



ASTARTA Holding N.V.

# Sustainability report 2019





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## SOCIAL AND INCLUSION

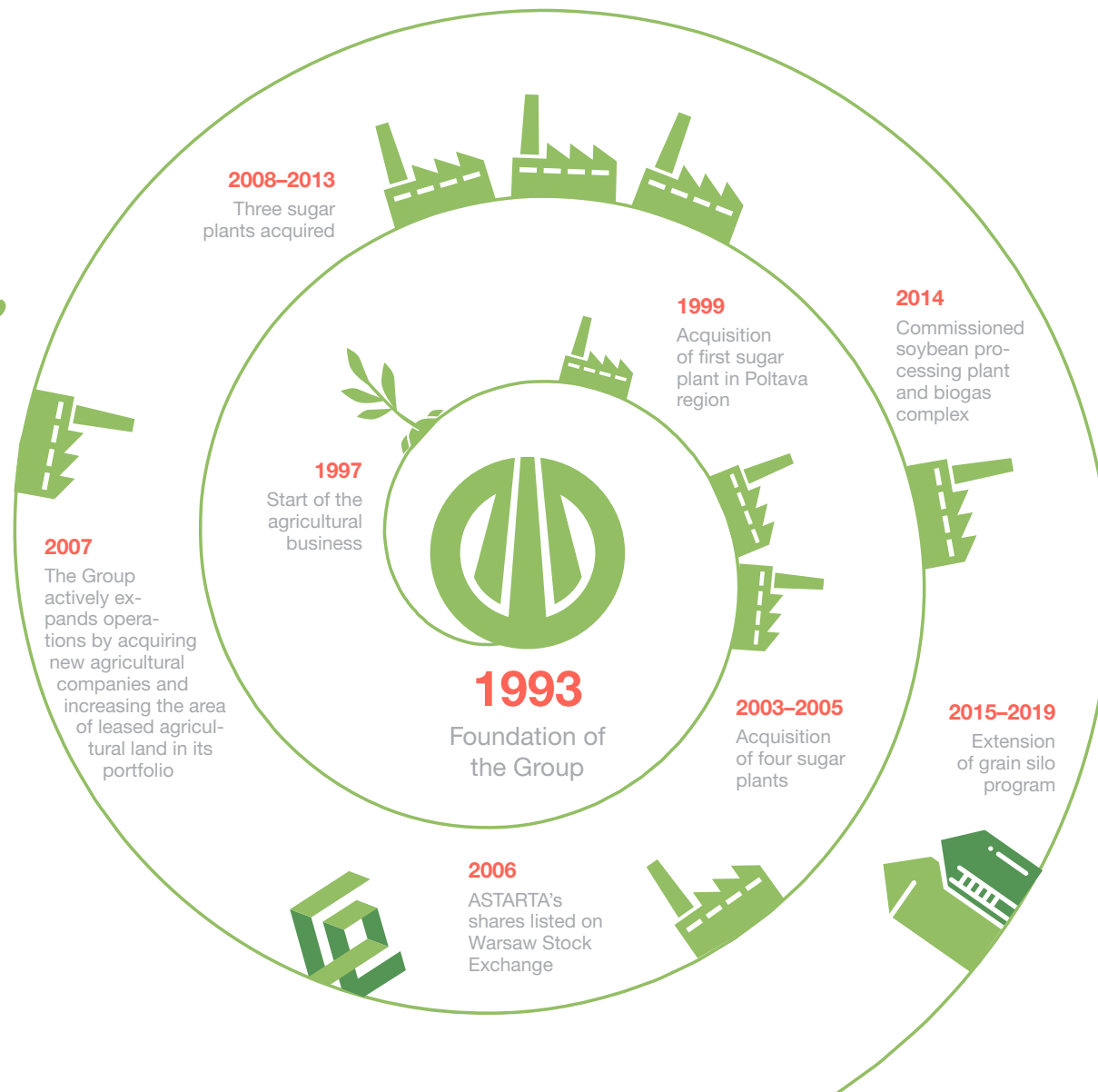
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# History of the Group

ASTARTA is one of the largest vertically-integrated agro-industrial holdings in Ukraine. Since its foundation in 1993 the Company made significant progress in developing its key business segments as well as started new businesses. Today ASTARTA's main activities include grain and oilseeds production, sugar production from sugar beet, soybean crushing, milk production, as well as grain and oilseeds storage and handling services.



# Company's Mission and Values



To carry out our Mission with full commitment to the values of building and maintaining an impeccable business reputation, social responsibility, respect for human dignity, and a synergistic partnership with a focus on results.

Our mission is to build a strong Ukraine and strengthen its credibility in the world, unlocking and multiplying the potential of Ukrainian lands and its people, leading and inspiring society by our example of business conduct, based on the principles of fair partnership, ethics, and development.



To develop values of entrepreneurship, personal efficiency, and a pursuit of the impossible to achieve the maximum.



To get away from conformism and a fear of change, including a wasteful attitude regarding Company's resources, and the prevalence of personal interests over those of the team.



# CEO Statement

Dear Stakeholders,

I am delighted to present you first stand-alone sustainability report under GRI and UN frameworks. ASTARTA has been a socially responsible business since the moment of its foundation when it was not even mainstream and today we want to remain in the forefront of the sustainable business activities as the success of our work largely depends on the development of our cooperation with all stakeholders.

Compliance with sustainable principles guarantees competitive advantage of the business facilitating access to information and new markets. This approach to business is beneficial to society overall, as it provides responses to many social issues and challenges.

2019 year was a year of change in both Ukraine and the Company. Some of them do not depend on us, but they do affect our work, such as changes in world food prices or climate changes. Other changes were initiated by us, including introduction of digital solutions in order to become more resilient,

efficient, accurate and technological. Despite uncertainties and instabilities, our mission and values remain the same - we are building a high-tech innovative company in Ukraine with a globally identifiable brand and impeccable reputation, attractive for shareholders and partners, creating products of the highest quality for the most demanding consumers, and providing an opportunity for self-realization for each of the Company's employees.

Prolonged downturn in the sugar market, unstable performance of the grain and oilseeds markets lead to lower margins in key business segments in the last two years. However, we are confident that the industry fundamentals remain solid and our efficiency and optimization measures will support development of our business in a sustainable way. I am convinced that, as in the previous 27 years, in 2020 we will make every effort to make our Company successful and beneficial for all our stakeholders.

*Viktor Ivanchyk,  
Founder and CEO*



# Chairman Statement

Since its foundation ASTARTA has demonstrated best-in-class efficiency standards in its farming and processing operations and is open to share this success with its business partners.

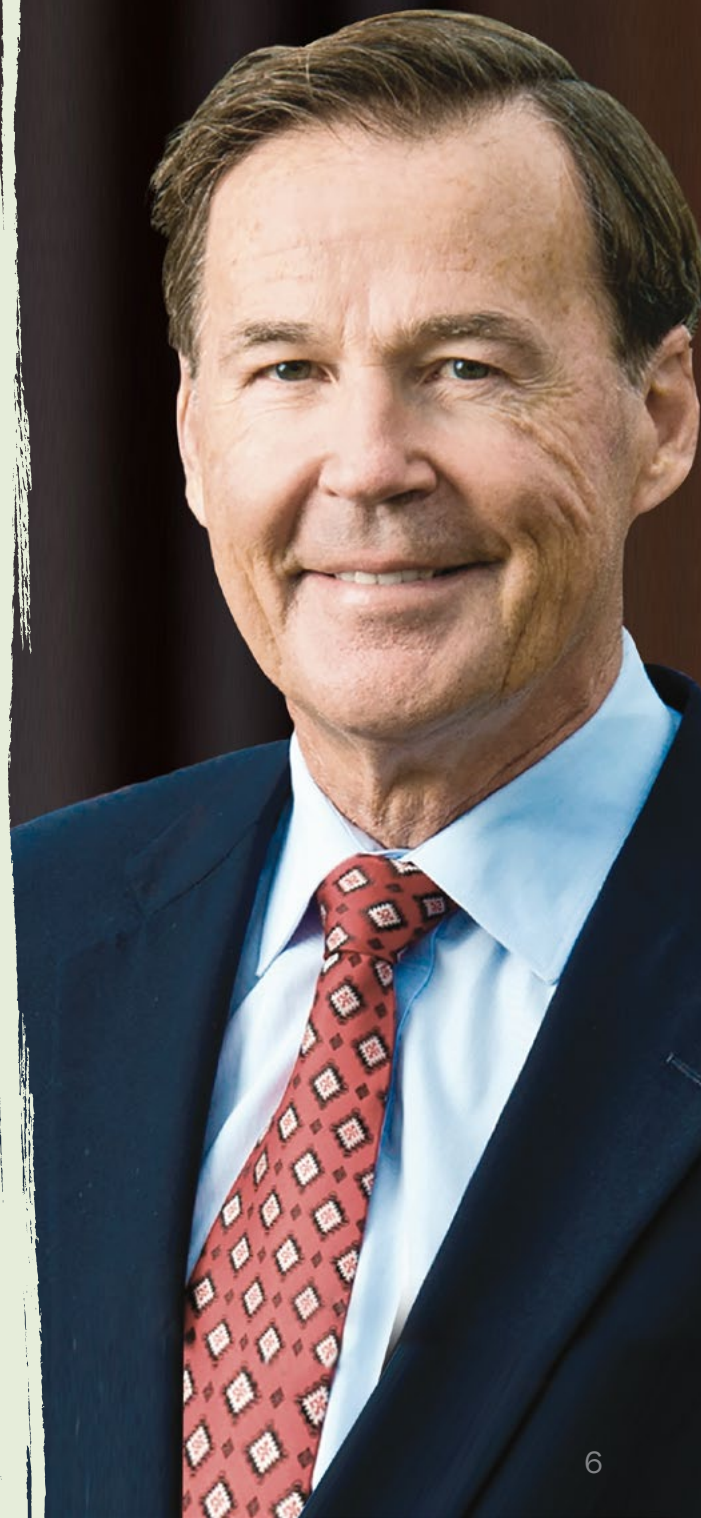
## Quality

During its 25+ years history ASTARTA gained a unique expertise in its key products. Higher quality commands premium pricing and, year-on-year the Company has been increasing volumes of production of extra class sugar, extra class milk, non-GMO soybeans, high-oil sunflower seeds. As the next step, ASTARTA is launching a pilot project on growing organic crops in the Poltava region.

## Implementation of new technology

Managing one of biggest agricultural businesses in Ukraine and Europe, ASTARTA strives to reach high operational efficiency capitalizing on its scale and through application

of the latest technologies – from modern machinery and agri inputs to latest IT solutions. In 2019 the Company launched AgriChain as a proprietary integrated multi-module IT solution for agribusiness management. The core of AgriChain is a WEB-portal, consisting of eight modules, two of which have been successfully launched and tested. AgriChain Land is the farm land management module covering land mapping, lease agreements, leaseholders' and payments database and other essential data concerning farm land relations between the Company and the land owners. AgriChain Farm is the field operations management system which visualizes and enhances planning, execution and reporting on field operations as well as streamlining communication between all agricultural production subsidiaries. The next module in making, AgriChain Scout, aims to enhance harvest predictability by integrating crop monitoring, agrochemical field passports, meteorological data and plant vegetation status (NDVI), among others.





# Chairman Statement

## Logistics

Last year ASTARTA finalized its five-year project of building 550kt of grain and oilseeds storage & handling capacities and all its new 2019 harvest is now kept in-house. Moreover, there is an ample room to offer high-quality services to third party agricultural producers which are numerous in the regions of ASTARTA's operations. With the Ukrainian rail transportation infrastructure being one of the botte-necks for the industry, the Company also invested in acquiring 200 grain hoppers for internal needs.

## Business partnerships

The Company promotes cooperation with smaller local farmers by sharing agricultural know-how, including them into joint procurement initiatives on agricultural inputs (seeds, fertilisers, fuel, crop protection

supplies), offering crop storage services and off-taking their agricultural produce for further processing at sugar mills or the soybean crushing plant. The cooperation is mutually beneficial for both sides as it offers independent farmers significant cost savings, otherwise unavailable to smaller scale producers, while maximizing usage of ASTARTA's storage, handling and processing facilities, therefore creating value-added opportunities for both sides (farmer and processor).

## ESG

ASTARTA is recognized as a front-runner on recognising and tackling ESG issues faced by the agricultural industry in Ukraine. The Company joined the Global Compact initiative by the UN, publishes a GRI report on an annual basis and provides regular updates on relevant ESG topics to our multinational lenders. Most

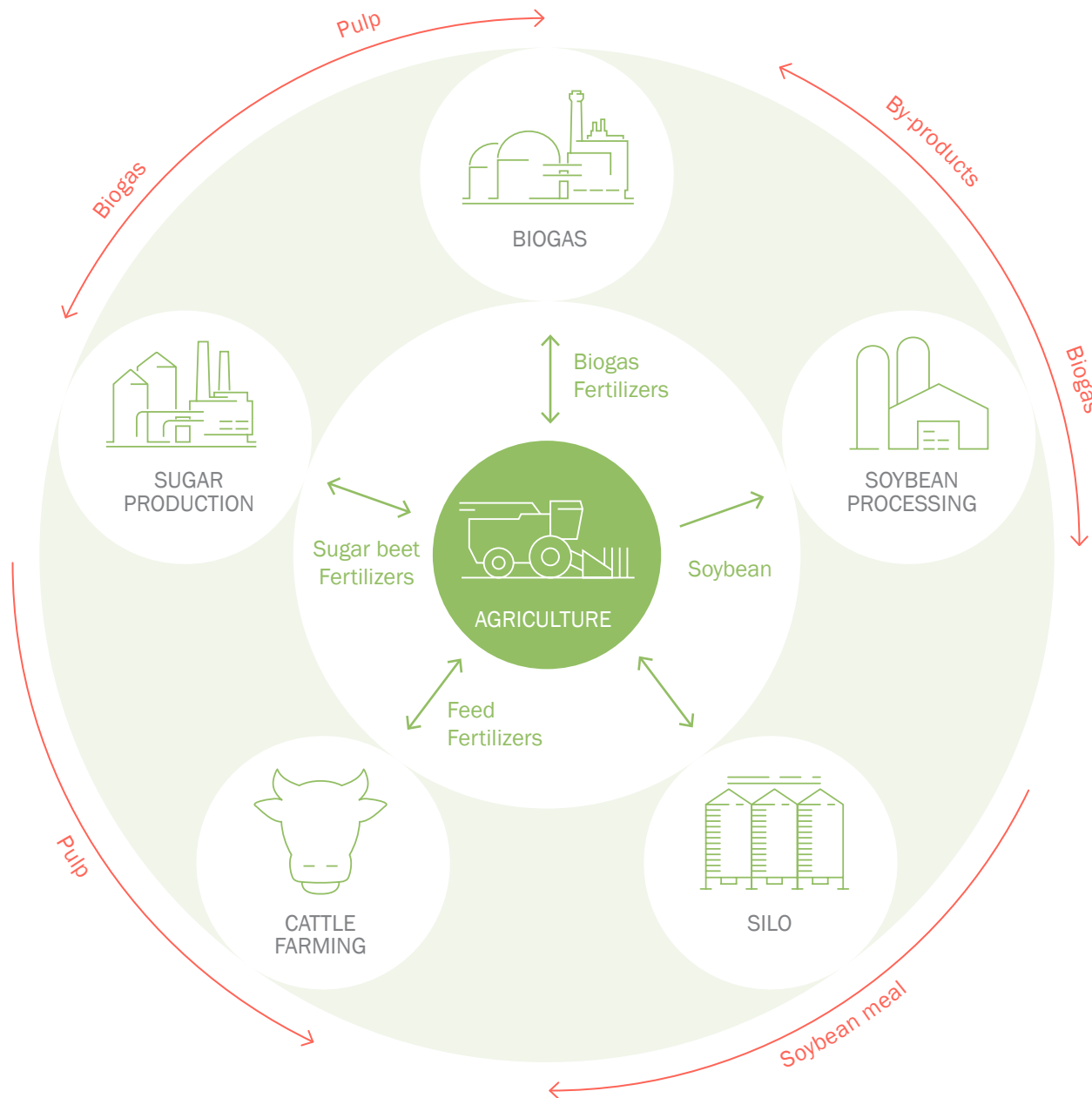
recently, ASTARTA escalated its ESG policies to the Board of Directors level by forming a committee overseeing management efforts in this field.

*Howard A. Dahl,  
Chairman of the Board*

# Essential information

## Business Model

The Company has a business model which integrates key segments on the basis of common industry expertise, operational capability and market intelligence. Each business segment represents a consumer and supplier of materials or services from/to another business segment aimed at securing the required level of self-sufficiency. This business model places ASTARTA among the top grain and oilseeds producers in the country, the largest sugar mills in Ukraine, the leading supplier of milk and soybean products, grain and oilseeds storage and handling services provider as well as biogas producer.





# Value Chain

## CROP GROWING

### PRIMARY AGRICULTURE

- Among Ukraine's Top 5 agriproducers by land bank and production
- Over 230k ha of leased land in 8 regions
- 1.0m t of grain and oilseeds output in 2019 (key crops – corn, winter wheat, sunflower, soybeans)
- 1.7m t of sugar beet crop in 2019
- 2019 Revenue – EUR206m



## STORAGE, HANDLING AND LOGISTICS

### STORAGE & HANDLING

- 7 grain and oilseeds silos with storage capacity – 550kt
- Self sufficiency for 1.0mt of in-house grain & oilseeds storage
- Partnerships with 100+ farmers

### TRANSPORT LOGISTICS

- 200 grain rail cars



## PROCESSING

### SUGAR

- 20%–35% share of the local sugar market by consumption
- Sugar plants producing 300–500kt of sugar in 2016–2019
- Bioenergy plant
- 2019 Revenue – EUR117m
- Partnerships with 100+ farmers

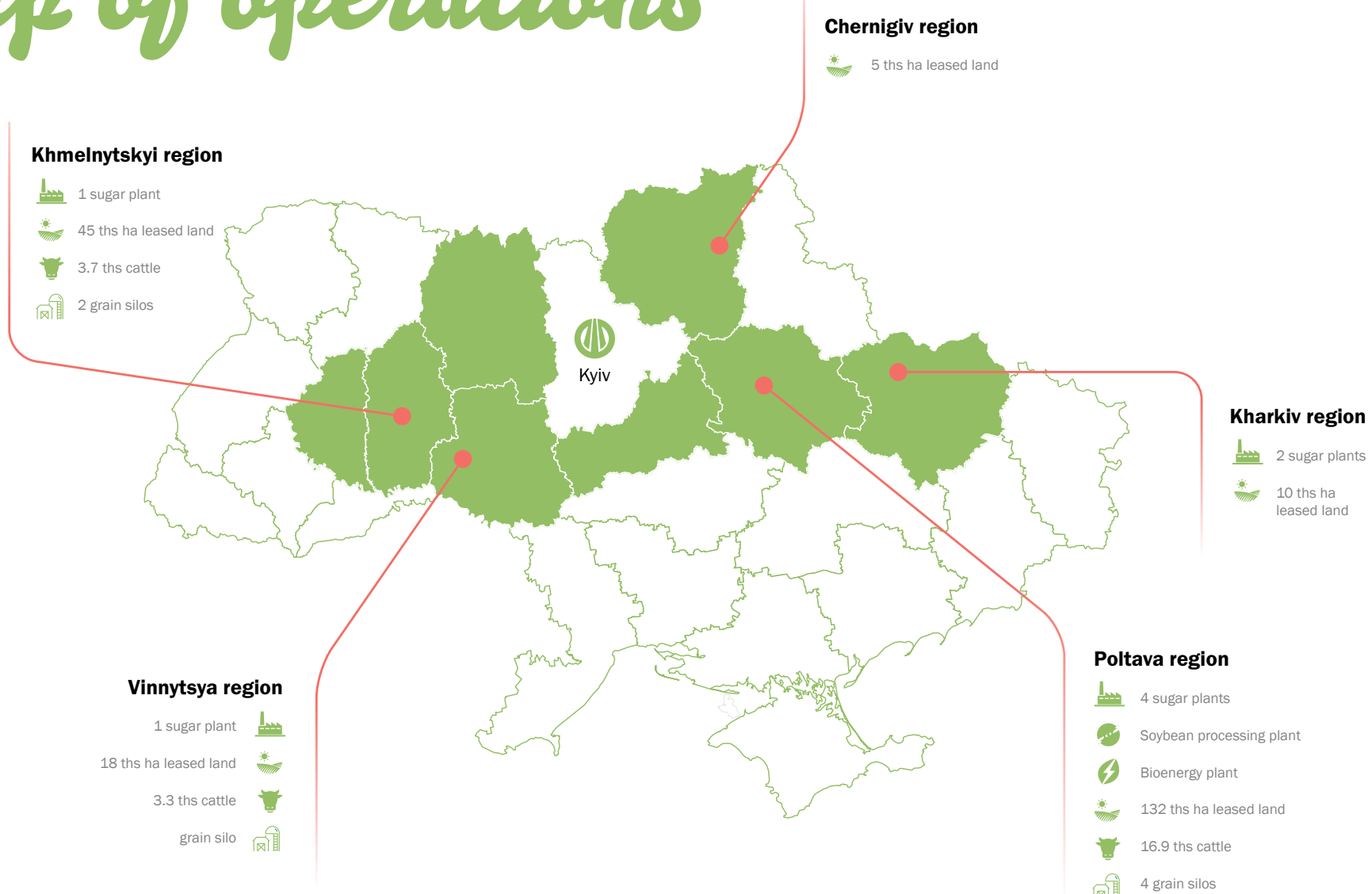
### SOYBEANS

- 14% of local soybean processing volumes
- Soybean with crushing capacity – 230kt pa
- 159kt of soybean meal and 44kt of soybean oil output in 2019
- 2019 Revenue – EUR83m
- Partnerships with 300+ farmers

### DAIRY

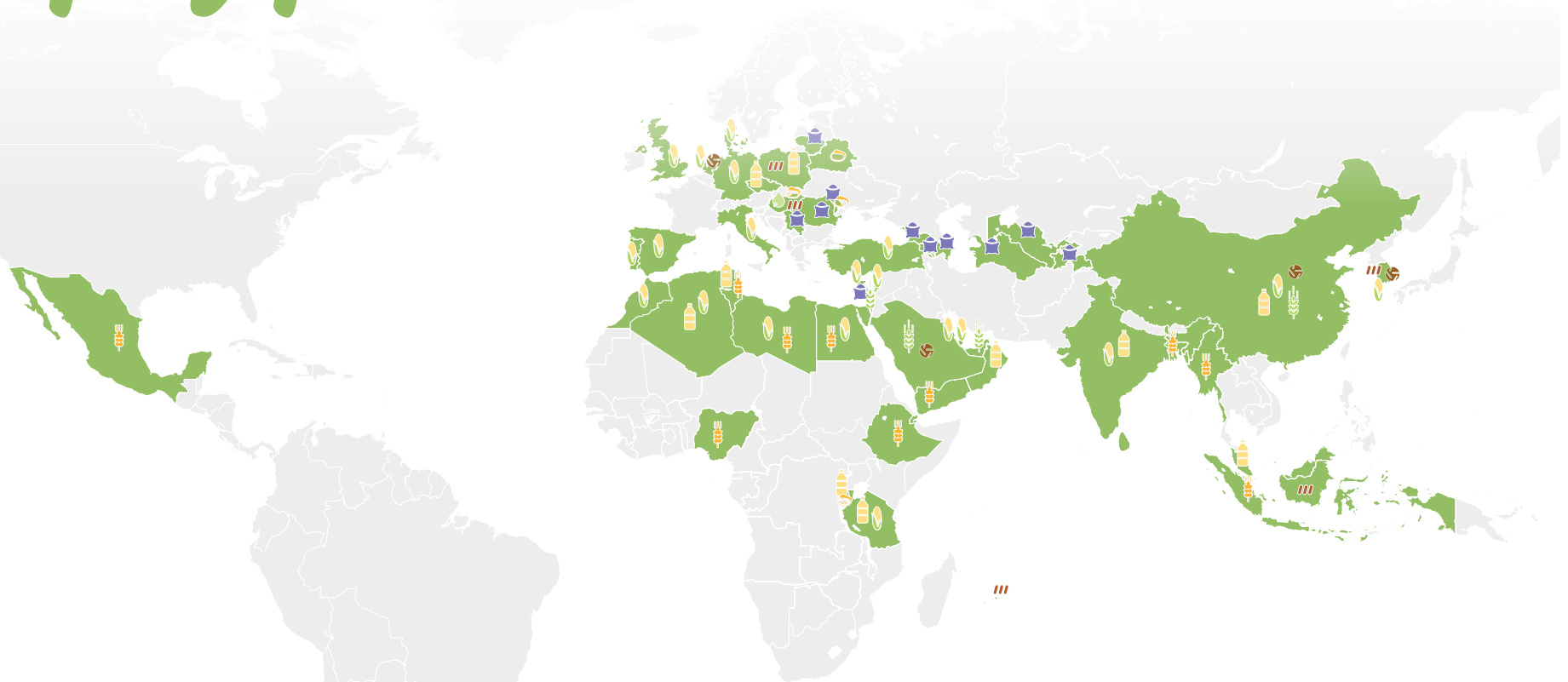
- One of the largest industrial milk producers with 24k cows
- 96kt of milk production in 2019
- 2019 Revenue – EUR35m











# Map of operations





# Map of products



- |  |  |  |   |
|--|--|--|---|
|  Barley |  Soybean meal |  Sugar    |  Corn            |
|  Rye    |  Soybean husk |  Molasses |  Pulp granulated |
|  Wheat  |  Soybean oil  |  |   |

# Engagement with Stakeholders



In previous years ASTARTA disclosed non-financial information under GRI standards as a part of the Annual Report. This year the Company issues a stand-alone Sustainability Report to address ESG topics in greater detail for all stakeholders of the business.

ASTARTA is developing ESG accountability to align with reporting frameworks of GRI and UN. This report has been prepared in accordance with GRI Standards: Core Option. Several disclosures yet to cover all requirements of the appropriate GRI standards. The Company is making its best efforts to meet all requirements in the next reports. ASTARTA reaffirms its commitment to transparency and accountability in its daily activities and makes efforts to achieve sustainable governance in its reporting. ASTARTA supports UN Sustainable Development in line with its sustainability targets and business performance. In this report each material topic is matched with the Sustainable Development Goals and specific ESG achievements.

This report is to be read in conjunction with the Annual Report of the Company via the [link](#).

With the aim to improve stakeholder engagement in 2019, the Company has updated its Stakeholder Engagement Plan (the “SEP”) – a strategic document for planning a comprehensive and culturally appropriate approach to consultation and disclosure. The purpose of ASTARTA’s SEP is to provide a framework consultation and participation strategy which:

- Define the applicable legal requirements concerning disclosure and consultation.
- Identify stakeholder groups that could be affected or may have an interest in the Company’s services.
- Ensure that such stakeholders are appropriately engaged through a process of information disclosure and meaningful consultation on issues that could potentially affect them.

- Maintain a constructive relationship with stakeholders on an ongoing basis through meaningful engagement during implementation of the SEP.
- Provide a grievance mechanism to allow service users and other stakeholders to register complaints, queries or comments that are addressed in a timely manner by ASTARTA.
- Plan for stakeholder engagement which is free of manipulation, interference, coercions, and intimidation and is conducted on the basis of timely, relevant, understandable and accessible information in a culturally appropriate format.



# Organizational and content related reporting boundaries

The tables (graphs) presented in this report include data for the last three years, in other cases, the information relates to the fiscal year ending 31 December 2019. The sustainability information presented in this report is applied to the ASTARTA Holding N.V

with its subsidiaries and associates. ASTARTA evaluated the importance and applicability of key sustainability issues to its business and focused on those aspects that are material to the organization and its key stakeholders, namely, issues that could result in significant

economic, social, or environmental impact, or those that significantly concern stakeholders' perceptions and decisions. Lower priority issues are subject to monitoring and review.



# Identifying and selecting Stakeholders

ASTARTA is aware that sustainable development of the Company is impossible without building reliable and transparent relationship with stakeholders based on integrity, honesty and fairness. The Company defines the following group of stakeholders based on the business model of ASTARTA: shareholders and investors, employees, creditors, consumers, local communities, suppliers, media, local farmers, authorities, land owners and clients. The Company engages with all of stakeholders and consider all of them to be essential part of the business.

During the year, executives of the respective departments of the Company submit communication plans of engagement with external stakeholders depending on the subject in focus. As a result, the Company regularly receives up to date information on topics of stakeholder's interest. Management team reviews and analyses the obtained information based on materiality criteria and then the most important topics are integrated into a materiality matrix.

## Identified Groups of Stakeholders



# Approach to Stakeholder engagement

ASTARTA engages with a variety of stakeholders through a wide range of methods presented below:



## Shareholders/Investors

The Company is committed to maintain an open dialogue with shareholders and investors and have an engagement with them throughout the year. Feedback from the investment community is reported to Directors regularly to ensure they understand the views expressed by major investors.

**Engagement form:** Annual and periodical reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.



## Employees

Every employee of the Company plays a significant role in its success. Wide range of internal channels of communication is used to keep an open dialogue with this group of stakeholders.

**Engagement form:** Meetings, thematic seminars, corporate events, corporate publications, questionnaires, collective agreements, corporate ethics code, training sessions, consultations, Company's "hotline", social networks, official correspondence.



## Creditors

The Company commits to maintain ongoing relations with creditors aiming at providing transparency on Company's performance to secure stable long-term business relationships with international development financial institutions (including IFC, EBRD, EIB) and local banks with whom we have an impeccable credit history.

**Engagement form:** Annual and periodical reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.



# Approach to Stakeholder engagement



## Consumers/Clients

The Company serves a wide range of customers locally and globally to meet their demand maintaining stable relationships with them at all levels of organization.

**Engagement form:** Corporate website, questionnaires, presentations, annual and periodical reports, consultations, negotiations, interviews, corporate website, social networks, Company's "hotline", official correspondence.



## Local Communities/Land Owners

ASTARTA has a remarkable history of community involvement because of open and transparent communication with local communities and owners of land is one of the priorities of the Company's development.

**Engagement form:** Conferences, round tables, social and charitable programs, publications in media, printed materials (posters, booklets), corporate website, regular meetings with local community.



## Suppliers

ASTARTA builds relationships with the suppliers to better understand the markets where is sources. The procurement team engages with the suppliers on a regular basis.

**Engagement form:** Corporate website, questionnaires, presentations, annual and periodical reports, consultations, negotiations, interviews, corporate website, social networks, Company's "hotline", official correspondence.

# Approach to Stakeholder engagement



## Media

ASTARTA engages in a continual dialogue with media in a number of ways from face-to-face interactions to the social media application and are committed to maintain an open dialogue them.

**Engagement form:** Annual and periodical reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.



## Authorities

ASTARTA interacts with a wide range of authorities both on a national level and a regional level as they have an impact on how the Company does business. It is also a member of major associations in the key markets.

**Engagement form:** Consultations and meetings, seminars, official correspondence, joint projects on local infrastructure development, official correspondence.



## Local farmers

Agricultural segment is one of the significant part of the Company's business. ASTARTA promotes cooperation with farmers to maximize usage of its storage, handling and processing facilities and creating more value added opportunities for both sides (farmer and processor).

**Engagement form:** Conferences, round tables, social and charitable programs, publications in media, printed materials (posters, booklets), corporate website, regular meetings with local.

GRI 102-44, 102-47

# Key topics and concerns raised



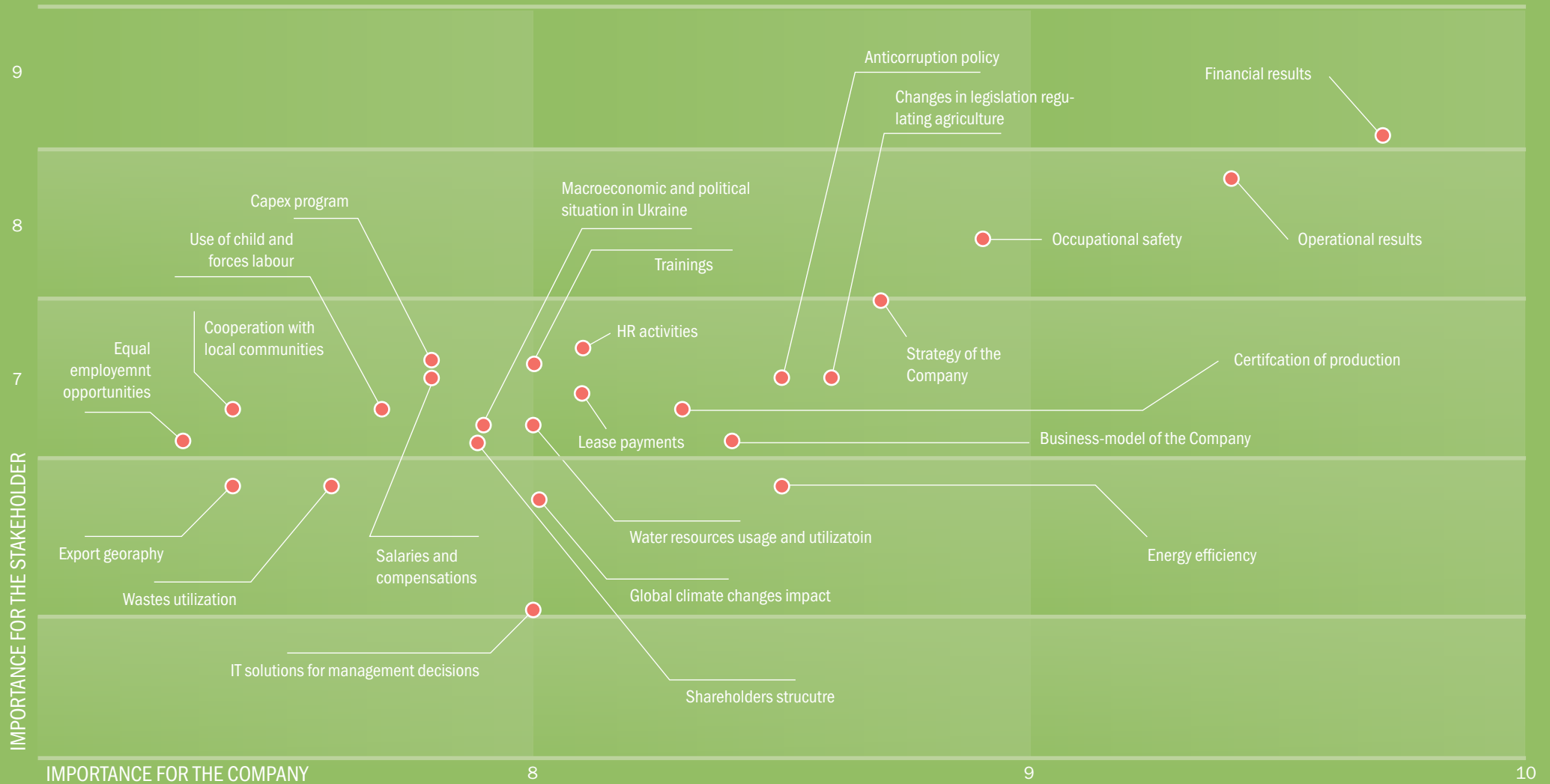
Based on effective stakeholder engagement ASTARTA evaluates key topics which can have a material impact on the Company and are of significant interest to the stakeholders. Throughout the year in-depth interviews were conducted with key executives from each business segments with the respective group of stakeholders to compile a list of material topics. Management board anonymously conducts ranking of these topics on a scale of 1-10, where 10 was scored as the most important issue, and 0 – a question of minimal importance. Based on ranking, the materiality matrix was prepared, pointing out the aspects that ASTARTA and its stakeholders consider to be material for the business activity of the Company.

The data received enables definition of the content of the report presented herein: financial results and operational results, occupational safety, changes in legislation regulating agriculture (the farmland reform), anticorruption policy, business model, certification, strategy, HR activities, land lease relations, IT solutions for management decision, risks, climate change, wastes, cooperation with local communities energy, shareholders structure structure, macroeconomic and political situation in Ukraine.





# Matrix of material topics





# ASTARTA's contribution to the UN sustainable goals

For over 10 years ASTARTA has been a participant of the UN Global Compact initiative. An integral part of the business is to uphold 10 principles of the UN Global Compact on Human Rights, Labor Relations, the Environment and the fight against corruption. ASTARTA shares the UN's 2030 Agenda for Sustainable Development with 16 goals. The process of

integrating sustainable development goals into different areas of the Company's activity is ongoing. The Company is expanding its responsibility for sustainable development and trying to make a greater positive contribution to achieving the goals.

Having reviewed the production processes across all business segments and community support programs, the Company outlines its progress toward achieving sustainable development goals for the reporting period.

**1** NO POVERTY



## POVERTY ERADICATION

ASTARTA is a large taxpayer in Ukraine, especially in rural areas where, as a rule, taxes paid by the Company are the only source of replenishment of local budgets. For 2019, ASTARTA paid EUR 61m of taxes of all types, including taxes paid to local budgets of EUR 32m.

Majority of employees of the Company are the local residents of rural communities. ASTARTA pays its employees decent wages and provide social guarantees that support people and their families. It also supports low-income families and poor people in local communities. In 2019, 552 people received grants to address difficult life circumstances and obtain the necessary food, medicines and medical treatment.



## **ZERO HUNGER, SUSTAINABLE FOOD SAFETY, IMPROVEMENT OF SUPPLY AND PROMOTION OF SUSTAINABLE AGRICULTURAL DEVELOPMENT**

As an agricultural company, ASTARTA contributes to UN sustainable goal #2. The Company introduced new digital solutions, in particular through the subsidiary AgriChain, which is a proprietary integrated multi-module IT solution for agribusiness management. The core of AgriChain is a WEB-portal, consisting of eight modules. AgriChain products are not only used by the Company itself, they are also available for other agro-producers of Ukraine.

By increasing the production productivity, ASTARTA strives to maintain a balance in the agricultural production and its impact on environment. As an example, a new business direction – organic farming. Meeting the demand of the customers for organic produce, the Company has successfully passed the last out of three annual inspections under the Ukrainian Organic Standards. Consequently, the Company expects to obtain the status of a certified producer of organic crops for one of its farms and start pilot exports of organic produce in 2020.

ASTARTA also supports sugar beet growing farmers cooperating with the Company. It provides them with the consultations on cultivation technologies, supply with seeds and fertilizers.

ASTARTA also provides food for children from low-income families in rural communities, in 2019 – 3414 people received support from the Company.





### ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

Occupational health, safety and comfort are essential components of Company's social policy. Employees of the Company receive certain social support packages, in accordance with the legislation of Ukraine and corporate programs, including assistance for treatment.

Workers are also supported within the programs of rehabilitation for children in summer recreation camps, in particular 84 children received support, 146 employees were rehabilitated in preventive health centers in 2019.

ASTARTA also contributes to ensuring a healthy lifestyle in the local communities where it operates. During 2019:

- 20 paramedic and obstetric stations were repaired and equipped;
- 80 teams and 345 participants received support during the preparation for various tournaments;
- 12 sports grounds were installed;
- 16 competitions were supported.



#### **ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL**

Training and development of personnel is a key element of corporate policy of the Company. In 2019, 4489 employees were trained. Total expenses for training of employees of the Company in 2019 amounted EUR 17k.

Education for young people and rural residents remains a constant priority of social partnership programs. In 2019:

- 83 schools and 27 kindergartens were repaired and equipped in the regions of the Company's presence;
- 3 533 children participated in educational projects, including "IT education in rural areas", "Human pedagogy", "The rise", "RID: Develop, integrate, act";
- 203 teachers in the rural areas improved their skills on trainings and seminars, supported by ASTARTA.



### **ACHIEVE GENDER EQUALITY**

ASTARTA strives to promote diversity and generate new and equal opportunities. The Company provides appropriate conditions for equal opportunities for development for both men and women. The Company employed 2012 women, being 37% of the total number of employees as of the year end 31 December 2019.



### **ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL**

The Company has appropriate production standards to ensure the sustainable and careful consumption of water resources: closed cycles of water supply with recycling systems, appropriate modernization of equipment.

In 2019, 19 water pipelines and wells have been installed in rural areas in cooperation with local communities.





**7 AFFORDABLE AND CLEAN ENERGY**



**ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL**

The production subsidiaries of the Company are running their daily activities based on adopted energy efficiency programs. 4 plants of the Company have already received international certificates for energy management.

Along with traditional lines of business ASTARTA develops bioenergy segment as a source of renewable energy. Globyno bioenergy complex produces biogas from wastes of sugar production. In 2019 the Company produced 7.6 mm<sup>3</sup> of biogas (7.8 mm<sup>3</sup> in 2018).

**8 DECENT WORK AND ECONOMIC GROWTH**



**PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL**

ASTARTA is committed to maintain relationships with its employees with integrity and transparency. The Company cares about the well-being of the employees, create favorable working conditions, provide social guarantees and pay decent wages.

More information is provided in the relevant section of this report.



**9** INDUSTRY,  
INNOVATION,  
AND INFRA-  
STRUCTURE



**BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION**

The Company uses modern and innovative tools in its business activities. In particular, AgriChain, a subsidiary of the Company, is developing a unified information system for agribusiness management.

In 2019 ASTARTA finalized the EUR61m 5-year investment project of construction of 550kt silo storage facilities. In 2019 ASTARTA purchased 200 grain hoppers to ensure smooth and efficient flow of grains from the Company's inland silos to ports. The acquisition was aimed at hedging against rising lease rates for railcars amid tight grain trading margins.

The Company supports the infrastructure projects in the regions of its presence. In 2019, 64 km of roads within villages were repaired, 41.7 km of public roads were repaired, 27 streets were lit, 8 public buildings were renovated.

**10** REDUCED  
INEQUALITIES



**REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES**

ASTARTA is guided by a policy that provides equal access and broad opportunities for development to each of the employees, regardless of gender, age, religious, national characteristics, etc. The Company applies a single system of remuneration that does not depend on the region. The enterprises also employ people with disabilities who have equal opportunities and decent working conditions.



**11** SUSTAINABLE  
CITIES AND  
COMMUNITIES



**MAKE CITIES INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE**

Through social partnership programs, ASTARTA supports the development of cities and communities where it runs the business. In 2019, the Company directed UAH 33.4 million to relevant programs.

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUC-  
TION



**ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

One of the priorities of the Company is the rational consumption of natural resources. In 2019 ASTARTA introduced in-house system for the improvement of operational efficiency based on LEAN philosophy.





**13** CLIMATE ACTION



**TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS**

By implementing energy-efficient technologies, the Company aims to reduce atmospheric emissions. ASTARTA is contributing to the fight against climate changes. Please see the relevant sections of the report for more details.

**15** LIFE ON LAND



**LIFE ON LAND**

Adhering to the principles of sustainable development, ASTARTA cares about protecting natural ecosystems and biodiversity. As a part of the celebration of the Environment day in 2019 over 48 ha of land was cleaned, 3572 trees and 664 other green spaces were planted, 49 environmental campaigns, flash mobs, landscaping works were conducted with participation of over 3420 people.



**16** PEACE AND  
JUSTICE  
STRONG  
INSTITUTIONS



**PROMOTE JUST, PEACEFUL AND INCLUSIVE SOCIETIES**

Honesty, openness and accountability are indispensable elements of ASTARTA's corporate culture. The Company has a Code of Corporate Ethics, Anti-Corruption Policy. For the Company, the manifestations of corruption at any level are unacceptable. ASTARTA extends the same values to ASTARTA's supply chain. The mechanism for submitting proposals and complaints is open and accessible. See the relevant sections of the report for more details.

**17** PARTNERSHIPS  
FOR THE  
GOALS



**REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT**

ASTARTA continues cooperation for sustainable development issues with a number of difference organizations and associations, including the UN Global Compact. It develops partnerships in the field of sustainable development with 365 settlements of Ukraine, other businesses and government organizations. In 2019, 55 non-governmental organizations have been financially supported to implement joint social initiatives.



## ENVIRONMENTAL



**GRI 302-1**

Energy Consumption



**GRI 306-2**

Effluents and Wastes



**GRI 306-1**

Water Discharge



**GRI 103**

Certification



**GRI 103**

Responding to Climate Change & Carbon Footprint



**GRI 103**

Biodiversity



**GRI 103**

Animal welfare



## SOCIAL AND INCLUSION



**GRI 413-1**

Cooperation with local communities



**GRI 401-1. GRI 405-2**

Personnel



**GRI 103**

Training and Education



**GRI 103**

Human Rights Assessment



**GRI 403-2**

Occupational Safety



**GRI 103**

Responsible procurement



**GRI 103**

Other topics



## GOVERNANCE



**GRI 103**

Board management structure



**GRI 103**

Shareholders and share price performance



**GRI 103**

Whistleblowing



**GRI 103**

Anti-corruption



**GRI 103**

Contractor management



**GRI 103**

Risk and compliance committee. Risk factors



**GRI 103**

Key challenges and outlook



# Financial and operational performance in 2019

Revenue

**EUR 448m**

Export share

**56%**

EBITDA

**EUR 78m**

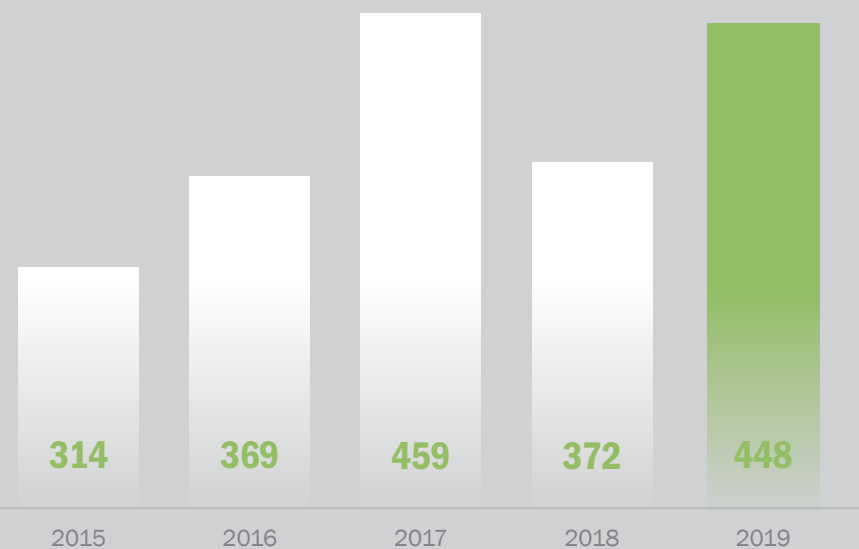
Capital expenditure

**EUR 24m**

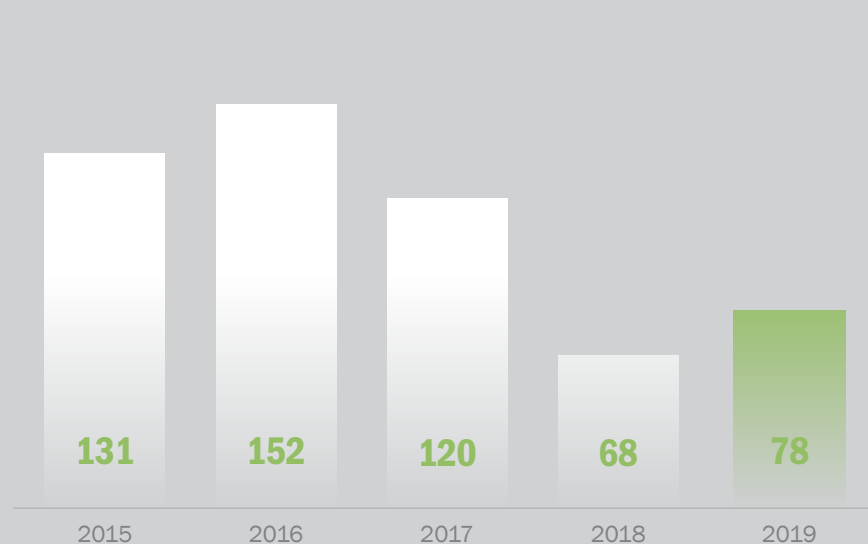


# Key financial results

REVENUES,  
EURm

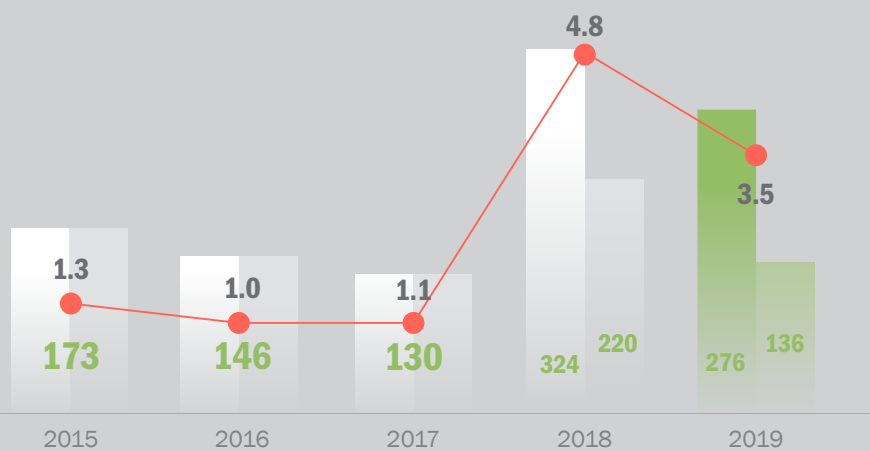


EBITDA,  
EURm



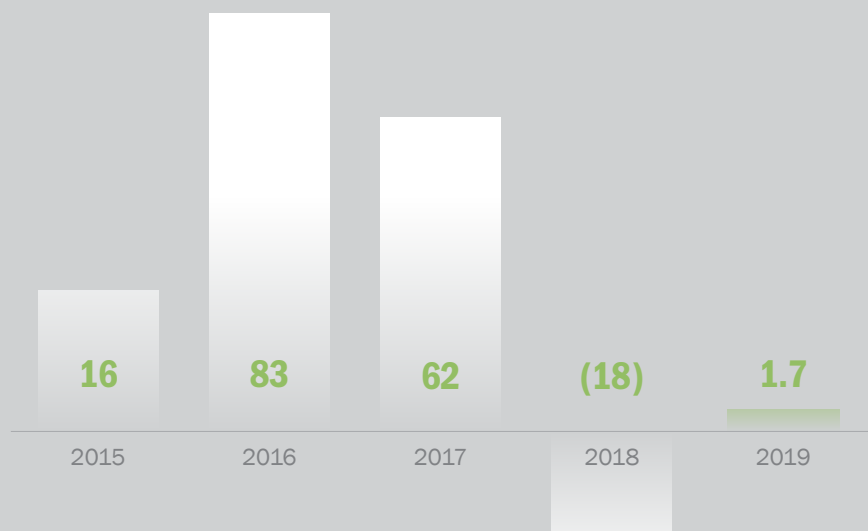
# Key financial results

NET DEBT, EURm,  
NET DEBT TO EBITDA, x



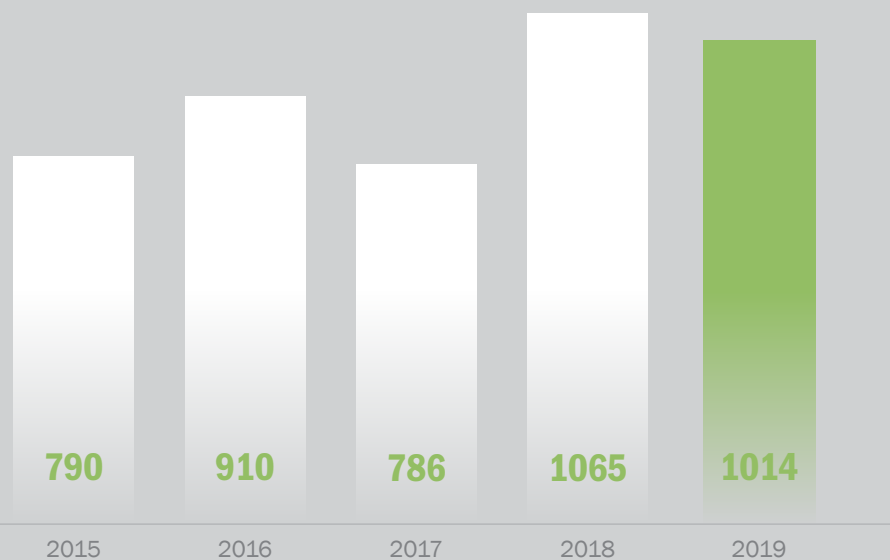
Net debt  
 Net debt, ex lease  
 Net debt/EBITDA

NET PROFIT,  
EURm

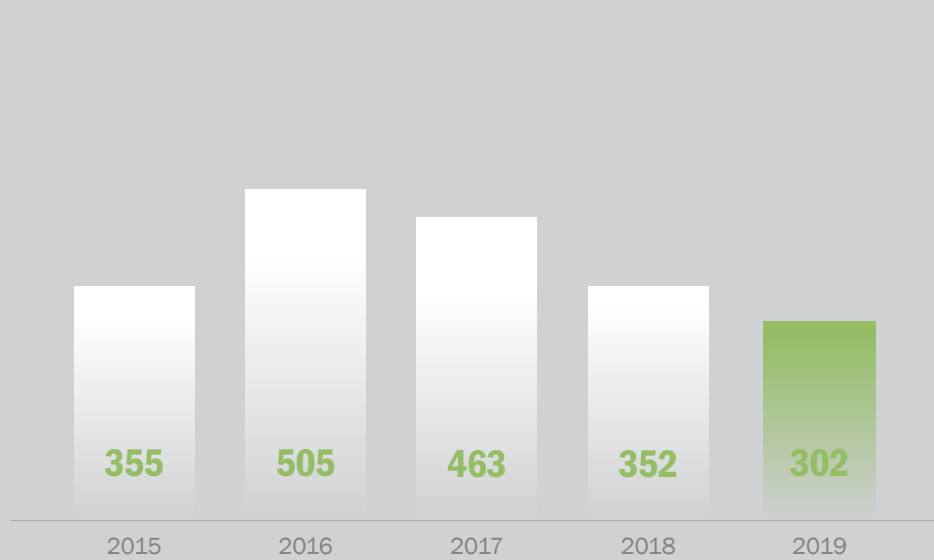


# Key operational results

**GRAIN AND OILSEEDS  
PRODUCTION, kt**

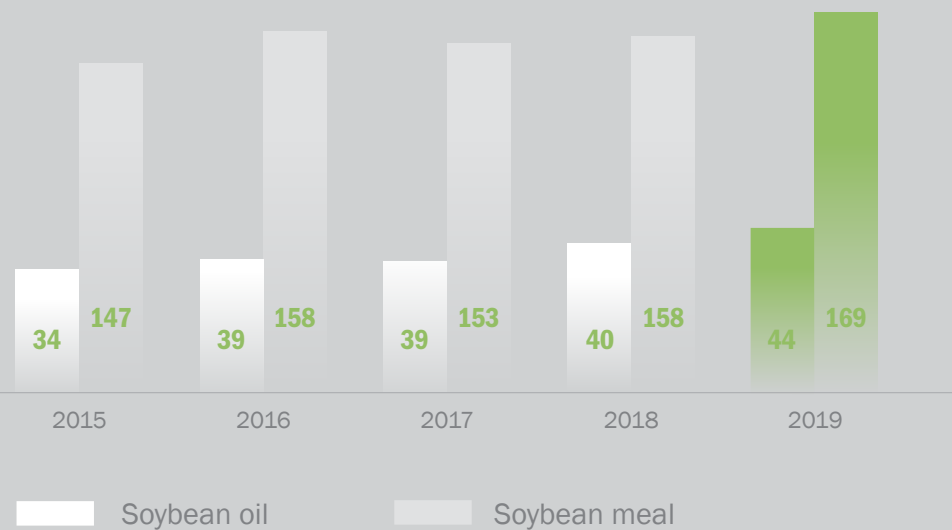


**SUGAR  
PRODUCTION, kt**

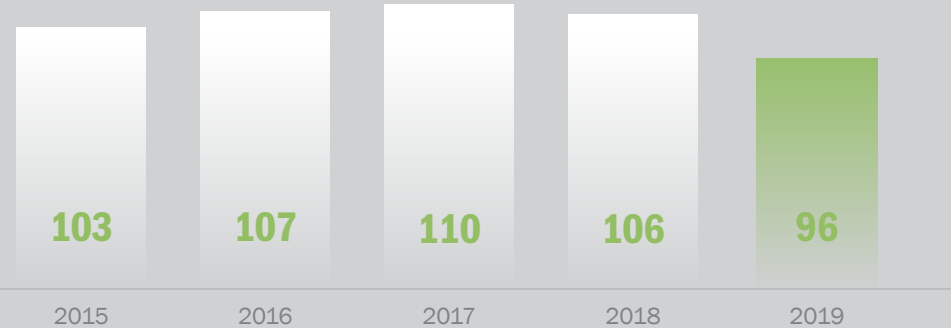


# Key operational results

**SOYBEAN OIL AND MEAL PRODUCTION, kt**



**MILK PRODUCTION, kt**





# Business performance



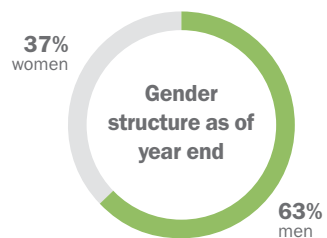
<i>EURm</i>	AGRICULTURE	SUGAR	SOYBEAN PROCESSING	DAIRY
<b>REVENUES</b>	<b>206</b> (+62%)	<b>117</b> (-2%)	<b>83</b> (+11%)	<b>35</b> (+18%)
<b>GROSS PROFIT</b>	<b>51</b> (-28%)	<b>9</b> (-41%)	<b>13</b> (+37%)	<b>16</b> (+450%)
<b>GROSS PROFIT MARGIN</b>	<b>25%</b>	<b>8%</b>	<b>16%</b>	<b>46%</b>
<b>EBIT</b>	<b>9</b> (-75%)	<b>(9)</b> (-1%)	<b>6</b> (+24%)	<b>14</b> (+306%)
<b>EBITDA</b>	<b>53</b> (-24%)	<b>2</b> (+904%)	<b>7</b> (+26%)	<b>16</b> (+536%)
<b>EBITDA MARGIN</b>	<b>26%</b>	<b>2%</b>	<b>9%</b>	<b>45%</b>
<b>CAPEX</b>	<b>21</b> (-37%)	<b>1</b> (-88%)	<b>0.5</b> (-60%)	<b>0.4</b> (-80%)

# How the Company made an impact in 2019

## Investing in people



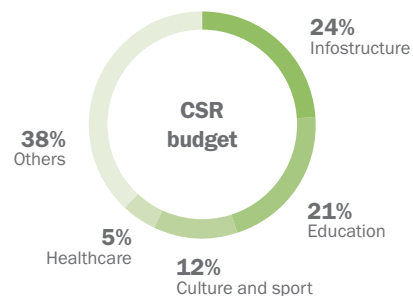
FIFR - 0.13  
LTIFR - 0.40



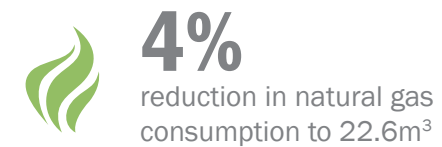
## Supporting society



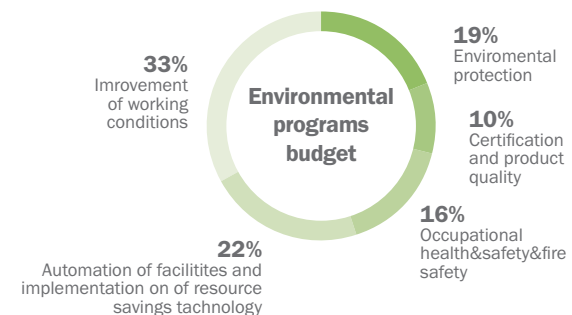
**EUR 1.2m**  
invested in CSR programs



## Supporting society



**EUR 1.7m**  
invested in environmental programs





# *Environmental*



# Managing environmental and social impacts



The development of agriculture has environmental and social impacts. In alignment with ASTARTA's policies, requirements of local legislation, and the commitment to international standards and best practices, the Company endeavours to minimise its negative impacts and to maximize local benefits in positive dialogue with stakeholders.

ASTARTA is committed to operate all the projects in line with the IFC's Performance Standards, EBRD Performance Requirements, and UN Global Compact Principles.

The project activities are conducted in accordance with local laws, corporate Company policies, and requirements defined by international standards including labor and working conditions, pollution prevention, community health and safety, land acquisition and involuntary resettlement, human rights,

biodiversity conservation, indigenous people, and cultural heritage.

In 2019, the Company has worked to strengthen the corporate Environmental and Social Management System (ESMS) by reviewing the processes and management plans in accordance with the IFC's Performance Standards. This work will continue in 2020. In all the projects, the Company follows a standardized process for identifying, mitigating, and monitoring its potential risks and impacts. This work forms part of the overall Environmental and Social Management System (ESMS).

- 1. ESIA:** Environmental and Social Impact Assessments: Assessments of potential environmental and social impacts from activities during the development, construction, and operations phases of a project
- 2. ESAP:** Environmental and Social Action Plans List of environmental and social actions/measures to reduce impacts identified during the initial assessments (ESIAs) with responsibilities and deadlines
- 3. MONITORING & REPORTING** Regular monitoring and reporting internally in project teams and externally to project and financing partners.





# Energy consumption

Processing of agricultural crops such as sugar beets and soybeans is an energy-intensive process, having direct impact on the environment. Management targets reduction of gas and electricity consumption as an important element of sustainability policies. In 2019, ASTARTA implemented several measures to reduce energy consumption in accordance with the “Energy-efficiency program (ISO 50001)”.

ASTARTA follows best available technic and technology approach (BAT) from 2012 for all production facilities, thus operational process is based on Annual programs BAT.

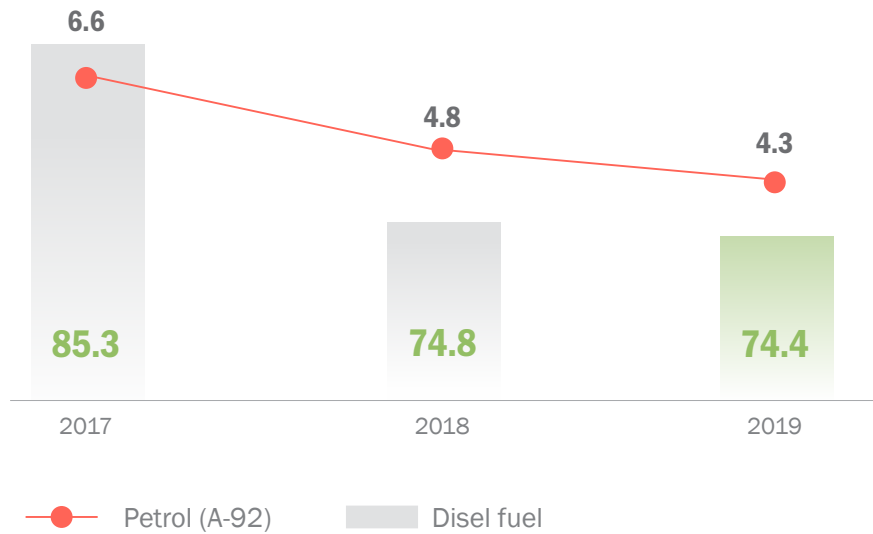
The Company reduced natural gas consumption by 4% y-o-y to 22.6m<sup>3</sup> and electricity consumption by 0.5% to 22.3kWt in the reporting period. In 2019, the sugar plants used 23% y-o-y less natural gas (or 53mm<sup>3</sup>) due to energy efficiency measures and reduction in sugar beet processing volumes.

Electricity expenses		2 017	2 018	2 019
Sugar production	UAHk	16 632	23 243	20 390
Agriculture	UAHk	51 044	51 968	58 185
Soybean processing	UAHk	15 462	18 716	20 021
Other	UAHk	2 541	2 742	2 477
Grain storage	UAHk	-	6 478	11 007

Electricity consumption		2 017	2 018	2 019
Sugar production	kkWt/h	74 259	70 987	52 756
Per ton of sugar beet processed	kWt/h	24	22	22
Agriculture	kkWt/h	25 915	24 403	25 636
Soybean processing	kkWt/h	10 617	11 369	11 466
Other	kkWt/h	1 351	1 253	1 099
Grain storage	kkWt/h	-	2 846	9 504

The production facilities with the highest electricity consumption volumes can be seen in the table above.

## FUEL CONSUMPTION IN THE AGRICULTURE SEGMENT, KG/HA



The Agriculture segment is the main consumer of diesel and petrol. In 2019, agriculture consumed 93% of total diesel fuel and 83% of total petrol consumed by the Company. Due to implementation of new technologies as well as organizational improvements, consumption of diesel fuel by the Agriculture segment decreased from 74.8kg/ha to 74.4kg/ha and petrol consumption – from 4.8kg/ha to 4.3kg/ha.

In 2019, total energy consumption by the key business segments of the Company (according to national technical standards) totaled 3 665 thousand GJ out of which 175 thousand GJ was the renewable energy from ASTARTA's bioenergy facility and 170 thousand GJ was purchased from outside sources.

# Effluents and Wastes



The policy of ASTARTA aims minimizing the waste it generates as well as reusing of materials providing for additional value. The Company is developing waste management strategy based on Circular economy principles and on the requirements of International Organization for Standardization.

The Company mainly generates non-hazardous wastes such as pulp, molasses, defecate, limestone screening, slaked lime and quicklime, coke screening, sugar rolls. Hazardous waste is negligible and mainly include fluorescent lamps, battery packs, used oils, residuals from the use of pesticides and agricultural machinery service etc. To dispose the hazardous waste, ASTARTA cooperates with companies that are reputable, legitimate, and licensed by local authorities. Production units of ASTARTA receive regular updates from the state authorities regarding the list of licensees, paying particular attention to waste disposal.

## WASTE BY DISPOSAL METHODS

kt	2017	2018	2019
Reuse	2 010	1 652	1 260
Recycling	704	680	610
Landfill	7.1	10.5	3.4
Other	1.7	1.7	0.9
Hazardous waste*	0.3	0.2	0.2

\* Hazardous waste is utilized by companies licensed by corresponding regulatory bodies

Significant part of non-hazardous waste is generated by the Sugar segment (83% of total generated waste). 67% of wastes are generated by the Sugar segment can be potentially recycled into valuable by-product that is used in animal feeding. The main waste in sugar production is sugar beet pulp – a residual after sugar beet processing (64% from total generated waste). In 2019, 46% of sugar beet pulp was recycled into a valuable product for further sale. The rest

was used in animal feeding as well as a raw material for the Company’s bioenergy plant.

Agricultural, soybean processing segments generate mostly non-hazardous waste (17% from the total generated waste). Main waste elements of these segments are crop residue and manure, which are reused in the form of feedstock and in the farming fields.





GRI 306-1

# Water Discharge

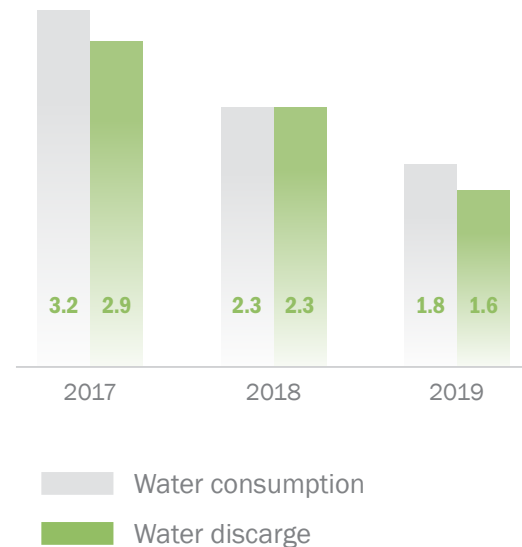


Being one of the biggest consumers of water, the Sugar segment discharges significant volumes of water. At the same time, the Company is doing its best to reduce consumption, thus the volumes of water discharge, and set water use efficiency targets in “BAT (best available technologies) program”.

As a result of modernization measures and lower sugar beet processing volumes, the consumption of water was reduced from 2.3mm<sup>3</sup> to 1.8mm<sup>3</sup> in 2019. Volumes of water consumption are monitored by water meters. The metering data is logged into a special record book.

In the Sugar segment, effluents are discharged to filtration fields designed and commissioned as an element of the natural filtration system. Water is primarily used in the process of sugar beet cleaning and transportation, thus effluents contain mainly biodegradable contaminants, such as soil and sugar beet residue. These contaminants are filtered by physical and biological processes in the filtration fields.

## WATER CONSUMPTION AND DISCHARGE LEVELS AT SUGAR PLANTS (mm<sup>3</sup>)





# Certification



As a large agroindustrial Company, ASTARTA follows the responsible business practices and cares about the environment, quality and safety of its products, as well as the safety of industrial production for the environment and energy efficiency.

In 2011 ASTARTA introduced the Corporate Integrated Management System to achieve the best results and increase efficiency at each level of its business. The Corporate Integrated Management System covers quality, product safety, labor and environment protection as well as energy management and is based on international standards. This enables ASTARTA to apply common principles and approaches to ensure safety for all kind of activities. Below are the Company's subsidiaries that have introduced the following international standards.

In 2019, one of the Company's subsidiaries of has successfully passed third annual inspection under the Organic Standard, the Ukrainian national certification authority for organic farming. The Organic Standard assured production on this subsidiary corresponding to the requirements of organic farming for a transitional period.

	Quality management system	Food safety management systems	Environmental management systems	Occupational Health and Safety Assessment Specification	Energy management systems	Sustainable Development
<b>Narkevychi sugar plant</b>	ISO 9001	FSSC 22000	ISO 14001	OHSAS 18001	----	----
		ISO 22000				----
<b>Zhdanivka sugar plant</b>	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	----	----
<b>Yaresky sugar plant</b>	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	ISO 50001	ISCC PLUS
<b>Globyno sugar plant</b>	ISO 9001	FSSC 22000	ISO 14001	OHSAS 18001	ISO 50001	----
<b>Novoivanka sugar plant</b>	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	----	----
		ISO 22000				
<b>Novoorzhytsia sugar plant</b>	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	ISO 50001	----
<b>Globyno processing plant</b>	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	ISO 50001	----
		ISO 22000				----
		GMP+ B2				----
<b>Globyno bioenergy complex</b>	----	----	----	ISO 45001	ISO 50001	----
<b>Viytovetskiy elevator</b>	ISO 9001	ISO 22000	ISO 14001	----	----	----
<b>Khmilnytskiy elevator</b>	ISO 9001	ISO 22000	ISO 14001	----	----	----
<b>Lutovynivskiy elevator</b>	ISO 9001	ISO 22000	ISO 14001	----	----	----
<b>Skorohodivskiy elevator</b>	ISO 9001	ISO 22000	ISO 14001	----	----	----
<b>Yareskiy elevator</b>	ISO 9001	ISO 22000	ISO 14001	----	----	----
<b>Agrifirm named after Dovzhenko</b>	----	----	----	----	----	ISCC PLUS

# Responding to Climate Change

ASTARTA develops its business driven by principles of sustainable development to use resources and raw materials efficiently and responsibly. The Company is striving to reduce the environmental footprint as the climate change impact becomes more and more perceivable nowadays.

According to FAO estimates, climate change has different impacts on an agricultural business including changes in precipitation levels, drought and flooding as well as geographical redistribution of pests and diseases.

## ANNUAL CO<sup>2</sup> EMISSIONS, MT

Segments	2018	2019
Sugar	188 841	138 840
Agriculture	99 339	81 567
Grain storages	75 840	8 817
Bioenergy complex	1 097	837
Soybean processing	12 901	7 823
<b>TOTAL</b>	<b>378 018</b>	<b>237 884</b>



# Carbon footprint

ASTARTA's challenge is to make its carbon footprint lower. However, the Company acknowledges that its operations and new projects or modernization produce greenhouse gas emissions. One of its 2019 targets was to improve the quality of the Company's reporting of greenhouse gas emissions. In 2020, ASTARTA is going to start preparations to report to the Carbon Disclosure Project (CDP).

ASTARTA developed Corporate Standard based on the Greenhouse Gas Protocol.

Furthermore, ASTARTA is aware of the industry's efforts to address climate risk and it intends to implement measures towards more comprehensive climate risk disclosures, based on the recommendations from the Task Force for Climate Related Financial Disclosures (TCFD). The Company integrates into local communities for 20–25 years and it is important to try to foresee and evaluate potential climate-related risks to and opportunities for the people, business, and physical assets. The most serious climate-related risks relate to the physical impacts of extreme weather, including droughts

and floods. ASTARTA works to have procedures in place to evaluate potential climate effects related to its sites, and develop mitigation plans where necessary.

ASTARTA is continuously studying and implementing world best practices in the area of environment protection, assessing compliance of production processes with state environmental requirements and initiate modernization programs at the production assets.

The Company's experts have developed special environmental corporate standards, including corporate Standard on Energy consumption planning; corporate Standard Waste Management; corporate Standard on Monitoring of the environmental impact. Under the

framework of the Montreal Protocol the Company has also developed and completed "R 22 freon replacement program" aimed at reduction of utilization of substances that lead to ozone depletion. Developed Hazardous material management standard is based on Stockholm Convention. Following "Best available technologies program" adopted by the Company is setting annual targets of energy efficiency improvements, water usage and other practices for environmental protection.





# Biodiversity

According to the UN Convention on Biological Diversity around one million species globally face the threat of extinction reflecting active land use for agriculture purposes, climate change and environment pollution. The UN Convention gives the following definition of Biological Diversity as: “The variability among living organisms, including the variability within and between species and within and between ecosystems”.

The impact of the Company’s production assets on biodiversity is relatively limited. ASTARTA does not have any production facilities located on natural territories of special status, protected areas, areas with high biodiversity rate or similar. But still the Company is aware of species that live in the area of it’s operations and in the neighborhood.

One of ASTARTA’s 2020 targets is to develop Land management program based on the Professional Standard 5 IFC and to improve the quality of the Company’s reporting of land management.

Before setting a new production asset in a new location, the Company initiates procedures and assessment of potential Environmental impact. Within the procedure ASTARTA assesses potential impact on the environment including impact on local biodiversity.

Biodiversity approach will be applied through IT solutions by AgriChain for the Company when operating on its farm land in 2020.





# Animal welfare

ASTARTA cares about animal welfare issues and continues to introduce more comfortable conditions for its dairy herd.

In 2019 ASTARTA started the program of HACCP implementation on its dairy farms, which is a part of the Animal Welfare program according to Position Statement on Animal Welfare (by FMO), Terrestrial Animal Health Code of the World Organisation for Animal Health (OIE), Improving Animal Welfare in Livestock Operations (by IFC).

Taking into account that the HACCP requirements were obligatory for all dairy farms, internal audits according to HACCP had been performed at all dairy farms. Also, external audits had been conducted on some dairy farms by the State Food Inspection. In accordance with results of the audit the HACCP Action Plan was created.

The HACCP plan is a document related to a production facility that identifies critical control points (the “CCPs”) in production process that requires constant monitoring to prevent the emergence of hazardous factors. In addition,

the document specifies the parameters of the CCP that determines monitoring and actions in case of deviations such as:

- Stages of production processes;
- Dangerous factors Critical Limits of Indicators of CCPs.

Generally, dairy farms are traditional tie-stalls but they contain a separate section for heifers with comfortable thick bedding and automatic watering systems.

The Company is working on increasing ventilation of its dairy farms, replacing hard floor bedding with special rubber mattresses in the resting section in the stalls.

Majority of its stalls have lighting equipment near fodder and recreation zones to allow for a 16-hour daylight conditions.

ASTARTA built a special stall for raising heifers where calves are transported to from many farms. This stall has separate buildings, milk

shuttles and automatic watering equipment. Older calves are provided with open air areas with canopies, hard surface for feeding and walking but deep bedding in the resting areas.

ASTARTA built its own feeding plant which provides fresh produce for 13 thousand cows.





# *Social and inclusion*



GRI 413-1

# Cooperation with local communities

ASTARTA has a remarkable history of community involvement through an open and transparent communication with local communities being one of the priorities of the Company's development. Transparent engagement with these stakeholders supports the Company in identification of the most important issues in order to identify opportunities, understand and manage risks. In 2019 the Company has invested about UAH 33m (EUR 1.2m) in local community initiatives.

CSR activities of the Company are guided by the General stakeholders' engagement plan. Moreover, there are detailed stakeholder engagement plans for each production subsidiary of the Company, outlining schedules and frequency of CSR events, communication channels for engagement with local communities

in each region. In 2019, 2995 CSR-nature events were conducted in the regions of the Company's presence.



## BREAKDOWN OF CSR INITIATIVES, EURm

	2017	share, %	2018	share, %	2019	share, %
Infrastructure	237	18%	360	26%	280	24%
Education	413	31%	277	20%	243	21%
Culture and Sports	218	16%	160	11%	135	12%
Healthcare	150	11%	45	3%	53	5%
Others	316	24%	560	40%	443	38%
<b>TOTAL</b>	<b>1 333</b>		<b>1 403</b>		<b>1 154</b>	

The key achievements of the CSR program of the Company include:

# Educational programs



## MY FUTURE IN AGRO

ASTARTA started implementation of the project “My Future in Agro” in 2018 in order to involve students to the world of modern agriculture and to demonstrate its potential. The purpose of the project is to familiarize students with the opportunities and prospects in agriculture in Ukraine, provide practical experience in project management and communication skills. In 2019, the project covered three schools and 126 pupils and, in 2019, it was extended to 12 schools and 420 pupils in 7-9th grades. Schools involved in the project are equipped with greenhouses where the children acquire practical experience. As a part of the project, children collect “vitamin baskets” with vegetables grown in greenhouses and bring them to elderly people in their communities.

## HUMAN PEDAGOGY

Since 2016 ASTARTA has become an ambassador of “Human pedagogy” project having implemented it in its schools of the Poltava, Khmelnytsky and Vinnytsia regions. The project is based on the teachings of Shalva and Paata Amonashvili, great humanists of modern pedagogy breaking down stereotypes about school education. In 2019, the “Humane Pedagogy project” covered 32 schools, 203 teachers and 4000 children. The project includes regular workshops and seminars for teachers, regional trainings from the representatives of the All-Ukrainian Cultural and Educational Association for the Human Pedagogy as well as the exhibition of sculptures by an artist Alexei Leonov. More than 3000 people attended regional seminars and exhibitions in 2019.

## IT EDUCATION

The project for the promotion of IT education in rural areas has been running for the third year in a row. Currently it covers 33 locations in five regions of Ukraine with participation of 519 adults and 750 students. According to the survey, 97% of the adult target group of participants noted the effectiveness of their acquired skills, 93% of participants in the children’s target group have a desire to link their profession with IT technologies and innovations in the future.





## FREE ONLINE CORPORATE SOCIAL RESPONSIBILITY EDUCATIONAL COURSE

During 27-years history of development of ASTARTA, it has gained considerable experience in the field of corporate social responsibility and decided to share it with other companies. In cooperation with CSR Development Center, companies “1+1”, “Deloitte”, “DTEK” and “Energoatom” and ASTARTA launched a free online corporate social responsibility (CSR) education course in September 2019. The educational course is available on the “Impactorium” platform for all those interested in the topic of sustainable development. The course is free for registered users and consists of 14 topics covering theoretical and practical cases.

## THE RISE! PROJECT

The project started in 2018 in partnership with the International Women’s Club, the UN Global Compact in Ukraine, charitable foundation “Trust in Yourself”, the Ukrainian Academy of Leadership (UAL) with a mission to activate rural youth for participation in the life of their communities by development of leadership and project management skills. In 2019, the project brought together more than 200 young people from the Vinnytsya, Khmelnytsky, Ternopil, Zhytomyr, Poltava, Kharkiv, Chernihiv regions. 144 hours of educational sessions of project management - lectures, practices and workshops were held under motto «Belief in Every Idea». 29 social projects are the result of “Rise!” in 2019, which brought together state, civic organizations and businesses and enabled young people to “raise” communities in order to create better, more comfortable living environments.

## RID: DEVELOP. INTEGRATE. ACT

The project was launched by ASTARTA in partnership with the charity foundation “Trust in Yourself” and Fulbright Ukraine. In 2019 the focus of the project was on the inclusiveness, creation of a comfortable, modern society with equal opportunities for all citizens. Under the project, the pupils of Zhdanivka school (in the Poltava region) opened an inclusive room for children with disabilities.



# Environmental programs

As part of the celebration of the Environment day in 2019 over 48 ha of land was cleaned, 3,572 trees were planted, 49 environmental campaigns, flash mobs, landscaping works were conducted with participation of over 3,420 people.

in schools and a monthly collection stations of sorted wastes were organized. In 2019, over 650 students and 200 teachers were involved in the project. The money the schools received for recycling are used for purchasing teaching materials and sports equipment.

## CLEAN ENVIRONMENT PROJECT

In partnership with the NGO “Ukraine without Garbage”, lectures were given to students and teachers, explaining the processes of sorting the garbage. Now the project covers educational establishments in the Vinnytsya and Zhytomyr regions, where ASTARTA has organized separate garbage collection. As a part of the project, separate tanks for sorting paper, lids, batteries, plastic, glass and metal were installed

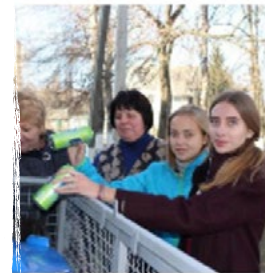




# Corporate volunteering





## CHARITY RACE

20 subsidiaries of the Company and 1,041 employees of ASTARTA in cooperation with the citizens of the local communities participated in the corporate volunteering initiative “Charity race” in 2019. Representatives of the Company supported children in rehabilitation centers, orphanages and aged people in nursing homes, purchased clothes for the homeless people and victims of violence, repaired children playgrounds, equipped park recreation area, donated funds for the treatment of ill children, held charity fairs.



# CSR achievements 2019

Total budget – EUR 1.2m

 <p><b>Healthcare</b></p>	<p>Repaired and equipped:</p> <ul style="list-style-type: none"><li>• 20 paramedic and obstetric stations</li><li>• 2 healthcare projects completed</li></ul>
 <p><b>Education</b></p>	<p>Repaired and equipped:</p> <ul style="list-style-type: none"><li>• 83 schools</li><li>• 27 kindergartens</li><li>• 3414 children were provided with free meals</li><li>• 3533 participated in educational projects</li></ul>
 <p><b>Charity</b></p>	<ul style="list-style-type: none"><li>• 55 organizations were granted with financial aid for the realization of the initiatives</li><li>• 552 people received a non-refundable financial aid for treatment</li></ul>
 <p><b>Culture and sport</b></p>	<p>Culture. Repaired and equipped:</p> <ul style="list-style-type: none"><li>• 41 cultural buildings and two libraries</li><li>• 15 monuments</li><li>• 242 participants of creative groups received support</li><li>• 305 cultural events supported</li></ul> <p>Sport</p> <ul style="list-style-type: none"><li>• 80 teams and 345 participants received support during the preparation for various tournaments</li><li>• 12 sports grounds were installed</li><li>• 16 competitions were supported</li><li>• 4 realized projects on sport development</li></ul>
 <p><b>Infrastructure and improvement</b></p>	<p>Repaired and equipped:</p> <ul style="list-style-type: none"><li>• 64 km of roads within villages</li><li>• 41.7km of public roads repaired</li><li>• 27 streets were lit</li><li>• 19 water pipes/wells installed and repaired</li><li>• 8 public buildings were renovated</li></ul>



# Personnel

ASTARTA fulfills its mission based on the values of perfect business reputation, corporate social responsibility, respect for human dignity and synergistic partnership. The brand of ASTARTA as the employer includes internal and external dimensions, the success of the Company depends on the motivation and involvement of each employee as well as on the loyalty of all stakeholders. The Company is guided by the HR and Social policies aimed to guarantee equal opportunities and support long-term strategy of the Company. Gender diversity is important, but so is age, ethnicity and all other forms of diversity. Employees are strictly hired and promoted according to their qualifications and performance.

Corporate culture of ASTARTA is created by the thousands of professionals from different regions of Ukraine. As of the end of 2019, ASTARTA employed 5 470 employees, 22% less y-o-y. About 99.7% of employees were part of the collective agreement. Major share of employees of the Company are aged 30-50 years – 55% of the total number.

## PROJECT MY FUTURE IN AGRO: NEW IT OPPORTUNITIES

The purpose of the project is to increase the interest of the participants to the agriculture business providing innovations, career growth and creativity. The project is designed for school students facing the choice of a future profession and seeking to improve their skills in the IT area. The project is also aimed at adult employees of the Company who wish to advance their knowledge in IT.

Implementation period: The project started in 2017, scaled up annually and currently operates in 43 locations in seven regions of Ukraine. 1,170 children and 519 adults attended the project.

## STRUCTURE OF EMPLOYEES AS OF YEAR END

	2017	2018	2019
<b>Age</b>	9 203	7 041	5 470
up to 30 y.o.	1 606	1 208	824
%	17%	17%	15%
30-50 y.o.	4 798	3 717	3 025
%	52%	53%	55%
over 50 y.o	2 799	2 116	1 621
%	30%	30%	30%
<b>Gender</b>	9 203	7 041	5 470
male	6 167	4 669	3 458
%	67%	66%	63%
female	3 036	2 372	2 012
%	33%	34%	37%
<b>Level</b>	9 203	7 041	5 470
managers	975	952	790
%	11%	14%	14%
specialists	1 642	1 511	1 285
%	18%	21%	23%
other employees	326	271	159
%	4%	4%	3%
workers	6 260	4 307	3 236
%	68%	61%	59%
<b>TOTAL</b>	<b>9 203</b>	<b>7 041</b>	<b>5 470</b>



## STRUCTURE OF EMPLOYEES AS OF YEAR END (CONT)

	2017	2018	2019
<b>Segment</b>	9 203	7 041	5 470
<b>sugar</b>	1 968	1 080	1 073
%	21%	15%	20%
<b>agriculture</b>	5 311	3 916	2 524
%	58%	56%	46%
<b>soybean processing</b>	180	204	204
%	2%	3%	4%
<b>dairy</b>	1 443	1 382	1 246
%	16%	20%	23%
<b>other</b>	301	459	423
%	3%	7%	8%
<b>Type</b>	9 203	7 041	5 470
<b>permanent</b>	7 989	6 064	4 566
%	87%	86%	83%
<b>seasonal</b>	1 214	977	904
%	13%	14%	17%
<b>TOTAL</b>	<b>9 203</b>	<b>7 041</b>	<b>5 470</b>

The Agriculture segment has the largest share of personnel – 2 524 people in 2019, or over 46% of the total. Female personnel accounted for 37% of total employees, an increase over 34% a year ago. The ratio of the basic salary and remuneration of women to men improved to 90:100 compared to 80:100 in 2018. The gender gap is due to the involvement of men in more intensive types of work, providing for higher salaries.

According to the Social policy of the Group, ASTARTA provides financial assistance to its employees for medical treatments, childbirth and marriage. Employees who received

the status of participants in the Joint Forces Military Operations, received financial assistance from the Company. Different cultural events including excursions to song festivals, theaters and cities of Ukraine were organized.



In 2019 employees of the Company celebrated national holidays and participated in different sport events. Corporate activities involved external stakeholders as well — shareholders and their children — students of schools and universities, so the total number of participants were about 9 000.



## EMPLOYEE TURNOVER IN 2019

	Employees hired	Employees dismissed
<b>Age</b>	<b>6 731</b>	<b>8 351</b>
up to 30 y.o.	1 204	1 428
%	18%	17%
30-50 y.o.	3 688	4 381
%	55%	52%
over 50 y.o.	1 839	2 542
%	27%	30%
<b>Gender</b>	<b>6 731</b>	<b>8 351</b>
male	4 633	5 856
%	69%	70%
female	2 098	2 495
%	31%	30%
<b>Level</b>	<b>6 731</b>	<b>8 351</b>
managers	240	405
%	4%	5%
specialists	657	880
%	10%	11%
other employees	-	2
%	-	0%
workers	5 834	7 064
%	87%	85%

	Employees hired	Employees dismissed
<b>Segment</b>	<b>6 731</b>	<b>8 351</b>
sugar	2 671	2 690
%	40%	32%
agriculture	2 912	4 159
%	43%	50%
soybean processing	63	64
%	1%	1%
dairy	379	688
%	6%	8%
other	706	750
%	10%	9%
<b>Type</b>	<b>6 731</b>	<b>8 351</b>
permanent	1 860	3 421
%	28%	41%
seasonal	4 871	4 930
%	72%	59%
<b>TOTAL</b>	<b>6 731</b>	<b>8 351</b>



# Training and education

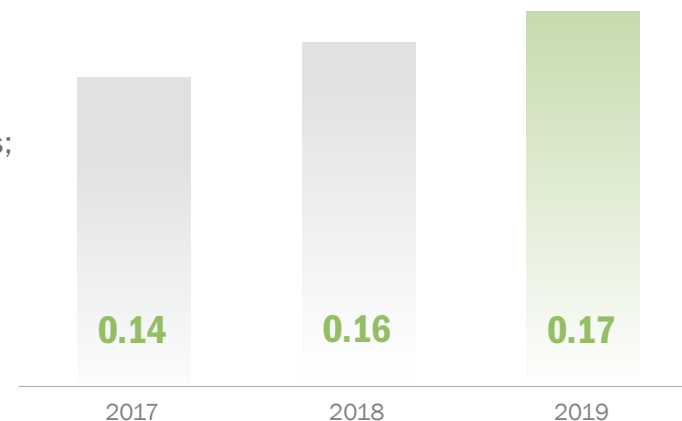
ASTARTA focuses on training people to provide with the skills to adapt more quickly to the rapidly changing environment. The Company created an in-house learning system using best-in-class global and local practices. Mentoring programs of the Company play an important role in the formation and retention of the teams (seniors share experience with younger participants while juniors help seniors to deal with digital technologies), staff reserve, training and integration activities, involvement of the employees in the strategic projects.

In 2019, 4 489 employees (compared to 5 852 employees in 2018) were trained, representing 56% of the average annual number of employees in the following areas:

- professional trainings – 2 430 employees (professional trainings covered all areas of business activity of the Company: sugar production, grain and oilseeds crop production, cattle farming, dairy production, maintenance of agricultural machinery, storage of grain crops, production of biofuels, etc.);
- development of personal and managerial competencies – 688 employees;
- labor protection – 976 employees;
- product quality assurance – 249 employees;
- environmental protection – 80 employees;
- prevention of discrimination and human rights abuses – 66 employees.

Annual average number of hours of training per employee in 2019 was 11.7 hours, including for: managers – 13 hours; specialists – 11.1 hours; workers – 11.2 hours. Total spending for trainings amounted to c.EUR 0.17m in 2019.

## TRAINING EXPENDITURE, EURm





# Human rights assessment



ASTARTA respects human rights and prevent discrimination on political, religious, national, gender and other grounds. The Company is guided by the formally adopted Human Rights Policy, which is based on best international practices outlined in the Global Declaration of Human Rights and UN Global Compact. The policy is available and promoted at all production subsidiaries of the Company via information boards and HR departments. The Code of Corporate Ethics also defines the basic principles of ASTARTA's culture: openness, tolerance, respect for every individual.

In 2019, the Company's Human Right Policy was introduced to 5 136 employees, 66 employees have undergone in-depth specialized training program on human rights protection and non-discrimination. Educational resources on the topic have also been distributed through the corporate knowledge centre, including recommendations on prevention and

counteraction of discrimination, links to video courses and training materials published at the corporate resources.

The Company considers the use of forced and child labor as unacceptable. Ukrainian law prohibits the use of child and forced labor. No person under the age of 18 works at the production subsidiaries and there are no cases of forced labor. The Company treats these issues as a matter of principle and strictly adhere to the rule of law.

The opinion of all stakeholders is important to the Company and it values open and honest communication. When making economic decisions, the Company always considers and assesses potential risks to human rights and do not allow them to be violated. Potential cases of human rights violations can be reported to local management team via hotline. The procedure for handling complaints and appeals is described

in the Stakeholder Engagement Plan which includes clear contact details for complaints.

Internal audits are conducted to verify compliance with the Human Rights Policy. The results of the internal audit of 2019 confirm that there are no violations of human rights at the Company's business units, with the internal audit process covering 100% of subsidiaries.

ASTARTA's policy is also shared by contractors and subcontractors who work with it. The Company's agreements with contractors are binding on human rights clauses. In 2019, 361 agreements were concluded with those binding clauses.

# Occupational safety



The priority of ASTARTA is to ensure safe working conditions for all employees and counterparties. All business units of the Company are operating in full accordance with the local legislation on occupational safety. Regrettably, the Company experienced two fatal incidents in 2019. Company's teams have worked hard to understand the events leading to these incidents and such outcome can be prevented in the future. ASTARTA continues to minimize any harm to the employees.

Within the framework of Corporate Integrated Management System in the areas of quality, food safety, labor protection, industrial safety, environmental protection and energy management, the Company is guided by 43 corporate standards. In particular, 25 of them are aimed to ensure safe working conditions for employees of the Company and of its subcontractors.

The program of improvement of Health and Safety system and reduction of occupational accidents and injuries at production units of the Company was developed in 2019 and replaced the former program "5 steps to safety". Its main objectives are to increase personal responsibility of employees for their safety in the workplace, elimination of risks and hazardous working conditions and reduce industrial injuries. Additionally, the Company introduced "Traffic light" signaling to follow up and prevent Health & Safety risks daily.

## WORK PLACE SAFETY DATA

	2017	2018	2019
<b>Fatal-injury frequency rate (FIFR)</b>	0.1	-	0.1
<b>Lost time injury frequency rate (LTIFR)</b>	0.4	0.5	0.4
<b>Lost day rate</b>	63.7	54.8	55.3

## COMPANY STATISTICS ON ACCIDENTS

	2017		2018		2019	
	Fatal	Non-fatal	Fatal	Non-fatal	Fatal	Non-fatal
<b>Sugar</b>	-	2	-	4	1	-
<b>Agriculture</b>	2	5	-	4	-	6
<b>Soybean processing</b>	-	1	-	-	-	-
<b>Dairy</b>	-	-	-	-	-	-
<b>Grain storages</b>	n/a	n/a	n/a	n/a	1	-

GRI 403-2

# Occupational safety

ASTARTA's Health, Safety and Certification specialists developed a new standard "Hazardous chemicals management", that includes the requirements for all business units involved to develop risk assessment and emergency response plan procedures while using chemicals. The interactive training on the topic was also developed and delivered to all employees concerned.



	2017			2018			2019		
	Fatal	Severe consequences	Mild consequences	Fatal	Severe consequences	Mild consequences	Fatal	Severe consequences	Mild consequences
<b>Poltava region</b>									
Female			2			1			1
Male			5	4			1	1	1
<b>Vinnitsia region</b>									
Female									
Male			1						
<b>Khmelnyskyi region</b>									
Female	2				1				
Male					2			1	2
<b>Kharkiv region</b>									
Female									
Male									
<b>Kyiv region</b>									
Female									
Male							1		





# Responsible procurement

ASTARTA purchases goods and services from a wide range of suppliers, from large international organizations to specialist local suppliers worldwide. The Company seeks to form mutually beneficial and trusted relationships with its suppliers, and to treat all suppliers fairly, as well as to provide them with regular and honest feedback. ASTARTA regularly assesses sustainability risks within the supply chain. The main risks include corruption, violations of labor rights, and poor social and environmental

performance. The Company seeks to mitigate these risks through a supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits, and monitoring during production.



# Other topics



## **FARMLAND REFORM**

At the end of March 2020 Parliament of Ukraine adopted Land market bill in the second reading  
Key provisions of the Bill:

- Land market opening since July 2021;
- The right to purchase land upon the opening of the market is given to Ukrainians, and in two years – since 2024 – to legal entities;
- Foreign-owned business entities are banned from purchasing farmland until a positive referendum outcome;
- Municipal and state lands are not allowed for sale. State lands will be transferred to communities and they will only be able to rent them out, but not sell them;
- Limit size of land ownership for individuals is up to 100 ha, for legal entities (since 2024) – 10 kha;
- Preemptive right of land lessee for land purchase.

## **DEVELOPMENT AND IMPLEMENTATION OF IT SOLUTIONS**

Modern IT technologies are rapidly developing for the agricultural sector. Big producers require accurate and timely data to allow smart planning and scheduling of field operations as well as ensuring higher yields and, thus, higher profitability.

ASTARTA has developed proprietary information technology system for agribusiness management called “AgriChain”. The IT-system is consolidated within a WEB-portal and includes eight modules. Two of these modules have already been put into operation: AgriChain Land (the land bank management system) and AgriChain Farm (the field operations management system). AgriChain Land module covers land mapping information, lease agreements, leaseholders’ and payments database and other essential data concerning land relations.

AgriChain Farm app is designed to visualize and enhance planning, execution and reporting on field operations as well as simplify communication between all subsidiaries, that are involved in the production process.

The next module, AgriChain Scout Information System, is currently being tested. This app combines crop monitoring data, agrochemical field passports, meteorological data, plant vegetation status (NDVI), among others.



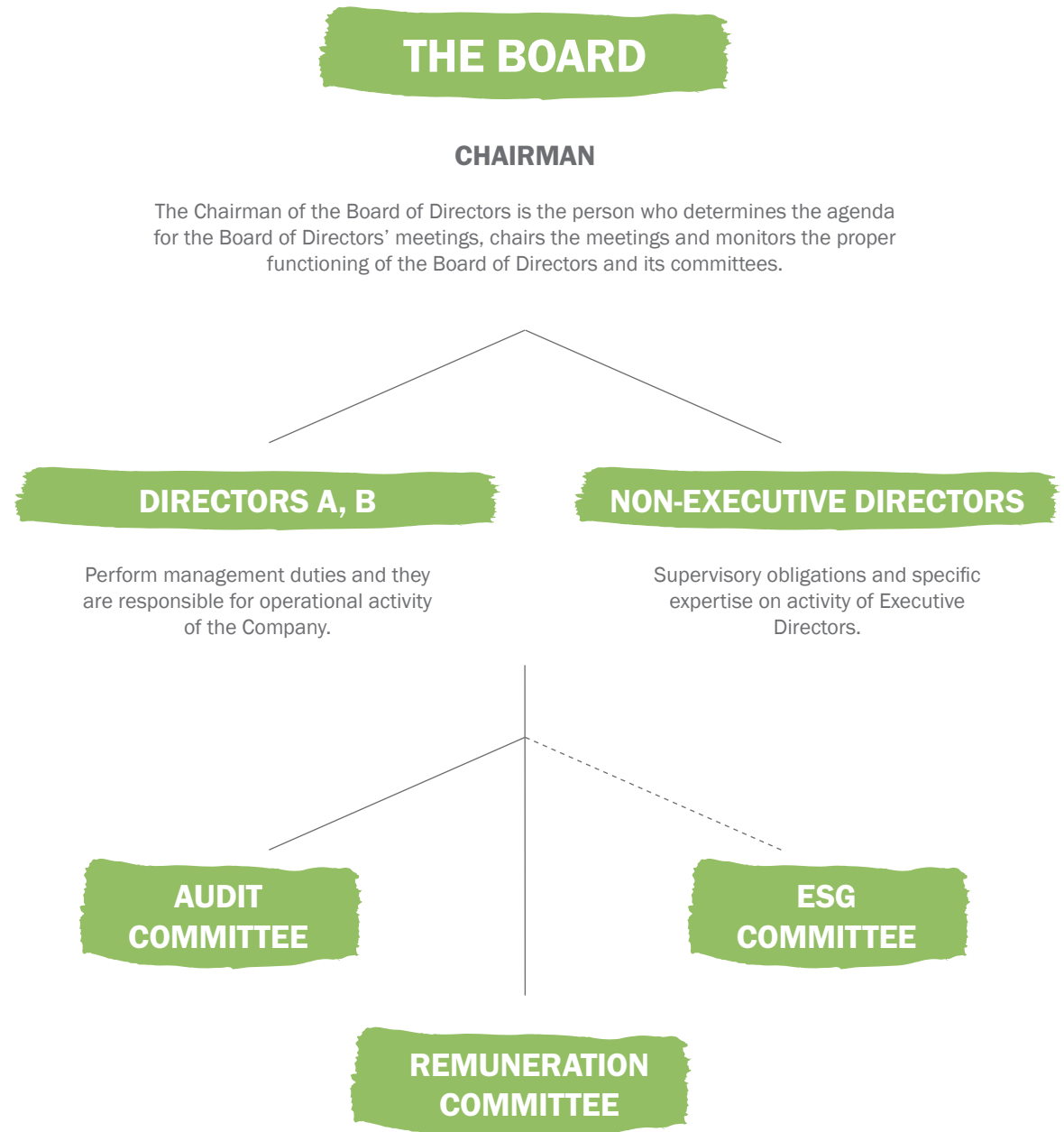


# Governance



# Board management Structure

Governance is crucial to sustainability of ASTARTA's business. For more details, please refer to Corporate Governance Report, presented as a part of Annual report via the [link](#).



Born in 1956, male

## *Viktor Ivanchyk*

Executive Director A, Chief Executive Officer, Ukrainian national.

Mr. Viktor Ivanchyk serves as an Executive Director A with the Company and as the Chief Executive Officer since the Company's incorporation.

Prior to founding Astarta-Kyiv in 1993, he worked for the Kyiv Aviation Industrial Association (KiAPO) and at the State service. In 1993 he founded Astarta-Kyiv, and he has been its the General Director since then.

In 2005 he became a Deputy Chairman of the Counsel of the National Association of Sugar Producers of Ukraine "Ukrtsukor" and, in 2007, a member of the Presidium of Ukrainian Agrarian Confederation.

He graduated from Kharkiv Aviation Institute named after N. E. Zhukovsky (1979) and from the French Business School in Toulouse (1994). In 2007 he completed a Senior Executive MBA Program at the International Management Institute (IMI Kyiv).

Shares owned in the Company: as of YE: 9 597 294 shares in the Company held through a Cypriot holding company named Albacon Ventures Ltd.



Born in 1949, male

## Howard Dahl

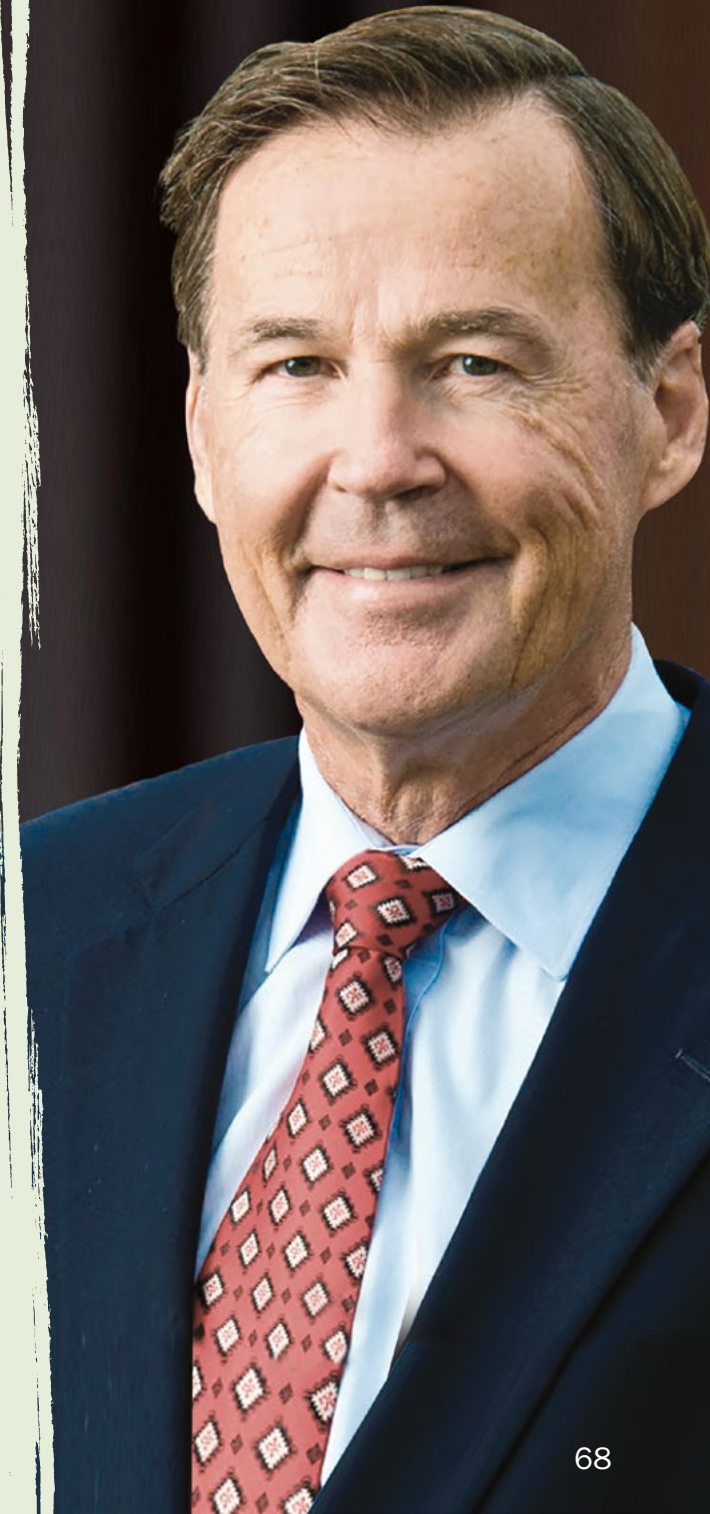
Non-Executive Director C, Chairman of the Board of Directors, US citizen.

Mr. Howard Dahl was appointed as a Non-Executive Director C with the Company and the Chairman of the Board of Directors on 17 March 2017.

From 1987 till 2016 Mr. Howard Dahl was the member of Board for several organizations, such as, North Dakota Council for the Arts, University of North Dakota Foundation, North Dakota Trade Office, Federal Reserve Bank of Minneapolis, Trinity International University. At present time Mr. Howard Dahl serves at various positions in the Amity Technology LLC, Ethics and Public Policy Center and, The Trinity Forum, Washington DC, Stoneridge Software, LongWater Opportunities, and the Center for Innovation Foundation (University of North Dakota).

Mr. Howard Dahl graduated from the University of North Dakota B.S., University of Florida and Trinity Evangelical Divinity School M.A.

Shares owned in the Company as of YE: 6 717.





Born in 1963, male

## *Viktor Gladkyi*

Executive Director A, Chief Financial Officer, Ukrainian national.

Mr. Viktor Gladkyi joined Astarta-Kyiv in 2012, serves as an Executive Director A with the Company since 2014.

Prior to joining the Company, Mr. Gladkyi worked in the National Bank of Ukraine (NBU) and was the Member of the Board of several state and commercial banks, including State Exim Bank and Citi (Ukraine), Swedbank (Ukraine).

In 1985 Viktor Gladkyi graduated from Kyiv State Shevchenko University with a degree in international economics.

Shares owned in the Company as of YE: 7 474.



Born in 1944, male

## *Marc Van Campen*

Executive Director B, Chief Corporate Officer, Dutch national.

Mr. Marc van Campen serves as an Executive Director B with the Company since its incorporation.

Prior to joining ASTARTA, Mr. Van Campen served in several positions with Océ Van der Grinten N.V. and, until 2002, as a general counsel of NBM-Amstelland N.V. a Dutch company listed on the Amsterdam Stock Exchange and at that time one of the largest companies in the Netherlands in the field of construction and project development.

Mr. van Campen has, in the previous seven years, been Director at Montferland Beheer BV at Schoonhoven (NL), Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director at Do It Yourself (DIY) Orange Holding NV, Amsterdam, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy, Director of Lugo Terminal Srl at Lugo, Italy, Director of International Internet Investments Coöperatief U.A. at Amsterdam and Director of Griffin Premium Re N.V. at Amsterdam, quoted on the Warsaw Stock Exchange.

Mr. van Campen is still holding the positions in the following entities: Salvatore Ferragamo SpA and International Internet Investments Coöperatief U.A.

He graduated with a master's in law from the University of Nijmegen in 1968.

Shares owned in the Company: 0.



Born in 1961, male

## *Gilles Mettetal*

Non-Executive Director C, French national

Mr. Gilles Mettetal has 30 years of international experience in financing agriculture, agribusiness and real estate corporate sectors. He has led and managed more than 600 transactions with 7 billion euros of financing, and conducted key transactions with corporates, banks, investment funds and government and public institutions in over 40 countries.

Until June 2017 Mr. Mettetal was Director of the Agribusiness and Property and Tourism teams at the European Bank for Reconstruction and Development. He has held various positions as non-executive director both for multinational and local enterprises, such as Danone Industrial, Lu Polska, Kraft Bolchevik, Bonduelle Kuban, Agrokor and Axereal Participations Europe Centrale. Today, he is also member of the Supervisory Board of Nibulon and of the Investment Committee of Diligent Capital Partners. He also serves as senior agribusiness expert for the United Nations Food and Agriculture Organization of the African and the Asian Development Banks. He has knowledge of English, French and Spanish languages.

In 1983, Gilles Mettetal graduated from the Ecole Nationale Supérieure Agronomique de Montpellier: Diplôme d'Ingénieur Agronome.

Shares owned in the Company: 0.





Born in 1962, male

## *Huseyin Arslan*

Non-Executive Director C, Canadian citizen.

Mr. Huseyin Arslan has 30 years of international experience global pulses and staple foods business. He presided as the President of AGT's Arbel Group subsidiaries in Turkey for the last 16 years. Mr. Arslan was one of the founding shareholders of Saskcan providing the raw materials for AGT, where he has served as a director or trustee since 2008 and Executive Chairman of the Board since 2009. He also serves as a director of AGT subsidiary, Durum Gida Sanayi ve Ticaret A.Ş. ("Durum") and other companies in Turkey.

Mr. Arslan holds a Bachelor of Science in Electronics Engineering from Middle East Technical University in Turkey.

In 2015, Mr. Arslan was a President of the Global Pulse Confederation, as well as held positions in the Mersin Trade Commodity Exchange Council.

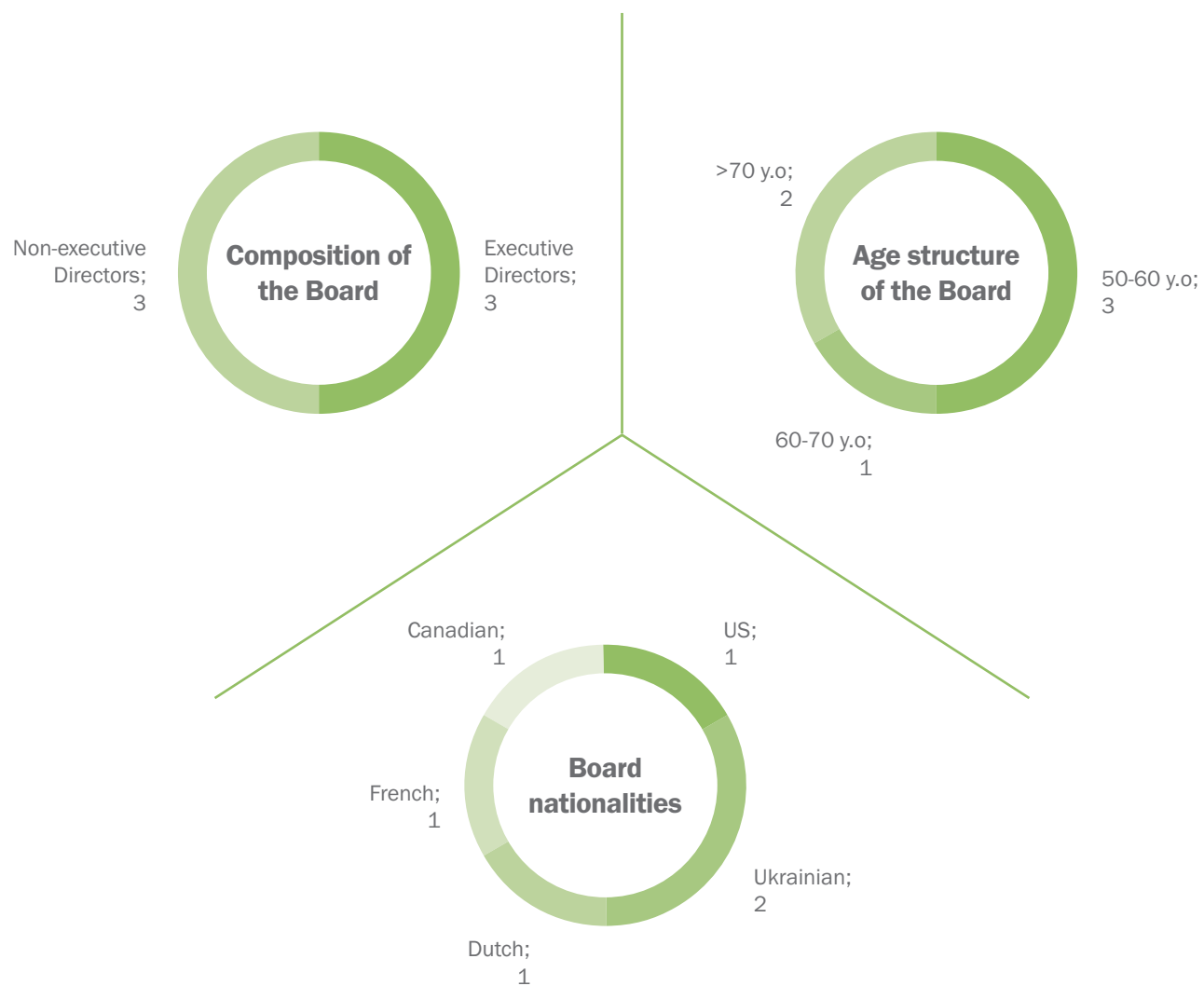
Shares owned in the Company: 0.



# KEY CORPORATE DOCUMENTS

- Remuneration Policy
- Code of Conduct
- Whistleblower Rules
- Insider Trading Rules
- Dividend Policy
- Anticorruption policy
- Social Policy
- Human Rights Policy
- Security Policy
- [ESG Policy]

The Board’s approach to sustainability continues to evolve in response to a dynamic external environment, increasing investor and other stakeholder attention and continued development of the businesses. With this, the Company intends to form a dedicated ESG Committee and respective policy in the nearest future.



# Shareholders and Share price performance

ASTARTA is a public company with shares admitted for trading on the Warsaw Stock Exchange since August 17, 2006.

As of the end of 2019 there were two main shareholders: Viktor Ivanchyk (the CEO), who owned 38% of total shares outstanding through Albacon Ventures Limited, and Fairfax Financial Holdings Ltd which owned 29% through several investment vehicles. The remaining outstanding shares are owned mainly by Polish pension funds and EU and US investment companies.

Following unfavorable international and local sugar market environment, the market capitalization of the Company decreased from EUR134m as of the end of 2018 to EUR94m as of the end of 2019.

## ASTARTA AND WIG-UKR PERFORMANCE IN 2017-2019

(factor = 100 as of 01 January 2017)



Data/Year	2015	2016	2017	2018	2019
Opening price (PLN per share)	20	35	55	52	24
Highest trading price (PLN per share)	39	55	72	58	33
Lowest trading price (PLN per share)	20	28	46	23	15
Closing price (PLN per share )	35	54	51	23	16
Closing price (EUR)	8	12	12	5	4
Year price change	73%	57%	(6%)	(56%)	(51%)
Market capitalization as of 31 December, PLNk	862 500	1 351 250	1 287 250	575 000	400 000
Market capitalization as of 31 December, EURk	202 394	305 436	308 626	133 721	94 025



# Anti-corruption

Compliance with relevant anti-corruption laws is an important element of Company's business activity. ASTARTA is committed to conduct its activities with integrity and do not tolerate breach of anti-bribery and anticorruption procedures. The approach to governance is based on the Security policy adopted in 2018. The Policy specifies a common vision and approach to security, anti-corruption, fraud, abuse and other unlawful acts based on principles of complexity, timeliness, continuity.

In 2019 about 2 044 counterparties were analyzed on potential corruption exposure by the Company's Security Department. Employees of security department were educated on anticorruption practices under the framework of the Security conference.

# Whistleblowing

ASTARTA runs an in-house whistleblowing arrangement which enables the stakeholders to report concerns about conduct that is contrary to Company's values and business ethics.

During 2019, 115 alerts were received via hotline system, covering a broad

spectrum of concerns, including land lease agreements, lease payments, offers for potential cooperation, reports on possible misconducts, violation of ethics issues. All issues were carefully considered, resolved, and the complaining parties were provided with comprehensive responses.





# Contractor management

ASTARTA continuously works to monitor that all the subcontractors operate in accordance with its principles. Company's Supplier Code of Conduct and Labour Policy for site personnel are integrated into all of the subcontracts to ensure that these principles are respected, even in the parts of the value chain ASTARTA does not

control directly. This is identified as a critical risk area for the Company and strong efforts have been made in 2019 to improve the systems and monitoring activities.



# Risk & Compliance committee

In 2019 ASTARTA developed a compliance control system to manage risks of non-compliance with legislation, regulations, industry organizations and codes of conduct that may lead to legal penalties against the Company, financial and reputational losses

The Risk Committee is a committee for providing strategic, operational and reputational risk management. One of ASTARTA's 2020 targets is to develop the Risk management system based on an international approach including ESG factors.

Currently the Company is developing the Matrix of Risk, integrating ESG principles, namely:

- The Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP), which is widely used by most DFIs and Equator Banks;
- Integrated Biodiversity Assessment Tool (IBAT); Animal Welfare tool (Improving Animal Welfare in Livestock Operations);
- High Conservation Value Assessments;
- Country Situation Analysis, performed by the IFC;
- Good Practice Handbook for Agro-Commodities Risk Assessment and Management (2013);
- Ecovadis approach.

The Matrix will be presented in 2020. ASTARTA believes that an ESG analysis is not just about identifying and measuring risk but also investment opportunities.



# Material risk factors and threats

DESCRIBED BELOW ARE THE RISKS AND UNCERTAINTIES WE BELIEVE ARE SIGNIFICANT FOR THE GROUP IN 2019.

	RISK	IMPACT	MITIGATIONS
Country risk	Country risk	Political instability could negatively affect the country's economic situation, reduce investment attractiveness and complicate business operations	<ul style="list-style-type: none"> <li>• Strong business model</li> <li>• Expansion of export sales</li> </ul>
	Regulatory risk	The business may be affected by changes in fiscal, tax or other restrictive mechanisms	<ul style="list-style-type: none"> <li>• Compliance and monitoring of regulatory environment</li> <li>• Participation in industry associations in order to represent the interests of the Company</li> </ul>
Operational risk/ Business risk	Climate risk	Unfavorable weather conditions could have a negative impact on crops yield and have direct implications for the per-unit cost of production	<ul style="list-style-type: none"> <li>• Location of the Group's business units in different climatic zones of Ukraine to ensure the geographical diversification of the risk</li> <li>• Professional management and the use of advanced technologies</li> <li>• Diversified portfolio of products</li> <li>• Modern agronomic solutions</li> </ul>
	Personnel risk	Lack of experienced staff could potentially impact the business.	<ul style="list-style-type: none"> <li>• Several social projects initiated by the Company are intended to encourage young people to choose profession in agronomy and promote attractiveness of the industry for prospective employees</li> <li>• Internship for students with a prospective job placement</li> <li>• Professional training and development programs</li> </ul>
	Manufacturing risk	Deterioration of product quality may negatively affect the Company's reputation and customer relationships	<ul style="list-style-type: none"> <li>• Modernization programs</li> <li>• Quality management and certification</li> </ul>
	Logistics and storage	Logistical challenges may negatively affect relations with clients and disturb the optimal functioning of business processes	<ul style="list-style-type: none"> <li>• Silo infrastructure expansion program</li> <li>• Own railway fleet</li> </ul>
	IT risk/cyber risk	Data loss or dissemination may have a negative impact on the financial position and reputation of the Company	<ul style="list-style-type: none"> <li>• Implementation of the information security and cyber-risk management systems, Business Continuity Planning (BCP)</li> <li>• Cloud storage systems, systems of independent servers, and backup systems</li> </ul>
	Technical risk	The use of outdated technologies may carry risk of productivity loss	<ul style="list-style-type: none"> <li>• In-house control systems</li> <li>• Improvement of the existing production processes and technologies</li> <li>• R&amp;D solutions</li> </ul>

# Material risk factors and threats

DESCRIBED BELOW ARE THE RISKS AND UNCERTAINTIES WE BELIEVE ARE SIGNIFICANT FOR THE GROUP IN 2019.

	RISK	IMPACT	MITIGATIONS
Operational risk/ Business risk	Land assets risk	Liberalization of farmland circulation can motivate certain land owners to sell their land plots instead of rolling over land lease agreements	<ul style="list-style-type: none"> <li>• Increase the share of long-term land lease agreements (up to 49 years)</li> <li>• Monitoring of legislation for possible changes in Country's farmland circulation model</li> <li>• Prompt response on possible changes in to the Farmland Legislation</li> </ul>
	Volatility of global prices	Volatility of global prices for grains, oilseeds, sugar, milk and soybean products may affect the operating results and profitability	<ul style="list-style-type: none"> <li>• Diversified portfolio of products</li> <li>• Balanced portfolio of customers</li> <li>• Flexible sales policy</li> </ul>
Market risk	Volatility of gas, fuel and energy prices	Volatility of raw material prices could affect the operating results and profitability	<ul style="list-style-type: none"> <li>• Strategic and long-term cooperation with suppliers and a diversified supplier base</li> <li>• Energy saving programs</li> </ul>
	Credit risk	Non-fulfilment of financial obligations by counterparties may adversely affect the Company's financial position.	<ul style="list-style-type: none"> <li>• Risk policies and counterparty risk assessment systems</li> <li>• Regular analysis, verification and monitoring of counterparties</li> </ul>
Financial risk	Liquidity risk	The Company's inability to meet its financial obligations in a timely manner may have a negative impact on the financial results	<ul style="list-style-type: none"> <li>• Strategic and financial assessment of the Company's current performance and quick response to deviations from set targets</li> </ul>
	Interest rate risk	Changes in interest rates may affect the financial performance	<ul style="list-style-type: none"> <li>• A long-term financing strategy at fixed interest rates. For more details please refer to the corresponding notes in the consolidated financial statements</li> </ul>
	Currency risk	High volatility of the Ukrainian hryvnia and exchange rate fluctuations may negatively affect the business.	<ul style="list-style-type: none"> <li>• Focus on export sales</li> <li>• Timing of export sales with the purchase of inputs denominated in foreign currencies</li> <li>• Locking in purchasing prices in the national currency</li> </ul>
	Investment risk	The Company's inability to proceed and finish planned investment programs due to lack of financial resources	<ul style="list-style-type: none"> <li>• Prioritization of investment projects</li> <li>• Search for alternative sources of financial resources</li> </ul>
Corruption risk	Corruption risk	The inability of the Company to manage the corruption risk may damage Company's reputation and impact financial results	<ul style="list-style-type: none"> <li>• Strict adherence to the Anticorruption policy</li> <li>• Robust internal audit to identify any discrepancies in the application of the Anticorruption policy in business processes</li> </ul>

# Outlook and key challenges

ASTARTA adopted multiple measures to mitigate the impact from the COVID pandemic in line with the guidelines issued by the government of Ukraine to guarantee the safety of its employees and to preserve continuity of its operations, ensuring the supply of agricultural products to meet its contractual obligations.

## INDUSTRY TRENDS

- Strict quarantine measures introduced on a country-wide basis exclude the agricultural industry as a key sector to continue running on full capacity during the COVID pandemic;
- The domestic demand is holding up for sugar and milk, but pricing might be affected by recent devaluation of the local currency;
- There is a potential risk of slowdown in international demand leading to volatility for soft commodity prices, especially those that are interlinked with crude oil prices via bioethanol. Since beginning of 2020, USD prices for Ukrainian corn declined by 10% and wheat by 3%;
- Cargo transportation and transshipment has not been disrupted with quarantine measures covering human traffic (domestic and international) however the agricultural industry relies significantly on the services;

of the state-run rail network operator “Ukrzalyshnytsya”;

- Current version of the farmland law limiting ownership to 100ha and to private individuals only until 2024, is not expected to change “modus operandi” of large-scale industrial farming which relies on land leases.

## ENHANCED BUSINESS RISK MONITORING

- ASTARTA updated the business Risk Matrix and set up a regular Risk Committee to formally consider risks as they arise and the way to address them from February 2020;
- Daily Management Committee meetings to conduct daily assessment of the operations, preventive measures, risk-minimisation actions and to coordinate the execution of action plans from March 2020;
- Daily monitoring and management of the financial liquidity position.

## COMMUNITY RELATIONSHIP

- Constant communication with authorities to assess disease severity (i.e., number of people who are sick, hospitalization and death rates) in the community where the business is located;

- Purchasing and donating emergency medical supplies such as protective clothing, COVID diagnostic tests and specialised equipment to local hospitals (UAH23m or EURO.8m was spent on purchases for 36 hospitals);
- Financial assistance to employee families and affected communities in the areas of the company’s operations.

## PERSONNEL

- Intensive communication and education campaign on COVID to promote prevention among employees;
- Mandating working from home for office-based employees and providing them with all necessary remote working tools and equipment;
- Active promotion of personal hygiene and distribution of cleaning and sanitizing for sanitation all employees, equipment and common areas;
- Escalation of hygiene practices in workplaces where remote work is not possible such as agricultural field operations, cattle farming, soybean and sugar beet processing and storage facilities.



- Suspension of all training programs, corporate events, internal and external meetings except with the assistance of remote IT-based technologies via telephone, applications or videoconferencing;
- Limiting travel between the Company's subsidiaries and visits by customers, suppliers and contractors to an absolute minimum required;
- Extensive reporting and monitoring of absenteeism at the workplace due to illness or self-isolation (current share of sick leave absences correspond to normal seasonal 2%);
- Flexible human resourcing in response to potential personnel constraints: many Ukrainian labourers returning to their home country from Europe and can be recruited if necessary;
- Scaling up cross training to allow filling skills which are close technologically and to perform essential tasks even if key staff members are absent.

## OPERATIONS

- ASTARTA's assets are located across eight Ukrainian regions providing diversification against the risk of production stops for all agricultural activities, sugar and milk production;
- The Company has tendered and contracted inputs (including seeds, plant protection substances and fuel) for spring field

operations before the outbreak of the virus. All inputs and newly purchased machinery, including for start of the planting has been delivered by the vendors per agreed contractual terms;

- All preparation and planning for the new planting season were done through an online IT management system Agrichain and the field works commenced on the 27 March 2020 as per agreed schedules. Recent investments in the agricultural segment are generally aimed at higher automation and replacing the old machinery with the one which requires fewer human resources;
- Sugar plants are preparing for the launch of production in the autumn and currently carrying out maintenance and repair works;
- Grain storage facilities, the soybean processing plant and dairy farms operate under normal regime save for additional sanitary and preventive measures for personnel;
- The Company is self-sufficient in storage capacities which enables it to store produce (grains and sugar) for considerable amount of time, if needed;
- In-house automotive and rail car fleet allows for uninterrupted supplies to ports for exports.

## SUPPLIER AND CUSTOMER RELATIONSHIPS

- ASTARTA has contracted volumes and prices for the entire 2019 harvest of grains and oilseeds and continues to deliver outstanding volumes on the CPT basis according to the committed schedules;
- External and internal trade logistics is intact to-date;
- The Company regularly reviews its supply chains and locations for wider diversification of deliveries in the future.

## FINANCES

- ASTARTA accumulated significant financial resources up until the end of the planting season (i.e. until June 2020);
- The Company keeps close contact with its lending banks, with majority of them having financed its business for many years;
- Enhanced financial monitoring of suppliers and off-takers and a more frequent review of counterparty limits;
- Investments are limited to maintenance capex only since 2019;
- The EBRD, one of ASTARTA's long standing financing partners, approved a COVID-related support facility to help its clients through the current crisis. ASTARTA is eligible to participate in the program, should additional liquidity be needed.

# GRI content index

GENERAL DISCLOSURES		
GRI 102: General disclosures 2016		
102-1	Name of organization	ASTARTA Holding N.V.
102-2	Activities, brands, products, and services	Please refer to pages 3, 8, 9 of the report
102-3	Location of headquarters	Registered office: Jan Van Goyenkade, 8, 1075 HP Amsterdam. Headquarters (organisation's administrative centre: str. Yaroslavska 58, Kyiv, Ukraine, 04070)
102-4	Location of operations	Ukraine: Kyiv (Head office), Poltava, Vinnytsia, Kharkiv, Cherkassy, Chernihiv, Khmelnytskyi regions. Please refer to page 10 for details
102-5	Ownership and legal form	ASTARTA Holding N.V. is public limited liability company listed on WSE
102-6	Markets served	Markets: Sugar and sugar by-products, grains and oilseeds, soybean crushing products, milk; grains and oilseeds storage services. Products are offered locally and internationally to industrial food processing companies and traders. Please see pages 9, 11, 34-35 of the report. (incl map of products)
102-7	Scale of organization	Please refer to page 31 of the report Financial results are reported in accordance with IFRS standards
102-8	Information on employees and other workers	Please refer to pages 56-59 of the report
102-9	Supply chain	Business model is presented at page 8 of the report. Please refer to page 76 for contractor information. As an agricultural producer, the Company sources products and services from numerous suppliers based in a wide range of countries. The procurement department ensures that the required products and services are sourced in the right quality, at the right time and at the right cost. As the Company run vertically integrated business model, our supply chain starts at sugar plants, agricultural farms, dairy farms, soybean processing plant, bioogas plant and grain storages. Integration between the plants, fields and the market is done through the company's own logistics infrastructure (grain storages). The procurement chain spans about 53 first-tier suppliers. ASTARTA promotes cooperation with farmers to maximize usage of its storage, handling and processing facilities and creating more value added opportunities for both sides (farmer and processor). The Company encourages supply chain transparency together with the suppliers by developing sustainable supply chain

102-10	Significant changes to the organisation and its supply chain	No changes in supply chain took place during the year. In 2019, ASTARTA has changed its approach to selecting suppliers by introducing an automated procurement management system. The implementation of the system allows to keep track of all current processes that occur in all production units from the application for purchase, invitation of participants, evaluation of participants (qualification for participation), bidding, until the final selection of the winner in a real time. The system provides a database for evaluating suppliers (ranking by risk indicators before the start of work, and by performance). The systems primary focus is on more robust safety-based supplier selection criteria and strengthening of controls
102-11	Precautionary principle or approach	Internal risk management and control systems are designed to identify significant risks and to assist in managing those risks that could prevent the Company from achieving its objectives. For more information please refer to pages 78-79
102-12	Externals initiatives	UN Global Compact (Ukrainian Network)
102-13	Membership of associations	<p>ASTARTA is actively involved in business life and is an active member of the following organizations:</p> <ol style="list-style-type: none"> <li>1) Ukr sugar - National Association of Sugar Producers of Ukraine</li> <li>2) Ukrainian Agrarian Confederation (UAC)</li> <li>3) U.S.-Ukraine Business Council (USUBC)</li> <li>4) The Federation of Employers of Ukraine (FEU)</li> <li>5) European Business Association (incl. Logistics Committee)</li> <li>6) Centre for CSR Development in Ukraine</li> <li>7) UN Global Compact (Ukrainian Network)</li> <li>8) Confederation of Builders of Ukraine</li> <li>9) Donau Soja</li> <li>10) The Union of Ukrainian Entrepreneurs (SUP)</li> <li>11) Ukrainian Agribusiness Club (UCAB)</li> <li>12) Professional Association of Ecologists of Ukraine (PAEU)</li> <li>13) Ukrainian Business Association</li> <li>14) The fund of economic security support of Ukraine (FESSU)</li> </ol>
102-14	Statement from senior decision-maker	The CEO's statement is presented on page 5 of the report. The Chairman's statement is presented on page 6 of the report
102-16	Values, principles, standards, and norms of behavior	Please see page 4 of the report
102-18	Governance structure	Please see pages 66-73 of the report. The Company has a one-tier structure where management and supervisory functions are joined in the Board of Directors. There are Audit, Remuneration and CSR committees.
102-40	List of stakeholder groups	Please see pages 14 of the report
102-41	Collective bargaining agreements	98% of employees are covered by a collective bargaining agreement
102-42	Identifying and selecting stakeholders	Please see pages 14-17 of the report
102-43	Approach to stakeholder engagement	Please see pages 15-17 of the report
102-44	Key topics and concerns raised	Please see pages 18-19 of the report
102-45	Entities included in consolidated financial statements	Please see Consolidated financial statement at pages 84 of Annual report via the <a href="#">link</a>
102-46	Defining report content and topic boundaries	Please see pages 13 of the report. Material topic boundaries are determined by operational and financial controls of the Company. Process of report content identification was conducted in line with the GRI principles for editing of report content. Information with regards to the material topics outlines in the report complies with the principles for defining report quality
102-47	List of material topics	Please see pages 18-19 of the report



102-48	Restatements of information	Change in classification of wastes (page 42), occupational safety (lost day ratio) (page 61)
102-49	Changes in reporting	List of material topics was extended. Please see page 19 for details
102-50	Reporting period	12 months of the year ending 31 December 2019
102-51	Date of most recent report	The report is prepared under GRI standards. The most recent publication was on April 8th, 2019
102-52	Reporting cycle	annual basis
102-53	Contact point for questions regarding the report	IR@astarta.ua
102-56	External assurance	n/a

## MATERIAL TOPICS

### LOCAL COMMUNITIES

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Please refer to pages 18-19, 50-55 of the report
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

#### GRI 413: Local Communities 2016

413-1	Operations with local community engagement, impact assessments, and development programs	Please refer to pages 50-55 of the report. 100% of operations are covered by the Stakeholders engagement plan.
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### OCCUPATIONAL HEALTH AND SAFETY

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Please refer to pages 18-19, 61-62 of the report
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

#### GRI 403: Occupational Health and Safety 2016

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Please refer to pages 61-62 of the report
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<b>ENERGY</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 18-19, 40-41 of the report
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Please refer to pages 40-41 of the report.
<b>WASTES</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 18-19,42-43of the report
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 306: Effluents and waste 2016		
306-1	Water discharge by quality and destination	Please refer to page 43of the report
306-2	Waste type by disposal method	Please refer to page 42 of the report
<b>EMPLOYMENT</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 18-19, 56-58 of the report. Management approach for material topic covers also aspects of diversity and equal opportunity.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Please refer to pages 56-58 of the report
GRI 405: Diversity and equal opportunity 2016		
405-2	Ratio of basic salary and remuneration of women to men	Please refer to page 57 of the report

**ANTI-CORRUPTION**

GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Please refer to page 75 of the report. For material topic of anti-corruption topic-specific disclosures can not be reported.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

**OTHER MATERIAL TOPICS NOT COVERED UNDER GRI STANDARDS**

	Certification	Please refer to page 44 of the report
	Responding to Climate changes	Please refer to page 45 of the report
	Carbon footprint	Please refer to page 46 of the report
	Biodiversity	Please refer to page 47 of the report
	Animal welfare	Please refer to page 48 of the report
	Training and education	Please refer to page 59 of the report
	Human rights assessment	Please refer to page 60 of the report
	Responsible procurement	Please refer to page 63 of the report
	Board management structure	Please refer to pages 66-73 of the report
	Shareholders and price performance	Please refer to pages 68 of the report
	Whistleblowing	Please refer to page 75 of the report
	Anticorruption	Please refer to page 75 of the report
	Contractor management	Please refer to page 76 of the report
	Risk&Compliance	Please refer to page 77 of the report
	Material risk factors and threats	Please refer to pages 78-79 of the report
	Outlook and key challenges	Please refer to pages 80-81of the report