



Varaždin, 16 December 2017

Dear Sir/Madam,

The year which is drawing to a close has presented many challenges in the Croatian food industry, but these have not prevented us from being concerned about and actively participating in the interests of the community where we have been present for decades. We want to maintain and nurture mutual relations with the community in which we do business, knowing that its welfare also affects the basis of our (developmental) strength. So, in 2017, we invested in activities which aim to improve the quality of life, promoting healthier eating habits, helping those who are less well-off, and preserving the environment and cultural heritage which will be left to future generations. And much more.

From its inception, the Vindija Group has built on the principles of socially responsible business operations or values, as promoted by Global Compact, and which are deeply embedded in our vision for business achievements and success. These principles are the guarantee of the company's long-term sustainable development and sustainable business. I believe this is one reason why we have the opportunity today to present Vindija as a leader in the domestic food industry, a leader which has grown from small beginnings in a local dairy.

We owe the title, primarily, to our hard-working employees, whose passion and dedication have written the story of Vindija as one of the largest regional food companies. They have made us great, and are responsible for building up the business success and reputation of the company. So we have focused several activities on achieving higher employee satisfaction and efficiency. We consider that respect for human and workers' rights is a basic prerequisite for successful business, and continually encourage them to be creative and innovative, as the driving force behind all tasks.

The hard work of our employees, long years of experience and tradition, along with continual investments in knowledge and technology, result in and are the results of the quality of Vindija's products. Through this powerful synergy, we succeed in meeting market demands and raising standards in the domestic food industry. Thus, we became among the first domestic producers to offer the market GMO-free fresh chicken and turkey products, marketed under our own Cekin and Vindon labels. This is just one example of a range of certificates guaranteeing top quality and the highest level of food safety, which allow us to create and attract new, satisfied consumers in the long term, and motivate us to achieve even better results.

As the largest Croatian food company, our goal is to be a responsible partner in relation to our employees, customers, suppliers and the local community. So in the coming period, we will remain consistent in applying Global Compact principles and actively seeking tools for further improvement in all areas, among which progress in business operations and development strategies is a priority. We want to continue to operate as an important participant in the community and promote principles which contribute to its further development, as this is a condition for creating foundations for a pleasant business and living environment.

Best regards,

Dragutin Drk (B.Ec.)
President of the Management Board
Vindija d.d.

A handwritten signature in blue ink, appearing to read "Drk Dragutin".

Vindija

United Nations Global Compact

Communication on Progress for 2017

Period: December 2016 - December 2017

Format: Basic report template

Level of differentiation: GC active level

Self-assessment:

- The report contains a statement from the President of the Management Board on the support of ten UN Global Compact principles
- Description of activities and valid regulations related to human rights
- Description of activities and valid regulations related to labour
- Description of related activities and valid environmental regulations
- Description of activities and valid regulations related to the community
- Description of activities and valid regulations related to anti-corruption measures
- Results included

Human rights

Assessment, policy and objectives

Vindija Group insists on promoting the principles of the Declaration of Human Rights and on the active application of all human rights obligations prescribed by the laws and the Constitution. In this way, it strives to ensure the continuity of quality, education and employee satisfaction, which are key to the excellent business results of the entire system. For this very reason, Vindija has been focusing on shaping a quality working environment for many years and maintaining stimulating conditions for all Vindija employees, who are the foundation for creating and maintaining the company's reputation.

Application of the principles

Vindija employees are legally protected from all forms of discrimination, harassment, forced labor and privacy invasion in all business processes, in accordance with the Universal Declaration of Human Rights and the Republic of Croatia Labour Act. From strategic design to operational realization, one of the main priorities in Vindija is the employee dignity and satisfaction, which is why it is actively working to improve communication among all employees in order to make them more involved in all important processes and activities.

Results

In the reporting period, Vindija was not the subject of any investigations, court proceedings or legal measures related to human rights violations.

Employees and operations

Assessment, policy and objectives

All Vindija employees work under contracts that clearly define their working conditions, including payroll and overtime arrangements. Contracts prescribe and clearly define work assignments for each position. Vindija does not cooperate with organizations engaged in forced labour or child labour.

Application of the principles

Employee's human and labour rights are the highest values that Vindija applies in everyday business. The focus is on employee safety in all business segments, from raw material procurement, production to warehousing and distribution. In order to ensure a high level of protection, employees are familiarized with the safe handling methods of different equipment and machines immediately prior to entering the workplace and are obliged to familiarize themselves with the hazards and general fire protection measures in the workplace. In addition to educating and familiarizing the employees with security measures, care is taken first of all of the safety of all tools and devices that are required for everyday work.

Interpersonal relationships at the workplace are one of the most important prerequisites for successful mutual cooperation and a healthy working environment, to which Vindija devotes great attention and continuously invests in their improvement.

Employees who are parents are entitled to additional benefits, including gifts for newborns, holiday gifts, help in education, organization of activities such as trips, family summer vacations and the like. Furthermore, each year during Christmas holidays, employees who celebrate the jubilee number of years spent in service are awarded a monetary prize equivalent to the number of years of work in Vindija, which presents an appreciation for the dedicated work and personal contribution to the company.

Results

The application of the principles of the Declaration of Human Rights is also visible in the gender structure of the employed, with Vindija senior management consisting of 38 percent of women, which is above Croatian average.

Environment

Assessment, policy and objectives

Compliance with ecological principles in business is present in all business processes, with active implementation of the environmental protection policy. In order to be an example to other companies in the context of environmental protection, and to show that socially responsible business inevitably involves environmental protection, Vindija plants are surrounded by greenery. During the plant construction for each Vindija Group member, a balanced relationship between the constructed area and the greenery is achieved, and the greenery is fully surrounded with the industrial and park architecture designed and executed by renowned experts.

In addition, in the time of major climate changes and increased pollution, Vindija uses modern technology solutions directed towards environmental protection as one of the cornerstones of our business, and all plants are operating in accordance with the laws and regulations, i.e. pursuant to the obtained permits.

Application of the principles

Vindija's power plants use energy by decreasing size: electricity, gas, with light fuel oil as an alternative in case of gas shortage.

Gases which damage the ozone layer are not used in cooling plants. Instead, NH₃ is used with indirect media, ice water, cold water and ethylene glycol for air conditioning.

For each group of secondary raw materials there is a special manner of processing, so the paper is collected and shipped daily, and the foil and items made of artificial masses are separated and pressed. Since the beginning of the application of the Ordinance on packaging, Vindija has undertaken obligations towards the Fund regarding the disposal of packaging waste.

Emissions arising during the production process do not have a negative impact on the soil, and individual measurements of emissions of pollutants into the air are regularly performed in order to prevent environmental pollution.

Vindija business system operates in accordance with operative plan on environmental protection interventions, in accordance with the Environmental Protection Act, and all regulations related to environmental protection are harmonized with the legal requirements of the European Union.

Results

Vindija business processes, which start with cooperation with subcontractors, production of raw materials and finished products to distribution and placing the products in the sales network, have

left no negative environmental consequences, which is one of the positive indicators of application of Global Compact principles in practice.

It is a duty and a common interest of all Vindija Group members to exhibit daily conscientious and responsible behaviour in taking care of environmental protection and thus remain the exemplary representatives of our company.

Community

Assessment, policy and objectives

In the community in which it operates, Vindija is an active member contributing to its continuous development as well as improving the quality of life of citizens. For many years, the company has been supporting projects which promote education, cultural heritage of the local community and encourage adoption of healthier living habits.

Application of the principles

In 2017, Vindija has participated in a number of diverse actions to further provide assistance to the associations and organizations which strive to improve the quality of life at different levels. In this context, special attention has been paid to children and youth, as well as socially vulnerable groups in society.

Continuing its long tradition, Vindija donated its dairy and meat products to the Varaždin County Caritas this year, providing a complete meal for their customers, and also supported Caritas at the national level by participating in the charity action "For a thousand joys".

In 2017, the company contributed to the fight against violence against women and children by donating products to the Vukovar Safe House, which assists and supports the victims of domestic violence through its work. Additionally, Vindija regularly donates its products to children's homes in Zagreb, Rijeka and Slavonski Brod.

For many years, Vindija has participated in the European Union "Milk in Schools" Programme. Through the program and distribution of domestic products, it is important to emphasize the importance of improving the availability of healthy foods for children. Through a wide assortment of dairy products bearing the label "Milk from Croatian Dairy Farms", Vindija continuously invests in child education and encourages the adoption of healthy eating habits, providing them with one dairy meal per week. The education of children on nutritionally rich food and the promotion of healthier eating habits continued through participation in the event "World School Milk Day" and the "Master Six" project of Varaždin Seventh Elementary School, where children had the opportunity to practice what they have learned through preparation of healthy meals.

Vindija is especially proud of the long-standing sponsorship of the largest cultural festival of the Varaždin region, Špancirfest, and a unique musical experience in this part of Europe, Varaždin Baroque Evenings. Through these, now traditional events, Vindija contributes to the preservation of the cultural heritage of the local as well as the wider community.

Apart from humanitarian organizations and cultural events, Vindija supports sports clubs, sports associations and individual athletes all year round. Numerous successes in Vindija jerseys are achieved by members of the Baseball Club "Vindija", and the Wrestling Club under the same name is right beside them in the number of medals. The achievements of the women's teams, from the handball club "Koka", through the "Vindija" basketball team to the "Vindija" Gymnastics Club, are equally appreciated, their members winning medals at numerous domestic and international competitions.

Results

In accordance with social circumstances and its business policy, Vindija has been involved in various forms of donations in the community and is recognized as a socially responsible company in its surroundings. By continuously participating in various activities, primarily in order to influence the quality of life and actively assist those in need, Vindija contributes to the creation of a community fit for its members.

Fighting against corruption

Assessment, policy and objectives

Through dedicated work and by adopting anti-corruption principles in its own business, Vindija is constantly working to create a positive atmosphere in which each individual will be protected from the imposition of injustice and all forms of violation of the Labour Act and the United Nations Convention against Corruption.

Application of the principles

Vindija fully supports the fight against corruption and the efforts of the Government of the Republic of Croatia in its long-term suppression. In the company's entire business, the principles of fighting against corruption have been adopted in order to actively influence the achievement of anti-corruption objectives.

The management continues to participate in various education programs so that they can recognize all forms of non-transparent and illegal business in their work, and so that they can suppress them with their actions. When participating in public procurement procedures, Vindija takes special care of compliance with all the laws of the RoC.

Results

In the reporting period, Vindija was not involved in any legal proceedings related to corruption and bribery.