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AGRICOM GROUP

policies

Environmental, Social,
and Governance aspects

Agricom Group policies

Environmental, Social, and Governance aspects are critical to our success and at the heart of our core values.

Agricom Group bases its sustainability strategy on material to our business activity Environmental, Social, and Governance (ESG) aspects. We identify and update these aspects annually through engagement with our primary stakeholders: employees, customers, shareholders, suppliers, government, trade associations, and community organizations.

Our material ESG issues are:

- Health and Safety
- Corporate Governance, Business Ethics, and Transparency
- Climate Change: Greenhouse Gas Emission Reduction, Soil Health, Energy Efficiency
- Food Safety and Healthy Nutrition
- Risk and Crisis Management
- Continuous Improvement
- Environmental Stewardship: Responsible Resource Use, Biodiversity
- Human Rights
- Economic Performance
- Sustainable Supply Chains

We are delivering on our commitments through time-bound policies and action plans. The company also regularly updates its progress against our commitments through reports and disclosures.



Climate Change Statement

At Agricom Group, our purpose is to provide customers with quality, healthy and accessible food grown in Ukrainian fields and produced by national companies. We strive to do this in a safe and ethical manner while minimizing environmental impacts. We accomplish this by introducing solutions which maximize the sustainable value of our assets and reduce the environmental impact of our operations.

Since 2015, 197 countries - nearly every nation on earth have endorsed the Paris Agreement and its goal to restrict global warming to 2 °C above pre-industrial levels. Temperature rise above to 2 °C will produce increasingly unpredictable and dangerous impacts for people and ecosystems, but particularly for agricultural systems.

Agricom Group recognizes the importance of considering all of the economic, social, and environmental implications of climate change to ensure that we build sustainable long-term value for our stakeholders. Our goal is to mitigate climate change risks while continuing to put on the table quality and healthy food. This remains critical to continued economic growth, improvement in the quality of life, and the reduction of poverty according to the UN Sustainable Development Goals.

To accomplish our mission, we are taking actions across agriculture, our operations and products.

Agricom Group commits to net zero carbon emissions by 2050

- Reducing carbon dioxide (CO₂) emissions. Our first priority is to reduce CO₂ emissions, one of the biggest contributors to climate change and global warming that impacts sustainability of agricultural production systems. To pursue this goal, we intend to measure CO₂ on its extended, direct and shared responsibility scope following the three categories defined in the Greenhouse Gas Protocol Corporate Standard: Scopes 1, 2 and 3. The next step is to set CO₂ reduction targets. We also intend to be the first Ukrainian agricultural company that obtained approval on its carbon dioxide reduction trajectory by the Science-Based Targets initiative as being in line with the global measures necessary to keep global warming below 2 °C.
- Protecting soil that helps absorb carbon dioxide. We have already completed a shift to regenerative ways of growing ingredients for food which include cover-cropping, no-till, crop rotation, etc. This agricultural practice improves soil health, which in turn helps to sequester carbon in the ground. To reduce the amount of nitrous oxide (N₂O) pollution in the atmosphere we are using pesticides and fertilizers conscientiously.
- Powering our operations and developing products using clean energy. Our company is on a path to powering our operations with 100% renewable energy by 2030. In just a few years, 60% of our equipment will be powered by clean energy generated from solar installations. Agricom Group collaborates with renewable energy companies and educational institutions to further the development of sustainable solutions for the agricultural industry.



- Keeping our office green. Our company completely transitioned to electronic document flow. We are using energy-saving lamps and provide our office with energy saving equipment.
- Introducing packaging innovations to reduce the carbon footprint and meet customers' demand for eco-friendly options.
- Engaging our employees on climate change issues and the actions, which they can take to help reduce GHG emissions.
- Working with suppliers to reduce the environmental impacts of their operations and to reduce the GHG emissions of their products.
- Ensuring compliance with all applicable environmental laws and regulations.
- Informing regularly on our progress toward sustainable development and stewardship of our business and the advancement of these goals.

Innovation

- Utilizing our capabilities to embed sustainable, and eco-friendly technologies and behaviors across our business.
- Collaborating with renewable energy companies and educational institutions to further the development of sustainable solutions for the agricultural industry.
- Introducing packaging innovations to reduce the carbon footprint of all our packages.

Value Chain

- Working with suppliers to reduce the environmental impacts of their operations and to reduce CO₂ emissions of their products.

Direct Operations

- Reducing CO₂ from our own activities while maintaining efficiency of our operations.
- Protecting soil that helps absorb carbon dioxide.
- Working to eliminate fossil fuels entirely across our operations and powering our operations with clean energy.
- Keeping our office green.
- Engaging our employees on climate change issues and the actions, which they can take to help reduce GHG emissions.

Compliance & Transparency

- Ensuring compliance with all applicable environmental laws and regulations.
- Informing our stakeholders on our progress toward effective sustainability and stewardship of our business and the advancement of these goals.



Standards for Agricom Group's Suppliers

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● **Overview**

Agricom Group carries out operations through all stages of the supply chain – from the field to the table. We grow agricultural crops, provide post-harvesting processing of grains at our factory, and deliver quick-cooking products to our customers under TM “Dobrodiya”, and TM “San Grano”. We, however, may engage suppliers to purchase innovative and environmentally friendly equipment, additional ingredients for our oat flakes and cereals, packaging products and services, soil and plant nutrients.

To achieve full supervision of food safety and the highest quality of our products, Agricom Group has made sustainable sourcing practices an integral part of our strategy.

● **Purpose**

We aim to promote fair working conditions, environmentally responsible practices and ethical behavior as part of our ongoing commitment to developing a sustainable supply chain. We expect our suppliers to share the same values as we do, and we engage with them to realize it on a larger scale.

Agricom Group's Code of Business Conduct requires that our employees treat suppliers fairly, with honesty and integrity. Similarly, our suppliers will be required to comply with all applicable laws, these Standards, Agricom Group's Code of Business Conduct, and other Company's requirements for human rights protection, ethical business conduct and environment protection.

● **Scope**

Standards for Agricom Group's Suppliers apply to our suppliers, their employees, and subcontractors (collectively “suppliers”). Acceptance and adherence to these Standards is mandatory for all suppliers. Acceptance is understood to be confirmed by suppliers when they accept to undertake business with Agricom Group.

Agricom Group's standard terms and conditions govern purchases made by Agricom Group. All suppliers are required to have a contract with Agricom Group. Non-Disclosure Agreement will be required if Agricom Group and a supplier are sharing confidential or intellectual information before the onset of contracting.



● Implementation

Agricom Group conducts periodic supplier performance reviews to ensure continuous improvement and adherence to contractually agreed performance standards. Suppliers are expected to engage in ongoing improvement activities to ensure performance improves over time. Corrective action plans may be developed to address shortcomings in performance.

If any commitment is found to be breached, suppliers shall meet at Agricom Group's request and discuss the reasons leading to the breach. Suppliers shall then envisage and set up corrective actions with an appropriate time schedule to cure the breach of the commitment.

Our Standards include:

- ***Human Rights;***
- ***Environmentally responsible practices;***
- ***Ethical Principles;***

● Human Rights

Agricom Group's suppliers are expected to:

- Treat their employees and contractors with dignity and respect;
- Maintain policies and procedures to safeguard against key human rights issues, including discrimination, child labor, and forced labor;
- Provide safe working conditions, reasonable working hours, and just remuneration;
- Respect freedom of peaceful assembly and association.

● Environmentally responsible practices

Our suppliers shall work at measuring and controlling their environmental risks.

Climate change. Suppliers shall work at measuring direct and indirect greenhouse gases emissions of their activities as required by applicable national laws and regulations. We give priority to working with suppliers who focus on reduction of their overall greenhouse gases emissions.

Responsible Energy Use. Our suppliers shall work on minimizing the consumption of energy coming from all the sources and develop the use of renewable energy;

Water Policy. We expect our suppliers to maintain water quality, use it efficiently and preserve water resources for generations to come;

Biodiversity. We believe that biodiversity should be protected and that the food we eat and the water we drink should come from a sustainable and diverse ecosystem. We expect our suppliers to develop strong policies on biodiversity and deforestation.



Waste management and packaging. Our suppliers shall work on minimizing product's packaging for optimizing the product service. We expect our suppliers to privilege the recycled raw materials and implement effective systems for waste collection and recycling at their facilities.

Chemicals. Pesticide and agrochemical suppliers are obliged to operate within the applicable laws of Ukraine. They are also required to provide ways of dealing with any waste that is generated by providing reverse supply chains to collect empty containers and unused or unwanted pesticides. You are responsible to ensure that we and our customers are well informed about, and protected from, the potential hazards of pesticides.

Quality and Food Safety. Suppliers' quality standards should meet the requirements of national and European consumers and regulators. Quality standard assurance procedures must be developed at every stage and documented by protocols in detail.

● Ethical Principles

We expect anyone working with Agricom Group to follow the same guidance:

- Avoid even the appearance of unethical or compromising business practices;
- Never promise or authorize a payment or the giving of anything of value to anyone in order to obtain or retain an improper business advantage. This includes money, cash equivalents, gifts of more than nominal value, excessive hospitality, or other special treatment to the employees of Agricom Group might influence, or appear to influence, business or purchasing decisions;
- Maintain policies prohibiting bribery, corruption, money-laundering;
- Abide by data privacy and competition laws;
- Declare any potential conflict of interest to Agricom Group prior to the beginning of cooperation or as soon as you became aware of it;
- Comply with all applicable laws and regulations.

● Reporting Concerns

If you are aware of, see, or suspect a violation of the Code of Business Conduct and/or Standards for Agricom Group's Suppliers report it to Agricom Group.

You do not need to be certain that a violation has occurred to report a concern. At the same time, you have an obligation to promptly raise a concern when you see a situation where you reasonably suspect the Code of Business Conduct and/or Standards for Agricom Group's Suppliers are not being followed.

You can raise your concerns confidentially via **office@agricom.com.ua** or by calling **+38 (044) 500-97-72.**

Nothing prevents you from also reporting potential violations of law to relevant government authorities.

Statement on Biodiversity

Supplying quality and healthy products that are accessible for a growing world population poses many challenges for agricultural business. Among the most serious is the need to maintain and increase the level of food production without undermining the capacity of our lands. This includes avoidance of major disruptions to the integrity of terrestrial and aquatic ecosystems, preventing decline of opportunities for mutually beneficial interactions between sectors, and keeping components of biodiversity that provide services as pollination, pest control and nutrient cycling.

We recognize that agriculture has a significant impact on biodiversity. However, as our industry grows food, which is critical to human existence, it is essential that we find ways to continue to produce healthy food that limits any negative impacts on biodiversity.

Agricom Group strives to identify, manage, protect biodiversity (including diversity of ecosystems) and restore the soil impacted by our activities in an environmentally friendly way.

Under our practices and procedures, we study the ecosystems before conducting operations, plan operations to minimize significant impact on lands, water, and its biodiversity, monitor the effect of current operations, and improve soil health impacted by Agricom Group's activities.

We are committed to protecting biodiversity through:

- Locating and managing our facilities and operations to minimize adverse impact on flora and fauna, ecosystems, and conservation areas;
- Maintaining a healthy soil ecosystem to ensure the release of nutrients which are essential to good crop development by limiting soil disturbances and keeping soil covered;
- Promoting natural methods to control pests by using natural enemies' pest management. For instance, we are creating favorable conditions for honey bees which help to pollinate crops and control insect pests;
- Keeping the use of pesticides and fertilizers to levels that are ecologically justified;
- Expanding solutions for sustainable natural resource management, by committing to zero deforestation and habitat loss and establishing deforestation-free supply chain;
Using "no burn" methods to clear the land for planting, and control pests, disease and weeds;
- Providing more space for biodiversity by creating flower strips on the edge of our fields and planting trees on our lands;
- Increasing awareness of the importance of biodiversity and promoting best practices of protecting and conserving biodiversity among our employees and contractors;
- Ensuring compliance with all applicable laws and regulations.



Protecting Honey Bees

At Agricom Group we are dedicated to operating with sound environmental practices and protecting the planet. Our products go further than pure taste enjoyment. We strive to ensure that our products are produced, packaged and distributed in ways that deliver wellness for you, for the environment, and even for the honey bees that contribute to crop pollination and biodiversity preservation. In addition, adding honey to oatmeal makes the taste of our product even better and replenishes your body with vitamins and useful microelements.

Bees are a major player in the presence of plant life on the planet. However, they are under pressure from various factors including climate change and use of pesticides.

We recognize the importance of protecting the roles of honey bees in agriculture. Our mission is to preserve and protect honey bees and biodiversity.

To accomplish our mission, we are taking the following actions:

- **Practicing** integrated pest management control and using organic products and natural solutions to aid soil and plants health;
- **Developing** planting schemes to improve pollination and increase crop harvests based on environmental research as well as sustainable farming practices;
- **Committing** to zero deforestation and by planting trees instead. Trees are not only a great food source for bees, but also an essential habitat;
- **Preserving habitat.** We protect planting areas and nest sites from unreasonable disturbance;
- **Making and maintaining** sheltered bee hives which give the bees a dry place to land;
- **Educating** our consumers through publications to boost awareness of the value of pollination and the plight of the honeybee.



Water Policy

Sustainable management of water is fundamental for food security and agriculture. We use water for irrigation to grow flourishing and healthy crops. In addition, we steam processing the whole grain oats to produce oat flakes branded “Dobrodiya”, and “San Grano”. This process involves natural Artesian water that we obtain from our own underground well. We generate steam from the water that undergoes ion exchange method for purification.

It is our firm conviction that water management plays a key role in achieving sustainable development. Since water is one of the universally shared resources, water protection should be a shared responsibility. Therefore, we and our suppliers must place a greater emphasis on addressing the global water crisis and minimizing impact on the planet.

At Agricom Group, we care for water and focus our efforts on preserving water resources for generations to come and improving water use efficiency. To reach these goals we have taken a number of actions through the years.

We are committed to preserving water resources and improving water use efficiency through:

- Shifting to regenerative agriculture that saves soil, improve water retention and sequester carbon dioxide in the ground, one of the biggest contributors to climate change and global warming;
- Keeping the use of pesticides and fertilizers to levels that are ecologically justified. We apply pesticides consciously and use only organic fertilizers. This practice helps us to prevent water contamination by chemical materials. In addition, organic fertilizers improve the physical condition of soil structure. As a result, soil held more water in the pore space and helps to decrease the amount of water used for irrigation;
- Harvesting rainwater for arranging life-saving irrigation. We capture and store rainwater in reservoir and use it later as supplemental of life saving irrigation to offset the demand for freshwater;
- Examining our equipment periodically to identify possible water leaks;
- Developing mitigation programs to reduce water in the operational process and enhance the cleanliness of our discharged water.
- Complying with applicable laws and regulations and achieving excellence in water resources management. The quality of water we use in food production is confirmed by SE “UKRMETRTESTSTANDART”, the European-level enterprise in the field of standardization, metrology and conformity assessment.
- Improving water management at Agricom Group’s offices. We installed water meters to improve the monitoring process and quickly identify deviations from normal consumption.
- Advocating for smart water policies and adoption of best practices with our key stakeholders and community leaders.



Waste Management Policy

Agricom Group is committed to reducing the amount of waste generated at our facilities.

We have developed waste minimization and management plans to help us achieve that commitment. Our facilities follow all applicable laws and regulations for waste storage, treatment and disposal, and we perform audits of service providers used for waste management services to ensure compliance.

Our work on eliminating waste, including food waste focus on using agricultural inputs efficiently in product life cycles and finding solutions for converting waste into secondary raw materials. For this purpose, we are continuously modifying our equipment, improving production processes and reformulating products. For instance, at our plant where we produce products branded “Dobrodiya”, and “San Grano”, oat husks and waste from grain cleaning machines are used as alternative energy sources. This solution supports the United Nations Sustainable Development Goal (12.3) which aims to “halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains.”

Agricom Group’s environmental improvements and sustainability commitments include the use of 100% recyclable packaging, designing our products in a way that eliminates waste, implementing effective systems for waste collection and recycling, engaging customers, and reintegrating recycled materials.

The Company takes actions towards eliminating unnecessary plastic packaging of our products and reducing overall packaging sizes. This will allow the company to use less cardboard and plastic annually which will help to eliminate waste and carbon footprint. We are also moving toward designing a fully circular packaging.

Agricom Group strengthened its waste collection and recycling system. The Company has allocated places for collection and temporary storage of waste that meet sanitary and environmental requirements. A waste sorting system has been introduced for paper, film, scrap metal, electronics, etc. According to the current agreements on utilization and processing, paper and cardboard are handed over to waste paper, the film is recycled, scrap metal is handed over to scrap metal collection points. To ensure that end-of-life electronics are recycled or disposed of responsibly we return the material to manufacturers. Used batteries are collected separately and taken to waste collection points.

We are keeping our office green. Agricom Group completely transitioned to electronic document flow. We have already transitioned to a paperless environment. Any remaining waste such as ink cartridges is sorted and recycled as much as possible.

We are communicating the Company's waste management policy to employees and customers and building more resilient supply chains by respecting the environment. We have incorporated waste prevention considerations in Standards for Agricom Group’s Suppliers.



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Agricom Group's Packaging Policy

When our products under TM "Dobrodiya", and TM "San Grano" are released from the factory, we make sure they reach our customers in safe condition and preserved nutrient value. Packaging has a significant role to play in this process. It also provides information about how to cook, store and use the product, the data on ingredients as well as any allergens. We make sure that use-by dates are correct, so consumers understand when the product is no longer safe to consume.

We select the appropriate raw materials for our packaging responsibly. It means that from primary raw materials to post-consumer recycling, the packaging must meet both regulatory requirements and our specifications that are designed to contribute to the functionality, safety and quality of the Company's processes and products and minimizing the impact of packaging and packaging waste on the environment.

The packaging we select must also meet the ultimate goal of absolute customer satisfaction. Our products are KOSHER and HALAL certified and we are currently undergoing an audit to renew our Organic Standard certificate. Therefore, our considerations in the selection of the packaging also include requirement of compliance of raw material with kosher, halal and organic standards.

Before entering into an agreement with a new supplier, Agricom Group runs a mandatory background check on the company to identify any red flags. Our third-party risk assessment process includes assessment of packaging materials safety, traceability, legality and authenticity. **The company's packaging quality control checklist includes evaluation of the following documents:**

- ⦿ Sanitary and epidemiological conclusion that confirms safety of packaging for health and the environment;
- ⦿ Packaging materials certification;
- ⦿ Data on pertinent physical, chemical, and microbiological information, potential for unintended migration of substances from the packaging material into food or other hygiene-sensitive products;
- ⦿ Declaration of compliance;
- ⦿ Microbiological analysis of the packaging;
- ⦿ Test results verifying the absence of heavy metals and other dangerous substances in the packaging and their release into the environment from packaging and packaging waste;
- ⦿ Shipping and storage information;
- ⦿ Post-consumer recycling instructions.

We realize that the traditional "take-make-throw away" packaging system is unsustainable. We are concerned about the environment and moving toward designing a fully circular packaging. Agricom Group's environmental improvements and sustainability commitments include the use of 100% recyclable packaging, designing our products in a way that eliminates waste, implementing effective systems for waste collection and recycling, engaging customers, and reintegrating recycled materials. In the meantime, the Company takes actions towards eliminating unnecessary plastic packaging of our products and reducing overall packaging sizes. This will allow the company to use less cardboard and plastic annually which will help to eliminate waste and carbon footprint.

To achieve full supervision of food safety and the highest quality of our products, Agricom Group has made sustainable sourcing practices an integral part of our strategy. If you are interested in doing business with Agricom Group, familiarize yourself with Standards for Agricom Group's Suppliers and Agricom Group Code of Business Conduct.



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Commitment to Responsible Energy Use

Nowadays, any answer to the question “what should we do to improve energy efficiency?” will go beyond the notion of simply “saving energy”. At Agricom Group we are committed to responsible energy consumption and will practice energy efficiency throughout our production plant and equipment.

Agricom Group is reducing its electricity usage through efficiencies in heating, lighting, cooling, and ventilation. We are also transforming our business operations to renewable electricity and working with partners to invest in new energy efficiency equipment.

- **Heating.** Agricom Group monitors the overall environmental risks to our company and to the communities in which we live and work and identifies opportunities to do our part to reduce energy usage and increase energy efficiency. For instance, at our factory where we produce products branded “Dobrodiya”, and “San Grano” we use biomass as a fuel to produce thermal energy for heating needs. Plants, crop residues and other organic materials are burned in a boiler to produce high-pressure steam that is used to power space heating. Processing of biomass for energy does not lead to an increase of carbon dioxide in the atmosphere, the main cause of the greenhouse effect, but rather it represents an additional benefit to the environment because of the biodegradability of the substances that are burned. It enables us to use energy efficiently without the impairment of the environment.
- **Lighting.** Agricom Group focuses on deploying energy efficient lighting. We are using light emitting diodes (LEDs) and photocells which save electricity by turning lights off when not in use. These alternative technologies use four to five times less energy than conventional bulbs and help to decrease the levels of greenhouse gases related to the provision of electric power.
- **Cooling.** We are on the way to upgrading to a smart thermostat that can regulate and keep heating and cooling at the right temperature. In addition, we are using fans, blowers, and pumps which may be idled or slowed during times of favorable weather conditions or low plant load to reduce energy consumption.
- **Ventilation.** Effective ventilation is essential for controlling the temperature and controlling the moisture within our facilities. Our factory is equipped with a modern system of aspiration, ventilation and pneumatic transport with high-efficiency options to reduce energy consumption and produce energy savings.
- **Transition to Renewable Electricity.** Powering our operations and developing products using clean energy. Our company is on a path to powering our operations with 100% renewable energy by 2030. In just a few years, 60% of our equipment will be powered by clean energy generated from solar installations.
- **Collaboration on Energy Efficiency.** We work closely with our suppliers to develop new energy efficient equipment that we can invest in for use in our facilities.



Integrated Pest Management

At Agricom Group we carefully consider all available pest control techniques and take appropriate measures that discourage the development of pest populations.

We are using crop protection products responsibly and safely and practicing integrated pest management. This includes a range of strategies aimed at:

- ⦿ **prevention** of pest populations from building up to economically damaging levels;
- ⦿ **monitoring** crops, and intervention, only when control measures are needed. We are practicing cultural or environmental controls, physical barriers and the encouragement or introduction of natural enemies of pests. Pesticides are applied as a last resort.

We are keeping pesticides and other interventions to levels that are justified and safe for human health and the environment. Our goal is to grow a healthy crop with the least intervention in agro-ecosystems.

Responsible use of pesticides, agrochemicals, and fertilizers as well as good handling practices limit potential pesticide residues in crops and the environment as well as help to avoid pest resurgence and resistance. We manage, select, store, and apply any crop protection product responsibly and safely, in compliance with all relevant legal requirements.

Our approach to crop protection and improvement of soil fertility is based on the following principles:

- ⦿ Safety for human health and the environment is our top priority when we are selecting crop protection products;
- ⦿ Diagnosing pest problems before considering any treatment; Conducting soil sampling and analysis to estimate the needed fertilizers quantities to be used for crops;
- ⦿ Making a balanced application of nutrients;
- ⦿ Promoting natural methods to control pests by using natural enemies' pest management. For instance, we are creating favorable conditions for honey bees which help to pollinate crops and control insect pests;
- ⦿ Keeping the use of pesticides and fertilizers to levels that are ecologically justified;
- ⦿ All the pesticides and agrochemicals we use are approved and are applied according to the applicable laws and regulations, and with appropriate protective equipment;
- ⦿ Keeping a record of pesticide and agrochemical type, doses and application rates and report its usage according to the applicable laws and regulations;
- ⦿ Not applying crop protection products and fertilizers when the soil is waterlogged, flooded, frozen hard or snow-covered, when heavy rain is forecast to fall or under windy conditions;
- ⦿ Maintaining crop protection products in a lockable, fire-resistant, dry and frost-free environment to avoid any leaks and soil contamination. We also have a pollution response plan at place.

The company applies integrated pest management throughout all of its 28,000 hectares fields, decreasing the need for the use of pesticides and reducing environmental impact.



Quality and Food Safety Commitment

Agricom Group's business portfolio in manufacturing and distribution is represented by Trading House "Dobrodiya Foods". We produce a wide range of food products that include oat flakes, oat groats, wheat flakes, barley flakes, rye flakes, millet flakes, buckwheat flakes, corn flakes, peas flakes, rice flakes, muesli, oat bran, granola and various mixtures of cereals, oatmeal in individual packets. Our brands are "Dobrodiya", and "San Grano". Manufacturing facility of the company is represented by a modern and fully automated plant in Chernihiv oblast, Ukraine.

At Agricom Group, our commitment is to never compromise on the safety and quality of our products. We focus our efforts on providing healthy food that brings wellness for people and for the environment.

To deliver the highest quality products, we grow grain in healthy soil and process the crop at our factory, which is equipped with the latest European innovative food processing technologies. Our management solutions and advanced equipment enable us to produce nutrient-dense foods that are accessible for all, while reducing our ecological footprint at every stage of a food system.

To ensure safety and quality of our products, we operate in a clean and safe processing environment and inspect products at every stage of the production cycle.

- ⦿ **Clean and safe processing environment.** Our plant is built according to precise prerequisites, including those for a clean and safe water supply, for air filtration, and for any material that may come into contact with food. These guarantee that the materials, equipment, and processing environment are all designed to produce safe products. Confirmation of water quality is proved by a test report obtained from SE "UKRMETRTTESTSTANDART". The Act obtained from the State Environmental Inspectorate of Ukraine, the state authority that is responsible for inspecting emissions of pollutants into the atmosphere, confirms that the company's processing environment meets requirements of the national laws in the area of environmental protection, rational use, reproduction and protection of natural resources.
- ⦿ **Comprehensive product testing and inspection.** We conduct comprehensive testing and inspection at every stage of the production cycle. At our plant the incoming raw materials, intermediate and finished products undergo on-site testing followed by external microbiological, chemical, and nutritional testing. No product is released into distribution without adhering to the strict internal quality and safety standards, in which product tests are conducted both by internal experts and independent testing laboratories.

To guarantee safety and high quality of our products and to ensure they are produced in a socially and environmentally responsible way, our workflows and processes are audited, verified and certified by independent certification body according to FSSC 22000 scheme, the food safety management system which is based on ISO 22000 and recognized by the Global Food Safety Initiative (GFSI), the Confederation of the Food and Drink Safety of the EU (CIAA) and the Consumer Brands Association (CBA).

FSSC 22000 certificate proves that every product produced by Dobrodiya Foods is fully aligned to ISO standards, international quality standards and applicable laws and regulations. Our products are also KOSHER and HALAL certified. We are currently undergoing an audit to renew our Organic Standard certificate and assure our consumers that we are complied with the same set of high standards for organic products that are recognized by the European Union countries.



To preserve and improve nutritional quality we apply advanced food processing techniques and technologies. Given the healthy nature of the products we produce, they do not require nutritional improvement. It is well established that cereals and wholegrain foods are a key component of any nutritious diet. They have a range of health benefits, from reducing the risk of heart disease to supporting healthy digestion. However, food processing not always can lead to preservation of nutritional value. We are applying advanced food processing techniques and technologies to make sure that food gets from the field to your table with preserved and enhanced nutritional quality. For instance, our post-harvesting processing includes:

- ⊙ **Steam Duo (Double steaming).** Sparing double steaming disinfects the surface of the kernel, improves the taste and preserves the maximum grain benefit in the flakes up to 95%, as proven by research in European laboratories.
- ⊙ **Gentle Cleaning** by Artesian water from our own well. We utilize a water purification process to ensure the water we use is free from microorganisms and organic and inorganic chemicals. Water from our own underground well is used for steaming the flakes, which undergoes additional purification on ion exchange filters.

To engage with customers on food safety, we place information on packs that include ingredients, guidance on portions for our products and a use-by date. Our consumer services department immediately respond to any inquiry, question or concern. We invite our consumers to provide the feedback on our brands "Dobrodiya", and "San Grano" by calling on hotline toll-free number **0 800 50 03 70**.

To ensure that our products are used with the highest level of quality and taste we provide quick and easy recipes for our consumers on our website. In this way we also encourage healthier eating practices.

Through our commitment to never compromise on the safety and quality of our products, we comply with environmental laws, contribute to overcome global warming, reduce waste, and use natural resources wisely and responsibly.

Our factory is equipped with modern system of aspiration, ventilation and pneumatic transport that help us to protect environment:

- ⊙ Our air purification system meets European standards and considered to be eco-friendly;
- ⊙ Ventilation systems are equipped with coarse (class G4) and fine (F9) filters - which capture particles larger than 1 micrometer. Automatics constantly monitors the contamination of the filters by the pressure drop at the inlet and outlet of the filters;
- ⊙ Each unit of compressors is equipped with filters that purify the air with purity class "O" according to the content of oil impurities, which is confirmed by certificates of equipment manufacturers. The state of filter contamination indicators is constantly monitored;
- ⊙ For equipment we use technical oils and lubricants that are NSF (H1) certified - approved for use in food production;
- ⊙ Energy efficiency in production is achieved through resources saving and use of new energy efficient technologies;
- ⊙ Our zero-waste mindset implies that we look at waste materials as a resource. For instance, oat husks and waste from grain cleaning machines are used as alternative energy sources for space heating.



Quality and Food Safety Control: The Field to Table Journey of Oats

Healthy Soil

- ⦿ We employ regenerative agricultural principles which improve soil properties with as little soil disturbance as possible
- ⦿ Regular soil testing is conducted by independent test labs

Healthy Crops

- ⦿ We are practicing Integrated Pest Management to help us grow healthy crops without utilizing much fertilizer and pesticides

Harvesting & Incoming Quality Control

Once oat crops are harvested, they are delivered to our factory for inspection and testing. Incoming raw materials undergo purity, identity and quality control both by internal experts and external independent test labs

Clean and safe processing environment

- ⦿ Our factory is built according to precise prerequisites, including those for a clean and safe water supply, for air filtration, and for any material that may come into contact with food
- ⦿ Water and air quality is inspected on regular basis by internal experts and verified by independent certified body and state authorities
- ⦿ Processing environment meets sanitary and hygienic requirements and being monitored constantly

Post-Harvesting Processing

- ⦿ Under the Company's Plan of technochemical quality control of products, we verify the quality of oats at all the stages of production process
- ⦿ Our workflows and food processing processes are audited, verified and certified by independent certification body according to FSSC 22000 scheme

Ready-to-Eat Oats

- ⦿ Finished products undergo on-site testing followed by external microbiological, chemical, and nutritional testing

Packaging

- ⦿ Finished products are packed in the packaging that underwent safety and quality control

Transportation & Distribution

- ⦿ We inspect vehicles used for transportation of our commodities for cleanliness, air circulation and dryness. Packed oats are transported to local grocery stores and are also sold at online shopping websites and the company's website dobrodiya.com.ua

Quality Assurance

- ⦿ We monitor quality of our products after they were released through Customer Satisfaction Surveys, Customer Feedback and our Customer Service hotline toll-free number **0 800 50 03 70**.



Labor Policy & Human Rights

We conduct business in a manner that preserves and respects human dignity.

Agricom Group is committed to respecting the rights described in the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and all applicable employment, labor, and human rights laws. We recognize that as a business enterprise that creates jobs and unites people, we are required to respect human rights and ensure fair and ethical employment practices are followed.

Considering the United Nations Guiding Principles on Business and Human Rights, Agricom Group has created the following Human Rights approach:

- Avoiding infringement of human rights and addressing adverse human rights impacts if they occur. This includes taking measures for their prevention, mitigation and, where appropriate, remediation;
- Embedding our responsibility to respect human rights through the policies that are publicly available and communicated internally and externally;
- Engaging independent external expert who carry out human rights due diligence in the company. The company's human rights due diligence includes assessing actual and potential human rights impacts, integrating findings across relevant internal functions and processes, and acting upon the findings, tracking responses, and communicating how impacts are addressed;
- Taking appropriate steps to ensure that effective grievance mechanisms and access to remedies are at place.

Agricom Group's labor policy is aimed at maintaining a healthy and safe work environment for all of our employees and contractors. We demonstrate this commitment in our employment practices, including non-discrimination, minimum age requirement, and fair compensation policies and through our rules on health & safety for our employees and contractors. The company supports the effective exercise of freedom of association and the right to collective bargaining.

The Agricom Group's Code of Business Conduct, our values and culture reflect an environment in which everyone is treated with dignity and respect. We expect our employees to abide by our Code of Business Conduct and other Company's policies in all of their work activities.

Under Standards for Agricom Group's Suppliers we require our suppliers to comply with the requirements of all applicable employment, labor, and human rights laws.

We encourage anyone with concerns about potential violations of the law or our Code of Business Conduct to raise your concerns via **office@agricom.com.ua** or by calling **+38 (044) 500-97-72**.



● **Health & Safety**

Agricom Group is committed to maintaining the highest health and safety standards for employees, customers, and contractors. Our commitment encompasses health and safety risks in the workplace, at agricultural worksites, and during travel on Company business.

● **Training & Development**

High-quality training is fundamental to the success of our employees, as well as to the success of our business.

● **Social & Economic Impact**

Our philanthropic activities reflect the Company's values and focus on a limited range of social and educational issues that call for strategic involvement and partnerships with community organizations. Because we care about our impact on society, we focus on areas where our organizational strengths, our technological expertise, and our cultural values can have the greatest impact.

● **Sustainable supply chains**

Agricom Group expects our supply chain partners and business partners to adhere to the principles in our Code of Business Conduct, including the commitment to uphold human rights, to treat their employees with dignity and respect and to comply with applicable employment laws.



Tax policy

Agricom Group voluntarily publishes its tax policy to disclose its position in relation to tax planning, tax risk management, and financial reporting. We consider this part of our commitment to transparency and good corporate governance.

Agricom Group is built on a strong foundation of ethics, integrity, and corporate responsibility. Paying taxes according to the requirements of applicable laws and regulations contributes to the economic wellbeing of the population in our country. Therefore, in line with our Code of Business Conduct, we are committed to complying with taxpayer's obligations in a transparent, accurate, complete, and timely manner.

As of the date of preparation of this policy, the Company does not have any outstanding tax liabilities. We continue meeting our obligations in full. Agricom Group paid more than UAH 50 million in taxes in 2020. According to the tax sharing mechanism, established by law, the oblasts, raions and local communities' budgets receive revenue from the taxes paid by the Company.

Agricom Group has zero tolerance to tax evasion. We conduct all of our business dealings in an honest and ethical manner. We do not engage in any form of facilitating tax evasion or foreign tax evasion. Our prices for products are set in accordance with internationally acceptable standards and regulations set out for formation, establishment and use of the prices.

● Tax Planning

Tax planning at Agricom Group is designed to ensure compliance with all applicable tax laws and regulations and to minimize our exposure to tax risks. Should any relevant tax incentives or exemptions be implemented by the government to support national agricultural producers and stimulate food production, we monitor and apply any such incentives or exemptions in the manner intended and in compliance with applicable laws.

● Tax Risk Management

We continuously monitor changes in tax practices and regulations to effectively manage our exposure to tax uncertainties. Our practices on tax risk management include:

- Identification and evaluation of tax risks for all types of taxes;
- Timely identification of legal and/or
- Regulatory changes in tax law or other laws which affect our activities;
- Accurate calculation, evaluation, classification and disclosure of tax liabilities;
- Timely payment of tax liabilities;
- In case of any legal uncertainty, we request the State Fiscal Service to provide their interpretation or written explanation on the given law provision.



● Accounting and Financial Reporting

Agricom Group's Accounting and Financial Reporting are designed to ensure that our stakeholders receive complete, accurate, honest, and objective information on financial performance of the Company. The Chief Financial Officer of Agricom Group is responsible for accounting.

Agricom Group has systems in place to maintain robust internal controls in relation to all aspects of our operations including taxation and financial reporting. The General Meeting of the Members regularly oversees Agricom Group's financial reporting practices as well as legal and regulatory compliance, including tax policies. We prepare consolidated financial statements in accordance with IFRS, although the Company is not required to do so.

If you need any further information on Agricom Group's tax policy and financial reporting, please feel free to contact our by email office@agricom.com.ua.

● Code of Business Conduct

The Agricom Group's Code of Business Conduct reinforces our corporate commitment to maintaining high ethical standards and summarizes the fundamental importance of acting with integrity in all we do.

The Code applies in both letter and spirit and is supplemented by Company policies, standards and guidelines. The Code applies to all directors, employees, and contractors of the Company, as well as third parties who do business with Agricom Group. Likewise, each of our business partners and suppliers are required to comply with the laws and regulations, and to act responsibly and ethically in a manner consistent with our Code of Business Conduct, which includes maintaining policies to safeguard against human rights violations such as discrimination, prohibiting bribery and corruption, and reducing environmental impact.

● Reporting Concerns

If you are aware of, see, or suspect a violation of the Code of Business Conduct, report it to Agricom Group. Speak up, knowing that when you share your concerns you are supporting an ethical workplace, making our Company stronger and protecting your colleagues from harm.

There are a number of ways to report issues and share concerns. Your first point of contact should be your direct or functional manager. If this is not practical, you may contact a manager in Human Resources or the Legal team.

You can raise your concerns online via office@agricom.com.ua, or by calling **+38 (044) 500-97-72**.

All reported compliance concerns are taken seriously and handled promptly, professionally, and thoroughly. Agricom Group prohibits retaliation for good faith reporting of a potential or actual violation of the Code of Business Conduct, our internal requirements, or applicable laws. We will not tolerate any form of retaliation against individuals who raise issues in good faith.