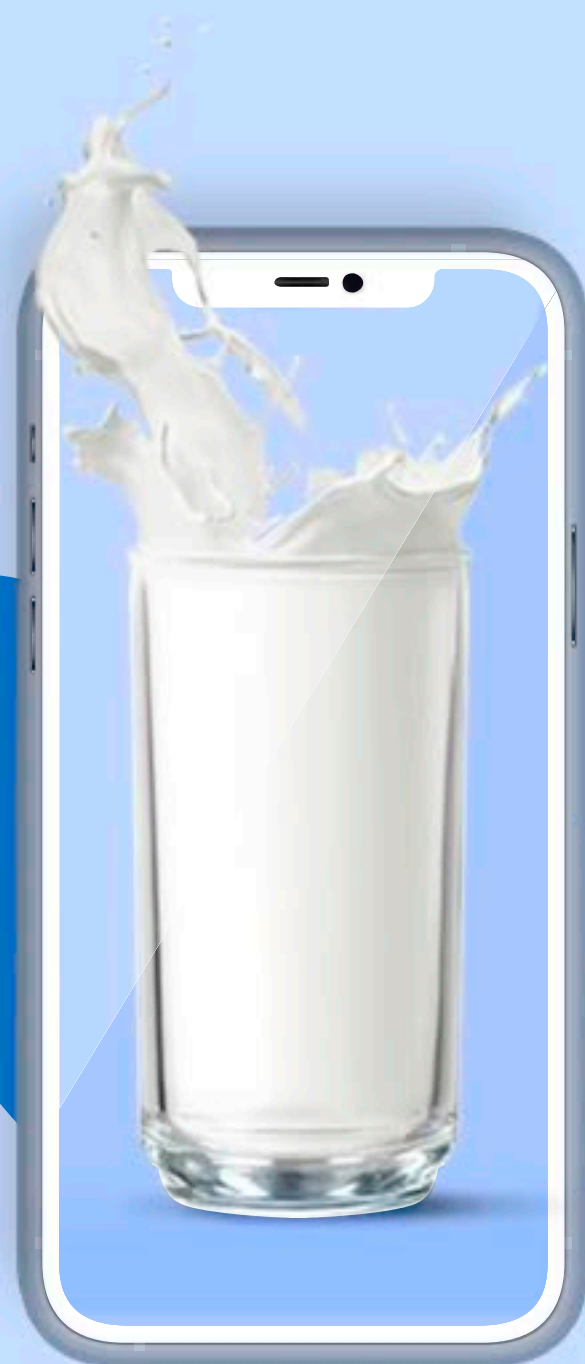


Savushkin Product, JSC



Report on Progress Achieved

2020



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3 REPORT OF GENERAL DIRECTOR



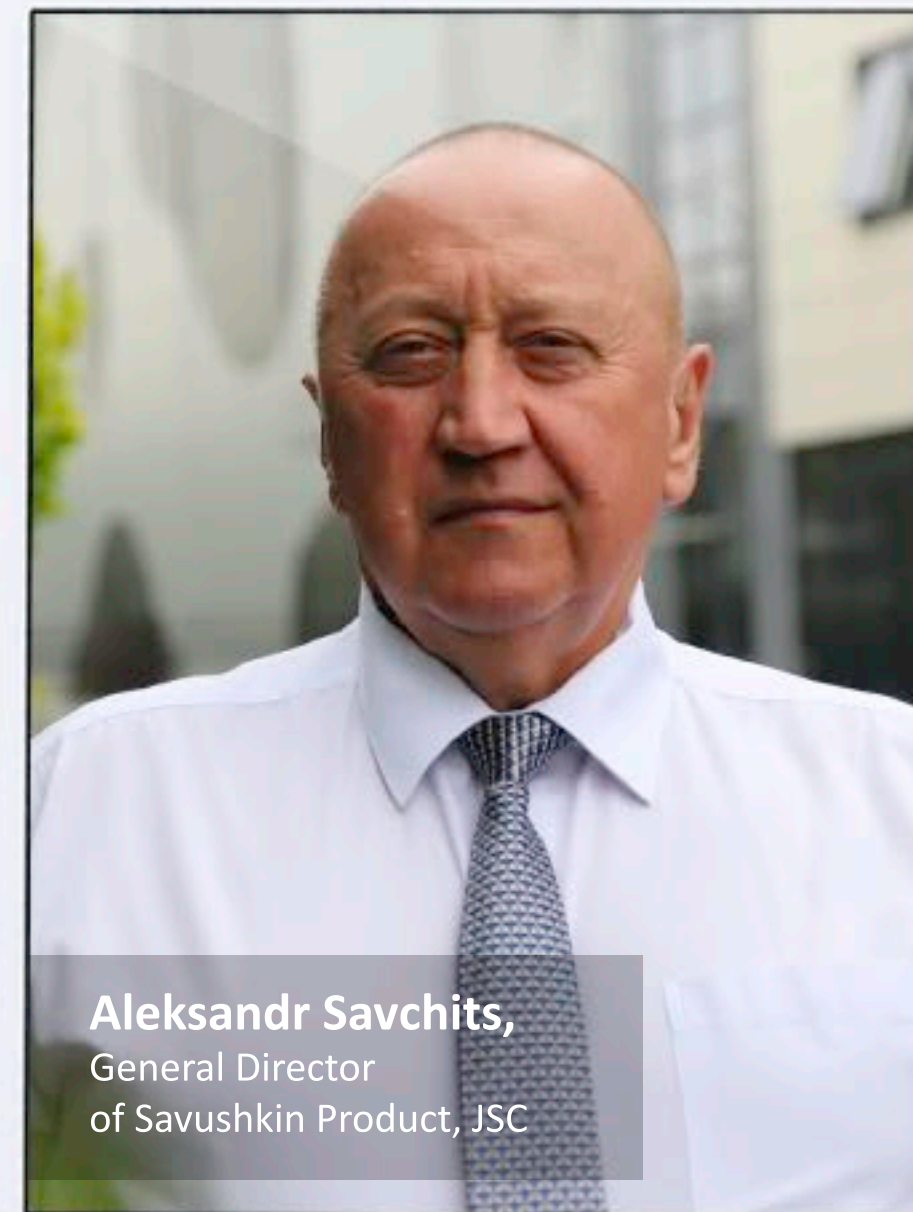
Dear friends,

let me introduce a social report of the Savushkin Product group —
the Report on Progress Achieved.

The last year was challenging for the entire world, including our company. However, following our principles and producing natural dairy product, we stick to main principles of social responsibility in business. Consumer care, environment protection, responsible attitude towards people, our partners and employees, fair and transparent business still remain our priorities.

We are aware that today, when the whole world is facing the destructive force of the COVID-19 pandemic, our strategy of healthy nutrition is as relevant as ever. We will do all it takes to remain complying with the demands of the world dairy market and highest standards of quality of safety in the future.

Along with numerous figures and facts, this report contains the most remarkable social and goodwill projects implemented by the Savushkin Product group in 2020. We sincerely hope that you will appreciate our achievements.



Aleksandr Savchits,
General Director
of Savushkin Product, JSC



The Savushkin Product Group today





4 THE SAVUSHKIN PRODUCT GROUP TODAY...

* ... is a leader of the milk industry in Belarus

** ... is one of the leading manufacturers of natural dairy products in the Eastern European region

*** ... It also makes the top three biggest dairy companies in the CIS

More than
7000

employees

More than
90M \$

the volume of investments
in 2020

More than
700

awards

9 manufacturing facilities

3 owned commercial farms



The Company Group's production cycle is divided into 3 access areas: green, yellow and red areas, depending on the risk of possible product contamination.

A special award according to the results of 2020 is Grand Prix of Brand of the Year professional competition for active participation in the struggle against COVID-19.

For your information:
since the very onset of the COVID-19 epidemic, the Savushkin Product Group helped doctors and healthcare institutions of the country to fight for lives and health of Belarusians. We provided a targeted aid: for medical devices, equipment, transport, protective means, antiseptics, meals for the medical staff working round-the-clock to the total amount of more than **700 thousand dollars**.



The average daily product yield is:

whole-milk products

(in milk equivalent)

1355
TONS

butter

52
TONS

cheese

(hard and semi-hard)

156
TONS

dry dairy products

150
TONS

During 2020, we processed **1 299 100** tons of milk
and **838 328** tons of whey.

3 549 tons
average daily volume of milk
processed

**Our company is engaged in a noble business:
we provide people with dairy products,
the regular use of which helps people
strengthen their health.**





Manufacturing sites

The Savushkin Product Group combines **9** production sites complying with European standards. Each site has its own specialization:

whole-milk products and a range of dry whey products are produced **in Brest**;

cheese, butter and dry dairy products are produced **in Pinsk**;

The production branches **in Stolin, Kamenets and Kopys** specialize in cheese production;

The branches **in Beryoza and Baranovichy** produce cheese, whole-milk and dry dairy products;

A plant **in Orsha** launched in 2020 after completion of global modernization is specialized in production of fresh cheese.

Own commodity distribution network

Our Company has its own commodity distribution network: trade branches in all regions of the Republic of Belarus and in Pinsk, as well as a sales representation in Russia.

The brand portfolio

The brand portfolio includes about **350** product names under Savushkin, Brest-Litovsk, Teos, Optimal, SuperKid, Cheeses from Alexandria, Apeti, Laskovoe Leto, Berezka, Aktivil and SVEŽA.

All dairy products are manufactured exclusively from high-quality cow milk. To ensure quality and safety of the products manufactured, we purchase raw milk in ecologically clean regions of Belarus



The Company uses best production technologies in the global milk industry providing rather long shelf life of natural dairy products without preserving agents if the transportation and storage conditions from +2 to +6 °C are strictly observed.



The key factors of stable development of the Savushkin Product Group include:

- smart investment policy with a focus on green economy;
- high-quality raw milk;
- strict system of quality control and safety of raw materials and finished products;
- production of natural products without any preservative agent;
- balanced brand portfolio;
- own commodity distribution network;
- ideally balanced transport logistics system;
- diversification of sales markets;
- concern for people and the environment.

11 THE COMPANY'S INVESTMENT POLICY



The Company Group's investment policy is oriented to implementation of state-of-the-art technological process of production to provide high quality of the produced foodstuffs with long shelf lives without any preservative agents. Most technological processes at production sites are fully computerized. No contact of milk with the outside environment has a positive impact on the finished product quality and guarantees their maximum safety.

We constantly seek for increase in production capacity and purchase high-tech equipment that helps excluding manual operations and facilitates work of employees in all production process areas



In 2020, as part of modernization of the production branch **in Beryoza**, a new line for production of glazed cheese, a capacity of hard cheese production was increased to 90 tons per day, and a line for production of cream cheese with the capacity of 20 000 kg per day was launched.

At the production site **in Pinsk**, the production capacity with regard to processed cheese was enlarged, a warehouse for cheese storage and new logistic centre were built.

The plant for production of fresh cheese **in Orsha** was also fully modernized and put into operation. The site start capacity is 20 tons of cheese per day.

Implementing our investment projects, we cooperate with leading suppliers of manufacturing equipment, including Tetra Pak, Westfalia, Grunwald, Alfa Laval, O Bram, Bosch, General Electric (GE), etc.



Over the past 5 years “Santa” holding company* has invested in energy efficient and environmental technologies more than €12 million, having reduced CO2 emissions into the atmosphere by 6 million tons and saved more than 10 million kW/h** of electricity.

* "Savushkin Product" Group is a part of "Santa" holding company.

** It would be enough to supply 300 residential buildings for 10 years with this volume.

The Company Group's mission is

«To make people happy and healthy»

The values of the Company:



- Leadership
Commitment to be the best in the business.
- Quality
Labour activities of every employee impact quality and safety of the products.
- Responsibility
Close attention to safety of the products manufactured.
- Honest and open business policy
Customer orientation, sterling service, naturality and high quality of the products.
- Partnership
We work as a team.
- Tractful attitude towards people
People are the main value of the Company.
- Professional competence
We appreciate professional skills of our team and contribution of every employee to the Company's development.
- Independence
Every employee is free to make decisions within his/her competence

The Company Group manufactures all dairy products from fresh cow milk without any artificial fillers and preservative agents. In the course of its existence, Savushkin Product has never used dry reconstituted milk.

The quality and taste of the products depends largely on the quality of the raw materials incoming. Savushkin Product buys the raw milk only from reliable and conscientious suppliers. The Agricultural Development Department of the Company carries out daily activities on increase of milk quality and milking herd productivity.

The Company's raw material area comprises **173 farming units**, namely 500 commercial dairy farms. Many of them are located close to Bielaviezhskaja Pushcha National Park which indicates ecological purity of the raw materials.

Savushkin Product provides a strict control and guarantees comfortable conditions of livestock keeping, balanced feeding for the livestock, as well as correct treatment for cows. Thanks to special European loafing technologies, we have managed to avoid pronounced seasonal fluctuations in volumes of the milk incoming for processing. This is that allows the Company to work only with whole cow milk throughout the year.

Every milk batch undergoes a thorough laboratory analysis before it is delivered for processing. The first quality test is performed by the farming unit itself. The raw materials that successfully pass the tests are delivered to sterile tanks of proprietary milk trucks being immediately sealed and sent to Savushkin Product.

HIGH-QUALITY RAW MILK

96% of all milk delivered to the Company corresponds to “extra” and highest grade.



Only milk with 100% quality is delivered
for production

QUALITY CONTROL SYSTEM

Our Company controls the milk quality over the entire route from a cow to a shop shelf, so that our consumers can be sure about high-quality and safety of our products.

The raw materials undergo a thorough selection process: before they are delivered for production, the samples of raw materials are tested in incoming control laboratories for accordance to **50 quality and safety parameters**.

Check of one milk batch takes maximum **20 minutes**. The state-of-the-art laboratory equipment used at all manufacturing sites provides the milk analysis within a minimum period: to determine weight ratio of fat, protein, lactose, acidity, plate count, amount of somatic cells, as well as to check the raw materials for residues of antibiotics, pesticides, mycotoxins, etc. If even a minimum divergence from the standard is found, milk is not used for production, but is returned to the supplier with the corresponding accompanying document.

To ensure high-quality and safety of the foodstuffs produced, our Company has implemented and uses the following management systems:

- Quality Management System for Foodstuff Production, certified for compliance with requirements of STB ISO 9001-2015;
- Foodstuff Safety Management System, certified under international certification scheme FSSC 22000;
- Environmental Management System (EMS) certified for conformity with requirements of national standard STB ISO 14001-2017 and international standard ISO 14001:2015.



LOGISTICS

When the batches of finished products are certified for quality after the taste control and scheduled laboratory control, they are delivered to a logistic centre. The work process in this centre is entirely automated. Orders are completed on automated lines. Stock of the finished products is controlled in an online mode. This allows tracing of real residual stock at the warehouse and correct organizing of shipment considering the residual stock. Exclusion of the human factor helps to avoid errors

The product batches formed in accordance with requests are loaded into refrigerated trucks and delivered to trade branches and supermarket chains at the temperature from +2 to +6 degrees. Thus, the Company completely controls the cool chain: from raw materials to shelves.

Loading of one 20-ton semi-truck takes about 30 minutes.

EXPORT SUPPLIES

The Company's export market covers **30** countries:

Russia, PRC, Kazakhstan, Japan, Moldova, Lithuania, Germany, Georgia, Philippines, Turkmenistan, Azerbaijan, USA, Canada, Malaysia, Poland, Vietnam, Ukraine, Uzbekistan, Pakistan, Indonesia, Thailand, Hong Kong, Qatar, Syria, Bangladesh, Tajikistan, Mongolia, Armenia, Bulgaria, Jordan.

According to the results of 2020,
the export ratio in total sales volume was **60,9%**.



Savushkin Product is a responsible employer



17 THE SAVUSHKIN PRODUCT GROUP IN FIGURES

Observation of principles of corporate social responsiveness in labour relations, provision of comfortable labour conditions in Savushkin Product are primary components of creation of tight-knit professional team.



7 104
the number of the
Company's employees

41

average age of the staff



1 972 454.9 \$
employment benefits in 2020

82 342.6 \$
investments into training and professional
development of the Company's employees
(2020)

91 217.8 \$
paid for provision of worthy health services
for the Company's employees (2020)

Our Company is guided by international principles in labour relations:

- There is a Joint Trade Union organization, and we use one of the best collective labour contracts in Belarus making our employees feel protected in any life situation.
- We do not use forced labour.
- We do not use child labour.
- We do not allow discrimination in labour and employment.



SOCIAL GUARANTEES

Being the Company's employee means working in a team of co-thinkers who prioritize professionalism and commitment.

Our Company appreciates its employees and lavishes care upon them every day

The Company provides every employee, including those working in the branches, with hot meals and medical services, services of dentists and massage therapists. Medical services at the Company Group's medical stations are provided for the employees free of charge.



The Company respects interests and hobbies of all team members.

The employees visit a gym and swimming pool, as well as theatrical performances and concerts free of charge. The trade union organization of Savushkin Product provides possibilities of both physical and intellectual development, that is why it organizes a lot of cultural events, including collective visits to theatres, excursions and tourist trips on non-working day, corporate holidays, Health Days, tourist rallies, etc.

The trade union organization of Savushkin Product comprises **99.9 %** of the Company's employees.

We guarantee an opportunity of professional advancement and development for all employees of the Company Group.



Our Collective Labour Contract covers all issues regarding labour payments, employment, labour safety, production and ecological safety, medical services, health resort treatment and provision of housing.

Informing of employees

The internal life of the Company is public and open for all employees of the Company and persons interested.

Savushkin Product develops pages in V Kontakte, Instagram, Facebook, Odnoklassniki social networks. The information published in the accounts or on the official website of the Company is available both for the employees and other visitors. The corporate website www.savushkin.by contains full information on the Company, products, current events, history of development, etc. Besides, [internal portal sps](#) with the internal documents of the Company is available for the employees.



The Company publishes internal “Savushkin magazine”. Up-to-date facts, figures, main milestones, events, life and interests of our colleagues — put simply, all holidays and everyday life of the Company Group’s staff are reflected on pages of the internal magazine published since 2008 (at first as a newspaper, and as a magazine since 2019).

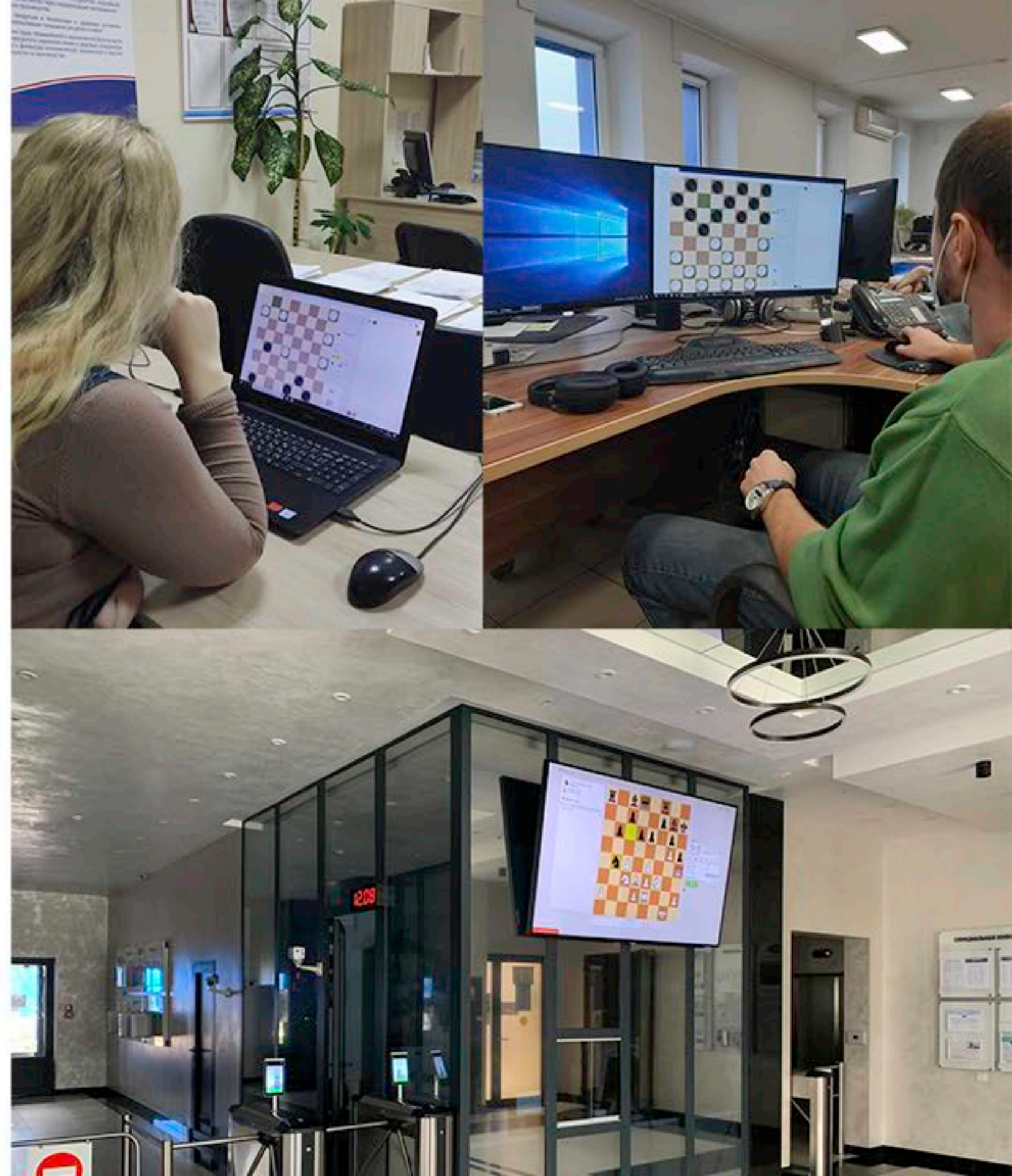
Current informational materials on events and issues of public and socioeconomic life of the country, and operation area of the Company Group are located on the stands in the administrative building, workshops, dormitories, in all production and trade branches, on electronic displays, and shared by means of e-mails to all employees.



Corporate sports

Savushkin Product cares for health of its employees. This area together with cultural activities always remain a priority. Sport is essential for good health and team spirit in our big group of co-workers.

The Corporate Contest is run annually and includes competitions in various sports with consideration of wide interests of the employees: track-and-field athletics, badminton, volleyball futsal, table tennis, checkers and chess, swimming, billiard, petanque and darts. However, in 2020, in order to minimize the risk of COVID-19 spread, the online sport events as part of the corporate contest were suspended, and the employees were offered other activities which are also interesting: online chess and checker tournaments for the employees of all units and branches of the Company Group.



Team spirit

Savushkin Product pays great attention to formation of team spirit of the Company. Therefore, collective trips, excursions, holiday events and competitions are organized.

On the 15th of May, on the International Family Day, the Company launched a corporate competition **We are the Savushkin Product Family** aimed at strengthening of corporate and family values and traditions. The Company's employees together with their families prepared and presented to the jury their works (presentations, videos and even poems) according to the results of previously implemented socially significant projects in various areas — from renovation of the national heritage objects to help for healthcare workers and veterans of the Great Patriotic War. The competition winners and prize-winners received money prizes and souvenirs.





All employees of Savushkin Product Group know that they will gain support and help in any complicated situation. The Company's annual **"Time to Give the Good" program** is one of the brightest examples. On the eve of Christmas, the employees raise money to provide charitable support for their colleagues who suffer any illness or whose family members do, and face a difficult situation. In 2020, we provided support for the families of 23. The funds are provided for purchase of expensive medical drugs and equipment, treatment and rehabilitation.

The Company conducts the charity fundraising on a permanent basis.

Support of labour veterans

Savushkin Product, JSC actively supports labour veterans and people retired from the Company. The Day of Older Persons was celebrated on the 1st of October as part of a tradition.

In 2020, the retired were congratulated and received financial assistance from the Company Group.

*We appreciate all our employees
and remember the dates important for them.*

Greetings on the employees' birthdays, as well as on various holidays and awards are demonstrated on the Company's displays. Such holidays include the International Women's Day, Defender's Day, Victory Day, Independence Day, Mother's Day, professional holidays, New Year, Christmas, etc.





LABOUR SAFETY

There is nothing more valuable and important than life and health of people. Therefore, the main principle and main task of labour safety in the Company Group is to preserve these values by means of prevention of occupational injuries and occupational morbidity, as well as provision of comfortable labour conditions.

Our Company has developed and uses a system of health protection management and labour safety provision certified for compliance with requirements of international standard **ISO 45001:2018** and aimed at creation of necessary conditions of labour safety as a whole, support of workplace safety, prevention of injuries and accidents.

In 2020, according to the annual plan of labour safety activities being an appendix to the Collective Labour Contract, the Company fulfilled **48** activities, including the following:



- electric lift trucks with closed cabins for outdoor work activities under adverse weather conditions were purchased;
- activities on noise reduction at the packaging site of the dry dairy product workshop were carried out;
- a new labour safety class was equipped;
- the lighting system at the repair area was modernized;
- the system of equipment operation in the control area of the soft cheese and cottage cheese workshop was changed into remote control;
- placement of products in TBA package on pallets in the cooling workshop and cottage cheese placement into cardboard boxes in the soft cheese and cottage cheese workshop were automated;
- temporary fences, a system of emergency barrage light for the areas of repair and construction activities and for work of plumbing specialists in wells were purchased;
- a safety system was mounted at the incoming area of the milk receiving and processing workshop for milk sampling elevated work;
- sites for maintenance of filter vessels of the iron removal station were mounted;
- a site for a monorail motor hoist in the salting room of main production was mounted, and a hoist for elevated operations in the Stolin branch was purchased;



The Company Group's employees are provided with personal protection equipment, washing and decontaminating agents, bottled water.

Hazard identification and risk assessment are carried out in each division of our Company. Preventive activities for every risk are developed and used, which provides prevention of injuries.

**Instruction in labour protection
is provided annually:**

- for construction, tyre repair works;
- for work at height and earthwork operations;
- for work with chemical substances;
- for work on mobile platforms;
- with social inspectors for labour protection;
- on environmental management systems;
- on occupational health and safety management system, etc.



Environmental protection



Savushkin Product shows great consideration for the environmental protection and is guided in it's activities by international principles in this sphere:

- we support an approach for the ecological issued based on a precautionary principle;
- we take initiatives oriented to prevention of negative impact of our activities on the environment;
- we use ecologically safe technologies during the manufacturing processes.



The Company Group takes good care not only of processing of milk delivered to us, but also of preservation of the environment.

We use waste-free production.

Today, Savushkin Product completely processes byproducts (cheese and curd whey, and butter milk) making them competitive and commercially successful products.

During 2020, the Company processed
more than 835 thousand tons of whey.

Savushkin Product pays careful attention to ecological safety of production minimizing harmful emissions into the atmosphere. We try to ensure maximum extraction of secondary material resources from the production waste produced, organize separate collection of production waste and their classification with regard to hazard types and classes in order to provide an environmentally safe disposition or their use as secondary material resources.

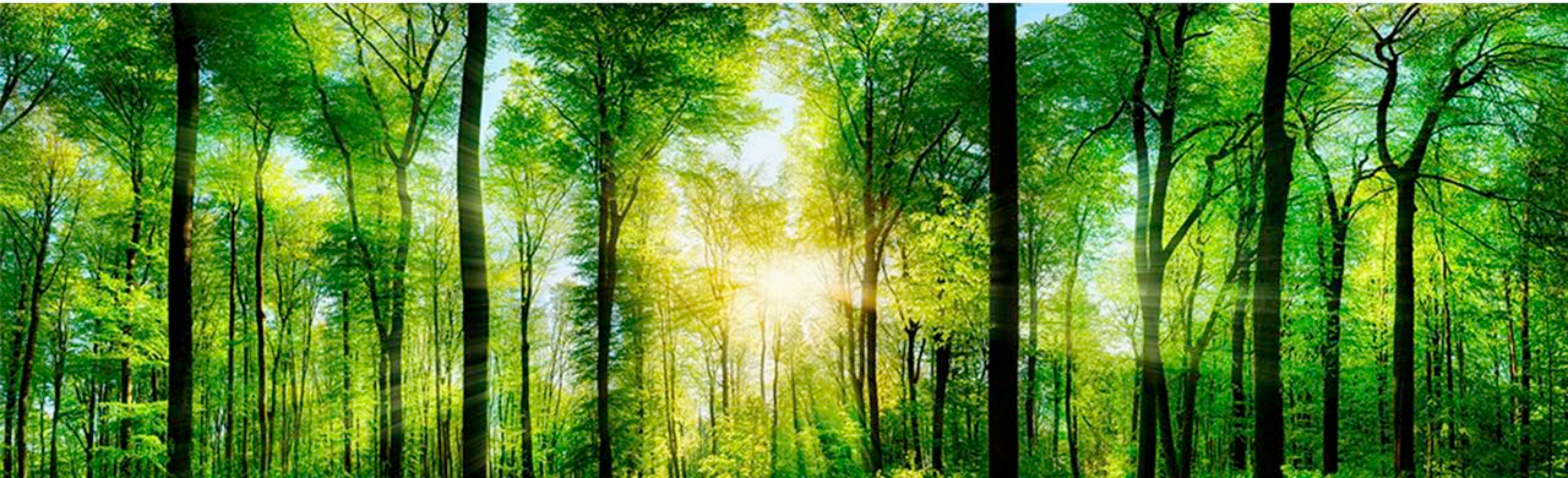
Collected and handed over for processing:

waste of cardboard, polyethylene, polystyrol, PET bottles, used lead-acid batteries with remaining electrolyte, waste synthetic and mineral oils, scrap metal, iron-and-steel and nonferrous waste, wood waste, etc.



The Savushkin Product Group has implemented and operates the management systems, with compliance with international standards being confirmed by certificates:

- National Conformity Certificate No. BY/112 06.01.074 00043 as of April 8, 2005, issued by Ekologiyainvest, RUE; an inspection control is carried out annually to confirm the compliance.
- International Conformity Certificate No. BY 228715E-U as of November 10, 2006, issued by Bureau Veritas, IOOO; an inspection control is carried out annually to confirm the compliance.



In accordance with the requirements of the Environmental Management System, to reduce a negative impact of production activities of the Company on the environment, target and planned ecological parameters are established every year, environmental protection activities aimed at implementation of resource- and energy-saving technologies, sustainable use of material and energy resources are developed.

Power consumption
per 1 ton of raw materials
(kW.h.)



Water consumption
per 1 ton of raw materials
(m3)



The Company Group has developed and conducts a policy of environmental protection, operational health and safety.



The company's activities are based on compliance with the following obligations:

- to observe legislative and other requirements for environmental protection and operational health and safety applied to the Company's activities;
- to implement measures aimed at improvement of working conditions and labour safety, reduction of risk of occupational injuries and diseases, prevention and reduction of negative impact of the Company's production activities on the environment;
- to constantly carry out analyses, improve efficiency of the Environmental Management System, Operational Health and Safety Management System, to provide necessary means and resources for ensuring of system functioning;
- to perform risk determination, assessment, control and reduction with regard to operational health and safety, ecological aspects;
- to involve the Company's personnel in active achievement of goals with regard to environmental protection and operational health and safety;
- to improve technological processes, to implement resource- and energy-saving technologies, to be committed to sustainable use of material and energy resources;
- to constantly upgrade professional skills of the Company's employees on the basis of continuous training in environmental protection and operational health and safety;
- to maintain an open dialog with the Company's staff and public on the Company's activities regarding the environmental protection and operational health and safety;
- to inform the Company's staff, contractors, and all parties concerned on policy requirements for the environmental protection and operational health and safety.

Every year, the Company Group develops a plan of environment protection measures. In 2020, the following measures were taken to the full extent:

- production ecological surveys with regard to the environmental protection, sustainable use of natural resources were conducted — no significant violations were found.
- an analytical control regarding the environmental protection was performed (measurements of pollutant emission from stationary emission sources, measurements of pollutant emission from mobile emission sources, control of efficiency of local sewage water treatment units, measurements of discharge of pollutants into sewage water, measurements of pollutants in the atmosphere on the boundary of a sanitary protection zone) — no excessive values were found;
- instrumentation control of efficiency of gas-cleaning unit of the Company, including the production branches, — no excessive values were found.



An alley with red oaks appeared in Brest Peace Park under our initiative. The “oak forest” spreaded along Janka Kupala street. Previously, there were old invasive trees there, the so called false acacias containing toxic substances hazardous for children. They were replaced by 50 young red oaks. The trees are large — with the height from 2.5 meters — and have a developed root system.

We want the red oak alley to be another decoration of Peach Park improved by the Savushkin Product Group a year before, when we provided a sport complex with training equipment, play areas for children, sculptures and a playground for petanque. We also established 30 new benches, planted more than 2300 bushes, 69 trees and 36 perennial plants.



The Company Group also created “SuperKid Planet” play set with a large play complex, sliding boards and seesaws in the style of this popular brand in Biaroza town park in 2020. Next to it, there is a sports ground — the TEOS Territory — with training equipment for adults and workout area. The complex is furnished out by an unusual photo zone in the style of the Teos brand. Both sites are covered with rubber coating to ensure safety of the visitors. The park territory adjacent to them was also improved: the surface was smoothed out, the paving flagstone was laid, and lanes were created. The sites are open for all visitors.



Healthy way of life is one of essential principles observed by the Savushkin Product Group in its activities. We want that as many families as possible pay attention to healthy nutrition, sport and outside activities taken together. Therefore, we tried to make the central part in Biaroza a favourite place for recreation of children and adults. We sincerely hope that it will be comfortable for families with children, young people, the middle-aged and even the elderly who enjoy active outdoor activities.



Corruption control



The Savushkin Product Group supports high ethical business standards, cares of its goodwill and uses only the methods based on openness and humanism principles. Any forms of corruption, including extortion and bribery, are unacceptable to us.

We are committed to an honest and transparent policy of business relations, business moral standards building long-term and stable relations with all interested parties on the basis of mutual confidence, complete fulfillment of obligations and openness.

The Savushkin Product Group makes every effort to create and support the corporative culture based on confidence and intolerance to any forms of corruption, including extortion, bribery, as well as prevention of illegal payments to the employees. The salaries are transferred to banking cards of Belagroprombank, Belarusbank, BelVEB and Alfa-Bank.

Savushkin Product stands for transparent business and strict compliance with the requirement of national anti-corruption legislation, as well as legislation of all partner countries. Both internal relations and external communication relations are based on the principles of honesty, fairness and conscientiousness.

Today, Savushkin Product keeps up business relations with lots of organizations in Belarus and other countries building the relations on the basis of confidence and mutual respect, as well as sound fulfillment of contractual obligations. We use a tender system to select our business partners for purchases and conclusion of service agreements. All payments with the partners are made on a cashless basis.

The transparent business system of Savushkin Product dismisses a possibility of fraud by the employees and any third persons.

Thanks for your attention!



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