

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name	BIOVEGA	Date	27 April 2009
Unit (if applicable)			
Address	Ilica 72, p.p. 117 HR-10000 Zagreb	Membership date	27 March 2007
Country	CROATIA	Number of employees	85
Contact name	Srebrenka Kujundzic	Sector	Food and drink, Personal care and household products
Contact Position	PA to CEO HR Coordinator		
Contact telephone no.	++38512222075		

Brief description of nature of business

BIOVEGA is in the business of Sale (wholesale and retail) and distribution of organic wholesome (eco) products (food, cosmetics, household products), production of organic pastry and cakes, preparation, serving and sale of organic meals.

We offer app. 2500 certified organic and wholesome products: foods of the highest quality, leading globally recognized brands, organic natural food supplements, natural holistic cosmetics, and literature specialized in healthy lifestyles, macrobiotics, vegetarian nutrition etc.

We educate our customers by offering true information about values of organic and wholesome products, about the importance of natural and healthy lifestyles, and all of that with an idea of preserving human and environmental health.

Statement of support

Since we learned about the UN Global Compact initiative, and joined the UN GC "family" in 2007, we have perceived the initiative and the principles of the UN GC as the ones completely in accordance to the principles and goals of our company.

It is my personal belief and philosophy that business should promote sustainable development in all fields of industry and work, as this is the only way for the Mankind and our Planet to have the future.

We have put our effort, resources and knowledge into making the 10 principles integral

part of our work, management, business strategy and operations, and to communicate them to our "stakeholders" (employees, partners, customers, government bodies and media / public).

I herewith confirm our long term commitment to the United Nations Global Compact goals. It is our intention to support and implement the UN GC principles continuously in the future when ever and where ever it will be possible.

Jadranka Boban Pejić, CEO

COMPANY PROFILE

GENERAL INFORMATION

Company name: Biovega d.o.o.

(Biovega Ltd. for organic food production, trade and services)

Head office: Ilica 72, 10 000 Zagreb, Croatia

Owners: Ms Jadranka Boban Pejić and Mr Zlatko Pejić

Business type: Sales, Export-Import, Production, and Retail

Year established: January 22, 1990; **Activation:** 1994

CEO: Jadranka Boban Pejić

Deputy CEO: Žana Hinek

OUR MISSION

The Best of Nature and Man

To offer locally produced and imported organic, wholesome food products of the highest quality, to educate our customers and public by providing information about the true value of wholesome food and organic products, as well as the importance of healthy lifestyles for human and environmental health.

OUR VISION

We are crazy enough to believe that we can change the world! We would like to become the regional leader in production and distribution of organic products.

Our partners to do business with are only those who think and do their business supporting the same principles of sustainability development as we do. Some of them even grow grass on their factory roofs!

OUR INTERNAL VALUE SYSTEM

The values we have based our business upon can be presented in short as: „3 E business“:

Ethics – Reflected in our relationship with employees, partners and clients. We continuously invest in each employee; dedicated to improving work conditions, as well as the quality of life; inspiring, recognizing and respecting personal growth and development.

Environmental protection – Reflected in the way we promote environmentally safe production, recycling, energy and resource saving.

Economy – We constantly re-invest our profit with an aim to develop and improve our business activities; to improve transparency of our business processes - internally (towards employees) and externally (towards authorized institutions); and to develop and completely accept principles of the fair-trade business.

DISTRIBUTION

Biovega has established business cooperation with 26 companies, and it is an exclusive distributor of around thirty globally leading eco-brands.

Its offer includes approximately 2000 organic and whole certified products - food, food supplements, natural cosmetics, and environmentally safe cleaning products. It distributes its products throughout Croatia - to herbal pharmacies, pharmacies, supermarkets and health food stores. Biovega is an exclusive distributor for the whole former Yugoslavia.

We are exclusive distributors for:

Green foods-USA, Walla-GERMANY, Primavera-GERMANY, Nutrex-USA, Urtekram-DENMARK, Natudis B.V.-HOLLAND, Vitaquell-GERMANY, Davert Muhle-GERMANY, Oatly Foods-SWEDEN, Rapunzel- GERMANY, Viana-GERMANY, Muso-JAPAN, Mitoku-JAPAN, Bodywise-UK, DO-IT-HOLLAND, Allos-GERMANY, Ulrich Walter-GERMANY, DHD Europe -JAPAN, Lily of the dessert-USA, Cook islands Noni marketing LTD-COOK ISLANDS; Frenchtop – HOLLAND, La finestra – ITALY, Steiners Cranberry – AUSTRIA, Holle – Switzerland, Ecover - BELGIUM

We can proudly say that we are a leading company in Croatia in distributing home-made and home-grown products certified as organic products.

Pioneering distribution efforts were launched in 2000 when we started our cooperation with Croatian organic farmers - producers of fruit, vegetables, cereals, and legumes.

To our great satisfaction the cooperation has grown stronger and stronger every year and today we take great pride in the fact that Croatian organic products, especially fresh fruit and vegetables, are sold in Zagreb, Split, Rijeka and Dubrovnik every day.

We use organic vegetables in our Nova Restaurant and we also distribute it to Makronova for their trainings and residential seminars, and as of recently to best supermarkets.

www.biovega.hr

bio&bio FRANCHISING CONCEPT

Since 1995 Biovega has been developing its retail sector specialized in marketing and selling certified organic products. Thanks to its extensive experience it has standardized its business activities and provided a response to interested partners wishing to open similar organic stores. Since Biovega has become the highly recognized distributor of the leading European and global organic brands, we have decided to create our own brand of retail stores - **bio&bio**.

The **bio&bio** stores base their offer on globally recognized certified organic brands. Thus, in the rich offer, apart from the globally recognized certified organic products, one can also find Croatian organic brands. There are 7 **bio&bio** stores in Croatia. Four in Zagreb, one in Split, one in Rijeka and one in Dubrovnik.

www.biobio.com.hr

PRODUCTION

Production is Biovega's highest priority. We are full of ideas about what and how we would like to develop. However, we were often unable to find all necessary raw materials in Croatia so our production initially started with international partners.

It enabled us to create our own brands made from excellent, high-quality raw materials and to offer natural and holistic health products.

In the meantime we have welcomed many local farmers on board, which have made both them and us very happy since there are many local organic products currently in the production pipeline.

THE NOVA RESTAURANT

The Nova restaurant is experiencing its best years... For more than 15 years it has never ceased to amaze guests with its irresistible vegan and organic specialties based on macrobiotic principles. Many foreigners, as well as locals, have found their peaceful retreat there. It was and still remains to be the first non-smoking zone, which has made a large number of healthy lifestyle followers happy.

www.novarestoran.com.hr

ORGONA STUDIO

Orgona, a beauty studio for natural face and body care, is in the very heart of Zagreb - 69 Ilica. All treatments are performed exclusively with certified natural skin care products from Dr.Hauschka and Primavera Life, which makes Orgona really special. Apart from having unique ingredients and effect, these products, made from biodynamically grown top-quality medicinal plants, recreate the true balance of body and soul. However, the quality of Orgona is not only in the quality of products used. Our trained beauticians will help you relax and enjoy the touch and smell of those products with all of your senses, which will definitely make your experience complete.

www.orgona.com.hr

THE FOUNDERS

Jadranka Boban Pejić (the company's CEO) and Zlatko Pejić are founders of Biovega d.o.o. and pioneers of organic food in Croatia.

They started to promote healthy lifestyles and organic agriculture/products in 1985 by organizing educational programs, through Society for Improvement of Quality of Life, highly esteemed Croatian non-profit organization.

For his contribution in the Earth Day organization, Zlatko Pejić, the Society's president, has been awarded with the International Earth Day Award in UN.

Establishing Biovega as a company dealing with organic products was just a logical upgrade of their ongoing activities in the field of healthy lifestyles and environmental protection.

Jadranka Boban Pejić and Zlatko Pejić are also authors of several books on healthy lifestyles and Biovega is their life/career project reflecting their philosophy.

BIOVEGA'S SISTER COMPANIES

Makronova educational Center

Pioneers of macrobiotics and natural lifestyles... since 1985

The main goal of Makronova is to promote healthy lifestyles and teach people how to accomplish a high quality and sustainable lifestyle – with healthy and balanced nutrition, exercising and various self-help methods, positive attitude, a high quality communication with other people and a conscious approach to environmental protection.

Planetopija

Origins of the Planetopija publishing house can be traced to the Biovega publishing department where the very first book on macrobiotics in the Croatian language - Food for Life by Jadranka Boban Pejić and Zlatko Pejić - was published back in 1995.

In the period to come, the Biovega publishing department succeeded in expanding the scope of topics, and shortly after Food for Life was published, it establishes another book series, Quantum - pocket books for every occasion. The book series included the best of the Eastern and Western philosophy, psychology, religion and spirituality, and became a trademark of Biovega's publishing efforts that enabled the company to establish itself as a serious and original publisher. Soon after, new book series were initiated covering even wider scope of topics including biographies, exercising, women's health, humour, environmental issues, children's books, etc.

UN GLOBAL COMPACT PRINCIPLES

HUMAN RIGHTS

Principle 1 Business should support and respect the protection of international human rights within their sphere of influence.

Principle 2 Business should make sure they are not complicit in human rights abuses.

Human rights policies are already incorporated into our corporate culture, system of values, management style, and day-to-day business activities and communication. All our business processes and business relations are kept free from any human rights abuse.

We think it is important to mention that our market approach is based on the *fair trade* principles that presume responsible and fair approach to all the links and resources of business processes (including financial transactions in duly time). It is one of the factors implementing our decision regarding the choice of our suppliers.

LABOUR STANDARDS

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 Businesses should eliminate all forms of forced and compulsory labor.

Principle 5 Businesses should uphold the effective abolition of child labor.

Principle 6 Businesses should eliminate discrimination in respect of employment and occupation.

Our Commitment or Policy

Currently we employ 85 people, and their average age is 35. They are our strength, because it is our strong belief that a happy employee is a precondition for a successful company.

We strive to create a working environment based on a positive approach to relationships with others, where individual differences are honored and valued. Respect for the individual is one of our company's core values, reminding us all to treat people as we would like to be treated ourselves. We have confidence in varied skills and talents of our people. Although a clear strategy has helped define a history of successful growth, it is the unique skills and talents of our people that excite the marketplace and offer innovative solutions to our clients.

A brief description of our internal Systems in place

The employees have freely chosen their employment and are free to leave our company upon due notice. We participate in health and pension funds for all our

employees. We encourage employment of people from various backgrounds in terms of education, race, citizenship etc. (one of our valued employees is from Nigeria!)

We do not use or support child labor in any way.

We protect our mothers to be and employees on a maternity leave – their posts are waiting for them when they return. We are proud of many children born “in our company” (more than 55!), which makes us young and flourishing “community”.

Our employment policy and all documentation (e.g. employment contracts, Rulebook of work, etc.) are in strict accordance with the stipulations of Labor law and we encourage and support employee’s rights.

Actions implemented in the last year / planned for next year

We organized the employee satisfaction survey for all our employees, on all locations. Their feedback is essential to the management as we can better understand how our people feel about the company and working here, and also it gives us the „tips“ as to what need to be changed / improved.

The business premises on one of our locations were too small for all the people and daily operations, so it has impeded with our efficiency and well being of employees. We have made our move towards finding new, better suited, premises.

Measurable Results or Outcomes

The results of the survey for employees showed that the majority (ap. 70%) of the employees are satisfied with the company, current job and working conditions, and with the leadership of the company.

Effective August 2008, an additional business premises have been rented, which improved the working conditions of our employees (larger space, new offices, kitchen, a conference room for meetings and seminars etc.) and, related to that, our wellbeing and efficiency.

ENVIRONMENT

Principle 7 Businesses should support a precautionary approach to environmental challenges.

Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

We are constantly working on harmonizing the ethical, environmental and economic values of our business activities in a way necessary for a sustainable development.

We link ourselves with local and international institutions, movements and companies that are significant in the field of organic business and sustainability / environmental responsibility.

We have renewed our membership in the International Federation of Organic Agriculture Movements **IFOAM** for 2008 (we have become members in 2006). The

IFOAM Organic Retailers Association (ORA) is an international umbrella association of national organic retailers associations and organic retailers. The ORA certificates guarantees our consumers that our company provides organic products through certified, highly qualified and committed organic retailers.

We invested into quality – a decision was made to implement the necessary steps in order to meet the requirements of the ISO and HACCP standardization norms.

In year 2008 Biovega was assessed and certified as meeting the requirements of **ISO 9001:2000** (The International Organization for Standardization) and **HACCP** (Hazard Analysis and Critical Control Point).



ANTI-CORRUPTION

Principle 10 Businesses should work against corruption in all its forms including extortion and bribery.

We are committed to conduct our business in complete accordance with the local and international anti-corruption law regulations and procedures. We especially do not tolerate any form of extortion or bribery from any part. The transparency of our business is our imperative.

This report can be viewed on the company's internet site www.biovega.hr