

Varaždin, January 2022

To whom it may concern,

in the course of 2021 we continued with the tradition of responsible business in every respect, which we have been building and nurturing for more than 60 years. The mentioned responsibility primarily refers to the care for our employees, their well-being, health, and prosperity. It is primarily about caring for people, their families, society and community, because we are aware that only people make a difference. The protection of human rights as a fundamental setting for the viability of a healthy society, along with environmental protection and the fight against corruption are values woven into the very foundations of Vindija, and we are proudly promoting these values through the membership in the Global Compact program, acting in a selected group of companies that change life and business for the better daily.

Summing up the year behind us, it would be worth underlining the word *change*. Some were sudden, unplanned, and unwanted, such as the passing of long-time director Dragutin Drk, who laid the foundations of Vindija as we know it today. A successful and stable company focused on innovation and business development, which without losing sight of the most important thing, and that is its people, continues to change for the better the community and society in which we live and work. Changes were inevitable in the approach to new circumstances. We have changed and grown, introduced new products, set new trends, increased employee salaries, but some things, no matter who heads the company, remain unchanged. One of them is certainly nurturing and respecting the principles through this program, and we see Vindija's membership as the only logical step in our efforts to create a better world for generations to come by daily caring for people, community, and the environment, and respecting the rights and justice.

We unwaveringly strived to make changes for the better wherever we could. Therefore, we continued to help the affected population whose lives and everyday life, but also their health and survival were disrupted by devastating earthquakes in Croatia. We showed concern for people by caring for their livestock, which for many of them is the primary and only source of income. We sent more than 30 tons of fodder from our own factory Blagodar to numerous farmers from whom we buy the highest quality raw materials in the earthquake-affected area of Sisak-Moslavina County, thus supporting and contributing to the preservation of production and survival of small farms. In addition, we donated four thousand one-day-old chickens to family farms in Petrinja, Glina and Sisak so that residents could continue to produce quality food, but also to provide much-needed funds to continue and normalize life and business.

We want to be part of a healthy and prosperous society, a society of knowledge and innovation. Along the lines of this idea, we were very happy to participate in a significant donation to the Ivan Zakmardi Dijankovečki High School in Križevci and we helped purchase IT equipment that will greatly facilitate teachers and educators in the STEM field. In this way, we wanted to provide the youngest with the access to the best technologies, which will help in the process of their learning and searching for new knowledge to become more educated and complete persons and to contribute to our society as a whole, so that it can be a better, more educated, tolerant and socially just society.

In addition to caring for people, an important segment of our business is caring for the environment, so we continued with the process of replacing plastic packaging with an innovative and environmentally friendly alternative by reducing the carbon footprint. We want the only imprints we leave on our path to be those that future generations will be able to follow towards progress in a fairer, greener, and better world.

Nenad Klepač



President of the Management Board
Vindija



United Nations Global Compact

Communication on progress for 2021

Period: January 2021 - January 2022

Format: Basic Report Template

Differentiation level: GC active

Self-assessment:

- The report contains a statement by the CEO on support to the ten principles of the UN Global Compact
- Description of human rights-related activities and regulations in force
- Description of labour-related activities and regulations in force
- Description of environmental protection-related activities and regulations in force
- Description of community-related activities and regulations in force
- Description of anti-corruption-related activities and regulations in force
- Outcomes included

Human rights

Assessment, policy and objectives

Persistent and active application of all principles of the Declaration of Human Rights, as well as respect for all obligations arising from the Constitution of the Republic of Croatia and applicable legislation, form the basis of Vindija's business, which uncompromisingly protects all human rights and dignity of workers. This, but also by focusing on specific benefits for employees, achieves a safe, comfortable and motivating work environment, to the satisfaction of all employees.

Application of principles

Since its establishment, Vindija has guaranteed all its employees legal protection from all forms of harassment, invasion of privacy, forced labour and discrimination on the basis of the Universal Declaration of Human Rights and the Labour Act of the Republic of Croatia. Vindija has undertaken to acquaint all employees in a timely manner with all the activities and processes that are relevant to their professional life and to act in accordance with the undertaken obligations. The company, but also the entire Vindija Group, focuses on enhancing mutual networking and transparent, active and mutual communication among employees is considered a value to be nurtured.

Outcomes

Respect for law and order and continuous efforts for transparent, moral, and responsible business resulted in the fact that Vindija, as in previous years and so in 2021, was neither the subject nor part of investigations, trials or other legal measures that would be related to human rights violations.

Employees and work

Assessment, policy and objectives

Thanks to the professionalism, devotion and dedication of its employees, Vindija achieved exceptional business success in the previous year, adequately responding to all changes in the market and the challenges brought by the continuation of the pandemic crisis.

At every stage of production, as well as other business processes, Vindija regularly implemented highly standardized and strict controls, with the aim of properly protecting the health, well-being, and integrity of all employees during the pandemic. It continued to implement security protocols and additional measures of preventive protection against coronavirus, in accordance with the current recommendations of the Crisis Headquarters of the Ministry of Health. Vindija encouraged quality and healthy working environment with many benefits that contributed to the achievement of full potential of each employee. By providing clear working conditions as well as precisely defined tasks for each job, Vindija ensured unquestionable equality to its employees by respecting the principles of equality and uniform criteria for all employees. Business was conducted in compliance with applicable Croatian and international laws and regulations prohibiting child labour as well as forced or compulsory labour. In addition to caring for employees, Vindija continuously takes care of its numerous subcontractors and suppliers. Therefore, in these most challenging times for small businesses and family farms, it continued to buy cow's, goat's and sheep's milk from subcontractors who could continue their life and business without worrying about the survival of their business. Through uninterrupted purchases, Vindija thus ensured that milk produced on Croatian farms was purchased and delivered to production facilities on time.

Application of principles

Respect for the dignity of employees is the foundation of all aspects of Vindija's business, including human resource management, which unquestionably respects the obligations arising from labour law. The key factors in achieving business goals are not only the fight against discrimination at all levels and in all forms, but also systematic care and investment in the development and progress of each employee, and all employees are provided with equal opportunities for training and further education according to the needs and specific requirements of their workplace.

The key segment in a well-thought-out business organization is employee safety, so every employee when entering into employment for any job, from raw material procurement through storage to distribution, is properly familiarised with how to handle equipment and operate various machines according to the requirements of their tasks.

Ensuring the correct operation of all devices, tools, and equipment necessary for uninterrupted daily work, along with continuous education, training, and acquainting employees with the necessary safety measures, are the preconditions for maximum safety of employees at work.

The Vindija Group continued to make significant efforts to encourage activities of all kinds that guarantee the quality of interpersonal relationships and minimize the generation of stressful and frustrating situations that can cause tension, with the aim of achieving a successful, stable, and motivating work environment for all employees. Vindija pays special attention to those employees who are also parents. They are provided with additional benefits and privileges such as gifting newborn children, occasional holiday gifting, schooling

assistance and similar benefits. During the holidays, Vindija annually rewards employees who celebrate the jubilee number of years spent in the service and as a thank you for their loyal and dedicated years of work, gives them a cash prize equal to the number of years of service. This year, the Vindija Group additionally motivated all its employees, increasing their monthly income from October last year, which is in line with the promotion of workers' rights, which it strongly advocates for.

Outcomes

Anti-discrimination measures are consistently implemented throughout the Vindija Group, and the protection of employees' rights is visible at all levels by applying the principles of the Declaration of Human Rights.

Environment

Assessment, policy and objectives

We would like to remind you that, thanks to valuable investment cycles in production lines, the Vindija Group, of which Vindija is a key member, became the first company on the domestic market and the third in the world whose part of the range of products includes plastic packaging replaced by an innovative and environmentally friendly cardboard bottle, the so-called Tetra top packaging. Also, Vindija is the first company in Europe and the fourth in the world to market environmentally friendly Ultra Edge packaging for the range of Vindi juices and Tetra Brik Aseptic® Edge for milk, with 71 percent and 68 percent of renewable material, respectively.

Over the past year, Vindija continued to develop environmental capabilities while reducing its harmful carbon footprint as well as the impact of plastics. In the past year, Vindija focused its business on important goals that it plans to achieve in the future, starting as early as in the beginning of 2022, when it will launch an assortment of 'z bregov milk and new Dar drinks of 100% plant origin in cardboard packaging with an even higher percentage of plant-based materials.

As the Vindija Group and its facilities are surrounded by numerous green areas covered by industrial and park architecture, and since the Group respects the balanced ratio of built space to nature in the immediate vicinity, the facilities use state-of-the-art technological solutions that reduce the negative impact of industry on biodiversity, the environment and ecological balance. All production facilities operate with valid environmental permits and in accordance with all the laws and regulations governing the issues of environmental protection and natural resources. The various eco-innovations that the Vindija Group was among the first in the region to introduce into its facilities are, in the long run, focused on a complete transition to new packaging with an increased share of renewable sources to ensure that production meets high environmental standards.

Application of principles

All of Vindija's power plants in all their facilities primarily and mostly use electricity, then gas, while the plant with light fuel oil is used exclusively as an alternative in the event of gas outage. Ozone-depleting gases are not used in refrigeration plants, but instead of such gases, NH₃ is used with indirect media, then ice water, cold water and ethylene glycol for air conditioning.

Vindija also pays special attention to the processing of secondary raw materials, so a special method of processing, sorting, and storing such raw materials is implemented in all plants. Paper is collected and shipped daily, while objects made of artificial mixtures and plastic foil are separated, sorted and pressed in order to prevent their harmful impact on the environment as much as possible. The Vindija Group has adopted all obligations towards the Fund regarding the disposal of packaging waste, and has been implementing them since the beginning of the application of the Packaging Ordinance until today.

Vindija regularly conducts individual measurements of air pollutant emissions in order to prevent environmental pollution, and emissions from the production process do not have a negative effect on the soil.

Furthermore, the company conducts its operations at all stages in accordance with the operational plan of environmental interventions under the Environmental Protection Act and ensures that all regulations related to environmental protection and natural resources are implemented in accordance with all applicable legal requirements of the European Union.

Vindija sees the continuation of the process of transition to 'sustainable production' as a priority for the continuation of its business and investment projects, and accordingly there is a plan for the project of the construction of a solar power plant with partial support from the EU Rural Development Program. The result of the current valuable investment cycle is the introduction of new technologies that enable the harmonization of production with the highest environmental standards, which is in line with the long-term environmental policy of the company. Since 2019, when Vindija launched the first cardboard bottle for the yogurt range with 64 percent of plant-based materials from renewable sources, it has been participating in concrete actions to reduce the carbon footprint in nature. In the previous year, Vindija continued with additional opportunities for environmental protection, which include the continued use of environmentally friendly cardboard packaging for a range of 'z bregov milk and cream and Vindi juices, made from 71 percent and 68 percent of renewable material, respectively, which reduces carbon dioxide emissions, as well as the impact of plastics on the environment.

Outcomes

All levels of the Vindija Group's business are characterized by all the principles of environmental protection, and Vindija, by its example, encourages its employees to be involved in caring for the environment and conscientious and responsible treatment of natural resources. Production processes, from start to finish, including cooperation with subcontractors and distribution of finished products in the sales network, are characterized by the absence of any negative consequences for the environment, which proves that the principles of environmental protection prescribed by the Global Compact are implemented in practice.

Community

Assessment, policy and objectives

The Vindija Group is rooted in the life of the community in which it operates and from the very beginning, it has been actively involved in various projects that improve education, public health, culture, and sports and thus supports the development and well-being of its fellow citizens. With donations and subsidies, Vindija continuously helps and supports the work of Croatian Caritas and Caritas of the Diocese of Varaždin, the Croatian Red Cross and many other institutions and organizations that aim to provide assistance to others. When it comes to culture and heritage preservation, Vindija has regularly sponsored the Varaždin festival - Špancirfest for more than 20 years, and is a proud sponsor of the Varaždin Baroque Evenings and Advent in Varaždin.

The quality of life of citizens is a constant concern of Vindija, which also participated in the course of the last year in the life of not only the local but also the wider community. In addition to regular donations to schools and other institutions, Vindija continued in 2021 to help residents of the Sisak-Moslavina County affected by the devastating earthquake by providing donations. For the needs of preparing hot meals for the population of Sisak-Moslavina, the Group donated two tons of chicken meat, and since a large number of families in this area live off livestock breeding, Vindija donated a total of 31 tons of feed from its own feed factory, Blagodar, intended for cow milk producers in the Sisak-Moslavina County for feeding livestock in the affected area. In this way, it contributed to the preservation of primary production and the survival of small farms in the area.

In addition, four thousand one-day-old chickens were donated to help the inhabitants of the affected area, specifically family farms in Petrinja, Glina and Sisak to help restore and preserve livestock, but also to continue the activities of farms and create much-needed livelihoods. With continuous product control during each phase of the production process, Vindija provides the highest quality food and products that support the health and well-being of consumers.

Application of principles

Social responsibility in action is a constant mission of Vindija, which was last year strongly engaged in supporting humanitarian organizations that help the needy. As part of the Zagreb Advent Run, a humanitarian holiday race, the Vindija Group financially supported and made a donation to the association of women with cancer "We are not alone".

The Vindija Group especially supports projects that improve the development of the local community through the promotion of both education and culture and cultural heritage, so last year the Group was a sponsor of the Varaždin Baroque Evenings.

In addition to donations to humanitarian organizations as well as regular investments in cultural events, the Vindija Group actively supported sports associations, clubs and individuals throughout the past year. In 2021, Vindija continued to support long-term successful athletes, thus underlining the successes of female basketball players, wrestlers, female handball players, gymnasts and baseball players.

Outcomes

For inclusion in the life of the community, Vindija chose various forms of donations that helped it to be recognized in its surroundings as a company oriented towards socially responsible business. Thanks to its business policy and respect for all social circumstances,

Vindija contributes to creating a community tailored to its members, which is guaranteed by participating in various activities that improve the quality of life of community members and helping those most in need.

Fight against corruption

Assessment, policy and objectives

Combating all forms of corruption, including bribery and extortion, is an important part of Vindija's business, which since its inception has taken special care to respect anti-corruption principles as the basis for fair and honest work.

Application of principles

Anti-corruption policy is established at all hierarchical levels of the company's business, and is constantly supported by continuous education of management on various forms of illegal business in order to prevent these as effectively as possible. All laws of the Republic of Croatia are respected when participating in public procurement processes. The Vindija Group fully supports the efforts of state institutions to combat corruption and unethical business, and the fight against corruption and the pursuit of anti-corruption goals has always been the goal of business activities and all decisions of the Vindija Group.

Outcomes

In the previous year, Vindija, as well as the entire Group, was not part of any legal cases related to bribery or corruption.