

TO GIVE JOY AND HEALTH

Always from fresh milk

Progress Report
OJSC "Savushkin product"

2017



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APPEAL OF THE GENERAL DIRECTOR

Dear colleagues, partners!
Developing our business on the principles of social responsibility, for many years our company has been a full member of the UN international initiative "Global Compact". And it follows the mission with dignity: to give joy and health to people by producing natural dairy products with care for our consumers.

Notwithstanding that a customer is always a major guide for us, environmental protection and responsible attitude to the employees of our company have been in the focus ofour company's attention for all these years. We put a lot of efforts to meet their expectations at all times, receiving high loyalty and trust in return!

Being a flagman of the dairy industry of Belarus, we strive to work so as every our step conforms

to the highest international standards of doing business.

The most striking educational, social and charitable projects which have been implemented by «Savushkin product» in 2017 are presented in this progress report. As well as all the things that we have managed to do so as the world, people and the environment around us become better. We hope sincerely that you will enjoy reading this document and will duly appreciate our achievements in the area of corporate social responsibility, and their compliance with 10 principles of the UN international initiative "Global Compact".



Maaring

Aleksandr Savchits, Director General OJSC "Savushkin product"



HOW DOES THE FLAGMAN OF MILK **INDUSTRY OF BELARUS** WORK?



INDUSTRY LEADER

OJSC "Savushkin product" is one of the largest dairy companies in the Republic of Belarus, heading the rating of effective enterprises of the food industry in the country.

4

manufacturing

3...

our manufacturing site is divided into 3 zones (green, yellow, red) — according to the degree of risk of product possible contamination

17.4

million dollars invested within 9 months of 2017 about 25

awards international and republican professional awards for 2017



PRODUCTION CAPACITY

Data are presented in tons per day.



3750

≈2000

≈1100 25 ≈80

60 dairy products









The last decade was the most indicative in the company's development. During this relatively short period of time, the milk company of the regional scale, processing 719 tons of milk per day, made a rapid leap forward, turning into the leader of dairy industry in the country, which is able to process up to 3,750 tons of milk and 2,150 tons of whey per day.

Nowadays "Savushkin product" carries out its production on 4 manufacturing sites, two of which are located in Brest and the other two are located in Pinsk and Stolin with its own specialization. The whole range of whole milk products (over 200 items) and juices (23 items) and dry whey in assortment are manufactured in Brest.

Pinsk manufacturing site is engaged into production of cheese (hard and processed), butter and SMP (dry whey and buttermilk), slicing (into a bar and slicer) and packaging of all cheese produced by the company is carried out there. Manufacturing branch in Stolin specializes in cheese production. Average daily aggregate volume of milk processing is about 2,000 tons.



COMPANY'S BRANDS

The company has five dairy brands ("Savushkin", "Brest-Litovsk", "Optimal", "SuperKid", "Laskovoye Leto") and one juice brand ("Na100yashchyi").

According to annual sociological studies, the company's products have become the leader in consumer preferences in Belarusian market for 16 years running.















THE KEY FACTORS OF SUSTAINABLE DEVELOPMENT

Availability of a long-term development strategy which is based on a smart investment policy for introduction of the state-of-the-art production technologies aimed at advanced processing of raw materials.

Provision of the company with high-quality milk raw materials.

Output of competitive natural products without preservatives.

Care for people and environment.















Availability of balanced assortment portfolio and strong brands, its own distribution network.

Diversification of sales markets.

Logistics optimization.



THE BEST TECHNOLOGIES — BASIS OF THE QUALITY AND SECURITY

Investment policy of the company is directed at the constant technical re-equipment of the production facilities and introduction of the state-of-the-art technological processes. This ensures consistently high quality andafety of food produced by the company and output of natural dairy products and cheeses with long shelf-life periods without the use of preservatives and storage temperature modes from +2 to +6° C.

The bottling and desserts workshops were modernized in 2016-2017.



We are constantly working towards increase in production capacities, purchasing the latest high-tech equipment, which allows to exclude manual labor and facilitate the staff's work in all stages of manufacturing process.

The company constantly works towards environmental protection and nowadays it is non-waste production, completely reprocesses so-called by-products (cheese and cottage cheese whey and buttermilk), turning them into a competitive and commercially successful, high value-added product.

Control over technological processes at the enterprise is fully computerized. No-contact of milk with the external environment and people within the manufacturing process makes for maximum food safety and has a positive effect on the quality of finished products.

All products are manufactured on modern production equipment from the leading global manufacturers, including Tetra Pak, Westfalia, Alfa Laval, Obram, Bosch, General Electrics (GE), GEA, etc.

COMPANY'S MISSION

All dairy products in the company are produced from fresh cow milk without use of artificial fillers and preservatives. We are engaged in a noble business: provide people with natural dairy products. The products, regular use of which helps people to improve their health.

TO PEOPLE!





CORPORATE VALUES

In its activities the company is guided by the universal human values.



LeadershipStriving to be the best in its business.



business policy Consume-oriented, first-class service, naturality and high quality products.



Careful attitude to people People are the company's main value.



Quality
Each employee influences the quality and safety of products by means of the results of his labour.



Partnership
Unindifference and
involvement: we work
as one team.

Fair and open



Independence Each employee is free to make decisions within his competence.



Responsibility
Close attention to the safety
of products manufactured.



Professionalism
We appreciate professional skills
of our team and contribution
of each employee to the
company's development.



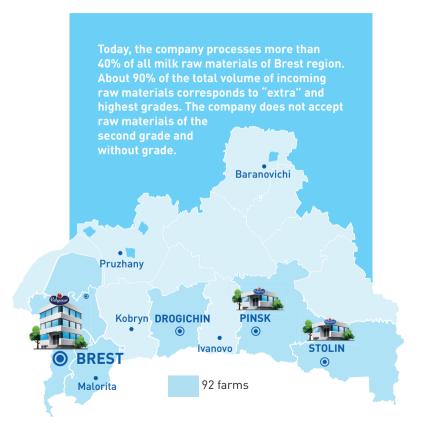
WORK WITH THE SUPPLIERS OF FRESH COW'S MILK

Whatever your favourite product from the company "Savushkin product" is, you can be sure that it is manufactured from high quality fresh cow's milk, which is supplied every day from the farms of our raw materials area. Over the last 40 years our company has not worked a single day on reconstituted milk powder.

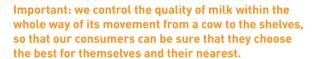
We are absolutely confident that the quality and taste of manufactured products depends largely on the quality of input raw materials (incoming milk). "Savushkin product" purchases raw milk only from reliable and conscientious suppliers. Department of agriculture development is daily engaged into improvement of milk quality and productivity of the milking herd.

"Savushkin product" gets milk raw materials from 92 farms of Brest region. Many of them are located near the National Park "Belovezhskaya Pushcha" that gives evidence of environmentally-friendly raw materials.

Our company strictly monitors and ensures comfortable conditions of stockkeeping, its balanced ration and provide proper treatment of cows as well. Thanks to the special European technologies of loose housing, we have managed to avoid a strongly pronounced seasonal variation in volumes of milk entering for processing. This allows the company working on whole cow's milk all year round.







Prior to milk processing, a thorough laboratory analysis of every batch of milk is carried out. The first test for milk quality is done directly on the farms. Qualitative raw materials are pumped into sterile tanks of the company's milk tankers which then are immediately sealed and sent to "Savushkin product".



ONLY 100% QUALITATIVE
MILK IS ADMITTED TO
THE MANUFACTURING FACILITIES.

DO YOU KNOW?

In "Savushkin product" milk-raw material is checked on 30 parameters.

At the enterprise samples of raw material are sent to the input control laboratory. This is a strict checking for compliance with 30 necessary quality and safety parameters.

It takes max. 20 minutes to check one tank. Modern laboratory equipment used in all manufacturing sites allows to analyze milk within the minimum period of time: to determine fat, protein, lactose mass content, its acidity, plate count, somatic cells number. All raw materials are necessarily checked for the residues of antibiotics pesticides, mycotoxins, etc. Even in the event of minimal deviation, milk is returned to the supplier together with a covering letter.

We process milk with successful results, we turn into hundreds of tasty natural dairy products that will help you enjoy healthy nutrition.



"Savushkin product" excludes the penetration of antibiotics into dairy products!

The only source of possible penetration of antibiotics in dairy products is raw milk. If antibiotics are present in raw milk, they will be contained in a finished product. And they can get there only if a sick animal was milked together with a healthy herd.



"Savushkin product" values quality of its products and carries out serious work with the farms supplying milk to the company, in order to prevent potential for penetration of antibiotics in raw milk.

To do this, all the cows, milk from which comes to us for processing, are chipped (have individual electronic chips with complete information about health of each animal). On the way to milking, all cows go through special gates equipped with sensors, which read out from the chips all information about health of each animal and open or not open the gates to the milking parlour for each separate cow.





Thus, cows that are sick and undergo medical treatment, are sent to a special milking parlour, and it means that their milk will not get to the manufacturing facilities. Because milk of these animals can do a lot of harm to people.



QUALITY MANAGEMENT SYSTEMS



Our company as a self-respecting manufacturer that cares about the health of its consumers, knows and adheres to the rules of safe manufacturing processes management. As a matter of fact, years of hard work, naturality of a final product, production capacities, work places and company reputation are put on the line, you know.

To exclude completely the risks associated with the possibility of radiation contamination, milk raw materials are regularly checked for caesium and strontium.

TO ENSURE HIGH QUALITY
AND SAFETY OF PRODUCED FOOD
THE FOLLOWING MANAGEMENTS
SYSTEMS ARE INTRODUCED AND
IMPLEMENTED IN "SAVUSHKIN
PRODUCT" COMPANY:

manufacturing quality management system is certified in compliance with the requirements of STB ISO 9001-2009;

food safety management system is certified according to international certification system FSSC 22000;

environmental management system (EMS), which includes the national conformity certificate STB ISO 14001 and the international conformity certificate ISO 14001.



EXPORT SUPPLIES

Export ratio in total sales amount, 9 months of 2017.

Another guarantee of food high quality and safety is availability of perpetual export license at "Savushkin product" company for the right to supply the whole range of products to the EU countries.

By the way, our company is the only one dairy enterprise of the Republic of Belarus which from July 2013 regularly supplies traditional dairy products and its dessert group to the EU countries. And this is not only a guarantee of quality, but also a good reputation of the manufacturer who can maintain the level of naturalness, safety and ecological properties of the finished product.



THE COMPANY EFFECTS EXPORT SUPPLIES OF ITS PRODUCTS TO 28 COUNTRIES OF THE WORLD



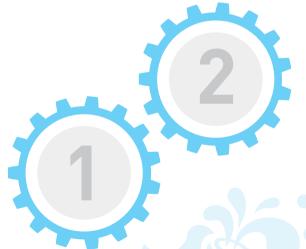






FUNDAMENTAL PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY

Businesses should support and respect the protection of internationally proclaimed human rights.



Businesses should make sure that they are not complicit in human rights abuse.



TO GIVE JOY AND HEALTH TO PEOPLE!

OJSC "Savushkin product" follows the main idea of the Global Compact: achievement of commercial success with essential condition to respect and preservation of the universal human values.

Nowadays OJSC "Savushkin product" is not only the manufacturer of natural high-quality dairy products. Its main social objective is to inform the consumers and society of our company and its products. "Savushkin product" implements its mission "To give pleasure and health to people" in practice.

Taking into account undisputable fact that healthy food forms the basis of health preservation of every human being, the company's specialists conduct enormous work on the fullest and reliable informing the consumers of useful properties and irreplaceability of dairy products in a balanced ration. As well as about the norms of their daily consumption with due regard to the age and other constitutional peculiarities.

Choosing care for consumers' health as the basic strategy of its development, yet in 2005 the company developed a longterm program "Savushkin product" for health of the nation".

Within this period of time, in the framework of the programme many information and educational projects and events were held:

- "School milk":
- "School of healthy nutrition":
- "Healthy nutrition means healthy nation":
- "Intelligent consumer":
- "Milk literacy campaign";
- "Club of milk fanciers", etc.

Statistics shows insufficient drinking of milk by most people. (On the average Belarusians consume at least 90 kg of dairy products less than recommended by the WHO rates.) Hence, the growth of diseases appears.

MILK CONSUMPTION PER CAPITA, 2016

rate per year 330-340 kg per person













Finland







«Milk Academy» is a socially important project of the company "Savushkin product", which has been implemented in secondary schools of Brest in 2017. And it has already covered 20 schools of the city! About 6,500 schoolchildren learnt about healthy eating and importance of dairy foods in daily ration, learnt how to choose them correctly in shops, compose daily healthy menu and cook simple dishes on the basis of fresh dairy products.

It is not a secret that schoolchildren very often take meals incorrectly, miss the most important meal of the day-breakfast, not thinking about usefulness of their snacks (you must admit that chips and soda are not the best option). And sometimes they do not know how to cook healthy food by themselves, without waiting when their parents come home from work...

By personal example we decided to show that healthy is not always boring and tasteless. And in the entertaining (playing) form to explain and show to the children that a healthy lifestyle and eating healthy food is easy, but very important in order to be healthy, happy and successful people. In this way the **project "Milk Academy or Healthy Eating Lessons"** came appeared.

Looking ahead, let us say that it worked out. The idea of the project was taken with enthusiasm both by the educational institutions and the administration of Brest city.





THE WAY WE SHARED OUR KNOWLEDGE ABOUT HEALTHY NUTRITION

The classes have been planned in accordance with the age and interests of children. Pupils of the 5-7th forms have participated in amusing "milk quizzes": they have obtained and reinforced the information learnt about healthy nutrition and the benefits of dairy products, and checked their knowledge interactively, doing the crossword puzzles and answering many related questions.

It turned out to be funny, lively, interesting, and very tasty then — in the final it has been found out that a young chipmunk SuperKid travelled together with the quiz organizers, which entertained all participants with dairy delicacies "SuperKid".







Pupils were delighted. Of course, they felt themselves like real cooks: they put on true Chef's hats and aprons (a special thanks to our talented seamstresses from manufacturing branch in Stolin). And how, being such elegant, not to give rein to their culinary fantasies?! And there are fans here, in the auditory, who managed to support their favourites masterfully and to discuss the topic of healthy nutrition with the hostess.

And in reward they deserved tasting the dishes prepared by their classmates...

Quite different communication format is intended for senior pupils — a real culinary quest. Finding themselves in an improvised milk kitchen and divided into teams, they create their own little culinary masterpieces from the proposed list of products, based on natural dairy products. One of the objectives was quite difficult: to guess what healthy dish "is encrypted" in the proposed set of products, and then to cook it (answers were hidden in the previously prepared video recipes) or to invent their own perfect milky breakfast. The task was simplified that it did not require heat treatment. Here is cottage cheese, sour cream, cheese, salt, sugar ... Fruit and vegetables, greens and lavash help the others.





WHAT CAME OUT OF IT?

Teachers and pupils were pleased with the project. Healthy eating lessons diversified the educational process in comparison with usual Math, Geography, Literature... But most importantly, the guys have learned the main lesson that to be healthy is simple and cheerfully!



Ludmila Gorbatsevich, Deputy Headmaster of Secondary School No. 24 of Brest:

"Today, in the age of fast food the theme of healthy eating is very hot. We are pleased to support the company "Savushkin product" in this excellent initiative. Because all talks about a healthy ration should be started from the school age when children express an interest in this topic".

Nika Kuleshova, 6th form, one of the participants of "Milk Academy":

"I really enjoyed the quiz. For example, do you know, what are the trucks that carry dairy products called and what are they needed for? I have not. I have heard earlier that milk is very useful. But I haven't known what nutrients it contains before that".



PRINCIPLE OF HEALTHY RATION:

- it is necessary to eat frequently (5-6 times per day), but in small servings;
- during the break it is useful to have a bite of a handful of nuts, fruit or a yogurt;
- eat 3 dairy products a day, because this will allow to get 80% of the daily rate of invaluable mineral-calcium which is necessary for strong bones, teeth and nails, as well as for healthy skin and beautiful thick hair.



"MILK ACADEMY" IN FIGURES



≈20

publications about the project in mass media: "Zarya", "Bug-TV", portal "Binokl", "Virtual Brest", "My Brest", "Vecherny Brest" and etc. and on schools websites

100

personally invented and cooked healthy milk-based dishes during culinary battles for the 8 and 9th forms 60

healthy eating lessons for the 5-7th forms with milk quizzes and literacy campaigns



20

Brest schools for the period April — May/ September — December, 2017

60

warm meetings, thousands of embraces and selfies with naughty young chipmunk Superkid



Great number of mentions in social networks under hashtags #milkacademy and #savushkinproduct

≈6<u>500</u>

about 6,500 participant schoolchildren

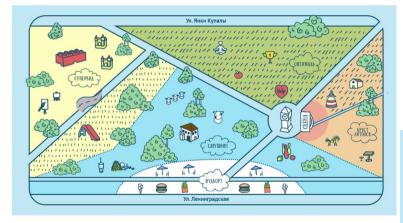








Once again milk festival "Clouds of Fresh Milk" hospitably flung its doors wide open to bring a unique summer atmosphere of holiday and fun to the citizen of Brest city and its guests. On July 28 (from 12 noon till 11 p.m.) the Peace Park in Brest turned into a spectacular holiday



of milk: the territory of health consisted of various thematic grounds and activities. Traditionally, the organizer of the Festival was "Savushkin product". The event was held with the support of Brest City Executive Committee.



people attended Milk Festival



thematic arounds



thousand people became viewers of gala concert



seats in the food-court

уголок для зонтиков. сидений, столиков,



БАТУТ

«ПОЛЕСЬЕ»

































ЧИЛАУТ

кислородный













MILK = HEALTH

The company once again reminded of the value and importance of milk in a balanced nutrition, exploded the most popular "milk" myths, told and showed how its dairy products are manufactured, and positively energized everyone so as good memories of this summer day survive for a long time.









Aleksandr Savchits Director General of OJSC "Savushkin product"

"Festival "Clouds of Fresh Milk" is growing and developing: last year it gathered 12,000 people, and this year we welcomed about 40,000! This means that our Milk Festival has a great future. It is a pleasure that the second consecutive year the Day of our favourite Brest city is started with such a wonderful holiday of milk and health. I am sure that it has inspired our guests to care about their health and maintain an active lifestyle. Because "Clouds of Fresh Milk" is a holiday for families, young people, friends. And what is more, it is important for our company to communicate with the consumers. Because everything we do, we do for people!"







Aleksandr Stepanovich Rogachuk, the Chairman of Brest City Executive Committee

"We talk a lot about public and private partnership. And Milk Festival "Clouds of Fresh Milk" is a real bright example of such cooperation. At the expense of the company "Savushkin product" and city funds, the Peace Park is gradually turning into a unique children's territory. Aleksandr Vasilyevich Savchits, of course, has not announced it, but we are planning to make a children's railway here. That's will be great!"



HOW IT WAS

THE PEACE PARK WAS DIVIDED INTO FOUR THEMATIC GROUNDS, WHICH WERE CALLED AFTER THE COMPANY'S BRANDS: "SAVUSHKIN", "BREST-LITOVSK", "OPTIMAL" AND "SUPERKID".

The central area of "Savushkin" ground became a Small stage on which the Festival was opened with a huge number of balls launched (at 4 p.m.). Musician's performances and children's mini-discos were held there throughout the whole holiday. A market with branded souvenirs of Milk Festival was located close to the small stage, all proceeds of which went to charity. The main art object of "Savushkin" territory became the "Dress of flowers", for creation of which 3,595 flowers were used. (Each guest could «try it on», capturing it all in the photo!)



Milk University was located in the territory of "Savushkin" ground where the Festival guests were told, showed and answered the questions how delicious and natural company's products are manufactured. Here, everyone could become a first-class milkman taking part in the speed milking of competition (on 3D model). And after a dynamic day, a chill-out zone waited the guests for a moment of relaxation and quiet.











"Brest-Litovsk" ground carried the visitors in the past centuries. Master classes in the 19th century dancing, straw platting and a real tavern with Belarusian cuisine were available for the quests of this ground.

And amateurs of a healthy lifestyle and sports have found activities to their liking in "Optimal" zone, where the master-classes in pilates and nutritiologist's workshop on healthy eating were held. "YuKKI gives joy!" ground was located right there with the most delicious ice cream of fresh cream, where dainty surprises, contests, games and own photo zone were prepared for the guests.





"SuperKid" territory met little milk lovers with trampolines, improvised car-racing track and outdoor games. Guys could build the castle there! A true friend in fun was a cheerful young chipmunk SuperKid. By the way, "Savushkin product" has prepared a separate gift for young residents of Brest city – a playground which was opened during the Milk Festival.





The food-court for 350 seats was located opposite the Peace Park in Leningradskaya street, where two milk cafés and a lot of cafés offering a wide variety of summer menu accepted the guests.



During the Festival the guests were able to visit the manufacturing site of "Savushkin product" to see with their own eyes how natural dairy products are manufactured from fresh milk. Pre-registration for visiting the enterprise was conducted through corporate pages in social networks (Vkontakte, Odnoklassniki, Facebook and Instagram).



A fiery gala concert in the stadium "Yunost" (next to the Peace Park) with the best musicians and performers participated was prepared for all Festival participants at 8 p.m. A special guest was a popular group "Bez Bileta" ("Without ticket") — (free entrance).



MASS MEDIA RELATIONS

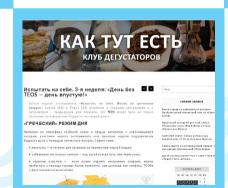
For wide informing the consumers about the importance of healthy eating and the role of dairy products in it, answering topical questions and increasing the consumers' loyalty OJSC "Savushkin product" actively cooperates with the most popular and top-rated MASS MEDIA.





Also a regular education work was carried out in regional mass media of Brest and region (ZARYA, VECHERNIY BREST, BRESTSKI KURIER, NARODNAYA TRIBUNA, VIRTUALNY BREST, ETC.).





БИНОКЛЬ.ВҮ, REBENOK.ВҮ, ETC.



publications in mass media

1655
posts in social
networks







The project "Nevesomost-6" is an interactive project of Rebenok.BY with the assistance of "Savushkin product" company, during which 10 women caring for their own health and health of their family with the help of professional advisers and their friends' support, will do everything possible to get into previous shape and learn to live under the canons of beauty and health.

Those who have not became a member of the face-to-face group of participants, could take part in the distance group.











WHAT AWAITED THE PATICPANTS OF THE 6 SEASON

TOOK PLACE:

As usually the project was bright, saturated and effective! The following was held:















effective trainings with a nutritionist; hearty meetings with a personal growth trainer, lively activities in the fitness centre; informative master classes on strengthening sexual relationship; fashion tips from the stylist; healthy master classes with a cook;

unique lessons of femal health: stylish photo shoot sessions;



and most importantly is tasks from the project consultants after which it becomes almost impossible to return to their former way of life with the cult of eating.



PROJECT RESULTS

WITHIN THE FRAMEWORK OF THE PROJECT, THE FOLLOWING EVENTS WERE HELD:

Casting, the project opening, weekly meetings with the project nutritionist and with the stylist, psychologist and sexologist, culinary contest "Milk Rivers", short story contest "Happy am I", culinary battle, the project closing, photo shoot session "Before" and "After", makeover of the weightless and makeover of the project consultants.



number of publications within the project

number of native materials on benefit

offline meetings and master classes

PROJECT DURATION: 2017.

of dairy products

and milk questions

17.02. 17.05.













TV channel "Belarus 4. Brest" together with OJSC "Savushkin product" started implementation of a new project "New Size by the New Year"— a reality show about loss of weight. Within three months under the supervision of dieticians, doctors, sports psychologists, coaches, 10 people will try to lose their weight. The project implementation is accompanied by releases of television spots (the project diaries) on Belarus-4 channel and extensive advertising on the Internet.







The project raises the issue of the excess weight because of unbalanced nutrition and lack of physical activity. Rigid diets tend to be short-termed and after them extra kilograms return taking a couple of new ones. The task of the project "New Size" is to find an adequate balance between nutrition and workouts so as to reach a desired size.

The Project completion is planned for the late December 2017.



CONSUMERS FEEDBACK

"Savushkin product" is open to dialogue with its customers. From January 2009 onwards the company has a hotline, which is indicated on each product package (free call on 8-801-201-7777 within the Republic of Belarus). Calling the hotline any consumer will be able to make comments and suggestions about the company's activity and its products, as well as to get any information of interest. "Hot line" service is set in the intra-corporate standard "Feedback".



within 9 months of 2017

233

letters and messages to the official mail and social networks of the company

of which were hotline calls

Also the company accepts electronic appeals of the customers which are sent via the web-site form and through corporate social networks (Vkontakte, Facebook, Odnoklassniki).





AWARDS

A swift forward movement is the main and compulsory condition of our company's life. The year has just begun, but our achievements have already been replenished with important events and glorious victories. Throughout the year "Savushkin product" has got on the pedestal of the consumer and expert recognition more than once:

For the 16th year in a row, it deservedly received the status of the best and most beloved manufacturer of dairy products in Belarus in the judgement of the country inhabitants and the international jury of the contest "Brand of the year 2016". According to which, the main brand of the company "Savushkin" is once again recognized as a "BRAND LEADER" in the categories: "Dairy products" and "Yogurts".





For the best taste and quality, cheese "Brest-Litovsk", Greek yogurt crumbly and cottage cheese "Savushkin Khutorok" were awarded at the international contests "Best product-2017" and Independent Inspection Service "Soyuzexpertiza" in the nomination "For High Consumer Properties of Goods" within the framework of the main food industry forum in the Russian market-international exhibition "Prodexpo-2017".

At the beginning of the year the Expert Commission of the State Committee for Standardization of the Republic of Belarus determined the best dairy products in the country, summing



up a large-scale contest "Best Products of the Republic of Belarus 2016". In addition to a firework of high titles assigned: "Best in the Region", "Best in Industry" and "Stable Quality", products of OJSC "Savushkin product" are recognized as the best on the Belarusian market! Our company received as many as 5 awards from the real professionals in the field of quality! The experts highlighted cheese "Brest-Litovsk" classic, crumbly cottage cheese "Savushkin Khutorok" and yogurt "Greek", while the latter additionally received the honorary title of "Novelty of the Year".



In September 2017, All-Russian Professional Tasting Competition Milk Success-2017", held within the framework of the International Conference of the EEU for production and processing of milk (September 12-14, Sochi, Russia) was completed. The company "Savushkin product" has become the only one Belarusian dairy company, which by the results of the competition won 5 top awards from the expert-tasting commission for high quality and excellent taste of the manufactured products!



"Milk Success" is an authoritative in the dairy industry contest held on the principle of blind tasting. This year 124 samples of dairy products in 15 nominations were claimed to the competition expert jury, consisting of the representatives of the leading dairy enterprises of Russia.

Grand Prix was awarded to melted smoked cheese "Laskovoye Leto»; gold medal was presented to a new and unique in Belarusian dairy market product – a drinking Greek yogurt "TEOS". Thick Greek yogurt TEOS had another "gold". Also awards were given to: cottage cheese product «"Tvorozhny Lomtik" creamy and cheese "Brest-Litovsk" produced from selected milk following special old recipes.

Also in September 2017, the line of Greek yogurts "TEOS" and cream cheese "Brest-Litovsk" became unconditional winners of the international tasting contest "Product of the Year", held under the patronage of Rosselkhoznadzor within the framework of one of the largest international exhibitions of food industry WorldFood Moscow-2017.

The exhibition was held in Moscow in "Expocentre" Central Exhibition Complex from September 11 to 14. By the way, this year about 2,000 companies from 60 countries of the world presented their products here.

High quality, naturalness and delicate creamy taste of natural dairy products manufactured by "Savushkin product", gaining hearts of the buyers, did not allow the professional jury headed by Rosselkhoznadzor to stay indifferent. Three gold medals were added to the piggy box of numerous awards of the leader of dairy industry in Belarus. A new product of the company — Greek yogurt "TEOS" was specially evaluated.

















Once again it became the winner of the world toprated tasting contest "Superior Taste Award-2017". In the food industry, victory in this prestigious competition is comparable to winning the Olympic gold. This year 1,989 participants from 83 countries and 5 continents took part in it.

The jury consisted of 120 chefs from 14 most prestigious international associations and restaurant guides, Michelin and Gault Milau.

In this competition, along with the major multinational corporations, our company for the fourth consecutive year has proven that our products are out of the competition. By the way, during "Superior Taste Award" products are assessed blindly. Tasters have information neither about brands nor about manufacturing countries. That's what makes the contest as objective as possible. Awards go to not many. This year, more than 30% of the participants left with nothing. And only 21% of the total number of competitors received "three gold stars".





Greek yogurt "Savushkin" (unconditional favourite of "Superior Taste Award-2016") has again received the upper estimate — "Three gold stars" (of the three possible).



Chef from Spain, one of the taste panel members Sergio Garrido summarizes:

"A genuine and authentic taste of Greek yogurt is really impressive. Its amazing colour and creamy texture is especially worth to be mentioned!".



Belgian chef Jean Castadot:

"An amazing combination of milk, cream and fruit-and-berry jam is a real success. Well done!".







"Perfectly manufactured dairy product, with great recipe, where berry jam is in balance with a basic creamy taste".

Alan Coxon, BBC Chef (United Kingdom)







Cheese, one of the most competitive categories in the European market with the century-old production traditions also surrendered to a gold cheese brand "Brest-Litovsk". The jury estimated it as "Two gold stars" for superior taste!

By the way, the gold cheese brand of the company is granted this award for four years in a row.

It should not be left unnoticed that even unusual for Europe product category, classic cottage cheese, also remained unobserved. For a good taste of crumbly cottage cheese "Savushkin Khutorok" is awarded with the "Gold Star" of the main tasting competition.

And the fact that we won in the intensive struggle with the best representatives of the food industry from five continents, proves that our dairy products fully correspond to the taste and quality of the leading world brands and even surpass them in many ways!





SINCE 1961

AWARD

MONDE SELECTION

In late May our company's box of awards was enlarged with one more victory in European competition for compliance with the world quality on 20 parameters — "Monde Selection" (Brussels, Belgium). Natural products from "Savushkin product" brilliantly passed all tests!

Crumbly cottage cheese "Savushkin Khutorok" was awarded the silver medal, and yogurt "Savushkin" with forest berries taste was given a bronze medal. Monde Selection medals are widely recognized quality certificate for consumers and the competition itself is guide for manufacturers, but we have something to work at and what strive for





COUNTRY APPRAISAL AND THE HIGHEST STATE AWARD

On August 11 Aleksandr Lukashenko during his visit to Brest visited "Savushkin product" to familiarize himself with the course of socioeconomical development of the enterprise. After all, this is the best example of how funds invested in upgrading are returned to the country with considerable yield. Nowadays, the company is a driving force of the dairy industry of the country and a visiting card of Belarus.



It has no negative values — this is one of the largest dairy companies in Belarus. Production capacities allow the company to process up to 3,750 tons of milk per day.

During the tour, prospects of the plant and problems in the industry have been discussed. And of course tasting! The President tasted cheese "Brest-Litovsk", particularly marked out Greek yogurt "TEOS", complimented the marketing specialists for the original names and bright packaging. Also, he highly estimated the taste of whey drink "Svezhest" ("Freshness") (apple-pomegranate-lime).

Then the President met with those who manufacture products, known far outside the country and presented the highest award to the company's team -the Honourable State Banner of the Republic of Belarus for outstanding achievements in the economic development.



According to the Head of the State, the enterprises which have required the state assistance before, nowadays become the driving forces of the processing industry and the visiting card of Belarus. "This feature greatly fits to joint stock company "Savushkin product" — a flagship of the dairy industry of the country", emphasized the President Aleksandr Lukashenko and stated that success of the enterprise is not accidental, it is a clear reflection of a purposeful policy pursued by the State in the agro-industrial sector".

PRESENTATION OF HONORARY FLAG OF THE REPUBLIC OF BELARUS FOR OUTSTANDING ACHIEVEMENTS IN ECONOMIC DEVELOPMENT











Aleksandr Lukashenko, the President of the Republic of Belarus

"It is not only a sign of high recognition of the services of your entire team, but also an indicator of people's love, which "Savushkin product" managed to get. Company's products are on the table of almost every family today. Thanks to a wide assortment, excellent quality. products under this brand gained popularity not only at home but also abroad. They are willingly bought in Russia, the Ukraine, the EU countries, China, Singapore, the United Arab Emirates, South Korea, Israel and many other countries. Only last year, the export volume amounted to more than 210 million. Success of the enterprise is not accidental: it is a clear reflection of a purposeful policy pursued by the State in the agro-industrial sector.

Transition from agricultural development concept to the concept of rural development in general is effected in the country. This made it possible to revive a Belarusian village with its economic potential. And you feel it and know it yourself perfectly well.

Today by output of the absolute majority of agricultural products per capita Belarus is vastly superior to other countries of the Commonwealth of Independent States.

The Head of the State called it one of the brightest events in the history of "Savushkin product".

And it excels in milk production such developed countries as the Netherlands, Germany, France. In food relation Belarus became not only self-sufficient but also export-oriented", delivered a speech the President of the Republic of Belarus during his meeting with the labour collective.





Olga Kovalchuk, the Leading Legal Adviser of OJSC "Savushkin product":

"Our employees are young people. People who seek to grow in their work, to reach certain heights. And, of course, all necessary, decent and qualitative conditions are created for this. In addition to work we still have the opportunity for rest, special events are held and conditions are created. And they all exist. And, of course, we can talk about a decent level, comfort and proper quality of labour organization".



Natalia Derunets, the Leading Quality Engineer of OJSC "Savushkin product":

This is a solemn moment for me and for the company on the whole. In 2007, the President visited our company, and I think he has a lot to compare. Our company executives have done everything to take our enterprise to the world level".



Aleksandr Zykov, the Deputy Head of Sales Management of OJSC "Savushkin product":

"Meeting with the President is of course exciting and, above all, honourable. It is nice to work in the team, where the Head of the State arrives to in order to present such a high award".



Sergey Kostyuchik, the Programmer engineer of OJSC "Savushkin product":

"The award received by the enterprise from the hands of the State Head is a real affirmation of our economic development and development of the whole economy of Belarus".

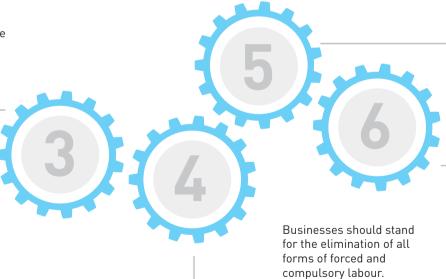






SOCIAL POLICY OF THE COMPANY

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.



Businesses should stand for effective abolition of child labour.

Businesses should stand for elimination of discrimination in respect of employment and occupation.



COMPANY IN FIGURES

3202
number
of employees

3199
number of trade
union members

36
average age
of the company's
employees



497* thousands dollars

177*
thousands

investments in training and raising of qualification of the employees



thousands dollars
sent for medical service of the company's employees

*for 9 months of 2017



SOCIAL POLICY OF THE COMPANY



"Savushkin product" appreciates its employees and surrounds them with care every day.

Every employee in the company has the opportunity to get hot meals

and medical care, attend a massage room and solarium. Functioning in the company healthunit is open every day. And medical services in the health unit are provided to the staff free of charge.



The company gives the opportunity for everyone to acquire new knowledge and develop professionally.

Thanks to the current programme of continuing professional training,

corporate trainings, international professional conferences and seminars are organized regularly for the staff.



"Savushkin product" has a collective agreement, one of the best in Belarus.

A collective agreement is a document that establishes

additional social guarantees, compensations and benefits for the company's employees. Thanks to it, everyone in the company, being a member of the trade union, can expect eceive material assistance and place in the hostel, reimbursement for medical services, a place to the children's health improvement camp or sanatorium for adults, etc. Collective agreement also covers the crucial issues in remuneration of labour, employment, labour protection, occupational and environmental safety, medical care, health resort treatment and provision of housing.



The company takes into account interests and activities of each member of the team.

If the employee actively goes in for sports — he has the opportunity to go to the gym and swimming pool free of charge. If he prefers cultural relaxation - welcome to the plays and concerts! Trade union organization of the company "Savushkin product" gives you the opportunity to develop physically and spiritually, that's why it rents the gyms and tracks in the swimming pools and arranges many cultural events, including collective visits to the theatres, excursions and tourist weekend trips, corporate holidays, Health Days, tourist gatherings, team buildings.



The company provides the prospect of career growth to everyone and tends to encourage the best employees within the framework of professional competitions.

Professional skill competition for the title of "Best by Profession" is held annually and has already become a good corporate tradition.



OCCUPATIONAL SAFETY

"Savushkin product" is among the first in the country certified according to OHSAS 18001-occupational health and safety assessment at every workplace, which is aimed to create necessary conditions to ensure occupational safety in general, to maintain occupational safety at workplaces, to prevent injuries and accidents.











Possible dangers and risks are assessed in each division. Each of the identified probable risks is controlled by means of preventive actions that help to prevent the possibility of injuries.



IN 2017 THE FOLLOWING OCCUPATIONAL SAFETY EVENTS WERE HELD:

- Acquired mobile elevating platform for maintenance of the drying unit in the powdered milk products shop.
- Prepared sites for maintenance of technological tanks, tanks of the washing department of the milk receiving and processing room.
- Prepared sites for maintenance of technological equipment in the desserts shop, in the soft cheese and cottage cheese shop.
- Reconstruction of inflow exhaust ventilation in the washing department of the desserts shop.





- Acquired mobile elevating platforms to carry out works at height for washing the equipment, walls, cleaning the lamps in the main production units in branches of OJSC "Savushkin product" in Stolin and Pinsk.
- Acquired small emergency compressor for ammonia pumping from the damaged equipment in case of emergency.
- Acquired gas analyzer to determine atmospheric gas pollution when conducting works in sewage wells in the manufacturing branch of OJSC "Savushkin product" in Pinsk.



PROVISION OF INFORMATION TO THE EMPLOYEES

Intra-corporate life of the company is public and open to all employees and stakeholders.

OJSC "Savushkin product" is constantly developing its pages in social networks: Vkontakte, Instagram, Facebook, Odnoklassniki, YouTube. Information posted in these social networks is available both for the employees and for outside visitors. In October 2017 year anupdated company's website in a new design and with additional functionality has been activated that allows to simplify and facilitate navigation to all visitors.







Corporate site of OJSC "Savushkin product" contains full information about the company, its products, topical events in the company's life, history, and many other.

The company also issues a corporate newspaper "Savushkin info". Main development milestones, events, outstanding people, holidays and weekdays of OJSC "Savushkin product" are depicted in the pages of the corporate edition, which has been published since 2008 and summarizes each expired quarter.



CORPORATE SPARTAKIAD (SPORTS MEETING)

Taking into account the great importance of work on formation of a healthy lifestyle in the company, a year-round sports contest among the teams of all structural subdivisions of OJSC "Savushkin product" started in March this year. It includes competitions in various kinds of sport subject to wide interests of the employees: from athletics, volleyball and mini-football up to competitions in shooting and darts.





Such competitions reveal true traits of character of the participants: determination and inflexibility in implementing the tasks set before them. Even rare failures and light injuries had not become an excuse to surrender, because individual scores of each participant composed the result of the whole team. And it proves once again that the employees of the company "Savushkin product" are exceptionally gifted people with diverse talents and incredible willpower.

Corporate sport is a new way of self-expression of the successful team, its movement to new victories, completely fair fight with colleagues.

As practice shows, healthy lifestyle today is more than actual: doing sports is the key to a good health and mood of the employees, and hence, their high performance and efficiency.





CORPORATE SPARTAKIAD (SPORTS MEETING)

Main participants of the Spartakiad are the active members of our company. The company creates all conditions for the employees to be involved to a healthy lifestyle: it rents gyms and tracks in the pool where everyone can train in his spare time.







Anatoli Mikhailovich Lishuga, Sports Instructor:

"Based on the results of the last year's Spartakiad, we thoroughly analyzed and by the current season tried to exclude the errors, shortcomings and gaps and to implement the planned ideas to the fullest extent: involve trading and manufacturing branches of "Savushkin product" to a continuous holiday of sports passion and to include new sport disciplines.

Everything came out! The idea of joining was eagerly accepted. And at the preset time, on a par with Brest trade branches from Gomel, Minsk, Vitebsk, Mogilev, and "manufacturers" from Kamenets, Stolin and Pinsk compete successfully with each other. All without exception do their utmost so there is pronounced competition among the teams. It is noticeable that they are training hard and bet on victory!"



GOLD FUND OF "SAVUSHKIN PRODUCT"

The doors of the company "Savushkin product" are always opened for those who have devoted many years of their life to working here and have done a lot so that today we deservedly could be called the leading company of the dairy industry of Belarus. Therefore, on September 29, 2017 on the eve of the International Day of Older Persons, the company arranged a traditional holiday-meeting for non-working pensioners and production veterans.

Such honoured guests in OJSC "Savushkin product" were more than 500 people. These are the people with more than a dozen years of intense, constructive work for the company's benefit, a large baggage of wisdom and experience behind them. Therefore, with the utmost warmth we greeted those who raised us, taught, helped to survive in difficult situations within the period when "Savushkin product" only started its development, and we have prepared a rich holiday program for them. Some of them went on a tour to see the continuous development

of the mother company with their own eyes and with pleasure immerse themselves into the nostalgic memories of the past everyday working lives.

The presentation of today's company, its achievements and aspirations were of great interest to the others.

And someone just talked about the most memorable with the former colleagues. Unfortunately, not all of our veterans were able to attend the holiday, because some of them have passed 90 years old. But those who were looking forward to this meeting, gathered around a holiday table in the heart-warming atmosphere. At the same time

festive meetings were organized for the retired staff of "Savushkin product" in Pinsk, Stolin, Malorita and Kamenets. Such events are very important for our company, because the succession of generations is in them, and for older people who have dedicated themselves for the good of the company, to make sure once again that old age can be joy, and there is a place where you are welcomed — a native, always friendly and caring company "Savushkin product".





FORMATION OF THE TEAM SPIRIT

Teambuilding is a modern way of forming a cohesive team in which each member finds its place and is able to reveal his talents to the best. From June to September 2017 year around a thousand of employees of OJSC "Savushkin product" and JV "Santa Bremor" Ltd. strengthened corporate ties and learnt to work in a team. Orienteering, football and basketball competitions, intellectual competitions, quests — all of this was included in the corporate team-building program.







These events were arranged by the Department of Internal Communications in order to:

- reveal personal qualities and talents of each member, and even his leadership abilities:
- relax effectively and reset the accumulated negative;
- fill each employee with vital force. Victory in game situations through joint efforts gives faith in success and 100% confidence in own abilities.

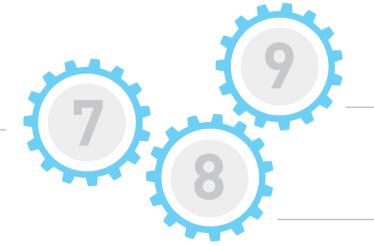






SOCIAL POLICY OF THE COMPANY

Businesses should support a precautionary approach to environmental challenges.



Businesses should encourage the development and diffusion of environmentally friendly technologies.

Businesses should undertake initiatives to promote greater environmental responsibility.



ENVIRONMENTAL PROTECTION

OJSC "Savushkin product" takes good care not only of processing of incoming milk, but also of environmental conservation. The company has non-waste production. Nowadays, company "Savushkin product" completely processes "by-products" (cheese and cottage cheese whey and buttermilk), turning them into competitive goods demanded by the market. For 9 months of 2017 the company processed more than 445 thousand tons of whey.





The company also closely monitors the ecology of its production, minimizing harmful emissions into the atmosphere. OJSC "Savushkin product" has introduced, uses and annually confirms the compliance of the **environmental management system (EMS)**, according to the results of the certification audit held in 2005 by the national certification body RUE "Ekologiyainvest" the **national environmental compliance certificate STB ISO 14001** was issued, on the results of the certification audit carried out in 2006 by the international certification body FLLC "Bureau Veritas Bel Ltd." environmental **international certificate of conformity to ISO 14001** was issued.



THE COMPANY IMPLEMENTS THE POLICY IN THE FIELD OF ENVIRONMENTAL PROTECTION, HEALTH AND OCCUPATIONAL SAFETY, THE COMPANY'S ACTIVITY IS BASED ON OBSERVANCE OF THE FOLLOWING OBLIGATIONS:



comply with legislative and other requirements in the field of environmental protection, health and occupational safety applicable to the activities of the company;

implement activities aimed at improving working conditions and increase of the level of safety, reduction of the risk of occupational injuries and professional diseases, prevention and reduction of the negative impact of productive activities of the company on the environment:





continuously analyze, improve the effectiveness of the environmental management system, occupational health and safety management, to provide necessary means and resources to ensure functioning of the systems;

work on identification, assessment, management and reduction of risks in the sphere of health and occupational safety, environmental aspects;







involve the staff to active participation in achievement of the objectives of environmental protection, health and occupational safety;



improve technological processes and introduce resource-saving and energy-saving technologies, seek for rational use of material and energy resources: constantly raise qualification of the staff by means of a continuous learning process in the field of environmental protection, health and occupational safety;





bring the requirements of environmental protection policy, health and occupational safety issues to the attention of the staff of the company, contractors, all stakeholders;



maintain an open dialogue with the staff and the general public about its activities in the field of environmental protection, health and occupational safety.



ANNUAL PLAN OF ACTIVITIES FOR ENVIRONMENTAL PROTECTION (2017)

Reconstruction of the manufacturing site and equipping with technological units (drying facilities) of the SMP shop with the filters to prevent emissions into the atmosphere.





On the basis of the contract with a licensed enterprise, ozone-depleting substances (freon R22) were withdrawn from the equipment pursuant to the Vienna Convention for protection of the ozone layer, the Montreal Protocol on substances that Deplete the ozone layer.

Waste equipment containing polychlorinated biphenyls was transferred to TREDI S.A. Pl de la Plaine de l'Ain, France, pursuant to the Stockholm Convention on persistent organic pollutants.







SOCIAL POLICY OF THE COMPANY

Businesses should work against corruption in all its forms, including extortion and bribery.





ANTI-CORRUPTION MANAGEMENT

"Savushkin product" maintains the highest standards of doing business, values its reputation and uses only those methods that are based on the principles of openness and humanity and are recognized by the international community.

"Savushkin product" practices fair and transparent business relations, adheres to the moral standards of doing business, building long-term and stable relations with all interested parties, which are based on mutual trust, complete fulfillment of obligations and openness.

The company strives for creating and maintaining a corporate culture on the basis of trust and involving intolerance to corruption, including extortion, bribery, as well as preventing illegal payments to the staff.

Salary is transferred through "Belagroprombank", "Belarusbank", "BelVEB" and "Alfa-Bank" to electronic cards.

"Savushkin product" stands for transparent business practices and strict observance of the requirements of the national legislation and the legislation of all partner countries in the field of anti-corruption. Not only internal relations within the company are based on the principles of honesty, fairness and integrity, but also its external communications. Currently the company "Savushkin product" maintains business relations with a great number of organizations in Belarus and abroad. And these relations are built solely on trust and mutual respect, and also in terms of accurate fulfillment of contractual obligations. The company practices tender procurements and conclusion of service contracts.

Suppliers of packaging, fillers, equipment and other partners are chosen by means of tender and must comply with, first of all, the requirements of safety and quality of their work, products and services provided. The company carries out all settlements with its partners by wire transfer.

A transparent system of "Savushkin product" activities does not admit the possibility of fraudulent acts on the part of the employees and third parties. The property and assets of the company are used only to achieve the company's goals.



Progress Report OJSC "Savushkin product"

2017

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