

REPORT ON THE PROGRESS MADE

The Republic of Belarus

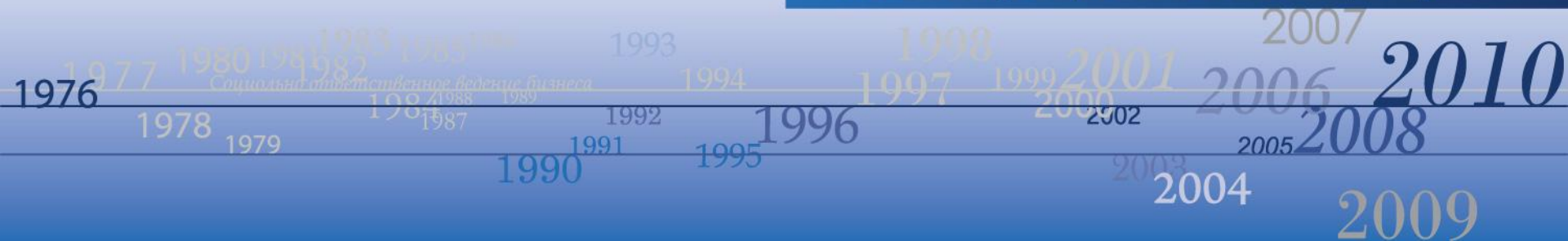
Sector:

Manufacture of organic milk and juice products

Accounting period:

2010

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Giving people joy and health!

(Mission of PJSC Savushkin Product)

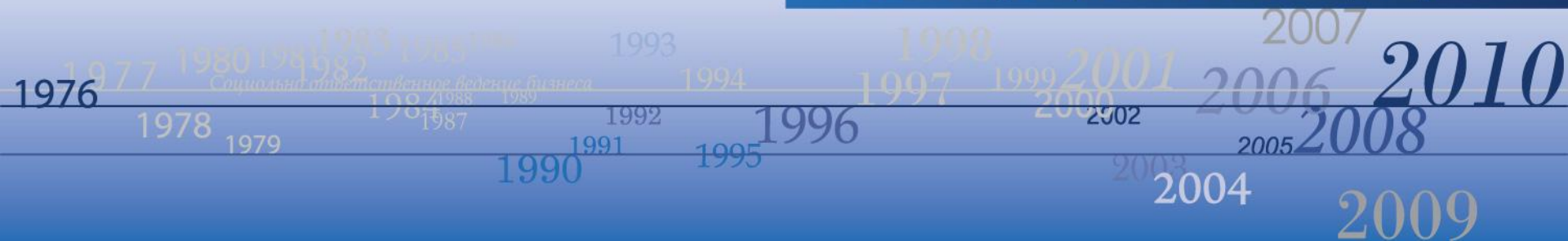
Savushkin Product as a leading manufacturer of natural dairy and juice products in Belarus has always been committed to promoting business social responsibility. We perceive the idea of business social responsibility as a combination of responsibilities: to consumers, partners, employees, colleagues and the society as a whole. Our corporate objective is creation and assertion of human values: care, respect, industry, honesty and open-heartedness, good and love. This principle is reflected in implementation of our company's mission: "Bring people joy and health". This year was a challenge for both our company and the global economy: the year of overcoming the crisis and recovery of consumer demand. In spite of this, we have withstood the hard times, accumulated invaluable experience, learnt a lesson from our mistakes and become mature.

As a participant of the UN international initiative "Global Compact", our company's activities have always been guided by the ten principles of Global Compact as to the observance of human rights, labour relations, environment protection, transparency initiatives. The annual report below is a prove of our progress in this direction.



Director General
SAVUSHKIN PRODUCT JSC
A.V. Savchits

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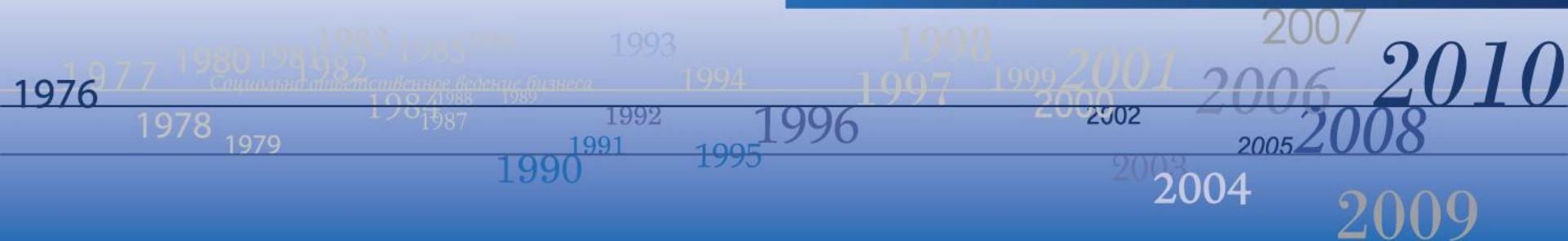
About Savushkin Product

Our company has grown and become stronger in 2010. Today the consolidated staff of Savushkin Product JSC amounts to 2,705 experts with the average age of 33 years. The products are manufactured at 4 production sites: Brest, Kamenets, Pinsk and Stolin. The company's production facilities allow processing of over 2,000 tons of milk per day and manufacturing of approximately 200 brand names of natural whole-milk, juice products, butter and cheese. We continue our systematic work to promote the output of products by extending of production capacities and deepening of raw materials processing procedure. For the 10 months of this year our company has processed over 343 thousand tons of milk used in the manufacture of goods to the amount of 570 billion 619 million rubles, which exceeds the production performance of the same period of the previous year by 8.6%. Moreover, production output growth of whole-milk has been 118%, and cheese – 125%. With the support of its own distribution network to include 6 sales branches, 2 trade promotion offices and 58 sales representatives Savushkin Product JSC has managed to extend sales volumes on the territory of Belarus and provide whole-milk products market share of 15%.

In view of the fact that we supply approximately 50% of products to the domestic market, the remaining volumes are exported. Our current export supplies geography is multi-vector. At present we supply our products to 75 regions of the Russian Federation, Georgia, Armenia, Azerbaijan, Ukraine, Moldova, Kazakhstan, Tadzhikistan, Jordan, United Arab Emirates, England, Germany, Lithuania and other countries of near and far abroad countries.



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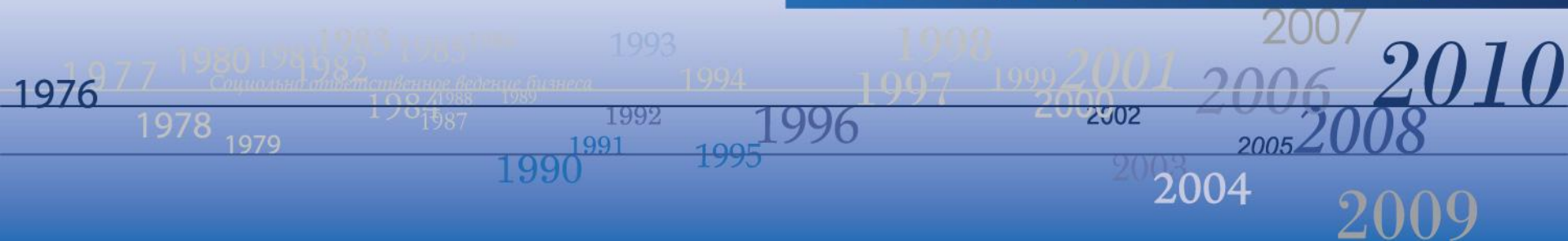


About Savushkin Product

The company manufactures a lot of original curds and chocolate-covered cottage cheese dessert pastes with fruit and berry filling from quark – no other Belarusian manufacturers produce similar products. Our staff work on a continuous basis to expand the range and develop new kinds of products. In 2007, the company invested over 42 bln roubles in re-equipment, which is 1.5 times more than in 2006. The fixed assets renewal ratio in 2007 was 21.4 % as compared with as little as 2.8 % in 2001. For the 9 months of the current year the mainline production investment has amounted to over 26 bln roubles. This year's global project has been commissioning of the yogurt and dessert packing line. The new equipment ensures that the product does not contact with environment during manufacture. Thus, the highest aseptic level ensures consistent quality of the product during the whole shelf life without preservatives.

Having won the customers' recognition and secured a sound position in the domestic market (PJSC Savushkin Product's share in the Belarusian milk market is about 15 %), the company continues to grow, not only improving quality and expanding its range of products, but also entering new markets. Due to its modern deep milk processing technologies and elaborated marketing policy, today Savushkin Product has a worthy place among dairy product manufacturers in the neighbouring markets.

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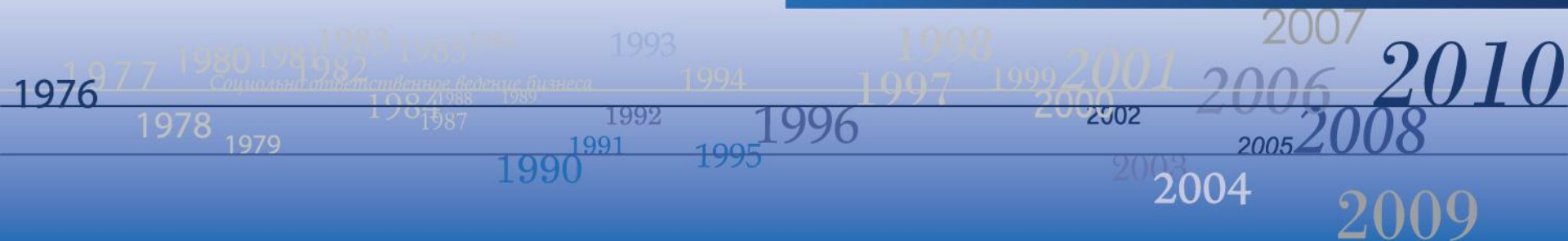
About Savushkin Product

Therefore, it is pleasant to note that for the period from January 1, 2006 till November 1, 2010 our export deliveries have 10 times exceeded the performance indicators prescribed to our company by the five-year plan.

Having set our task to keep up with the business policy and technique of the leading international companies, we make systematic investments in technical re-equipment. Thus, our corporate investments amounted to 202 billion 818 million Belarusian rubles for the past period of the current five-year plan. Moreover, in 2009 - the year of crisis – the investment volume was 62 billion 379 million Belarusian rubles. More than 30 billion Belarusian rubles of the investment was appropriated to modernization of Pinsk manufacturing branch where we have established one of the best in the republic hard cheese production sites. 2010 was not an exception either. In follow up of the 10 months capital investment volume amounted to more than 37 billion Belarusian rubles. In November 2010 we started modernization and re-equipment of Stolin branch and in March its operation will be started. The branch's estimated volume of investments will amount to 7 million Euro.



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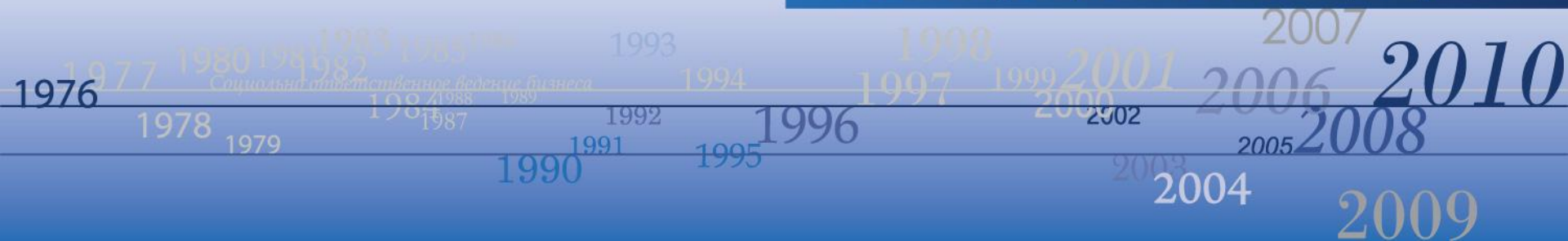
In view of the limited capacity of Belarusian market and a great number of domestic manufacturers (55 dairy enterprises carry out their activities in Belarus) we place special emphasis on export potential growth. In addition, we focus out activities on development of export of ready-to-eat whole-milk products: drinking milk, sour milk, curd cheese and curd desserts, yoghurts, but not dry milk which value is considered to be equivalent to that of raw oil. In this respect we have developed the long-term program of hard cheese manufacture which is being implemented deliberately at the moment. It should be noted that the share of whole-milk products market in the total volume of export deliveries is more than 50%, with the same parameter for cheese of approximately 40%. Currently our experts are engaged in development of exclusive brand cheeses to be real competitors of the best European brands. One of such cheeses has been already introduced at the market and has proved its high quality both in Belarus and at the markets of Russia and Kazakhstan, - it is our pride: cheese “Brest-Litovsk” produced by our experts. The work in this direction will be continued next year.

Complex work on provision of finished products high quality is being performed by the company.

The company's raw-material zone consists of 105 farming units of Brest Region located in the environmentally safe area in close proximity to the National Reserve “Belovezhskaya Pushcha”. The initial quality control of milk raw material takes place directly at farms but the main check of 50 parameters is carried out in the company's laboratory. Fundamental work carried out with the farms-suppliers brings its results.



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. In 2009, 819 cases (total of 2012 tons) of raw material return due to its non-conformity to quality parameters were observed, while this year we had to return 1,085 tons of milk to farms (total of 609 cases). In this case the stable improvement is evident.

The company ensures in-process inspection by certified production laboratory. It carries out safety studies.

The enterprise's current quality system and international certification as well as ultra high automatic performance of production processes (currently 99%) allow producing a wide range of natural dairy and juice products with long shelf life and no artificial additives and conservation agents.

Our product line is being constantly expanded. The company is currently engaged in development of a series of products for functional diet.

With the company's mission "Bring people joy and health" being implemented progressively our experts are still in close cooperation with the **Institute of Physiology of the National Academy of Sciences of the Republic of Belarus**. This year a study of bio yoghurts manufactured by Savushkin Product is to be performed with respect to their influence on inflammatory process in the intestinal tract and stomach. ***Inflammatory process in the intestinal tract is proved to be reduced significantly after 7 days of regular consuming of bio yoghurt manufactured by our company, even without medication administration. Thus, bio yoghurts by Savushkin Product have a beneficial effect on strengthening of immune system which is 70% dependant on intestinal tract.***



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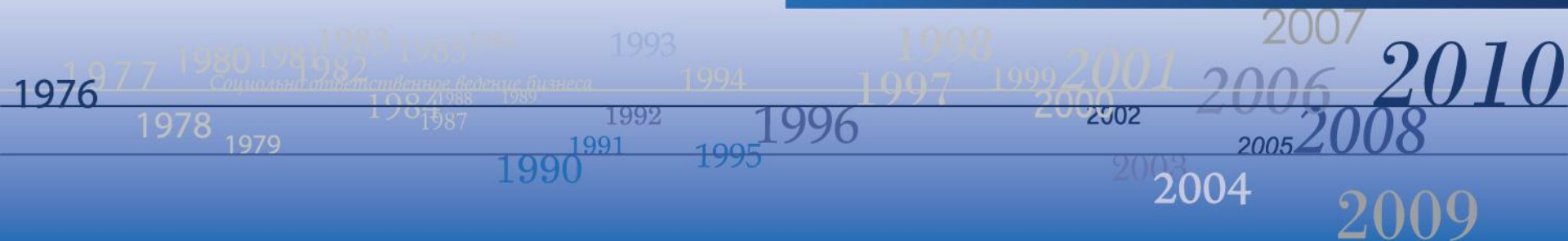


Thanks to fundamental demonstrative facilities the company's experts conduct weekly meetings with prospective mothers within the **School of Mother** with the support of municipal polyclinics. This is important because it is the category of population who extremely requires care, for during pregnancy and lactation a woman is responsible not only for her own health but for the health of her future child as well. Thus, a future mother feeds her future child with the products she consumes thereby "laying the foundation" of his future health. However, "Health Diet Schools" have developed in another direction as well. Considering the commitment to promote to the maximum extent the population's awareness of the advantages of milk products consuming, this year "Health Diet Schools" have received new stakeholders: sellers, experts on merchandise, health professionals, regular consumers of all categories, and mass media. These meetings took place in all large cities of Belarus.



Placing of information stands with **booklets** on dairy products beneficial effect developed by our experts was the next step to increase the population's awareness this year. The booklets contained the apprehensible information on the role of milk in human health improvement, content of various healthy substances in dairy and fermented milk products, essential standards of milk and dairy products consumption. We hope that our work would help people to think well about the necessity of nutrition for health improvement.

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Further, we will present briefly the results of our work in 2010 on each of the ten principles of Global Compact.

Principle of GA No.1: The enterprises must support and respect human rights, declared by the International Community.

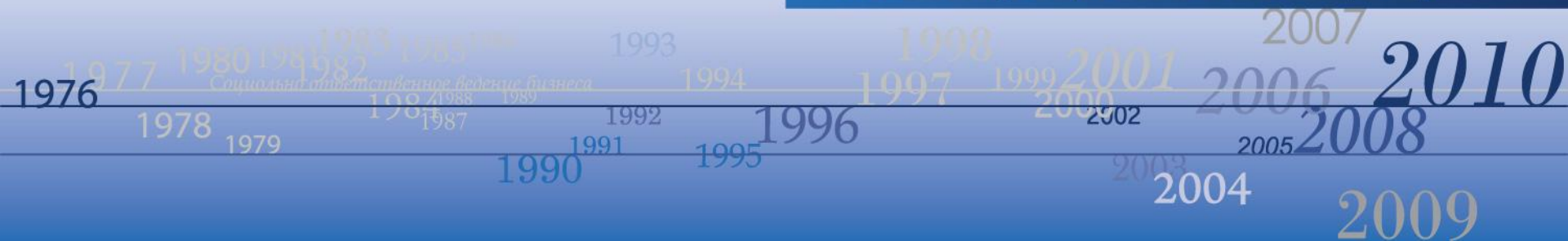
Principle of GA No.2: The enterprises must take measures to prevent violation of human rights.

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

Considering the fact that the right to obtain full and reliable information is one of the main human rights, Savushkin Product carries out fundamental work on informing and building partnership communications between the company and its stakeholders.



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It should be noted that in spite of a number of positive tendencies in the development of public health in the republic and extension of the work forms and techniques to ensure population's health improvement, according to the statistical data provided by the Ministry of Public Health of the Republic of Belarus, the trend of disease incidence growth with respect to particular diseases still remains. Children's health state doesn't tend to improve either. Thus, for the last 10 years, disease incidence among children from 0 to 10 years old has grown by 26% in the state, and among teenagers from 15 to 17 years – by 39%. In 2009 the growth of disease incidence among children was 7,7% in comparison with 2008. The highest growth rate of disease incidence is observed among children from 10 to 14 years old and 15-17 years old (the increase was 10 and 9%, respectively). The number of those children of school age who belong to the first health group is very small in the state (these are the children considered to be healthy), up to date it is about 27%. The company's experts cannot but be worried by that fact.

Rational and healthy diet is essential in solving this problem. Thus, the activities aimed at production of high-quality, natural and especially functional food, as well as promotion of principles of balanced and healthy diet among the population is vital.



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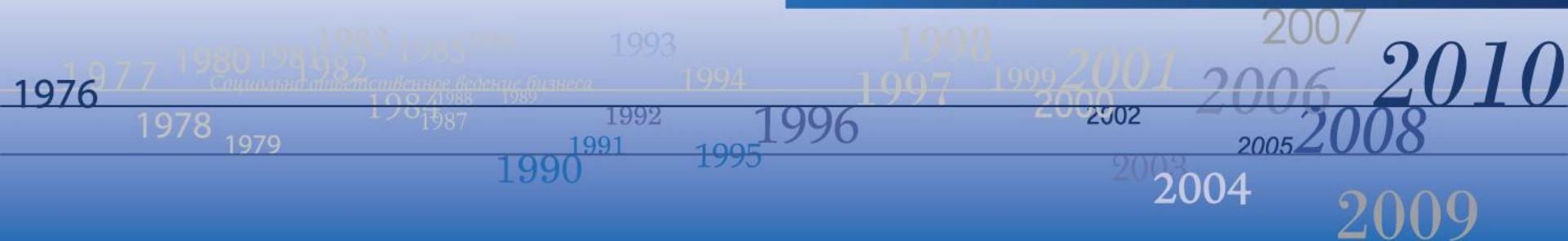


Understanding that any disease is easier to be predicted than treated, in the current school year, our company jointly with the healthcare experts of Mogilevshina and Mogilev Regional Executive Committee implement the project on prevention and treatment of children's fault in posture and scoliosis on the basis of Mogilev State Sanatory Boarding School for children who suffer from scoliosis. As you know, one of the factors to cause this serious disease is the lack of food rich in proteins and calcium in children's ration. None of other products can be compared to our curd deserts in terms of concentration of these microelements. The data that prove these facts has been obtained after examination of our products in the Institute of Physiology of the National Academy of Sciences of Belarus.

Moreover, our company not only observes consumer's right to obtain full and reliable information about the manufacture conditions and composition of our products, but also tends to get a feedback.

The package contains full and reliable information about the product's composition and its characteristics (concentration of natural cultures, vitamins, thermal processing and healthiness, proved by Institute of Physiology of the National Academy of Sciences of Belarus), grammage, its nutritive and energy value, telephone number of Hot Line for feedback with consumers who consume it regularly.

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Following an open and transparent business policy, we continue to conduct annual **Open Day** under the general title “We will Tell You All Milk Secrets”. In 2010, more than 2,000 people got a chance to see by themselves how natural dairy products are produced and to get answers to all their questions. Besides, we held free exhibitions and tasting that helped guests get acquainted with the whole stock of Savushkin Product JSC. Everybody could get a consultation of the company’s all key specialists and take information booklets.

The information about the company’s activities and products which is updated regularly is presented at the corporate website www.savushkin.by. Besides, much information is permanently presented in the republican and regional mass-media: TV channels ONT, LAD, newspapers “Sovietskaya Belorussia”, “Ekonomicheskaya Gazeta”, “Komsomolskaya Pravda”, “Zarya”, “Brestsky Kurier”, “Vecherny Brest”, “Brestsky Vestnik” etc.

Trying to make our life more beautiful and make people more kind-hearted, we continue the republican charitable initiative “Turn Belarus into a Cherry Orchard”. This year, the company’s specialists planted cherry orchards in Minsk, near the children’s cancer center and in Mogilev, near Mogilev State Sanatory Boarding School for children who suffer from scoliosis.



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The first cherry orchard was planted by the workers of Savushkin Product JSC near the regional social hospital in Brest on October 20, 2009.

The company hopes that the planted orchard will delight people's eyes with its spring flowering, bear fruit and warm children's hearts all year round with the warmth put in it by each of the company's workers who participated in purchasing and planting of these trees.

For 10 months of the current year, Savushkin Product JSC has granted the total sum of 144 million BLR to 24 organisations.

Main highlights, events, famous people, holidays and working days of Savushkin Product are reflected on the pages of the corporate newspaper « Savushkin Info». Besides, each person of the company's staff can participate in its creation.

Our company's economic results allow us participating in solving of social problems, improving the level and quality of our specialists' life. We tend to provide our staff not only with comfortable working conditions but also with adequate rest that is proved by one of the best in the Republic of Belarus Collective Agreement of our company.



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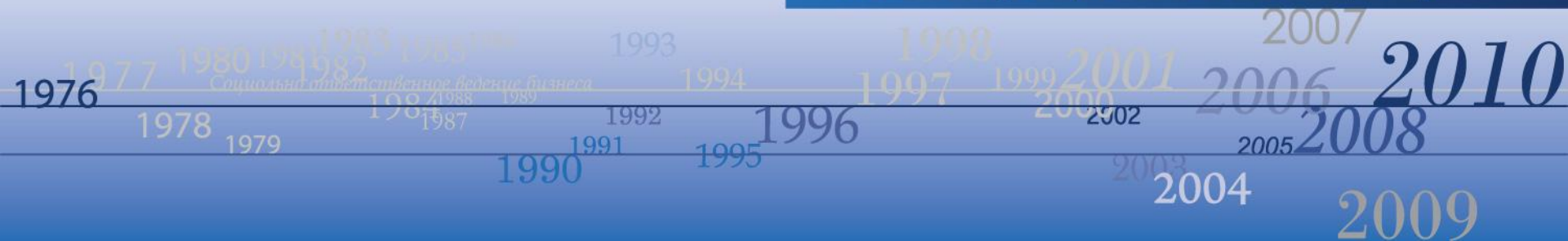


Nowadays, our trade union organisation includes 2,614 members – it is more than 90% of the stuff. The main fields of the company's union activities are the following: protection of professional, working, social and economic rights and legal interests of the union's members; assistance in the provision of healthy and safe working conditions; public control of observance of labour and labour protection law; participation in implementation of housing policies and public control of observance of housing legislation; participation in organisation of workers' health improvement; assistance in development of mass physical culture and sport among the stuff; participation in preparation and conclusion of the Collective Agreement, control of its implementation.

In daily proceedings the union committee is guided by the Statute and the Collective Agreement. During this year, the company's team has adopted a new Collective Agreement for the period from March 1, 2010 to February 29, 2012. It is a basis of the business form of social partnership between the Employer and the Union to maintain the team's social stability. The employer considers the union committee as an authorized representative of the organisation's personnel – the members of the union committee in collective negotiations, in resolving the problems concerning vital interests of workers, pensioners, veterans and members of their families.

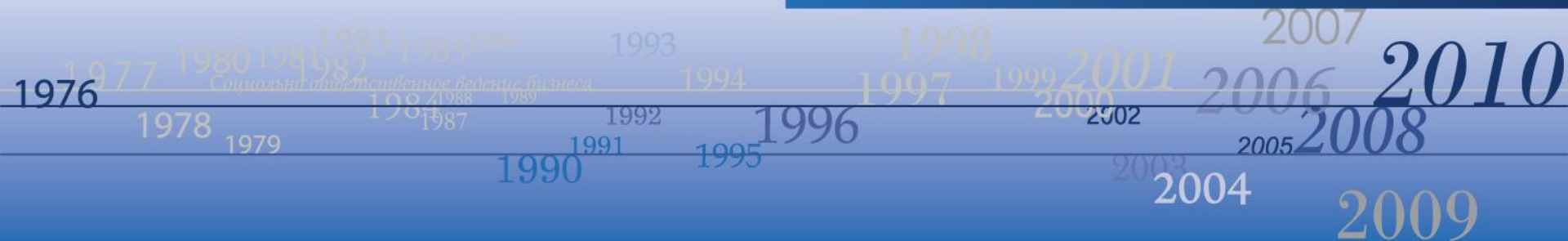


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The union conference with the participation of delegates from all departments, shops and sectors was held twice in 2010. Company's Director General and Chairman of the union committee reported to delegates on the work carried out for the last term. All global problems of the company's further activities were proposed for discussion and voting of the participants at the conference and thus, problem-solving is collective.

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GT principle No. 3: Business community must support freedom of association and acknowledge a right to conclude collective agreements in practice.

GT principle No. 4: Business community must act in favour of elimination of all kinds of forced labour.

Principle No. 5: Business community must act in favour of liquidation of child labour.

Principle No. 6: Business community must support liquidation of labour discrimination.

"Personnel is the main value of our company. Our employees' labour safety and health is the key priority.

We implement fair, reasonable and clear policy towards our employees.

We tend to create an effective system of personnel objective evaluation, material and moral compensation of our personnel which enable effective and objective estimation of work of every employee, involve more competent employees, and encourage development and career path of our employees.

We care about the welfare and social protection of our employees and their family and support veterans and retired employees."



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Labour Conditions and Labour Relationship

2,705 employees are working in the company today. Mean age of the employees is 33 years old.

655 employees working at the head office of Savushkin Product JSC have higher education, 759 employees have specialized secondary education, 623 employees have vocational-oriented education which makes 75/3% of total company employees. Today 139 employees study at higher educational institutions and 22 attend courses at colleges.

Labour conditions and labour protection policy of Savushkin Product JSC is specified in the following documents:

- Collective Agreement;
- Regulation on bonus payment to managers, specialists and workers for business activity results for current year;
- Internal Code of Labour Conduct;
- Regulation on staff employment and selection;
- Organisation standard "Continuous Professional Training of Personnel";
- Training program for personnel of Savushkin Product JSC.

(The stated documents are subject to annual updating)

Collective Agreement specifies that working hours shall not be more than 40 hours per week with five-day and six-day working week, and vacation shall be at least 24 consecutive days.

Salary shall be paid twice per month through Belarusbank, Belagroprombank and Vnesheconombank. All employees shall receive pay sheets every month.



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In compliance with the Collective Agreement employees have received the following compensations during the current year:

- material assistance paid for anniversary dates;

- material assistance paid for working experience, funeral, marriage, child birth;

- material assistance paid according to decision of director dated March 8th and February 23th (total amount is more than 482 mln. rubles), to non-working retired employees - to the amount of 71.7 mln. rubles, large families with 3 and more children, parents of handicapped children - to the amount of 40.4 mln. rubles.

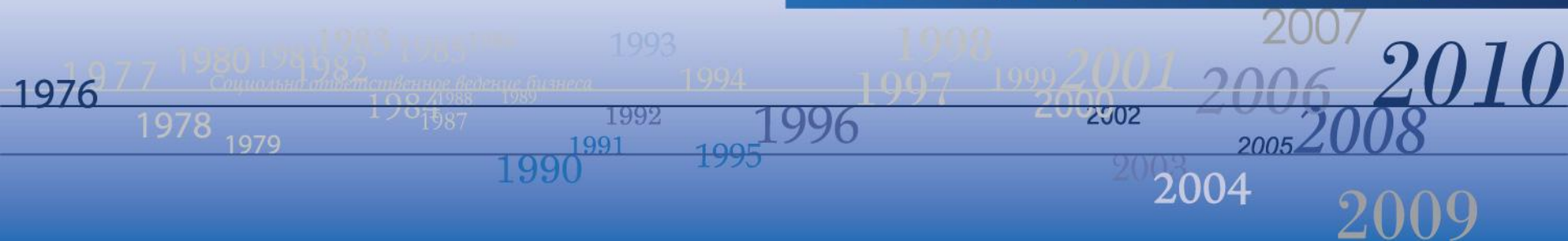
In 2010 the average wage has been increased by more than 35.6% in comparison with the previous year. Payment to encourage workers' qualification is provided by the enterprise.

Additional payment was paid to the personnel working in severe and harmful labour conditions according to the employer rating based on the estimation of heavy and harmful labour conditions. These payments amounted to 355.3 mln. rubles.

Savushkin Product JSC does not accept personnel reduction on economically and socially unreasonable grounds.

Trade union committee is to be notified about the intension to restructure production, to suspend production fully or in part not later than 2 months prior to such reduction if such measure will result in job cuts or deterioration of labour conditions. Employment service and the employee are to be notified in writing about personnel reduction not later than 2 months prior to such reduction.

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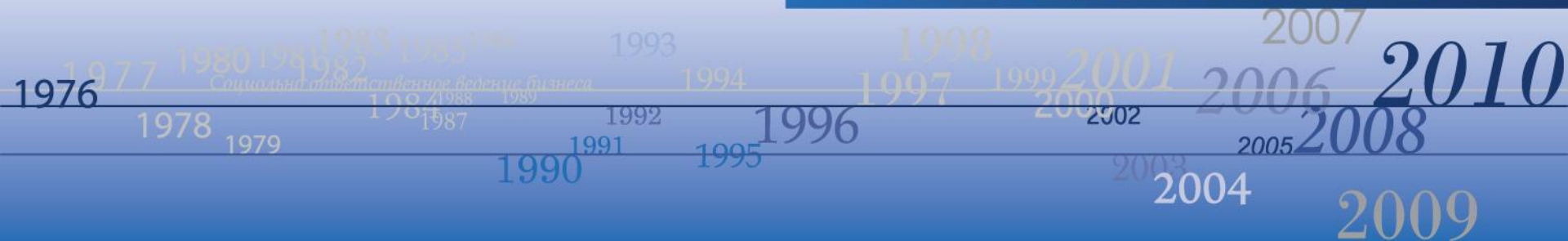
For the purposes to provide effectiveness and quality of work and according to Resolution of the Council of Ministers of the Republic of Belarus No.1476 dated September 25, 1999 (rev. No.1710 dated December 10, 2007) a labour contract is be concluded for a period not less than one year, fixed term of a labour contract is be agreed by parties. Labour contract with preretirement age employees who exercised their working duties conscientiously and did not violate labour or administrative discipline be concluded for a period not less than a period required to reach the general age limit and to acquire the right to receive contributory retirement pension.

The main task of health care and labour safety policy of the company is to provide health and working safety of personnel in the course of work. Health and working safety policy was developed to provide continuous improvement of the production process. For several years the company has been successfully implementing health and working safety management system which complies with OHSAS 18001 requirements.

To provide compliance with regulatory and technical legal acts on Labour Safety Savushkin Product JSC has elaborated, implemented the procedure of identification and access to legal and other Labour Safety requirements. On the basis of the procedure the Register of Regulatory Legal Acts and Technical Regulatory Legal Acts have been elaborated as well as the Fund of Regulatory Legal Acts and Technical Regulatory Legal Acts has been formed.



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Labour conditions monitoring is executed during periodic (daily, monthly) control of compliance with requirements of industrial safety implemented on hazardous facilities, measurements of working-environment factors and working places certification.

The following work on improvement of labour conditions and labour safety was executed during the period of 9 months of 2010:

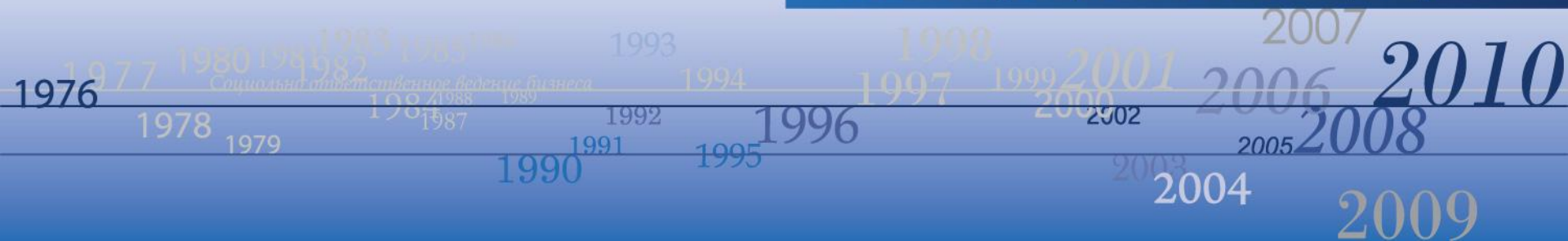
28 measures aimed at improvement of labour conditions and labour safety were scheduled and 22 measures were implemented. Total cost of the events was 433.5 mln rubles. Execution period of the remaining measures is IV quarter of 2010.

The following measures have been implemented:

- installation of dryer automatic fire fighting system in SMP workshop;
- carriageway markings of roads within the territory of the organisation;
- installation of air conditioning system in the production lab;
- repair of icy water and steam pipeline wrapping from receiving workshop to the compressor workshop;
- purchase and installation of safety valves for hot vapors pipelines down-stream the shutoff valve of ammonia flow in the compressor workshop;
- purchase of labour safety poster, magazines and signs;
- installation of lightning protection system of buildings of production and economic area;
- installation of service platform for tank MSA-8, MSA-11 in wash-room of SMP workshop;



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- replacement of four telfer cranes in receiving area of receiving equipment workshop;
- modernization of lightning system of the pre-packing area of SMP workshop;
- purchase and installation of foam washing station in yoghurt production area of dessert workshop;
- repair of sealing of mechanical equipment room roof of compressor workshop of manufacturing branch in Kamenets;
- replacement of fire recycled water pumps of compressor workshop of manufacturing branch in Kamenets;
- equipping of flares of boilers No. 1 and No. 3 with sealing control unit of manufacturing branch in Kamenets etc.

Furthermore, additional measures which enabled improvement of labour conditions were taken in compliance with minutes of "Labour and Ecology Safety Day".

The most important measures are the following:

- replacement of gates in wash area of moltank in the manufacturing branch in Kamenets;
- purchase of safety cups for transportation and storage of cylinders with high-pressure and condensed gases for manufacturing branch in Kamenets;
- equipping of vehicles of platforms of repair and contraction workshop with brake mechanisms;
- increase of hood exhaust system capacity in wash-room of SMP workshop;
- earthing of racks of production-economical area;

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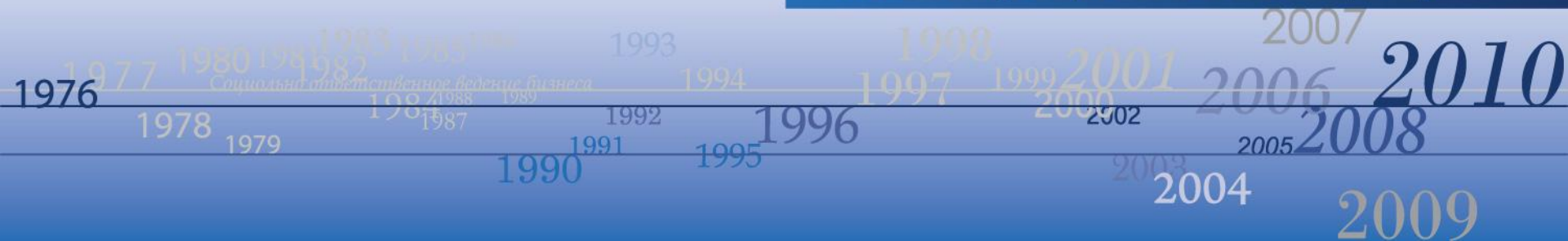


- replacement of vehicles of trolley for cheese pressing to provide decrease of applied force during the transportation in the manufacturing branch in Kamenets;
- installation of closed sheeting of condensers located in compressor workshop in the manufacturing branch in Kamenets to decrease noise load;
- purchase and installation of additional lights for mechanical equipment room of compressor workshop in the manufacturing branch in Pinsk to provide conformity of lightning parameters with the specified parameters;
- arrangement of upright delivery of polistirol spools for “Hassiya” automatic machine;
- replacement of electric cabinets and earthing located in equipment area, cheese production area, cheese salting, form washing area and cover of cheese bath areas, wiring of mechanical workshop, repair of platform for cream tank service located in equipment area in manufacturing branch in Stolin etc.

Personnel training and knowledge assessment as to safe work with chemical agents, environment, health and work safety management is conducted on a regular basis.

Individual protective equipment and wash agents (on dirty works) are used by the all employees in full. Moreover, 18 professions were included into the list of workers who must receive two packages of working clothes at a time. Workers of 24 professions additionally received individual protective equipment at the company's cost. Working clothes is laundered and repaired. After the period specified for individual protective equipment wearing is complete, such individual protective equipment is discarded. The cost of individual protective equipment per 9 months of 2010 was 475.0 mln. rubles, cost of wash agents was 2.95 mln. rubles.

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Labour Conditions and Labour Relationship

Continuous control of labour safety and labour conditions is ensured. Results of such control are discussed monthly at "Labour and Ecology Safety Day".

No cases of out-of-order equipment failure have been observed by the state agencies of labour safety control.

Every employee is granted an opportunity of professional self-realization, improvement and acquisition of new knowledge.

Continuous professional training system is implemented in the organisation. Training, retraining and professional improvement of employees were conducted according to the training program both within the organisation and in other institutions.

Nowadays 132 are studying at higher correspondence educational institutions and 22 attend courses at colleges.

18 employees studying at higher educational institutions or attending courses at colleges who have high estimations were provided with educational leave without pay in compliance with agreements concluded between the employer and the employee.

Annually the organisation cooperates with education institutions which train profile specialists, concludes contracts on traineeship of students which provides the possibility to estimate qualification of the students and conclude a contract on distribution of young specialists in the future.

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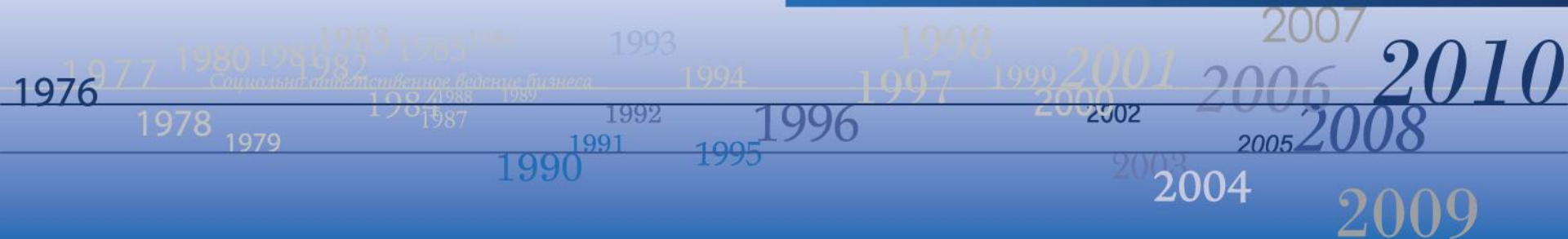
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Savushkin Product provides its employees with both recommendable labour conditions and substantial social package.

The company has its own aid station with physiotherapeutic, medical treatment and dental rooms equipped with the most up-to-date medical equipment. Aid station works from 6.30 a.m. till 10.30 p.m. Aid station provides preventive treatment of dispensary patients, medications and vitamins. Besides a number of contracts with other municipal health care facilities on providing specified medical services, such as X-ray examination according to prescription of a dentist, preventive examination of employees working in dangerous and dangerous conditions etc. were concluded.

The rate of morbidity with temporal disability per 9 months of 2010 was 100 workers, total amount of days - 555, which indicates the decrease of such morbidity in comparison with the same period of the previous year.

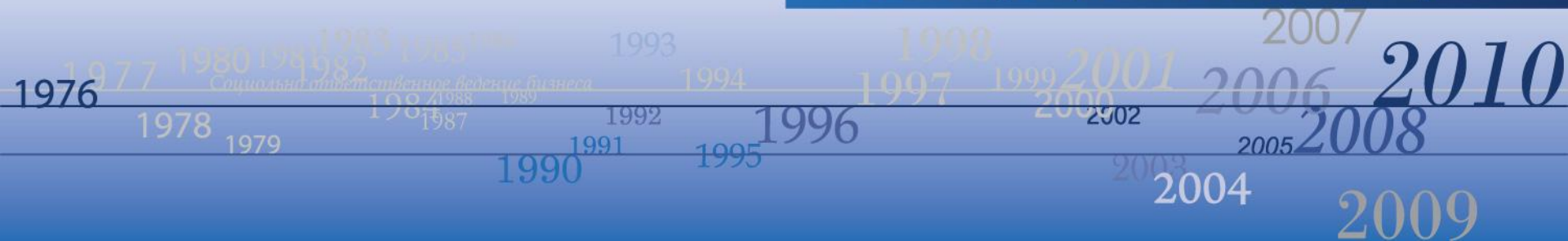
To provide health promotion of employees the organisation provides sauna, massage, underwater massage shower and solarium facilities rented.

Medical services of medical personnel at the aid station are free of charge.

The organisation purchases sanatorium vouchers for its employees. Such sanatorium vouchers are distributed by turn among employees on the basis of their need for sanatorium therapy. 94 sanatorium vouchers were provided during 11 months of 2010, which exceeds amount of sanatorium vouchers provided in the previous year. 22 sanatorium vouchers were provided for children and 17 sanatorium vouchers - for mothers and their children. Health promotion of employees' children was organized. 62 vouchers to health-improvement children camps were paid.



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Gyms and swimming pools are rented for employees and workers not only in Brest, but also in Gomel, Mogilev, Minsk, Vitebsk, and Grodno. Employees of branches traditionally visit "Labour and Ecology Safety Day" held in summer time. Total cost of such days was 63.3 mln. rubles.

Traditionally the employees participate also in city competitions. Our sportsmen took gold of regional winter ski competition "Drogichinskaya Lyzhnia-2010", silver of city sport competition "Brestskaya Lyzhnia-2010" and silver of city competition "Zdorovye-2010" in mini-football, bronze of tourist competition of working young people "Olympia-2010", and gold of the best weight in Kamenets.

The company takes out a subscription for newspapers and magazines. Total cost of such subscription in the first six month was 2.1 mln Rubles. 30 copies of "Sportivnaya Panorama", "Belorusskiy Chas" for all branches and workshops are under compulsory subscription.

The socially responsible business policy



The organisation

In the current year collective visits of the Brest sky Regional Theater of Music and Drama in Brest and Stolin, guest performances of the Regional Drama Theater from Gomel, Vitebsky Theater named after Y. Kolas, performances of "Belaya Vezha-2010" International Festival, "Fantasiya" Dance Theater, concerts of young singers of Belarusian songs from "SPAMASH" producer center, "Ralf Invites Friends" festive show devoted to the "Children's Day", concert of Ukrainian State Academic Song and Dance Group "Volyn", "Okean Elzy", "Tyani-Tolkay", "Haroshki", "Shchelkunchik" ballet of the National Academic Bolshoi Theater of Opera and Ballet of the Republic of Belarus from Minsk, "Fantasiya" Dance Theater were organized.

Employees of manufacturing branch in Vitebsk visited Theater named after Y. Kolas, "Women Day" concert, "Slavyanski Bazar", circus performance, workers of workshop in Kamenets and Drogichin visited concerts of pop artists and circus performances.

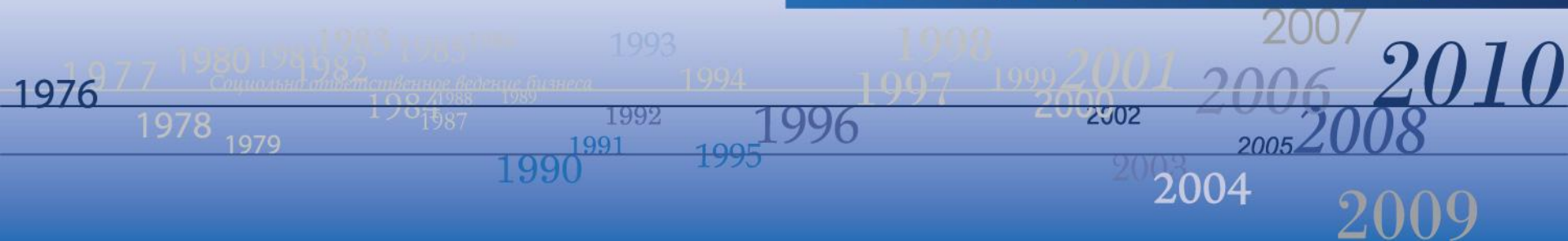
8.5 mln. rubles were spent during 9 months of the reporting year to pay for concerts and theaters.

Besides, weekend excursion to historic sites of Belarus and abroad such as the Mirski Castle, Nesvizh, Minsk-Novogrudok, Lvov-Bukovel, religious sites Pinsk-Zhirovichi, Stolin-Zhirovichi, Brest-Pochayev, Brest-Polotsk, Minsk-Kiyev were organized. Total cost of the excursion was 14 mln. 738 thousand rubles.

All these events are highly popular among trade union members, provide time building and have significant cultural outreach importance.



The socially responsible business policy



GC Principle No. 7: Business community must assist the prevention of negative impact on the environment.

GC Principle No. 8: Enterprises must undertake the initiatives directed to the increase of liability for environmental condition.

GC Principle No. 9: Enterprises must encourage the establishment and distribution of environmentally friendly technologies.

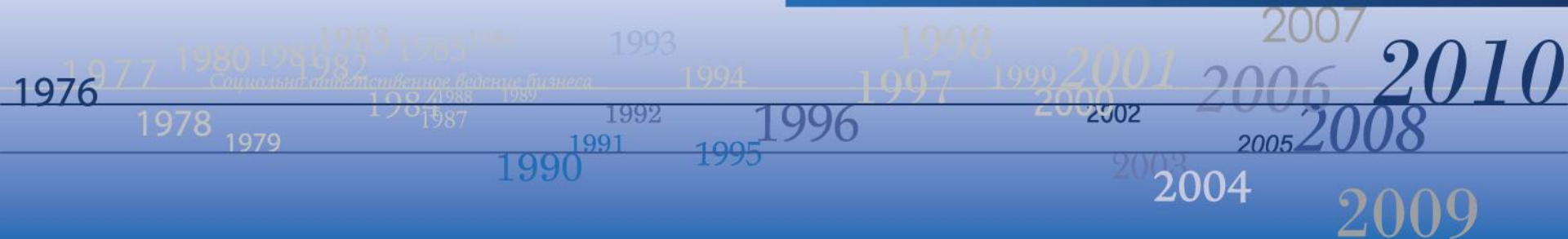
"We arrange the work of our company so that our production activities do not have a negative influence on the environment. We take measures to achieve maximum environmental protection of the production, economic consumption of natural resources, their recycling, and waste recovery".

The environmental protection is the integral part of production activities of the organisation directed to the prevention and decrease of the negative impact of the organisation activities on the environment. The company has developed and implemented its environmental policy according to legal environmental requirements.

The environmental policy of Savushkin Product JSC is provided at company's website (www.savushkin.by), as well as in the organisation entrance hall for the visitors to get familiarized.

The information about the Company activities in the field of environmental protection is provided for the organisation personnel at the stands in departments.

The socially responsible business policy



Implementation of such policies and control of its observance is carried out by the Safety and Environmental Department of the company.

The organisation has been developing the environmental management system since 2004 according to STB ISO 14001, and this system has always been implemented. The environmental management system is a part of the management control system of the organisation used for development and implementation of its environmental policy and management of its environmental aspects. In 2005 the system was certified for compliance with requirements of STB ISO 14001-2000 and the national certificate of environmental conformity was issued, the recertification for the compliance with requirements of STB ISO 14001-2005 was carried out in 2008. According to the results of certification audit carried out in 2006 by the international certification authority "Viritas" the international certificate of environmental conformity ISO 14001:2004 was issued.

The Company develops the annual plan of measures. In 2010 the following measures have been taken:

- replacement of the ladder of sewage system of SMP section;
- installation of water treatment filters for decrease of water consumption;
- installation of energy-saving fluidic heat exchanging NHPP in boiler room;
- installation of nanofiltration of whey allowing the complete whey processing.



The socially responsible business policy



The costs of these measures in the field of environmental protection in 2010 are equal to 275 mln. rubles.

The company carries out the separate waste collection. The procedures of environmental aspect management are developed to decrease the negative impact of the company's production activities on the environment (register of important environmental aspects of the organisation – use of water resources, production waste generation, waste water disposal, pollutant emission), the program of environmental protection comprising activities in the field of water resources protection, production waste generation is developed annually. The monitoring of impact of the organisation production activities on the environments is carried out according to the developed program of industrial environmental monitoring.

The specialists of Safety and Environmental Department of Savushkin Product JSC conduct annual instruction on “Requirements of STB ISO 14001-2005. Environmental Management System” and regular trainings on natural resources saving for the purposes of informing of the employees about the organisation activities in the field of environmental protection. The subject information is placed at environmental stands of departments.

The public information about implementation of company's environmental policy is carried out at company's website and in state and local mass media.

The socially responsible business policy

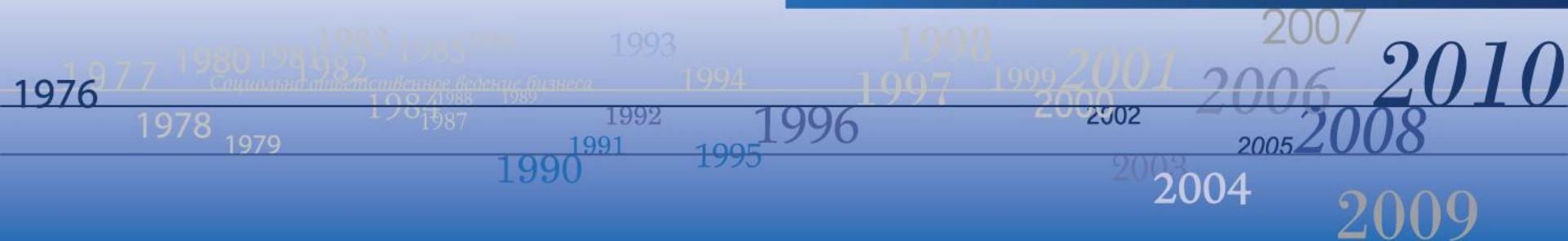


In March 2010 Savushkin Product JSC participated in **global initiative of the World Wildlife Fund “Earth Hour”**. This initiative is held on annual basis to attract attention of people, government, and business community to the climate change problem. It is an appeal to take measures for decrease of greenhouse gas emissions and energy saving. Therefore, people, companies, and government of more than 4,000 cities of the world turn off the light during one hour.

Savushkin Product JSC turns off the promotional illumination and the light if it is not critical for production processes at the date of this action from 20.30 to 21.30. In addition, the company's employees participated in this initiative by turning off the light at home.

Participation in this initiative is indicative of the fact that the leader of the dairy industry of the Republic of Belarus adheres to the ten principles of the Global Compact, its social focus, and targeting to achievement of the main goal of its environmental policy – **maximum decrease of the negative impact of the company's activities on environment.**

The socially responsible business policy



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

"We make relations with our stakeholders on the transparent public legal basis"

Savushkin Product JSC complies with high ethical standards of business conduct. Company's personnel are responsible and goal-seeking people, experts who like their work in the company, and they use only those means of goal achievement which are based on openness and humanity principles.

The security service headed by deputy director general on security and ideology is established in the company.

The socially responsible business policy





Anti-corruption Measures

In its work the company complies with the principles of “transparent” business conduct. First of all, it means the absence of “black” payments to the employees: salaries are deposited to plastic cards of “Belagroprombank” and “Vnesheconombank”.

The company uses tendering system of procurement and service rendering. A partner is selected by tendering. The transparent system of procurement allows the company selecting a reliable partner with the maximum price – quality balance.

“In its activity the personnel of Savushkin Product JSC follows not only the applicable law, but the general human principles, rules, and values”.

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The socially responsible business policy

