.



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Labor Conditions and Labor Relationship

When fulfilling this contract, the parties shall observe the following principles:

- Equality of participants;
- Commitment to performance of agreements and responsibility for the undertaken obligations;
- Consideration of actual possibilities of material, operating and financial support of the undertaken obligations.

Trade union organization of OJSC “Savushkin Product” consists of 2,770 people at present. It is almost 99 % of all the employees.

The main activities of the trade union organization include protection of professional, labor, social and economic rights and legal interests of the members of the trade union; assistance in establishment of healthy and safe labor conditions; public control over enforcement of the labor legislation and occupational safety and health; participation in implementation of the housing policy and public control over enforcement of the housing legislation; participation in arrangement of health improvement for employees; assistance in development of mass physical culture, sports among the workers of the company; participation in drafting and signing of the Collective Labor Contract, control over its performance.



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In 2011, the company held two Trade Union Conferences with participation of the delegates from all the departments, shops and sections. A.V. Savchits, General Director of the company, and S.V. Martynov, Chairman of the Trade Union, report to the delegates on the work carried out during the reported period. All global matters concerning company's further activities are presented for consideration and voting by the members of the conference, thus, decision-making on such matters is collective.

The company's activity is governed by the Labor Legislation of the Republic of Belarus, rules of the Internal Code of Labor Conduct and the Articles of Association of OJSC "Savushkin Product". Subject to the above rules, working time of not more than 40 hours per week, flexible work regimes and record of cumulative hours worked with complete work out of the annual balance prescribed by the legislation have been introduced, short-term additionally paid vacations and annual paid vacations for at least 24 calendar days are provided. Upon submission of a medical certificate, all pregnant women were transferred to light labor activities with preservation of the average salary paid at the basic work place, as well as they were discharged from night shifts.



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Only for 6 months in 2011, 14 labor standards have been reviewed and 34 standards have been elaborated. All labor standards were approved with the Trade Union Committee and brought to the notice of the employees at least 1 month prior to their introduction.

Salary payments are made via Belarusbank, Belagroprombank and Vnesheconombank twice per month. All the employees are issued payroll excerpts on a monthly basis.

Based on the work results 2010, the company's workers were paid the 13th salary (additional bonus subject based on the yearly results) within 3 months in the amount of 448.3 billion rubles.

Bonus payment to the workers, managers and specialists for the basic business activity results was carried out subject to the applicable regulation, the amount of the payment totaled to 59.0 billion rubles.

Throughout the year of 2011, the additional payments (in the total amount of 2 billion 346 million rubles) were made for:

- Work in severe and harmful conditions based on the assessment of work places with consideration of severity and harmfulness degrees;
- For combining of professions, increase of works performed;
- For night shifts;
- To foremen, who are not discharged from the main work;
- Increment for work experience within the company;
- Drivers assigned with a qualification class subject to the Regulation.



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Subject to the Collective Labor Contract, the workers received the following payments (in the total amount of 307.3 million rubles):

- material assistance paid for anniversary dates;
- material assistance paid for working experience;
- material assistance paid for funeral;
- material assistance paid for marriage;
- material assistance paid for child birth;
- material assistance paid upon the head's decision;
- payments related to celebration of March 8 and February 23;
- payments related to non-working retired employees;
- material assistance paid to large families with 3 or more children under 18 years of age, or to parents having handicapped children.

“Savushkin Product” does not allow economically and socially ungrounded personnel reductions or job cuts. The Trade Union Committee shall be notified of any intention to change the industrial structure, to fully or partially stop the production, in case if these changes lead to job cuts or worsening of working conditions, at least 2 month in advance. In case of job cuts and stuff reduction, the worker and the government employment service shall be notified in written at least 2 month prior to firing.



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During the reporting period, labor contracts with workers were signed and prolonged for a period of at least 1 year; contracts for shorter period of time were concluded only upon worker's written consent. Labor contracts with preretirement age employees who exercise their working duties conscientiously and do not violate labor and administrative discipline are signed for the period of at least the period until reaching the common retirement age and until entitlement to old-age pension. Contracts with pregnant women were prolonged for the period of pregnancy or for another period upon mutual agreement of the parties. Contract with working women absent on pregnancy and birth leave, with mothers (fathers, guardians of the child) absent on child (under 3 years) care leave were made (prolonged) for the period of at least the period until the end of the named leave. Upon consent of a woman who had commenced work prior to or after the end of child (under 3 years) care leave, the contract was prolonged (new contract was signed) for the period of at least the period until the child reaches five years.

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The main task of the company in the field of operational health and safety is assurance of safety, preservation of health and working capacity of the human in the course of labor. To assure continuous process improvement, an Operational Health and Safety Policy has been elaborated and introduced in the company.

The requirements to operational health and safety are enforced by the occupational safety and health management system introduced in 2006; its aim is provision of healthy and safe working conditions for the personnel of the company. The occupational safety and health management system for conformity to the requirements of OHSAS 18001 has been introduced and successfully implemented in the company. To enforce conformity to the requirements of regulatory and technical legal acts, a procedure of authentication and provision of access to the legal and other requirements in the area of occupational safety, based on which the Register of Legislative Acts, Technical Legislative Acts as well as the Fund of Legislative Acts, Technical Legislative Acts in the field of occupational health and safety have been developed, introduced and implemented in "Savushkin Product".



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Labor Conditions and Labor Relationship

Labor conditions in the company are monitored by a specialized company on a contract basis and according to the schedule of control over harmful factors of the industrial environment of OJSC "Savushkin Product" approved by the Chief Engineer of the company. Pursuant to the evaluation results, in case any violations are detected, corrective measure plan shall be developed. The violations concerning industrial environment factors such as "ammonia in the residential zone", "lighting intensity", "vibration", "gas contamination", "dust content", "electromagnetic emission" have not been detected for 9 months of 2011. Excessive values with reference to the "noise" factor in the boiler and the compressor shops, dry milk mix shop and receiving and processing shop have been detected, which is caused by the technological process. In view of the above, the workers of the stated shops are provided with personal hearing protection devices.

Measures to improve working conditions and labor protection have been taken during 6 months of 2011 subject to the plan of measures on improvement of working conditions and labor protection; 253.9 million rubles were spent for the above purposes.



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Labor Conditions and Labor Relationship

Moreover, pursuant to the Minutes of the "Day of labor protection and ecology", additional measures to improve the workers' labor conditions have been taken. The most significant of them are:

- an industrial environment conditioning system was installed in the production laboratory,
- the railroad platform was equipped with a wheel guard device, additional safety belts for works at height were bought for the production branch in Pinsk;

- a platform for tank servicing was installed in the milk acceptance section, trays for transportation of detergents were manufactured for the production branch in Kamenets;

- technical examination of hoisting mechanisms and loose gears was conducted in all production branches and the milk acceptance shop in Drogichin;

- a computer software to ensure periodic control over observance of the labor protection legislation was installed in all production branches of the company.



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Personnel training and knowledge assessment in labor protection are provided on a regular basis, in particular:

- training and knowledge assessment of workers handling chemical agents;
- training and knowledge assessment of drivers of electric lift trucks;
- training and assessment related to introduction of new rules;
- training and assessment of specialists of the main production facilities with reference to electrical safety;
- training and knowledge assessment of persons responsible for admission of electric lift trucks to the production line;
- training and assessment conducted in case of works with breaker hammer;
- in case of works at height;
- training and knowledge assessment with reference to the environment management system;
- training and knowledge assessment with reference to the occupational health and safety management system;
- training and knowledge assessments with assistance of health and safety executives.

Preliminary and annual periodic medical examinations of the personnel exposed to impact of harmful and (or) hazardous factors of the industrial environment are carried out, as well as in all production and sales branches of the company.



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Subject to the industrial control schedule, measuring of industrial environment factors at all working stations of all industrial and sales branches is provided; corrective measures are elaborated based on the results, if necessary.

Based on the results of the review contest in labor protection work arrangement for Quarters I and II of 2011 carried out subject to the Annual Bonus Payment Regulation being an integral part of the collective contract, the staff of the curd workshop ranked first among the employees of main production facility departments, while the staff of the boiler shop was first among the departments of the auxiliary production facility.

In addition to decent working conditions, “Savushkin Product” offers a substantial social package to its employees. Close cooperation of the trade union organization with the management creates favorable conditions for work and rest for each member of our team.



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Labor Conditions and Labor Relationship

Huge attention is paid to health promotion among the members of the team.

Morbidity with temporal disability was observed 50.75 times per 100 employees in the first half of 2011. Comparing to the same parameter of the previous year, morbidity reduction was noted with reference to:

- benign neoplasms;
- diseases of the blood and blood-making organs;
- neurotic disorders related to stress and somatoform disorders;
- other diseases of the nervous system;
- eye diseases and diseases of appendages of the eye;
- diseases of ear and mastoid bone;
- diseases characterized by high blood pressure;
- heart attacks and other forms of acute ischemic heart disease;
- other heart diseases;
- cerebral strokes;
- diseases of veins, lymphatic vessels and lymph glands;
- other respiratory diseases;
- diseases of the oral cavity, salivary glands, jaws;
- gastric ulcer and duodenal ulcer;
- gastritis and duodenitis;
- diseases of appendix, hernia, bowels and abdominal membrane;
- diseases of the gall bladder, bile passages and pancreatic gland;
- diseases of the digestive tract;
- skin and hypoderm infections;
- other skin and hypoderm diseases;
- kidney diseases.



The socially responsible business policy



Labor Conditions and Labor Relationship

For health improvement and promotion of health life among the employees, they are provided with an opportunity to visit sauna, massage cabinet, to have “underwater treatment massage” and to visit tanning salon located within the company. Medical services rendered to the company’s employees by the medical staff of the medical office are free of charge.

The public health resort treatment center has provided 19 vouchers to employees of OJSC “Savushkin Product” during the first 7 months of 2011. Among them, there are:

- 3 vouchers for the treatment of company’s employees;
- 13 – for treatment of children;
- 3 vouchers to “Mother and Child” health resort.

For the reporting period, subject to the Collective Labor Contract, 34 vouchers for treatment and health rehabilitation of the employees have been provided on account of the profits with retention of 50% of their value from the wages, including 8 vouchers of “Mother and Child” profile, as well as children health improvement has been arranged (62 vouchers to children’s health improvement and sports camps for the employees’ children in Brest, Kamenets, Pinsk, Minsk, Dzerzhinsk have been provided, the total price of these vouchers amounted to 31.7 million rubles. 15 of them were provided free of charge). Transport means for children transportation to camps was provided free of charge.

Development of mass physical culture and sports is an important task of the Trade Union with reference to social partnership, since health is not only a social, but also an economic category!



The socially responsible business policy



Labor Conditions and Labor Relationship

For the reporting period, the Trade Union Committee spent 113.7 million rubles for mass cultural and sports works. Rent of swimming pool lines, gyms for company's branches, acquisition of sports equipment for the teams were paid.

The results talk for themselves: Zhagley Andrey, an operator of servicing and repair of pre-packing and packing equipment of the company's curd shop ranked first in the arm-wrestling contest held under Brest City Year-round Spartakiada games "Health-2011", the team "Savushkin Product" ranked fourth in the City Field and Track Relay sponsored by the National Olympic Committee held under the "Universal Olympic Day" and the "Health Day".

Sports work covers all production and sales branches of the company. The workers of the production branch of OJSC "Savushkin Product" in Pinsk participate in the year-round Spartakiada games every year. This year, they ranked third in tug of war and first in the city chess championship. Pinsk branch has also participated in the city tourist meeting between the communities and companies of the city, they have participated in a field meeting. The Trade Union Committee provided funds for the touristic trip of the employees of the production branch in Pinsk to "Silichi" ski resort.

The company's workers in Drohichin participated in sports events of the personal and team small-bore rifle shooting championship of Drohichin district.



The socially responsible business policy



Labor Conditions and Labor Relationship

The employees' intellectual development is not left without attention. In 2011, pilgrimage trips to Kiev Pechersk Lavra, Turov were organized for the employees. The Trade Union Committee organized collective visits to theaters for grown-ups and children in Brest, Stolin, Pinsk, Kamenets, Drohichin, and Vitebsk.

The Trade Union Committee rendered assistance in organization and conduction of events to strengthen the employees' corporate culture, including:

- Festive event devoted to the 10-year anniversary of Minsk sales branch;
- "ropes course" for the employees of the Sales Department and the Marketing and Advertising Department, i.e. training in team building" held in Komarovo;
- "Healthy Lifestyle" seminar for the employees of Mogilev Sales Branch carried out at "Peshchany Bereg" agricultural farm;
- field event for the employees of the accounting department, i.e. "Seminar on accounting and tax reporting 2011".

These events are very popular among the members of the Trade Union, they allow pulling the work team together and play very important cultural and educational roles.



The socially responsible business policy



GC Principle No. 7: Businesses should support a precautionary approach to environmental challenges.

GC Principle No. 8: Businesses should undertake initiatives to promote greater environmental responsibility.

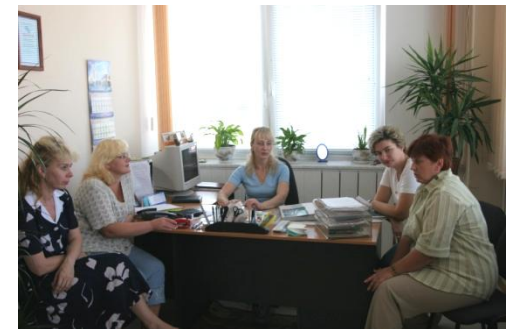
GC Principle No. 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Environment protection is an integral part of companies' industrial activities to prevent and reduce negative impact of companies' activities on the environment.

6 people, i.e. the Head of the Department, 2 environmental engineers and 3 engineers of the occupational safety work in the Occupational Safety, Health and Ecology Department of OJSC "Savushkin Product".

The work of the Occupational Safety, Health and Ecology Department is governed by:

- regulatory acts of the Republic of Belarus in the domain of environment protection and labor protection;
- technical regulatory acts of the Republic of Belarus, including:
 - regulatory documents of the quality management system in accordance with the requirements of STB ISO 9001;
 - food product safety management system in accordance with the requirements of STB ISO 22000;
 - documents of the environment management system in accordance with the requirements of STB ISO 14001, the occupational health and safety management system in accordance with the requirements of OHSAS 18001;
 - local regulatory acts;



The socially responsible business policy



Environment Protection

In 2011, the company received the National Environmental Certificate of Conformity No. BY / 112 06.01.074 00043 dated 08.04.2011 valid until 08.04.2014.

The environment management system is a part of the administrative management system of “Savushkin Product” used for development and implementation of the policy in the field of environment protection and ecological aspect management. Subject to the requirements of the environment management system, for the purposes of reduction of the negative impact of the company's activity on the environment, a procedure for ecological aspect management was elaborated. Analyses of the measures conducted under the program of the environment management system, achievement of the target and the expected parameters of environment protection are conducted at meetings of chief specialists of the company on an annual basis. Based on the efficiency analysis of the environment management system, measures aimed at promotion of the efficiency of the company's ecological activities are envisaged in the company.



The socially responsible business policy



Environment Protection

The Environment Protection, Occupational Health and Safety Policy is being elaborated at OJSC "Savushkin Product"; its primary goal with respect to environment protection is the maximum possible reduction, prevention of negative impact of the company's activity on the environment. The main principles of the company's environmental activities have been formed as follows:

- to observe legislative and other environmental protection requirements applicable to the company's activity;

- to take measures to prevent and reduce negative impact of the company's industrial activities on the environment;

- to carry out works on determination, assessment, management and elimination of ecological aspects;

- to actively involve the company's personnel in implementation of environment protection goals;

- to modernize technological processes, to introduce resource-saving and energy-saving technologies, to be committed to efficient use of material and energy resources;

- to constantly advance qualification of the company's personnel based on the continuous training in environmental protection;

- to conduct an open dialogue with the company's personnel and society concerning environment protection activities.



The socially responsible business policy



Environment Protection

Enforcement of the principles of the Environmental Protection Policy allows observing legal ecological requirements and arranging the company's environment protection activities.

Impact of the company's industrial activities on the environment shall be monitored subject to the plan of industrial environment protection control of OJSC "Savushkin Product" elaborated by the Occupational Health, Safety and Ecology Department and approved by the Chief Engineer of the company.

The company's waste management activities are set to maximum recovery of secondary raw materials from industrial wastes. Subject to the requirements of the environment protection legislation, the company performs collection and accounting of wastes separately by hazard types and classes for the purposes of ecologically safe allocation and use of such wastes as secondary material resources. Unpolluted carton/paper wastes, polyethylene, polystyrene (cuts of polystyrene film, plastic packing), PET bottles, waste tires with metal cords, worn out lead accumulators with electrolytic solution, synthetic and mineral waste oils, scrap and wastes of iron and non-ferrous metals, cable wastes, enameled wire wastes are subject to collection and transfer for further recycling. Exhausted luminescent and mercury vapor lamps, mercury thermometers and etc. are subject to decontamination.



The socially responsible business policy



The company carried out an inventory control for the reporting period with reference to stationary sources of pollutant emissions, the draft standards of maximum permissible emissions and the environmental passport were developed. An in-process analytical control of pollutant emissions into the atmosphere from the stationary sources is carried out on an annual basis under the agreement concluded with a third party certified company and in accordance with the developed analytical control program. No excess of the maximum permissible concentrations of pollutants emitted by the controlled sources was detected.

Treatment of industrial emissions containing solid particles is carried out using gas-treatment equipment. Aerodynamic tests of gas-treatment installations with assessment of their performance are carried out on an annual basis by a third party certified organization. Based on the technical report on testing, adjustment and performance assessment of dust and gas handling installations, it was verified that the ventilation systems operated satisfactory, treatment efficiency had not become worse if compared to the last year.

In order to ensure conformity of the standard levels of pollutant concentrations in transport vehicle exhaust gases to the requirements of technical regulatory acts, control of standard levels of the pollutant concentrations is carried out by the specialists of the Transportation Department subject to the plan-schedule accepted in the company.



The socially responsible business policy



Plans of measures of air-pollution control, rational use of water resources, reduction of industrial waste formation are developed in the company on an annual basis. During 9 months of 2011, the company has implemented the following measures within the environment management system:

- installation of whey drinks processing equipment with the capacity of 250 t/day;
- full replacement of the milk cistern washing station equipment;
- replacement of sewerage ramps in the dissolution section of the receiving and processing room at the output for mechanical impurities trapping;
- cleaning of heat-exchange surfaces of the condensing units, which lead to reduction of condensation pressure, as well as reduction in cooling agent leakage risk;
- installation of the heat recovery system in the compressor section;
- conclusion of contract No. 1/11 dated 01.02.2011 on scientific and research works to assess the quality of rain waste waters with State Scientific University "Polesie Agrarian and Ecological Institute of the National Academy of Sciences of Belarus".

The company's personnel is annually instructed on the environment protection, personnel trainings "Requirements of STB ISO 14001-2005. Environmental Management System" are arranged. Information on the company's activity as to environment protection is displayed on the Environment Safety Stands in structural branches, at the corporate portal SPS, as well as the company's website.

The socially responsible business policy



GC Principle No. 10. Business community must prevent all forms of corruption, including blackmail and bribery.

The UN Convention against corruption states, "Corruption undermines economic development, weakens democratic institutions and the principle of supremacy of law, disturbs the public order and deteriorates the public trust, thus creating the environment for flourishing of the organized crime, terrorism and other threats to human safety". Therefore, "Savushkin Product" arranges measures on corruption prevention, elimination and fight against it being an integral part of the work on protection and promotion of the company's reputation.

"Savushkin Product" maintains high ethic standard of business as a daily routine. Responsible and motivated people, professionals who like their jobs work in the company; these people use the methods that are based on the principles of openness and humanity to achieve their goals.

The company tries to create and maintain the corporate culture based on trust and envisaging intolerance to any manifestations of corruption, including blackmailing, bribery as well as "black payments" to the employees: salaries are paid to debit cards via Belagroprombank, Belarusbank and Vnesheconombank.



The socially responsible business policy



Continuous work on informing the company's specialists is carried out in order to increase their social and law knowledge and responsibility to prevent possible cases of subjective or inequitable conduct of the personnel. In the reporting period, the company's employees had a meeting with Marianna Akindinovna Shchetkina, the Minister of Labor and Social Protection of the Republic of Belarus.



The company stands for transparent business and strict compliance with the requirements of the national anti-corruption legislation. Not only internal relations in the company are based on the principles of honesty, objectivity and fair practices, but also its external communication. Today "Savushkin Product" has established business relations with a great number of companies in Belarus and abroad. Relationships with them are founded exclusively on trust and mutual respect. The transparent system in relationships with partners allows the company to choose the partners and the methods of cooperation with the optimum price and quality balance. Tendering system of procurements and services is practiced in the company. The suppliers of packing, fillers, equipment, etc. who are to be the partners are selected by a tender procedure; they shall meet, first of all, the requirements to work quality, i.e. to the quality of the goods supplied and the services provided. The company effects settlements with its partners by bank transfers.

The socially responsible business policy





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