

Dear Madam/Sir,

I am particularly proud to emphasise that this year, Vindija has again achieved progress in its socially responsible business operations. General economic recovery is being felt throughout the industry, including the food sector. In the challenges faced by the whole region this year, Vindija has again proved that the Global Compact principles are embedded firmly in its business vision.

As the leader for many years in the regional food industry, our company understands that trends in business operations must be accompanied by social responsibility. There must be a positive relationship with the community in which we operate, and investment in its development, which can be seen in long-term business results. The application of positive business and environmental practices creates a win-win situation not only for Croatia, but for all countries with which we do business, create employment, or cooperate. Our mission in the past year has been to help those most at risk, and accordingly, we have launched many programmes and initiatives to make a contribution to the wider community.

Through constant investment in training and interpersonal relationships, we ensure that our employees are satisfied, and many of them actually spend their entire working lives with Vindija. This is a special honour, as workers who have helped build the company and shared their vision continue to help us achieve our common goals. In addition, our employees enjoy many benefits, such as financial assistance for those with children, bonuses for those with many years of service, etc.

Bearing in mind the fact that a satisfied consumer is the best reflection of our work, it is extremely important to apply the highest standards in all business segments, and this has been confirmed by many certificates guaranteeing top quality products and the highest level of food safety. These are awarded independently and externally, affirming our high production standards and product quality, and include ISO 9001:2008, BRC, IFS, FSSC, Kosher and Halal certification. The last Halal certificate was awarded this year to one of our member producers, Novi Domil Dairy in Županja.

Our plans for the coming year of course include continuing to invest in socially responsible practices and community development. We took on these obligations by joining the Global Compact initiative, and what is more important, by creating over the decades a company which operates as a good, useful neighbour and influential player in the overall economic picture in Croatia and the entire region. We know that a good business and living environment is the foundation for success, so we continue with dedication to implement the best business practices, anticipating even more progress in the coming year.

Sincerely,

Dragutin Drk

President of the Management Board of Vindija d.d.



Vindija

United Nations Global Compact

Communication on Progress for 2015

Period: December 2014 – December 2015

Format: basic report template

Differentiation level: GC active

Self-assessment:

- The COP contains a statement by the President of the Board expressing support for the ten principles of the UN Global Compact
- Description of activities and relevant procedures connected with human rights
- Description of activities and relevant procedures connected with labour
- Description of activities and relevant procedures connected with environmental protection
- Description of activities and relevant procedures connected with the community
- Description of activities and relevant procedures connected with anti-corruption measures
- Measured outcomes

Human rights

Assessment, policy and goals

Vindija's business Code of Conduct is based on protecting human rights and the dignity of employees; in accordance with this, the company does not do business with markets where human rights and freedoms are violated. Vindija guarantees its employees protection of their human rights and dignity, and implements best practice in promoting the principles of the Declaration.

Implementation

In accordance with the Universal Declaration of Human Rights and the Republic of Croatia's Labour Act, all Vindija's employees are legally protected from all forms of discrimination, harassment, coerced labour, or violation of privacy.

In the entire business process, from conceiving business strategies to implementing them, the dignity of employees is taken into account, and each year, communication with and between all employees is actively built upon in order to include them in all important processes.

Measurement of outcomes

During the reporting period, there were no lawsuits, trials or other forms of legal procedures initiated against Vindija in connection with violations of human rights.

Employees and labour

Assessment, policies and goals

All Vindija's employees are bound by an employment contract in which all the points are defined clearly: work conditions, salary payments and overtime arrangements. Work tasks are clearly defined in contracts. Vindija does not do business with organisations which practise coercion at work or exploit child labour.

Implementation

The company respects human and labour rights in every regard, and fights against all forms of discrimination. During the hiring process, the company always shows workers how to operate different types of equipment and acquaints them with fire-fighting protocols. Ensuring maximum safety conditions at work is a key segment of business organisation, so each worker is trained in and acquainted with safety measures. In the production process, particular emphasis is placed on the good working order of all devices and tools used during work.

Interpersonal relationships are particularly important in the work environment, so the company seeks to improve them on a daily basis through various activities. The company enables its work-force to work in a safe, clean and orderly environment.

Employees who are also parents are entitled to extra benefits in the form of material and financial support, including gifts for newborn children, gifts to mark various celebrations, active help with education, and organising various activities, such as family holidays, excursions, etc.

Traditionally, the company gives all its employees gift parcels at holiday times, and provides financial support for the purchase of school equipment for employees whose children are starting or continuing their education. Each Christmas, employees marking a jubilee in their years of service are given monetary awards in line with the number of years of service, in recognition of their personal contribution to the company.

Measurement of outcomes

The active implementation of the Universal Declaration of Human Rights is evident in the gender representation in the work-force. In upper management, 38% of employees are women, which is higher than the average for Croatia.

Environment

Assessment, policies and goals

In all its business processes, Vindija implements the highest standards to secure and protect the environment, actively monitoring trends and applying the most up-to-date technological achievements, in order to ensure environmental and nature protection. Precise monitoring of all raw ingredients, production processes, products, plants, and clean and waste water, is carried out using sophisticated devices which have no negative effects on the environment.

Implementation

The plants use the following forms of energy, in descending order: electricity, gas, light heating oil (as an alternative during gas cuts).

In production, NH³ gas is used with indirect media, iced water, alcohol C²H₆O² and cold water. None of the cooling devices use gases which are environmentally damaging to the ozone layer.

In addition, a special method for collecting secondary raw materials is in operation; paper is collected and disposed of daily, while plastic and artificial products are separated and compressed, reducing their effect on the environment. In accordance with the relevant regulations in the Republic of Croatia, Vindija has adopted obligations towards the Fund for Environmental Protection.

None of the gases emitted as a result of the production process has a significant effect on the natural environment, and as a matter of course, individual measurements of the emission of air pollutants are taken.

Environmental protection is regulated in the company by the operational plan, in accordance with the provisions of the Environmental Protection Act, and regulations aligned with the relevant EU legislation are enacted.

When building its plants, Vindija implemented high standards in construction, which included urban and architectural principles regarding green spaces. The entire project was drawn up by top experts and implemented under the supervision of a horticulture expert.

Measurement of outcomes

In Vindija's business processes, which include co-operation with associates, production of raw materials and finished products, distribution and placement on the sales network, no incidents were caused which resulted in environmental impacts, and this was the best indicator of the company's appropriate implementation of the Global Compact principles aimed at the environment.

The community

Assessment, policies and goals

Vindija supports various projects in many ways, promoting education, and protecting the cultural heritage and values of the society of which it forms a part. The goal of the company is to be an active member of the community, contributing to environmental development and improving the quality of life of the entire population.

Implementation

During 2015, Vindija participated in many campaigns which directly helped groups whose aims are to improve quality of life, providing assistance for those who are less well-off, and promoting a healthy lifestyle. Vindija donated its dairy products and juices to many associations engaged in socially useful, humanitarian work, so that help reached those who most needed it. In 2015, Vindija made regular donations of its products to safe houses in Vukovar and Varaždin, where women and children who are the victims of domestic violence can find support and help. The company also makes regular donations to homes for children without parental care in Zagreb, Rijeka, and Slavonski Brod. Vindija supported the work of Caritas in the Varaždin Diocese by donating dairy and meat products, and the work of Caritas in the Zagreb Diocese by participating in the Christmas campaign 'A Thousand Joys'.

Vindija has become actively involved in the demanding humanitarian situation caused by the arrival of huge number of refugees in Croatia, by donating dairy products and juices to refugees through

the Red Cross and Caritas. Large amounts of UHT milk have been distributed, in response to the specifics of the situation and the needs of many women and young children.

This year, Vindija was involved in the National Strategy to implement a programme called 'Milk in Schools', adopted by the Government of the Republic of Croatia. This is a European Union programme to provide children with milk and dairy products. It tries to improve children's access to healthy food through the distribution of domestic products, with the aim of helping children to adopt healthier eating habits. This programme is not only nutritional, but educational, as it develops an awareness of the importance of healthy food.

Vindija has also participated this year in a project run by Varaždin 6th Elementary School, called 'Master Sixth', which aims to educate children about the nutritional value of food by creating a weekly menu based on ingredients which are rich in minerals and vitamins, and organising a competition for pupils in making healthy meals. Vindija donated its dairy, meat and baked products, offered advice, and its promoter of gourmet delicacies joined in the project by judging the meals prepared by the pupils. On 30 September, World School Milk Day, Vindija participated in the educational entertainment programme organised in Zagreb, and also marked the event by humanitarian donations as part of the campaign 'Croatian dairy producers donate to children with special needs', giving its dairy products to 'Nad Lipom' Elementary School, which specialises in working with children with limited intellectual capabilities.

With the aim of advancing public health, in line with the policies of the Ministry of Health, and reducing the amount of salt ingested, Vindija has reduced the salt content of its 'Latica' baked products by about 15%. Thus the company has become involved in a worthy initiative to help prevent many diseases and conditions affected by the over-consumption of salt.

As general sponsor of the 'Spancirfest' event in Varaždin, Vindija contributed to the preservation of the intangible and material cultural heritage of the Varaždin area, and this year, was involved in a regional event to promote and nurture classical music, called 'Varaždin Baroque Nights'.

Vindija invests great efforts in promoting the domestic food industry, and the domestic economy in general, by participating at the global level in many fairs promoting entrepreneurialism, food and agriculture.

By promoting its products, Vindija also promotes the importance of health and a balanced diet, educating citizens on the need to select high quality, nutritional ingredients.

Apart from social institutions and many civil society associations, the Vindija Group supports sports clubs, sports associations and individual sportspeople throughout the year.

Members of the Vindija Baseball Club, under the patronage of the Varaždin food industry, have recorded successes at the national and international level, and last year acquired their own baseball ground, where the European Junior Championship was held.

In sponsoring sports clubs, Vindija keeps a careful eye on equal gender representation in certain disciplines, and thus has lent its support to 'Koka' women's handball club, and 'Vindija' and 'Vindi' women's basketball clubs. There is also 'Vindija' wrestling club, whose sportsmen are Croatian champions many times over. Vindija also supports sporting and rhythmic gymnastics by providing goods and financial help for 'Vindija' gymnastics club, and also supports a classical ballet society in Varaždin. Apart from local groups, Vindija also sponsors 'Nexe' handball club from Našice, the current Croatian champions, who participate in the SEHA League, Premier League and EHF cup.

Measurement of outcomes

The trend towards economic growth is an indicator of economic recovery, yet worrying social occurrences require additional humanitarian activity, aimed at those in need. In accordance with the situation and its business policies, Vindija is involved in humanitarian campaigns through various kinds of donations, and is acknowledged as a socially responsible company which cares for the members of the wider community. In accordance with its ongoing activities, Vindija is recognised as a socially responsible company which is actively involved in almost all forms of improving the quality of life, particularly in caring for the most vulnerable, neediest members of the community. This is woven into the company's basic mission.

Anti-corruption

Assessment, policies and goals

Vindija works with consistency and dedication to suppress corruption, in the desire to create a positive environment in which individuals will be protected from injustice and immoral relationships, including extortion, bribery and other violations of the Labour Act and the UN Convention against Corruption.

Implementation

Vindija fully supports the fight against corruption and the efforts of the Government of the Republic of Croatia to suppress it in the long term. The company's management is trained to recognise all forms of non-transparent, unlawful business which might occur in relation to their work, and to suppress them. When participating in public acquisition procedures, Vindija pays special attention to the lawfulness of all procedures.

Measurement of outcomes

In the reporting period, Vindija was not involved in any legal cases connected with corruption and bribery.