



# EKOSEM -AGRAR

Sustainability Report  
2020



The responsible way of modern farming





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as of 30 June 2021





## Foreword by the Management Board



Stefan Duerr  
Management Board (CEO)



Wolfgang Blaesi  
Management Board (CFO)

### *Dear investors, business partners and employees,*

Over the past years, awareness among politicians, businesses and the general public of the ecological, social and economic impact of our actions has grown steadily. One important step in this context is the Paris Agreement from 2016, in which 197 countries, including our Russian home market, agreed to limit global warming by reducing greenhouse gas emissions and aligning financial flows with the climate targets.

As one of the world's largest producers of raw milk, we want to live up to our responsibility and help take the measures that are necessary to develop standards for sustainable action in our industry. Some 12,500 employees make us one of the largest employers in Russia's agricultural sector; we are also one of the country's leading food producers. Our agricultural, dairy production and milk processing activities also entail

adverse effects for the environment. These must be reduced and innovative and resource-efficient processes must be implemented to ensure that we can produce our high-quality and healthy foods in compliance with material sustainability criteria.

This first Sustainability Report from Ekosem-Agrar AG is designed to give our stakeholders a deeper insight into the sustainability initiatives we have already launched and into the major challenges that will arise in the relevant fields of action in the coming years and how we intend to master them. The report has been prepared in accordance with the GRI standards, globally recognized standards of the Global Reporting Initiative for sustainability reports. We do not yet have satisfactory solutions for many of the challenges mentioned. But we will address the issues and develop appropriate strategies, e.g. to use water more



carefully and to reduce energy consumption and greenhouse gas emissions along our value chain. In other fields, such as the upgrading of the partly still highly underdeveloped rural areas in Russia, we have already achieved a lot.

Our Russian home market, where we have been active for more than 25 years, is the world's largest territorial state and a country whose various vegetation zones have enormous significance for the world's climate. About 65% of the land area is permanently frozen. In recent years, global warming has caused deeper and deeper layers of the earth to thaw, leading to further greenhouse gas emissions and exacerbating global warming. Political leaders have also realized that, due to its

these four pillars of our sustainability strategy will guide our economic actions even more strongly in the future.

Agriculture is a significant economic factor in Russia, accounting for around 4% of GDP, and it is one of the few sectors that has been growing constantly, even during the COVID-19 crisis. This growth is being supported by policy-makers, who want to strengthen the domestic agricultural sector, especially the dairy industry, in which Ekosem-Agrar is playing the leading role. This benefits us not only in expanding our business. The sector's good prospects also ensure a positive image among the population, which helps us in our search for labor and young talent.

*“For its part, Ekosem-Agrar, which is one of Russia’s systemically relevant companies, intends to make a major contribution to achieving these goals. For this purpose, we defined specific sustainability goals and measures in 2020 and will report regularly and transparently on their implementation and progress.”*

topography, Russia is particularly affected by the impacts of climate change and have committed themselves to vigorously pursuing and implementing the United Nations Sustainable Development Goals (SDGs) by 2030.

For its part, Ekosem-Agrar, which is one of Russia's systemically relevant companies, intends to make a major contribution to achieving these goals. For this purpose, we defined specific sustainability goals and measures in 2020 and will report regularly and transparently on their implementation and progress. As a result of our materiality analysis, we have identified the following four fields of action: **an attractive rural area as the foundation of our company, healthy animals and healthy food, motivated and qualified employees**, as well as the **careful use of natural resources**. Together with our operational goals,

Being a major employer in Russia's agricultural sector, we are in a position to improve the livelihoods of people and families in our communities. We create numerous jobs directly on the farms, at our suppliers and customers, and with local companies. We will continue to work towards this goal and will maintain a regular dialog with our customers and suppliers, with policymakers, associations and universities to ensure that we can jointly shape a sustainable future.



Stefan Duerr



Wolfgang Blaesi



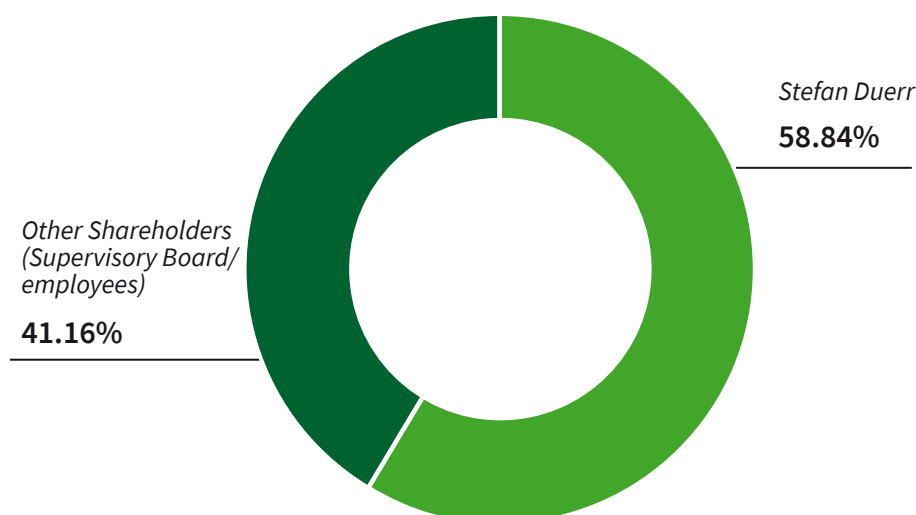


## Company profile

Ekosem-Agrar AG, headquartered in Walldorf, is the German holding company of the EkoNiva Group, one of the largest Russian agricultural companies. Some 12,500 employees and 28 production operations<sup>1</sup> make the Group one of the largest employers in rural Russia; as a leading food producer, it is also one of the country's systemically relevant companies.

Ekosem-Agrar AG is a non-listed joint stock company. The founder and Chairman of the company's Management Board is Stefan Duerr, who has been active in the Russian agricultural sector since the end of the 1980s and has been instrumental in modernizing the industry in the past three decades. Wolfgang Blaesi is another member of the Management Board and CFO of Ekosem-Agrar AG. He joined the company in 2011, initially as Managing Director and member of the Advisory Board; since the change of legal status in 2018, he has served in his current position on the Management Board. The five-strong Supervisory Board is composed of experienced industry representatives with comprehensive expertise in the agricultural sector and relevant experience in Russia.

The shareholder structure is as follows :



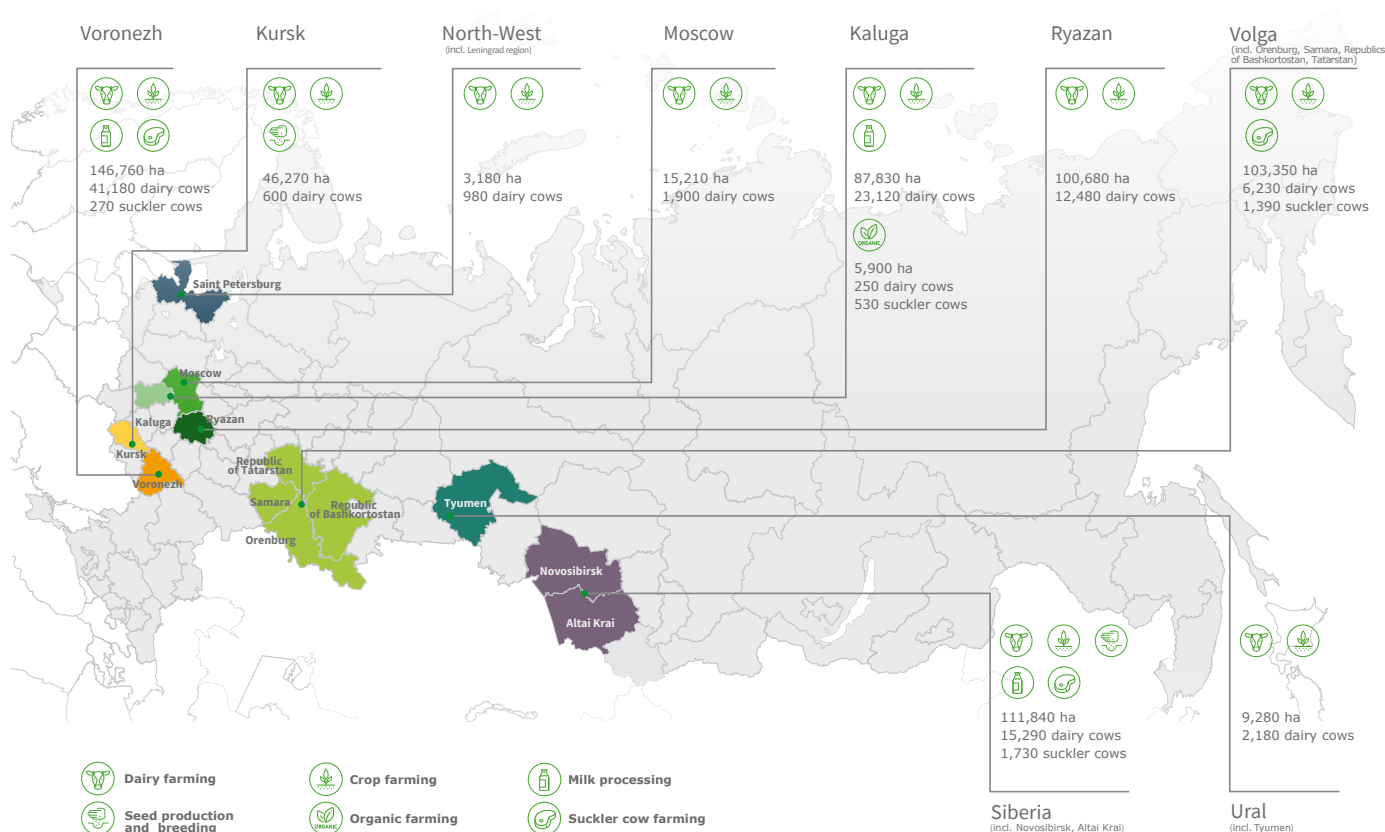
In the fiscal year 2020, the Ekosem-Agrar Group and its 64 subsidiaries generated sales revenues of EUR 464 million, based on preliminary, unaudited figures. Total output (including changes in the balances of fall-ploughed land and of agricultural produce and biological assets as well as other operating income) amounted to EUR 616 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) in this period totaled EUR 189 million. Total assets stood at EUR 1.9 billion as of 31 December 2020; this amount included EUR 1.6 billion in non-current assets – mainly property, plant and equipment (EUR 965 billion) and biological assets (EUR 401 billion). Equity and debt capital amount to EUR 234 million and EUR 1.7 billion, respectively. Debt capital includes EUR 289 million in non-current debt, essentially bank loans and bonds.

GRI 102-1  
GRI 102-3  
GRI 102-4  
GRI 102-5  
GRI 102-7  
GRI 102-18  
GRI 102-45  
GRI 103-1  
GRI 103-2  
GRI 103-3

<sup>1</sup> Controlling entities with own budget; consist of one or more operations ,

## Locations in Russia

The Group has operated successfully in Russia's agricultural sector for over 25 years and today has 57 modern or modernized dairy cow facilities<sup>2</sup> in nine administrative areas<sup>3</sup>: Voronezh, Kursk, North-West, Moscow, Kaluga, Ryazan, Volga, Ryazan, Volga, Ural and Siberia.



(Land and animals as of 31 December 2020; figures rounded)

<sup>2</sup> Smallest organizational unit of the company

<sup>3</sup> Regional organizational administrative units consisting of one or more production plants and characterized by their own administration



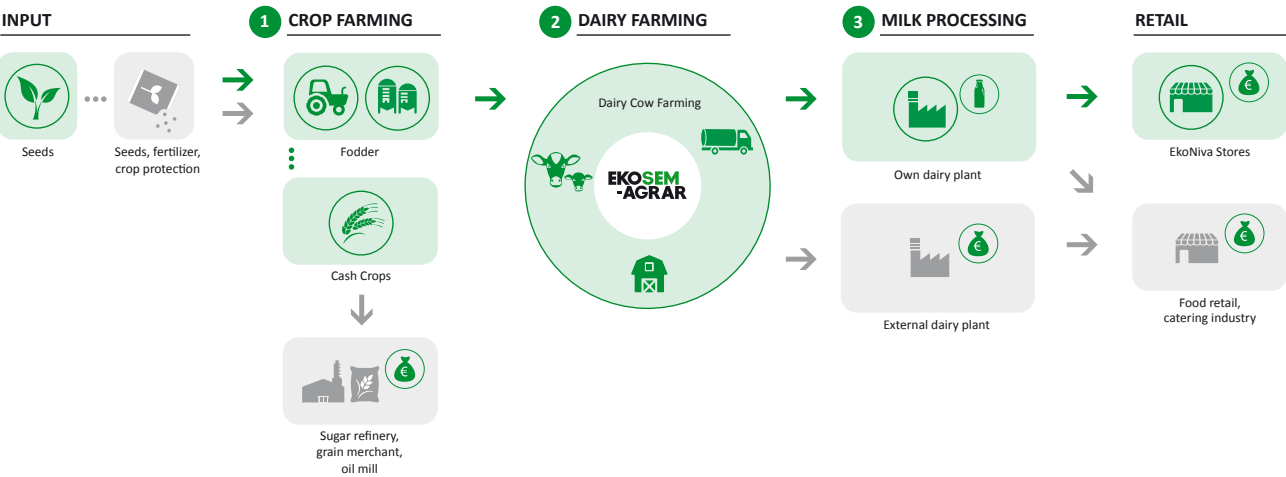


## Business model

Russia offers ideal conditions for agriculture: large and relatively inexpensive agricultural land with good soil conditions, a generally positive image among the population and politicians, and attractive subsidies and support. What is more, Russia’s dairy industry continues to be characterized by a significant production shortage. Local raw milk producers are far from able to meet

demand. Also, Russia is surrounded by important export markets such as China, which confirm the good quality of Russian dairy products and additionally increase demand. As a leading producer of raw milk who continues to grow its milk processing operations, Ekosem-Agrar thus has excellent prospects.

The vertically integrated business model is an important factor in the company’s success:



GRI 102-2    GRI 103-1  
GRI 102-6    GRI 103-2  
GRI 102-9    GRI 103-3

## SEED PRODUCTION

Ekosem-Agrar produces some of its seeds internally. Around 87,500 tons of seed from the 2020 harvest sold to external buyers also make the Group one of the largest seed producers in Russia. Ekosem-Agrar acquires licenses for specific varieties for exclusive reproduction and distribution in Russia, mainly for grain, grain legumes, grasses, clover and lucerne. For several years, the company has also been breeding its own seeds.







## CROP FARMING

Ekosem-Agrar's crop farming operations focus on the production of feed for the company's own herd. The Group controls approximately 630,350 hectares of agricultural land. The most important feed crops are lucerne and maize. Various types of grain as well as maize and soy are grown for the supply of concentrated feed. In addition, sugar beets, peas, oilseeds such as sunflowers and rapeseed, and other food crops are cultivated for sale to third parties.

## DAIRY FARMING

Dairy farming is the core activity of the Group. With a herd of more than 199,720 cattle in milk production (thereof about 104,190 dairy cows) and a milk output of 2,880 tons of raw milk per day as of the end of December 2020, the company is the largest milk producer in the country and among the top three worldwide. As of 31 May 2021, the Group had a total dairy herd of close to 212,000 animals (including 110,110 dairy cows) producing approximately 3,200 tons of raw milk per day.

Most of the raw milk produced by the Group is sold to external dairies. 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 specialist fattening facilities.



## MILK PROCESSING

In 2020, the four dairies in the Voronezh, Kaluga and Novosibirsk regions processed a total of around 88,000 tons of the self-produced raw milk into dairy products. A small cheese factory in the Voronezh region with a capacity of 60 tons of raw milk per day started operations in early 2021. In addition, a large dairy with a processing capacity of 1,150 tons of raw milk per day is under construction in the Novosibirsk region. The dairies produce a wide range of dairy products, including fresh milk and cream, UHT and organic milk, sour cream, curd, kefir, butter, cottage cheese, (drinking) yoghurt and desserts, ice-cream and (organic) cheese. A total of 70 dairy products are marketed under the EkoNiva umbrella brand as well as private labels in meanwhile about 20,000 independent shops, retail chains, own branded stores and the hospitality segment. Ekosem-Agrar aims to process nearly its total raw milk output internally in the medium term and



to export the EkoNiva products also to other countries such as China, which is already served by the company.



## ORGANIC FARMING

Since 2015, Ekosem-Agrar has produced organic beef and various food crops of organic quality on the “Savinskaya Niva” farm in the Kaluga region. The products meet the requirements of both EU directives and Russian GOST standards for organic farming and are certified accordingly. Since autumn 2019, the farm has also produced organic raw milk, which is processed into organic dairy products by the Group’s own dairies. Depending on future developments, more of Ekosem-Agrar’s conventional farms could be converted to organic farming.





## SUCKLER COW FARMING

Cattle for meat production, primarily of the Angus race, are kept on extensive pastures at the company's locations in Voronezh, Orenburg and Novosibirsk. The suckler cow operations allow Ekosem-Agrar to use pastures that are not suitable for crop farming.

Ekosem-Agrar relies on state-of-the-art agricultural technologies such as precision farming, modern milking systems and IT-based herd management at all stages of the value chain. Besides investments in modern technology and automation, high standards of animal welfare and employee qualification are essential preconditions for the continuously growing productivity of the Group.

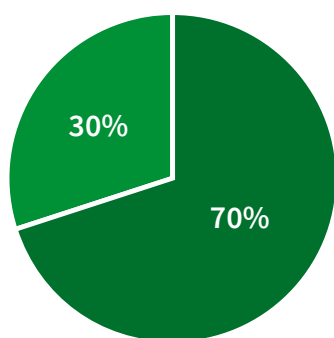


## EMPLOYEES

As of the end of 2020, the Group employed 13,931 people, 358 of whom were on internships or seasonal work with a fixed-term employment contract.

They break down as follows:

### EMPLOYEES BY GENDER (as per 31 December 2020)

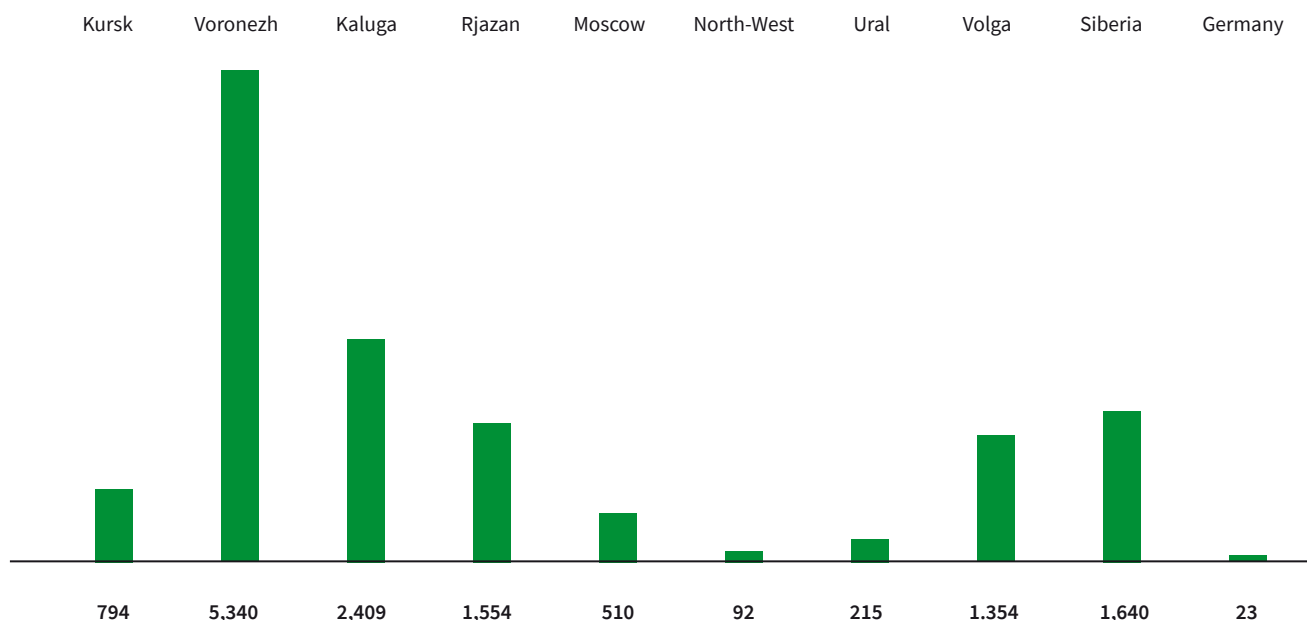


Women : **4,379**

Men: **9,552**

Total **13,931**

### EMPLOYEES BY ADMINISTRATIVE AREA (as per 31 December 2020)



For more information on the employee structure, please refer to the chapter “Facts and figures” starting on p. 80.

GRI 102-7  
GRI 102-8



## Associations and initiatives

Ekosem-Agrar and its main shareholder, Stefan Duerr, are committed to supporting environmental, social and economic associations and initiatives. Thus, the Group and its Management Board members Stefan Duerr and Wolfgang Blaesi are themselves active in the following institutions and initiatives through memberships or their strong commitment: German-Russian Chamber of Foreign Trade, German-Russian Agricultural Policy Dialog, German Agribusiness Alliance, German-Russian Forum, German-Russian Business Association, Senate of the Economy, DLG, IFOAM, Russian Organic Farming

Association, Association of Russian Plant Breeders and Seed Propagators, Association of Exporters of Agricultural Products, Terraforma (Agrifood Accelerator). Furthermore, Stefan Duerr was co-initiator of the “German-Russian Dialog on Agricultural Policy” in the mid-1990s, which he led and coordinated for a long time. Today, the project is managed by Ekosem Agrarprojekte GmbH, a subsidiary of Ekosem-Agrar AG. Since early 2019, Stefan Duerr has served as Chairman of the Russian Association of Milk Producers, Soyuzmoloko.







## Development of a sustainability strategy

*Being a personal concern of company founder and CEO Stefan Duerr, sustainability has been understood to be the natural basis of the company's actions from the very beginning.*

Important aspects such as social responsibility and corporate citizenship, animal welfare, environmental awareness as well as diversity and equal opportunities in the training and qualification of employees serve as guidelines for the company's management. These standards and behavioral norms are also laid down in the Group's Code of Conduct, which was adopted by the Management Board and the Supervisory Board in June 2021. The Code governs all material behavioral policies on topics such as compliance with legal provisions, anti-corruption measures, dealings with authorities and government institutions, handling of business information, etc.

Ekosem-Agrar is a company with German roots that has so far been active exclusively in Russia. The company's management supports the dialog between east and west not only at a political and business level but also at a cultural level. Every year, numerous groups of visitors – including many farmers, entrepreneurs and politicians from Russia and abroad – visit the company's farms. Moreover, Ekosem-Agrar is a pioneer in organic farming in Russia and was the first company ever to export organic products to Western Europe.

In line with the motto "Do good and talk about it", the Management Board of Ekosem-Agrar AG decided in 2020 to integrate sustainability even more strongly into the company's overall strategy. Such a strategic step means that the diverse challenges will be addressed very closely, which, in turn, will not only offer advantages for the environment and society but may also open up entirely new business opportunities for the Group. Thus, a project for the development of a sustainability strategy was launched at the beginning of 2020. The intention of the project was to define specific sustainability goals

and measures, whose implementation and progress is now reported regularly and transparently in the form of a Sustainability Report meeting the standards of the Global Reporting Initiative (GRI).

In addition, the implementation of the sustainability strategy and of sustainability reporting serves to prevent risks, to reduce operating costs by means of targeted savings of energy and other resources and to increase the company's attractiveness as an employer. The overall aim is to consolidate the unmistakable image of the EkoNiva corporate and product brand, to further expand the good competitive position, to address new investor groups with a focus on sustainability investments and to put the Group in a stable position for the future.

Agriculture and dairy production also have adverse effects on the environment. Being one of the world's top three milk producers, Ekosem-Agrar AG feels a responsibility to face this debate and to make an active contribution to developing standards for sustainable action in the company's core industry.



## Guided by the United Nations Development Goals

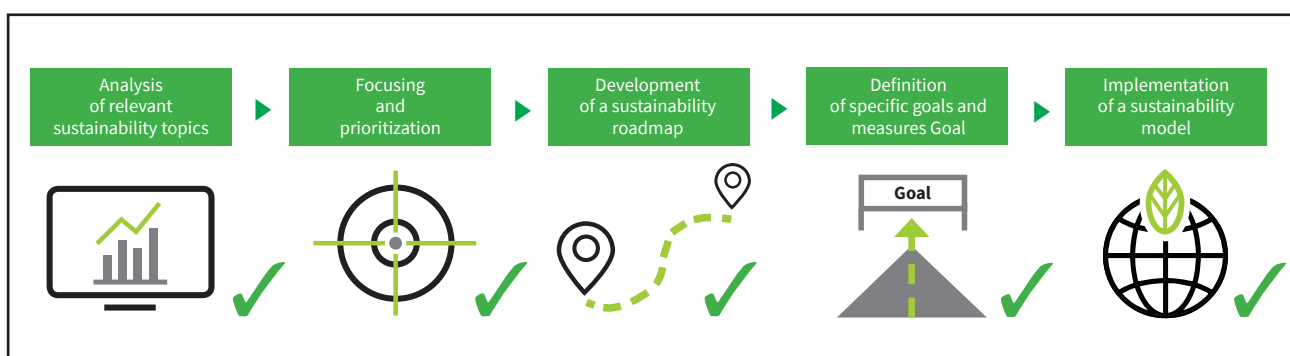
By adopting the 2030 Agenda and its 17 Sustainable Development Goals (SDGs), the United Nations has defined the aspiration to improve the prosperity and the quality of life of all people within the limits of the Earth's limited resources. Achieving this goal and the resulting environmental, social as well as economic changes requires the cooperation of states, organizations, communities and civil society. By implementing

its sustainability strategy, Ekosem-Agrar, as a major food producer, wants to make a contribution to achieving the development goals. Based on the results of the stakeholder survey and the materiality analysis, the focus is placed on the following SDGs. Further explanations on the influence of the defined goals and measures on individual SDGs is provided in the chapters on our fields of action starting on p. 28.

**The following SDGs are considered in Ekosem-Agrar's sustainability strategy:**



### Strategy development with the involvement of key stakeholder groups



A status-quo analysis and a benchmark analysis conducted in the first half of 2020 formed the starting point for the development of the sustainability strategy. Building on this basis, the company conducted a stakeholder survey with the support of external sustainability experts to identify the most important sustainability topics for Ekosem-Agrar from the stakeholders' perspective and to assess the company's performance as perceived from the outside. Subsequently, the most important topics for Ekosem-Agrar's business activities were identified in the context

of a materiality analysis (for details see following pages). Besides the internal view, the project team also focused on the requirements of the company's stakeholders and the United Nations Sustainable Development Goals (SDGs) described above.

In the second half of 2020, specific sustainability goals were formulated and measures developed along the defined topic areas, which will be anchored at all levels of the company – supported by workshops – in the coming months.

### **Stefan Duerr, Chairman of the Management Board of Ekosem-Agrar AG:**

*“As a major producer of food and one of the largest companies in the industry in Russia, we have a responsibility to operate sustainably for the benefit of the entire society, our employees, business partners, customers and investors. We want to live up to this responsibility and intend to provide transparent and measurable information on the sustainability criteria that are relevant to our business going forward.”*





## Stakeholder survey and materiality analysis

Ekosem-Agrar has always attached top priority to an open dialog with its stakeholders. Representatives of the company are active in numerous associations, maintain good relationships with members of the press, with politicians as well as with business partners and investors. The company's Chairman of the Management Board, Stefan Duerr, has been committed to improving the relations between east and west for many years; already back in the 1990s, he initiated the "German-Russian Dialog on Agricultural Policy", thus creating an important connecting link in the cooperation between the competent ministries, associations and enterprises of both countries. In 2009, he was awarded the Order of Merit of the Federal Republic of Germany in recognition of his contributions to this important initiative.

Based on this culture of cooperation and partnership, the management of Ekosem-Agrar also approaches the development of the sustainability strategy. To determine the most important sustainability topics to be reflected in the strategy, the company first carried out a survey among its stakeholders. Besides the relevance of the individual topics, stakeholders were asked about their personal perception of the company's performance with regard to each of these topics. In June and July 2020, the project team conducted interviews with 16 representatives of the following stakeholder groups:

- Customers
- Suppliers
- Policymakers, associations
- Capital providers
- Press
- Employees

When choosing the interview partners, the main consideration was that the interviewees should be able to provide meaningful information about the company, i.e. that their relationship with Ekosem-Agrar dated back for some time and that they were aware of the company's main business segments. Most of the interviewees came from Russia, where the company conducts its business activity. The "press" and "capital market" groups also

included interviewees from Germany, as Ekosem-Agrar is active in the German capital market as a bond issuer and maintains intensive corporate communications there.

In a second step, executives of Ekosem-Agrar were asked about the impact of the business activity on relevant sustainability topics, before the company's management once again reviewed the business relevance of the topics identified and weighted them in relation to each other.

The survey was divided into seven general subject areas: landscape as the basis of life, global environmental issues, consumers, supply chain and value creation, employees and their training, society and politics as well as rural development. Between them, these subject areas covered the following 23 sustainability topics:

- Ensuring sustainable usability of the soil
- Circular thinking
- Biodiversity
- Energy use and climate protection
- Responsible use of water
- Handling of waste
- Food waste
- Healthy nutrition
- Safe and affordable food
- Transparent and comprehensive consumer information
- Animal welfare, species-appropriate animal husbandry
- Safe and efficient use of resources
- Responsible procurement
- Stable and profitable growth
- Innovation and digitization
- Learning and development
- Safe workplace
- Diversity and inclusion
- Responsible employer
- Compliance / Adherence to rules and regulations
- Dialog with stakeholders
- Corporate citizenship
- Support for rural communities

The most relevant topics from the stakeholders' point of view were healthy nutrition, safe and affordable food as well as animal welfare and species-appropriate animal husbandry. These also were the topics where the company's performance was rated mostly positively. The stakeholders see a need for action on important topics such as climate protection and energy use and the careful use of water.

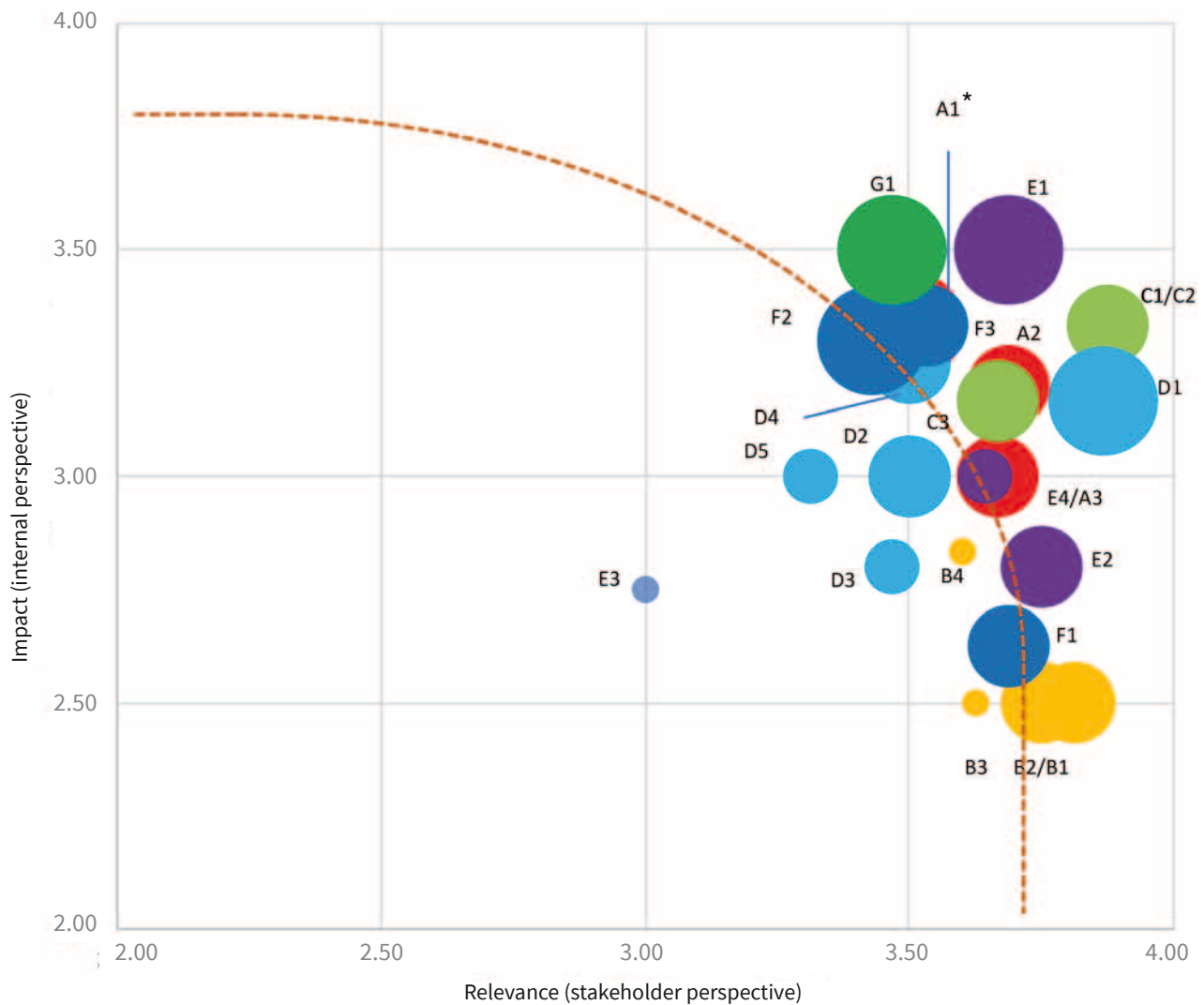
In the following final materiality matrix, the topics were further condensed with the help of a dividing line and reduced to the 15 most significant topics. The topics were assessed based on three dimensions:

1. *Relevance  
(stakeholder perspective)*
2. *Impact of business activity  
(internal perspective)*
3. *Business relevance  
(management)*





## MATERIALITY MATRIX - THE BASIS FOR OUR SUSTAINABILITY STRATEGY



A1 Ensuring sustainable land usability  
 A2 Circular thinking  
 A3 Biodiversity  
 B1 Energy use and climate protection  
 B2 Responsible use of water  
 B3 Handling of waste  
 B4 Food waste  
 C1 Healthy nutrition  
 C2 Safe and affordable food  
 C3 Transparent and comprehensive consumer information  
 D1 Animal welfare, species-appropriate animal husbandry

D2 Safe and efficient use of resources  
 D3 Responsible procurement  
 D4 Stable and profitable growth  
 D5 Innovation and digitization  
 E1 Learning and development  
 E2 Safe workplace  
 E3 Diversity and inclusion  
 E4 Responsible employer  
 F1 Compliance  
 F2 Dialog with stakeholders  
 F3 Corporate citizenship  
 G1 Support for rural communities

\* Consideration of business relevance using the diameter of each point.

## Derivation of our four fields of action and sustainability goals

Based on the 15 most relevant topics identified in the materiality analysis, four fields of action consisting of thematically related areas were developed. These were defined as follows:

- ▶ *An attractive rural area is our foundation*
- ▶ *Only healthy animals produce healthy food*
- ▶ *Our employees make Ekosem-Agrar successful*
- ▶ *Making responsible use of natural resources*

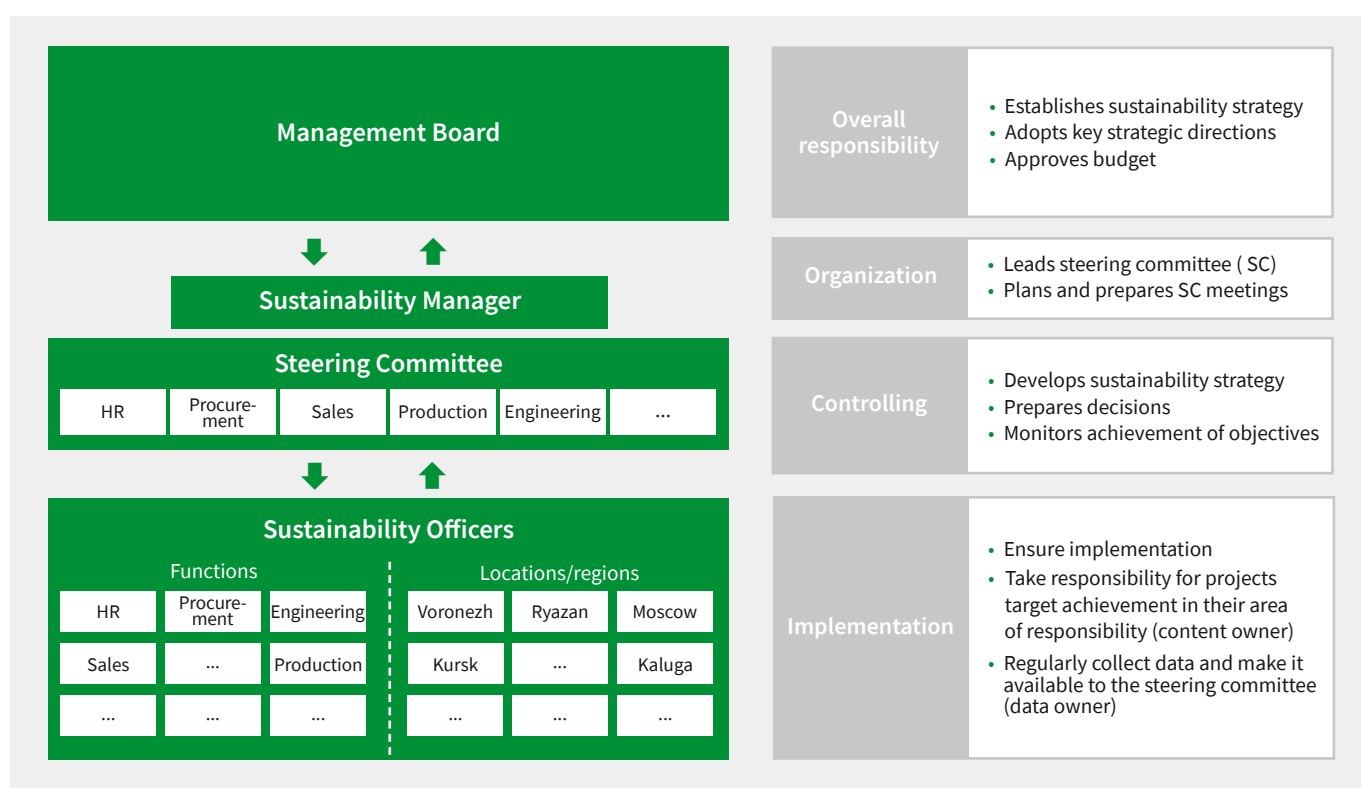
The fields of action include both social and environmental aspects, as these are partly interdependent or mutually dependent. For each of these four fields of action, specific sustainability goals and measures were subsequently developed in consultation with the respective department heads. They are presented below. In addition, further processual goals were decided across the individual fields of action; these goals serve to implement and institutionalize sustainability management within the Ekosem-Agrar Group and to support transparent communication.



## PROCESSUAL GOALS

The processual goals are intended to help anchor the sustainability strategy at all levels of the company. This will be done by the Management Board and an internal Sustainability Officer with support from external sustainability experts. At the Management Board level, a new Sustainability Department will be created, for which CFO Wolfgang Blaesi will be responsible.

### 1. Creating and implementing an organizational structure for sustainability management by the end of 2021



In addition, Ekosem-Agrar has set itself the goal of intensifying the dialog with all stakeholder groups, for which the publication of the first Ekosem-Agrar AG Sustainability Report is the starting point.

### 2. Intensifying the dialog with all stakeholder groups and providing comprehensive information in the form of annual Sustainability Reports

We are convinced that the pursuit of sustainable development will make sense and be successful only in cooperation with our stakeholders. The readiness for dialog is already in the roots of our company, which is based on the connection between Russian and Western European culture and has merged the individual strengths and skills into a functioning successful whole. Ekosem-Agrar will continue the intensive dialog with customers, suppliers, investors, employees, political decision-makers, associations, non-governmental organizations and higher education institutions, which has been going on for many years, and will more strongly incorporate environmental and social aspects as well as governance issues. Regular information on occasions and topics will be provided in the next Sustainability Reports.



## Sustainability goals per field of action

### GOALS FOR THE “RURAL AREA” FIELD OF ACTION

*We want people to stay in the villages around our farms and more people to move in. To this end, we have set ourselves the goal of making an active contribution to the development and modernization of rural infrastructure.*

- ▶ Among other things, we will support some 75 specific construction and development projects until 2026. These include cultural and recreational facilities, kindergartens, sports grounds and playgrounds, and much more.

### GOALS FOR THE “HEALTHY ANIMALS AND HEALTHY FOOD” FIELD OF ACTION

*The well-being of our cows is a critical factor for the milk output and the consistent quality of our raw milk. Dairy farming on the scale of Ekosem-Agrar is a challenging task, but we want to live up to our responsibility as a major raw milk producer and make a contribution to a more sustainable dairy industry. To this end, we have set ourselves the goal of establishing a new standard of milk production.*

- ▶ 2021 will see us develop a special quality standard for our milk.
- ▶ In 2022, we will implement this standard at two dairy cow facilities.
- ▶ By 2026, 25% of the cows will be kept in accordance with this standard.

## GOALS FOR THE “EMPLOYEES” FIELD OF ACTION

*Establish the company as the largest provider of vocational training in the Russian agricultural sector and offer effective further training measures for continuous staff development.*

- ▶ Among other things, we will continue to offer at least 1,500 internships in our operations each year to provide orientation for students.
- ▶ We will expand the promotion of young talent via agricultural classes to all regions in which we operate by 2026.
- ▶ We qualify our staff and offer them opportunities for development.  
We will establish agriculture as a job engine and an attractive, promising line of occupation.

## GOALS FOR THE “NATURAL RESOURCES” FIELD OF ACTION

*The climate, biodiversity and the careful use of water are important to us. We will therefore develop a climate strategy and a water strategy by the end of 2021, and set up measures to increase biodiversity in all our regions.*

- ▶ Development of a climate strategy by the end of 2021 to save energy and reduce greenhouse gas emissions along our value chain and examination of the use of renewable energy.
- ▶ Development of a water strategy by the end of 2021, e.g. to cut the Group’s water consumption and to reduce the discharge of pollutants.
- ▶ We want to implement three biodiversity projects (wildflower strips) per region by 2026.
- ▶ We want to cultivate 5% of our agricultural land organically by 2026.





## **An attractive rural area is our foundation**

*We want people to stay in the villages around our farms and more people to move in. To this end, we have set ourselves the goal of making an active contribution to the development and modernization of rural infrastructure.*



## An attractive rural area is our foundation

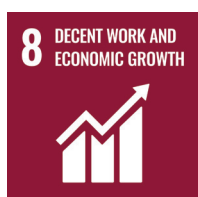
A rural area that is worth living in, economically stable and ecologically intact – that is the very basis of our business model. We therefore take responsibility for the development of the regions in which our operations are located. We support the development and maintenance of the infrastructure and the promotion of the educational system, thereby creating new perspectives for the people who already live in rural and often less developed areas, but also for those who only come to call such areas their home because of us.

With regard to our “Rural area” field of action, our goals are consistent with the following Sustainable Development Goals (SDGs) of the United Nations:



### Goal 1 – No Poverty

In the context of our growth strategy, we have created several thousand jobs in recent years, mainly in rural regions of Russia. It is here that we ensure that the rural exodus caused by a lack of jobs is stopped and that the living conditions of the rural population are improved.



### Goal 8 – Decent Work and Economic Growth

The agricultural sector is one of the few industries in Russia that has been growing continuously for years and has the best growth opportunities due to the climatic and topographical conditions of what is the world's largest territorial state. In this context, the Ekosem-Agrar Group is making a major contribution to strengthening the image of agriculture as an industry of the future among the population and offering especially young people in rural areas employment opportunities characterized by fair pay and attractive working conditions.



### Goal 9 – Industry, Innovation and Infrastructure

Investment in infrastructure – transportation, irrigation, energy as well as information and communications technology – is critical to fostering sustainable development and strengthening communities. In the context of its expansion strategy, the Ekosem-Agrar Group has established 22 dairy farms in a total of 13 regions in Russia in the period from 2018 to 2020, making extensive investments in state-of-the-art infrastructure. These help ensure that more companies settle in the regions and create jobs.



### Goal 11 – Sustainable Cities and Communities

We need a future where cities and communities provide opportunities for all, with access to basic services, energy, housing and transportation. Ekosem-Agrar invests in the development and modernization of infrastructure at its locations, supports housing construction and a large number of social projects to promote community spirit and create sustainable prospects for the local population.



### Goal 17 – Partnerships for the Goals

A successful sustainable development agenda requires partnerships between governments, the private sector and civil society. Ekosem-Agrar is involved in numerous partnerships at both an international and national level as well as in the local communities. Company founder Stefan Duerr promoted the exchange of experience in agriculture between Russia and Western Europe at a very early stage and is active in numerous associations and initiatives (see company portrait p. 16) with the aim of achieving innovative and sustainable solutions for a prosperous future of the agricultural sector and rural areas.

## OUR GOALS AT A GLANCE

### Core goal

We want people to stay in the villages around our farms and more people to move in. To this end, we have set ourselves the goal of making an active contribution to the development and modernization of rural infrastructure.

Goals & measures	Date	Status
Among other things, we will support some 75 specific construction and development projects until 2026. These include cultural and recreational facilities, kindergartens, sports grounds and playgrounds, and much more.	2026	In 2020, EUR 2.5 million were invested in rural development, of which EUR 1 million alone were invested in the context of the federal “Integrated Rural Development” program.

### Support for the rural population

Ekosem-Agrar is one of the largest employers in Russia’s agricultural sector. Our dairy farms are spread across 13 regions in 9 sales territories throughout Russia and, by business model, are located in rural areas, some of which are sparsely populated. Most Russians (2020: approximately 75% (source: Federal State Statistics Service)) live in cities or urban settlements – and their number is rising. The quality of life is often believed to be better here.

The great differences between urban and rural areas are not an exceptional phenomenon that exists only in Russia. It is characteristic of emerging countries that the rural population still lives in outdated economic systems like those of the 19th century, while the urban popula-

tion has long since arrived in the 21st century.

Rural regions in Russia are characterized by a partly dilapidated infrastructure, little economic prospects and few cultural offerings.

It is therefore one of the biggest challenges for Ekosem-Agrar to find qualified people for its farms. To achieve this, the company must team up with the local communities to try to make life in rural areas more attractive, especially for young people, to prevent them from migrating to the cities after school or from not coming back after having completed their vocational training or university studies. This requires strategies for improving infrastructure, building modern settlements and strengthening cultural offerings.



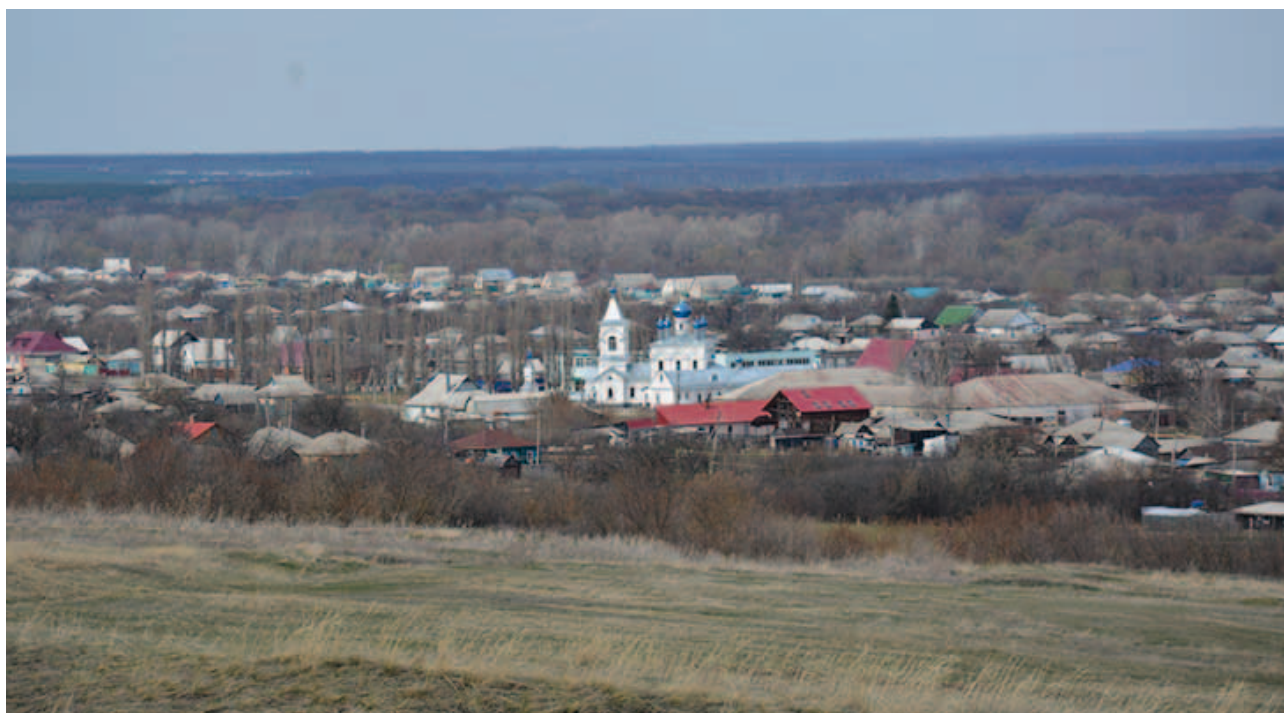
The company's risks in this respect include the typical investment risks, especially where projects are concerned that are not part of the core business. There is also a risk that Ekosem-Agrar and the local communities fail to provide attractive incentives for employees in the long term to avoid a further rural exodus.

On the other hand, there is a good chance that the Group's initiatives will build strong and long-term relationships with employees, as Ekosem-Agrar supports the training and further education of potential junior staff at an early stage. As an active corporate citizen, Ekosem-Agrar can also further enhance its position in relations with the local communities and improve its reputation among stakeholders through its commitment.

### Our strategic approach

Ekosem-Agrar is committed to supporting the local communities at our sites, as public acceptance is essential for our operations and the recruitment of new employees.

We support the local population actively and at various levels, with the focus placed on education, the social environment, economic prospects and family. When developing new sites, investments in such non-operational measures are included in the budget at an early stage. Decisions on the measures to be taken are made by the Regional and Farm Managers. A total of 33 people are entrusted with the tasks in this area. The measures are carried out in close consultation with regional and local administrations. Over the past years, the equivalent of approximately EUR 2 million p.a. has been spent on such measures.

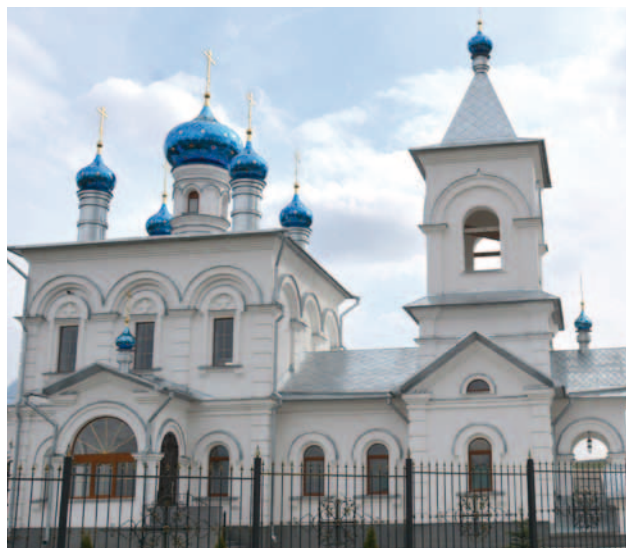


### Ekosem-Agrar is committed to promoting the local communities

Ekosem-Agrar has already initiated a wide range of measures to support the rural population. We promote the education of young people by establishing agricultural classes at general education schools and offer numerous internships at our farms.

In addition, we are actively committed to charitable projects in the communities. By providing financial support to kindergartens, schools and nursing homes as well as sports, music and veteran associations, we help improve the quality of life of our employees, their families and the local communities. In Shchuchye in the Voronezh region, for instance, we arranged for the construction of a kindergarten and also participated in the construction of a museum. In addition, the company is the sponsor of a local soccer club and has provided financial support for the renovation and new construction of several local church houses.

Also, we help resident employees and those who have moved in solve housing-related issues. We are involved in the government's "Integrated Rural Development" program, in the context of which we have co-financed the construction of 28 houses for our employees and their families in the Voronezh region by the end of 2020.



### Outlook

The Ekosem-Agrar Group will continue to expand its active role in supporting rural communities at the Group's sites and operations to meet its medium-term target of 75 construction and development projects by 2026. In the current year 2021, the following projects are being implemented or planned: construction of children's playgrounds, restoration of churches, repair work at schools and kindergartens, co-financing of activities within the framework of the budget in the Voronezh region, sponsoring of youth camps, etc.



### Dialog with stakeholders

Ekosem-Agrar has always attached top priority to an open dialog with its stakeholders. Representatives of the company are active in numerous associations, maintain good relationships with members of the press, with politicians as well as with business partners and investors. The more actively a company interacts with its stakeholders, the more stable the relationships become, which, in turn, may have a positive impact on the company's operating performance, reputation or, in the case of investor relations, on the company's financing costs, etc.

At the same time, intensive interaction with stakeholders also entails the risk of violations of regulations, e.g. in the political environment or on the capital market. The primary challenge here is to establish clear structures and guidelines for corporate communications to be applied when dealing with external stakeholders.

Another challenge, especially in our dialog with non-Russian media and investors, is to dispel prejudices against our Russian home market or the agricultural sector, which are partly caused by a lack of experience and knowledge. In the current discussion about plant-based substitute products, even milk, which is our core

product, is sometimes portrayed by the media as being harmful to health. Here, we are challenged to provide clarification to prevent adverse effects on sales and the company's reputation.

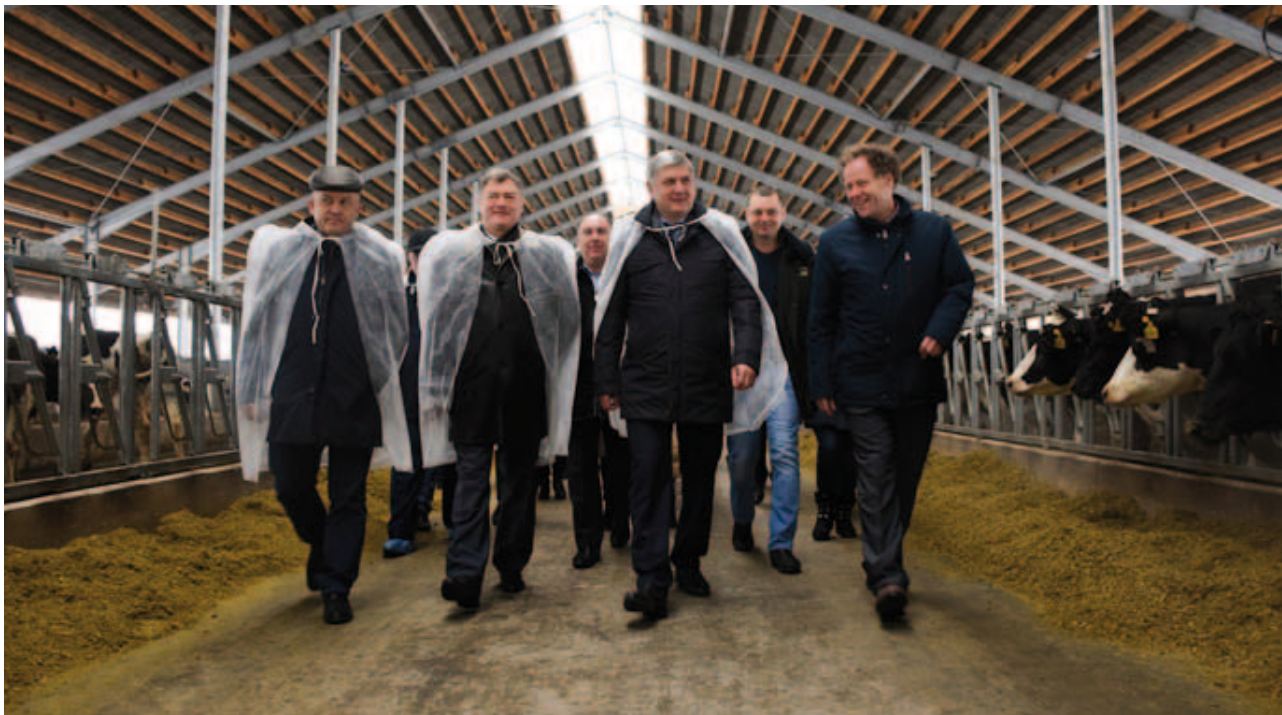
### Our strategic approach

Ekosem-Agrar builds on professional and open corporate communication with all key stakeholders. The company's representatives maintain a regular exchange with local as well as national German and Russian media. In Germany, the company also relies on external agency support for its public and investor relations. Media relations in Russia are managed centrally by the subsidiary EkoNiva Media. The intensity and content of the company's communication are geared to the needs of the respective target groups. The focus is on operational news about the products and news from the farms; going forward, we will increasingly provide updates on sustainability-related topics, with emphasis placed on strictly fact-based reporting.

We maintain a dialog with policymakers and authorities primarily in the context of our investment projects at the sites as well as through the participation of our management in federal, regional and international forums and via membership of associations. This dialog is based on standards and behavioral norms, which are also laid down in the Code of Conduct that was adopted by the Management Board and the Supervisory Board in June 2021. The Code governs all material behavioral policies on topics such as compliance with legal provisions, anti-corruption measures, dealings with authorities and government institutions, handling of business information, etc.







### Dialog at all levels

In the field of politics and government authorities, Ekosem-Agrar regularly participates in discussions on legislative initiatives and in the work of advisory and expert bodies, where current issues regarding the agricultural sector in Russia and Germany are discussed. In addition, the company's farms are regularly visited by federal and local stakeholder groups.

Ekosem-Agrar is present on local social platforms and attends more than 30 trade events and fairs per year, including the world's most important livestock and agricultural technology trade fairs, Eurotier and Agritechnica in Hanover. At these events, we regularly accompany groups of business partners who seek information about the latest product innovations.

With regard to press and investor relations, Management Board members Stefan Duerr and Wolfgang Blaesi regularly take part in press conferences with the trade press as well as the financial and business media and answer questions from investors in one-on-one meetings and at capital market conferences.

As a bond issuer, Ekosem-Agrar is bound by the Market Abuse Regulation (MAR) applicable to the EU capital markets and informs market participants about its business performance far beyond the mandatory disclosure requirements, e.g. also on a quarterly basis. In addition, the company regularly offers investors and members of the press the opportunity to visit the company's sites in Russia.

### Outlook

We are convinced that the pursuit of sustainable development will make sense and be successful only in cooperation with our stakeholders. Ekosem-Agrar will continue the intensive dialog with customers, suppliers, investors, employees, political decision-makers, associations, non-governmental organizations and higher education institutions, which has been going on for many years, and will more strongly incorporate environmental and social aspects as well as governance issues. Regular information on occasions and topics will be provided in the next Sustainability Reports.

### Corporate citizenship

The social embedding of our companies in their regional environment is a critical factor for their acceptance by society. Thus, the social commitment and communication of all employees of a farm are an important aspect.

In order to decide in which areas and with which partners the company wants to cooperate, selection criteria and processes must be developed, budget issues must be addressed and a communication system with institutions and charitable foundations must be established. This requires human and time resources.

The opportunities of such a systematic approach to the planning of social projects lie in the fact that Ekosem-Agrar is seen as a valuable partner in the local communities, which significantly increases the willingness of the authorities and other local stakeholders to cooperate. Risks arise, however, from projects in which the partners do not make the expected contribution or in which the financial outlay is no longer commensurate with the benefits. There is also a risk that Ekosem-Agrar distributes its corporate citizenship budgets unevenly across its nine administrative areas, causing dissatisfaction among the management of disadvantaged regions.

### Our strategic approach

Ekosem-Agrar attaches great importance to the issue of corporate citizenship in local communities, which is why a separate department has been established to take care of social and charitable projects in rural areas. Those responsible are in regular contact with the respective local administrations in order to identify suitable projects. Our local management is the “face” of our corporate citizenship in the respective region and we cooperate with renowned partners and foundations in the areas of education, social affairs, business and family.

### Ekosem-Agrar builds on responsible relationships with the people in the local communities around the farms

Measures already implemented include support for non-profit organizations through donations to social causes, participation in public events to support low-income groups (town/village days), specific food donations of our dairy products to poorer members of the village community, and food packages for doctors during the height of the pandemic response. We also sponsor local sports clubs such as a local soccer club and a youth field hockey club.





### Outlook

In 2021, Ekosem-Agrar has already donated new medical equipment for a district hospital in the Voronezh region together with the German-Russian Business Association. Further corporate citizenship in the current and the following years will depend on actual requirements in the respective regions and the available funds.





## **Only healthy animals produce healthy food**

*The well-being of our animals is a critical factor for the milk output and the consistent quality of our raw milk. Dairy farming on the scale of Ekosem-Agrar is a challenging task, but we want to live up to our responsibility as a major raw milk producer and make a contribution to a more sustainable dairy industry. To this end, we have set ourselves the goal of establishing a new standard of milk production.*







## Only healthy animals produce healthy food

As in Germany, there is a growing demand among Russian consumers for healthy, high-quality products made from the best regional ingredients. We benefit from the fact that Ekosem-Agrar covers the entire value chain from seed and fodder production to the production of milk down to the store and ensures quality at all stages of the production process. Sustainable dairy farming, especially on the scale of Ekosem-Agrar, is a major challenge. But we are aware of our responsibility for the welfare of our animals and the quality of our products and want to act proactively to make a contribution to sustainable dairy farming.

With regard to the “Healthy Animals” field of action, our goals are consistent with the following *Sustainable Development Goals (SDGs)* of the United Nations:



### Goal 2 – Zero Hunger

Being Russia's largest producer of raw milk, Ekosem-Agrar, and in particular its CEO Stefan Duerr, is committed to ensuring that basic foodstuffs such as milk and butter remain affordable to all sections of the population.



### Goal 3 – Good Health and Well-being

Going forward, we want to focus even more on the needs of our consumers and are continuously working to improve the quality of our raw materials and foods, thereby improving people's health and well-being.



### Goal 12 – Responsible Consumption and Production

As the company covers the complete value chain from seeds to the finished dairy product, it can influence production at any stage and make it as sustainable as possible.

## OUR GOALS AT A GLANCE

### Core goal

The well-being of our animals is a critical factor for the milk output and the consistent quality of our raw milk. Dairy farming on the scale of Ekosem-Agrar is a challenging task, but we want to live up to our responsibility as a major raw milk producer and make a contribution to a more sustainable dairy industry. To this end, we have set ourselves the goal of establishing a new standard of milk production.



Goals & Measures	Date	Status
2021 will see us develop a special quality standard for the production of our milk.	2021	in process
In 2022, we will implement this standard at two dairy cow facilities.	2022	-
By 2026, 25% of the cows will be kept in accordance with this standard.	2026	-

### Animal welfare and species-appropriate animal husbandry

Animal husbandry on the scale of Ekosem-Agrar is often criticized, especially by animal rights activists. Moreover, parts of society are generally skeptical about industrial dairy farming, also in connection with greenhouse gas emissions. The challenge to be mastered by the Ekosem-Agrar Group is to show critics that even large-scale animal husbandry is possible under good conditions for the animals and that the difference between good and bad animal husbandry largely depends on the technology used and the available expertise. On the other hand, the emissions of greenhouse gases that dairy farming inevitably entails are subject to legal regulations which the company must comply with.

#### Our strategic approach

We attach great importance to the welfare of our animals, not only because dairy cows that are comfortable and have a pleasant living environment give more and better milk and do so over a longer period of time, but also because we are convinced that, as the largest raw milk producer in Russia and Europe, we have a responsibility to set high standards for good and sustainable dairy farming.

Having grown steadily as a raw milk producer over the past 15 years, we have gained more and more experience in the area of animal welfare and have also addressed critical issues and looked for our own ways to identify the best possible manner of dealing with these challenges. We have realized that many adverse effects can be avoided if timely and preventive action is taken.

We therefore rely on monitoring various biological parameters and use the latest veterinary knowledge on stress prevention, feeding, barn comfort, gentle milking and general healthcare of our animals. For the measures described below, we apply world best practices using Valley Agricultural Software's (VAS) professional DairyComp software, which is widely used in the industry.

Furthermore, Ekosem-Agrar has its own training center, where both new specialists are trained and existing employees are given the opportunity to improve their qualifications. This allows the company to ensure responsible treatment of animals, provide qualified assistance in critical situations, and align all production processes of animal care and feeding with the needs of the animals.



### State-of-the-art dairy farming

The welfare of our animals depends to a large extent on the quality of the feed. We have always been committed to balanced feeding according to modern standards using high-quality feed, most of which is produced internally. A small part of the feed additives is sourced from third parties; here, too, we are committed to ensuring the highest quality. To monitor the composition of our feed, we operate our own laboratory where we can make the corresponding evaluations. To prepare feed rations for different groups of animals, we use a special software program, which allows monitoring of the rations used on the basis of laboratory data.

A total of 95% of our dairy cows is kept in state-of-the-art facilities. Runs with cubicles with sand bedding offer our animals hygienic and comfortable conditions. To reduce heat stress in summer, our modern plants also feature fans. A large proportion of our dairy cows are milked in modern milking carousels. The equipment used in these carousels enables fast and gentle milking, which reduces the negative impact on the udder and the animal as a whole and makes work easier for our employees.

We use the DairyComp software to monitor and control the condition of each animal. It records the performance of each animal, as well as all other parameters and influences to which our dairy cows have been exposed since birth, e.g. transfers within a dairy cow facility or transport to other farms, data on insemination as well as medical and preventive treatments. These include vaccination schedules, diagnostic tests and treatments to prevent various diseases. The main diagnostic and preventive measures related to infectious diseases are coordinated with the State Veterinary Service.

To show consumers and critics that we are intensively addressing the topic of animal welfare and species-appropriate animal husbandry, we offer open communication in the form of visits to our farms. This way, everyone can see for themselves how our animals are kept and that they are feeling well.

### Outlook

Going forward, we intend to improve the living conditions of our animals even further. To achieve this, we will also upgrade the few older dairy cow facilities to the high comfort of our latest facilities, with fans for hot summer days, extensive light sources and optimal water quality. We also want to further reduce the risk of diseases and, in this context, continuously monitor the health status of our animals by means of activity sensors, which will allow us to respond quickly in the event of abnormalities.

### Healthy nutrition

Health nutrition is becoming an increasingly important topic in Russia. On the one hand, this has a positive effect on the Ekosem-Agrar Group, which has positioned itself as a manufacturer of not only high-quality but also nutrient-rich natural products and is continuously developing new products that are tailored to the wishes and needs of the target groups. In doing so, the Group must respond to the individual requirements of the different sales segments (retail, horeca (hotel, restaurant, cafe)) and react flexibly to the latest nutrition trends.

On the other hand, a trend is emerging in parts of Russian society toward plant-based “milk alternatives”, which are perceived, at least in part, as healthier and more sustainable. Moreover, many people believe that it is no longer good for your health to consume milk after a certain age. The challenge faced by Ekosem-Agrar here is insufficient consumer education about a healthy diet.

### Our strategic approach

Numerous studies such as *“Role of Milk and Dairy Products in Health”*, *“Cow’s Milk and Immune Function in the Respiratory Tract: Potential Mechanisms”* and *“Immunologic effects of yogurt”*, demonstrate that the consumption of dairy products makes an important contribution to a healthy and balanced diet for a large number of people. The Ekosem-Agrar Group plays an important role in ensuring that large parts of the Russian population have access to healthy, high-quality dairy products.

In particular, we work to educate consumers about healthy eating, develop innovative and healthy dairy-based products that meet consumer trends, and avoid artificial additives to keep the composition of our products as simple and natural as possible.





### Focus on consumer education

To improve consumer education on a healthy diet, we are starting with our youngest consumers. In 2020, we cooperated with approximately 600 schools and kindergartens to introduce children to high-quality dairy products at an early age and to foster their growth and development with the help of healthy foods. An integral element of our efforts in this respect is our sponsorship of “Three Dairy Products a Day”, a national education project aimed at promoting milk consumption. We are also working to develop an information platform on the health effects of dairy products. Moreover, we regularly make our dairy products available to participants in sporting events. Last year we supported three soccer events with 27 matches with a total of RUB 4.2 million.

At the dairy cow facilities at which we organize excursions for visitors, we place particular emphasis not only on the entertainment factor and on image building, but also on consumer education. Using display boards and direct contact with our cows, our employees explain how our high-quality raw milk is produced and then processed into dairy products. We offer such excursions at two of our dairy cow facilities. By the end of 2020, more than 70,000 people had visited our farms.

We also want to support Russian consumers’ growing interest in organic products. We have initiated the launch of a project to promote the consumption of organic products and, since the beginning of 2021, we have been working to introduce an organic product range in the horeca segment to foster a culture of consuming sustainably and organically produced products. Just like the Ekosem-Agrar Group’s organic products, our conventional products are also of a particularly high standard and need no additives (e.g. milk fat replacers, preservatives) thanks to the good quality of our own raw milk.

### Outlook

2021 will see us develop and introduce a special standard for our raw milk which meets our high demands and will serve as an advertisement for the good quality of our raw milk and dairy products. This standard will include open air runs, no hormonal oestrus synchronization, and no feed antibiotics. In addition, the coming years will see us implement a communication strategy to renew the positive image of milk as an important component of a healthy and balanced diet. At the same time, we will stick to our policy of creating innovative dairy products in response to evolving consumer trends to make our products even more attractive to consumers.



### Safe and affordable food

Safe and affordable products play an important role for food producers like Ekosem-Agrar. In 2020, real wages in Russia decreased by 3.5%<sup>4</sup>, which also led to a decline in purchasing power. At the same time, the rise in the USD and EUR exchange rates in the course of the year affected the cost of milk production, as many components such as equipment, medicines, feed, packaging and the farm animals themselves are purchased abroad. In this context, it is a material challenge for Ekosem-Agrar to be able to offer its products to large parts of the population at affordable prices without compromising on quality.

Another challenge is the lack of consumer education, which leads some consumers to turn to lower-cost dairy products that are laced with additives (especially palm oil) and whose product safety is questionable.

### Our strategic approach

We are continuously working to optimize our cost structure so as to be able to offer our dairy products to customers at a fair price. In doing so, we attach great importance to the quality and safety of our raw materials as poor quality would result in much higher costs in the long run. To meet our high standards, we control all production steps in our value chain ourselves, from the field to the store counter. This way, we can largely rule out quality and cost risks.

### Consistent quality control for a successful end product

In the production of our raw milk and dairy products, we meticulously ensure that they meet all the requirements of Russian legislation; to this end, we carry out regular quality checks on raw and auxiliary materials right through to the finished product. We conduct internal laboratory tests on a daily basis and regularly subject ourselves to audits by customers and partners as well as inspection audits for compliance with FSSC 22000 requirements. As the Ekosem-Agrar Group, we also conduct our own audits at our suppliers so as to be able to guarantee the quality and safety of raw and other materials also outside our company.

We also have regular product tests carried out by accredited third-party companies to have our high quality confirmed by external assessments. For this purpose, we also participate in national and international competitions, at which our products have already won numerous awards. Most recently, in November 2020, we received the highest award in the “Commitment to High Quality” category for our dairy products from the Moscow Chamber of Commerce and Industry as part of the “Moscow Quality 2020” competition.<sup>5</sup>

### Outlook

In the coming years, we will further develop and refine the quality management and food safety systems of our operations based on the requirements of the FSSC 22000 standard. The losses of raw materials (especially milk) and packaging material are another important issue in our operations. In 2021, we want to reduce such losses by at least 10%. This will reduce the adverse impact on the environment and cut production costs.

### Transparent and comprehensive information

Being the country’s largest raw milk producer, Ekosem-Agrar faces the challenges that consumers have only little confidence in most of the Russian dairy brands and producers. This is due to the fact that, in the past, many dairy products were laced with inferior additives such as palm oil for cost reasons. While a clear labeling regulation imposed in the meantime has somewhat reduced this uncertainty among consumers, it has not been entirely dispelled. For the Ekosem-Agrar Group, which emphasizes the naturalness and high quality of its raw milk as a key selling point, transparent and comprehensive consumer information is therefore indispensable to further promote its positive product image.

<sup>4</sup> <https://www.forbes.ru/obshchestvo/419765-realnye-dohody-rossiyan-v-2020-godu-upali-na-35>

<sup>5</sup> <https://www.ekoniva-moloko.com/news/ekoniva-wins-in-the-category-for-striving-for-high-quality>

### Our strategic approach

Ekosem-Agrar makes its product communication as open and transparent as possible so as to build trust among customers in the Group's brands and products. As a manufacturer of products made from high-quality raw materials, we have a strong interest in ensuring that consumers receive accurate information about their food and we also aim to differentiate ourselves from competitors in this way. We therefore pursue a policy of offering transparency at every stage of production and providing information about the individual steps as well as answering consumers' questions quickly and honestly. In this context, our founder and CEO Stefan Duerr himself stands for authenticity, the high credibility and transparency of our company, and the good quality of our products.

### Hello, Stefan Duerr!

To demonstrate the greatest possible transparency and openness to our customers, we have taken a wide variety of different measures. Direct contact with consumers is the most important factor of all. As part of our permanent feedback program "Hello, Stefan Duerr!", all our EkoNiva product packagings feature a photo of Stefan Duerr including a phone number, which consumers may use to send their questions via WhatsApp to our CEO or give him feedback on their product experience. What is more, all images used on our packagings and in promotional messages for our EkoNiva products show our own farms, fields and cows – no stock photos are used as we attach great importance to authenticity also in this regard.







### Stefan Duerr, Chairman of the Management Board of Ekosem-Agrar AG:

*"In the beginning, I got five to ten messages a day. It took a while for our consumers to realize that they can really reach someone – in this case, me – on this number and that they will really get answers to their questions. Meanwhile, I get an average of 50 questions per day. My team and I try, as much as possible, to respond to all messages and to help consumers with their questions."*

But it is not only via WhatsApp but through all communication channels, such as our helpdesk, by email or social networks, that we aim to respond as quickly as possible and openly to customers' inquiries, feedback and criticism. Because only continuous communication will ultimately build trust.

Our farm tours also contribute to the transparency of our company and generate trust among our customers. At the dairy farms in Dobrino (Voronezh) and Ulanovo (Kaluga), we regularly offer guided tours for the whole family. Our tour guides provide parents and their children with interesting background information on our dairy cow facilities and the day-to-day work of our employees. They learn more about where the raw materials for the feed of our dairy cows come from as well as interesting facts about all stages of our production. During the spring 2020 COVID-19 lockdown,

we also offered a 360-degree virtual farm tour <https://www.youtube.com/watch?v=PiV3yph-Mck> to ensure we stay in touch with our consumers also during contact restrictions.

### Outlook

In the coming years, we want to further strengthen our image as the Russian market and quality leader and a specialist for high-quality dairy products with close consumer relationships. Our continued growth and the further expansion of our milk processing operations will require us to hire additional staff to respond to the increasing number of consumer questions to ensure our rapid response capability and the quality of our answers going forward.





A photograph of a herd of black and white cows grazing in a lush green field. The cows are in the foreground and middle ground, with some looking towards the camera. A red rectangular text box is overlaid on the upper left portion of the image.

## **Our employees make Ekosem-Agrar successful**

*Establish the company as the largest provider of vocational training in the Russian agricultural sector and offer effective further training measures for continuous staff development.*



## Our employees make Ekosem-Agrar successful

Our approximately 12,500 employees are the crucial factor in the success story of Ekosem-Agrar. We would not be where we are today without the passion and commitment of our machine operators, our milking parlor staff, our veterinarians and agronomists, our administrative staff and the workers in the dairy plants. Accordingly, we attach great importance to employee recruitment and development and are constantly stepping up our activities and support with regard to the training of young talent, the offer of further education programs and university cooperations, scholarships and the international exchange of knowledge within the industry.

With regard to the “Employees” field of action, our goals are consistent with the following *Sustainable Development Goals (SDGs)* of the United Nations:



### Goal 4 – Quality Education

Providing our employees with high-quality training is our top priority. We are continuously working to expand our training and development offerings and align them with the needs of our employees and our industry. We also place a special focus on training young people by organizing agricultural classes in general education schools and offering internships of several months for about 1,500 students each year.



### Goal 8 – Decent work and economic growth

The Ekosem-Agrar Group has grown strongly in recent years and the number of employees has also increased noticeably. At the same time, we place a strong focus on adequate pay and the health and safety of our employees.

## OUR GOALS AT A GLANCE

### Core goal

Establish the company as the largest provider of vocational training in the Russian agricultural sector and offer effective further training measures for continuous staff development.

Goals & measures	Date	Status
Among other things, we will continue to offer at least 1,500 internships in our operations each year to provide orientation for students.	Ongoing	2020: approx. 1,600
By 2026, we will expand the promotion of young talent via agricultural classes to all regions in which we operate.	2026	2020: 3 out of 13 regions (Voronezh, Ryazan, Novosibirsk)
We qualify our staff and offer them opportunities for development. We will establish agriculture as a job engine and an attractive, promising line of occupation.	Ongoing	2020: Training for 1,900 employees (approx. 86,000 hours)



### A responsible employer

Especially in the rural regions of Russia, recruiting employees is a fundamentally important issue for companies with high personnel requirements such as the Ekosem-Agrar Group. Due to a partly underdeveloped infrastructure in rural areas, young professionals migrate to larger cities, which supposedly offer better living conditions.

To be perceived as an attractive employer for skilled workers and future employees in these regions, it is important for a company to establish itself as a brand and, in the case of the Ekosem-Agrar Group, to also arouse interest in agriculture and life in the countryside. This requires regular and extensive investment in social projects and the long-term development of infrastructure in rural regions, not only to prevent a shortage of labor due to migration, but also to create an attractive environment for employees and their families from other regions.

### Our strategic approach

As an important employer in rural areas, Ekosem-Agrar bears a high degree of social responsibility towards its employees, their families and the rural population in general. We are aware of this responsibility and therefore pursue a strategy of “sustainable partnership” to maintain a continuous exchange with local stakeholders and provide them with the best possible support. All budget decisions in this area are the responsibility of the Director General of the respective entity and are based on the approaches and methods issued by Ekosem-Agrar AG.

In this context, we also pursue the goal of expanding the positive reputation of our company and further advancing our employer branding in the agricultural sector. A high level of loyalty and identification with our organization supports cohesion and defines our corporate culture. This is another reason why we focus on recruiting employees from the local communities rather than relying on cheap labor from abroad.

We support our employees already in moving to the vicinity of our operations and are continuously working to improve the standard of living in the villages surrounding our operations so as to attract highly skilled workers and build a stable labor market for the future.

### Extensive support for our employees

In the regions around our operations, we are continuously working to create comfortable working and recreational conditions to make the living environment as attractive as possible for our employees. By making selective investments in sports and cultural facilities, we aim to create an attractive environment for our employees, thereby preventing staff turnover and attracting new employees. We have done this quite successfully in recent years, as reflected in the fact that our headcount has increased by 30% since 2018 to 13,931 people (as at 31 December). Staff turnover has declined from 35% in 2018 to 41% in 2020. The reasons for this include, on the one hand, the generally high staff turnover in Russian agriculture as well as the high workload and, on the other hand, our strong growth and the further development of milk production in the past years. Management is working intensively on making the working conditions for our employees as ideal as possible and offering attractive further training opportunities to reduce staff turnover again in the coming years.

We are currently working on setting up a dialog system for employees to meet their needs as quickly and professionally as possible. Further feedback elements are intended to continuously improve our production processes and the organization. To this end, our operations in Voronezh, Novosibirsk and the Republic of Bashkortostan (as of 2021) participate in the federal program “Increasing Labor Productivity”, which aims to achieve an annual increase in labor productivity.





### Outlook

Notwithstanding the progress made in recent years, we will continue to develop our company's social policy in the coming years, allocating up to RUB 50 million per year to social and charitable projects.

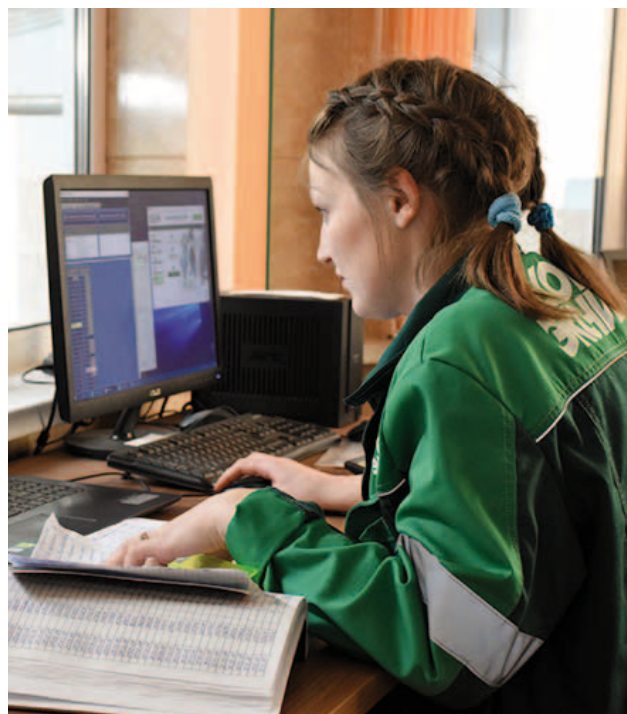
We also support employee initiatives to develop trade unions and employee associations. We encourage dialog between employer and employees, welcome our employees' initiatives and take their opinions and wishes into account when shaping our company's social policy. At the present stage, collective agreements at the regional level have been signed and are in force in the Voronezh, Kaluga and Novosibirsk regions. This does not mean, however, that lower standards of social protection apply to our employees in other regions. Ekosem-Agrar has a uniform performance and remuneration system that operates regardless of the existence of a signed collective agreement. We nevertheless want to introduce standard collective agreements in our most important regional operations by 2023.

### Promoting education and development

We attach great importance to good training and further education, as the skills and the commitment of our employees are key to the success and the further development of our company. Due to the conditions outlined above, it is a certain challenge to attract skilled labor in the rural regions of Russia. Added to this is the varying level of initial vocational training at the time of recruitment to our company and a shortage of specialists in individual fields. In spite of the high costs involved, the constant promotion and further training of employees are necessary in order to retain good and qualified staff and to prevent high turnover.

### Our strategic approach

The Management Board of Ekosem-Agrar attaches great importance to the qualification of the Group's employees. For the training and development of our employees, we pursue two interlocking approaches that enable us to continuously build a strong and long-term bond with our (future) employees at an early stage:



### From the classroom to the workplace

To prevent a shortage of labor and to ensure that applicants meet the high requirements and standards of the Ekosem-Agrar Group, we have been committed to training future specialists at schools and agricultural colleges and universities for years. We also provide a platform for career counseling with high school and college students. This allows us to build up a pool of specialists whose expertise will benefit us in the future. This early contact with our company lays the foundation for a strong bond between the employee and the organization.

### *On-the-job training*

The second aspect of our strategy focuses on our existing employees. In our numerous internships or via on-the-job training, our employees gain valuable experience and extensive know-how for working in our company right from the start. As part of an in-house training system, we promote the careers and professional growth of our employees within our organization. We offer all employees professional development opportunities as well as options for an international exchange of experience.

### *Investing in the future of our employees*

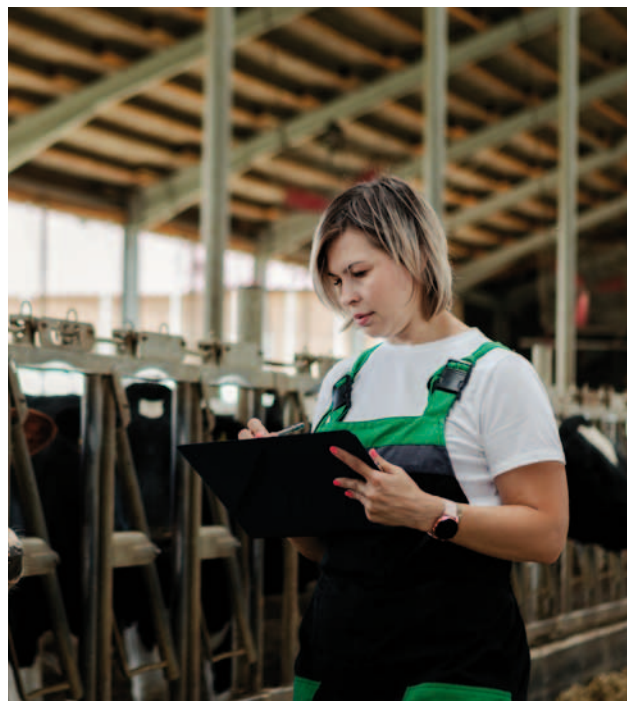
Our commitment to the education and training of workers is diverse and ranges from setting up agricultural classes for schoolchildren to systematic cooperation with universities, offering training-on-the-job programs and organizing internships for students and young professionals. The main cornerstones of our many initiatives include:

#### *Introduction of agricultural classes*

Since 2018, we have been committed to introducing agricultural classes in general education schools. In cooperation with regional authorities and agricultural universities, we organize classes for students from grade 7 to 11. In 2020, we were able to offer these agricultural classes in three of the regions in which we operate, i.e. Voronezh, Ryazan and Novosibirsk. 21% of the graduates of last year's graduating class transferred to a university with an agricultural focus.

#### *Internships and training-on-the-job programs*

The multi-month internships we offer to students of agricultural universities each year are an integral element of our training and our efforts to give young people professional guidance. In 2020, we organized more than 1,600 two-month internships. More than 90 university graduates completed a long-term internship as part of a training-on-the-job program before being hired by the company, and more than 100 graduates were offered permanent employment in the Ekosem-Agrar Group in 2020. Our agricultural



operations also offer internships for university and college teachers.

#### *Training courses and excursions*

For the further training of our employees, we offer a comprehensive package of measures with regular modular two- to three-day training courses on technical and economic topics. Moreover, external agricultural machinery dealers train our staff on the latest industry innovations. As a complement, we offer excursions to share experience and exchange know-how with employees from other companies. In 2020, a total of more than 1,000 of our specialists and managers received training and further education. The average number of hours spent on training and further education per employee increased by 11% compared to the previous year.

The annual “Management Academy” where managers for the individual production plants are trained was also held last year. More than 40% of the graduates were promoted before the end of 2020.

### Outlook

We will live up to our aspiration of being one of the best training companies in rural Russia also in the future. To that end, we plan to expand our agriculture classes to all of our regions by 2026 and to continue offering career counseling services so as to increase the percentage of students who go on to agricultural colleges. We have also set ourselves the goal of providing at least 1,500 internships per year and taking on the best and most motivated interns as permanent employees in the coming years. The number of skilled workers attending a further education program will be increased to over 1,500 per year. Another project we will address in 2021 is the introduction of a professional employee assessment system (managers, specialists as well as service staff) in the main business areas of our Group. Our goal is to establish a well-functioning system by 2023 in order to express even more clearly our appreciation for the professional commitment of our employees.

### Ensuring a safe workplace

Above and beyond vocational training and further education, our top priority is to ensure the safety of our staff and to maintain and promote their health, as these are the preconditions for the employees of the Ekosem-Agrar Group to develop their full professional potential. In the Russian Federation, these issues are legally anchored at the regional level, which is why Ekosem-Agrar has established different regulations on occupational health and safety in the individual regions. Bureaucracy is a major challenge in statutory occupa-

tional health and safety. Among other things, organizations are required to maintain handwritten instruction logs. Moreover, high demands are made on the use of interns and on employees in animal husbandry operations. These and many other regulations tie up high personnel capacities and thus also cause high costs.







### Our strategic approach

The safety and health of employees is a top priority for the Ekosem-Agrar Group, as they are vital for the continuation of the company's activities. Providing a safe workplace that meets the applicable regulatory requirements is the essential basis for all employees to perform their professional activities with a good feeling and without restrictions. To ensure this, safe work organization issues are systematically highlighted at senior management meetings and annual action plans are drawn up for occupational safety at all sites. At the holding company level, the Head of the Labor Law and Occupational Safety Management Department monitors compliance with the regulations and advises the occupational safety specialists at the individual production plants.

### A focus on the safety and health of our employees

All measures that are necessary to ensure occupational health and safety are initiated by Ekosem-Agrar and carried out at the company's expense. These include medical checkups for our employees, special assessments of working conditions to identify and subsequently eliminate harmful or hazardous influences in the workplace, regular risk assessment to identify potential hazards in the course of work activities, providing our employees with personal protective equipment and organizing spa treatments.

In addition, we have installed an occupational health and safety management system for the Group to define the rights and obligations of managers at various levels and the workforce. The connection of a remote information system additionally allows all professionals to record relevant health and safety information for follow-up and to seek expert and independent advice.

Internal audits as well as remote and on-site inspections by specialists enable multi-level monitoring for compliance with occupational health and safety regulations and their continuous improvement.

Our goal is to motivate our employees to engage in an open dialog and to actively address improvement potential for internal processes. We also encourage our employees to take advantage of various distance learning and professional development opportunities in areas related to occupational safety. In-house training at our training centers enables occupational safety specialists to improve or refresh their knowledge and implement new measures to optimize occupational safety. All newly hired employees are required to complete all necessary inductions, training, education and testing on occupational safety for their work area and to attend fire and electrical safety training courses. Additional training is provided at our training centers for work subject to increased safety requirements.

By implementing these measures and initiatives, we have been able to reduce the number of work-related injuries by 30% between 2018 and 2020. No work-related ill-health was recorded during these years and no fatal work-related accidents occurred.

### Outlook

Although we are very pleased with the positive trend resulting from our occupational safety initiatives over the past three years, the safety and health of our employees will remain our focus going forward. This way, we aim to further reduce the number of annual occupational accidents and to continue to prevent fatal occupational accidents by all means.

By the end of 2023 we will additionally develop our own internal standards that will apply throughout the Group and across all regions, thus ensuring greater uniformity compared to the different regional legal frameworks. To support this, we will offer group-wide internal training for occupational safety specialists and plant managers at least twice a year to give them a platform for exchanging information and the opportunity to improve their qualifications.

## **Making responsible use of natural resources**

*The climate, biodiversity and the careful use of water are important to us. We will therefore develop a climate strategy and a water strategy by the end of 2021, and set up measures to increase biodiversity in all our regions.*







## Making responsible use of natural resources

Our long-term strategy is based on the careful use of natural resources and on ensuring sustainable land use. We are aware of the challenges posed by intensive dairy farming and take the consequences for the climate and the environment seriously. This is why we started to determine the carbon footprint of our raw milk production in 2020. Our goal is to gradually reduce energy consumption, conserve natural resources and promote biodiversity by improving efficiency and developing and using innovative technologies.

With regard to the “Natural Resources” field of action, our goals are consistent with the following *Sustainable Development Goals (SDGs)* of the United Nations:



### Goal 6 – Clean Water and Sanitation

As an elemental resource, water plays a key role in agriculture. By introducing a uniform water management system at all locations of Ekosem-Agrar AG, we want to pay even greater attention to the careful and responsible use of water in the future.



### Goal 12 – Responsible Consumption and Production

When cultivating our soil, we attach great importance to sustainable soil use in order to maintain and improve its fertility.



### Goal 13 – Climate Action

Due to the methane produced by the animals, dairy farms inevitably lead to greenhouse gas emissions. In order to nevertheless make a positive contribution to the climate, we are developing a uniform and comprehensive climate strategy for the entire Group in 2021, which takes all major sources of greenhouse gas emissions into account. Ekosem-Agrar is moreover considering the use of renewable energy sources.



### Goal 15 – Life on Land

The Ekosem-Agrar Group takes a sustainable approach to land use by maintaining the productivity of the land managed by it at a stable level or, in the case of new land, by usually increasing it over several years. In the organic farming production area, we are reintroducing old crops into the crop rotation to create healthier fields in combination with classic grains.

## OUR GOALS AT A GLANCE

### Core goal

The climate, biodiversity and the careful use of water are important to us. We will therefore develop a climate strategy and a water strategy by the end of 2021, and set up measures to increase biodiversity in all our regions.

Goals & measures	Date	Status
Development of a climate strategy by the end of 2021 to save energy and reduce greenhouse gas emissions along our value chain and examination of the possibility to use renewable energy.	2021	In progress with the support of a partner company
Development of a water strategy by the end of 2021, e.g. to cut the Group's water consumption and to reduce the discharge of pollutants.	2021	In progress; data on water consumption in agriculture (granted water pumping licenses, partly water meters) and on water treatment are already available
We want to implement three biodiversity projects (wildflower strips) per region by 2026.	2026	In the Voronezh region, the use of flower strips has already begun on an area of about 1,000 hectares.
We want to cultivate 5% of our agricultural land organically by 2026.	2026	In progress; examination of the marketability of various organic products to gain experience and make decisions on which locations and products should be used for greater expansion in organic farming.

### Circular thinking

Circular thinking with the aim to reduce waste up to a no-waste or closed-loop economy is a major challenge in the dairy industry. For Ekosem-Agrar, a key issue in this context is the amount of manure generated by a herd of over 200,000 cattle in milk production. The associated accumulation of nutrients, especially nitrogen and phosphorus, can also present a risk in a circular economy.

As one of the world's largest producers of raw milk with a vertically integrated business model from the breeding of our own seeds to crop farming and feed production for our herds to milk production and processing, we have the advantage of being able to influence all crucial value-adding steps and can therefore control how we deal with any waste products that arise.

### Our strategic approach

In order to reduce waste in the future, we are using a potential analysis to obtain data based on which we can make further decisions. To this end, we will evaluate which substances are produced in which quantities and qualities at which point in our value chain, which technologies are currently being used or could be used to reduce their volume and which providers or partners could support us in this field.

After a thorough cost-benefit analysis, our initial goal will be to formulate a strategy for dealing with the most abundant raw material of our value chain, manure.





### Dealing with waste in the core business segment of milk production

For our dairy cow facilities, we have identified all types of waste generated and regulated their recycling and disposal in a uniform manner for the entire Group in accordance with the legal regulations of the Russian Federation. The waste generated on our dairy farms comprises a total of eleven main types of waste, including medical and biological waste, waste oils, batteries, waste paper, feed remains and manure.

In particular when it comes to manure, we benefit from our vertical integration and the combination of agricultural operations and milk production: our extensive agricultural land of over 630,000 hectares enables us to apply the entire volume of manure generated on our farms as a fertilizer on our own fields without risking overfertilization or pollution of groundwater, while avoiding excessive accumulation of nutrients.

We are nevertheless continuously reviewing the handling of manure due to its impact on the environment and our soils and are currently also intensively looking into the supplementary or alternative use of biogas plants.

### Pilot project: biogas plant

For the planning of a possible pilot biogas plant, we are holding talks with investors and potential strategic partners and have obtained information on government funding programs. In addition, we have already started to collect and analyze data on raw material quantities and energy consumption at different Ekosem-Agrar locations. By discussing the technical implementation with various experts, we aim to gain knowledge and experience on the planning, construction and maintenance of biogas plants, so that we can then make informed decisions on how to implement them.

The primary objective is to recycle the waste generated as best as possible and to reduce our greenhouse gas emissions by producing renewable energy using advanced technologies. The use of a feed-in tariff and the resulting process heat are important prerequisites for efficient and sustainable operation.

### Outlook

Our next steps in this area depend largely on the results of our potential analysis – especially with respect to the pilot biogas plant project. We expect to be able to provide more concrete information on this and to present a corresponding strategy in 2022.

### Energy use and climate protection

In 2020, Russia presented a new climate strategy for the next three decades. The government's goal is to reduce carbon emissions by one third by 2030 compared to 1990.<sup>6</sup> In agriculture, a large proportion of carbon emissions result from the digestive processes of cattle. Here, Ekosem-Agrar faces the challenge that these emissions can only be influenced to a very limited extent, taking animal welfare as well as economic efficiency into account. In addition, high quantities of fuel (e.g. diesel) are required for the cultivation of the land. If Ekosem-Agrar fails to reduce its carbon emissions in accordance with the Russian climate targets, this could have a negative impact on the Group's image. There is also a risk that levies on greenhouse gas emissions could be introduced to reach the climate targets. But then again, an active commitment to the climate can have positive effects on the Group, on the one hand monetarily by saving resources or indirectly by improving financing conditions, and on the other hand, by sustainably improving the Group's image in this area.

### Our strategic approach

In order to counteract these risks and to preserve or even improve the generally positive image of Ekosem-Agrar, we are currently working on a comprehensive climate strategy that takes all main sources of greenhouse gas emissions into account: methane emissions from cattle, fuel consumption of agricultural machinery used in farming and energy consumption of milk processing. We want to formulate corporate goals that are in line with the national targets for the reduction of greenhouse gas emissions.

To push ahead the implementation of these goals, we are currently also considering the appointment of an energy manager from the workforce at each location, who will be responsible for setting up consumption metering and raising awareness for the issue of energy use among our employees.



GRI 103-1  
GRI 103-2  
GRI 103-3

<sup>6</sup> <https://www.klimareporter.de/international/russland-ueberarbeitet-seine-klimastrategie>





### Savings potential and renewable energy

In the past years, we have already addressed the limitation of greenhouse gases and the reduction of costs in this context. In connection with our smart farming projects, which we launched together with Ekotechnika AG in 2018 and which meanwhile comprise 9,000 hectares in the Voronezh, Siberia and Ryazan regions, we have already achieved significant efficiency increases and resource savings, including in the area of fuel consumption.

In 2020, we carried out a pilot project to calculate our carbon footprint. By means of an exemplary calculation for our “ZhK Vysokoye” farm and the associated part of the “Levy Bereg” crop farming operations in the Voronezh region, we familiarized ourselves with the international standards, accounting principles, data requirements and determination/assessment methods. Based on this calculation, we completed an extrapolation for the entire Group in June 2021 and identified a number of potential improvements whose technical and economic feasibility is now being examined.

In addition, we have focused on the use of renewable energy sources in recent months. Especially compared to Western Europe, Russia has large areas of land that

can be used for wind and solar projects. However, government support for such projects in Russia is far less developed than, for example, in Germany. In view of the above, a decision on the use of renewable energy sources requires a comprehensive analysis of all economic and ecological aspects. We are analyzing these together with various external partners and will make a decision about the economic feasibility and the next steps to be taken based on the results.

### Outlook

As already mentioned above, our focus for 2021 is on developing a climate strategy to save energy and reduce greenhouse gas emissions along our value chain. The calculation of the carbon footprint of the entire Ekosem-Agrar Group will also be an important basis for making decisions. These plans will be accompanied by the training of certain employees to qualify them as energy managers for each location. Moreover, we will continue to examine the increased use of renewable energy.



### Responsible use of water

In the past years, the conditions for growing crops have changed significantly in some regions due to the climatic conditions. While the land in the Chernozem region could previously be used to cultivate crops with high water demand, the summer months there have been comparatively dry in recent years. However, increased irrigation of the fields in this region is usually not possible, as this leads to high costs on the one hand, and on the other hand there are upper limits for the amount of water used, which are checked by the supervisory authorities and punished by heavy fines if exceeded. In other regions, in contrast, the weather conditions were much better than in the past, with less frost and more precipitation. In order to be able to make decisions in view of the above, the developments over the next years must be closely monitored.

Ekosem-Agrar has to adapt to the changing framework conditions in this context. Already today, the Group is benefiting from the regional diversification of its land, so that losses due to a dry summer in one region, such as in Voronezh in 2020, can be offset by very good yields in other regions. The crops can furthermore be used relatively flexibly at other locations of the company where the climatic conditions are better.

### Our strategic approach

While our Group does not have a uniform water management system at all locations yet, we are striving to use water as efficiently as possible on our farms in all our regions. We have set ourselves the goal of developing a uniform strategy for the protection of water as a resource for the entire Ekosem-Agrar Group by the end of 2021. Our focus in this context is on the reduction of water consumption and water pollution (for example and in particular by hazardous substances) through the safe storage of hazardous substances and good wastewater treatment.

In order to be able to better control the use of water as a raw material, the two experts previously deployed throughout the company will be supported by appropriately trained employees who will be responsible for water management at each location of Ekosem-Agrar.



### Raising awareness for the issue of water consumption

In order to sensitize our employees for the economical use of water and to avoid the waste of water as far as possible, we regularly organize in-house training courses.

In addition, we are currently examining the increased use of water meters to make the actual water consumption transparent for all employees, to better track where and how much water is consumed and to thereby identify medium-term savings potential.

There is a strong focus on reducing water consumption at our dairies. In 2020, we already reduced the water consumption from 12 cubic meters per ton of raw milk to 5 cubic meters. This success is attributable to the conversion from local washers to central SIP (sterilization in place) stations, the optimization of CIP (cleaning in place) washers as well as the abolition of water cooling systems and the creation of cooling circuits. As a result, the costs for water treatment were also significantly reduced.



### Outlook

We want to put a stronger focus of our sustainable actions on the use of water. As already mentioned above, we will develop a water strategy for our Group by the end of 2021 with the objective to reduce our water consumption in the long term and to decrease the discharge of pollutants. Our medium-term goal is to fully automate the management of water and to establish clear rules for each activity (feeding, cleaning, etc.).

### Ensuring sustainable land use

The productivity of soils always also depends on their biological activity and fertility. In order to ensure a sustainable use of the soil, it is necessary to bring the soil into a good condition at the beginning of the use, e.g. the removal/avoidance of compaction is important. In addition, the nutrients that are extracted from the soil by plant growth must be regularly replenished. This is done through fertilization, which can be in the form of liquid manure, dry chicken faeces or similar, or through the addition of synthetic fertilizer or green manure. Investment in machinery and IT support, in line with the latest technological developments, as well as in the company's own research and development activities, are very important at this point in order to further optimize the data basis for future land use. This allows Ekosem-Agrar to achieve higher yields based on healthy and productive soils in the long term.

### Our strategic approach

With a focus on sustainable land use, our approach is to keep the productivity of our soils at least at a stable level. Instead of fallow land, we add green manure to our crop rotation to achieve optimum enrichment of the soil and ideally further increase the fertility of our farmland.



Another component of our strategy is the regular training of our agronomists to push ahead the company's internal approaches to long-term soil fertility. In addition to the local experience, we have gained in the field of soil science, we also define our strategy on the basis of the latest findings of international research on maintaining long-term soil fertility.

#### Research and development for the preservation and improvement of soil quality

In conventional crop farming, we make sure to use a crop rotation with an increased share of legumes to improve the quality of the soil. We are continuously working to reduce the proportion of bare fallow and keep it constantly at a low level, for example, by replacing it by green fallow, which is less susceptible to wind and water erosion. In addition, we are actively working to reduce acidity by applying organic and lime fertilizers to return the nutrients removed by the harvest to the soil.

On our organically managed farms, we use productive crop rotations to preserve the fertility of the soil, with leguminous annual and perennial crops accounting for at least 25% and on some farms even 50% to 60%. Intermediate crops, fallow land and green manure are also widely used. To systematize our approach, we create technological maps for the cultivation of crops within the rotations in combination with intermediate crops and green manure.

Our in-house research center sets up field trials to study the effect and impact of biological compounds on the productivity of the soil and the cultivation of crops. The effectiveness of green manure and organic fertilizers is also being tested. For the latter, we use among other things the manure of our own cattle herds.

#### Outlook

We attach great importance to ensuring sustainable land use. In the coming years, we will gain further experience in the use of biological pesticides as well as straw-decomposing and humus-enhancing bacteria, among other things. In case of promising results, we will extend certain measures to all our conventionally managed farms. We are moreover working on increasing the area fertilized with organic fertilizers. We plan to cultivate a share of 5% of our total agricultural land according to the principles of organic farming by 2026.



### Promotion of biodiversity

Ekosem-Agrar controls approximately 630,000 hectares of agricultural land in its 13 regions in Russia. About 70% of these are used for growing crops. It is difficult for the Group to achieve or preserve high biodiversity on these fields. Ekosem-Agrar nevertheless attaches great importance to ensuring a certain level of biodiversity in order to promote soil health and benefit from other positive effects of biodiversity on farmland, such as the reduced use of pesticides.

### Our strategic approach

In organic farming, there has been a worldwide trend to return to old crop varieties in recent years. In this connection, we have included the production of crops such as flax, lentils, lupins, fodder beans, safflower, buckwheat and millet in our cultivation plans. These plants help us enrich the soil with natural nitrogen by means of a selected crop rotation. Compared to other crops, they are also much more resistant to certain diseases and pests. Mixing these crops with our classic grains creates healthy fields with little or no need for pesticides and fertilizers.

In addition, we think it is necessary to grow species-rich crops in the form of wildflower strips on field edges, along roads and in commercial crops to attract natural defenders against pests, so-called entomophagous insects, for which the wildflower strips provide a habitat and, in turn, protection against their natural enemies, thus increasing biodiversity. In the future, we may also implement the use of entomophagous insects in commercial crops in collaboration with the Russian Institute of Biological Plant Protection.

### Use of biodiversity

In order to expand the biodiversity on our agricultural land, we are already creating detailed technological maps for the cultivation of mixed crops. In addition, we also use technological maps to include cross-species siderate crops (green manure that preserves soil fertility) and wildflower strips.



Our employees regularly expand their knowledge in the field of biodiversity by gaining extensive experience abroad and cooperating with the Russian Institute of Biological Agriculture. Furthermore, we organize agronomic training courses for our employees to increase their knowledge and skills in the field of biodiversity.

### Outlook

In order to address the issue of biodiversity strategically in the coming years, we will initially launch a concrete project in one region with the support of agricultural students to gain experience and gather data. These will be incorporated into the biodiversity strategy to be developed for the Group and serve as a basis for concrete goals in other regions. We then plan to implement three biodiversity projects (wildflower strips) in each region where we are active by 2026.



## FACTS AND FIGURES

Unless otherwise stated, the figures in this chapter relate to the Ekosem-Agrar Group as a whole. However, as some information is not available for all business units, a distinction between EkoNiva-APK Holding (“ENAH”; raw milk processing, crop farming, seeds, suckler cow farming, organic farming) and EkoNiva Produkty Pitaniya (“ENPP”; milk processing) is made in some cases. The employee data also include figures for Ekosem Agrar (“ESA”; German holding company).

### COMPANY DETAILS

#### Scale of the organization (GRI 102-7)

	2020	2019	2018
Number of workers*	13,931	13,698	10,198
Number of employees**	13,573	13,219	9,817
Number of operations***	64	61	43

as of 31 December

\* Excl. management

\*\* Excl. management and workers with temporary employment contracts (interns and seasonal workers)

\*\*\* Number of legal entities with INN (taxpayer identification number) under Russian law and three German GmbHs (Ekosem Agrarprojekte GmbH, Ekosem Schwarzerde GmbH, Huck Finn GmbH) consolidated into Ekosem-Agrar AG

in EUR millions	2020*	2019	2018
Group sales revenues	464	403	245
Total assets	1,930	2,200	1,355
Equity	234	316	174
Liabilities	1,697	1,884	1,181

\* preliminary, unaudited

#### Direct economic value generated and distributed (GRI 201-1)

in EUR millions*	2020**	2019	2018
Direct economic value generated***	616	586	378
Economic value distributed****	-517	-472	-302
Economic value retained*****	99	114	75

\* P&L figures

\*\* preliminary, unaudited

\*\*\* On an accrual basis, economic value generated and distributed (EVG&D), including the basic components of the operation’s global business as listed below. Where cash basis data are provided, the rationale for this decision must be explained, and the following basic components must be reported.

\*\*\*\* Operating costs, employee wages and company benefits, payments to capital providers, payments to the government (broken down by country), and community investment

\*\*\*\*\* “Direct economic value generated” less “economic value distributed”.



### Financial assistance received from government (GRI 201-4)

in EUR millions*	2020**	2019	2018
Government subsidies	22	27	16
Interest subsidies from the public sector	31	35	21
<b>Total</b>	<b>53</b>	<b>62</b>	<b>37</b>

Financial assistance from the government is granted only in the Russian Federation.

No sovereign is involved in the corporate structure.

\* P&L figures

\*\* preliminary, unaudited

### Controlling entities with own budget (GRI 102-4)

As some of the data below refer to the main production operations, they are presented broken down by administrative area. All listed production operations are controlling entities with their own budget.

No.	Administrative areas and production operations list	Raw milk production	Milk processing
	<b>Kursk</b>		
1	Sashitnoye Sever (Sashitnoye North)	1	
2	Sashitnoye Jug (Sashitnoye South)	1	
3	Belsachar (sugar plant)		
	<b>Voronezh</b>		
4	ENA Pravyj bereg (Ekoniva Right Bank)	1	
5	ENA Pravyj bereg (Ekoniva Left Bank)	1	
6	ENA Vostok (Ekoniva East)	1	
7	ENA Sever (Ekoniva North)	1	
8	ENA Jug (Ekoniva South)	1	
9	Anninskij Dairy		1
10	Chuchye Dairy		1
11	Chuchye Cheese Factory		1
	<b>Kaluga</b>		
12	KN Vostok (Kaluzhskaya Niva East)	1	
13	KN Sapad (Kaluzhskaya Niva West)	1	
14	KN Jug (Kaluzhskaya Niva South)	1	
15	KN Chvastovichi (Kaluzhskaya Niva Chvastovichi)	1	
16	Savinskaya Niva	1	
17	MosMedynAgroProm		1
	<b>Ryazan</b>		
18	OM Vostok (Oka Moloko/Milk East)	1	
	<b>Subtotal</b>	<b>13</b>	<b>4</b>

No.	Administrative areas and production operations list	Raw milk production	Milk processing
19	OM Sever (Oka Moloko/Milk North)	1	
20	OM Jug (Oka Moloko/Milk South)	1	
	<b>Moscow</b>		
21	Stupinskaya Niva	1	
22	Stupinskaya Niva Organic	1	
	<b>North-West</b>		
23	Peterburgskaya Niva	1	
	<b>Ural</b>		
24	Mezhduretshie	1	
	<b>Volga</b>		
25	Orenburg	1	
26	Tatarstan	1	
27	Bashkiria	1	
28	Samara	1	
29	Severnaya Niva Organic	1	
	<b>Siberia</b>		
30	SibNiva Maslyanino (Sibirskaja Niva Maslyanino)	1	
31	SibNiva Cherepanovo (Sibirskaya Niva Cherepanovo)	1	
32	SibNiva Maslyanino MP (Sibirskaya Niva Meat Project)	1	
33	Altai	1	
34	Maslyanino Dairy		1
	<b>Total</b>	<b>28</b>	<b>5</b>

## COMPLIANCE AND VALUES

### Confirmed incidents of corruption and actions taken (GRI 205-3)

Data refer to ENAH

	2020	2019	2018
Total number and type of confirmed incidents of corruption*	0 (4)	4 (4)	5 (6)
Total number of confirmed incidents in which employees were dismissed or given warnings due to corruption	0	0	0
Total number of confirmed incidents in which contracts with business partners were terminated or not renewed due to corruption-related violations	0	0	0
Public lawsuits related to corruption initiated against the organization or its employees during the reporting period, as well as the results of these lawsuits**	0	4	5

\* Embezzlement by own employees is also counted among corruption incidents. The number of cases of theft of company property by the company's employees is presented here. In addition, the number of cases of theft by third parties is shown in parentheses.

\*\* No cases of corruption in the form of theft of company property by the company's own employees were recorded in 2020. Four cases of theft of company property by third parties have been brought to court and have been given suspended sentences and fines.

### Non-compliance with environmental laws and regulations (GRI 307-1)

Data refer to ENAH

	2020	2019	2018
Total value of significant fines (in RUB millions)**	0*	0	30
Total number of non-monetary sanctions (number)**	9	0	0
of cases brought through dispute resolution mechanisms (number)	0	0	1

\* preliminary, unaudited

\*\* Manure applied in 2016 led to an increase in fertility in the fields. The resulting fines imposed in 2018 are due to inconsistencies in the wording of the legislation. In 2016, manure was legally considered waste; since 2018, it has been considered a raw material. As of 2019, the swift implementation of environmental protection measures helped to avoid significant fines.

\*\*\* Written notices are provided to correct any discrepancies, which are resolved by the Group. The status is reported back.

### Non-compliance with laws and regulations in the social and economic area (GRI 419-1)

	2020	2019	2018
Total value of significant fines (in RUB millions)** (Data refer to ENAH)	49*	70	37
Total number of non-monetary sanctions (number)	0	0	0
of cases brought through dispute resolution mechanisms (number)	0	0	0

\* preliminary, unaudited

\*\* In FY 2020, fines resulted primarily from late payment of insurance premiums (RUB 27.9 million) and late tax payments (RUB 16.7 million).



## RURAL AREA

### Proportion of senior management hired from the local community (GRI 202-2)

Data refer to ENAH

	2020		2019		2018	
	absolute	percentage	absolute	percentage	absolute	percentage
Senior managers, hired locally	29	100%	24	96%	24	96%
Male	20	69%	16	64%	15	60%
Female	9	31%	8	32%	9	36%
Senior managers, <u>not</u> hired locally	-	-	1	4%	1	4%
Male	-	-	1	4%	1	4%
Female	-	-	-	-	-	-
<b>Total</b>	<b>29</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>

“Senior managers” are defined as directors general, first deputy directors general, the Director of strategy and Corporate Finance, the Director of Finance, the Deputy Director of Finance, the Deputy Director general of Security and M&A, the Director of Commerce, the divisional managers, and the regional directors.

“Local” is understood as the country of permanent residence, including employees who have acquired a residence permit in Russia for a long period of work.

“Significant operations” are the 28 controlling entities with own budgets and the 5 milk processing plants (see p. 71 et seq.).

### Proportion of spending on local suppliers (GRI 204-1)

Data refer to ENAH

in RUB millions, incl. VAT Administrative areas	2020*		2019		2018	
	absolute	percentage	absolute	percentage	absolute	percentage
Kursk	132	12%	not surveyed		42	16%
Voronezh	2,527	28%			623	13%
Kaluga	684	19%			101	5%
Ryazan	667	21%			174	17%
Moscow	239	57%			20	47%
North-West	112	57%			-	-
Ural	43	13%			44	19%
Volga	230	12%			6	4%
Siberia	836	28%			397	34%
<b>Total</b>	<b>5,470</b>	<b>24%</b>			<b>1,407</b>	<b>15%</b>

\* preliminary, unaudited

The present data refer exclusively to Ekoniva-APK Holding. They include procurement costs for materials and services excluding intra-Group movements within Ekoniva-APK Holding.

“Local” refers to the suppliers of services and goods registered and operating in the place of registration, in the respective administrative area and/or the 28 important controlling entities with their own budget.

## Materials used by weight (GRI 301-1)

Data refer to ENAH

### i. non-renewable materials used

Other materials	2020
Gasoline ( <i>in liters</i> )	5,099,768
Diesel ( <i>in liters</i> )	51,350,411
Natural gas ( <i>in m<sup>3</sup></i> )	475,579
Lubricating oils ( <i>in liters</i> )	762,637
Refrigerants ( <i>in kg</i> )	3,472
Pesticides ( <i>in tons</i> )	1,185
N fertilizers ( <i>in tons</i> )	27,759
P fertilizers ( <i>in tons</i> )	2,091
K fertilizers ( <i>in tons</i> )	308
Pharmaceuticals ( <i>in RUB millions</i> )	290
Municipal solid waste (cardboard, plastic, glass, rubber) ( <i>in m<sup>3</sup></i> )	5,372

### ii. renewable materials used

Feed consumption*, dry matter in tons	2020
Wilted silage	330,212
Maize silage	275,834
Maize	110,555
Soy products	65,134
Sunflower products	43,515
Rapeseed products	42,297
Barley	37,751
Wheat	37,405
CCM	30,532
Hay	25,807
Straw	21,786
Minerals	17,182
Energy drinks	15,868
Premix	10,206
Other protein feed	10,107

\* This section includes 30 groups of materials. The 15 largest groups are listed in this table. They account for 98% of the total material.

**Materials used by weight** (GRI 301-1)

Data refer to ENAH

**ii. non-renewable materials used**

<b>Other materials</b>	<b>2020</b>
Manure* ( <i>in tons</i> )	1,241,171
Water ( <i>in thousand m<sup>3</sup></i> )	2,835

\* incl. urine, waste water, approx. 22 tons DCM

**Operations with local community engagement, impact assessments, and development programs** (GRI 413-1)

<b>in RUB millions</b>	<b>2020*</b>	<b>2019</b>	<b>2018</b>
Expenditures	206**	127	78

\* preliminary, unaudited

\*\* including investments under the comprehensive program “Integrated Rural Development” in the amount of RUB 86.7 million. The program has been running since 2020.

It supports cultural and recreational facilities, kindergartens, sports grounds and playgrounds.  
For further details, see chapter “Rural area” starting on p. 28.



## HEALTHY ANIMALS

**Assessment of the health and safety impacts of product and service categories** (GRI 416-1)

Data refer to ENPP

	2020	2019	2018
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	100%	100%	100%

**Incidents of non-compliance concerning the health and safety impacts of products and services** (GRI 416-2)

Data refer to ENPP

	2020	2019	2018
Incidents of non-compliance with regulations resulting in a fine or penalty*	0	0	1
Incidents of non-compliance with regulations resulting in a warning**	0	0	0
Incidents of non-compliance with voluntary codes**	0	0	0

\* A fine in the amount of RUB 50,000 imposed by Rosselkhoznadzor (Federal Surveillance Service) in 2018 for residual pharmaceuticals content in milk.

\*\* No inconsistencies were found.

Internal product/specification requirements are met.

Requirements for product and service information and labeling (GRI 417-1) (GRI 417-1)

Data refer to ENPP

Our dairy products comply with the requirements of TR CU 033 “On the safety of milk and milk products” and TR CU 021 “On the safety of food”, which is confirmed by laboratory tests in accredited laboratories, as well as the prescribed declaration procedure.

The composition on the packaging of our dairy products complies with the requirements of TR CU 022 “Foodstuffs in relation to labeling” and TR CU 033 “On the safety of milk and milk products”. We write everything we use in the production of our products on the packaging.

Packaging for our products, which is in direct contact with the product, complies with the requirements of TR CU 005 “On the safety of packaging”, the material from which the packaging is made is shown as a Mobius loop on the product design, which makes the path of further processing recognizable for our customers.

All incoming raw and auxiliary materials are accompanied by documentation confirming safety (SDS, certificates of conformity, test reports, quality certificates, specifications, etc.).

	2020	2019	2018
Percentage of significant product or service categories covered by and assessed for compliance with such procedures	100%	100%	100%

## EMPLOYEES

### Information on permanent employees and other employees (GRI 102-8)

Data also include ESA (in addition to ENAH & ENPP)

#### i. By employment contract and gender

	2020	2019	2018
Male	9,552	9,746	7,261
Permanent employment contract	9,298	9,370	6,967
Temporary employment contract*	254	376	294
Female	4,379	3,952	2,937
Permanent employment contract	4,275	3,849	2,850
Temporary employment contract*	104	103	87
<b>Total</b>	<b>13,931</b>	<b>13,698</b>	<b>10,198</b>

Excluding the management.

\* In this calculation, temporary employment contracts include interns and seasonal workers

#### ii. By employment relationship and gender

	2020	2019	2018
Male	9,552	9,746	7,261
Full-time	9,532	9,726	7,245
Part-time	20	20	16
Female	4,379	3,952	2,937
Full-time	4,312	3,905	2,890
Part-time	67	47	47
<b>Total</b>	<b>13,931</b>	<b>13,698</b>	<b>10,198</b>

Excluding the management.



### iii. By employment contract and administrative area

Administrative areas	2020	2019	2018
<b>Kursk</b>	<b>794</b>	792	381
Permanent employment contract	790	773	378
Temporary employment contract	4	53	3
<b>Voronezh</b>	<b>5,340</b>	5,401	4,622
Permanent employment contract	5,286	5,348	4,534
Temporary employment contract	54	53	88
<b>Kaluga</b>	<b>2,409</b>	2,562	2,185
Permanent employment contract	2,353	2,509	2,157
Temporary employment contract	56	53	28
<b>Ryazan</b>	<b>1,554</b>	1,453	1,108
Permanent employment contract	1,534	1,417	1,093
Temporary employment contract	20	36	15
<b>Moscow</b>	<b>510</b>	422	35
Permanent employment contract	494	422	35
Temporary employment contract	16	-	-
<b>North-West</b>	<b>92</b>	81	-
Permanent employment contract	89	81	-
Temporary employment contract	3	-	-
<b>Ural</b>	<b>215</b>	248	236
Permanent employment contract	215	247	234
Temporary employment contract	-	1	2
<b>Volga</b>	<b>1,354</b>	1,193	440
Permanent employment contract	1,351	1,185	440
Temporary employment contract	3	8	-
<b>Siberia</b>	<b>1,640</b>	1,525	1,169
Permanent employment contract	1,438	1,216	924
Temporary employment contract	202	309	245
<b>Germany</b>	<b>23</b>	21	22
Permanent employment contract	23	21	22
Temporary employment contract	-	-	-
<b>Total</b>	<b>13,931</b>	<b>13,698</b>	<b>10,198</b>

Excluding the management.

#### iv. With disability by gender and age group

Data refer only to ENAH & ESA

	2020	2019	2018
Male	131	127	106
up to 30 years old	8	11	8
from 30 to 50 years old	43	41	33
over 50 years old	81	76	66
Female	35	30	29
up to 30 years old	1	2	1
from 30 to 50 years old	19	16	15
over 50 years old	15	12	13
<b>Total</b>	<b>167</b>	<b>158</b>	<b>136</b>

#### Percentage of total employees covered by collective bargaining (GRI 102-41)

Data refer to ENAH

	2020		2019		2018	
	Employees as of 31 Dec.	Percentage of employees covered by collective bargaining agreements	Employees as of 31 Dec.	Percentage of employees covered by collective bargaining agreements	Employees as of 31 Dec.	Percentage of employees covered by collective bargaining agreements
<b>Total</b>	<b>6,698</b>	<b>53%</b>	<b>6,753</b>	<b>53 %</b>	<b>5,602</b>	<b>59%</b>

**New employees and employee turnover** (GRI 401-1)

Data also include ESA (in addition to ENAH &amp; ENPP)

**i. New employees by gender and region**

Administrative areas	2020		2019		2018	
	Number of new employees	Percentage of total employees	Number of new employees	Percentage of total employees	Number of new employees	Percentage of total employees
<b>Kursk</b>	<b>175</b>	<b>4%</b>	252	4%	108	2%
Male	120	3%	188	3%	83	2%
Female	55	1%	64	1%	25	0%
<b>Voronezh</b>	<b>1,175</b>	<b>27%</b>	1,871	30%	2,051	40%
Male	774	18%	1,315	21%	1,519	30%
Female	401	9%	556	9%	532	10%
<b>Kaluga</b>	<b>621</b>	<b>14%</b>	1,148	19%	1,279	25%
Male	514	12%	946	15%	976	19%
Female	107	2%	202	3%	303	6%
<b>Ryazan</b>	<b>567</b>	<b>13%</b>	734	12%	650	13%
Male	418	10%	539	9%	538	11%
Female	149	3%	195	3%	112	2%
<b>Moscow</b>	<b>388</b>	<b>9%</b>	385	6 %	5	0%
Male	258	6%	328	5%	5	0%
Female	130	3%	57	1%	-	-
<b>North-West</b>	<b>58</b>	<b>1%</b>	28	0%	-	-
Male	41	1%	23	0%	-	-
Female	17	0%	5	0%	-	-
<b>Ural</b>	<b>34</b>	<b>1%</b>	69	1%	80	2%
Male	24	1%	50	1%	53	1%
Female	10	0%	19	0%	27	1%
<b>Volga</b>	<b>722</b>	<b>17%</b>	974	16%	401	8%
Male	586	14%	793	13%	355	7%
Female	136	3%	181	3%	46	1%
<b>Siberia</b>	<b>581</b>	<b>13%</b>	682	11%	525	10%
Male	476	11%	545	9%	410	8%
Female	105	2%	137	2%	115	2%
<b>Germany</b>	<b>5</b>	<b>0%</b>	0	0%	0	0%
Male	0	0%	0	0%	0	0%
Female	5	0%	0	0%	0	0%
<b>Total</b>	<b>4,326</b>	<b>100%</b>	<b>6,143</b>	<b>100%</b>	<b>5,099</b>	<b>100%</b>

Excluding the management.



## ii. Employee turnover by gender and region

Data refer to ENAH (excl. NivaStroj)

Administrative areas	2020		2019		2018	
	Number of employees made redundant	Turnover	Number of employees made redundant	Turnover	Number of employees made redundant	Turnover
<b>Kursk</b>	<b>104</b>	<b>47%</b>	225	30%	104	26%
Male	74	54%	161	31%	76	26%
Female	30	36%	64	29%	28	28%
<b>Voronezh</b>	<b>1,458</b>	<b>34%</b>	1,509	37%	1,184	30%
Male	1,048	36%	1,035	37%	875	33%
Female	410	29%	474	35%	309	24%
<b>Kaluga</b>	<b>773</b>	<b>43%</b>	820	50%	661	44%
Male	630	49%	674	58%	503	50%
Female	143	28%	146	31%	158	33%
<b>Ryazan</b>	<b>701</b>	<b>54%</b>	486	45%	321	38%
Male	580	62%	356	51%	232	39%
Female	121	33%	130	35%	89	34%
<b>Moscow</b>	<b>179</b>	<b>22%</b>	97	77%	-	-
Male	134	24%	62	72%	-	-
Female	45	18%	35	88%	-	-
<b>North-West</b>	<b>84</b>	<b>91%</b>	2	3%	-	-
Male	57	92%	1	2%	-	-
Female	27	88%	1	4%	-	-
<b>Ural</b>	<b>99</b>	<b>51%</b>	115	49%	139	57%
Male	82	57%	88	62%	101	68%
Female	17	33%	27	30%	38	39%
<b>Volga</b>	<b>486</b>	<b>44%</b>	367	49%	127	47%
Male	398	49%	301	55%	111	51%
Female	88	29%	66	33%	16	32%
<b>Siberia</b>	<b>755</b>	<b>51%</b>	567	52%	279	30%
Male	557	56%	438	55%	198	30%
Female	198	41%	129	42%	81	30%
<b>Total</b>	<b>4,639</b>	<b>41%</b>	<b>4,188</b>	<b>42%</b>	<b>2,815</b>	<b>35%</b>

The relatively high turnover in various administrative areas is, on the one hand, sector-related and due to generally very high employee turnover in the Russian agriculture sector. On the other hand, the Group's active growth and strong development (especially in the last three to five years) and the resulting high qualification requirements (especially for newly created positions) also resulted in increased employee turnover. The Management Board and the management are actively working on controlling these causes and attach great importance to ensuring that the employees feel part of the Ekosem-Agrar family and enjoy their job for a long time.

**Parental leave** (GRI 401-3)

Employees*	2020	2019	2018
Male	4	2	2
Female	297	216	185
<b>Total</b>	<b>301</b>	<b>218</b>	<b>187</b>

\* Employees who had the right and exercised their right to maternity leave and parental leave as of 31 Dec.

**Employee training on occupational health and safety** (GRI 403-5)

Data refer to ENAH

**Occupational health and safety training for employees of the EkoNiva-APK holding:**

- Upon employment, all employees receive introductory training on health and safety, a job instruction on fire safety and electrical safety training. Fire safety training and routine electrical safety tests are repeated once a year.
- The employee responsible for fire safety must obtain a certificate of completion of minimum fire safety training in the training center.
- The employee responsible for electrical safety must obtain a certificate of assignment to an electrical safety group (at least III) in the training center.
- If necessary, new employees are instructed by an appropriate superior at the workplace (in the future, a second job instruction will be provided; moreover, there may also be additional and targeted instructions).
- Prior to admission to independent work, employees may have to do an internship of two to fourteen work shifts under the guidance of an experienced supervisor.
- All employees are trained in occupational health and safety and their knowledge is tested: superiors and specialists – within 40 hours, employees in specialized areas – at the employer's decision and depending on the type of work to be performed. Members of a permanent knowledge testing committee must complete occupational health and safety training at a licensed test center.
- During occupational health and safety training, all employees also receive first aid training.
- If they perform certain types of work classified as high risk work or requiring additional safety measures, employees receive additional training and a certificate at the training centers. This includes working at height, loading and unloading work, working in pressure vessels, working with tools and equipment, etc.
- If there are hazardous production facilities, employees involved in their operation must obtain occupational health and safety certification depending on the type of hazardous production facility.

**Work-related injuries** (GRI 403-9)

<b>Employees*</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number and rate of fatalities due to work-related injuries**	0 / 0,0	4 / 0,2	2 / 0,1
Number and rate of work-related injuries with serious consequences (excl. fatalities)**	2 / 0,1	5 / 0,2	4 / 0,2
Number and rate of documentable work-related injuries**	13 / 0,5	20 / 0,8	18 / 1,0
Main types of work-related injuries	none	Death as a result of a starting vehicle, electrical accident	Traffic accident as a result of collapsing ground during earthworks
Main types of work-related injuries	0	0	0
<b>Number of hours worked***</b>	<b>27,850,467</b>	<b>25,663,190</b>	<b>17,221,740</b>

\* Includes all employees. No distinction between permanent employees and other employees is made.

\*\* Rate = number of accidents and/or injuries / number of annual working hours according to the operating calendar at 40 hours/week \*average number of full-time employees \* 1,000,000

\*\*\* Average number of employees with the full-time number of annual working hours according to the operating calendar at 40 hours/week



Data refer to ENAH

<b>Work-related hazards that pose a risk of injuries with serious consequences, including information on:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
how these hazards have been determined;	Contracts are concluded with the relevant organizations for the development of procedures for determining occupational hazards and creating occupational hazard cards for each workplace.	The employer creates a list of work with increased hazard for which additional protective measures are taken.	The employer creates a list of work with increased hazard for which additional protective measures are taken.
which of these hazards caused or contributed to injuries with serious consequences during the reporting period;	none	Work with vehicles, electricity	Work with vehicles, earthworks
measures taken or initiated to eliminate these hazards and minimize risks using the hierarchy of control measures;	Additional instructions are provided for the employees and additional tests of occupational health and safety knowledge have to be passed by the employees.	Additional instructions are provided for the employees and additional tests of occupational health and safety knowledge have to be passed by the employees.	Additional instructions are provided for the employees and additional tests of occupational health and safety knowledge have to be passed by the employees.
all measures taken or initiated to eliminate other work-related hazards and minimize risks using the hierarchy of control measures;	After the occupational hazards have been determined, corrective actions are developed. For each card assessing the hazards, an action plan for their correction is created and a person responsible for it is designated.	none	none
whether rates were calculated based on 200,000 or 1,000,000 hours worked;	based on 1,000,000 hours worked		
whether and, if so, why employees were excluded from this disclosure, including the types of employees who were excluded;	none	none	none
required context, if any, on how the data were compiled, e.g. standards, methods and assumptions.	-	-	-

**Work-related diseases** (GRI 403-10)

Data refer to ENAH

<b>Employees*</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of fatalities due to work-related diseases	0	0	0
Number of documentable work-related diseases	Every five years, a pathologist participates in the medical commission for the regular examination of employees working under harmful (hazardous) conditions in order to detect work-related diseases. According to the final reports of the medical examination of the employees, no work-related diseases were detected.		
Main types of work-related diseases	0	0	0

\* Until now the statistics only include permanent employees, but not other employees.

<b>Work-related hazards that pose a risk of diseases, including information on:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
how these hazards have been determined;	The employer performs special assessments of the working conditions every five years in order to detect harmful and/or hazardous factors or their absence at the workplaces.  This resulted in the creation of a directory with concrete assessments of the working conditions within the company.		
which of these hazards caused or contributed to diseases during the reporting period;	0	0	0
measures taken or initiated to eliminate these hazards and minimize risks using the hierarchy of control measures;	Employees working under harmful and/or hazardous conditions undergo preliminary and regular medical examinations upon employment and in the course of their employment. If contraindications to a particular job are found, the applicant is not accepted for this job or the employee is excused from such work. For the prevention and early diagnosis of work-related diseases, a pathologist participates in the medical commission every five years. All medical examinations are performed taking into account the harmful (hazardous) factors listed in the directory with special assessments of the working conditions.		
whether and, if so, why employees were excluded from this disclosure, including the types of employees who were excluded;	none	none	none
required context, if any, on how the data were compiled, e.g. standards, methods and assumptions.	-	-	-

**Training and education** (GRI 404-1)

Data refer to ENAH

Average number spent by an organization's employees on training and further education during the reporting period:

by gender, in hours	2020	2019	2018
Total number of training hours	85,920	78,696	55,728
Men	45,944	45,160	32,136
Women	39,976	33,536	23,592
Average number of training hours per employee	6.9	6.2	6.0
Men	4.5	4.9	4.7
Women	11.4	10.0	6.9

**Total number of training and further education hours** – number of hours for staff training within a reporting year.

**Average number of training and further education hours by gender** – ratio of training and further education hours by gender to headcount by gender in the reporting year (excl. trainees)

by category of employees, in hours	2020	2019	2018
Trained executives	7,480	8,288	4,175
Trained specialists	70,760	64,104	44,777
Trained workers	7,352	5,688	6,465
Trained operators	328	616	310
Average number of training hours per executive	11.9	13.3	8.2
Average number of training hours per specialist	32.3	32.9	30.0
Average number of training hours per worker	1.1	0.8	1.3
Average number of training hours per operator	0.1	0.2	0.2

**Average number of training and further education hours by category** – ratio of training and further education hours to headcount in the reporting year (excl. trainees) by category (executive, specialist, worker, operator).



**Diversity** (GRI 405-1)

Data refer to ENAH

Share of top management	2020		2019		2018	
	absolute	percentage	absolute	percentage	absolute	percentage
Male	20	69%	17	68%	16	64%
up to 30 years old	-	-	-	-	-	-
from 30 to 50 years old	17	59%	14	56%	14	56%
over 50 years old	3	10%	3	12%	2	8%
Female	9	31%	8	32%	9	36%
up to 30 years old	-	-	1	4%	1	4%
from 30 to 50 years old	9	31%	7	28%	8	32%
over 50 years old	-	-	-	-	-	-
<b>Total</b>	<b>29</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>

The management bodies include executives of all levels (according to a harmonized list of positions at the executive level: regional director RD-1, director of breeding farm PH, director of breeding farm PH-1, main specialist for the branch, head of the structural unit (department, cow barn, etc.)).

Employees are recorded according to their main place of work.

Share of executives at all levels (excl. top management)	2020		2019		2018	
	absolute	percentage	absolute	percentage	absolute	percentage
Male	462	77%	457	77%	378	74%
up to 30 years old	76	13%	88	15%	84	16%
from 30 to 50 years old	314	52%	391	50%	247	48%
over 50 years old	72	12%	68	11%	47	9%
Female	139	23%	140	23%	134	26%
up to 30 years old	14	2%	27	5%	28	5%
from 30 to 50 years old	100	17%	88	15%	83	16%
over 50 years old	25	4%	25	4%	23	4%
<b>Total</b>	<b>601</b>	<b>100%</b>	<b>597</b>	<b>100%</b>	<b>512</b>	<b>100%</b>

Share of executives at all levels (excl. top management)	2020		2019		2018	
	absolute	percentage	absolute	percentage	absolute	percentage
<b>Specialists</b>	<b>2,193</b>	<b>17%</b>	1,947	15%	1,492	16%
Male	1,025	8%	888	7%	718	8%
up to 30 years old	426	3%	389	3%	298	3%
from 30 to 50 years old	486	4%	394	3%	331	3%
over 50 years old	113	1%	105	1%	89	1%
Female	1,168	9%	1,059	8%	774	8%
up to 30 years old	443	4%	431	3%	335	4%
from 30 to 50 years old	587	5%	510	4%	352	4%
over 50 years old	138	1%	118	1%	87	1%
<b>Workers</b>	<b>6,559</b>	<b>52%</b>	7,150	56%	5,169	54%
Male	5,181	41%	5,730	45%	4,155	44%
up to 30 years old	1,298	10%	1,704	13%	1,207	13%
from 30 to 50 years old	2,646	21%	2,848	22%	2,083	22%
over 50 years old	1,237	10%	1,178	9%	865	9%
Female	1,378	11%	1,420	11%	1,014	11%
up to 30 years old	118	1%	148	1%	129	1%
from 30 to 50 years old	964	8%	1,002	8%	715	8%
over 50 years old	296	2%	270	2%	170	2%
<b>Operators and helpers</b>	<b>3,069</b>	<b>24%</b>	2,900	23%	2,058	22%
Male	2,272	18%	2,170	17%	1,524	16%
up to 30 years old	333	3%	357	3%	255	3%
from 30 to 50 years old	1,006	8%	964	8%	681	7%
over 50 years old	933	7%	849	7%	588	6%
Female	797	6%	730	6%	534	6%
up to 30 years old	101	1%	99	1%	68	1%
from 30 to 50 years old	411	3%	376	3%	292	3%
over 50 years old	285	2%	255	2%	174	2%
<b>Total</b>	<b>11,821</b>	<b>94%</b>	<b>11,997</b>	<b>94%</b>	<b>8,719</b>	<b>92%</b>

Number of employees with disabilities	2020		2019		2018	
	absolute	percentage	absolute	percentage	absolute	percentage
Male	131	1%	127	1%	106	1%
Female	35	0%	30	0%	29	0%
<b>Total</b>	<b>166</b>	<b>1%</b>	<b>157</b>	<b>1%</b>	<b>135</b>	<b>1%</b>

## NATURAL RESOURCES

### Energy consumption within the organization (GRI 302-1)

Data refer to ENAH

in MWh	2020	2019	2018
Electricity consumption	123,285	101,993	not surveyed

So far, EkoNiva-APK Holding has only recorded electricity consumption. The organization does not sell electricity, energy or steam.

Data refer to ENPP

Anna dairy	2020	2019	2018
Energy consumption (in kW/ton of milk processed)	745.69	not surveyed	
Electricity consumption (in kW/ton of milk processed)	90.07	not surveyed	
Thermal energy consumption – gas (in kW/ton of milk processed)	655.62	not surveyed	
Finished product (in tons)	39,129	not surveyed	

Shchuchye dairy*	2020	2019	2018
Energy consumption (in kW/ton of milk processed)	812.62	not surveyed	
Electricity consumption (in kW/ton of milk processed)	240.87	not surveyed	
Thermal energy consumption – gas (in kW/ton of milk processed)	571.75	not surveyed	
Own power/heat generation plant – gas (in kW)	1,250	not surveyed	
Finished product (in tons)	2,944	not surveyed	

Medyn dairy	2020	2019	2018
Energy consumption (in kW/ton of milk processed)	732.04	not surveyed	
Electricity consumption (in kW/ton of milk processed)	193.70	not surveyed	
Thermal energy consumption – gas (in kW/ton of milk processed)	538.34	not surveyed	
Finished product (in tons)	33,612	not surveyed	

Maslyanino Dairy	2020	2019	2018
Energy consumption (in kW/ton of milk processed)	146.28	not surveyed	
Electricity consumption (in kW/ton of milk processed)	146.28	not surveyed	
Thermal energy consumption – gas (in kW/ton of milk processed)	no consumption		
Finished product (in tons)	1,729	not surveyed	

\* The figures for the individual dairies are not comparable due to different technological standards and production ranges.

#### Interactions with water as a shared resource (GRI 303-1)

100% of the water consumption of EkoNiva-APK Holding is fed from the earth. Each operation has one or several water sources. The water is used for: livestock watering, washing of equipment and premises, domestic needs, all effluent from the plant goes into the lagoons, including melt and storm runoff from the site.

Water consumption at **Anna dairy** is supplied 90% from the ground and 10% from the municipal water network. The plant has 2 water wells. The water is used in milk processing. Water consumption is reported under GRI-303-3.

Water consumption at **Shchuchye dairy** is 100% fed from the ground. The plant has 8 water wells. The water is used in milk processing. Water consumption is reported under GRI-303-3.

Water consumption at **Medyn dairy** is 100% fed from the ground. The plant has 4 water wells. The water is used in milk processing. Water consumption is reported under GRI-303-3.

Water consumption at **Maslyanino dairy** is 100% fed from the ground. The plant has 1 water well. The water is used in milk processing. Water consumption is reported under GRI-303-3.

#### Water withdrawal (GRI 303-3)

Data refer to ENAH

<b>in thousand m3</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Groundwater*	2,835	2,046	1,319

\* Report for government bodies 2-TP Vodchok (water management) for EkoNiva-APK Holding, including information provided by the individual operations

The water withdrawal was the amount of groundwater authorized by the authorities. This variable was used as not all operations have been fully equipped with water meters yet.



Data refer to ENPP

<b>Anna dairy</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Water ( <i>m<sup>3</sup>/ton of milk processed</i> )	<b>3.74</b>	not surveyed	

<b>Shchuchye dairy*</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Water ( <i>m<sup>3</sup>/ton of milk processed</i> )	<b>12.42</b>	not surveyed	

<b>Medyn dairy</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Water ( <i>m<sup>3</sup>/ton of milk processed</i> )	<b>6.00</b>	not surveyed	

<b>Masljanino dairy</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Water ( <i>m<sup>3</sup>/ton of milk processed</i> )	<b>4.08</b>	not surveyed	

The comparatively high consumption in the Shchuchye dairy is related to the lower utilization rate compared to the other dairies.

#### Water discharge (GRI 303-4)

The operations of EkoNiva-APK Holding have no waste water. The water used in the operations is discharged into the lagoons and on to the farmland.

The four dairies **Anna**, **Shchuchye**, **Medyn** and **Maslyanino** are connected to the respective municipal wastewater network and discharge their wastewater there.

**Biodiversity** (GRI 304-2)

Data refer to ENAH

<b>Production plants, in ha</b>	<b>2020</b>
Controlled area	<b>630,000</b>
Farmland	470,000
<i>Difference</i>	<i>160,000</i>
incl. forest areas that can not be converted into farmland. These areas can be excluded from farmland.	16,727
incl. forest land, which should be transferred to the forest stand. Reuse as farmland by granting the subsidies is possible.	33,282
<b>Amount of land that can be used for biodiversity</b>	<b>50,009</b>
<b>in % of controlled area</b>	<b>7.9%</b>

**GHG emissions**

Data refer to ENAH

<b>in Tonnen CO<sub>2</sub>e</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Direct GHG emissions (GRI 305-1)	974,304	not surveyed	
Energy indirect GHG emissions (GRI 305-2)	45,525		
Other indirect GHG emissions (GRI 305-3)	264,694		

**Notes on the calculation procedure:**

The above figures do not include LUC (land use change). This procedure was chosen for better comparability and, among other things, due to the lack of data on land use by previous owners and is the subject of further considerations.

**Inclusion of the value chain:**

The emissions of the raw milk production cradle to farm gate (approx. 1.28 million t CO<sub>2</sub>e, corresponding to 1.39 kg CO<sub>2</sub>e/kg milk (energy corrected)) under the further inclusion of the emissions to final product (fresh milk, butter, cheese, etc., ex dairy) amount to an estimated 1.6 million t CO<sub>2</sub>e, corresponding to 1.74 kg CO<sub>2</sub>e/kg milk (energy corrected).

#### Information on the emission factors, standards and calculation methods used:

CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, and the PFCs were included in the calculation.

To account for biogenic emissions, CH<sub>4</sub> and N<sub>2</sub>O were converted to CO<sub>2</sub>e.

The year 2020 is used as the base year for further calculations. This is considered representative despite the Corona pandemic, as there was no discernible impact of the pandemic on our production.

Changes to previous years are not shown, as we collected the data for the first time for 2020.

We used data from Probas, from the IPCC, GHG conversion factors from the Department for Business, Energy and Strategy (UK-Gov) and the GHG Protocol as sources for emission factors and global warming potential.

For consolidation, we used the equity share approach and included the holding company and subsidiaries wholly owned by the holding company.

For the calculation of the values we used the following standards, methodologies, assumptions: International Dairy Federation, IDF Guide Standard LCA Methodology, Greenhouse Gas Protocol, Corporate Standard, Scope 2 Guidance, Scope 3 Calculation Guidance, International Panel On Climate Change (IPCC), 2019 Refinement Of Greenhouse Gas Inventories 2006, Probas Gemis database Umweltbundesamt DE, UK Government conversion factors for company reporting of greenhouse gas emissions.

## GRI CONTENT INDEX

The present report has been prepared in accordance with the GRI Standards: “Core” option.

GRI-Standard	Disclosure	Page	Comment
<b>101: Foundation 2020</b>			
<b>102: General Disclosures 2020</b>			
<b>Organizational profile</b>			
102-1	Name of the organization	P. 7	
102-2	Activities, brands, products, and services	P. 10 - 13	
102-3	Location of headquarters	P. 7	
102-4	Location of operations	P. 7, 8, 71, 72	
102-5	Ownership and legal form	P. 7	
102-6	Markets served	P. 10	
102-7	Scale of the organization	P. 7, 12, 15, 70	
102-8	Information on employees and other workers	P. 15, 79, 80, 81	
102-9	Supply chain	P. 10	
102-10	Significant changes to the organization and its supply chain	-	No significant changes to the organization and its supply chain occurred in 2020.
102-11	Precautionary Principle or approach	-	The long-term strategy of Ekosem-Agrar is based on the careful use of natural resources and on ensuring sustainable land use.
102-12	External initiatives	P. 16	
102-13	Membership of associations and advocacy organizations	P. 16	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	P. 5	
102-15	Key impacts, risks, and opportunities	Annual Report 2019 (Management Report Chapter 4. Opportunity and Risk Report)	



GRI-Standard	Disclosure	Page	Comment
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	P. 18	
102-17	Mechanisms for advice and concerns about ethics	-	Management initially focused on the development of the Code of Conduct. On this basis, the corresponding mechanisms will be developed in the future.
<b>Governance</b>			
102-18	Governance structure	P. 7	
102-19	Delegating authority	-	The organization is externally represented in all relevant matters by the Management Board in Germany and by the Director General in Russia. In addition, the Management Board or the Director General may delegate certain (areas of) topics to deputies or employees by means of procuration or powers of attorney.
102-20	Executive-level responsibility for economic, environmental, and social topics	P. 24	
102-21	Consulting stakeholders on economic, environmental, and social topics	P. 21	
102-22	Composition of the highest governance body and its committees	-	The Supervisory Board is composed of five members: <b>Rolf Zürn</b> (Chairman) <b>Elena Levina</b> (Deputy Chairwoman) <b>Dr. Franz-Georg von Busse</b> <b>Andrei Danilenko</b> <b>Dr. Thomas Kirchberg</b>
102-23	Chair of the highest governance body	-	<b>Rolf Zürn</b> (Chairman) <b>Elena Levina</b> (Deputy Chairwoman)
102-24	Nominating and selecting the highest governance body	-	The members of the Supervisory Board are elected by the Annual General Meeting. Relevant criteria are long-standing experience in agriculture and good connections in the agricultural sector as well as entrepreneurial and/or professional experience in Russia.
102-25	Conflicts of interest	-	The Chairman of the Supervisory Board and his deputy each hold minority interests in Ekosem-Agrar AG. The Chairman is also a member of the Supervisory Board of Ekotechnika AG, which is a related party. His deputy is also the first Deputy Director General of OOO EkoNiva-APK Holding (subsidiary) and OOO EkoNivaTechnika Holding, as well as an authorized signatory of Ekotechnika AG (related parties).

GRI-Standard	Disclosure	Page	Comment
102-26	Role of highest governance body in setting purpose, values, and strategy	-	Plans and purpose are presented by the Management Board at a meeting of the Supervisory Board and must be approved by the latter (by way of resolution). In addition, there is a list of transactions which, pursuant to the Rules of Procedure for the members of the Management Board of Ekosem-Agrar AG, must be approved by the Supervisory Board. These are discussed at the Supervisory Board meetings, as are the company's general strategy and other topics such as compliance and risk management.
102-27	Collective knowledge of highest governance body	-	The members of the Supervisory Board are trained at regular intervals and as required. In the financial year 2020, the full Supervisory Board attended a refresher training course on the "Rights, Duties and Responsibilities of the Supervisory Board".
102-28	Evaluating the highest governance body's performance	-	No external evaluation is made.
102-29	Identifying and managing economic, environmental, and social impacts		This is done by means of stakeholder surveys and a materiality analysis.
102-30	Effectiveness of risk management processes	-	The risk management concept, structure and tasks are defined and documented by the Management Board of Ekosem-Agrar AG. The company uses risk management not only to identify risks that could jeopardize its continued existence. It also identifies and monitors risks that are below the level of threat to the company's continued existence but that could have a significant negative impact on the Group's net assets, financial position and results of operation.
102-31	Review of economic, environmental, and social topics	-	Since the financial year 2020, the topic of sustainability has been regularly discussed at Supervisory Board meetings. A detailed report was provided by the Sustainability Officer at the September 2020 meeting.
102-32	Highest governance body's role in sustainability reporting	P. 107	
102-33	Communicating critical concerns	-	The Supervisory Board addresses critical concerns brought to its knowledge by stakeholders directly or via the Management Board or other third parties. There is no standardized procedure.

GRI-Standard	Disclosure	Page	Comment
102-34	Nature and total number of critical concerns	-	There have been no critical concerns so far.
102-35	Remuneration policies	-	<p>Each member of the Supervisory Board receives annual fixed remuneration. The Supervisory Board Chairman receives double the remuneration, his deputy one and a half times the remuneration. Each member additionally receives an attendance fee for Supervisory Board meetings it has attended as well as a reimbursement of all expenses.</p> <p>The Management Board receives annual variable remuneration, the amount of which is determined by the degree of target achievement (economic and strategic targets). In addition, there is a pension commitment to the Chairman in the form of a company pension.</p> <p>There is a D&amp;O insurance policy for pecuniary loss as well as for legal protection, which covers both the Management Board and the Supervisory Board of Ekosem-Agrar AG as well as the management of three Russian subsidiaries.</p>
102-36	Process for determining remuneration	-	<p>The target variable compensation for the Management Board is determined annually by the Supervisory Board at a Supervisory Board meeting on the basis of the plans and targets. The same applies to the determination of the amount of remuneration for the past year, which is based on the degree of target achievement. The audited annual financial statements serve as the basis for this.</p>
102-37	Stakeholders' involvement in remuneration	-	There is no further stakeholder involvement beyond the Supervisory Board.
102-38	Annual total compensation ratio	-	The annual total compensation ratio has not been disclosed.
102-39	Percentage increase in annual total compensation ratio	-	The percentage increase has not been disclosed
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	P. 21	
102-41	Collective bargaining agreements	P. 81	
102-42	Identifying and selecting stakeholders	P. 21	
102-43	Approach to stakeholder engagement	P. 21, 25	

GRI-Standard	Disclosure	Page	Comment
102-44	Key topics and concerns raised	P. 22	
102-45	Entities included in the consolidated financial statements	P. 7	
102-46	Defining report content and topic Boundaries	P. 22	
102-47	List of material topics	P. 22	
102-48	Restatements of information	-	As this is the first Sustainability Report of Ekosem-Agrar AG, no information has been restated.
102-49	Changes in reporting	-	As this is the first Sustainability Report of Ekosem-Agrar AG, no information has been restated.
102-50	Reporting period	P. 106	
102-51	Date of most recent report	P. 106	
102-52	Reporting cycle	P. 106	
102-53	Contact point for questions regarding the report	P. 107	
102-54	Claims of reporting in accordance with the GRI Standards	P. 96	
102-55	GRI content index	P. 96 - 104	
102-56	External assurance	-	We have not sought external assurance for this Sustainability Report. Going forward, the Management Board and the Supervisory Board of Ekosem-Agrar AG will decide on the need for an external assurance on an annual basis.
<b>201: Economic Performance</b>			
103-1	Explanation of the material topic and its Boundary	P. 7, 8	
103-2	The management approach and its components	P. 7, 8	
103-3	Evaluation of the management approach	P. 7, 8	
201-1	Direct economic value generated and distributed	P. 70	
201-2	Financial implications and other risks and opportunities due to climate change	-	Ekosem-Agrar is aware of the importance of the topic and is working intensively in an internal project to create the data basis for reporting.
201-4	Financial assistance received from government	P. 71	
<b>202: Market Presence</b>			
103-1	Explanation of the material topic and its Boundary	P. 7, 8	
103-2	The management approach and its components	P. 7, 8	
103-3	Evaluation of the management approach	P. 7, 8	
202-2	Proportion of senior management hired from the local community	P. 74	



GRI-Standard	Disclosure	Page	Comment
<b>204: Procurement Practices</b>			
103-1	Explanation of the material topic and its Boundary	P. 10	
103-2	The management approach and its components	P. 10	
103-3	Evaluation of the management approach	P. 10	
204-1	Proportion of spending on local suppliers	P. 74	
<b>205: Anti-corruption</b>			
103-1	Explanation of the material topic and its Boundary		An anti-corruption management approach is currently being developed.
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
205-2	Communication and training about anti-corruption policies and procedures	-	A compliance structure was developed and adopted by the Management Board in June 2021. Corresponding information events and training courses are to be held in the coming months.
205-3	Confirmed incidents of corruption and actions taken	P. 73	
<b>301: Materials</b>			
103-1	Explanation of the material topic and its Boundary	P. 41, 66, 67	
103-2	The management approach and its components	P. 41, 66, 67	
103-3	Evaluation of the management approach	P. 41, 66, 67	
301-1	Materials used by weight or volume	P. 75, 76	
<b>302: Energy</b>			
103-1	Explanation of the material topic and its Boundary	P. 63	
103-2	The management approach and its components	P. 63	
103-3	Evaluation of the management approach	P. 63	
302-1	Energy consumption outside of the organization	P. 91, 92	
302-2	Energy consumption within the organization	-	No survey is possible at this time. The next steps are being discussed.
302-3	Energy intensity	-	No survey is possible at this time. The next steps are being discussed.
<b>303: Water and Effluents</b>			
103-1	Explanation of the material topic and its Boundary	P. 65	
103-2	The management approach and its components	P. 65	
103-3	Evaluation of the management approach	P. 65	
303-1	Interactions with water as a shared resource	P. 92	
303-3	Water withdrawal	P. 92, 93	
303-4	Water discharge	P. 93	

GRI-Standard	Disclosure	Page	Comment
<b>304: Biodiversity</b>			
103-1	Explanation of the material topic and its Boundary	P. 66, 67, 68	
103-2	The management approach and its components	P. 66, 67, 68	
103-3	Evaluation of the management approach	P. 66, 67, 68	
304-2	Significant impacts of activities, products, and services on biodiversity	P. 94	
<b>305: Emissions</b>			
103-1	Explanation of the material topic and its Boundary	P. 63	
103-2	The management approach and its components	P. 63	
103-3	Evaluation of the management approach	P. 63	
305-1	Direct (Scope 1) GHG emissions	P. 94, 95	
305-2	Energy indirect (Scope 2) GHG emissions	P. 94, 95	
305-3	Other indirect (Scope 3) GHG emissions	P. 94, 95	
<b>306: Effluents and Waste</b>			
103-1	Explanation of the material topic and its Boundary	P. 61	
103-2	The management approach and its components	P. 61	
103-3	Evaluation of the management approach	P. 61	
306-2	Waste by type and disposal method	P. 62	
<b>307: Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	P. 73	
<b>308: Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria	-	To date, no suppliers have been screened using environmental criteria
<b>401: Employment</b>			
103-1	Explanation of the material topic and its Boundary	P. 51, 52	
103-2	The management approach and its components	P. 51, 52	
103-3	Evaluation of the management approach	P. 51, 52	
401-1	New employee hires and employee turnover	P. 52, 82, 83	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	There is no difference in the remuneration and benefits for the full-time and part-time workers.
401-3	Parental leave	P. 84	
<b>403: Occupational Health and Safety</b>			
103-1	Explanation of the material topic and its Boundary	P. 56	
103-2	The management approach and its components	P. 56	
103-3	Evaluation of the management approach	P. 56	

GRI-Standard	Disclosure	Page	Comment
403-5	Worker training on occupational health and safety	P. 56, 57, 84	
403-6	Promotion of worker health	P. 56, 57	
403-9	Work-related injuries	P. 57, 85, 86	
403-10	Work-related ill health	P. 57, 87	
<b>404: Training and Education</b>			
103-1	Explanation of the material topic and its Boundary	P. 53	
103-2	The management approach and its components	P. 53	
103-3	Evaluation of the management approach	P. 53	
404-1	Average hours of training per year per employee	P. 54, 88	
404-3	Percentage of employees receiving regular performance and career development reviews	P. 55	
<b>405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	P. 89, 90	
405-2	Ratio of basic salary and remuneration of women to men	-	Equal remuneration for equal work – according to the Labor Code of the Russian Federation, Par. 22
<b>406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	-	No incidents of discrimination were identified.
<b>413: Local Communities</b>			
103-1	Explanation of the material topic and its Boundary	P. 32, 34, 36	
103-2	The management approach and its components	P. 32, 34, 36	
103-3	Evaluation of the management approach	P. 32, 34, 36	
413-1	Operations with local community engagement, impact assessments, and development programs	P. 31, 76	
413-2	Operations with significant actual and potential negative impacts on local communities	-	The issues of manure, waste water, odor, fertilizer, livestock infections, cremations, and low-quality products have the potential to adversely impact people and nature in the surrounding area. These issues are continuously monitored in the nine administrative areas and a constant dialogue is maintained with the state control and supervisory bodies, which in turn are approached by interested citizens.
<b>414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	-	To date, no suppliers have been screened using social criteria
<b>416: Customer Health and Safety</b>			
103-1	Explanation of the material topic and its Boundary	P. 43, 45	

GRI-Standard	Disclosure	Page	Comment
103-2	The management approach and its components	P. 43, 45	
103-3	Evaluation of the management approach	P. 43, 45	
416-1	Assessment of the health and safety impacts of product and service categories	P. 77	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P. 77	
<b>417: Marketing and Labeling</b>			
103-1	Explanation of the material topic and its Boundary	P. 46	
103-2	The management approach and its components	P. 46	
103-3	Evaluation of the management approach	P. 46	
417-1	Requirements for product and service information and labeling	P. 78	
417-2	Incidents of non-compliance concerning product and service information and labeling	-	ENPP data: No incidents of non-compliance with the requirements of the Technical Regulations of the Customs Union TR TS 022/2011 "On the Labelling of Food Products" and TR TS 033/2013 "Safety of Milk and Dairy Products" in Part XII were identified.
417-3	Incidents of non-compliance concerning marketing communications	-	ENPP data: No incidents of non-compliance were identified.
<b>418: Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	There were no complaints concerning breaches of customer privacy and losses of customer data. In the milk production business area, customer data are usually collected in connection with loyalty cards or sweepstakes. Regulations on the keeping of these computer databases are in place and are monitored by an IT Security Officer.
<b>419: Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	P. 73	





## About this report

### Ekosem-Agrar Sustainability Report

The present report is the first Sustainability Report of Ekosem-Agrar AG. It relates to the financial year 2020 (1 January 2020 to 31 December 2020) and also includes selected information from the first months of the financial year 2021. As the collection of key performance indicators did not start before 2020, historical comparative figures are not yet available in some cases. The editorial deadline for the Sustainability Report 2020 was 29 June 2021.

Going forward, the company intends to publish an annual Sustainability Report. The next report for financial year 2021 is scheduled for publication in the second quarter of 2022.

Unless otherwise stated, the information and performance indicators provided in this report relate to the Ekosem-Agrar Group. New subsidiaries acquired in the respective financial year are included in sustainability reporting from the date of initial consolidation in the consolidated financial statements.

English and Russian translations of the Sustainability Report are also available. In case of deviations, the German version is relevant.

### Rounding note

Where rounded amounts and percentages are used, minor deviations may occur due to commercial rounding.

### Report audit

The present Sustainability Report has not been audited. Going forward, the Management Board and the Supervisory Board of Ekosem-Agrar AG will decide on the need for an external audit on an annual basis.

**Publisher****Ekosem-Agrar AG**

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Ekosem-Agrar Group

**Forward-looking statements**

The present Sustainability Report contains certain forward-looking statements relating to the future development of the Ekosem-Agrar Group and its companies as well as to economic and political developments. These statements represent estimates that we made based on all information available to us at the time the report was prepared. If the underlying assumptions do not materialize or if further risks occur, the actual results, developments and performance of the Group may differ from the estimates presented. Even if the actual results of Ekosem-Agrar AG, including its financial position and profitability as well as the economic and regulatory framework conditions, coincide with the forward-looking statements in this Sustainability Report, no guarantee can be given that this will also be the case in the future. Ekosem-Agrar AG therefore assumes no liability for the forward-looking statements made in this report.

**Your feedback**

We want to continuously improve and develop our sustainability efforts and therefore welcome any feedback you may have on our Sustainability Report. Please send your feedback to the e-mail address provided above.

**Further reporting**

For further information on Ekosem-Agrar AG and its sustainability efforts, visit the company's website at <https://www.ekosem-agrar.de/en/sustainability/>.



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