



**EKONIVA**  
**ЭКОНИВА**

**SUSTAINABLE  
DEVELOPMENT REPORT  
2021**

**FROM FIELD TO YOUR HEALTH**





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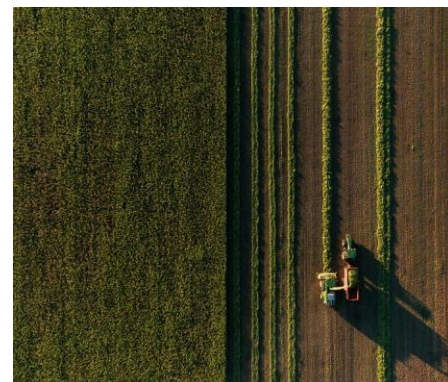




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# FOREWORD BY CEO

Dear partners, employees, shareholders and friends of the EkoNiva Group,

I am glad to present to you our second sustainable development report where we share the results of our work in 2021, evaluate the contribution which we have made to reach social, educational, economic and environmental targets and to achieve prosperity and efficient growth of both the regions where the Group operates and society as a whole.

As the largest raw milk producer in Russia, EkoNiva directly influences the availability of high-quality and wholesome dairy products for the citizens of the country. Our concern for the well-being of our employees, animal health, safety and wholesomeness of our products, environment protection and attractiveness of rural regions of Russia means that we are able to transform EkoNiva into a unique agricultural Group with a strong culture of responsibility and sustainability, capable of making a significant contribution to the food security and Russia's own dairy products availability. We are proud that due to the well-organised vertical integration and quality control from the field to the shop shelf we can guarantee our consumers high-quality wholesome dairy products at an affordable price.

In 2021, we were the first in Russia to cross the milestone of one million tonnes of raw milk produced. EkoNiva Group's revenue grew by 26% year-on-year in 2020. Despite a constantly changing operating environment and new challenges, net cash inflow and key operating indicators grew significantly, driven by the company's active expansion in previous years as well as the high professionalism of our large team.

At the end of 2021, EkoNiva is represented in 13 regions of the Russian Federation, where more than 12,000 people are employed at our facilities. For us, it is fundamental to attract local residents to the Group's enterprises - we strive to provide decent jobs and earnings for people living in rural areas of Russia. It is equally important for us to provide our personnel with comfortable living conditions and make the areas of our presence attractive as a permanent place of residence for young and promising personnel. To this end, EkoNiva participates in the state program *"Comprehensive Development of Rural Areas"*.

We consider it an equally important task to raise the prestige of agricultural professions and develop the competencies and potential of both our own employees and the agricultural community as a whole. In 2021, over 1,500 employees of EkoNiva Group took part in face-to-face training events; the total amount of training organized for personnel amounted to almost 190,000 hours, over a thousand students completed internships with us, we continued cooperation with almost 50 higher and specialised secondary educational institutions, as well as the implementation of the Agroclasses project for high school students from Voronezh, Kaluga and Novosibirsk regions.

Environmental protection in the regions where we operate, respect for animals, naturalness and consistently high quality of our products are at the core of EkoNiva Group's operations. In 2021, we managed to achieve a noticeable reduction in specific air emissions, waste generation and electricity consumption compared to 2020. However, we intend to move further: our plans include transition to renewable energy sources and the corresponding reduction of CO<sub>2</sub> emissions, as well as the introduction of new technologies to minimize air emissions of pollutants from animal waste.

We are going to solve these and other tasks by continuing the implementation of the EkoNiva Group ESG transformation project, during which we identified the key areas of the sustainable development strategy and developed pilot goals and objectives. In the reporting year, based on the first results of the implementation of strategic guidelines, we updated the Group's ESG goals and objectives. At the next stage, we will develop and integrate specific indicators for each goal and define a roadmap for their achievement.

Our employees are the key to EkoNiva's success. One of the Group's top priorities remains the creation of comfortable and safe workplaces, continuous development, advanced training and team building for our employees.

We are convinced that the planned further expansion of the EkoNiva Group, including the construction of new dairy farms in Bashkiria, Tatarstan, Moscow region and other regions, entry into the export market, expansion of the organic product line and growth in the number of organic producers will not be successful without the introduction of modern principles and approaches to sustainable development at all levels of the company.

We would like to thank all our investors and partners, including federal and regional government agencies, contractors and suppliers, for their long-standing support of our activities, our employees for their invaluable contribution to the common cause, and our customers, retailers and representatives of the HoReCa segment for their trust in our brand. With your help, we intend to continue changing agriculture and the agricultural sector in Russia and the world for the better.

Best regards,

Stefan Dürr  
CEO  
EkoNiva Group

# OUR ACCOMPLISHMENTS IN 2021

**1,117** thsd. t

raw milk

+21% or 190 thsd. t  
compared to 2020

EkoNiva became the first  
company in Russia to cross  
the millionth milestone in raw  
milk production

**3,060** t

average daily milk yield

+5% compared to 2020

**> 131** thsd. t

finished dairy products

+76% compared to 2020

product portfolio consists of 71  
items

**> 212** thsd.  
animals

average cattle population

+12% compared to 2020

**> 110** thsd.  
animals

dairy cows

+9% compared to 2020

**~ 1,900** thsd. t

fodder

similar to the level in 2020

EkoNiva fully met its own feed  
needs, despite natural and  
climatic challenges

**45** EkoNiva  
brand stores

owned by the Group

**8 t/million euros**

specific emissions into  
the atmosphere

-17% compared to 2020

**216 kWh/million  
euros**

specific  
electricity  
consumption

-18% compared to  
2020

**2 t/million euros**

specific waste  
generation rate

-48% compared to 2020

**~22 million rubles**

social investments in the regions  
within the framework of the  
program *"Comprehensive  
Development of Rural Areas"*

**189 thsd. hours**

total amount of staff training

+129% compared to 2020

**24.5 million rubles**

expenses for external  
training for employees  
in 2021

## Key sustainability developments in 2021

### JANUARY 2021

28 employees of EkoNiva in Voronezh region received the keys to new houses in Liski as part of the program “*Comprehensive Development of Rural Areas*”

The project is designed to address the main issues of villagers: access to medical care, social security, education and housing. EkoNivaAgro is one of the first companies to confirm its readiness to participate in the programme.

### FEBRUARY 2021

EkoNiva's tour project wins a national award

EkoNiva's tour project at the Ulanovo dairy farm in Kaluga region came second out of 200 participants from all over the country in the “*Routes to Production*” category of the “*Russian Routes 2020*” national award

EkoNiva operation joins the national project “*Labour productivity*”

Sibirskaya Niva becomes one of the first enterprises in the Siberian region to introduce lean production

### MARCH 2021

EkoNiva has purchased new medical equipment for the Vorobyovka District Hospital in Voronezh region together with the German-Russian Economic Union

The new medical equipment includes equipment for diagnosing patients with diabetes, mellitus and cardiovascular diseases

### JUNE 2021

EkoNiva becomes No. 1 among the leaders of commercial milk production in Russia

The EkoNiva Group took the leading position in the rating of the largest milk producers by the National Union of Milk Producers (Soyuzmoloko), the news agency Milknews and the consulting company Streda Consulting. The other two companies in the top three of Russian leaders in marketable milk production were AO Agrokomples n. a. N.I. Tkachev and Rusmolko

### AUGUST 2021

The Russian Ministry of Labour has praised EkoNiva's social initiatives

The Ministry of Labour and Social Development of the Russian Federation summed up the results of the annual contest “*Russian Organization with High Social Efficiency*”. EkoNiva's branch in Voronezh region took the third place for the contribution to the development of rural areas by means of social investments and charity



## SEPTEMBER 2021

### EkoNiva has released an upgrade for EkoCrop, an app for crop farming

EkoNiva has released an upgraded version of the in-house developed crop farming software EkoCrop 1.9. The new options make the user's experience more efficient, convenient, and fast

### EkoNiva has completed the first phase of climate station installation

Production facilities of EkoNiva have completed the first phase of the project to install meteorological stations: 42 modern climate stations have been put into operation in Voronezh, Kursk, Kaluga, Orenburg, Ryazan and Novosibirsk regions as well as in Tatarstan and Bashkortostan

### Five years of EkoNiva's educational project

The educational platform Zoovet established in 2016 contributes to the professional development of graduates of agricultural universities who come to work in modern production. Over 400 young specialists have undergone training in the past five years

## OCTOBER 2021

### EkoNiva dairy plant confirms its organic production status

The audit was performed by experts of Roskachestvo. The MosMedynagroprom dairy plant in Kaluga region receives the certificate of compliance with the organic production standards from nonprofit organization "Russian Quality System" (Roskachestvo).

## NOVEMBER 2021

### With the support of EkoNiva a gym for dryland swimming in Liski has been refurbished

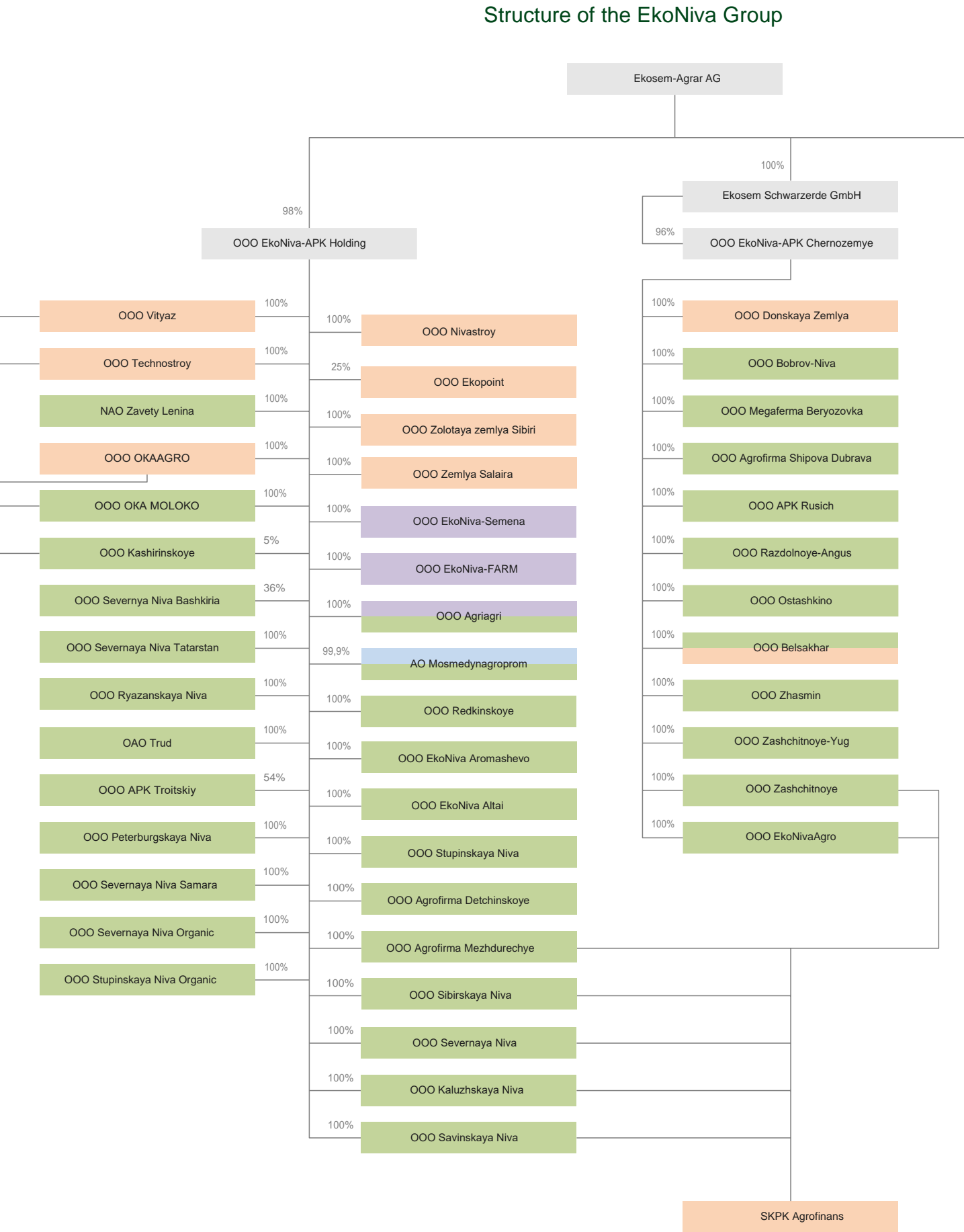
For over seven years, EkoNiva has been supporting regional water sports schools of the Paralympic and Olympic reserve in Voronezh region, financing athletes' trips to competitions, training camps and purchasing modern equipment

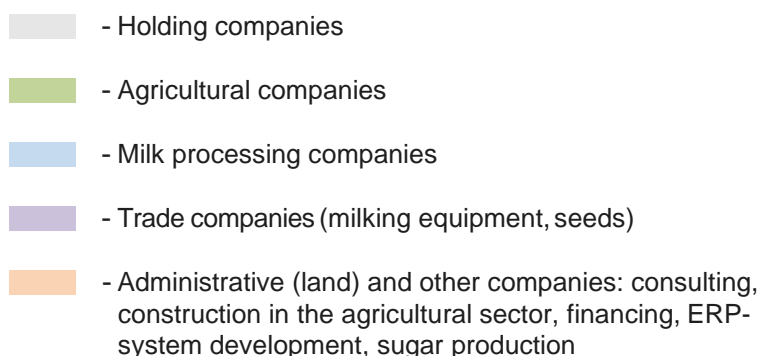
## DECEMBER 2021

### The compliance of EkoNiva's organic production with European standards is confirmed

Experts of the German company Kiwa BCS Öko-Garantie have completed the annual inspection of the organic farm Savinskaya Niva owned by the Group. The inspection of technological processes, the assessment of the state of the land used, the quality of crops grown, animal health and living conditions were carried out. Laboratory analyses of the samples taken also confirmed that the work at Savinskaya Niva is carried out in full compliance with European standards of organic agriculture

# EKONIVA GROUP PROFILE



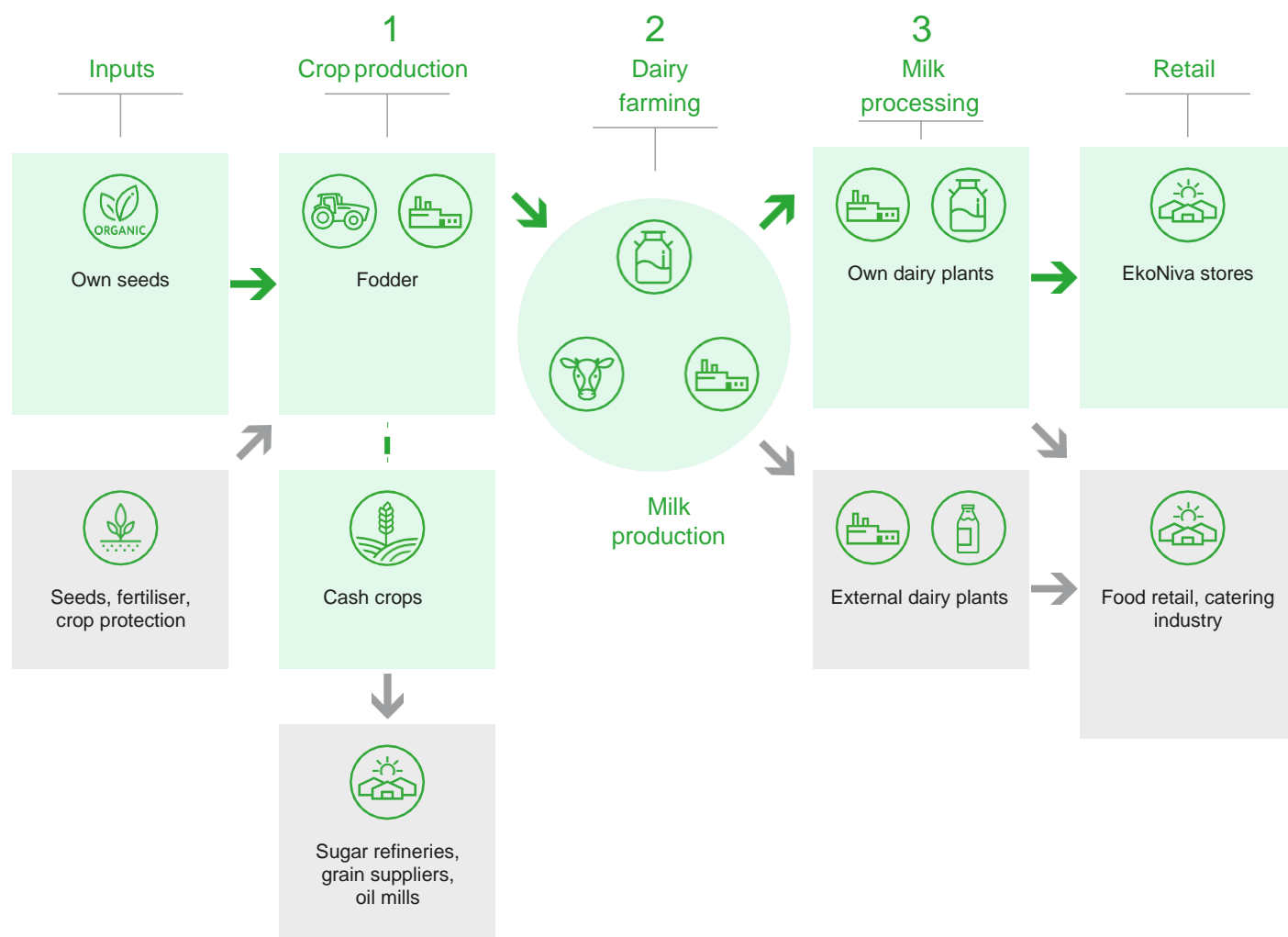


The parent company of the Group is Ekosem-Agrar AG.

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## Business model of the EkoNiva Group



### Seed production

EkoNiva is one of the largest seed producers in Russia. The Group is engaged in breeding own varieties of seeds, acquires licenses for exclusive multiplication and distribution of certified seeds of mainly cereals, legumes, grasses such as clover and alfalfa in Russia. EkoNiva produces a part of the sowing material to use for own operations. Also, the Group sells seeds to third-party business consumers. In 2021, 74.6 thousand tonnes of seeds (79 thousand tonnes in 2020) was produced as part of the seed project.

### Crop farming

In crop production, the Group focuses on the production of forage for the needs of its own herd. The area of farmland under the Group's control exceeds 630 thousand ha. The main forage crops are perennial and annual grasses, including alfalfa, maize, soybeans, rye, barley, wheat. A wide range of field crops is grown for sale to third parties. Among them are wheat, rye, triticale, barley, maize, soya beans, peas, chickpeas, lentils, rapeseed, sunflower as well as sugar beets.

### Dairy farming

Dairy farming is the core business of the EkoNiva Group. The average annual number of cattle in milk production in 2021 was over 212 thousand animals (+12% compared to 2020), of which over 110 thousand animals were dairy cows (+9% compared to 2020). The average daily milk yield in 2021 amounted to 3,060 t/day (+6% compared to 2020). Most of the raw milk produced by the Group is sold to external dairy processors. The business segment also comprises the sale of the Group's own breeding cattle to agricultural businesses and dealers, the sale of animals no longer used for milk production as well as the sale of male calves to specialised fattening operations.

## Milk processing

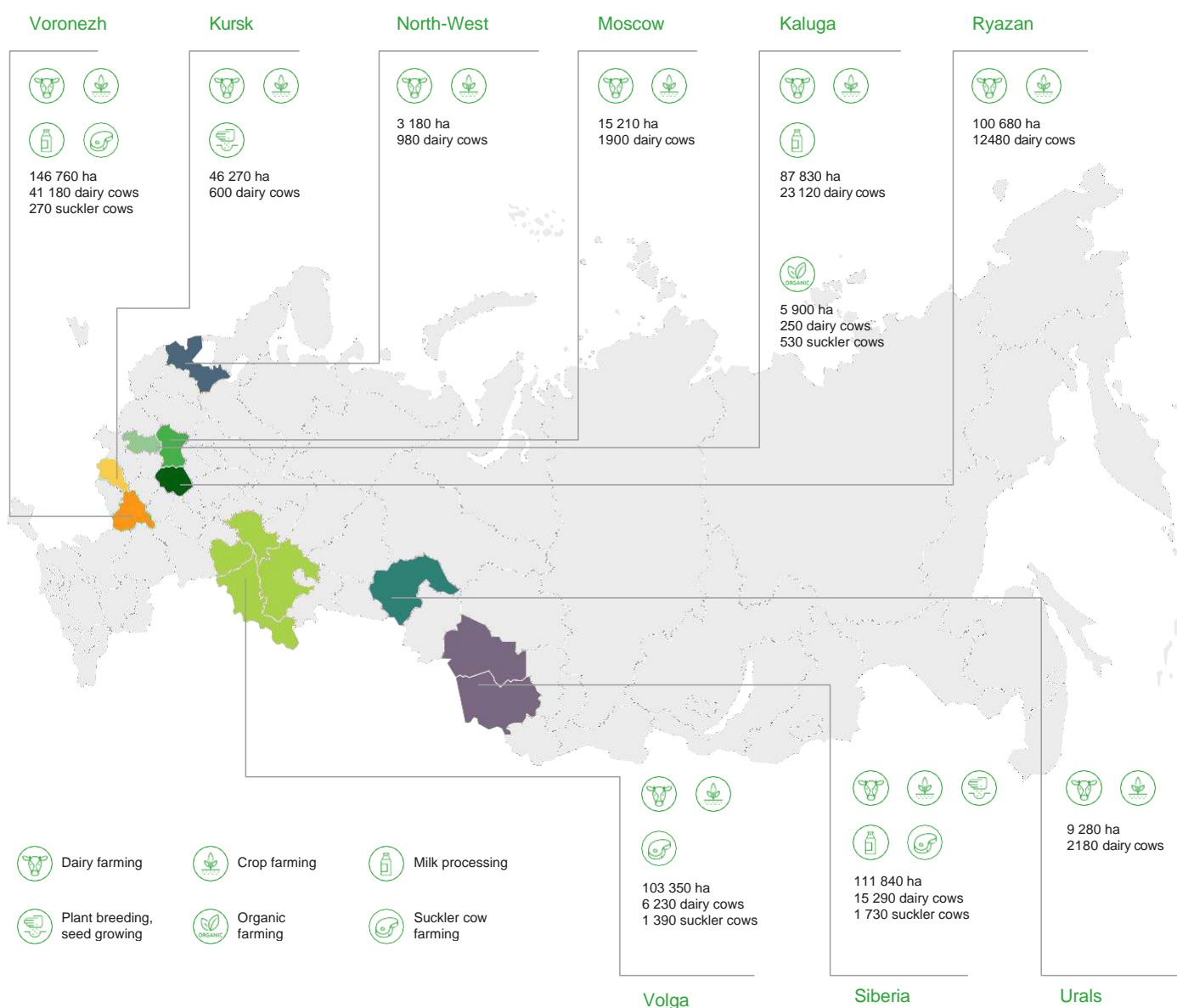
In 2021, EkoNiva sold over 131 thousand tonnes of finished dairy products, which is 76% higher than in 2020. The product range reached 71 items. The share of dairy products under the Group's brands reached 75% of the total turnover of the processing branch, products sold as private labels of retail chains accounted for 25%. In 2020, these figures were 71% and 29%, respectively. EkoNiva produces a wide range of traditional dairy products, among them drinking pasteurised and ultra-pasteurised milk, including organic milk, cream, kefir, ryazhenka, sour cream, curds, butter, drinkable and spoonable yoghurt, quark desserts, ice cream, semi-hard and hard cheeses.

## Retail

The Group's products are sold both under the umbrella brand EkoNiva and as private labels via independent shops, retail chains and the hospitality segment. Besides, the Group operates 45 own branded shops.

The Group's growth is driven by the government's active support of agricultural enterprises in order to ensure the country's food security and establish Russia as one of the leaders in the global food market.

At all stages of value creation, EkoNiva focuses on introducing the latest agricultural technologies, adhering to high standards of animal welfare, environmental and production safety, developing the potential of employees and improving the living conditions of people and families in the regions where the Group's agricultural production is located.



# RESPONSIBLE GOVERNANCE

## SUSTAINABILITY STRATEGY



In-depth integration of sustainable development principles into EkoNiva Group’s overall development strategy has been in place since 2020, when the Group’s management decided to launch a project to define specific ESG targets, benchmarks and indicators.

The ESG transformation of the EkoNiva Group is aimed at mitigating environmental, social and governance risks, reducing production costs through targeted energy and other resource saving, enhancing the Group’s

attractiveness as an employer, and identifying new economic opportunities.

As one of the world’s Top-3 milk producers, EkoNiva recognises its responsibility to make a significant contribution to the achievement of global sustainable development goals and the process of defining universal standards for sustainable agro-industrial production.

The business process transformation project includes several stages involving

an analysis of the economic, environmental and social impact of the business activity of the Group: conducting stakeholder surveys, identifying key areas of sustainable development at the top management level and discussing realistic ESG targets with local branch managers.

### Phases of EkoNiva Group’s ESG-transformation



The first three phases of the project involved consultants conducting stakeholder interviews, creating a matrix of material aspects of activities and identifying four material topics for the ESG agenda/ Furthermore, EkoNiva identified the most important UN - Sustainable Development Goals (UN-SDGs)<sup>2</sup> and

determining the measures to achieve them<sup>3</sup>. At the next stage in 2021, the selected priorities and benchmarks were tested in the actual production operations of the Group’s entities, after which the necessary adjustments were made, taking into account the opinions of technical specialists in the regions of the company’s

operations. If necessary, another iteration of target refinement will be carried out in 2022. After that, objectives and activities to achieve them will be defined.

### Strategic priorities and benchmarks of the EkoNiva Group regarding sustainable development



<sup>2</sup>17 Sustainable Development Goals adopted by all UN Member States in 2015 as part of the 2030 Agenda for Sustainable Development, which sets out a 15-year plan to achieve them.  
<sup>3</sup>Read more in the Sustainability Report for 2020: [https://www.ekosem-agrar.de/site/assets/files/3678/en\\_esa\\_nh\\_bericht\\_final.pdf](https://www.ekosem-agrar.de/site/assets/files/3678/en_esa_nh_bericht_final.pdf)



## Material topics

## Priority UN-SDGs

## Objectives

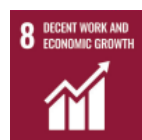
## EMPLOYEES

Strengthening the Group's position as one of the largest employers in the Russian agricultural sector and continuous incentivisation of employees, including through the implementation of targeted professional development measures



Reducing employee injury rates and ensuring zero fatalities at the Group's production sites

- Implementation of a comprehensive programme aimed at preserving the health of employees
- Introduction of trainings for employees at all levels on sustainable development, respect for human rights, and anti-discrimination practices
- Increase in the average number of training hours per employee
- Regular environmental education activities for employees and/or the public (seminars, lectures, workshops, etc.)



- Monitoring of the staff turnover rate and implementation of measures aimed at its reduction
- Application of a feedback mechanism to identify the level of employee loyalty and implementation of measures aimed at improving it
- Ensuring a decent level of employee salaries in line with regional averages

## NATURAL RESOURCES

Climate protection, rational use of resources, conservation of biodiversity and respect for the environment lie at the heart of the Group's efficient performance



- Organization of an environmental management system for all Group companies in order to continue the certification of compliance with environmental standards
- Development of an Environmental Protection Policy containing strategic targets
- Determination of key ESG criteria for the Group's suppliers and contractors in order to implement them in the system of procurement of goods, works and services
- Implementation of measures aimed at reducing specific gross emissions of pollutants into the atmosphere, specific consumption of heat and energy resources, water, plastic, specific waste generation
- Implementation of measures to ensure compliance of the qualitative and quantitative composition of discharged wastewater with the norms for technologically standardized substances



- Implementation of an effective system of measures aimed at preventing risks of accidents, incidents and controversial environmental situations

### HEALTHY ANIMALS AND HEALTHY FOOD

The welfare of our animals is a decisive factor for milk yield and consistent raw milk quality. EkoNiva, as a leader in milk production in Russia and Europe, is taking a responsible approach and intends to make a meaningful contribution to the process of establishing a sustainable dairy farming system



- Ensuring consistently high quality and all-natural composition of EkoNiva brand products, including through the health of animals kept on the Group's farms

### RURAL AREAS

We strive to ensure that people stay in the communities near our farms by providing them with comfortable living conditions and increasing their social well-being. To this end, we intend to make a meaningful contribution to the development of the regions of our operation



- Development of production activities for the EkoNiva Group entities in order to make a significant contribution to the implementation of the "Strategy for the Development of the Agro-Industrial and Fishery Industries" by the Russian Federation for the period up to 2030 as well as achieve the required level of national food security and expand exports of Russian agro-industrial products.



- Development and implementation of measures aimed at increasing the share of participants of the "Agro Classes" programme enrolling in agricultural universities
- Expansion of social support projects in the regions of the Group's presence

### Other



- Creation of a unified innovation strategy aimed, inter alia, at expanding genetic work and generating own genetic material
- Establishing partnerships with Russia's leading scientific centres in genetics and agriculture
- Implementation of an effective system of measures aimed at managing the risk of data leakage



- Ensuring the Group's effective participation in expert groups and/or initiatives regarding sustainable development
- Implementation of measures aimed at ensuring compliance of the Group's activities with the criteria of national and international ESG ratings

## COMMUNICATION WITH STAKEHOLDERS

The EkoNiva Group bases its work on the principles of openness, efficiency, readiness for fruitful cooperation with various counterparties and partners, constant search for new opportunities for improvement and involvement of society in the joint development of the agricultural sector and the regions of its operations.

Continuous dialogue with stakeholders remains a priority for the Group. The Group's corporate websites regularly publish news about the Group's activities and expand opportunities for feedback.

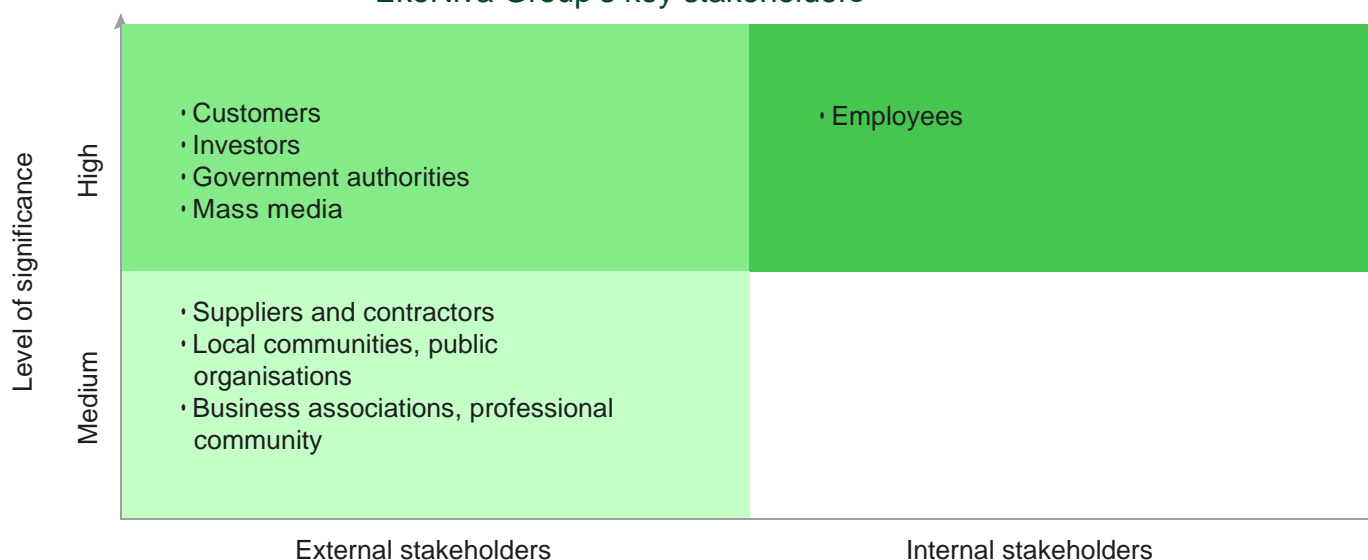
The present Sustainability Report is the second public report that EkoNiva prepares for its stakeholders.

The Group's representatives actively engage with business partners and investors, maintain close contacts with government authorities, local communities and the media, which has a favourable effect on the Group's reputation and performance.

The personal telephone number of Stefan Dürr, CEO and Chairman of the Management Board of the EkoNiva Group, is on the packaging of the company's dairy products. Stefan Dürr is particularly attentive to the feedback he receives from customers

The specific nature of the industry in which EkoNiva operates has a significant impact on the number and composition of stakeholder groups. The Group's activities affect the interests of a wide range of individuals and legal entities. When updating the list of stakeholders, the degree of mutual influence of the Group and its stakeholders is taken into account.

EkoNiva Group's key stakeholders



### Communication with customers

Strengthening customer orientation is one of the main objectives of the EkoNiva Group: we are constantly working to improve our communication systems with customers and consumers.

Any customer and partner/client can communicate their opinion on product quality directly to the Group's founder and manager. Each feedback is sent to the factory where, if necessary, claims are investigated along the entire production chain.

Interaction with legal entities is performed by account managers assigned to individual clients. Due to the active growth of e-commerce, a special department for the development of internet sales through online channels has also been created.

EkoNiva uses the format of working visits and takes part in business missions abroad as part of Russian delegations to establish contacts with potential customers.

Excursion programmes for current and prospective buyers are another effective marketing tool. During the guided tours in Kaluga and Voronezh regions, visitors learn about EkoNiva Group's farming practices and dairy production processes.





### Communication with investors

The interaction is carried out via the Investor Relations department of the Group and an external partner IR.on AG, which carries out this communication on behalf of the Group. The company regularly publishes operational and financial performance indicators as well as important events. For investors, a special section with the necessary factual and reporting information as well as contact details has been set up on the website of the parent company Ekosem-Agrar AG<sup>4</sup>.

### Communication with government authorities

Being a system-relevant company, EkoNiva carries out a dialogue with politicians and state authorities, including regarding the implementation of investment projects in the regions of its operations.

The company's management participates in meetings with government officials on the federal, regional and international level, in particular through membership in various specialised associations. Government officials, including foreign ones, pay working visits to the Group's production facilities.

Striving to provide its entities with qualified personnel, the EkoNiva Group cooperates with municipalities to make living in rural areas more attractive, first and foremost, for the youth. This

cooperation includes the development of concepts for improving the infrastructure and creating modern living conditions in these areas - EkoNiva is actively involved in this effort.

### Communication with employees

A variety of internal communication channels and feedback mechanisms has been introduced at all EkoNiva Group companies, employees meet with the Group's CEO as well as take part in regular team-building and corporate events.

To promote dialog and establish trusting relationships, conditions for informal communication are created: leisure activities for employees and their families, corporate sports trainings and competitions are organised.

### Communication with Mass Media

The Group is in constant contact with representatives of local, regional and federal Russian and foreign mass media and new media. The Department for External Communication is responsible for cooperation with mass media, new media and influencers. The management team has established a pool of regular writers with whom they regularly communicate in order to ensure permanent presence of the group in the media and have control over the perception of its image by the main stakeholders.

The intensity of the interaction and the topics discussed depend on the current agenda and the current business challenges. The focus is on operational activities of the Group, its financial results, new products, news from milk processing plants and dairy farms. With the start of the ESG transformation, EkoNiva pays more attention to the aspects of sustainable development.

The Group's top management regularly participates in various events with media representatives and opinion leaders. Excursions to the company's operations also regularly take place for the press.

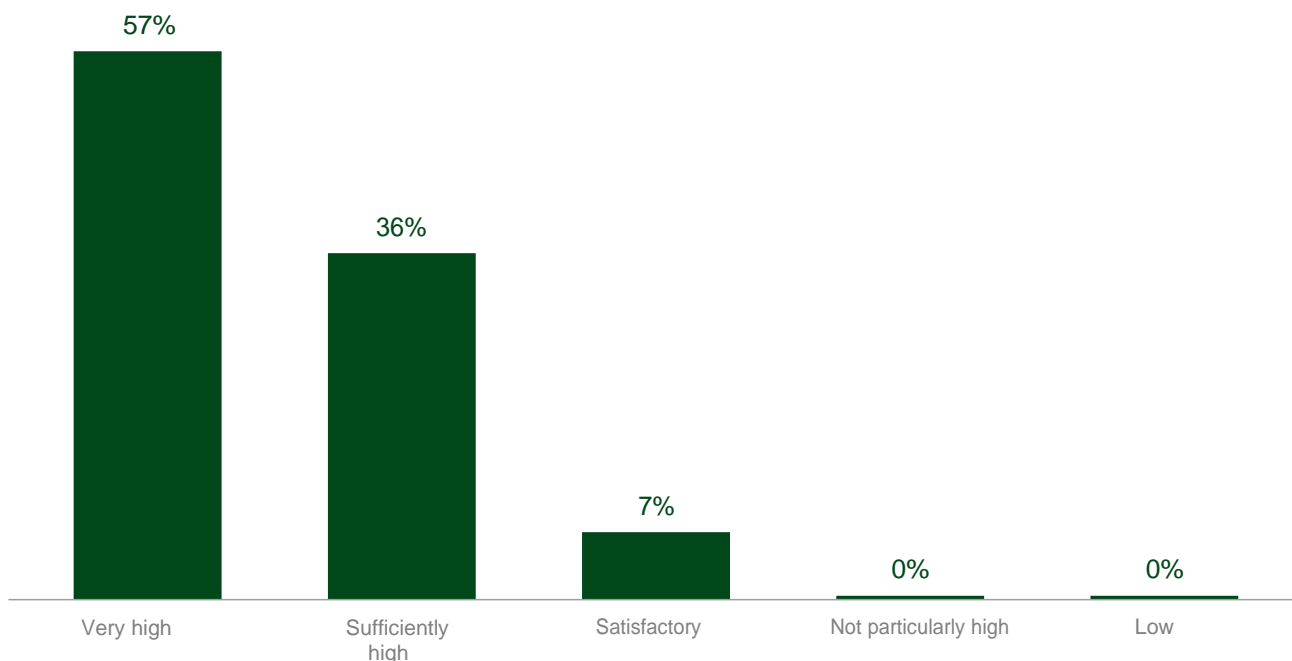
### Cooperation with suppliers

EkoNiva maintains its reputation as a reliable and conscientious partner, seeks feedback from the market and identifies key areas for the improvement of relations with suppliers and contractors. As part of the preparation of this report, a survey was conducted among the Russian suppliers of the Group<sup>5</sup>. The majority of the suppliers rated the quality of the partnership with the company very highly.

<sup>4</sup> <https://www.ekosem-agrar.de/en/investor-relations/>

<sup>5</sup> The results of the survey are presented on page 19 of this report.

Over 90% of the suppliers rate the level of cooperation with the EkoNiva Group as high



#### Cooperation with local communities and non-profit organisations

EkoNiva is aware of its responsibility to respect the interests and meet the expectations of local communities as well as to ensure the safety and transparency of its impact on the environment and the need for development of the regions of the company's operations.

All the companies within the Group maintain an open dialogue with the local communities and are willing to inform every resident of the region in which they are located about their activities, if such activities affect their interests in any way.

Various educational institutions, schools, kindergartens and sports centres in the regions of the company's operations can directly contact the companies of the EkoNiva Group for support. In addition, employees of the Group who are based in the regions can come up with ideas for supporting local institutions. All proposals are reviewed and the decisions are made by Regional Directors.

#### Cooperation with associations and the professional community

With its expertise and experience, EkoNiva actively cooperates with associations and professionals

and is partially responsible for the institutional change in the agricultural sector and the development of the professional environment.

EkoNiva is an active participant in Russian and international agricultural and economic trade shows and discussion platforms. The group also runs a wide range of educational programmes and events, including in cooperation with educational institutions.

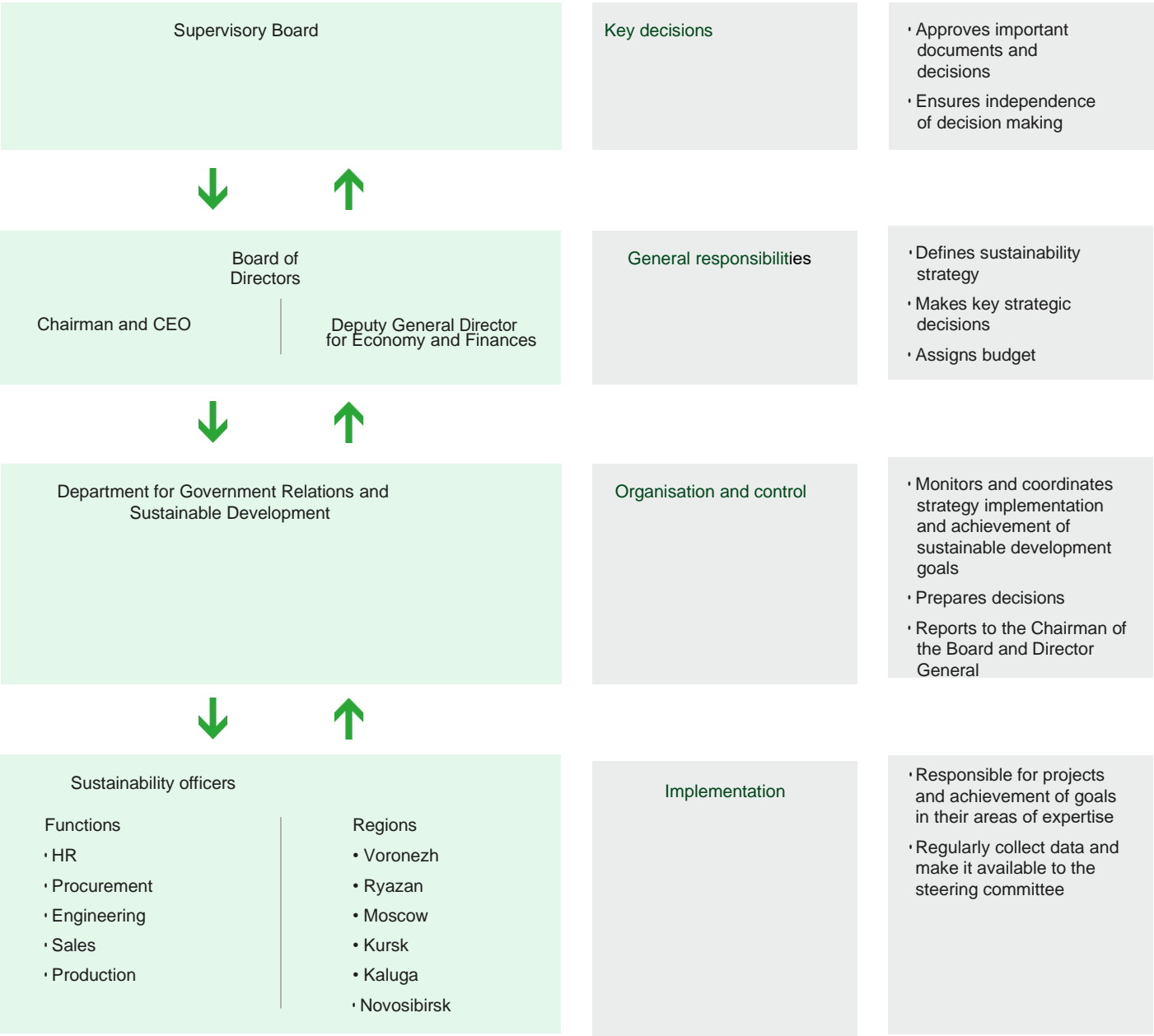
#### Associations in which EkoNiva participates:

- National Union of Milk Producers (SOYUZMOLOKO)
- Organic Farming Union
- National Union of Plant Breeders and Seed Producers
- International Federation of Organic Agriculture Movements (IFOAM)

Since 2019, Stefan Dürr, CEO of EkoNiva, has been the chairman of the board of the National Union of Dairy Producers (SOYUZMOLOKO), which represents and protects the interests of milk producers and processors before the authorities.

SUSTAINABILITY MANAGEMENT STRUCTURE

Organizational structure of sustainability management



**Supervisory Board**  
The Supervisory Board of Ekosem-Agrar AG is the highest controlling body of the EkoNiva Group. Its activities are based on the Articles of Association of the company. The approval of the Supervisory Board is subject to internal rules and regulations for a number of activities of the company. At Supervisory Board meetings, the overall strategy, compliance and risk management of the Group are discussed. Since 2020, sustainable development has also been an ongoing subject of discussions in the meetings of the Supervisory Board. Thus, strategic goals and guidelines regarding

sustainable development are presented by the Chairman of the Supervisory Board at the meeting and must be approved by resolution by the Supervisory Board. The Supervisory Board ensures independence regarding critical decisions, including those concerning the ESG-agenda. The discussion of such matters and emerging issues takes place on a scheduled basis and at the request of the Board members or directly by third parties,

including representatives of stakeholders.  
  
The members of the Supervisory Board are elected by the Annual General Meeting. Decisive for the nomination of candidates for the Supervisory Board are many years of experience and numerous contacts in the agricultural sector and business or professional activity in Russia.



As per 31<sup>st</sup> of December 2021, the Supervisory Board consisted of the following members:

- Rolf Zürn, Chairman,
- Elena Levina, Deputy Chair,
- Dr. Franz Georg von Busse,
- Andrey Danilenko,
- Dr. Thomas Kirchberg.

In 2021, there were no changes in the composition of the Supervisory Board.

In 2021, three meetings of the Supervisory Board were held in which the following topics regarding sustainable development were addressed:

- cases of breaches of rules over the year 2020. It was confirmed that no such violations were identified;
- discussion of internal regulations regarding compliance;
- discussion of the Board of Directors' reports on the implementation of sustainability measures in the Group: implementation of internal regulations and procedures related to compliance, preparation of a sustainability report, monitoring of data on CO<sub>2</sub> emissions, on sustainability partnerships and other topics.

### Management Board

The Management Board of Ekosem-Agrar AG is the highest management body. As of 31<sup>st</sup> of December 2021, it consisted of Stefan Dürr, CEO and Chairman of the Board, and Wolfgang Bläsi, Deputy CEO for Economy and Finance.

In 2021 there were no changes to the Management Board.

The Management Board is responsible for steering the Group's sustainability activities, including setting the sustainability strategy and objectives, making key strategic decisions, budget approval. Herewith, the Deputy General Director for Economy and Finance Wolfgang Bläsi is appointed as the main person responsible for sustainable development at the management level.

### Department for Government Relations and Sustainable Development

The Group has set up a special structural department — the Department for Government Relations and Sustainable Development. It steers and coordinates the implementation of the sustainable development strategy and development at Group level, collects and summarises the necessary data and indicators and prepares draft resolutions for the Management Board. The department reports to the Chairman of the Management Board and the CEO.

## COMPLIANCE AND RISK MANAGEMENT SYSTEM

### Compliance

In 2021, an information and analysis department was set up in the structure of the Group, whose tasks include, among other things, monitoring compliance with legal requirements for anti-corruption management.

The most important measures and procedures of the Anti-Corruption Department include:

- Screening of potential contractors;

- Verification of persons upon employment in the EkoNiva Group;
- Conducting internal audits and investigations into corruption and theft;
- Participation in planned and unscheduled asset inventories and audits;
- Interaction with government law enforcement agencies to protect the assets of the Group.

In June 2021, the Code of Conduct<sup>6</sup> was adopted. The document regulates the principles of compliance with legal requirements, dealing with authorities and state institutions, fair competition, proper handling of business information, the implementation of anti-corruption measures and the avoidance of conflicts of interest. The Code applies to employees of all companies within the EkoNiva Group. In addition, the document may also apply to the Group's business and contractual partners, their employees and third parties, with whom the Group has relationships, and EkoNiva plans to continue its efforts in this regard.

As part of the development of the Code, a standard clause to prevent corruption in contracts (anti-corruption clause) has been added and included in the pool of annexes to the guidelines. Also included in the Code is the Regulation on data protection measures / the protection of personal data, which aims to ensure that the legitimate rights and interests of the Group and its employees in connection with the obtaining (collection), systematisation, storage, transmission and processing of personal data are safeguarded.

**The EkoNiva Group does not consider any form of corruption acceptable, develops and applies comprehensive and consistent measures to prevent, minimise and eliminate corruption as well as to form a conscious anti-corruption attitude.**

<sup>6</sup> Approved by the order of the Deputy General Director for HR of LLC EkoNiva-APK Holding No. 46 as per 30<sup>th</sup> of June 2021 and by the minutes of Ekosem-Agrar AG Management Board resolution (record No. n/a as per 25<sup>th</sup> of June 2021).

## Total number and kind of confirmed corruption cases\*

	2021	2020	2019
Total number of confirmed incidents in which employees were dismissed or admonished due to corruption	1 (1)	0 (4)	4 (4)
Total number of confirmed incidents in which contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0
Public lawsuits in connection with corruption initiated against the entity or its employees during the reporting period and the results of these lawsuits**	1	0	4

\* Embezzlement of company property by employees is also included in the cases of corruption. Here is the number of embezzlements of company property committed by employees (in brackets - by other persons)

\*\* In 2021, there was one case of theft of property of the Group by an employee and one case of theft of property by third parties. The perpetrators of property theft were prosecuted and received non-custodial sentences. The employee of the Group entity was dismissed.

### Risk management

The concept, structure and tasks of risk management are determined by the Management Board of Ekosem-Agrar AG. The Group implements risk management not only for identification of risks that threaten the existence of the company, but also for monitoring of factors that could have a certain negative influence on the business activities of the Group.



### The main ESG-risks highlighted by the Group include the following:

#### • Weather conditions

As an agricultural company, EkoNiva is exposed to the weather conditions. Temperature and precipitation affect the harvest and thus the group's income. The regional diversification of the cultivated areas over a large territory of Russia reduces the risk of crop failure;

#### • Animal diseases and epidemics

The Group applies high animal welfare and hygiene standards and constantly monitors compliance with these standards. Nevertheless, the risk of animal diseases and epidemics in the regions of the Group's operations cannot be fully eliminated. A special insurance policy covers such cases of loss and compensates for lost livestock, but not for the loss of income in connection with epidemics;

#### • Environmental standards

The EkoNiva Group's field of activity covers a wide range of environmental and animal welfare regulations. The Group strives to comply with all legal requirements as much as possible, but the risks of individual violations exist now and in the future;

#### • Coronavirus pandemic

EkoNiva attributes a number of risk factors to the coronavirus pandemic, such as: a large number of employees falling ill simultaneously and the resulting negative effects on production processes; issues with the supply of necessary materials (fertilisers, seeds, pesticides, packaging, etc.); the devaluation of the ruble due to economic difficulties in Russia, resulting in higher prices for materials and interest payments for the Group's Eurobonds; and declining milk prices due to lower demand or reduced government support. Wherever possible, EkoNiva takes measures to reduce the likelihood of risks and/or their negative economic impact.



## PROCUREMENT MANAGEMENT

The procurement activities of the EkoNiva Group are carried out on the basis of short (ten days/month) and long-term planning. The most important products that are procured include raw materials and products for animal and plant production as well as packaging materials, spare parts and equipment for the engineering service. Dairy farming is the most important expenditure item of the Group.

When selecting a contractor, the price-performance ratio is the most important factor.

Quality is tested and analysed in the Group's in-house laboratory. In the event of doubts regarding product quality or disputable situations, it is possible to engage the services of third-party laboratories. All purchased raw materials and products must be accompanied by quality certificates or declarations of conformity. If plant products originate from quarantine areas a quarantine certificate must be provided.

The second selection criterion is the experience of the Group with the contractor - preference is given to suppliers who have proven themselves in the past. In addition, a check of the trustworthiness of the contract partners is carried out in accordance with the Russian law.

The following factors can be an obstacle to the conclusion of a contract with a supplier:

- low number of employees of a potential supplier with a relatively high turnover;
- short company history;
- financial risks;
- negative reputation in the past (e.g. late delivery, delivery of goods with insufficient quality).

An important factor in the selection of regional suppliers is also proximity, which can considerably reduce the cost of the goods. At the current prices for plant products, the delivery costs, for example, amount to about 20-30% of the total purchase price.

## DIGITALISATION AND INNOVATIONS

To increase efficiency, the EkoNiva Group actively uses innovative and digital technologies, which greatly simplify processes and minimise a number of risks.

### In-house digital developments

In order to implement a digital transformation, the EkoNiva Group has set up a digitalisation department, which has developed its own application software for dairy farming and crop production.

The decision to develop software products was taken by the Group due to the lack of functionality of standard software and the high costs for the creation of the required products made to order.

The Group's own software portfolio at the end of 2021 consisted of the crop production application EkoCrop and the animal feeding programme EkoFeed.





### EkoCrop

The most important goals in the development of this product were:

- Increasing the transparency of arable farming;
- Elimination of errors in the reporting on the work done, increasing the accuracy of the reports by recording more parameters of the technical operations;
- Increasing the efficiency in management decisions on the basis of data from the field.

The application was developed completely by specialists from the EkoNiva Group taking into account the specifics of the production processes at our enterprises.

During the development of the product a complete mapping of the area was carried out. With maps one can see the outlines of the fields, see compliance with cadastres and determine data discrepancies, obtain information on the area of each field and electronic data on fertilisers, pesticides and seeds used.

At the time of preparation of the present report, more than 500 employees used the application, of which about 300 did so regularly (agronomists, managers of production facilities and other employees).

In 2021, a product update was released. In 2022, pilot operation of EkoCrop in all production subdivisions will be carried out.

In the medium term (three to five years), a uniform platform for production processes which will be interconnected through the process "*from the field to the milk*" is planned.

The most important effects of EkoCrop are the increased transparency and speed of reporting on the cultivation processes, elimination of data errors through the use of uniform dictionaries and rapid adoption of management decisions through online monitoring of the cultivation, of crops.



### EkoFeed

The development of EkoFeed was based on the need to improve and simplify feeding processes on the Group's farms. The aim of the development of the digital product was to help the herd managers on site to prepare the feed in the stall sections and distribute the feed along the barn sections during the day and to create reports for feeding control.

The programme was developed on the basis of the realities of Russian large-scale production and takes into account the size of the organisational structure of the EkoNiva Group and the variability of business processes. The innovation of EkoFeed lies in its own hardware system that works with the weight sensors (load cells) on wheeled vehicles.

All our farms that feed cattle work with the programme. It is also installed on laptops of specialists at the management company, who can analyse the performance of individual farms. In total there are about 80 users.

EkoFeed makes it possible to control the accuracy of feed intake, which leads to greater accuracy in following the recipes from our nutrition advisors and is directly linked to maintaining the health of the animals.

It also facilitates the work of the nutritionists by taking over routine calculations for the organisation of the feed mixers and writing off the consumed feed.

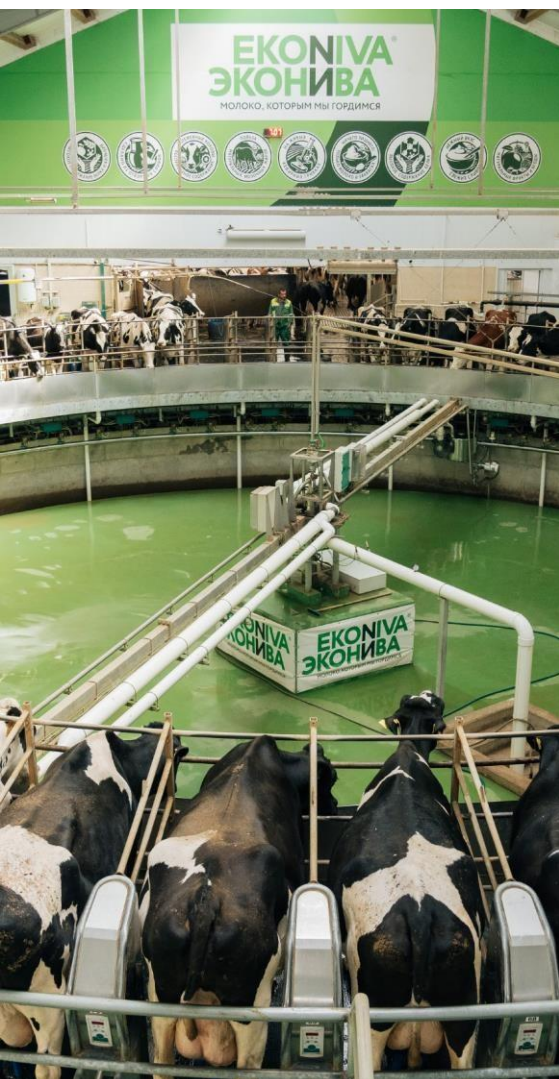
On the basis of analysis reports, adjustment measures can be carried out. The impact is immediately visible – when the reports show that the feeding protocols are regularly not followed, that the ingredients are not put into the feed mixers, we don't have to wait for that to cause a drop in milk yield, poor animal health and excessive feed consumption. We can take immediate corrective measures.

In 2021, the functionality of the programme was expanded through integration with the Accounting system 1C Farm management of agricultural enterprises.



### Ready-made software products

For the automation of the herd management system, EkoNiva uses DairyComp, one of the most widely used programmes in the world. With this software, one can create an individual account of all activities related to the animals, daily tasks for planned manipulations and also evaluation reports on the most important aspects of farm animal life: health, reproduction and milk yield. The main advantage of the product is the accounting of all activities without the use of paper media, which ensures a high degree of accuracy in the performance of all technological operations with a large number of animals.



### Technical solutions

In 2021, the EkoNiva Group completed the first phase of a project to install meteorological stations - 42 modern weather stations were commissioned on farms in Voronezh, Kursk, Kaluga, Orenburg, Ryazan and Novosibirsk as well as in the Republics of Tatarstan and Bashkortostan. Modern weather stations enable users to receive accurate local weather information for up to 14 days, which helps to reduce the production costs. The weather stations collect summaries over the entire operating period, which will offer extensive possibilities for the analysis and planning of production activity in the future.

In own operations, drones are used to monitor the crops and to control the execution of work. In some cases, drones are the only way to detect deficiencies in the work on large areas of land or to ensure the required level of quality control.

Most energy-intensive farm machines of the Group are equipped with a satellite navigation system and autopilots and can be operated without the direct involvement of a specialist – an operator is only required for steering and turning the machine, all other manoeuvres are carried out without human intervention.

In addition, a pilot project was launched to develop electronic steering of a combine harvester using artificial intelligence without the involvement of a machine operator. In 2021, this project was successfully tested and is scheduled to go into production in 2022.

EkoNiva was one of the first companies in Russia to acquire seed treatment equipment that can be used to apply different preparations onto the seed in layers and pelletise the seed.

# HONEST CHOICE

## RESPONSIBLE MARKETING

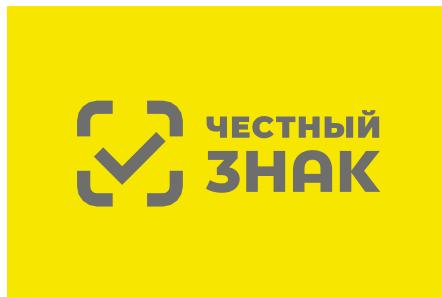
A high degree of openness and transparency helps the EkoNiva Group to build customers' trust to its products and the EkoNiva brand. What makes the company stand out is that stakeholders are informed about individual steps in the production process and consumers' questions are answered promptly. As a manufacturer of high-quality products, EkoNiva is interested in informing as many customers as possible about the Group's responsible operations.



The EkoNiva Group uses only real photos of its farms, fields and production sites on product packaging, in advertising campaigns and in information resources.

In 2021, EkoNiva ensured that new processes and equipment meet the legal requirements for the mandatory labelling of dairy products with the "Honest Mark" were tested and implemented in production. Depending on the specifics of the production, different labelling methods are used: a sticker applied on the pack after filling, printing on the line or ordering of packs with the code already applied by the supplier. The digital codes guarantee the authenticity and quality of EkoNiva products: the consumer can read the code with a special app, receive

information about the product and verify its authenticity.



"Honest Mark" is a national system for digital marking and traceability of goods, which aims to increase the safety of Russians and to reduce the number of counterfeit and substandard analogues.

Dairy products are one of the staple foods in Russia, which is why their quality and availability for all population groups is one of the Group's priorities.

EkoNiva products are positioned in the "medium" / "medium plus" price segment. Given the high quality and the supervision of each production step, this is a fair price. However, the price also depends on the mark-up of retail chains, which can vary greatly. For this reason, the EkoNiva Group is building its own network of branded stores in the regions where it operates: here people can buy high-quality natural dairy products at affordable prices. In 2021, retail shops were opened in Ryazan region, in Bugulma, the Republic of Tatarstan, and in Buguruslan, Orenburg region.

In addition, during the coronavirus pandemic, EkoNiva introduced a new format for its own retail shops – "People's store", a discount shop.



The first such outlet was opened in Liski, Voronezh region. A special feature of EkoNiva's "people's shops" is the minimal mark-up on basic dairy products such as curds, milk, sour cream, butter and kefir. The aim of the project is to socially empower the population in the regions and to improve their access to high-quality and inexpensive products of the Group. At the time of preparation of this report, there were six such shops in five regions: Voronezh, Tula, Ryazan, Kursk and Novosibirsk. The company plans to open stores in the "people's" format in all regions of its operations.



At the end of 2021, the EkoNiva Group had 45 retail shops.

Drinking milk, kefir and ryazhenka of the EkoNiva brand are produced according to the principle of the "honest litre" / "honest kilogramme", i.e. products are packed with exactly one litre/kilo containers familiar to the customer, not less. This approach helps not to confuse customers and build a long-term relationship with them. In addition, such packaging minimises the environmental impact of overuse of packaging.



Honest litre is an important principle of the ethical and responsible conduct of the EkoNiva Group and helps to reduce the costs of the consumer as well as the harm to the environment.

Another important area of responsible positioning of the Group is the promotion of a culture of consumption of natural dairy products. Lack of awareness can lead to the people opting for non-natural products containing vegetable fats and other substitutes for milk ingredients.

EkoNiva Group's farm tours make an important contribution to the promotion of transparency, awareness and customer trust.

EkoNiva carries out awareness-raising campaigns about healthy nutrition for a wide audience on various platforms: from nurseries and schools to agro-industrial trade shows and festivals.

An integral part of this activity is the Group's own tour project, where everyone can learn first-hand about advanced processes for the production of high-quality milk and milk-based products.

The feedback channels also play an important role. Within the framework of the long-term dedicated programme "*Hallo, Stefan Dürr!*", all the Group's product packaging will feature a portrait of the Chairman of the Management Board Stefan Dürr and a telephone number where consumers can ask questions or leave feedback via WhatsApp. Messages from customers are also received via a hotline, e-mail, social media and marketplaces.

~70 new dialogues per day - is the average number of incoming feedback that the EkoNiva Group receives via different channels

After processing, the requests are forwarded to the responsible departments: Human Resources, Marketing, Sales and Quality. There are many questions in connection with widespread myths about the properties of high-quality milk - in such cases the specialists of the EkoNiva Group help to educate the consumers.

A widespread myth: If fat does not float on top of the milk in the bottle, the milk is of poor quality. Reality: the fat in the milk bottle does not have to come in a layer on top. In fact, the fat is deliberately broken up during the production process in order to distribute it evenly over the entire volume of the product.

EkoNiva also receives feedback from customers locally: promoters and employees of the marketing departments of the Group work in shops carrying out promotions, tastings and consultations.





## PRODUCT QUALITY AND SAFETY

### Compliance with requirements

EkoNiva continuously monitors the quality along the entire production process in order to ensure a high-quality end product that meets all the requirements of the Russian law.

The products are tested in the company's own laboratories on a daily basis. The quality assurance audits by the customers and partners of the Group and by independent accredited third-party laboratories take place regularly. For its part, EkoNiva carries out audits of its suppliers to ensure the quality and safety of the raw materials and ingredients. All incoming raw materials are accompanied by appropriate documentation confirming their safety (safety data sheet for chemical products, certificate of conformity, inspection reports, quality certificates, certificates of state registration, etc.)

EkoNiva participates in national and international food competitions to prove that its products meet the highest standards.

EkoNiva Group's product quality management system complies with the Standard FSSC 22000<sup>7</sup>, compliance with which is verified by special certification audits.

In addition, our dairy products meet the requirements of the Technical Regulations of the Customs Union *"On the safety of milk and dairy products"* (TR TS 033/2013) and the Technical Regulations of the Customs Union *"On foodstuff safety"* (TR TS 021/2011), which is confirmed by the corresponding declarations. The labelling used complies with the requirements of the Technical Regulations of the Customs Union *"On food labelling"* (TR TS 022/2011). We list all the ingredients used in the manufacturing of our products on the packaging. Packaging that comes into direct contact with the product complies with the requirements of the Technical Regulations of the Customs Union *"On packaging safety"* (TR TS 005/2011).

• 100 % of EkoNiva products are tested to ensure safety for consumer health

• 0 cases of non-compliance with product safety requirements<sup>8</sup> in 2019, 2020 and 2021

### "From Field to Shop Shelf"

The value chain of EkoNiva products encompasses all production steps: plant breeding and seed growing of field crops, preparation of healthy and nutritious fodder in our own fields; reproduction, rearing and feeding of animals using the most modern technologies; production of top-quality milk at our own modern dairy farms; milk processing preserving its most important properties at our own dairy plants; sale of natural dairy products through well-known Russian retail chains, HoReCa and own brand shops. Strict control of the entire production chain from the field to the shop shelf guarantees the quality of the end product for the customer.

<sup>7</sup> FSSC 22000 is a food safety certification standard recognised by the Global Food Safety Initiative (GFSI). It is based on the widely recognised food safety management system standard ISO 22000.

<sup>8</sup> Mandatory requirements, the violation of which results in the imposition of fines or material penalties and the issuance of official warnings as well as requirements of voluntary standards and norms.





"From Field to Shop Shelf" is the key principle of the EkoNiva Group's activity.

All EkoNiva products are produced from 100% natural ingredients and contain no artificial colourings or preservatives.

In the interest of consumer health, the Group ensures that the end products of the brand are made from natural ingredients based on high quality milk from its own farms and that they have consistent quality from batch to batch thanks to the production principle "*from field to shop shelf*".

The composition of the products fully corresponds to the information on the labels. It is always a short list of exclusively natural ingredients. EkoNiva achieves a long shelf life of its dairy products through the consistently high quality of all ingredients and strict hygiene requirements at its dairies.

#### Organic products

The theme of healthy nutrition in connection with the conservation of biodiversity is gaining more and more importance in Russia and worldwide.

EkoNiva is constantly developing new products that are tailored to the wants and needs of the target groups.

EkoNiva Organic is a separate line of dairy products from EkoNiva, the production of which adheres to the principles of organic farming aimed at maximising the health of soils, ecosystems and people.

### Labelling of EkoNivaOrganic products



A label that confirms compliance with the requirements for organic products sold in Russia



A label that confirms compliance with the requirements for organic products sold in the EU

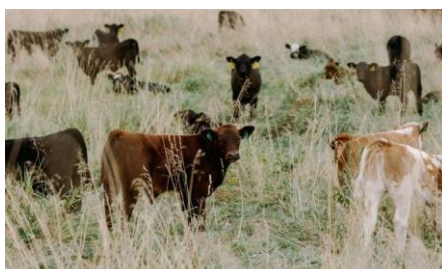


## Organic production principles of the EkoNiva Group



### Healthy soil

Organic products are those that are produced without the use of synthetic fertilisers and chemical pesticides. The fertilisers used are exclusively organic and from own farms.



### Free range

On EkoNiva Group's organic farm, the animals are kept as close to nature as possible. The cows graze from May to October and eat as much grass as they want. The self-sown grassland consists of a cereal-legume mixture of four to five grasses. All crops comply with organic farming requirements.



### Quality control

The Organic Quality System monitors the entire production process, from the production of fodder for the cows to the packaging of the product, that goes on store shelves

Since 2015, the EkoNiva Group has been producing organic products at the Savinskaya Niva farm in Kaluga region: beef and various cash crops, grain legumes and oilseeds. The products comply with both the EU directives and the Russian GOST standards for organic farming.

The production of organic milk and processing into organic dairy products began in the autumn of 2019 at the Group's own dairy plant MosMedynagroprom. In 2021, the company produced ultrapasteurised organic milk for the first time.

### Events in 2021:

- The milk processing plant MosMedynagroprom received a certificate of compliance with the ecological production standards of Roskachestvo
- The German certification company Kiwa BCS Öko-Garantie conducted an audit of the organic farm Savinskaya Niva and confirmed its full compliance with the European standards for organic farming

To promote the growing interest of the Russian consumers in organic products, EkoNiva took the initiative to implement a project to promote the consumption of organic food. Since the beginning of 2021, the Group has been actively supplying the catering industry with a range of organic products. This measure is aimed at creating a culture of consumption of sustainably and organically produced goods.

## INDIVIDUAL PRODUCT SOLUTIONS

In its cooperation with corporate clients, EkoNiva focuses on the individual needs of different distribution segments (retail, hotel and the catering industry) and reacts flexibly to current market trends in the area of healthy nutrition.

EkoNiva is a recognised market leader regarding milk supply to the HoReCa-industry<sup>9</sup>. Jointly with representatives of this segment, the Group carries out various interviews, studies and professional tastings, in which the requirements of the customers in terms of the quality and composition of the milk are clarified, the advantages of the product line are reported as well as the combinations of the milk products with different types of coffee and beverages are tested.

<sup>9</sup> Hospitality industry, an acronym for Hotel, Restaurant and Catering.

“With the EkoNiva cream, the added sugar (in the refined coffee) can be reduced or not used at all, since the EkoNiva cream has its own natural sweetness and rich flavour”

Sergey Mitrofanov, Brand Manager  
of The Welder Catherine and  
Russian Coffee Making Champion

EkoNiva produces special milk for coffee and cheese. Milk for cappuccino should have an elastic, shiny and stable foam which depends on the protein content of the milk. For EkoNiva, this value is at least 3.2 g per 100 g of beverage. The Group has farms on which the cows are kept that produce milk with a high whey protein content, so that their milk is particularly well suited for coffee making. There are also individual farms that produce milk with a high casein content for cheese making.

One promising field of work involves cooperation with confectionery companies and bakeries, for which butter is a key ingredient for creams and baked goods. The Group also works closely with the owners of coffee machines, where one of the main advantages of the EkoNiva products is the high microbiological purity of the milk, which guarantees that no extra costs are incurred during operation: The equipment works perfectly and the number of technician visits for calibration and adjustment of the coffee machines is considerably reduced. Consistent milk quality from batch to batch provides savings due to predictable milk consumption, normal machine operation and no associated operating costs.



# CLEAN ENVIRONMENT



The EkoNiva Group is committed to minimising the negative impact on the environment, biodiversity and human health caused by the intensive economic activities of EkoNiva production farms in the regions of its operations. EkoNiva is aware of the environmental issues it faces due to the nature of its dairy business and takes responsibility for the environmental impact of all production processes and strives to minimise this impact. Gentle handling of animals and natural resources as well as ensuring sustainable soil fertility are key aspects of the Group's long-term strategy.

The Environment and Operational Safety Department works continuously to optimise and improve indicators on various aspects of environmental protection. One of these areas in 2021 was the reduction of waste generation.

EkoNiva Group complies with the applicable law and makes timely payments for negative environmental impact (NEI), compensating for the economic damage caused by its activities.

## REDUCTION OF AIR EMISSIONS

The EkoNiva Group sees rising greenhouse gas emissions as a threat to wildlife and plants, is aware of their potential negative impact on climate change and human health, and is continuously working to reduce this impact.

Given the relatively low diversity of existing and applied practices to minimise air pollution in the dairy industry, we try to incorporate global industry best practices into our processes to reduce these negative impacts. One such pilot area is the use of microorganisms in lagoons for storage and maturation of slurry to reduce methane emissions.

Payments for negative environmental impact, million rub.

2019	2020	2021
0,29	3,28	1,46

The decision-making centre for ecology and environmental protection is located in the Environment and Operational Safety Department of the management company. Ecologists are employed at each production facility of the EkoNiva Group to ensure that all environmental indicators are monitored and that any issues that arise are addressed quickly.

Constant exchange between employees from all areas of the company and ecologists is crucial for achieving the company's strategic goals.

The increase in environmental impact payments in 2020 compared to 2019 is due to the opening of new dairy farms and an increase in herd numbers, which in turn has led to an increase in waste, litter and emissions.

In 2021, as most of the new sites were put into operation, this value decreased by 55.5% (or RUB 1.82 million) compared to 2020, from RUB 3.28 million to RUB 1.46 million.

In the future, the Group plans to use biogas plants for manure utilisation, which will also help to reduce pollutant emissions and reduce waste from dairy farming, among other things.



## Gross emissions, thousand tonnes

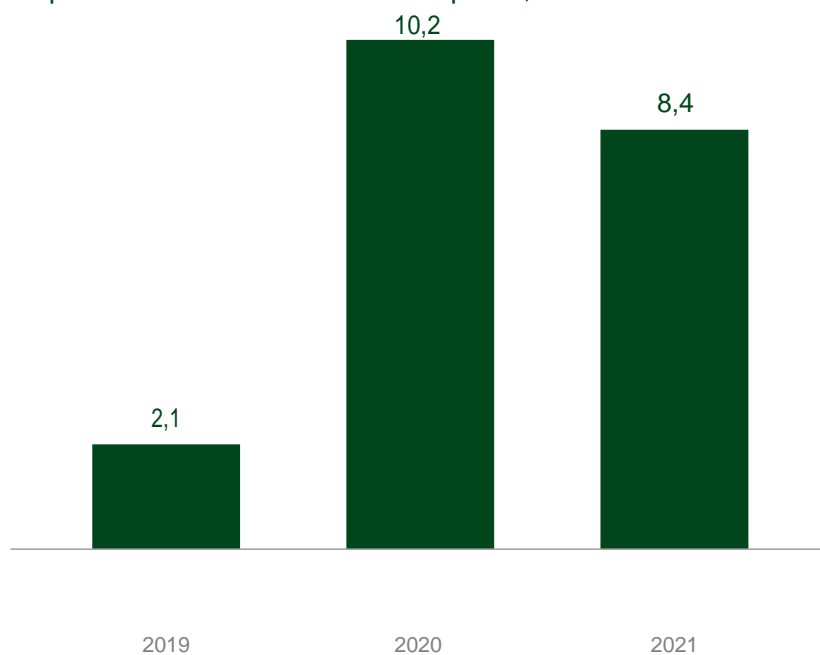
Indicator	2019	2020	2021
Solids	0,059	0,117	0,049
Sulfur dioxide	0,008	0,015	0,015
Carbon oxide	0,168	0,157	0,167
Nitrogen oxide	0,034	0,040	0,048
Hydrocarbons (w/o volatile organic compounds)	0,371	3,527	3,712
Volatile organic compounds	0,167	0,185	0,188
Other gaseous and liquid substances	0,051	0,674	0,735
Total	0,859	4,715	4,914

The cumulative increase in emissions in 2020 and 2021 is due to an increase in the share of hydrocarbons produced, which is related to the increase in livestock

buried, isolated manure storage facilities. The development of the EkoNiva Group's business activities and the increase in the number of environmentally harmful objects<sup>10</sup> have led to an increase in emissions

livestock population and the associated increase in fodder production. Through optimisation of all processes following the ramp-up of production, this value was reduced to 49 tonnes, a drop of 58% as compared to 2021, 10 tonnes less than in 2019.

## Specific emissions into the atmosphere, t/million euro



Specific air emissions are almost five times higher in 2020 than in 2019 (by 8.1 t/million or 386%). This development of specific emissions is related to the active growth of the group, construction of new farms and a significant increase in livestock, which are the main source of air pollution in agriculture.

It should be noted that after the opening of new farms predominantly young animals live there, which are not yet able to produce milk, but actively produce emissions.

The decrease in specific emissions in 2021 is due to a 26% increase in sales to EUR 583 million (as compared to 2020)<sup>11</sup>.

population. The largest share of the EkoNiva Group's gross emissions is methane from animals and from lagoons -

of compounds such as sulfur dioxide and nitrogen oxide.

The doubling of solids in 2020 is due to the increase in the Group's

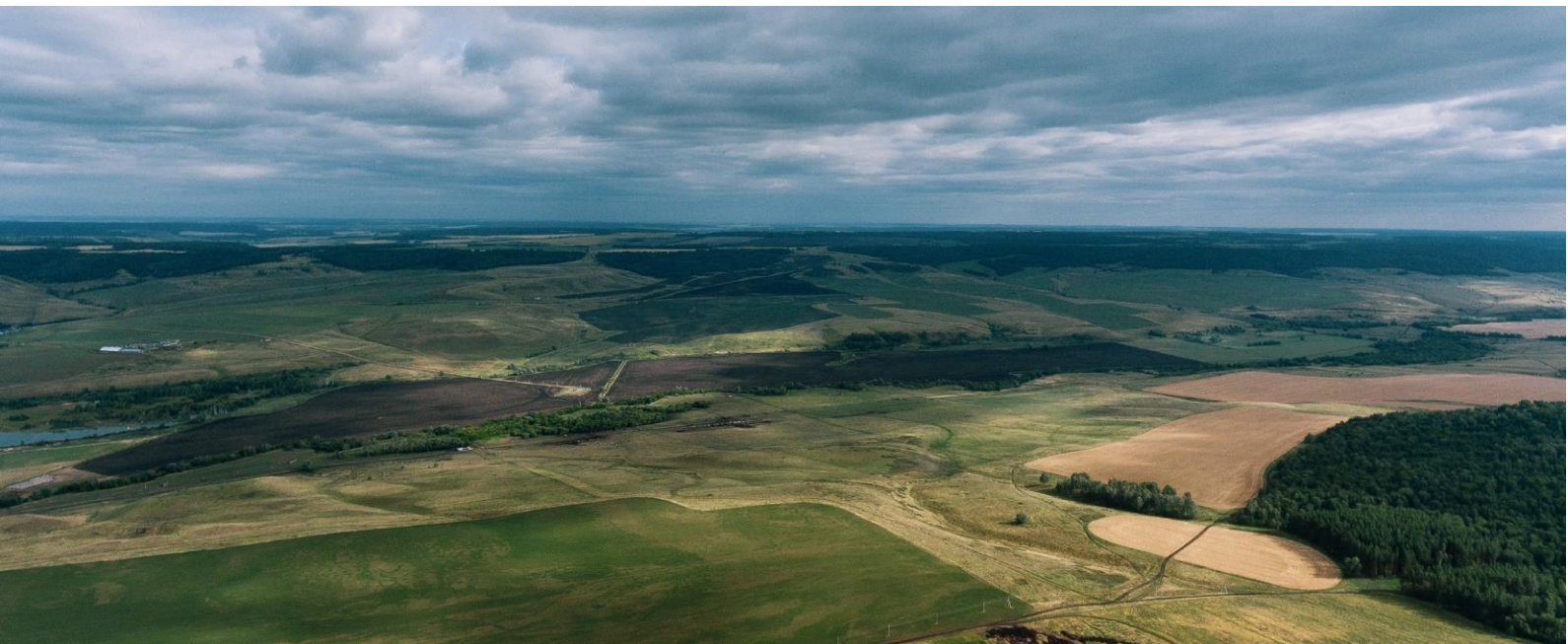
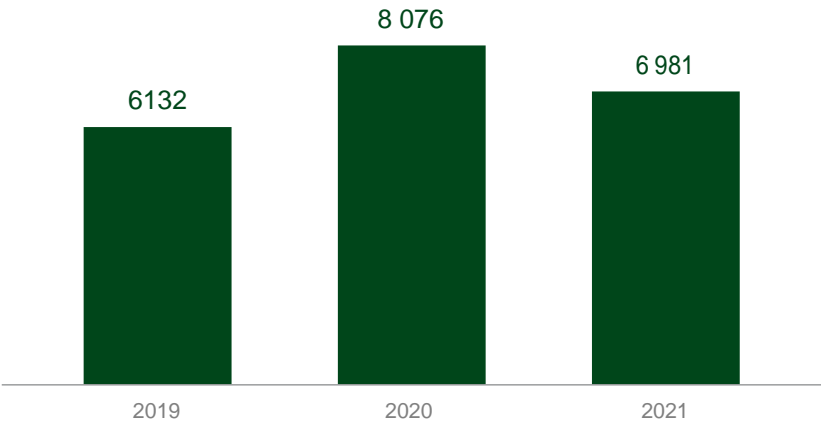
<sup>10</sup> NEI object is an object that has a negative impact on the environment.

<sup>11</sup> In accordance with the preliminary unaudited IFRS financial statements.

WATER CONSERVATION

Water consumption on dairy farms is largely determined by the animals' needs. At the production sites, the necessary water resources are taken from underground and subterranean sources. The possibility of using water this way requires the approval of an application by the state, so the amount of water is strictly limited to the needs of the animals on the farms. The demand is calculated on the basis of the amount of water a cow drinks per day, namely 55 litres, and the total herd size of the EkoNiva Group. It is therefore not possible to reduce the amount of water withdrawn.

Specific water consumption, l/million euro



In other production processes, water consumption is minimal. For example, water resources are saved because the animals do not need to be washed and the stalls are cleaned with the help of tractors that push the manure into special chutes. The milking system requires special cleanliness, but both the milking system and the milking unit are cleaned with special acid-alkali

solutions of a certain concentration.

The EkoNiva Group uses water exclusively from the wells and the use of recycled water is prohibited due to veterinary and hygiene regulations. All wastewater is discharged together with slurry into the lagoon, where it is reused in fertiliser production.

Due to the active expansion of the Group and the increase in the number of production sites in 2020, specific water consumption increased by 1,944 l/million euro or 32% compared to 2019. At the same time, there is already a noticeable decrease in 2021 by 1,095 l/million euro or 13.6% as compared to 2020, indicating an optimisation of consumption and establishment of new sites.



## CONSCIOUS USE OF NATURAL RESOURCES AND IMPROVED ENERGY EFFICIENCY

Even when lean production was still in the implementation phase we already started to actively apply generally accepted practices to save energy resources and improve energy efficiency. For example, the latest trends in energy equipment are taken into account when planning new buildings: LED lighting, power transformers with the lowest no-load losses and other energy-efficient equipment.

regulations are taken into account. When designing a milk processing plant, equipment with the highest efficiency for this type of plant is considered. Domestic models of heat generators with an efficiency of 96-97 % are used, which leads to a significant reduction in the consumption of electrical and thermal energy.

The EkoNiva Group strives to optimise work processes, which is why a lot of emphasis is also placed on automation.

automatic electricity metering system is entered into a database.

To help workers adapt more quickly to new systems and new equipment, special seminars are held by suppliers from the world's leading manufacturers, who also share information on innovations and best global practices.



As soon as each new facility is commissioned, energy savings are achieved through correct and balanced consumption: at the dairy plants it is electrical energy, at other sites it is gas/heat/steam.

In order to save electrical energy in the stalls and staff areas, an optimal temperature ratio is set with the help of an automatic weather-dependent control of the heating system. The heat balance is set and monitored by the staff on site, whereas production standards and

For example, in order to reduce the workload of staff in reading meters weekly and monthly, EkoNiva has started the systematic conversion to an automatic electricity metering system.

Such automated control greatly simplifies the monitoring and analysis of deviations from the specified parameters of the power grid and also rectifies them in the event of deviations. All the information received from the

The reason for the 5.6% increase in energy consumption in 2020 (or 13,806 kWh/million euro) compared to 2019 is the construction and commissioning of new facilities. However, we should also take into account that the specific figures are calculated based on the volume of products sold and that the new sites predominantly have young animals that consume resources and are not yet able to produce raw materials for these products. Therefore, in 2021, some time after the commissioning of new facilities, we can see a significant reduction in specific energy consumption of 17.6% compared to 2020, i.e. 46,027 kWh/million euro.

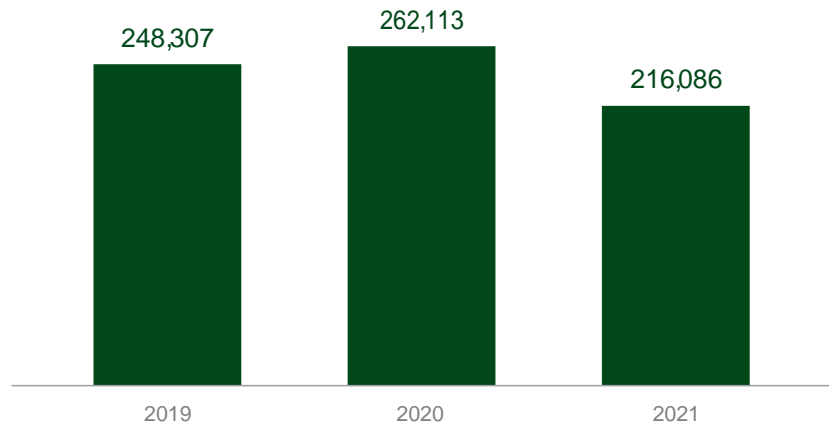


### „Green“ Energy

The EkoNiva Group approaches the manufacturing of its products with full responsibility and wants to make a significant contribution to the building of a sustainable dairy industry in Russia, which is confirmed by Stefan Dürr, the company's CEO and the main initiator of the idea to bring the company closer to the "green" status.

One of the initiatives on the company's ESG agenda is the transition to alternative energy sources. After analysing all economic and environmental aspects, the decision was made to implement alternative energy development projects as part of the EkoNiva Group's development strategy.

### Specific energy consumption, kWh/million euro



Based on the results of the pilot projects, the Group will consider the possibility and advisability of switching to electrical energy from renewable sources in all production facilities.



### „Honest litre“

One of EkoNiva Group's key marketing initiatives aimed at adhering to the principles of sustainable development is the 'honest litre'/'honest kilogramme' approach - we are one of the few brands whose litre/kilogramme packs of dairy products contain exactly 1,000 ml / 1,000 g of product.

The "honest litre" concept offers the following advantages for both the environment and consumers:

### • Thriftiness

Despite the small price difference between the smaller milk pack and the EkoNiva brand milk pack, the quantity needed remains the same. Therefore, buying "an honest litre" can help to eliminate the cost of the missing 70-100 ml in a pack in the long run.

### Eco-friendliness

Downsizing is the excessive waste of packaging that consumes enormous amounts of resources and increases the carbon footprint. Furthermore, the volumes of additional packaging grows steadily due to the purchase of additional goods. The amount of packaging material in EkoNiva products is proportional to the amount of the product itself.

## To fill 1 million litres of milk

EkoNiva Group uses:

**1.00 million** packages

Downsizer-Supplier uses:

**1.08 million** packages

or

+ 81.081 pcs of packages

+ 29 t CO<sub>2</sub>+ additional burden on the environment when  
transporting a larger amount of product packaging

+ additional delivery costs

## WASTE MANAGEMENT

In 2021, one of the EkoNiva Group's environmental priorities was to minimize waste generation. We understand the importance of reducing on-farm waste and waste from livestock operations in order to reduce our carbon footprint, minimize the risk of negative environmental impacts and preserve biodiversity in the regions of our operations. All manure effluent is fully converted into organic fertilizer, which is then applied to the fields.

In order to minimise the amount of biological waste, EkoNiva is conducting an economic assessment of the appropriateness and feasibility of using afterbirths in biogas plants.

Although the EkoNiva Group's dairy farms and agricultural operations are low-waste, we follow the rules of circular economy on our farms and actively recycle waste for further use.

All packaging (plastic, film and cardboard) in which the purchased goods arrive is subsequently recycled or sold as secondary raw materials to third-party buyers.

In addition to recycling the incoming packaging waste, EkoNiva also disposes of the accumulated scrap metal and used engine oils.

## EkoNiva Group's waste generation development by hazard class, t/year

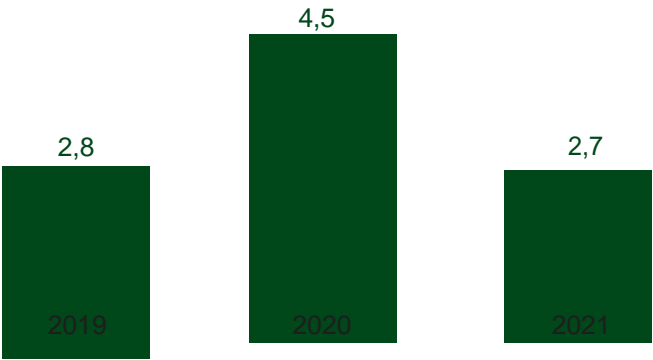
Waste hazard class	2019	2020	2021
I	0.1	0	0.1
II	0	0	0
III	11.1	90.3	16.6
IV	648.1	1,912.9	1,356.5
V	468.5	73.5	186.1
Total	1,127.8	2,076.7	1,559.2



The EkoNiva Group mainly produces waste that is no higher than hazard class III, which is typical for agricultural operations. The occurrence of a small amount of class I waste in 2019 and 2020 and a significant increase in the classes III and IV in 2020 (8.6 and 2.5 times, respectively) are, however, related to the increase in the number of plants under construction and consequently to an increase in construction waste.

In 2021, after the completion of the construction of some plants, the amount of class III waste (waste oils and filters, paints and varnishes, some metals) will decrease by 73.7 tonnes or 81.6% compared to 2020. At the same time, the decrease in Class IV waste generated in the same year is less significant, amounting to 29% compared to 2020 waste, due to the occurrence of waste from crop production and animal farming, which, along with construction waste, is the main source of waste in agriculture.

Specific waste volume, t/million euro



In 2020, specific waste generation was 61% higher than in 2019. This significant increase is due to the intensive development of the Group, the construction and commissioning of new sites, and adjustments to all processes. It should be noted, however, that the specific indicator in

2021 is lowered by 3.5%, or 0.1 t/million euro (as compared to 2019), which reflects the positive results of the Group's efforts to reduce waste by selling it as a secondary raw material and recycling it into fertilisers, as well as standardising processes in new plants and operations.



## RESPONSIBLE LAND USE AND BIODIVERSITY CONSERVATION

### Arable farming

- The focus of the arable farming of the EkoNiva Group is on fodder production and the cultivation of crops to feed to the own herd. The main crops grown (in order of priority) are maize (including for silage and wilt silage);
- alfalfa;
- grain: winter wheat, spring wheat, barley;
- leguminous crops: Soya beans, peas, lentils;
- Oilseed crops: sunflower, flax.

If parts of the fields are left uncultivated, these areas are converted and used to grow cash crops such as sunflower, wheat and maize.

As part of its cooperation with sugar factories, EkoNiva grows and sells sugar beets.

A separate division within the company, Precision Farming, is testing the group's site-specific seeding and fertilisation method by fertility zone. In this area, EkoNiva cooperates with the Skolkovo Innovation Centre and the Department of Soil Science of the Moscow State University named after M.V. Lomonosov.

### Laboratory research

During cultivation, samples of cash crops and fodder are taken and sent to accredited laboratories for testing. Products sold to external customers are also tested by independent accredited laboratories and by the buyer's laboratory (for pesticide residues and GMOs).

Most tests are carried out on hybrid seeds for the presence of genetically modified organisms (GMOs). Laboratory tests are carried out on sugar beet, maize, sunflower and soya beans. However, not all buyers require the results of such tests.

When purchasing seeds for internal use, EkoNiva requires necessary documentation and certificates confirming the quality of the seeds. In addition, the purchased samples are sent to accredited government laboratories for testing.

### Soil analysis

In accordance with the legislation in force in the Russian Federation, EkoNiva carries out an agrochemical analysis of the soils every five years for the following parameters: macro-element content, soil pH, grain size distribution and humus content. In addition, mapping is carried out to obtain spatial and temporal information on soils. Although such studies are optional, the EkoNiva group conducts them annually.

### Fertiliser application

The EkoNiva Group uses both organic and chemical fertilisers.

The organic fertilisers produced on EkoNiva farms are used to the maximum extent possible, but cannot fully cover the farm's own needs. In this context, EkoNiva additionally purchases organic fertilisers from poultry farms in the form of dry or semi-dry bird droppings.

Before using organic fertilisers produced on dairy farms, an analysis of the ratio of NPP<sup>12</sup> elements most needed by plants is carried out with the participation of accredited laboratories to control the composition of the applied fertiliser.

Waste from cattle management is collected in open lagoons where fermentation, mixing and transport to the fields take place.

Despite the use of chemical fertilisers, EkoNiva Group intends to completely abandon their use when its own needs are fully covered by organic fertilisers. Organic fertilisers are more efficient and less susceptible to weather conditions, while chemical fertiliser granules need to be dissolved in water for the minerals to enter the soil and have a negative impact on the humus content of the soil due to the lack of organic matter.

Currently, about 10-15%<sup>13</sup> (of the application area) of organic fertiliser is applied to the soil surface, the rest of the demand is met by chemical alternatives.

### Plant breeding

The EkoNiva Group has the necessary resources to grow its own seeds. In order to obtain crops, the first female generation of progeny is sown - the F1 hybrid produced by crossing the purchased imported seeds of the parent line.

<sup>12</sup> NPP is an abbreviation for N for nitrogen, P for phosphorus and P for potassium.

<sup>13</sup> The estimate refers to maize.



Our agronomists devise unique methods to develop and improve existing crop varieties, including the recognised winter wheat and soybean varieties from our own breeding.

In 2021, the winter wheat varieties EN Albireo and EN Taygeta were entered in the State Register of Breeding Achievements Approved for Use.

In addition to breeding work, the EkoNiva Group is engaged in the production of varietal seeds from

purchased seed with the highest reproduction rate, which is multiplied and sold to third-party buyers. At the end of 2021, the sales volume was around 80,000 tonnes. Future plans include the expansion of seed production capacities in Siberia, Kursk, Voronezh and Ryazan.

#### Leafcutter bees

In 2019, the EkoNiva Group launched a pilot project to increase the yield of alfalfa seeds through better pollination of the plants by leafcutter bees.

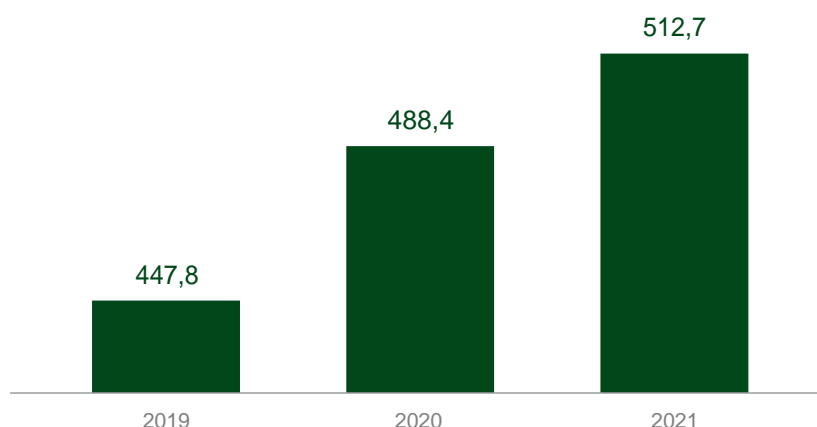
A batch of 5 million insects was purchased from Canada for pollination of alfalfa on a 65-hectare pilot field.

The experiment was successful, and in 2021 the group significantly increased alfalfa cultivation to 300 hectares. Thanks to leafcutter bees, the yield of alfalfa seeds was doubled despite challenging weather conditions.

### Cultivated area, thousand hectares

	2019	2020	2021
Alfalfa	87,6	95,6	82,4
Maize	71,9	67,3	84,4
Sainfoin	11,7	15,0	13,8
Sugar beets	10,9	7,1	4,5
Winter wheat	47,1	47,4	36,2
Spring wheat	27,7	34,5	52,8
Sunflower	16,0	25,4	56,1
Soya beans	24,6	31,3	21,7
Other	150,4	164,8	160,8

### Cultivated area, thousand hectares



In 2021, the gross harvest of cereals and legumes at the EkoNiva Group farms was more than 481,000 tonnes, including 103,000 tonnes of oilseeds on a total area of 233,000 ha. Due to unfavourable weather conditions in the Black Soil and Volga regions in the spring and summer, the grain harvest was slightly lower than in 2020. At the same time, 2021 was a successful year for oilseeds, whose yield doubled.

Moreover, despite the challenging natural and climatic conditions, EkoNiva fully met its own fodder requirements and harvested around 1,900,000 tonnes, which corresponds to the levels of 2020.





Every year the EkoNiva Group strives to increase its cultivated areas both to cover its own needs for crops and for sale to third parties. In 2020, the increase in sowing area amounted to 9% (or 40.6 thousand ha) as compared with 2019, in 2021 —by another 5% (or 24.3 thousand ha) as compared to 2020.

At the same time, lower gross harvest volume in 2020 and 2021 can be attributed to the reduction of the areas sown with such massive crop as sugar beets in favour of lighter crops such as wheat and sunflower.

### Livestock farming

At the Group's locations, cattle of various breeds are bred and kept. Dairy breeds: Holstein of black-and-white and red-and-white colour, Simmental, Ayrshire, Brown Swiss. The beef cattle breeds are Aberdeen Angus and Hereford. Each breed has its own peculiarities and its own productivity indicators.

To ensure stress-free handling of the animals, the following factors are taken into account in modern dairy units:

- optimal number of cows per pan (up to 80%) and free-stall system;
- determination of the optimal parameters for the rotary milking parlour;
- focus on physiological readiness of the animal for milking as well as incomplete milking;
- resting the cow after calving and during the recovery phase in an individual stall;
- no external forces are used when moving the animals and when they enter and leave the milking parlour;

- strict adherence to the usual times for milking, feeding and animal care as well as limited time for veterinary treatment.

### Animal life expectancy

The average life expectancy of an animal depends primarily on the breed, but also on the region and feeding. Holstein cows from farms in the EkoNiva group give 40 litres of milk per day and have a life expectancy of 4 to 5 years. Cattle of other breeds on farms in the group are kept for up to 12 years, but only give about 10 litres of milk per day.

When a cow is treated with antibiotics, it is kept in a separate stall and milked milk is disposed of after the necessary disinfection measures have been carried out.

### Feeding ration

The feeding rations significantly influence the performance of the animals. They are adjusted by our experts with careful planning.

The company's structure includes a Nutrition Department, which is responsible for adjusting and planning animal rations. Across the entire Group, cow nutrition differs and depends on the breed of animals, fodder availability and market conditions.

For example, in the spring period, the cost of certain crops increases significantly, so the ration components are adjusted, and expensive products are replaced with less expensive ones, for example, rape and sunflower are added, which, in turn, can affect the productivity of the animal.

If improperly planned, cows can quickly lose their shape, which takes a long time to recover.

An animal that does not receive sufficiently the necessary nutrients for 2-3 days experiences moral and nutritional stress, and as a consequence, there is a decrease in productivity.

Another element that influences the milk yield of cattle is the weather conditions. In extreme heat or severe frost, the recovery phase can take several months. Therefore, the feed rations for each dairy farm are calculated separately in advance.

The system for supplying farms with the required feed is based on requests prepared by dairy farm specialists, specifying the type and quantity of feed required. If a crop is missing or in short supply, it is replaced by an equivalent one.

The group's livestock specialists and agronomists work closely together so that sowing campaigns can be planned according to current needs to ensure a balanced ration for the herds.

### Herd management system

For efficient management of the dairy herd and to collect and process as much information as possible, the EkoNiva Group uses a herd management system that includes electronic ear tags and DairyComp software linked to the milking parlour.

The system allows individual recording of all animal-related data and technological interventions with high precision in a large animal population.

**“Green” products**

The Savinskaya Niva farm, located in the Kaluga region, is the first enterprise within the Group to make the transition from conventional to organic farming and produces environmentally friendly products - milk, cash crops and fodder crops, cereal-legume mixtures of 4-5 grasses. When growing fodder on its fields, the enterprise does not use pesticides and chemical fertilisers. It is possible to use biological preparations of biopesticides in small quantities, depending on the pest pressure.

Biopesticides are used in conventional crop production on crops where there is a high probability of harm to insect pollinators, e.g. rapeseed and sunflower fields. In order to minimise the risk of soil contamination, we use bioinsecticides and biofungicides that have organic farming certificates.

The farm uses exclusively organic fertiliser from its own farms to fertilise the soils.

**Creation of an organic farm**  
"Savinskaya Niva" is a personal initiative of the company's CEO Stefan Dürr, the founder of EkoNiva

Only those enterprises that have been certified are allowed to produce organic products in the Group: the farm "Savinskaya Niva" and the manufacturing plant

Savinskaya Niva and the milk processing plant MosMedynagroprom annually confirm the right to produce products under the organic label. In addition, strict control of the principle *"from field to shop shelf"* allows us to guarantee the consistency of quality and flavour. Production and sale of organic products is one of the promising areas of the company's development.

The vast majority of organic products will be sold in large cities due to the increasing demand for healthy food.

In the sale of organic products, EkoNiva successfully cooperates

with retail chains Globus, METRO, O'KEY, Auchan, Lenta, Perekrestok as well as online platforms Ozon, SberMarket, etc. There is also a growing demand for organic milk from companies in the HoReCa segment.





# OUR EMPLOYEES

## HR POLICY AND STRUCTURE<sup>14</sup>

The key to the success of the EkoNiva Group lies in our employees. We understand the importance of each member of our team and the need to foster team spirit and close cooperation within the team.

The Group strives to continuously develop and progress, maintain its sustainability and increase its efficiency. Therefore, we put a special focus on attracting highly qualified professionals, developing the professional skills of employees in all business areas and implementing training programmes,

training junior staff through internships and trainee programmes, cooperating with higher education institutions in the agricultural sector and creating a supportive, safe and healthy working environment for employees.

Using feedback tools, EkoNiva regularly collects employees' opinions and establishes a corresponding agenda for managing internal changes. The HR department constantly analyses the market and current trends in human resources in order to integrate them into the Group's activities and increase its attractiveness as a responsible employer.



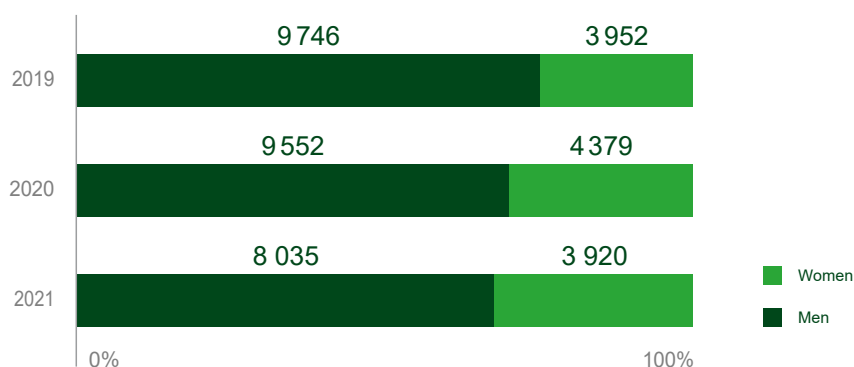
### Headcount

As of 31<sup>st</sup> of December 2021, the EkoNiva Group's headcount was 11,955, a decrease of 14% compared to the previous year. In recent years, the Group has grown significantly by building new dairy farms and increasing the number of employees. In 2021, the organisational structure and staffing plan were optimised to maximise production and economic efficiency, which had an impact on the total number of employees.

## EkoNiva Group headcount, persons<sup>15</sup>

	2021	2020	2019
<b>Male</b>	<b>8.035</b>	<b>9.552</b>	<b>9.746</b>
Permanent employment contract	7.890	9.298	9.370
Fixed-term employment contract	145	254	376
<b>Female</b>	<b>3.920</b>	<b>4.379</b>	<b>3.952</b>
Permanent employment contract	3.863	4.275	3.849
Fixed-term employment contract	57	104	103
<b>Total</b>	<b>11.955</b>	<b>13.931</b>	<b>13.698</b>

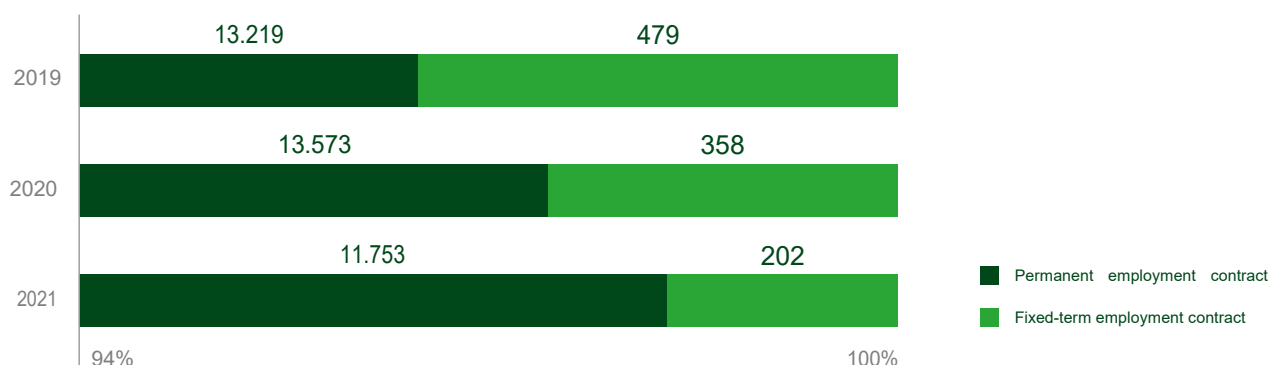
### Employee gender ratio, %



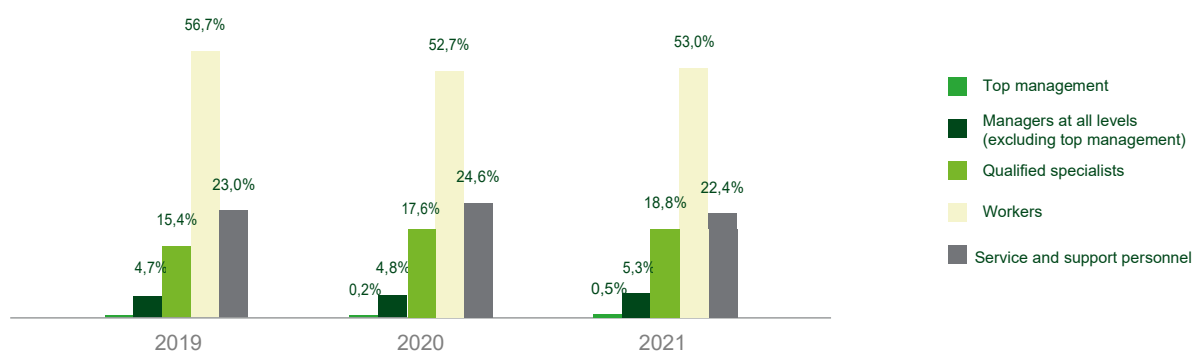
The number of male employees is more than double than that of female employees. This difference is due to the specific nature of the agricultural sector, where work involves, among other things, a high degree of physical exertion and labour intensity.

<sup>14</sup> Some personnel indicators are also listed in the appendix "Selected ESG Indicators". <sup>15</sup> Status: as of 31<sup>st</sup> of December of the respective year.

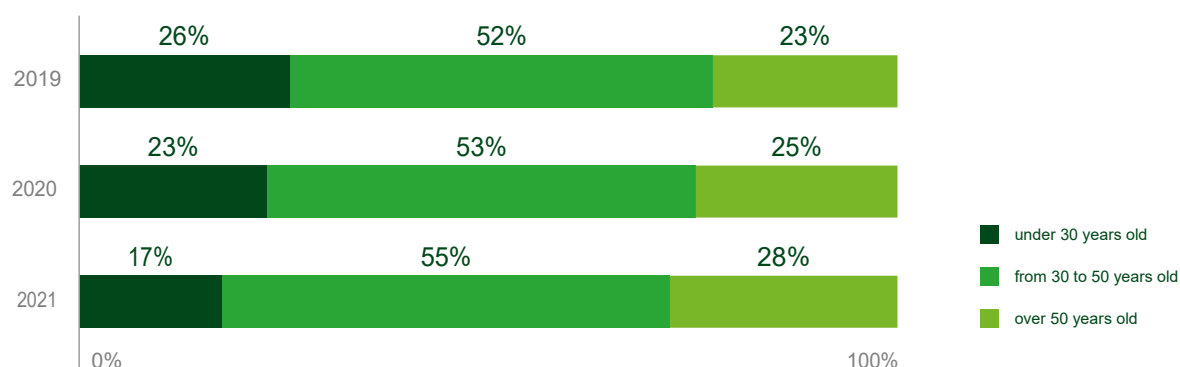
## Employees by contract type, persons



## Personnel by employee category, %



## Personnel by age group, %



### Social inclusion and promotion of diversity

EkoNiva has a zero tolerance policy regarding any form of bullying, harassment and discrimination against employees due to their gender, age, nationality, religion, race or other reasons.

The Group pays much attention to persons with disabilities and in some regions exceeds the quota set aside for the employment of persons with disabilities, although the agricultural sector is very specific and additional resources need to be allocated to ensure comfortable working conditions for these employees.

In Voronezh region, the group's large enterprises exceed this quota by 3%, regional enterprises in Tyumen region by 25%, in Ryazan region by 97% and in Kursk region by 50%. One enterprise in Orenburg region exceeded this quota by 100%.

Where possible, the Group arranges special workplaces for people with disabilities, which is reflected in the Special Assessment of Working Conditions (SAWC) card.

In addition to our employees, we support communities of people with disabilities at regional and local

level, offering financial and technical support and providing vehicles, for example. EkoNiva also offers extra tours to the Group's farms for this social category.

### EkoNiva Group personnel with disabilities, persons<sup>16</sup>

	2021	2020	2019
<b>Male</b>	<b>149</b>	<b>132</b>	<b>128</b>
under 30 years old	4	8	11
from 30 to 50 years old	41	43	41
over 50 years old	104	81	76
<b>Female</b>	<b>37</b>	<b>35</b>	<b>30</b>
under 30 years old	0	1	2
from 30 to 50 years old	21	19	16
over 50 years old	16	15	12
<b>Total</b>	<b>186</b>	<b>167</b>	<b>158</b>



<sup>16</sup> As of 31<sup>st</sup> of December of the respective year.



## EMPLOYEE POTENTIAL DEVELOPMENT

### Personnel assessment and motivation system

In order to attract and retain highly qualified employees, we place special emphasis on appropriate remuneration. Salaries and wages are analysed on a quarterly basis, both at regional level and across the agricultural industry, to monitor changes in the labour market.

Salary levels are monitored on the basis of the following information:

- supply and demand in the labour market,
- salary expectations of applicants,
- information on average salaries in the regions where the company is present and on the basis of sectoral labour market studies.

The EkoNiva Group has developed a salary level matrix where a minimum salary level is set, ensuring that young professionals are not underpaid, and where the remuneration package is linked to the employee's qualifications based on a specific assessment.

At EkoNiva, each position has its own KPIs (Key Performance Indicators),

the fulfilment of which affects the amount of bonus the employee is entitled to in addition to his/her salary. The maximum monthly bonus is 25% of the basic salary, provided the KPIs are met.

In 2021, a staff assessment procedure was introduced - the project *"Introduction of an employee performance review"*. The Agronomy Service and Engineering Technical Divisions were selected to test the system, and a pilot evaluation was conducted among professional staff and line managers from these divisions. A total of 94 employees (out of 128) from the Agronomy Division and 129 employees (out of 252) from the Engineering Division were assessed. As a result, the Group's employee performance review and training systems were adjusted and the salaries of the most valuable staff were revised. An extension of the project to the livestock sector is also planned for 2022.

The method of personnel assessment is based on different types of competences: professional, corporate and leadership competences. Methods such as tests, surveys (oral interviews) and questionnaires are used.

The assessment centre is also used to assess corporate and leadership skills. It includes a number of versatile tasks, role and business games, interviews and other HR practices.

### Attracting and retaining qualified employees

2021 is a period of stabilisation after several years of strong growth of the EkoNiva Group, which explains the slower inflow of new employees in the reporting year compared to 2019 and 2020.

The relatively high turnover of employees in various regions is due, on the one hand, to the relatively high turnover in the Russian agricultural sector. On the other hand, the rapid growth and development of the Group over the last three to five years and the associated demanding requirements for employee qualifications and performance have influenced the current situation. An important factor is also the continuous rural-urban migration to the cities and the urbanisation of Russian territories.

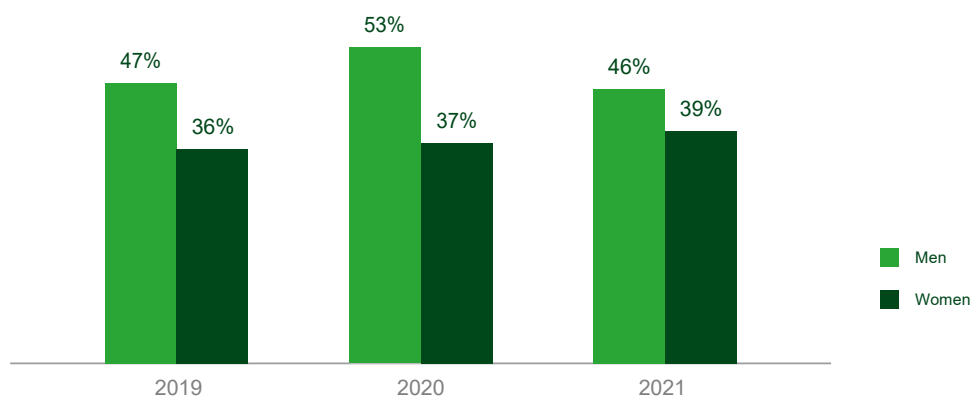
### Staff evaluation project running since October 2021

#### Number of new employees at the EkoNiva Group, persons<sup>17</sup>

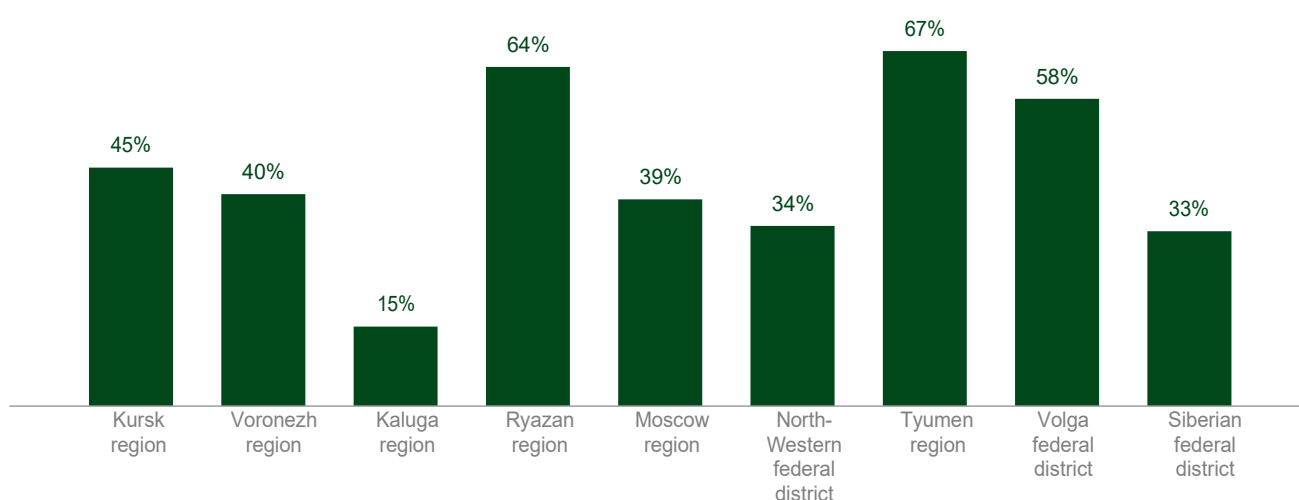
	2021	2020	2019
Female	1.123	1.115	1.416
Male	2.399	3.211	4.727
<b>Total</b>	<b>3.522</b>	<b>4.326</b>	<b>6.143</b>

<sup>17</sup> As of 31<sup>st</sup> of December of the respective year.

## Overall turnover rate, %



## Employee turnover by region 2021, %



The employee turnover rate within the Group has been at about the same level for three years. We are taking active measures to prevent it from rising. In addition, the company aims to promote the relocation programme and attract potential applicants from other cities.

In 2021, a study was conducted to identify the main reasons for the high turnover of EkoNiva employees.

High turnover rates are observed in new factories where the team is just being built. For example, at EkoNiva-Produkty Pitaniya, a new cheese processing plant was opened in 2021 in the village of Shchuchye,

Voronezh region, where a completely new team was recruited and a high turnover rate was observed.

Exit interviews are conducted with departing employees to identify the main reasons for dismissal.

Top 5 reasons for professional staff leaving their jobs in 2021:

- "Dissatisfaction with the salary payment system" (12%),
- "Relatives suffering from diseases or other family issues" (12%),
- "Salary level" (11%),
- "Change of residence" (11%),
- "Too much work and high work intensity" (10%).

Top 5 reasons for operating and service staff leaving their jobs in 2021:

- "Health condition that makes it no longer possible to perform duties" (18%),
- "Salary level" (13%),
- "Dissatisfaction with the salary payment system" (13%),
- "Relatives suffering from diseases or other family issues" (12%),
- "Unsatisfactory working hours" (11%).

**Activities to improve working conditions in the EkoNiva Group**

- Monthly monitoring and root cause analysis of staff turnover
- Implementation of corrective actions based on the results of the analysis (review of workers' salaries and wages, current wage rates, improvement of working conditions)
- Improving the attractiveness of workplaces (better housing conditions and meals)
- Develop a system of benefits for employees from other places (relocation programme, reimbursement of rental costs)
- Monitoring salaries on the labour market, constant monitoring of fluctuations on the market and flexible reaction to these fluctuations (development of wage matrices, review of salaries and wages of workers).
- Stabilisation of salary payments

**Training and development of our employees**

The Group's training system focuses on enhancing competencies and deepening professional skills and knowledge of senior managers and professionals within the Corporate Academy and with the involvement of third-party providers. Training of operating and service employees is organised by their managers on-site.

In 2021, the following training formats were used:

- Trainee trainings, Management Academy Project, on-the-job training for specialists, industry
- days for experience exchange.
- 

24.5 million rubles were spent on external training for our employees in 2021

1,541 employees improved their skills in a classroom training format in 2021

The Group has developed a number of measures to improve working conditions for employees. Our projects include the development of a comprehensive document outlining measures to manage staff turnover after analysing the individual reasons for termination.

During the exit interview, employees also provide feedback on their experience of work in the company, their satisfaction, the working atmosphere and their wishes.

The evaluation of questionnaires for the year 2021 revealed a high level of job satisfaction among operating and service staff as well as qualified specialists and management

The company has also identified other risks associated with the Group's HR activities and has developed appropriate measures to address them.

**HR risks of the EkoNiva Group**

Risks	Risk management measures
Certain labour shortage, including a lack of skilled labour (from the local rural population)	Search for workers throughout Russia, provision of accommodation in dormitories, relocation to other regions, training of local workers at the company's expense, paid internships
Low attractiveness of the agricultural sector for young people	Internships on farms, visits to higher education institutions and technical schools, educational activities promoting agricultural professions, employer sponsored degrees, production site tours, agricultural classes, educational work to inform young people about the current state of development of modern agricultural enterprises and the agricultural industry as a whole, participation in innovative projects ("Innopraktika": "Tsennostny atlas Rossii" (Russia's Value Atlas)).
Unwillingness of qualified employees to move to rural areas	Providing compensation packages for relocation, employment opportunities for family members (spouses), support with domestic matters
Insufficient training of young professionals	In-house training in the Corporate Academy, on-the-job training programmes for young specialists

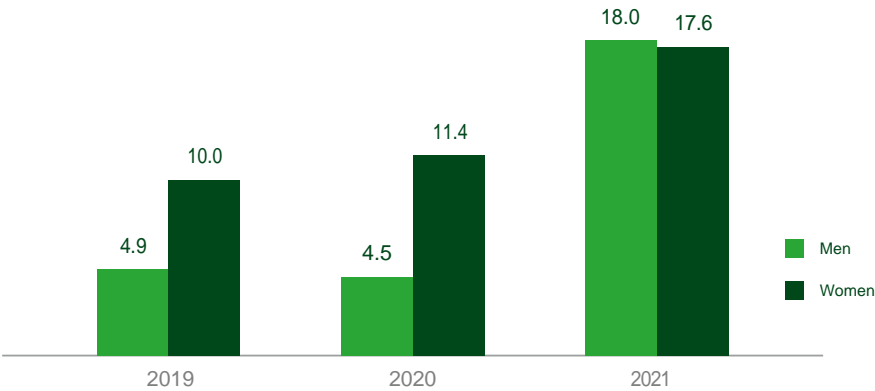
In addition, an internal portal <http://enapk-portal.ru/> is used for distance training and assessment. Training programmes are reviewed and updated annually, as is the group of staff to be prioritised for training.



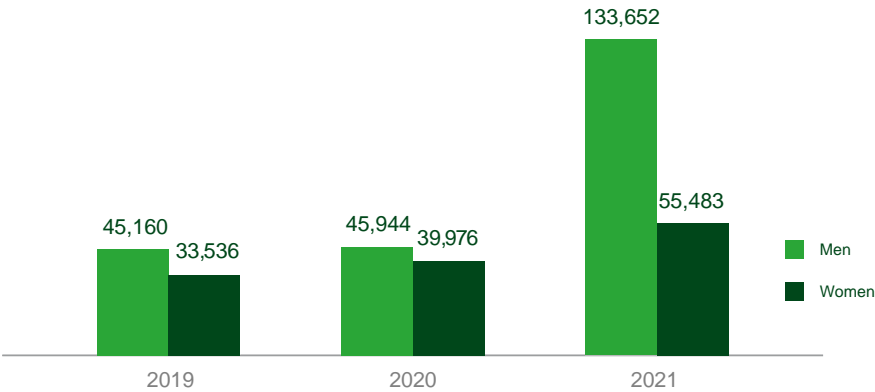
In addition, the EkoNiva Group is connected to the Aktion 360 information and education system, an online service that provides information on legislation, document templates and online advisors, as well as distance learning opportunities, including programmes in occupational safety and health, upskilling and professional retraining.

After the training, employees receive a certificate by post to the company address. Employees can receive training in the time convenient for them and from home. If the required programmes are not available in this service, there is the option of attending training centres. In 2021, 593 employees completed 1,295 courses.

Average number of training hours per employee



Total number of training hours



The number of training hours more than doubled in 2021 with the introduction of professional training programmes and soft skills training using a distance learning platform.

The significant difference in training hours between men and women is due to the gender ratio in the whole group, but the average number of training hours between male and female employees in 2021 does not differ significantly.



## Number of training hours by employee category

	2021	2020	2019
Total number of training hours for managers	78,193	7,480	8,288
Total number of training hours for specialists	91,589	70,760	64,104
Total number of training hours for workers	9,347	7,352	5,688
Total number of training hours for service employees	10,076	328	616
Average number of training hours per manager	138.7	11.9	13.3
Average number of training hours per specialist	48	32.3	32.9
Average number of training hours per worker	1.7	1.1	0.8
Average number of training hours per service employee	3.9	0.1	0.2

**Ensuring career development opportunities**

To increase motivation and improve employee retention within the Group, EkoNiva offers its employees the opportunity to apply for promising vacancies in all regions of Russia where EkoNiva operates. All employees are informed about vacancies by e-mail via a special mailing list. To participate in an internal selection procedure to fill a vacancy, employees should contact the person in charge and submit a letter of motivation.

All applicants are interviewed by division and regional managers and, depending on the outcome, the employee may be offered a transfer to another region.

**Management Academy Project**

The Management Academy project aims to build a talent pool within the EkoNiva Group. The primary objective of the project is to fill key vacant positions with people already

employed by the Group. The academy prepares candidates for the position of senior industry specialist of production (middle management level).

The Academy's training programme includes:

- three five-day intensive training courses on human resources and economics;
- tours to the best production companies;
- individual work with an experienced staff member in the position of chief specialist;
- doing an independent project and its presentation.

**Programme for increasing labour productivity**

The EkoNiva Group participates in the national project "Labour Productivity" in Voronezh and Novosibirsk regions and in the Republic of Bashkortostan. At the time of reporting, the project was in the audit and staff training phase at the Group's production sites in Voronezh Region.

In the Novosibirsk region, the project is running at the Penkovo dairy plant. In the meantime, the times for the feeding procedures have been shortened and the milk yield increased by 15%.

In the Republic of Bashkortostan, the project has already been completed. It resulted in a 20 % increase in milk production, and staff were trained in lean manufacturing tools. Standard operating procedures for milkers and the raw milk delivery area were also developed. These measures enabled the following:

- improve quality of operations and reduce time spent on them,
- relieve operators of redundant tasks, and
- reduce fatigue among employees.

Our employees' workplaces have also been designed according to the principles of the 5S system<sup>18</sup>. As a result, the quality of the products has improved and the production speed has increased by 24%.

<sup>18</sup> 5S is the abbreviation for "5 steps". It is a tool for a lean manufacturing system that simplifies the workplace with the help of labelling.

## Corporate culture

### Our corporate values

- Team spirit
- Effective communication
- Appreciation of each employee in the team and cooperation
- Result orientation

The values of the EkoNiva Group are based on a diversity of forms of communication, a balance between regulated processes and a flexible structure, traditional technologies and innovations.

Various channels and forms of interaction with employees are used to communicate the corporate values and the "from field to shop shelf" concept, which the Group sticks to.

All values are highlighted in regular meetings with the CEO and are continuously supported by the managers in the teams. They are also communicated at corporate events, as part of the integration programme for new staff, in seminars and during staff training sessions.

### Business ethics principles

We see ourselves as part of the wider society around us and are aware of our legal, social and other obligations. Together with our employees and partners, EkoNiva works to develop a greater sense of responsibility.

The EkoNiva Code of Conduct<sup>19</sup> governs the responsible behaviour of our employees in the performance of all official duties. This also covers compliance with applicable legal requirements and the company's internal rules. If violations are found, employees may be subject to labour law measures

including disciplinary measures up to and including dismissal in accordance with the Labour Code of the Russian Federation. In addition, administrative and criminal sanctions may be imposed on employees depending on the nature of the violation.

All employees of the Group must be familiarised with the Code of Conduct when they are recruited, signing the relevant document. This document shall be re-signed after any change (addendum) in the nature, character, location or conditions of the activity performed.

### Corporate events and sporting events

The EkoNiva Group regularly organises corporate events: New Year celebrations, congratulating employees on Agricultural Workers' Day and the celebration of the end of the agricultural year, attended by employees at all levels.

We hold a meeting of the Group's leaders to discuss the results of the past year and the prospects as well as strategic plans.

Merchandising and promotion teams organise their own events: meetings to share experience with an external sales trainer, team building activities, monthly Zoom meetings with promoters from all regions on personal growth and professional development (PromoClub).

At EkoNiva Group, we encourage our employees' desire to play sports and form company sports teams by providing opportunities to participate in various competitions. Team sports help foster healthy informal relationships between colleagues and support team spirit as well as the employees' wish for growth and development.

Sports teams are formed at the production sites in all regions of the Group's operations. Anyone can join a team, including already existing ones, and try their hand at a particular sport. The teams can be mixed and made up of both office and production workers, men and women.

The Group covers the costs of renting the premises and the services of a coach, if necessary, as well as the costs of sports equipment, clothes and participation in sporting events.

Sports teams participate in intra- and inter-company competitions organised by external organisations for company teams.



<sup>19</sup> The EkoNiva Group's Code of Conduct (approved by the Decree of the Deputy General Director for Human Resources of EkoNiva-APK Limited Liability Company No. 46 dated 30<sup>th</sup> of June 2021, approved by the resolution of the Board of Directors of Ekosem-Agrar S.A. without number dated 25<sup>th</sup> of June 2021).



## SOCIAL POLICY

The EkoNiva Group offers its employees at all levels the same social benefits as provided for in Russian labour law, including paid sick leave and holidays.

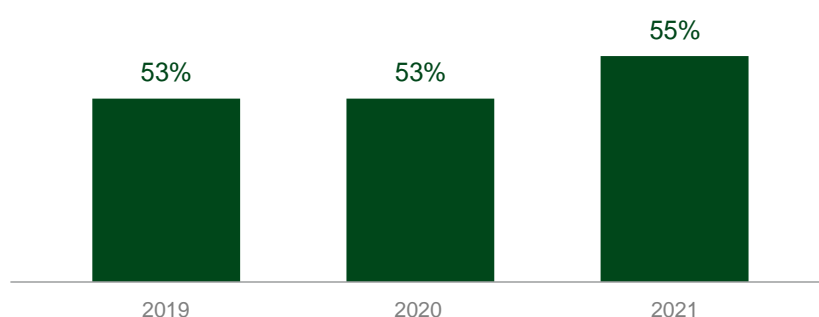
### Parental leave\*

Employees**	2021	2020	2019
Men	3	4	2
Women	337	297	216
<b>Total</b>	<b>340</b>	<b>301</b>	<b>218</b>

\* As of 31<sup>st</sup> of December of the respective year.

\*\* Employees who had the right and exercised their right to maternity leave and parental leave as of 31.12.

### Percentage of total employees covered by collective employment agreements



In shaping our company's social policy, we constantly promote dialogue between employer and employees, support employee initiatives and take their opinions and wishes into account.

As of the 31<sup>st</sup> of December 2021, collective agreements at the regional level have been signed and are in force at the Group's enterprises in the Voronezh, Kaluga and Novosibirsk regions. However, the absence of signed agreements at the local level does not mean that lower social protection level for our employees apply in other regions of Group's operations, since it has a uniform remuneration and benefits system in place both for employees who have signed the collective agreement and the rest of the employees.

In 2019, 6,753 employees signed collective agreements. In 2020 6,698 employees signed collective agreements and in 2021 - 6,524 employees.

#### Voluntary health insurance

In 2021, the Group launched a supplementary health insurance (SHI) project for its employees. The project comprises three one-year phases.

In 2021 (phase 1), a tender was conducted among the main service providers to select the best offer in terms of quality, range of services, accessibility to all regions and service prices. Based on the tender results, a contractor was selected to provide online counselling (telemedicine) and face-to-face appointments with doctors. This format is important, among other reasons, because it is difficult for many of the Group's employees to travel from rural areas to hospitals, which are mostly located in cities.

In addition, the SHI package includes an unlimited number of consultations with a psychologist to reduce stress levels and support the mental wellbeing of workers in an ever-changing environment.

In 2022 (phase 2), it is planned to test and introduce the selected offer to employees in the category of managers, main specialists and key employees in production companies.

The programme is scheduled to start (phase 3) in 2023.

#### Relocation programme

The Group has an ongoing relocation programme for employees. EkoNiva reimburses flat rent or provides accommodation in company dormitories. The amount of reimbursement is determined individually and depends on the region to which the relocation is planned. The reimbursement amount ranges from 15 to 30 thousand roubles/month, depending on the number of family members of the employee and the regional market rent price.

## AWARENESS-RAISING PROJECTS

### Project EkoNiva Active

The project aims to bring together young professionals from the EkoNiva Group (up to 35 years old) for their professional and social development and participation in corporate social life. The project participants receive an individual development plan.

For the Group, the following benefits result from the project: increase of loyalty towards the employer brand, identification of internal growth potential.

The project includes 3 major areas:

- **Science and production**

The Best Young Talent project, in which employees present their projects for improving production.

- **Talent pool and internship** The Project Skill Up where employees can improve their professional and personal skills.

- **Corporate culture**

Within the project EkoNiva Energy, employees are welcome to propose different ways to develop the corporate culture (sports and entertainment events, team-building activities, trainings, etc.).

### EkoNiva Youth

The event is aimed at familiarisation with the corporate culture, increasing the level of knowledge, revealing professional potential of young specialists, establishment of a youth professional community in the Group.

### EkoNiva-Student

Scholarship programme for students of technology, veterinary and technical majors to identify young talent across Russia.

### Crash courses for students Academy student programme

Intensive (three- to five-day) student programmes called Dairy Processing Academy, ZooVet Academy, TES Academy<sup>20</sup>, Arable Farming Academy and Business Academy are held at the Group's farms and include lectures by our professionals and practical work experience. The programme is designed to select the best students from all over Russia for future employment.

### Student internship

In 2021, the EkoNiva Group organised 1,035 two-month internships for students. Plans for 2022 call for 1,500 internships.

The Group has an extensive system of internships where trainees learn skills according to the principle of from simple to complex. Rather than offering internships to all students EkoNiva only offers them to those who have gone through a special assessment and screening process.

In the course of the work with the interns, the following scheme was developed for their selection for an internship at the production sites:

Career guidance in the training institutions → Interview with an HR manager → Test of professional skills → Interview with production representatives.

After the selection process, each intern is assigned a supervisor who ensures that the relevant skills are learned step by step. Lectures are organised for the students by staff from the subject-related training centres.

In 2021, the Group cooperated with 35 higher education institutions and 14 technical schools in Russia and intends to continue this cooperation. EkoNiva cooperates with relevant higher education institutions so that study applicants can be targeted for specially allocated and employer-sponsored quota study places. As a result of this cooperation, 27 people have currently completed such targeted training, five of whom are employed by the EkoNiva Group and another 38 people are undergoing training.

We are interested in young, qualified skilled workers and therefore strive to familiarise every intern with the specifics of the production processes and to motivate them to undertake repeated internships with subsequent permanent employment.

**In 2021, 177 graduates have obtained permanent employment in the EkoNiva Group.**

<sup>20</sup> TES – Technical Engineering Service

## EMPLOYEE SAFETY AND HEALTH

### Employee safety and health

The health and safety of employees are among the top priorities of the EkoNiva Group. The provision of a safe workplace in compliance with applicable regulatory requirements, the absence of risks to the life and health of employees is at the heart of the Group's operations. To ensure this, safe work organisation issues are systematically highlighted in top management meetings and annual action plans are prepared for occupational safety at all sites.

Compliance with the established health and safety procedures is monitored at Group level by health and safety managers, who also advise the health and safety professionals at the individual production sites.

The EkoNiva Group has an occupational health and safety management system regulation which provides for the following measures:

- Ensure that the preservation of the life and health of employees is a priority in the performance of their professional duties;
- Provide a safe workplace in accordance with the applicable regulatory requirements;
- Prevention of work-related injuries and illnesses;
- Ensure compliance with occupational safety and health regulations specified in Russian legislation, industry regulations on occupational safety and health, and safety regulations in order to create healthy and safe working conditions;
- Availability of qualified occupational health and safety (OSH) professionals;

- Management of work-related injury hazards, elimination of hazards and reduction of occupational risks at the workplace.

The regulation also defines the areas of responsibility for safety and health, from the CEO to the ordinary employee and assigns the rights and obligations of all parties to the employment relationship.

### Remote information system for occupational safety specialists

The EkoNiva Group has a dedicated information resource to which all occupational safety specialists in EkoNiva's regions of operations have access. This resource contains the necessary standardised forms, instructions, document templates, results of internal events and other documentation to facilitate the work and experience exchange between specialists.

### Internal audits for occupational health and safety

In 2021, the EkoNiva Group developed specific checklists for conducting internal audits regarding occupational health and safety. Every month, the occupational health and safety specialist carries out such an audit at its production site. Every quarter, an inspection is carried out by a commission consisting of the OSH specialist of the factory, the OSH specialist of the management company and the department or company manager. The presence of a manager in the commission depends on the area of activity of the audited site. Based on the audit results, a list of required equipment improvements is drawn up, among other things.

The specialists of the management company systematically carry out on-site inspections of occupational health and safety in the subsidiary companies, verifying the completeness and accuracy of the occupational health and safety documentation and the design of safe working conditions in the production facilities. A report is prepared on the results of the audit, listing the violations found and specifying the persons responsible for their elimination. Special checklists are drawn up in which the presence or absence of the required occupational safety and health documentation, the implementation of measures, the person responsible for their implementation and the deadlines for the elimination of the identified breaches are recorded. Following the audit, recommendations are made for the preparation of documents. Furthermore, the elimination of identified violations shall be monitored.

### Occupational accidents

In the event of an occupational accident, all Group employees are informed of the situation by e-mail, with a brief description and explanation of the cause. Based on the analysis, unscheduled trainings and other preventive measures are taken to avoid similar situations in the future.

According to statistics, most accidents in the Group are related to the use of vehicles or interactions with animals, whose behaviour is not always predictable. Unfortunately, there were some serious and fatal accidents in 2021.



## Occupational accidents\*

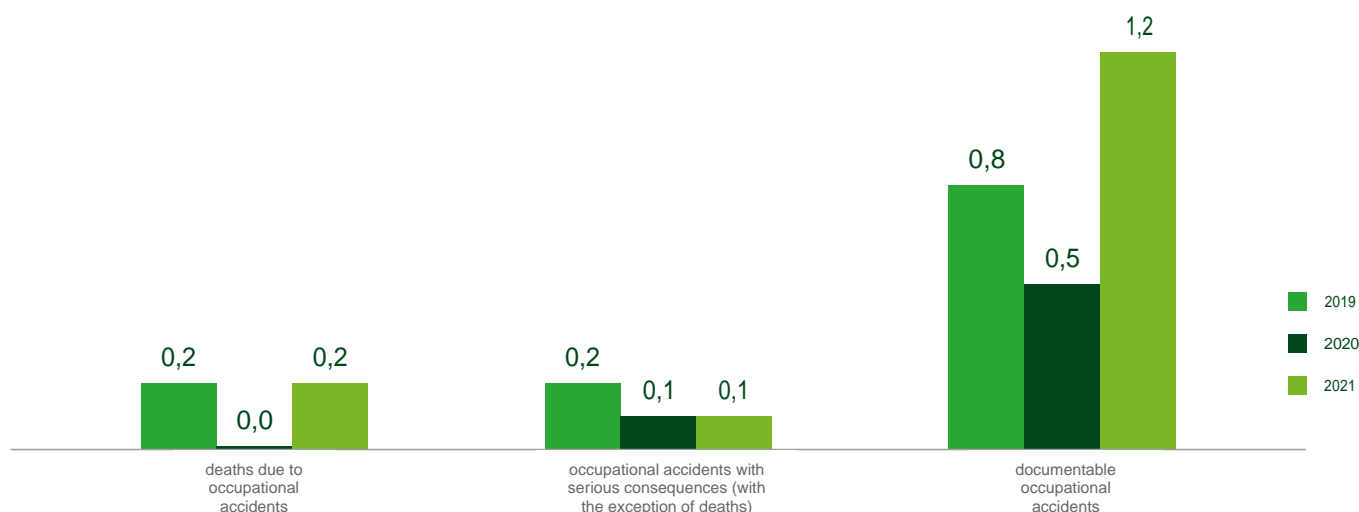
	2021	2020	2019
Number and rate of deaths due to work-related injuries**	5 / 0.2	0 / 0,0	4 / 0.2
Number and rate of work-related injuries with serious consequences (excl. deaths)**	2 / 0.1	2 / 0.1	5 / 0.2
Number and rate of documentable work-related injuries**	29 / 1.2	13 / 0.5	20 / 0.8
Main types of work-related injuries	Bruises, broken bones, car accidents	None	Death as a result of a car start, electrical accident
Number of hours worked***	20,879,536	27,850,467	25,663,190

\* Concerns all employees. No distinction is made between employees and non-employees.

\*\* Rate = number of accidents or injuries / number of annual working hours according to the company calendar of 40 h per week (average workforce with full-time employment) × 1,000,000

\*\*\* Average workforce size with the full-time number of annual working hours according to the company calendar with a 40-hour week

## Occupational accident rates



The increase in the injury rate in 2021 compared to 2020 is related to the tense backdrop of the COVID pandemic, the end of self-isolation and the accompanying increase in work intensity and staff workload due to the incidence of illness among employees.

The health and performance of the staff were affected by

the consequences of the coronavirus.

Inattention, impaired vision and poor concentration have been repeatedly identified as after-effects of the disease and, consequently, as a cause of work-related injuries.

Due to the coronavirus pandemic in 2020, many employees performed their activities remotely,

significantly reducing the risk of workplace injuries, resulting in a low injury rate.

In the event of accidents, Group employees receive a sick slip with the code 04 Occupational accident, then an investigation is carried out and documented regardless of the severity of the case.

**Work-related illnesses**

The employer regularly arranges medical examinations for the employees. Every 5 years, a pathologist participates in the medical commission for the regular examination of employees for the purpose of detecting work-related illnesses or preconditions for such an illness. No work-related illnesses have been detected so far.

**Occupational health and safety training**

All employees receive introductory training on occupational health and safety, instruction on fire prevention fire and electrical safety training when they are hired. Once a year, repeated fire safety training and the routine electrical safety test are conducted. If necessary, job instruction for newly hired employees is conducted by an appropriate manager at the workplace.

In the future, a second work instruction will be carried out. In addition, unscheduled and targeted instruction can also be conducted.

Prior to admission to independent work, employees may be assigned an internship of 2 to 14 work shifts under the guidance of an experienced supervisor.

### Work-related hazards that carry the risk of injuries with serious consequences

	2021	2020	2019
Ways to identify risks	The employer shall carry out a risk assessment at each workplace independently and/or with the involvement of a third party, drawing up a general list of risks and hazards.	Contracts are concluded with competent organisations for the development of procedures for determining occupational risks and drawing up occupational risk maps for each workplace.	The employer shall draw up a list of work with increased risk for which additional protective measures are to be taken.
Risks that caused or contributed to injuries with serious consequences in the reporting period	Risk of injury from hitting a moving vehicle, risk of injury from moving machine parts, risk of injury from the behaviour of animals.	None	Work with transport, power

	2021	2020	2019
Measures taken or initiated to eliminate these hazards and minimise risks using the hierarchy of control measures	After an occupational accident, an unscheduled meeting is held with all employees of the operational unit where the causes and consequences of the accident occurred are analysed. An unscheduled special assessment of working conditions is carried out at the workplace of the accident and the occupational safety and health instructions and training programmes are adapted, focusing on employee actions to prevent similar injuries.	Unscheduled briefings and extraordinary examinations of occupational health and safety skills are conducted for employees	Unscheduled briefings and extraordinary examinations of occupational health and safety skills are conducted for employees
All measures taken or initiated to eliminate other work-related hazards and minimise risks using the hierarchy of control measures	Following the risk assessment measures, each employee is familiarised with the workplace risk assessment card so that he/she is aware of possible hazards that may occur in his/her work activities. The employer develops a set of corrective measures to minimise or eliminate the identified hazards	After the occupational hazards have been identified, corrective measures are developed. For each risk assessment card, a corrective action plan is drawn up and a person responsible for it is designated	None



All employees are trained in occupational safety and tested for knowledge: Managers and professionals - within 40 hours, employees in specialised areas - at the employer's decision and depending on the type of work to be performed. Members of a standing knowledge testing committee must complete OSH training at a licensed training centre.

During the occupational health and safety training, all employees also receive first aid training.

In the case of the performance of certain types of work classified as high risk or requiring additional safety measures, additional training is provided to employees at the training centres with the issuance of certificates. Such work includes: working at height, loading and unloading, working in pressure vessels, working with tools and equipment, etc.

If there are hazardous production facilities, the employees involved in their operation must pass the certification in the field of occupational health and safety, depending on the type of the hazardous production facility.

### Interaction with contractors

The EkoNiva Group responsibly addresses the issue of occupational health and safety. Therefore, it is important for us that our contractors comply with the same principles. In this context, a special incoming inspection is provided for, which contains a list of documents that contractors must submit in the course of their contractual relationship. If a contractor violates any of the inspection parameters, EkoNiva will refuse such cooperation in accordance with its strict principles.

### Near-Miss-Programme

The EkoNiva Group has developed the Near Miss Programme, which aims to improve the safety culture and the identification of risk areas by the employees themselves. This programme is designed to monitor and eliminate potentially dangerous situations for workers. If such situations occur, workers provide feedback and corrective actions are taken based on the results.

The programme is based on three basic rules:

#### • Intolerance towards potential hazards

No potentially dangerous situation is ignored. The company investigates every adverse event and identifies the causes.

#### • Assessment of the potential severity of an incident

If an event could lead to an injury or death, a full investigation is carried out:

- Visiting the potential accident site, planning the investigation process, collecting and analysing information, identifying root causes and developing corrective and preventive actions.
- Involvement of all employees  
The most important source of information for the near miss programme is the company's employees; they are the ones who can identify routine issues.

### How does it work?

- Detect near misses (if possible, fix the problem on your own) →
- Filling in the near miss form →
- Drop the completed form into the dedicated box →
- Working group conducts an investigation →
- Investigation results are communicated to the employees

After the investigation and the making of changes, a log is created indicating the error found, the employee who detected the problem, the date of detection as well as a proposed solution, the person responsible and the date of rectification.

In 2021, an average of over 60 issues were identified and resolved within one month.

For 2022, we would like to launch a monthly competition in conjunction with this programme to motivate our employees to report even the smallest problems (even if a problem seems insignificant, fixing it could save someone's life in the future).

This competition is essentially about reporting as many near misses that employees notice as possible. They must not be repeated. The winner is the employee who reports the highest number of different near misses. As a reward, he or she receives a gift voucher from the Group's partners.

## Combating COVID-19

The COVID-19 pandemic has greatly affected the society, companies and nations, changing the concept of health care, forms of work and education, etc. To protect employees from the spread of viral diseases, the EkoNiva Group has developed a special programme in this regard and taken a number of measures.

### General hygiene measures

- Providing information to employees on the need for personal and public hygiene: hand washing, disinfection and ventilation of premises (leaflets for staff in public premises, on notice boards; via e-mail distribution).
- Availability of soap and skin antiseptics or disinfectant wipes in all production areas and offices
- Hand disinfection every two to three hours according to a fixed schedule
- Cleaning of premises with disinfectants
- Regular (every two hours) ventilation of rooms where work is carried out
- Online meetings and training sessions
- Measuring the temperature of employees when they go to work
- If a fever and/or signs of an infectious disease are detected, it is recommended not to go to work, to consult a doctor and inform the respective line manager.

### Business trips

- Postponement of trips if COVID-19 cases are reported in the country concerned.
- Minimising business travel between regions, especially when using planes or trains.

### Holiday granting

- Priority leave entitlement for employees of pre-retirement age and working pensioners
- In consultation with the employee's manager, provision should be made for remote working or the granting of annual leave or unpaid leave to the employee for a recommended period of at least 14 days when returning from leave and business trips from countries where cases of coronavirus infections have been reported.

### In production facilities and companies

- Transfer to teleworking for a part of employees, the nature of work permitting.
- A working group should be set up in each enterprise to oversee the taking of measures to prevent the spread of infection, consisting of the regional director and plant managers, the human resources manager, the occupational health and safety specialist, the company doctor and other staff designated by the plant manager. The working group should receive up-to-date information about sick people from the heads of departments as soon as possible
- Temperature measurement of employees before journeys with company vehicles
- At the beginning of the shift, a person responsible for measuring the body temperature of the personnel shall be designated in each dairy facility.
- Minimising the use of public or company-owned vehicles for employee commuting, use of private vehicles if possible
- Maximum zoning of the workspace (allocation of workplaces according to the activity profile)
- Strict control of shift work

and skilled workers may only go to work on their shift

- Development of scenario plans by the farm managers in cooperation with the farm economists of the Payroll Department depending on the development of the situation with the new coronavirus:
- Dividing the staff into two or more subgroups on the shift with clearly defined work areas that overlap as little as possible to minimise contact;
- Minimising the number of workers per shift: providing multiple working time options in case of quarantine for a different number of workers of the same profession at a given site;
- Training of additional replacement workers for each profession;
- Introduction of shift work for as many professionals as possible in each area.

### Company canteens and employee meals

- If reusable utensils are used, they must be disinfected in accordance with hygiene regulations or replaced with disposable utensils
- Revision of meal schedules for staff, visiting the canteen by department/work block. Minimising the number of staff in the canteen, cleaning the canteen rooms with disinfectants every hour.

### Accommodation in halls of residence

- Workers in the halls of residence should follow all the safety measures listed in the general guidelines
- Minimising contact with other residents of the hall of residence.

### Vaccination

- Awareness raising among the employees about the need for vaccination, general sensibilisation of employees on vaccination (leaflets for employees)
- Additional incentives for workers - distribution of packages with dairy products to vaccinated workers in some regions (more than 800

packages of dairy products were distributed to workers).  
• Possibilities for simplified vaccination of employees - organisation of mobile vaccination teams working on site at the employer (in Voronezh and Kaluga regions, over 1,300 people have been vaccinated by mobile vaccination teams).

More than 50% of the employees of OOO EkoNiva-APK Holding, including the companies under its management, have been vaccinated against COVID-19 by the end of 2021

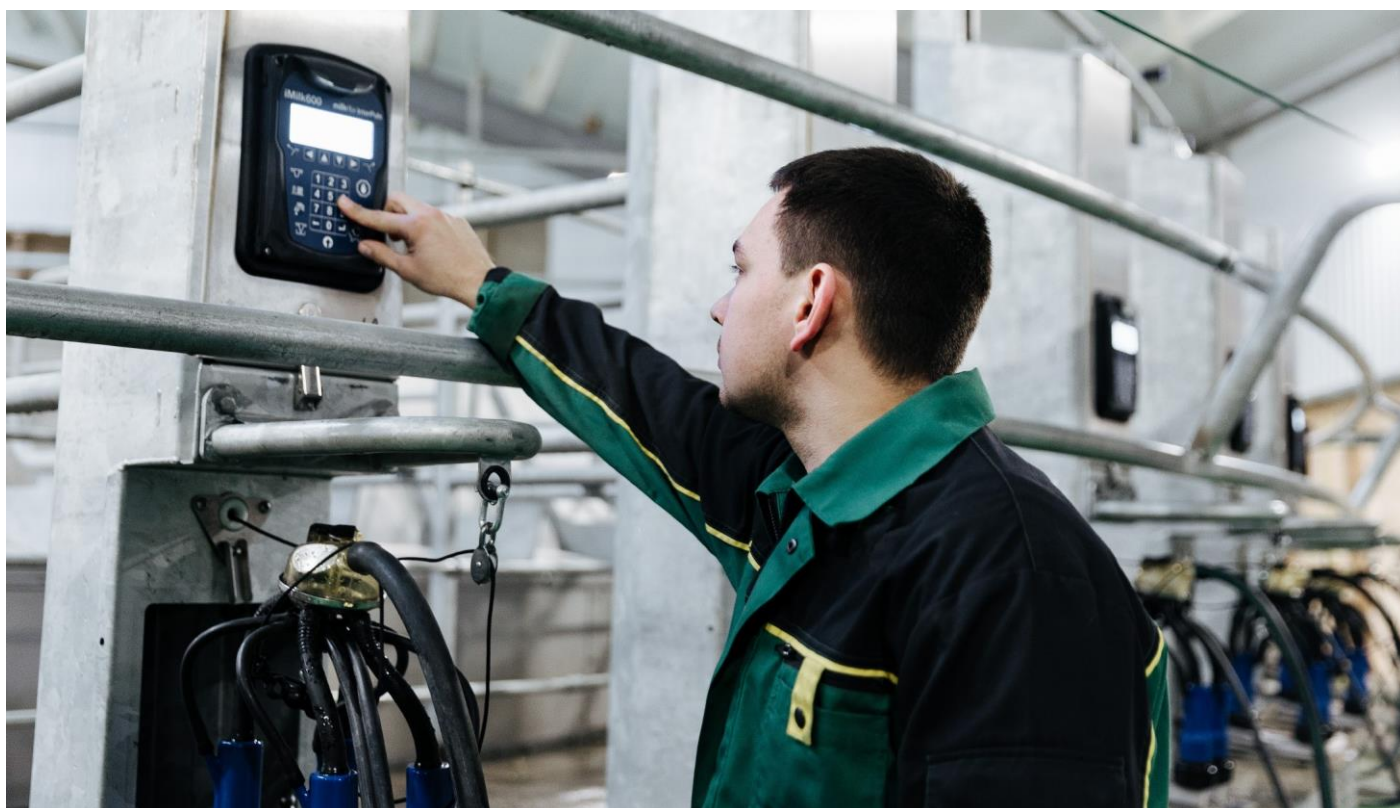
Special leaflet for staff *"Let's stop the coronavirus together!"* answering almost all questions regarding the COVID-19 vaccination as well as useful recommendations:  
- Vaccination is a protection for each of us and a prerequisite for herd immunity.

Why is it better to get vaccinated than to get sick?

- Questions and answers about the COVID-19 vaccination
- About vaccination for people aged 60 and over
- Recommendations from Rospotrebnadzor\* on how to properly prepare for vaccination

- Tips for behaviour after vaccination
- What side effects can occur after vaccination?
- How can you get proof of vaccination?
- Comparative information on the vaccines used in the Russian Federation.

\*Federal Service for Supervision in the Field of Consumer Protection and Protection of Human Welfare





Charity programmes and the involvement of the EkoNiva Group in the social life of the regions of its operations is an important aspect of our support for local communities and an important component of public recognition.

At the operational level, charity activities are assigned to the Sustainable Development and Government Relations Department of the Management Company, but the main decisions are the responsibility of the Regional Directors of the Group's companies and the CEO. Various types of requests are received from time to time and the Regional Director of the company of the Group decides on the appropriateness of the support, seeking approval from the CEO as deemed appropriate. The Sustainable Development and Government Relations Department is directly responsible for collecting data on charity and coordinating and aligning social and charitable initiatives.

EkoNiva intends to establish a Social investment commission that will meet on a quarterly basis to structure the work in this area. The Regional Director will decide on the feasibility of the remaining projects. The projects under consideration should focus on the sustainable social and economic development of the regions of our operations, in order to create favourable living conditions for the EkoNiva Group employees and ensure efficient long-term

operations, including by minimising economic, social, environmental and reputational risks.

Furthermore, it is planned to set a uniform budget for social investments and to create a system to distribute these funds to the individual regions according to the production performance and capacity of the regional enterprises.

The social initiatives of the EkoNiva Group are highly appreciated, which is confirmed by the evaluation of the annual federal contest "*Russian Company of High Social Efficiency*" organised by the Ministry of Labour and Social Protection of the Russian Federation. In the category "For participation in the solution of social issues in the regions and the development of entrepreneurial charity activities", the Voronezh branch of the Group took:

- 1st place in the regional tier in 2015, 2017, 2018, 2020 and 2021;
- 2nd place in 2015 and 3rd place in 2017, 2018, 2020 in the federal round.

## COMPREHENSIVE DEVELOPMENT OF RURAL AREAS

The EkoNiva Group's social investments are primarily aimed at the development of the regions in which it is active, i.e. infrastructure development, services of general interest and the welfare of local residents, including the Group's employees, who live in the areas concerned.

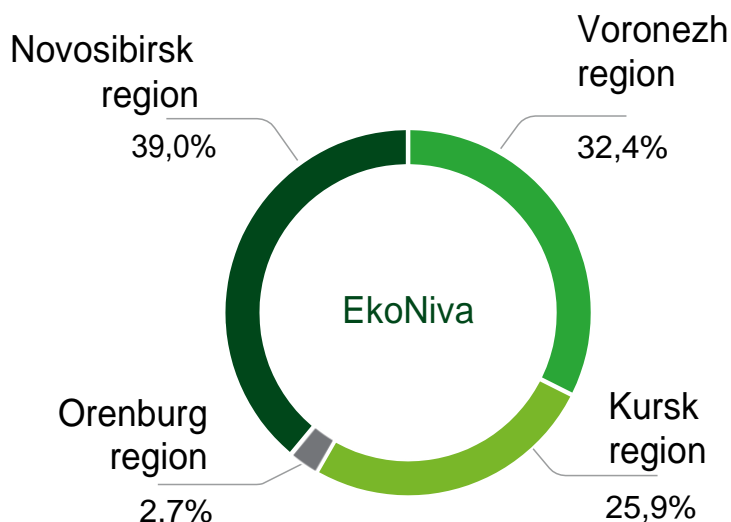
The focus is on the activities and projects carried out within the framework of the state programme Comprehensive Development of Rural Areas. This programme is implemented with state funding and the participation of investor companies. The primary aim is to expand village infrastructure, improve local housing conditions and create incentives for people to move to rural areas. In doing so, the company also focuses on charitable projects.

The Group's participation in the programme "*Comprehensive development of rural areas*" offers our employees a number of benefits. In the case of social rented housing, employees are given the opportunity to live free of charge in the housing provided for the duration of their employment and to buy it back after five years of employment at a price of 10% of the estimated purchase price and after ten years at a price of 1% of the estimated purchase price. Such housing is jointly owned by the municipality and the investing enterprise or wholly owned by the municipality until it is purchased by the employee.

In 2021, EkoNiva allocated almost 22 million roubles for the construction and renovation of various facilities in the regions where the company operates. Of this, 7.1 million rubles were allocated to Voronezh region, 5.7 million rubles to Kursk region, 0.6 million rubles to Orenburg region and 8.6 million rubles to Novosibirsk region.



## Percentage of investments of the EkoNiva Group in the projects from the programme "Comprehensive Development of Rural Areas" in 2021, %



In the future, EkoNiva will focus its social investments on projects that help provide decent living conditions for the Group's employees in the regions of its operations, within easy reach of their workplace. Today, there is an acute shortage of quality housing near the Group's production sites, which prevents us from attracting qualified professionals from the regions in which we are active or from other regions.

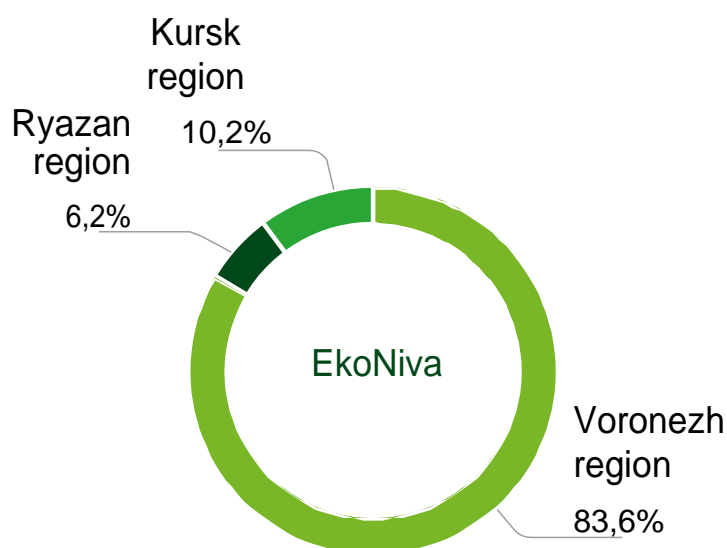
### CHARITY

The EkoNiva Group provides financial support and food aid to non-profit projects and organisations.

In 2021, 169 projects received our financial assistance. Grants in Voronezh region amounted to almost 8 million rubles, in Ryazan region - 575 thousand rubles and in Kursk region - 956 thousand rubles.

In 2021, EkoNiva donated dairy products worth 88 thousand roubles to social welfare institutions in Voronezh. The company helped the Orthodox Centre for Social Rehabilitation of Children "Pokrov", the Mirov Children's Home in the Pereleshino village, the boarding school for orphans and children without parental care with disabilities in Bobrov, the budgetary institution of Voronezh Region and the Psychoneurological Boarding School in Peski.

## Regional structure of charity activities in 2021, %



## Project #ГотовПомочь

(#readytohelp)

The project #ГотовПомочь is a nationwide mutual aid campaign under the hashtag #ГотовПомочь. Companies using this hashtag on social networks describe how they help or can help others.



Since January 2019, the Group has been working with 15 non-profit foundations to which it regularly supplies dairy products made from milk from its own farms (drinking milk, kefir, various yoghurts and curd desserts). Such support was urgently needed, especially during the COVID 19 pandemic.

Donations to charitable organisations that help people in difficult situations have decreased. For this reason, EkoNiva has decided to increase deliveries of dairy products to charities, orphanages and schools in the regions of its operations.

After a period of self-isolation, the Group's team decided to continue this charitable care on an ongoing basis. The primary goal is to help the least protected segments of the population.

### Sports promotion

EkoNiva has been supporting regional water sports schools of the Paralympic and Olympic reserve in the Voronezh region for several years.

In 2021, a project to modernise a gym for dryland swimming in the town of Liski was completed with the help of the Group. Young swimmers were given the opportunity to train in a modern sports facility.

### Support for health care facilities

Together with the German-Russian Economic Union, the EkoNiva Group donated new medical equipment to Vorobyovka district hospital in Voronezh region in 2021.

The Group bought equipment for a dental practice and equipment for diagnosing patients with diabetes and cardiovascular diseases for 1.5 million rubles.

## AWARENESS RAISING AND TRAINING

### Tour projects

Tour project of the EkoNiva Group has been running since 2013 and takes visitors through all stages of milk production "from the field to the shop shelf". Nowadays, we regularly offer guided tours at the Dobrino (Voronezh) and Ulanovo (Kaluga) dairy farms. In addition, guided tours of the Group's processing plants are planned for the future. This project has already started at the Group's cheese dairy and dairy in the Voronezh and Kaluga regions.

Excursions to our farms are our essential contribution to promoting agriculture, the rural way of life and the consumption of natural food.

EkoNiva is happy to offer guided tours for visitors with disabilities and also for guests with limited mobility. We customise such tours to the visitors' particular requirements.

In the future, we will endeavour to ensure that all excursion areas are accessible to visitors with special needs.

~100,000 guests have visited our farms over the entire duration of the tour project

### The number of visitors in 2021

Kaluga	Voronezh
10,041	12,003

## #ТрудКрут-Contest

(#WorksCool)

EkoNiva regularly participates in the nationwide professional contest for student teams #ТрудКрут. We provide production facilities for practical training of agricultural competitors, invite agricultural students for internships at the Group's farms and then help them find employment. In 2020, 10 top applicants successfully completed such internships.

Over 280 students from 47 regions took part in the contest in 2021. A separate team consisted of students from agricultural colleges: young technicians, veterinarians, herd managers, agronomists and technologists who had passed the creative, theoretical and practical stages of the contest.

The theoretical part included 100 questions on career choice and testing knowledge in agricultural fields. The participants' work was assessed by university lecturers and our experts. The practical part of the contest took place on the Group's farms.

## Agroclasses

Since 2018, we have been committed to the introduction of agricultural classes in general education schools.

In cooperation with agricultural universities and schools in three Russian regions (Voronezh, Kaluga and Novosibirsk), we organise classes for students from 8th to 11th grade who want to take up an agricultural profession and work in the agricultural sector in the future.

The project also includes a cooperation with the Voronezh State Agricultural University named after Peter the Great, the Novosibirsk State Agricultural University and the Kaluga branch of the Russian State Agricultural University - Moscow Agricultural Academy named after K.A. Timiryazev.

The curriculum for the agricultural classes includes several intensive courses: immersion in the future profession, visits to dairy processing plants and dairy farms of the EkoNiva Group, and introduction to university life. Students learn about the specific work of a veterinarian, a herd manager and an agronomist. They learn about the processes involved in arable farming - from sowing to harvesting - modern farm machinery and work in service centres.

In 2021, the percentage of participants enrolled in agricultural higher education institutions was 30%, in some regions even more than 50%.

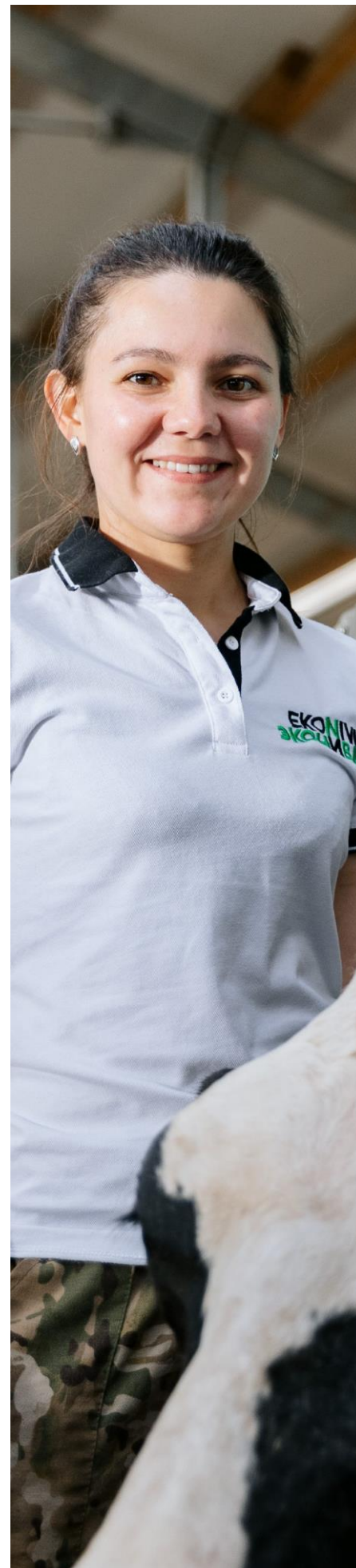
In 2022-2023, the Group plans to expand the programme to more than 20 schools and offer students distance learning in the major subjects.

## People's shops

During the coronavirus pandemic, EkoNiva introduced a new format of their own retail outlets - *"people's shops"*. The first such outlet was opened in Liski, Voronezh region.

EkoNiva's people's shops are characterised by the fact that the trade margin for basic dairy products such as curds, milk, sour cream, butter and kefir is minimal.

This project aims to provide social support to the population in the regions. At the time of publication of this report, there were six such outlets in five regions of the country: Voronezh, Tula, Ryazan, Kursk and Novosibirsk. It is expected that such people's shops will be opened in all regions of the Group's operations.



# ANNEXES

## 1. ABOUT THE REPORT

The EkoNiva Group has prepared this report for the period from 1<sup>st</sup> of January to 31<sup>st</sup> of December 2021 in accordance with the GRI Standards<sup>21</sup>. Information relating to other periods of the company's activity is marked separately. The quantitative data is presented as of the end of the respective year.

Since 2021, the Group has published annual public non-financial reports (the first sustainability report was published in 2020).

The report reflects the main sustainability accomplishments of the EkoNiva Group in the reporting period and describes the basic approaches to sustainability management as well as future plans.

With regard to the implementation of measures in the area of sustainability, the report contains certain forward-looking statements that relate to future periods and the further development of the EkoNiva Group and its companies as well as to economic and political developments. These statements are estimates that we have made on the basis of all the information available to us at the time the report was prepared. If the underlying assumptions do not materialise or if further risks occur, the actual results, development and performance of the Group may differ from the estimates presented. Even if the actual results of the EkoNiva Group, including its financial position and profitability as well as the economic and regulatory framework, should be consistent with the forward-looking statements in this Sustainable Development Report, no assurance can be given that this will continue to be the case in the future. EkoNiva therefore assumes no liability for the forward-looking statements presented herein.

The report is aimed at a broad audience - it contains essential facts about the EkoNiva Group's activities, describes important social and environmental initiatives and discloses ESG indicators accepted by the professional community.

To ensure the quality of the report, EkoNiva followed the principles of accuracy, balance, clarity, completeness, sustainability context, timeliness and quality control as set out in the GRI standards.

### Report Limits

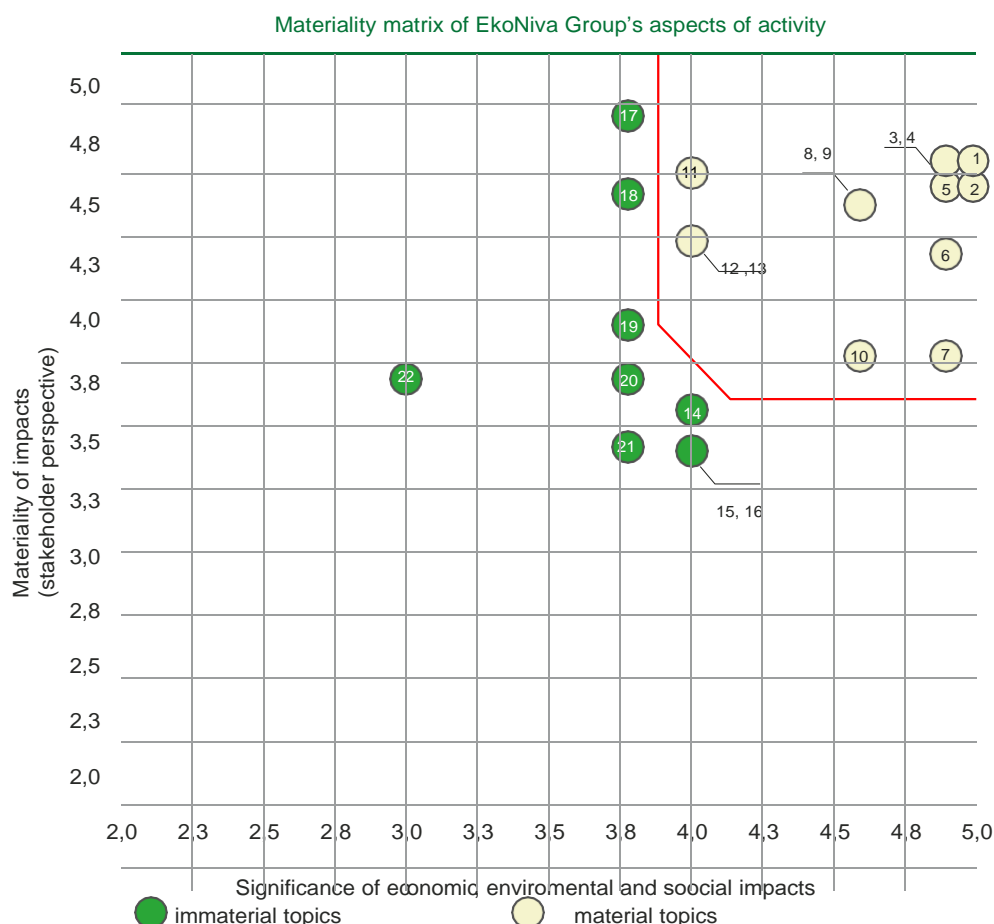
Sustainability data is consolidated for the most significant companies in the Group that have a major social and economic impact. The companies included in this report are listed in the section EkoNiva Group profile. If the limits of the report have been changed in some aspects, this is noted separately in the text.

The key financial and operating figures are disclosed in accordance with the International Financial Reporting Standards (IFRS) "Consolidated Financial Statements", which comprise the financial statements of Ekosem-Agrar AG and the companies it controls.

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<sup>21</sup> Standards of Global Reporting Initiative on sustainability reporting (GRI-Standards).





### Material topics of the report

Continuous interaction with stakeholders, especially partners, customers and the local community ensures that the EkoNiva Group can regularly analyse, identify and assess the existing and potential economic, environmental and social impacts of its activities, the associated risks and opportunities, as well as the expectations and concerns of all stakeholders at the management level.

In preparing this report, feedback from a wide range of stakeholders and the results of the supplier survey, as well as the results of the process for identifying material issues carried out during the preparation of the Sustainable Development Report 2020, were taken into account in order to assess the level of materiality of the identified impacts. The expert assessment regarding the materiality of the aspects was carried out by the working group responsible for the report on the basis of the Group's internal documents and a comparative analysis with other companies in the agricultural sector, including the industry-specific ESG materiality map of the investment research firm MSCI<sup>22</sup>.

The assessment resulted in a materiality ranking for EkoNiva Group's impact aspects, which is the basis for identifying the material topics in the report. For these topics, aspects were selected that were rated with at least four points by both the stakeholders and the working group (using a point system where five is the highest level of materiality). In this respect, 13 material topics were identified for this report.

<sup>22</sup> <https://www.msci.com/our-solutions/esg-investing/esg-industry-materiality-map#>

1.	Occupational health and safety
2.	EkoNiva as an attractive employer: ways to attract and retain staff (remuneration, benefits, training and development).
3.	Quality and safety management of products for the consumer
4.	Animal welfare
5.	Emissions
6.	Energy efficiency and green energy
7.	Responsible land use, ensuring sustainable soil use
8.	Competitiveness, economic performance and growth
9.	Support of rural areas
10.	Waste handling
11.	Consumption of water resources
12.	Human rights, non-discrimination and equal opportunities, code of conduct
13.	Compliance with legal requirements and regulations
14.	Responsible marketing, product information and labelling
15.	Innovation and digitalisation
16.	Stakeholder dialogue and social engagement
17.	Food availability and affordable prices
18.	Product packaging and plastic handling
19.	Biodiversity
20.	Food loss and waste
21.	Responsible procurement
22.	Careful handling of raw materials

## Material topics of the report

Topics	In accordance with the topics o the GRI standards
<b>Environmental aspects</b>	
<ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• Emissions</li> <li>• Energy efficiency and green energy</li> <li>• Responsible land use, ensuring sustainable soil use</li> <li>• Waste handling</li> <li>• Consumption of water resources</li> </ul>	<ul style="list-style-type: none"> <li>• Specific topic for the EkoNiva Group</li> <li>• GRI 305-7</li> <li>• GRI 302-1, 302-3</li> <li>• Specific topic for the EkoNiva Group</li> <li>• GRI 306-1, 306-2, 306-3</li> <li>• GRI 303-1, 303-2, 303-5</li> </ul>

Topics	In accordance with the topics of the GRI standards
<b>Social aspects</b>	
<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• EkoNiva as an attractive employer: ways to attract and retain employees (remuneration, benefits, training and development)</li> <li>• Quality and safety management of products for consumers</li> <li>• Support of rural regions</li> </ul>	<ul style="list-style-type: none"> <li>• GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9</li> <li>• GRI 401-1, 401-2, 401-3, 404-1, 404-2</li> <li>• GRI 416-1, 416-2</li> <li>• GRI 203-1</li> </ul>
<b>Corporate aspects</b>	
<ul style="list-style-type: none"> <li>• Competitiveness, economic performance and growth</li> <li>• Human rights, non-discrimination and equal opportunities, code of conduct</li> <li>• Compliance with legal requirements and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• GRI 201-1, 201-4</li> <li>• GRI 405-1, 405-2, 406-1</li> <li>• GRI 205-3</li> </ul>

## 2. GRI INDEX

GRI standards disclosure	Report sections / Comments	Page
GRI 1 FOUNDATION 2021		
	Annex 1. About the report	P. 66-69
GRI 2 GENERAL DISCLOSURES 2021		
1. The organisation and its reporting practices		
2–1 Organisational details	<ul style="list-style-type: none"> <li>• EkoNiva Group profile</li> <li>• Annex 4. Contact information</li> </ul> <p>According to the Russian National Classifier of Ownership Forms (OKFS), the form of ownership of the Russian holding structures of OOO EkoNiva-APK Holding, OOO EkoNiva-Produkty Pitaniya and OOO EkoNiva-APK Chernozemye – OKFS 34 (Joint private and foreign ownership). The Group's registered office is in Walldorf, Germany.</p>	P. 10-13 P. 81
2–2 Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> <li>• EkoNiva Group profile</li> <li>• Annex 1. About the report</li> </ul>	P. 10-11 P. 66

GRI standards disclosure	Report sections / Comments	Page
2–3 Reporting period, frequency and point of contact	<ul style="list-style-type: none"> <li>• Annex 1. About the report</li> <li>• Annex 4. Contact information</li> </ul>	P. 66 P. 81
2–4 Restatements of information	Annex 3. Selected ESG-indicators	P. 77
2–5 External assurance	An external assurance of the report is not performed. The Group will consider external assurance for public sustainability reports in the future	
2. Activities and workers		
2–6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>• EkoNiva Group profile</li> <li>• Responsible governance / Procurement management</li> </ul>	P. 12-13 P. 23
2–7 Employees	<ul style="list-style-type: none"> <li>• Our employees / HR policy and structure</li> </ul> The calculation of personnel indicators is performed on the basis of the actual number of employees as of 31 <sup>st</sup> of December of the respective year	P. 44-45
2–8 Workers who are not employees	Data is not collected in relation to this category of workers. The Group will consider consolidating this information when preparing the next public sustainable development report	
3. Group governance		
2–9 Governance structure and composition	<ul style="list-style-type: none"> <li>• Responsible governance / Sustainability management structure</li> </ul>	P. 21
2–10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> <li>• Responsible governance / Sustainability management structure</li> </ul>	P. 20
2–11 Chair of the highest governance body	<ul style="list-style-type: none"> <li>• Responsible governance / Sustainability management structure</li> </ul>	P. 21
2–12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>• Responsible governance / Sustainability management structure</li> </ul>	P. 20-21
2–13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> <li>• Responsible governance / Sustainability management structure</li> </ul>	P. 20-21



GRI standards disclosure	Report sections / Comments	Page
2-14 Role of the highest governance body in sustainability reporting	The Management Board of the EkoNiva Group reviews and approves the Sustainable development report	
2-15 Conflicts of interest	<ul style="list-style-type: none"> <li>• Responsible governance / Compliance and risk management system</li> <li>• Sustainability report 2020: <a href="https://www.ekosem-agrar.de/en/sustainability/">https://www.ekosem-agrar.de/en/sustainability/</a></li> </ul>	P. 21 P. 97
2-16 Communication of critical concerns	• Responsible governance / Sustainability management structure	P. 20-21
2-17 Collective knowledge of the highest governance body	Training for the Supervisory Board members takes place on a regular basis and as required	
2-18 Evaluation of the performance of the highest governance body	No external evaluation is made in the reporting year. The Chairman of the Supervisory Board evaluates the performance of the Supervisory Board members.	
2-19 Remuneration policies	This information is disclosed in the Sustainability Report 2020: <a href="https://www.ekosem-agrar.de/en/sustainability/">https://www.ekosem-agrar.de/en/sustainability/</a>	P. 99
2-20 Process to determine remuneration	This information is disclosed in the Sustainability Report 2020: <a href="https://www.ekosem-agrar.de/en/sustainability/">https://www.ekosem-agrar.de/en/sustainability/</a>	P. 99
2-21 Annual total compensation ratio	This information is not disclosed in the report for confidentiality reasons	

#### 4. Strategy, policies and practices

2-22 Statement on sustainable development strategy	• Foreword by CEO	P. 4-5
2-23 Policy commitments	• Responsible governance / Sustainable development strategy	P. 14-16
2-24 Embedding policy commitments	• Responsible governance / Sustainable development strategy / Compliance and risk management system	P. 14-16, 21-22
2-25 Processes to remediate negative impacts	• Responsible governance / Compliance and risk management system	P. 21-22
2-26 Mechanisms for seeking advice and raising concerns	• Responsible governance / Communication with stakeholders / Compliance and risk management system	P. 17-19
2-27 Compliance with laws and regulations	• Responsible governance / Compliance and risk management system	P. 20-21
2-28 Membership associations	• Responsible governance / Communication with stakeholders	P. 19

GRI standards disclosure	Report sections / Comments	Page
5. Communication with stakeholders		
2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>Responsible governance / Communication with stakeholders</li> <li>Honest choice / Responsible marketing</li> </ul>	P. 17-19 P. 26-27
2-30 Collective bargaining agreements	<ul style="list-style-type: none"> <li>Our employees / Social policy</li> </ul>	P. 53
3-1 Process to determine material topics	<ul style="list-style-type: none"> <li>Annex 1. About the report</li> </ul>	P. 67
3-2 List of material topics	<ul style="list-style-type: none"> <li>Annex 1. About the report</li> </ul>	P. 67-69
MATERIAL TOPICS		
GRI 200 ECONOMIC		
GRI 201 ECONOMIC PERFORMANCE 2016		
3-3 Management of material topics	<ul style="list-style-type: none"> <li>Foreword by CEO</li> <li>EkoNiva Group profile</li> </ul>	P. 4-5 P. 12-13
201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>Annex 3. Selected ESG-indicators</li> </ul>	P. 77
201-4 Financial assistance received from government	<ul style="list-style-type: none"> <li>Annex 3. Selected ESG-indicators</li> </ul>	P. 77
GRI 203 INDIRECT ECONOMIC IMPACTS 2016		
3-3 Management of material topics	<ul style="list-style-type: none"> <li>Rural area development / Comprehensive Development of Rural Areas</li> </ul>	P. 62-65
203-1 Infrastructure investments and services supported	<ul style="list-style-type: none"> <li>Rural area development / Comprehensive Development of Rural Areas</li> </ul>	P. 62-63
GRI 205 ANTI-CORRUPTION 2016		
3-3 Management of material topics	<ul style="list-style-type: none"> <li>Responsible governance / Compliance and risk management system</li> </ul>	P. 21-22
205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>Responsible governance / Compliance and risk management system</li> </ul>	P. 22

GRI standards disclosure	Report sections / Comments	Page
GRI 300 ENVIRONMENTAL		
GRI 302 ENERGY 2016		
3–3 Management of material topics	• Clean environment / Conscious use of natural resources and improved energy efficiency	P. 35-37
302-1 Energy consumption within the organisation	• Annex 3. Selected ESG-indicators  The EkoNiva Group does not sell energy to third parties	P. 77
302–3 Energy intensity	• Clean environment / Conscious use of natural resources and improved energy efficiency	P. 36
GRI 303 WATER AND EFFLUENTS 2018		
3–3 Management of material topics	• Clean environment / Water conservation	P. 34
303-1 Interactions with water as a shared resource	• Clean environment / Water conservation	P. 34
303-2 Management of water discharge-related impacts	• Clean environment / Water conservation	P. 34
303-5 Water consumption	• Clean environment / Water conservation • Annex 3. Selected ESG-indicators	P. 34 P. 77
GRI 305 EMISSIONS 2016		
3–3 Management of material topics	• Clean environment / Reduction of air emissions	P. 32-33
305-7 Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	• Clean environment / Reduction of air emissions	P. 33
GRI 306 WASTE 2020		
3–3 Management of material topics	• Clean environment / Waste management	P. 37-38
306–1 Waste generation and significant waste-related impacts	• Clean environment / Waste management	P. 37-38
306–2 Management of significant waste-related impacts	• Clean environment / Waste management	P. 37-38
306–3 Waste generated	• Clean environment / Waste management	P. 37

GRI standards disclosure	Report sections / Comments	Page
GRI 400 SOCIAL*		
GRI 401 EMPLOYMENT 2016		
3–3 Management of material topics	• Our employees / Employee potential development	P. 47-53
401–1 New employee hires and employee turnover	• Our employees / Employee potential development • Annex 3. Selected ESG-indicators	P. 47-48 P. 80
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	There is no difference in labour compensation and benefits for the full-time and part-time employees.	
401-3 Parental leave	• Our employees / Social policy	P. 53
GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2018		
3–3 Management of material topics	• Our employees / Employee safety and health	P. 55-61
403–1 Occupational health and safety management system	• Our employees / Employee safety and health	P. 55-61
403–2 Hazard identification, risk assessment, and incident investigation	• Our employees / Employee safety and health  Occupational health and safety issues are addressed only in relation to the EkoNiva Group employees	P. 55, 57-59
403–3 Occupational health services	• Our employees / Employee safety and health  Occupational health and safety issues are addressed only in relation to the EkoNiva Group employees	P. 57, 59-61
403–4 Worker participation, consultation, and communication on occupational health and safety	• Our employees / Employee safety and health  In the EkoNiva Group there are no official occupational health and safety committees consisting of representatives on the part of the management and employees	P. 59
403–5 Worker training on occupational health and safety	• Our employees / Employee safety and health Occupational health and safety issues are addressed only in relation to the EkoNiva Group employees	P. 57, 59

\* Russian companies of the EkoNiva Group register their personnel in accordance with the requirements and standards of the labour legislation of the Russian Federation, and the foreign companies in accordance with the laws of the countries in which they do business.



GRI standards disclosure	Report sections / Comments	Page
403–6 Promotion of worker health	<ul style="list-style-type: none"> <li>• Our employees / Social policy</li> </ul> <p>Occupational health and safety issues are addressed only in relation to the EkoNiva Group employees</p>	P. 53
403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> <li>• Our employees / Employee safety and health</li> </ul> <p>EkoNiva does not impose health and safety requirements on suppliers and contractors other than those engaged at the Group's sites</p>	P. 59
403–9 Work-related injuries	<ul style="list-style-type: none"> <li>• Our employees / Employee safety and health</li> </ul> <p>Occupational health and safety issues are addressed only in relation to the EkoNiva Group employees</p>	P. 56
GRI 404 TRAINING AND EDUCATION 2016		
3–3 Management of material topics	<ul style="list-style-type: none"> <li>• Our employees / Employee potential development</li> </ul>	P. 47, 49-51
404–1 Average hours of training per year per employee	<ul style="list-style-type: none"> <li>• Our employees / Employee potential development</li> </ul>	P. 51
404–2 Programmes for upgrading employee skills and transition assistance programmes	<ul style="list-style-type: none"> <li>• Our employees / Employee potential development</li> </ul>	P. 49-51
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY 2016		
3–3 Management of material topics	<ul style="list-style-type: none"> <li>• Our employees / HR policy and structure</li> </ul>	P. 44-46
405-1 Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>• Our employees / HR policy and structure</li> <li>• Annex 3. Selected ESG-indicators</li> </ul>	<p>P. 45-46</p> <p>P. 78-79</p>
405-2 Ratio of basic salary and remuneration of women to men	In accordance with the Labour Code of the Russian Federation, the EkoNiva Group ensures equal remuneration for work of equal value	

GRI-Standard	Report sections / Comments	Page
GRI 406 NON-DISCRIMINATION 2016		
3–3 Management of material topics	• Our employees /HR policy and structure	P. 44-46
GRI 406-1 Incidents of discrimination and corrective actions taken	No identified cases of discrimination within the EkoNiva Group in 2021	
GRI 416 CUSTOMER HEALTH AND SAFETY 2016		
3–3 Management of material topics	• Honest choice /Product quality and safety	P. 28-30
GRI 416-1 Assessment of the health and safety impacts of product and service categories	• Honest choice /Product quality and safety	P. 28
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	• Honest choice /Product quality and safety	P. 28
TOPICS SPECIFIC FOR EKONIVA GROUP (GRI 3–3 Management of material topics)		
Responsible land use, ensuring sustainable soil use	• Clean environment / Responsible land use and biodiversity conservation	P. 39-43
Animal welfare	• Clean environment / Responsible land use and biodiversity conservation	P. 42

### 3. SELECTED ESG-INDICATORS

#### Directly generated and distributed economic value\*

in Mio. EUR**	2019	2020	2021
* Directly generated economic value	586	616	653
Distributed economic value	-472	-513***	-541
Retained economic value****	114	103	112

\* The key figures for 2020 and 2021 are based on the Group's preliminary and unaudited IFRS financial statements

\*\* Profit and loss statement values

\*\*\* The key figures for the distributed and retained economic value for 2020 have been adjusted compared to the Sustainability Report 2020: €517 million and €99 million have been corrected accordingly to €513 million and €103 million, respectively

\*\*\*\* Directly generated economic value less the distributed economic value

#### Financial support through the public sector\*

in Mio. EUR **	2019	2020	2021
State subsidies	27	22	31
Public sector interest subsidies	35	31	31
Total	62	53	62

\* The key figures for 2020 and 2021 are based on the Group's preliminary and unaudited IFRS financial statements. Public financial support is only available in the Russian Federation. No state participates in the structure of the company.

\*\* Profit and loss statement values

#### Power consumption, kWh

2019	2020	2021
100,068,004	121,620,667	125,978,668

#### Water consumption, megalitre

2019	2020	2021
2.47	3.75	4.7

## Personnel structure of the EkoNiva Group, persons\*

	2019		2020		2021	
	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
<b>Top management</b>	25	100%	29	100%	54	100%
<b>Male</b>	17	68%	20	69%	41	76%
up to 30 years old	-	-	-		0	0%
from 30 to 50 years old	14	56%	17	59%	30	73%
over 50 years old	3	12%	3	10%	11	27%
<b>Female</b>	8	32%	9	31%	13	24%
up to 30 years old	1	4%	-		0	0%
from 30 to 50 years old	7	28%	9	31%	13	100%
over 50 years old	-	-	-		0	0%
<b>Executives at all levels (excl. top management)</b>	597	100%	601	100%	632	100%
<b>Male</b>	457	77%	462	77%	450	71%
up to 30 years old	88	15%	76	13%	51	11%
from 30 to 50 years old	301	50%	314	52%	325	72%
over 50 years old	68	11%	72	12%	74	16%
<b>Female</b>	140	23%	139	23%	182	29%
up to 30 years old	27	5%	14	2%	19	10%
from 30 to 50 years old	88	15%	100	17%	129	71%
over 50 years old	25	4%	25	4%	34	19%
<b>Specialists</b>	1,947	15%	2,193	17%	2,248	20%
<b>Male</b>	888	7%	1,025	8%	987	44%
up to 30 years old	389	3%	426	3%	307	31%
from 30 to 50 years old	394	3%	486	4%	573	58%
over 50 years old	105	1%	113	1%	107	11%
<b>Female</b>	1,059	8%	1,168	9%	1,261	11%
up to 30 years old	431	3%	443	4%	407	32%
from 30 to 50 years old	510	4%	587	5%	693	55%
over 50 years old	118	1%	138	1%	161	40%

\* As of 31<sup>st</sup> of December of the respective year. In 2020 and 2019, no data from OOO EkoNiva-Produkty Pitaniya is included as the required breakdown of data is not available.



	2019		2020		2021	
	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
<b>Workers</b>	7.150	56%	6.559	52%	6.328	56%
<b>Male</b>	5.730	45%	5.181	41%	4.612	73%
up to 30 years old	1.704	13%	1.298	10%	872	19%
from 30 to 50 years old	2.848	22%	2.646	21%	2.385	52%
over 50 years old	1.178	9%	1.237	10%	1.355	29%
<b>Female</b>	1.420	11%	1.378	11%	7.116	27%
up to 30 years old	148	1%	118	1%	143	8%
from 30 to 50 years old	1.002	8%	964	8%	1.159	68%
over 50 years old	270	2%	296	2%	414	24%
<b>Service and support staff</b>	2.900	23%	3.069	24%	2.668	24%
<b>Male</b>	2.170	17%	2.272	18%	1.978	74%
up to 30 years old	357	3%	333	3%	215	11%
from 30 to 50 years old	964	8%	1.006	8%	871	44%
over 50 years old	849	7%	933	7%	892	45%
<b>Female</b>	730	6%	797	6%	690	6%
up to 30 years old	99	1%	101	1%	57	8%
from 30 to 50 years old	376	3%	411	3%	341	49%
over 50 years old	255	2%	285	2%	292	42%

## Employee turnover rate at the EkoNiva-Group\*

Regions	2019		2020		2021	
	Number of dismissed employees, persons	Turnover rate, %	Number of dismissed employees, persons	Turnover rate, %	Number of dismissed employees, persons	Turnover rate, %
<b>Kursk region</b>	225	30%	104	47%	98	45%
Male	161	31%	74	54%	71	47%
Female	64	29%	30	36%	27	41%
<b>Voronezh region</b>	1.509	37%	1.458	34%	1.765	40%
Male	1.035	37%	1.048	36%	1.231	41%
Female	474	35%	410	29%	534	36%
<b>Kaluga region</b>	820	50%	773	43%	697	15%
Male	674	58%	630	49%	540	15%
Female	146	31%	143	28%	157	13%
<b>Ryazan region</b>	486	45%	701	54%	456	64%
Male	356	51%	580	62%	355	66%
Female	130	35%	121	33%	101	55%
<b>Moscow region</b>	97	77%	179	22%	142	39%
Male	62	72%	134	24%	115	42%
Female	35	88%	45	18%	27	31%
<b>Northwestern Federal District</b>	2	3%	84	91%	64	34%
Male	1	2%	57	92%	48	38%
Female	1	4%	27	88%	16	24%
<b>Ural Federal District</b>	115	49%	99	51%	64	67%
Male	88	62%	82	57%	46	73%
Female	27	30%	17	33%	18	53%
<b>Volga Federal District</b>	367	49%	486	44%	424	58%
Male	301	55%	398	49%	331	53%
Female	66	33%	88	29%	93	73%
<b>Siberian Federal District</b>	567	52%	755	51%	760	33%
Male	438	55%	557	56%	524	40%
Female	129	42%	198	41%	236	23%
<b>Total</b>	4,188	42%	4,639	41%	4,470	42%

\* As of 31<sup>st</sup> of December of the respective year.

## 4. CONTACT INFORMATION

For any further questions on the sustainability report of the EkoNiva Group, please contact:

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