

A close-up photograph of green grass blades with several water droplets on them. The background is a soft, out-of-focus green. A white curved line is visible in the upper left and right corners of the image.

# SUSTAINABILITY REPORT

2021



ASTARTA Holding N.V.

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## Chairman's Statement

The list of Astarta's achievements in 2021 would not be complete without describing the Company's efforts on expanding its sustainability practices. Being at the forefront of the climate change, agriculture is of special focus for Astarta's management as they look at the short- and long-term climate adaptation and mitigation tools. These are also closely related to soil health and plant resilience to withstand different weather patterns.

In 2021 Astarta further expanded the scale of precision farming aided by an in-house soil analysis laboratory. Today, the company has a unique database with a tight grid covering most of the fields under operational management. All key soil nutrients are regularly collected and monitored, and this information is used for adjusting the agronomy to the physical chemistry of the soil. By way of example, Differentiated Sowing and S-Control Monopile techniques tailor the amount of planting material to the specific land plot and allow increasing productivity of crops while saving on seeds. At the same time, the remote monitoring of the crop growth process via AgriChain Scout (one of the key modules of AgriChain, Astarta's proprietary IT software system) increased from  $\frac{3}{4}$  of the operating land area in 2020 to 100% last year.

The increase in the average annual temperature and lower precipitation levels in Ukraine command a gradual change of crop mix towards a higher share of winter crops such as wheat and rapeseeds total acreage increase from 49 in 2020 to 54 in 2021, focus on drought resistant varieties of spring crops, applying reduced tillage to preserve moisture in the ground, tailoring density of sowing and fertiliser application to specific soil conditions.

Another area of expansion for Astarta under changing climate conditions is irrigation. Currently, 500ha of land operated by the Company is under irrigation, and there is potential to increase the scale several-fold in the next few years.

Agricultural science links climate risk mitigation to sequestration of carbon in soil and, at the same time, improving its health and productivity. In 2021 Astarta joined a project aimed at reduction of greenhouse gas emissions via applying the Cool Farm Tool.

The aim of the project is to identify methods to decarbonise Astarta's primary agricultural activities such as crop growing. The pilot area covers over 30kha of farmland operations and the data was used to generate the Baseline 2020 report with the help of the Cool Farm tool. Some of the 'carbon farming' methods Astarta has already put into practice, and the project will allow to achieve verifiable carbon sequestration.

The key areas of focus in 'carbon farming' and improving soil health are soil management (reduced till or no till combined with preservation of plant residue), growing cover crops to avoid bare soil, reduced use of nitrogen fertilisers (application by injection or with nitrification inhibitors). Astarta practised reduced (minimal and subsoil) tillage at 110kha of farmland in 2021.

Decarbonisation of the industrial processes of Astarta's business has been long established via reduction of natural gas consumption at the sugar mills under the energy efficiency programme of BAT (best available technology) and introduction of the bioenergy feed (pellets) at one of the sugar mills. In addition, Astarta is planning to ramp up biogas production at the plant which converts sugar beet pulp into gas to replace half of annual natural gas needs of the sugar mill and the soybean crusher in Globyno.

As a socially responsible business, Astarta continues to develop best practices in all ESG areas and submits relevant information to specialised international platforms and rating agencies to enhance transparency of data for stakeholders and compare its standing relative to peers in the industry.

**Astarta's History**  
GRI 102-2



Astarta is one of the largest vertically-integrated agro-industrial holdings in Ukraine. The Company's main activities include grain and oilseeds production, sugar production from sugar beets and raw cane sugar processing, soybean crushing, milk production, as well as grain and oilseeds storage and handling services.

Since 1993, the Company has proven to be a reliable and trustworthy partner and supplier, committed to best international standards in terms of quality, innovation, and sustainability. Integrity, transparency, and strengths of its human capital has also been among Astarta's key priorities. The Company maintains a nation-wide presence with around 5k employees based at its production and storage facilities in seven regions. Their dedication and expertise determine Astarta's success.

The Company has established stable long-term business relationships with leaders of the Ukrainian food processing, confectionary and retail industries. The Company exports its produce to 50 countries.

Astarta's achievements have been built on continued development and innovation to meet changing needs of its customers, to improve operations and to work with independent crop growers via the Partnership Centre to ensure sustainable agricultural production.

Through an effective leadership effort from everyone across the Company, combined with the right resources and trust in regional teams, Astarta delivered revenues and operating profit at levels way above previous years.

## Company's Mission and Values

We, Astarta, are a vertically integrated agro-industrial holding in Ukraine, a public European company, running a socially responsible business and producing food commodities with a focus on global markets.

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 development for each of the Company's employees.

Our mission is to build strong Ukraine and strengthen its credibility in the world, unlocking and multiplying the potential of the Ukrainian land and its people and inspiring the society with exemplary business conduct, based on the principles of fair partnership, ethics, and development.

While undertaking our mission, we rely on the following strengths:

- Stellar reputation of a responsible and reliable partner,
- Consistent quality of products made,
- Significant diversification and vertical integration of the business, and
- Strong employer brand.

While strengthening approach to doing business with a focus on global markets, we:

- Build marketing relations with the end users,
- Cultivate mutually beneficial partnerships with our stakeholders and customers,
- Create fruitful relationships with global peers,
- Develop business partnerships in Ukraine to promote national interests and improve the country's competitiveness in global markets,
- Develop the business towards more value-added products,
- Continue expanding organic production, and
- Build up commodity trading business.

Taking into consideration rapid development of innovative technologies in the industry, we

- Are fully engaged in building infrastructure and developing agriculture start-ups,
- Promptly adopt advanced industry solutions to the Company's business processes, and
- Evolve R&D and business capabilities.

By developing the Company's staff and shaping the business culture and principles of respect for dignity and professionalism, we

- Upgrade personnel training and development systems,
- Apply a more efficient approach to recruitment and engagement of employees, working continuously to raise their loyalty and create decent living and working conditions in the regions, and
- Develop external and internal talent pools.

To enhance efficiency, we embrace culture of lean manufacturing and energy-efficiency.

While being proactive in shaping our business environment and the society we

- Subscribe to the principles of sustainable development,

- Build the public-private partnership,
- Participate in industry and professional associations, trade unions and local government authorities,
- Promote vocational education and applied research in the country.

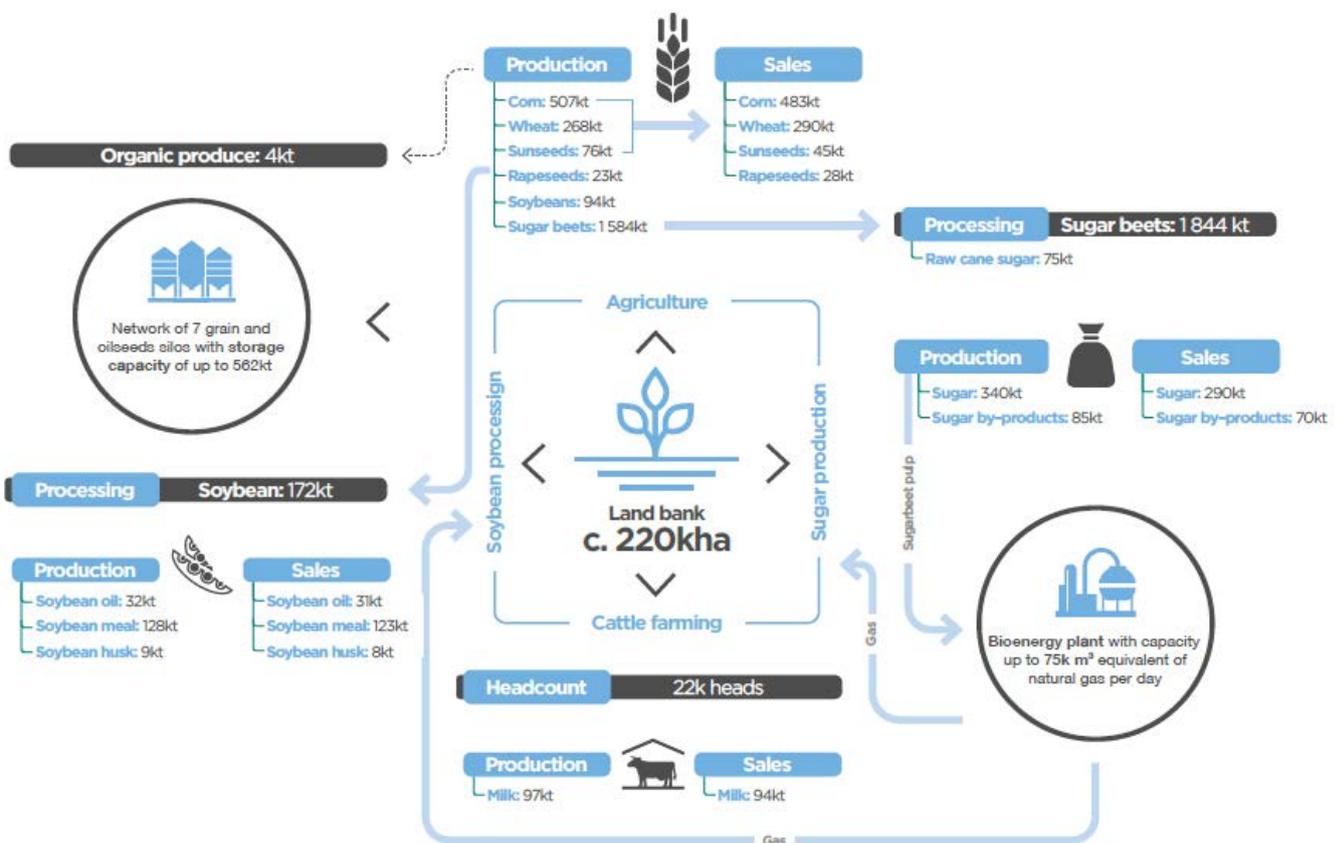
We carry out our Mission with full commitment to the values of impeccable business reputation, social responsibility, respect for human dignity, and results-oriented partnerships.

We get away from conformism and fear of change, wasteful attitude to the resources of the Company and the prevalence of individual interests over the team's ones.

We nurture values of entrepreneurship, personal efficiency and the pursuit of the impossible to achieve the maximum.

## Business Model and Value Creation

### Business Model



Agriculture	Sugar production	Soybean processing	Cattle farming
<p>c. 220kha under management. Key crops: corn, wheat, sunseeds, sugar beet, soybeans, rapeseeds. In-house storage &amp; handling facilities with capacity of 562kt. Modern agriculture machinery fleet. A proprietary integrated multi-module IT solution for agribusiness management.</p>	<p>Certified producer of high-quality sugar Six sugar production plants. Biggest sugar producer in Ukraine with 22% market share. Self-sufficient in raw materials with 80% of sugar beet grown in-house. Partnerships with local farmers to secure sugar beets supply.</p>	<p>One of the biggest soybean processors in Ukraine with 13% share. 43% of inhouse high quality non-GMO soybeans. Partnerships with local farmers to secure soybeans supply.</p>	<p>Biggest industrial dairy farmer supplying premium quality milk in Ukraine. 22k heads of cattle. 97kt of milk produced. Own feed centre and inputs.</p>

Astarta aims at maximising value for all stakeholders through organic growth of its core business segments. At the same time, long-term value creation is viewed by Astarta through the prism of sustainability of its business model with the particular attention to the environmental and social aspects.

Environmental aspect	Social aspect
<p>The aim of Astarta’s strategy is to contribute to environmental objectives by using elements of carbon farming and similar sustainable technologies. Astarta has a huge potential in carbon sequestration through organic or carbon farming which implies reduced tillage, planting cover crops, among, others and building up organic matter in the soil, thereby improving its health. This way organic farming contributes to removal of CO<sub>2</sub> from the atmosphere. Such regenerative farming also contributes to the protection and restoration of biodiversity as it implies reduced mechanical treatment of the soil which is one of the reasons for biodiversity decline. It also contributes to the transition to a circular economy through the reduction of use raw materials such as fertilizers. Astarta strategy implies gradual switch to reduced tillage at its farms. Astarta also continuously works on the improvement of its production assets and renewal of agricultural equipment increase efficiency in use of natural resources, prevent or minimise impact on environment.</p>	<p>Social aspect of Astarta’s business is hard to overestimate as people is its most valuable resource. The aim of our strategy is to build favourable environment for sustainable development, cooperation and comfortable life of people with whom we interact in the course of our activities. The key components of the strategy are human capital, employees’ development, human rights, community relations, occupational health and safety. Realisation of the strategy is conducted through different projects directed at the development of communities, establishing of safe and comfortable working conditions, promoting diversity etc (for more information refer to the section Local Communities of this report). Thereby, Astarta sets up a strong basis for future growth within sustainable business model.</p>

## Innovations and R&D

Innovations is the important element of Astarta’s business model as they can provide for better operational results and enhance the sustainability aspect of its activities. The Company has a proprietary integrated multi-module IT software, called AgriChain, for agribusiness management. The core of AgriChain is a WEB-portal, consisting of eight modules aimed at streamlining business processes in the sphere of farmland management, field operations, storage, purchase and supply processes, crop monitoring, agrochemical soil and meteorological data and plant vegetation status (NDVI). In 2021 a new module of the software dedicated to crop monitoring, called “AgriChain Scout”, was extended to cover 100% of the Company’s arable land area (vs 75% in 2020). The system is aimed at improving harvest predictability by integrating crop monitoring, agrochemical status, meteorological data and plant vegetation status.

## Value Creation



## For people

Astarta believes that people are the most vulnerable and valuable capital of its business. Thus, the Company pays a lot of attention to the development of its employees, works hard towards retention of talent and adheres to a collaborative approach in relations with the workforce. To this end, Astarta not only meets the requirements of local legislation but also implements in-house initiatives focusing on the needs of personnel. Among them are medical insurance or wellness programmes, talent pool, a “Think Tank” for employees’ ideas management, school of internal coaching, scholarship programme etc.

By conducting its business Astarta creates jobs mainly in the rural area. In 2021 the Company employed 4,820 people 92% of which were employed in the rural area.

Beside comfortable working conditions Astarta offers competitive wages. In 2021 average salary in Astarta was UAH20k per month, or 44% higher compared to an average Ukrainian salary.

Total contribution of the Company in the form of salary, wages and additional financial incentives was EUR57m in 2021.

### **For shareholders and creditors**

Astarta proved to be a reliable and trusted financial partner for top local and international financial institutions. During its history Astarta built mutually beneficial relations with its financial partners. In 2021 Astarta made EUR3m in loan interest payments.

One of the Company's top priorities is increasing value for the shareholders. Astarta strives to build strong relations with shareholders through meeting their expectations. In 2021 it made a debut dividend payment for 2020 of EUR12m or EUR0.5 per share.

### **For local communities and environment**

Astarta is one of the largest land operators in Ukraine which conducts its business activity in different regions of Ukraine. Its nature implies strong involvement of local communities which, among others, include landowners who lease out land to the Company.

Astarta carries out dedicated programmes in the sphere of healthcare, education, culture, infrastructure etc. In 2021 the Company spent EUR0.9m on such projects. Astarta operates c. 220kha of land leased from almost 57k landowners-physical individuals through lease agreements. In 2021 total amount of cash outflows on lease liabilities was EUR21m.

As a big agroindustrial holding Astarta operates production assets and infrastructure which implies certain impact on the environment. Astarta conducts its business in alignment with policies, requirements of local legislation, and the commitment to international standards and best practices. The Company endeavours to minimise its negative impact and to maximize potential benefits. With this purpose Astarta continuously upgrades its assets, introduces modern technologies, increases operational efficiency. By way of an example, Astarta's biogas facility uses renewable sources as a raw material for biogas production and the application of modern agricultural technologies enhance sustainability aspects of its business model.

EUR2.4m spent on CSR and environmental programmes.

### **For suppliers and clients**

Astarta's production assets and infrastructure create a value chain from agriculture to food processing. The Company makes best efforts to upgrade its assets and products to meet the highest requirements of clients. Assets and processes are regularly assessed by external audits to confirm high quality of the products. In 2021 Astarta sold 290kt of sugar, 861kt of grains and oilseeds, 161kt of soybean products and 94kt of milk generating EUR491m of sales.

Considering its business scale, the Company deals with significant number of suppliers. In 2021 Astarta had 13k suppliers. Spending for products and services received from the suppliers totalled EUR250m in 2021, with more than 80% derived from local suppliers.

### **For farmers**

Astarta closely cooperates with local farmers on supply of sugar beets to sugar plants as well as grains and oilseeds to silos. The Company strives to establish strong relations with farmers located in the regions of Astarta's operations. With this purpose the Company created a Centre for Partnerships with Independent Farmers and developed dedicated programmes which include financial and agricultural services as well as supply of various farming inputs. In 2021 Astarta procured over 360kt of sugar beet and 120kt of grains and oilseeds from local farmers.

**For the economy**

By conducting its business Astarta directly and indirectly creates value for the Ukrainian economy. One of the key direct contributions is taxes paid by the Company. In 2021 Astarta paid a total of UAH1.6bn (EUR52m) in taxes and duties in Ukraine including UAH614m (EUR20m) to the State budget of Ukraine and UAH972m (EUR31m) to local budgets of the regions of Astarta’s presence.

**Key Developments in 2021**

Astarta acknowledges the importance of the agriculture sector in curbing the global warming which is the key driver for many changes in the climate system and pays a lot of attention to sustainable farming.

In partnership with the European Bank for Reconstruction and Development Astarta initiated development of a climate action plan aimed at identifying major climate change risks and opportunities, climate change mitigation actions, carbon reduction targets, and general improvement of its corporate governance.

In 2021 Astarta joined a regenerative agriculture project of Syngenta, LLC (Ukraine) to develop farming practices for sequestering carbon in the soil and enhance its health. The Company developed a Baseline report for 2020 and received a set of recommendations to decarbonise its field operations through reduced tillage, cover cropping, use of emission inhibitors and lower consumption of fertilisers and energy. Astarta intends to follow the recommendations and reduce its carbon footprint over several years. The reduction will be measured by the Cool Farm Tool. After independent verification the Company plans to create Voluntary Carbon Credits for sale.

Astarta was awarded for introduction of principles of circular economy by ECOtransformation-2021 - the local platform for ecological and technological solutions.



In 2021 Astarta received an ESG Risk Rating score of 27.4 (vs 32.6 in 2020). As of September 2021, Astarta is ranked No 2 out of 89 companies that Sustainalytics covers in their Agriculture Subindustry globally, and 93rd out of 561 in their Food Products Industry.



For the third year in a row Astarta confirms its high ESG performance with Silver Medal from Eco Vadis platform.



In 2021 Astarta submitted debut application to CDP and was scored D.

The Company’s crop growing subsidiary List-Ruchki confirmed the status of an organic producer and successfully passed the certification of land and warehouses by the Organic Standard and Bio Suisse. Certification allows the Company to sell its organic products to the European Union.

As a big farmland operator Astarta pays special attention to the social aspect and supports development of local communities in the regions of its operations.

Having participated in the XII Corporate Social Responsibility (CSR) Contest by the Centre for CSR development and EY Ukraine, Astarta was awarded for the best CSR project “My future in Agro” among 83 nominees. The project aims at promoting agricultural profession among young people.

Astarta was also among finalists for the Partnership for Sustainability Award 2021 contest and was recognised in the nomination called “Economic growth” for the “SMART impulse” project devoted to the development of local communities. In addition, Astarta was the only agricultural company to become an approved employer of the Association of Chartered Certified Accountants in Ukraine.

Astarta joined the national initiative “The Green Country” to reforest the country by planting one billion trees across Ukraine. Astarta’s employees took an active part in the initiative and planted c. 112k trees in different regions of Ukraine.

Traditionally, Astarta is among top employers in Ukraine. The business magazine “Delo” recognised Astarta among the five best employers in the country by reputation, social responsibility, personnel development.

#### Financial and operational performance

Financial performance	Operational performance
Revenue – EUR491m (up by 18% y-o-y) EBITDA – EUR201m (up by 78% y-o-y) EBITDA margin - 41% Net Profit – EUR122m (up 14x), net profit margin 25% Market Capitalisation - EUR231m (up by 61% y-o-y) EV – EUR383m (up by 41% y-o-y)	Sugar – 340kt (up by 25% y-o-y) Grains and oilseeds – 974kt (up by 20% y-o-y) Soybean meal – 128kt (down by 16% y-o-y) Soybean oil – 32kt (down by 20% y-o-y) Milk – 97kt (up by 4% y-o-y)

#### Astarta’s social and environmental Impact

Social impact	Environmental impact
4,820 - people employed Gender structure: male – 64%, female – 36% 97% female to male remuneration ratio LTIFR* – 0.5 Ten social projects in rural area 2,654 participants in educational projects 358 people received non-refundable financial aid 94km of roads across villages repaired 44 medical institutions and 33 cultural centres repaired and supported Social spending – EURO.9m	Energy consumption – 4,080k GJ (up by 12% y-o-y) Consumption of natural gas per tonne of sugar beet – 21.5m3 (down 9% y-o-y) Consumption of diesel in agriculture – 71kg/ha (down by 2% y-o-y) Emissions – 388kt of CO2 equivalent (up by 8% y-o-y) Environmental Health and Safety budget – EUR1.3m

\* Lost Time Injury Frequency Rate

## Engagement with Stakeholders

In 2021 Astarta continued disclosing comprehensive ESG data via a separate stand-alone sustainability report for convenience of its stakeholders. The information is presented under the GRI Standards: Core Option. Commitment to transparency and accountability remain the key basic principles for the preparation of the report. For better understanding of Astarta's overall performance it is recommended to read it in conjunction with the Annual report 2021 published on the website of the Company ([www.astartaholding.com](http://www.astartaholding.com)).

The Company is engaging with stakeholders on a regular basis according to Stakeholder Engagement Plan (the "SEP"). The document specifies stakeholder's engagement depending on the operational profile of a unit.

The purpose of Astarta's SEP is to provide a framework for consultation and participation strategy which:

- Defines the applicable legal requirements concerning disclosure and consultation.
- Identifies stakeholder groups that could be affected or may have an interest in the Company's services.
- Ensures that such stakeholders are appropriately engaged through a process of information disclosure and meaningful consultation on issues that could potentially affect them.
- Maintains a constructive relationship with stakeholders on an ongoing basis through meaningful engagement.
- Provides a grievance mechanism to allow users and other stakeholders to register complaints, queries or comments that are addressed in a timely manner by the Company.
- Plans for stakeholder engagement which is free of manipulation, interference, coercion or intimidation and is conducted based on timely, relevant, understandable, and accessible information in a culturally appropriate format.

The Company keeps track of stakeholders' attitudes and expectations and continuously improves communication with them. All stakeholders are eligible to register suggestions and complaints addressed to Astarta via a special form defined in the SEP.

## Identifying and Selecting Stakeholders



Astarta’s management team evaluated the importance and applicability of key sustainability issues for its business and focused on those aspects that are material to the organisation and its key stakeholders, namely, issues that could result in a significant economic, social or environmental impact, or those that significantly concern stakeholders’ perceptions and decisions. Lower priority issues are subject to monitoring and review.

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, landowners and

clients. The Company engages with all of stakeholders and considers all of them to be essential for its business.

## Approach to Stakeholder Engagement

STAKEHOLDER GROUP	ENGAGEMENT
<b>Shareholders/ Investors</b>	<p>The Company is committed to maintaining an open dialogue with shareholders and investors and have an engagement with them throughout the year. Feedback from the investment community is reported to the Directors regularly.</p> <p>Form of engagement: Annual and interim reports, press releases, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.</p>
<b>Employees</b>	<p>Every employee of the Company contributes to its success. Wide ranging channels of internal communication are used to keep an open dialogue with this group of stakeholders.</p> <p>Form of engagement: Meetings, thematic seminars, corporate events, corporate publications, questionnaires, collective agreements, corporate ethics code, training sessions, consultations, the Company’s “hotline”, social networks, official correspondence. The Company launched an enterprise information portal (EIP) as a single information medium for all employees. Also, Viber and Telegram channels were activated to regularly inform employees about the Company’s events.</p>
<b>Creditors</b>	<p>The Company commits to transparency of its performance to secure stable long-term business relationships with international development financial institutions (including IFC, EBRD, EIB) and local banks.</p> <p>Form of engagement: Annual and interim reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.</p>
<b>Consumers/Clients</b>	<p>The Company serves a wide range of customers locally and globally and strives to maintain stable relationships with them.</p> <p>Form of engagement: Corporate website, questionnaires, presentations, annual and interim reports, consultations, negotiations, interviews, corporate website, social networks, the Company’s “hotline”, official correspondence.</p>
<b>Local Communities/Land owners</b>	<p>Astarta has a remarkable history of community involvement because of open and transparent communication with local communities and landowners. It remains one of the key priorities for its business.</p> <p>Form of engagement: Conferences, round tables, social and charitable programmes, publications in media, printed materials (posters, booklets), corporate website, regular meetings with local communities. In 2020, a Viber-channel was launched, which informs landowners and members of the local communities about the Company’s events.</p>
<b>Suppliers</b>	<p>Astarta builds relationships with suppliers to better understand the markets where it is present. The procurement team engages with the suppliers on a regular basis.</p> <p>Form of engagement: Corporate website, questionnaires, presentations, annual and periodical reports, consultations, negotiations, interviews,</p>

	corporate website, social networks, the Company's "hotline", official correspondence.
<b>Media</b>	<p>Astarta maintains a regular dialogue with media in a number of ways from face-to-face interactions to those via social media and is committed to maintain an open dialogue.</p> <p>Form of engagement: Annual and periodical reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.</p>
<b>Authorities</b>	<p>Astarta interacts with a wide range of authorities at national and regional level as they influence how the Company does business. It is also a member of major associations in the key markets.</p> <p>Form of engagement: Consultations and meetings, seminars, official correspondence, joint projects on local infrastructure development, official correspondence.</p>
<b>Local farmers</b>	<p>Astarta promotes cooperation with farmers creating more value-added opportunities for both sides (between a farmer and a processor). The Company established the Centre for Partnership (CFP) to offer comprehensive cooperation through a "single window" concept. The CFP unites all supply and procurement-related services and products offered to local farmers for their business needs. Astarta's experience, size, scale of production and storage capabilities allow it to make attractive offers to business partners.</p> <p>Form of engagement: Conferences, round tables, social and charitable programmes, publications in media, printed materials (posters, booklets), corporate website, regular meetings with local farmers.</p>

### **Organisational and Content Related Reporting Boundaries.**

The information presented in this report includes data as of the end of fiscal year ending 31 December 2021 in comparison with 2020 and is applied to 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 organisation and its key stakeholders, namely, issues that could result in a significant economic, social, or environmental impact, or those that significantly influence stakeholders' perceptions and decisions. Lower priority issues are subject to monitoring and review.

Considering increased global focus on sustainability issues the European Parliament recognised and formalised non-financial information disclosure by certain large companies through the Directive 2014/095/EU. This EU legislation was implemented into Dutch regulations such as Non-Financial Information Disclosure Decree and Diversity Policy Disclosure Decree. Taxonomy regulation that has been adopted in the EU also requires to report information on sustainable activities by companies. Therefore, this report also contains aspects of non-financial information that are mandatory under required regulations. In addition, information provided in the report considers requirements of the Dutch Civil Code and the WSE ESG reporting guidance.

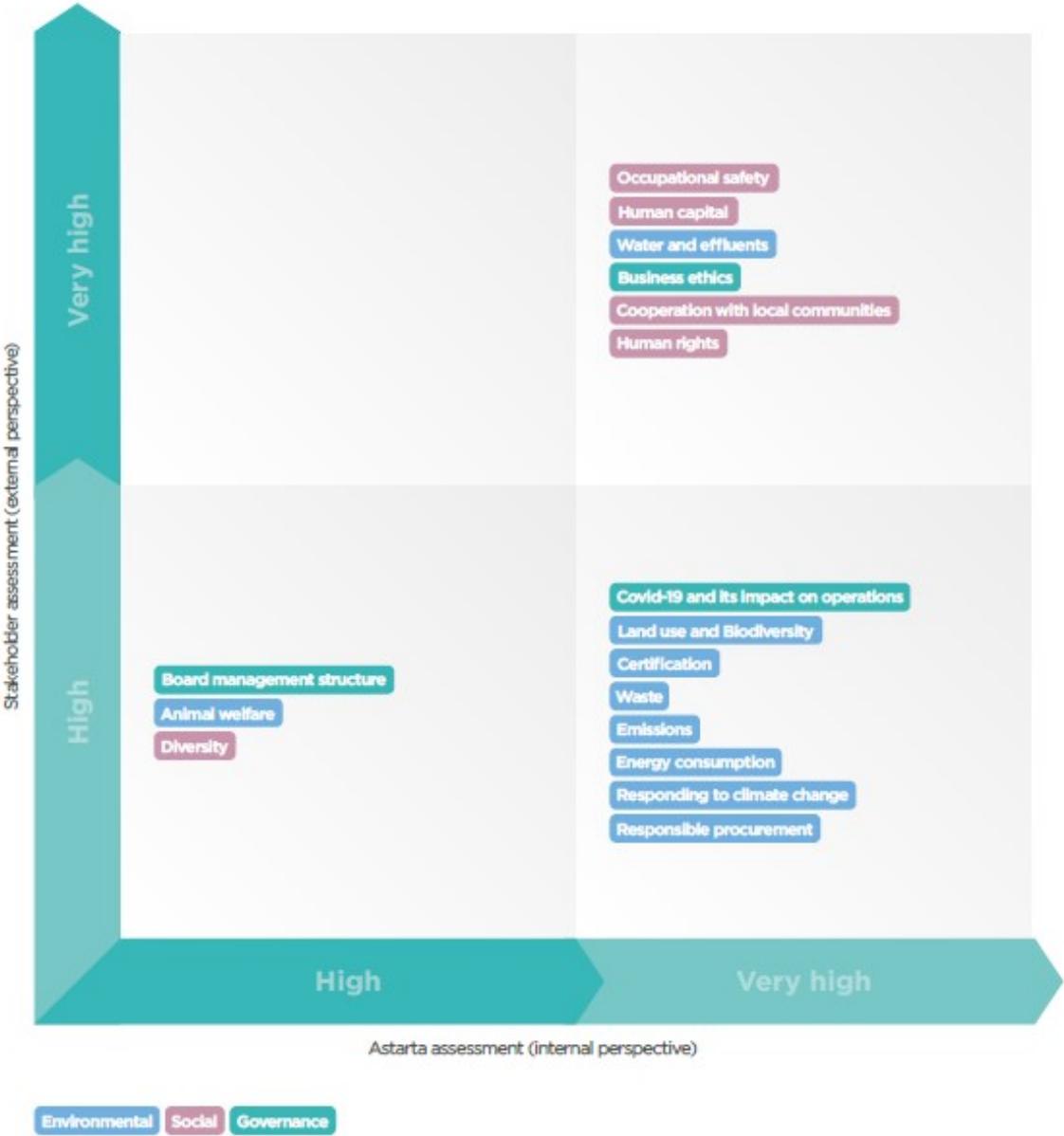
To enhance reporting on climate-related information such as impact of climate change on its business as well as related risks and opportunities the Company created disclosure based recommendations by the Task Force on Climate-related Financial Disclosure (TCFD).

### Key Topics and Concerns Raised

Throughout the year interviews were conducted by key executives from each business segment 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 its business activity.

In 2021 the Company reviewed the list of the material topics and grouped the questions under respective ESG topic. As a result, the following topics were evaluated for further assessment of their materiality: Ecological – energy consumption, waste management, water consumption, certification and sustainable products, responding to climate change, emissions, animal welfare, land use and biodiversity, responsible procurement; Social – cooperation with local communities, human capital, human rights, diversity, occupational safety, COVID and its impact on operations; Governance – Board management structure, business ethics.

### Matrix of Material Topics of the Company



## Task Force on Climate-related Financial Disclosures

Human activity was recognised to contribute to the climate change mainly due to use of fossil fuels, deforestation and intensive agriculture which lead to the warming up of atmosphere, ocean and land.

Sustainability agenda became top priority worldwide resulting in new regulations and standards which require business to assess their environmental, social and governance performance.

Although TCFD recommendations remain voluntary they are recognised as a reliable guidance for reporting of climate-related information and are embedded into the EU legislation.

This report contains climate-related financial disclosure in accordance with the TCFD.

## Governance

The Board of Directors is responsible for overseeing the climate-related issues. With this purpose the Sustainability and Corporate Responsibility Committee was established in 2020 and consists of members of the Board. It assists the Board of Directors in fulfilling its responsibility for oversight of relevant sustainability and corporate social responsibility policies, strategy and projects of the Company.

There is also an ESG committee at the executive management level which is responsible for implementing sustainability strategy. The ESG committee consists of the key members of executive management and is chaired by the CEO. The committee sets and reviews key ESG performance indicators together with other issues including risks, strategy and realisation of sustainability projects by the Company.

Sustainability issues are also considered by the Investment Committee when reviewing new development projects to identify potential risks, benefits and overall impact.

From 2021 the Director for Business Development and Investor Relations leads the sustainability function on behalf of the executive management board. The scope of responsibilities covers sustainability strategy, monitoring of implementation of sustainable practices, overseeing compliance with local and international standards and requirements in the sphere of sustainable development, as well as reporting to stakeholders.

On a quarterly basis the Director for Business Development and Investor Relations reports key ESG KPIs, raises key concerns to the ESG committee of the Executive Management Board and to the Board of Directors.



## Strategy

Around 30 years ago the climate change became a front-page issue in the global agenda when the United Nations Framework Convention on Climate Change was adopted. Since then, the topic picked up momentum as global warming became obvious and notable. Currently businesses view climate change among the most significant risks and embed these risks into their business models. Astarta considers climate risks while planning its operational activities and plans to perform a formal scenario analysis of such risks.

Impact of climate change is first and foremost observed in the Agriculture segment due to increase climate-related hazards such as heat stress, lower precipitation and drought leading to lower harvests and financials results. Astarta adapted to these climate change risks by increasing the share of winter crops in the crop rotation cycle. Winter crops have better access to moisture in soil in spring and are harvested before the hottest summer months.

The Agriculture segment is the key supplier of raw materials, sugar beets and soybeans to the Sugar production and the Soybean processing segments. Therefore, the agricultural output has a direct impact on the results of other segments. Following a gradual shift in climate favourable zones for crop growing from South-East to North-West of Ukraine sugar beet growing activities in certain areas such as the Kharkiv region became significantly riskier. In response to these changes Astarta divested two sugar plants and stopped growing sugar beet in this region. The Company is expanding soybean growing in the North-Western regions of Ukraine which enjoys higher precipitation.

To have a better understanding of possible long-term climate risks for its business and measures that Astarta can undertake to reduce the negative impact it initiated the development of a Climate Action Plan in partnership with the European Bank for Reconstruction and Development in 2022.

The Climate Action Plan anticipates producing a set of measures for the whole company and for each business segment after the following stages:

- a) Review of Astarta's operations and their environmental impact, including greenhouse gas emissions;
- b) Analysis of the Company's exposure to key climate risks (transition and physical) and opportunities;
- c) Identification of potential climate sensitivities in the supply value chain;
- d) Stress-testing and financial materiality assessment of the Company's business operations under different climate change scenarios;
- e) Implementation and monitoring reporting and evaluation ("MRV") of relevant metrics and targets for each business segment;
- f) Identification of climate action priorities and climate-aligned investment planning.

Also with the support from DEG, the German development finance institution, Astarta plans to start cooperation with IfaS, the German Institute for applied Material Flow Management to perform an Energy Efficiency Check of its production assets in 2022. The project is also tasked with developing specific targets for reduction of energy use, input resources, carbon emissions and identifying required technologies and investments.

The above projects will assist Astarta with crystallising a dedicated climate change strategy with a decarbonisation pathway and comprehensive climate risks analysis for sustainable development of its business in the next decades.

## Risk Management

Efficient risk management is the basis for delivering the Company's strategic goals. Astarta sees risk management as an important element of future business growth in a sustainable manner considering all types of risk it may face. Among such risks are climate risks which are incorporated into general risk management framework of the Company.

Astarta developed AgriChain, a proprietary software platform for agribusiness management which provides IT solutions helping the Company to better manage the physical risks through precise application of agricultural inputs and technology.

Astarta also actively works with local farmers through a dedicated Partnership centre to secure the required volumes of raw materials such as sugar beets and soybeans for processing.

The Company buys insurance against harvest loss from droughts, natural disasters, abnormally low or high temperatures.

Astarta's farmland bank is spread among different regions of Ukraine providing diversification against unfavourable weather patterns on its operations.

Use of modern drought-resistant crop hybrids and increase in share of winter crops reduces risks related to volatility in precipitation.

According to TCFD Astarta identifies two groups of climate risks: transition and physical risks.

### Climate related risks relevant to Astarta

#### Group of Transition risks

- **Policy and legal risks**  
Impact: adoption of climate regulatory controls and imposition or increase in environmental payments such as a tax and carbon-pricing mechanisms may lead to additional costs in the form of taxes, or fines in case of violation of corresponding legislation.  
Ways for mitigation: strengthening of the corporate governance, legal and compliance functions.
- **Technology risk**  
Impact: the development and use of emerging technologies may lead to loss of competitiveness of the Company's products due to higher cost of production.  
Ways for mitigation: permanent assessment of new technologies, professional growth of key employees responsible for R&D, integration of the technology cost-benefit analysis into the investment decision process.
- **Market risk**  
Impact: decline in demand for the Company's products due to change in consumer preferences in favour of new climate sustainable products.  
Ways for mitigation: expansion of the product range, assessment of global food trends and scenario analysis, cooperation with food industry leaders.
- **Reputation risk**  
Impact: potential negative media coverage on the Company's contribution to climate change can damage reputation among stakeholders.  
Ways for mitigation: crisis management plan, monitoring of media activity, proactive communication with all stakeholders, professional PR team.

#### Group of Physical risks

- **Acute risk**  
Impact: increase in severity of weather events such as heat stress, low precipitation and drought may lead to deterioration of production results in agriculture.

Ways for mitigation: increase the share of winter crops in crop rotation, use of drought-resistant crop hybrids with shorter vegetation period, irrigation, precision farming, regenerative agricultural technology.

- **Chronic risk**

Impact: gradual shift in climate favourable zones for crops growing from South-East to North-West of Ukraine may lead to the decline in yields of crops that are more sensitive to precipitation and high temperatures.

Ways for mitigation: increase the share of winter crops in crop rotation as winter crops are better secured in terms of moisture, use of drought-resistant crop hybrids with shorter vegetation period season, irrigation, precision farming, regenerative agricultural technology, further geographical diversification of the land bank towards North-West of the country.

For more information on risk management please refer to the Risk Management section of Annual Report 2021 published on the Company's website ([www.astartaholding.com](http://www.astartaholding.com)).

Astarta also sees opportunities related to climate change such as participation in the voluntary carbon credit markets. If carbon farming is used across all farmlands, the Company may potentially remove significant volumes of CO<sub>2</sub> from the atmosphere creating carbon credits which can be used by high emitters to offset their unavoidable emissions.

Transition to a low carbon economy will stimulate farmers to switch from conventional farming methods in favour of minimal or no-tillage turning agriculture into a key carbon sink. Reduced tillage also improves soil health, preserves from erosion, protects biodiversity and eventually leads to higher productivity. Currently Astarta has 110kha of farmland under minimal and subsoil tillage.

### **Metrics and Targets**

Astarta launched development of a Climate Action Plan in partnership with the European Bank for Reconstruction and Development. The action plan will include targets developed in line with the Science Based Targets Initiative (SBTi).

The Company also enhanced its reporting of GHG emissions extending the disclosure to include Scope 2 and partial Scope 3 emissions. For more information, please refer to the section Emissions and Acting on Climate Change of this report.

Along with setting the long- and medium-term SBTi based targets within the Climate Action Plan Astarta also expects to come up with specific targets for improvement in energy and other natural resources use, GHG emissions and required investments with assistance from IfaS, the German Institute for applied Material Flow Management.

### **EU Taxonomy Disclosure**

According to the EU Taxonomy regulation, 2021 annual reports by non-financial undertakings are under obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU. The report needs to single out the proportion of business activities that are considered as eligible and non-eligible with the Taxonomy in their turnover, capital expenditure and operational expenditure.

To identify eligible activities Astarta conducted preliminary screening of its activities with respect to their eligibility with the Taxonomy. As a result, the Company has not identified any activities that meet the scope of the Taxonomy.

Therefore, 100% of the Company's revenues (EUR491m), capital expenditures (EUR16m) and operational expenditure (EUR140m) were derived from non-eligible activities per below.

For this disclosure:

- Total revenues – revenues from external customers;
- Capital expenditure – additions to tangible and intangible assets considered before depreciation, amortisation and re-measurements, including those resulting from revaluations, impairments, excluding fair value changes, and additions to tangible and intangible assets resulting from business combinations;
- Operational expenditure – R&D costs, building renovation costs, short term leases, maintenance and repair costs, all other direct costs necessary to operate the asset.

At the same time Astarta has activities which it believes to be environmentally sustainable and are not EU taxonomy eligible. Among these activities are:

1. Anaerobic digestion of organic material with the resulting production of biogas. The Company operates a biogas facility which uses sugar beet pulp, a by-product of sugar beet processing, for production of biogas. The biogas is supplied to other production subsidiaries of the Company. Therefore, the revenues from this supply are recognised as intercompany revenues;
2. Organic farming. The organic farming methods utilised by Astarta improve soil health and contribute to removal of CO<sub>2</sub> from the atmosphere. One of the Company's subsidiaries obtained the status of an organic producer and uses 1.8kha of farmland for its operations. In 2021 revenues from sale of organic produce to external customers were EURO.8m.

Within the process of development of a climate action plan in future, Astarta will conduct a more detailed screening for the eligibility and alignment of its activities with the Taxonomy.

## ENVIROMENTAL

### Energy

GRI-302; SDG-12

The nature of Astarta's business implies use of different energy resources like natural gas which is mainly used by the Sugar Production and Soybean Processing segments and liquid fuels mostly consumed in the Agriculture segment. Sugar production is one of the most energy intensive processes in the food industry. Astarta acknowledges that the use of energy resources is directly linked to the greenhouse gas (GHG) emissions. Thus, efficient energy management is a top priority for the Company.

Astarta aims to achieve the highest economic effect and reduce its negative impact on the environment through developing and implementing energy efficiency programmes.

In 2021 key production sites in the Sugar Productions and Soybean Processing were successfully certified according to the international standard ISO 50001 "Energy management".

In the Sugar Production which is the biggest energy consumer among its business segments Astarta continuously implements the energy and resources efficiency programme based on the Best Available Techniques. The main goal of the programme is to reduce energy resources consumption using modern equipment and practices. In 2021 natural gas consumption per tonne of sugar beet processed declined by 9% y-o-y to 21.5 m<sup>3</sup>. Overall energy consumption in the Sugar Production increased by 22% to 2,655k GJ reflecting new raw cane sugar processing activities which were introduced in 2021. The share of the Sugar Production in the total energy consumption was 65%.

The Agriculture segment is the main consumer of diesel used by agricultural machinery. Astarta continuously improves energy efficiency through modernisation of field machinery with higher productivity and lower consumption of fuel. In 2021 diesel consumption per ha of farm land

reduced by 2% y-o-y to 71kg/ha as machinery and vehicles running on gasoline were replaced with the new ones running on diesel. Overall energy consumption in the Agriculture increased by 2% y-o-y to 1,074k GJ representing a 26% share in total energy consumption.

Energy consumption in the Soybean Processing reduced by 15% y-o-y to 232k GJ due to lower soybean processing volumes in 2021. The share of the segment in total energy consumption was 6%.

The Cattle Farming increased energy consumption by 7% y-o-y to 115k GJ due to installation of additional ventilation equipment to enhance animal welfare. The share of the segment in total energy consumption was 3%.

Responding to climate change Astarta seeks ways to reduce its negative impact through the use of sustainable energy sources like pellets and biogas produced by an in-house bioenergy facility which allows to partially replace natural gas at several production sites.

Total energy consumption from renewable energy sources grew by 11% y-o-y to 115k GJ representing 3% of the Company's total energy balance.

Considering different type of fuels used in its business segments the Company changed its approach to calculation methodology by adopting "kGJ" as a unit of equivalence to improve the comparability and accuracy of the data on energy consumption across business segments and types of energy used. An automatic data collection and translation system of energy consumption was developed and implemented in 2021. The system generates a report on specific indicators related to the amount of energy consumed in absolute and relative terms in a unified format for all business segments. The methodology for calculation is based on the Order of the State Statistics Committee of Ukraine № 374 dated 23.12.2011 "Methodological statements for the formation of the energy balance", UNSTATS and internal technical documentation.

Based on the new calculation methodology the Company recalculated and restated energy consumption for the previous reporting period. The updated data is presented below.

#### Total energy consumption

<i>k GJ</i>	2020	2021
Sugar Production	2 182	2 655
Agriculture	1 050	1 074
Soybean Processing	271	232
Cattle Farming	108	115
Bioenergy Facility	15	4
<b>Total</b>	<b>3 627*</b>	<b>4 080</b>

\*restated

#### Total energy consumption per source of energy

<i>k GJ</i>	2020	2021
<b>Non-renewable sources, including</b>	<b>3 524</b>	<b>3 966</b>
Natural gas	2 171	2 378
Liquid fuels (diesel, petrol, LPG)	842	837
Coal	347	587
Electricity purchased	164	164
<b>Renewable sources, including</b>	<b>103</b>	<b>115</b>
Biogas	73	17
Other (pellets and fuelwood)	31	97
<b>Total</b>	<b>3 627*</b>	<b>4 080</b>

\*restated

## Energy intensity per unit of production

	<i>k GJ</i>	2020	2021
Energy used per tonne of sugar produced		7.22	7.19
Energy used per tonne of crop grown		0.34	0.33
Energy used per tonne of soybean processed		1.29	1.33
Energy used per tonne of milk produced		1.17	1.19

## Water and Effluents

GRI-303; SDG-6

Water is the most widespread resource on the planet, nevertheless only 2.5% of its total is suitable for human consumption. According to FAO agriculture is the largest water user, accounting for 70 percent of total freshwater withdrawals on average. Ukraine is among the countries with insufficient access to freshwater resources which is especially noticeable in its southern regions in need for irrigation.

Astarta's business operations are in the central and western regions with higher levels of precipitation and availability of water resources. Yet, responsible consumption of water is among key priorities for the Company.

Astarta withdraws fresh water from surface and underground sources according to limits and permits from local authorities. All water intake points are equipped with water meters.

From 2021 Astarta calculates water withdrawal and discharge in the Agriculture and Cattle Farming segments separately. In the Agriculture segment water is mainly used in irrigation and application of plant protection products, and general household needs. Total water withdrawal by the Agriculture segment was 1,052 megalitres in 2001.

The discharged water is mainly wastewater collected in special reservoirs for further discharging and treatment by specialist organisations. Total water discharge by the Agriculture segment was 2 megalitres.

In the Sugar Production water is used for washing sugar beets and for cooling power stations at sugar mills. Sugar plants have different categories of water used in sugar beet processing. The First category of water is technical water from a water reservoir, the Second category of water is clean water used for sugar beets washing and their transportation along the conveyor belt. The Third category of water is wastewater that contains sludge from the technological process. The latter category of water is not returned to the production cycle but discharged to the absorption fields next to the sugar plants for biologic treatment of wastewater.

In 2021 water withdrawal by the Sugar Production segment increased by 55% y-o-y to 2,120 megalitres due to raw cane sugar processing, while water discharge was 1,970 megalitres (up by 57% y-o-y).

The Soybean Processing segment withdraws relatively small amount of water. In 2021 the soybean processing operations withdrew 128 megalitres (down by 16 % y-o-y). Like sugar operations wastewater is discharged to the absorption fields. In 2021 wastewater discharged by the segment was 46 megalitres (down by 11 % y-o-y).

Cattle Farming operations withdraw water mainly for watering the animals and washing milking equipment. In 2021 water withdrawal by the segment was 652 megalitres while water discharge totalled 521 megalitres.

To control the quality of discharged wastewater Astarta performs a specialized analysis on a quarterly and annually basis.

Water withdrawal				
		ML	All areas	Areas with water stress*
Water withdrawal by source	Surface water		2 704	706
	Groundwater		1 230	257
	Third-party water		28	11
Total water withdrawal	Surface water (total) + groundwater (total) + third-party water (total)		3 962	974

Water discharge				
		ML	All areas	Areas with water stress*
Water discharge by destination	Surface water**		237	237
	Absorption fields		1 972	558
	Third-party water		549	151
Total water discharge	Surface water + absorption fields + third-party water (total)		2 758	947
Water discharge by freshwater and other water	Freshwater			
	Other water		2 758	947

\*\*Second category water

Water consumption			
		ML	All areas
Water consumption	Total water consumption		1 204

Facilities in areas with water stress*, ML		Zhdanivsky sugar plant	Narkevytsky sugar plant	Vytovetsky grain silo	Khmilnytsky grain silo	Krasylivsky grain silo
Water withdrawal	Surface water	360	343	-	-	-
	Ground water	3	0.6	0.7	1.2	0.9
	Third-party	-	11	-	-	-
Water consumption		3	12	1	1	1

\*Water stress areas are defined according to Water Risk Atlas

## Land Use and Biodiversity

GRI-304; SDG-15

Biodiversity is the variety of life on earth such as animals, plants, fungi as well as microorganisms. Due to increasing pressure from human activities through consuming resources in the amounts never seen before the world faces the risks of losing the biodiversity which is a base for a balanced nature ecosystem. Continuous intensification of land-use in agriculture to meet the demand for food from the growing population caused significant reduction in biodiversity. According to WWF three-quarters of the land-based environment have been significantly altered, more than a third of the world's land surface is devoted to crop or livestock production. Thus, the protection and conservation of biological diversity, the maintenance of ecosystem and the balanced management of living natural and land resources are fundamental to sustainable development.

Ukraine has a significant biodiversity potential. According to national experts Ukraine is home to more than 70k animals and plants species which represents 35% of the estimated European biodiversity. Given the size of its farmland bank and agricultural crops' business Astarta pays special attention to sustainable land use and protection of biodiversity across its geography of operations.

Management approach to land use and biodiversity is based on the corresponding policies and standards developed according to national and international requirements and voluntary initiatives such as the concept of the national programme for biodiversity conservation, the IFC and EBRD standards, the Convention on Biological Diversity, the Ramsar Convention etc.

Astarta implemented the following key standards, policies and procedures in the sphere of land use and biodiversity: the Sustainability Policy, the Environmental Policy, the Sustainable Agriculture Policy, the Deforestation Policy, the Biodiversity Corporate Standard.

Basing on the above-mentioned documents management of the Company is committed to:

- assesses the potential effects, cumulative, direct and indirect impacts of any new or reconstruction project on biodiversity;
- use the components of biological diversity in such a way and at a speed that does not lead to its long-term reduction
- abide by the principle of avoiding the impact on biodiversity and minimization of potential impact;
- keep the Company's operating activities out of protected areas, such as nature reserves;
- introduce modern regenerative farming practices;
- use species that are naturally adapted to local and regional ecosystem for higher resistance to pests and diseases;
- implement best practices for sustainable management of living organisms.

One of the key elements of preserving the biodiversity and land resources in farming operations is the reduced or no-till approach as the depth of tillage is linked to the soil degradation and change in biodiversity. Such regenerative farming practices contribute to the protection and restoration of biodiversity as it assumes minimal mechanical treatment of the soil. In 2021 the Company performed minimal and subsoil tillage on almost 110kha.

Another important element of regenerative farming is use of cover crops and reduction in use of nitrogen fertilizers by applying nitrification inhibitors. These protects soil from erosion, therefore

improving its health. In 2021 Astarta used cover crops and nitrification inhibitors on the area of 0.5kha.

Astarta continuously invests in upgrading of its agricultural machinery fleet. To this end, in 2019 Astarta announced a five-year programme of renewal of agricultural machinery. Use of modern equipment results in lower impact on soil during the farming operations through more precise operations and inputs application and reduction in energy use.

Astarta actively uses digital solutions for land management such as proprietary IT software called AgriChain developed by its in-house agritech subsidiary. In 2021 the AgriChain Land module was updated with additional elements such as those allowing to monitor and control location of land plots operated by the Company in relation to the nature reserve areas. Astarta can make a fast verification whether a land plot which is considered for potential lease belongs to such areas.

There are also other elements of digitalisation and precision farming operations such as Differentiated Sowing and S-Control Monopile techniques which allow to reduce seeds application and improve productivity while mitigating negative impact on soil.

In the context of supply chain management when purchasing raw materials and products from suppliers, Astarta considers their location and checks whether there is a significant risk the habitat of species. If such risk is identified the Company does not enter into contractual relationships with such suppliers.

Raw materials such as soybeans and sugar beets supplied to the Company's processing assets are grown in-house or by local farmers. Neither Astarta's agricultural subsidiaries engaged in raw materials and milk production, nor local farmers use deforested land or involved in any kind of deforestation activities.

According to the biodiversity risk assessment results, there are no high-level risks for biodiversity from activities in the regions of Astarta's presence.

## **Emissions and Responding to Climate Change**

GRI-305; SDG-3, SDG-12, SDG-13, SDG-15

### **GHG and Other Emissions**

Among emissions generated by Astarta's activities are greenhouse gas emissions such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), particulate matters (PM), nitrogen oxides (NO<sub>x</sub>), sulphur dioxide (SO<sub>x</sub>) and others.

The Company developed and implemented the environmental monitoring system to measure and assess actual and potential impact of these emissions. The system includes:

- control of air emissions from stationary and mobile sources;
- efficiency assessment of dust and gas capture;
- control of air emissions at the borders of the sanitary protection zones;
- training on operating and maintenance of dust and gas capture for relevant personnel.

In 2021 Astarta expanded disclosure on emissions by adding indirect GHG emissions from purchased electricity (Scope 2) and some other elements of indirect GHG emissions from absorption fields, atmospheric deposition of nitrogen and manure management (Scope 3).

Under Scope 1 the Company also changed its approach to calculation of emissions from energy consumption and Cattle Farming and added emissions from the use of fertilizers. Therefore, Scope 1 emissions were restated for the previous period.

### Scope 1 emissions

Under an updated methodology, the Agriculture is the biggest emitter of direct GHG emissions (Scope 1) with 45% share of total. In 2021 the segment generated 160kt of CO<sub>2eq</sub> (up by 1% y-o-y) with the most significant share of emissions coming from synthetic fertilizers application (58% of total) and mobile sources (33%).

Increase in sugar production led to growth of energy resources consumption in 2021. As a result, direct GHG emissions by this segment increased by 25% y-o-y to 149kt of CO<sub>2eq</sub> or 33% of total direct GHG emissions.

The Scope 1 emissions in Cattle Farming comes from cows' enteric fermentation, manure management, stationary and mobile sources. In 2021 these remained flat and totaled 69kt of CO<sub>2eq</sub> or 19% of total direct GHG emissions.

Direct GHG emissions from the soybean processing operations totaled 10kt of CO<sub>2eq</sub>, or flat y-o-y.

In 2021 total direct GHG emissions by the Company came at 388kt of CO<sub>2eq</sub>, representing an 8% y-o-y increase.

### Scope 2 emissions

Scope 2 emissions are derived from consumption of purchased electricity. The Agriculture segment consumes purchased electricity mainly during the process of cleaning and drying grains and oilseeds. In 2021 the Agriculture was the biggest consumer of purchased electricity and emitter of 7kt of CO<sub>2eq</sub> (down by 10% y-o-y) or 36% of total Scope 2 emissions. The Soybean Processing segment accounted for 27% of total Scope 2 emissions or 5kt of CO<sub>2eq</sub> (down by 27% y-o-y) in 2021.

The Sugar Production segment uses electricity mainly during the plant maintenance period. Its share in total Scope 2 emissions is insignificant at 15% or 3kt of CO<sub>2eq</sub> (down by 25% y-o-y).

Total indirect Scope 2 emissions amounted to 20kt of CO<sub>2eq</sub>, down by 18% y-o-y.

### Scope 3 emissions

In 2021 the Company started to quantify indirect Scope 3 emissions from absorption fields, atmospheric deposition of nitrogen and manure management. The Sugar Production segment uses absorption fields for wastewater discharge and its share in total quantified Scope 3 emissions was the biggest at 61% or 14kt of CO<sub>2eq</sub> (flat y-o-y) in 2021.

In the Agriculture Scope 3 emissions mainly come from the atmospheric deposition of nitrogen after applying synthetic fertilisers and manure to soil. The share of the segment was 30% or 7kt of CO<sub>2eq</sub> (down by 2% y-o-y) in 2021. The Cattle Farming Scope 3 emissions come from manure management and totaled 2kt of CO<sub>2eq</sub> (flat y-o-y). The Soybean Processing Scope 3 emissions are insignificant.

## Summary data on Emissions

	2020	2021
<b>Scope 1 CO<sub>2</sub>eq, kt</b>	<b>359</b>	<b>388</b>
<i>by gas type</i>		
CO <sub>2</sub>	200	231
N <sub>2</sub> O	98	96
CH <sub>4</sub>	61	61
<i>by segment</i>		
Agriculture	162	160
Sugar production	119	149
Soybean processing	10	10
Cattle farming	69	69
<i>by source</i>		
Fuel consumption	200	231
Synthetic fertilizers application	94	92
Enteric fermentation	61	61
Manure management	2	2
Manure application to soil	2	2
<b>Scope 2 CO<sub>2</sub>eq, kt</b>	<b>24</b>	<b>20</b>
<i>by segment</i>		
Agriculture	8	7
Sugar production	4	3
Soybean processing	7	5
Cattle farming	5	4
<b>Scope 3 CO<sub>2</sub>eq, kt</b>	<b>23</b>	<b>23</b>
<i>by segment</i>		
Agriculture	7	7
Sugar production	14	14
Soybean processing	n/m	n/m
Cattle farming	2	2
<i>by source</i>		
Absorption fields	14	14
Nitrogen emissions from manure management	2	2
Nitrogen emissions from manure application to soil	2	1
Nitrogen emissions from application of synthetic fertilizers	6	6

Astarta uses the GHG Protocol to calculate GHG emissions from stationary and mobile sources. Emissions from cattle farming, manure management, application of manure and synthetic fertilizers are calculated according to the Estimating Greenhouse Gas Emissions in Agriculture by FAO. Scope 2 emissions are based on Ukrainian methodology and grid emissions factors from the Harmonized IFI Default Grid Factors 2021 v3.1 and the Harmonized IFI Default Grid Factors 2018 v2.4. The global warming potential used in the calculations is based on the IPCC's Fifth Assessment Report, 2014 (AR5). 2020 was determined as the base year.

Also, the Company submits GHG emissions from stationary sources under the national law using the local methodology "The list of emissions indicators (specific emissions) of pollutants into the atmosphere by various industries" which differs from GHG protocol.

## Other emissions

The other significant emissions come from stationary sources such as boilers, grain dryers, limestone kilns and include particulate matters (PM), nitrogen oxides (NO<sub>x</sub>), sulphur dioxide (SO<sub>x</sub>) and others. To reduce negative impact the Company captures dust and gas with specialized equipment. Astarta also complies with all relevant national legislation, obtains corresponding permits and monitors emissions not to exceed set concentration limits.

### Significant air emissions in 2021

Significant air emissions, t	2021
NO <sub>x</sub>	293
SO <sub>x</sub>	169
Volatile organic compounds and CH <sub>4</sub>	1,124
Particulate matter	227
Other significant air emissions	1,369
<b>Total</b>	<b>3 182</b>

## Acting on climate Change

Land use and land use change is the largest component of climate mitigation after energy and industry. It is estimated that 25%-30% of total human-related emissions come from agriculture, forestry and other land use (AFOLU). Agriculture occupies c.40% of global ice-free land, uses 75%-84% of global consumption of water and, among others, causes the biodiversity loss at the highest rate in history. Conventional agricultural methods also mean that up to 50% of synthetic fertilisers are not delivered to plants but sunk into the surface and groundwater or emitted into atmosphere contributing to the temperature rise.

Scientists call for taking out 10%-30% of land out of agricultural production for ecological conservation and, if done via reforestation, the decarbonisation would be an additional benefit. Water and fertilizer use can be reduced via precise application and soil analysis, recycling of at least 50% of nutrients (manure, sewage, food processing waste).

There is a need to increase efficiency of water use by drip irrigation, recirculation in greenhouses on top of buffering of water resources in lakes and aquifers, and in soil through increasing organic matter content. Farmers need to change crop rotation by switching to crops with lower water needs in water scarce regions and develop circular farming business model.

Agriculture has a large potential to sequester carbon in plant biomass and in the soil. Worldwide soil contains 2,000-2,500Gt of carbon, which is 3X as much as all plants and 2X the amount of carbon in atmosphere. Agricultural soils have potential to sequester up to 2.5Gt of CO<sub>2</sub> per annum and achieve more than 60% of CO<sub>2</sub> sequestration targets for the Net Zero target according to IPPC.

There are two main ways for increasing soil organic carbon (SOC) in soils and its storage:

- increase carbon-reach inputs (crop residues, compost, manure)
- reduce decomposition rate of organic matter and soil carbon losses due to erosion (reduced tillage, crop diversity, erosion management).

It is estimated that agricultural soils lost 30%-75% of original SOC due to conventional farming practices. The process of reaching a new SOC stock takes 10-50 years. Agricultural practices for

sequestering carbon in the soil and biomass is called “carbon farming”. The main additional benefit of these practices is enhanced soil health and plant resilience to withstand different weather patterns.

As one of the largest agricultural producers in Ukraine, Astarta is actively studying and utilising the elements of carbon and regenerative farming across its farmlands. In 2021 Astarta further expanded the scale of precision farming aided by an in-house soil analysis laboratory. Today, the company has a unique database with a tight grid covering most of the fields under operational management. All key soil nutrients are regularly collected and monitored, and this information is used for adjusting the agronomy to the physical chemistry of the soil.

By way of example, Differentiated Sowing and S-Control Monopile techniques tailor the amount of planting material to the specific land plot and allow increasing productivity of crops while saving on seeds. At the same time, the remote monitoring of the crop growth process via AgriChain Scout (one of the key modules of AgriChain, Astarta’s proprietary IT software system) increased from  $\frac{3}{4}$  of the operating land area in 2020 to 100% last year.

The increase in the average annual temperature and lower precipitation levels in Ukraine command a gradual change of crop mix towards a higher share of winter crops such as wheat and rapeseeds total acreage increase from 49kha in 2020 to 54kha in 2021, focus on drought resistant varieties of spring crops, applying reduced tillage to preserve moisture in the ground, tailoring density of sowing and fertiliser application to specific soil conditions.

Another area of expansion for Astarta under changing climate conditions is irrigation. Currently, 500ha of land operated by the Company is under irrigation, and there is potential to increase the scale several-fold in the next few years.

Agricultural science links climate risk mitigation to sequestration of carbon in soil and, at the same time, improving its health and productivity. In 2021 Astarta joined a project by Syngenta, one of the leading global providers of agricultural science and technology aimed at reduction of GHG emissions via applying the Cool Farm Tool.

The aim of the project is to identify methods to decarbonise Astarta’s primary agricultural activities such as crop growing. The pilot area covers over 30kha of farmland operations and the data was used to generate the Baseline 2020 report with the help of the Cool Farm tool. Some of the ‘carbon farming’ methods Astarta has already put into practice, and the project will allow to achieve verifiable carbon sequestration.

The key areas of focus in ‘carbon farming’ and improving soil health are soil management (reduced till or no till combined with preservation of plant residue), growing cover crops to avoid bare soil, reduced use of nitrogen fertilisers (application by injection or with nitrification inhibitors). Astarta practised reduced (minimal and subsoil) tillage at 110kha of farmland in 2021.

Decarbonisation of the industrial processes of Astarta’s business has been long established via reduction of natural gas consumption at the sugar mills under the energy efficiency programme of BAT (best available technology) and introduction of the bioenergy feed (pellets) at one of the sugar mills. In addition, Astarta is planning to ramp up biogas production at the plant which converts sugar beet pulp into gas to replace half of annual natural gas needs of the sugar mill and the soybean crusher in Globyno.

In 2021 Astarta also joined a global community of 13,000 largest companies reporting under the carbon disclosure project (CDP) about its activities aimed at climate change adaptation and mitigation.

At the beginning of 2022 Astarta entered into a tri-party agreement with the EBRD and E&Y to develop a comprehensive system of 'climate corporate governance' covering GHG methodology for Scope 1-3, scenario analysis for 1.5°C-4 °C growth in global temperature, identifying physical and transitional climate risks, analysis of existing and prospective decarbonisation initiatives in crop and dairy farming, food-processing, setting short- and long-term GHG reduction targets (SBTi). The project aims to develop a detailed roadmap to allow Astarta adapt its business segments to climate change while mitigating own impact on the environment.

## **Waste**

GRI-306; SDG-3, SDG-6, SDG-12

As a big agroindustrial holding Astarta generates hazardous and non-hazardous waste in the process of its daily operating activities. To organise waste collection, temporary storage and utilization the Company implemented an internal standard on waste management based on applicable domestic legislation and international standards.

The waste generated by the Company is determined by the level of hazard: 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> categories in line with national requirements. The share of hazardous waste is negligible and mainly comes from fluorescent lamps, battery packs, used oils, residue from the use of pesticides etc. Before disposing of hazardous waste, it is temporary stored in special yards with marked boxes for waste sorting. To dispose the hazardous waste, Astarta cooperates with companies that are reputable and licensed by relevant authorities to handle such waste.

Non-hazardous waste generated by the Company mainly includes residue from the production process such as paper, plastic, waste from packaging materials, used tires etc. Before disposing of non-hazardous waste, it can be temporary stored at production sites while observing all appropriate precautions.

In the process of sugar beets processing Astarta produces sugar and generates by-products such as sugar beet pulp and molasses. Sugar is sold in 50kg polypropylene bags and in bulk. Bags for sugar packaging are supplied by third parties. Customers who buy sugar in bags can either dispose of or reuse these bags. Molasses is sold as is while sugar beet pulp is partially baked into a granulated product and partially used a feed for livestock.

The key products produced in the Agricultural segment are grains and oilseeds as well as sugar beets. Grains and oilseeds are sold in bulk mainly for export and sugar beets are processed internally by the Sugar Production segment. Agricultural waste consists mainly of residue after harvesting of row crops. Those are left in the fields to preserve the quality of soil as well as used in cattle farming as a bedding material for cows. The Agricultural segment also uses pesticides in crop growing. Pesticides are supplied by third parties in specialised packaging. After the use of pesticides, the packaging is disposed through the licensed companies.

Soybean meal and oil are the key products in soybean crushing which are sold in bulk. The by-product of the crushing process is husk which is sold to third parties. Therefore, the volume of waste generated in this process is minor.

Milk is the key product produced in the Cattle Farming segment. The milk is sold in bulk without packaging. The key element of waste in the Cattle Farming is manure which is used as a fertilizer on the fields.

In 2021 the Company conducted an independent analysis of lime cake and filtration sludge for toxicological properties of hazardous components. According to the analysis, lime cake and filtration sludge were recognized as materials which can be used as a fertilizer.

In 2021 the total amount of waste, excluding by-products, generated by the Company totalled 100kt, down by 85% y-o-y due to changes in the methodology of calculation of the filtration sludge (moisture was excluded). Thus, it can't be directly compared to the previous year.

**Total waste generated and its breakdown by the method of disposal.**

<b>Waste by disposal method, kt</b>	<b>2021</b>
<b>Hazard waste (1-3 hazard category) by disposal method:</b>	
Recycle (transfer to disposal)	0.19
<b>Total</b>	<b>0.19</b>
<b>Non-hazardous waste (4 hazard category) by disposal method:</b>	
Reuse (by facility)	89
Recycle (transfer for disposal (4 category of hazard)	0.11
Landfills	7
Other (sale to third parties)	4
<b>Total</b>	<b>100</b>

**Animal Welfare**

Astarta is committed to the humane treatment of animals and prioritizes improvement in animal health and welfare. The Company's livestock management team continuously seeks feedback from experts on animal health and welfare to align to science-based practices. Advice from specialist business partners is available for each employee to enhance their knowledge and improve professional skills. Online training for farm staff is provided in veterinary care and treatment, feeding, calf care, planning and accounting in animal husbandry, etc.

Astarta ensures good living conditions for animals in the cowshed and during the outdoor grazing. In the cowshed, cows have thick mattresses, sufficient room to move and walk around, massage brushes, constant access to clean drinking water, balanced and timely feed.

The welfare standards are raised for their animal comfort. In 2021 specific improvements included: reconstruction of two cowsheds for 400 heads and construction of cubicle housing for 400 calvers, heifers and calves, overhaul of summer cowsheds with milking stalls, 800 stalls equipped with special comfortable bedding, four farms equipped with modern ventilation systems, construction of fodder storage facilities and new hay and forage harvesting equipment.

The Company's automated ProFeed animal feeding system became operational at nine farms out of 42. Astarta continuously adjusts its feed safety system via systematic analysis of in-house and purchased ingredients. All feed components are tested for quality and safety before use.

Further operational improvements concern implementation of HACCP (Hazard Analysis and Critical Control Points) activities plan at all dairy farms. Within the framework of in-house operational efficiency programme 83 ideas in livestock breeding were generated and three projects were implemented on their basis in 2021 resulting in EUR102k savings. The Company's livestock managers seek practices that enhance animal well-being and productivity, especially those that reduce stress and increase yields. Special cattle exercises were piloted at one of Astarta's dairy farms.

Improvements of animal welfare are also promoted by developing standardized procedures, instructions and checklists for precise and coordinated actions for livestock care personnel. These include HACCP and animal welfare information posters at all dairy farms, description and visualization of milking technology and instructions for selecting heifers.

One of Astarta's dairy farms participated in a pilot digitization project on implementation of the Raw Milk Control Programme based on the specialist Milk Module software. The programme's objective is to increase value added in domestic trade from the dairy sector for the common goal of sustainable growth in Ukraine. The project is realized by the State Food and Consumer Service within the framework of the Quality FOOD Trade Programme, funded by the Swiss State Secretariat for Economic Affairs (SECO), under the leadership of the Research Institute of Organic Agriculture (FiBL) in Switzerland together with SAFOSO, a Swiss consultancy advocating safe food from healthy animals.

The Company's recently renewed whistleblower policy allows its employees to report any suspected incidents of abuse, neglect or improper animal handling practices.

The main risk facing the Company on the animal welfare front is climate change, affecting feed quality and animal health in summer season. To minimize it livestock managers constantly review feed diets and seek suitable alternatives and ventilation systems are installed to prevent heat stress. The risk of rising feed prices dictates constant revision of procurement of ingredients. Since the developments in the field of animal health and welfare are constantly evolving, new approaches and practices will be considered in the years to come.

### **Sustainable Procurement**

According to the research conducted by McKinsey & Company two-thirds of the average company's environment, social, and governance footprint lies with suppliers. Thus, it is vitally important to establish a sustainable procurement system in order to make sure that the products that are supplied to the Company are as sustainable as possible having the lowest environmental impact and improve social aspect.

The Company developed and implemented the Standard on sustainable procurement which is a part of the Company's Integrated Corporate Management system. This standard determines ESG evaluation process of suppliers at all stages. Part of the standard is the sustainable agreement as an addendum to the main contract with the supplier, as well as sustainability questionnaire, which the supplier is required to fill in. The sustainable agreement stipulates key requirements in the social and ecological spheres to the suppliers that work with the Company. Among these requirements are:

- Prohibition of child and forced labour;
- Refuse from any type of discrimination;
- Freedom of associations
- Rationale natural resources use
- Ensure minimisation of use of packaging materials and work towards its recyclability
- Consider climate change issues in the business

Also, the employees are required to give feedback about their experience with the suppliers. This information is collected, analysed and used by the procurement department to form a register of qualified suppliers.

According to the Standard on sustainable procurement the Company conducts permanent monitoring of its suppliers in respect of the following issues:

Administrative Management	Constant improvement in procurement and supply of products and services, development of decision-making procedure on supplier relationship.
Human Rights	The selection process of suppliers includes due diligence on human rights. Contract termination with supplier if employees' discrimination is detected. Requiring suppliers to respect political, economic, social rights and freedoms as part of the contract.
Personnel Management	Requirement and verification of compliance with appropriate working conditions by the supplier, including ongoing performance audit by the Company as a customer. Monitoring of social protection granted by the supplier for its employees, the level of competence and training for employees.
Environment	Verification and enforcement of contractors with due diligence on environmental issues, conservation of natural resources, pursuit of activities considering the impact on climate change and prevention of these risks, prevention of negative impact on biodiversity and waste management.
Transparent Business Activities	Anti-corruption management both within the Company and in interactions with suppliers. The Company adheres to the principles of fair competition and requires this from its suppliers.
User Compatibility	The Company adheres to the principles of ethical marketing, the duty of honest contractual performance, providing truthful and complete information about products and compliance with these principles by suppliers. The Company focuses on suppliers who provide customer support, guarantee consumer rights protection and product safety. The Company records all complaints and resolves disputes as per contractual arrangements with suppliers
Compatibility with Local Communities	The Company pursues active policy in local community engagement, involving them in educational, scientific development and other social programmes.
Contribution to Cascading of Taxes	By extending principles of sustainable procurement to suppliers the Company achieves a positive cascading effect within its supply chain through cooperation with socially responsible suppliers of products and services.

In 2021 to improve the sustainability procurement system the Company focused on developing of the methodology for suppliers' assessment and plans to conduct sustainability audits on a permanent basis.

Total number of engaged suppliers – 12,800, out of which 4,922 were recognised as a winning bidder (contractors).

## **SOCIAL**

### **Human Capital**

GRI-401; SDG-8

Astarta believes that people are the most vulnerable and valuable capital of the company. The Company use a partnership approach in relation to its employees and aims at creating favourable climate, so that everyone can fully identify and realise their potential, including development of leadership skills.

Such partnership approach positioned Astarta among the best employers in Ukraine, which is recognised by various ratings:

- for the second year in a row business magazine “Delo” recognised Astarta among the five best employers in Ukraine and gave the “Best Employer Brand” award on the basis of excellent reputation, social responsibility, personnel development;
- business magazine “Focus” rated Astarta among the best three employers in the Agrosector category;
- Astarta was also awarded a status of an ACCA (the “Association of Chartered Certified Accountants”) Approved Employer becoming the only Ukrainian agricultural company which obtained such status.

Astarta's top priority is the health and safety of its employees and their families during COVID-19 pandemic development. In 2021 management kept daily health records of employees and their families, supported during illness and rehabilitation, provided vitamins paid by the Company. Astarta also continued to support hospitals in the regions of its presence by providing the required supplies and organising training for medical staff.

To support the mental health of its employees during the pandemic, Astarta launched the programme called “Well-being: improving health at the workplace” run by a qualified expert and supported by online consultations.

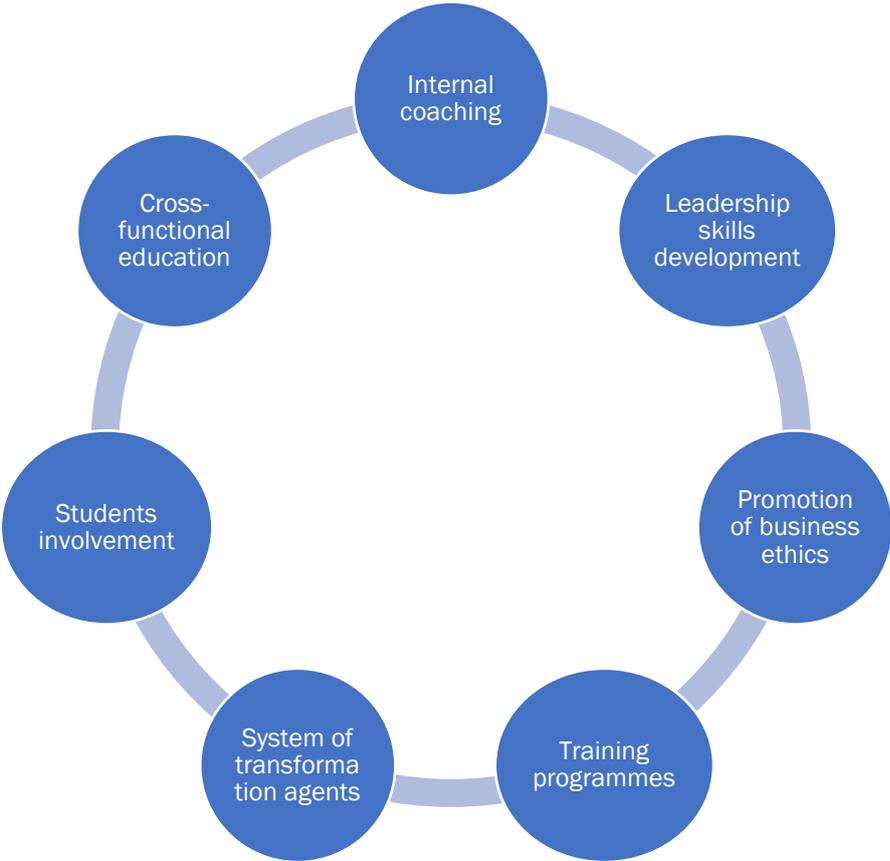
The Company also secured an access to distance learning and supported professional development of its employees in the pandemic conditions.

To further support the team spirit, Astarta has increased the number of channels for internal communication and activities for cross-functional co-operation to prevent psychological burnout and increase efficiency of information exchange within the Company.

### **Astarta's Action Plan**

Astarta developed a dedicated human capital action plan to support development and meet its strategic business goals. The action plan covers 2022-2024 and considers key trends in the Ukrainian employment market and key HR risks.

Components of the action plan



**Employees Engagement**

Astarta’s relations with its employees are guided by corresponding legislation and internal policies such as the Human Rights Policy, the Social Policy and the Remuneration Policy which envisage creating conditions, opportunities and incentives to stimulate engagement of employees.

The Company implemented the following internal projects to promote employees’ engagement:

- 1. **The Operational Improvement System of Astarta (OISA).** This is a management system designed for creation of perfect business processes and the involvement of each employee in its continuous improvement.

Since its launch the economic benefits have totalled UAH28m. Almost 900 employees participated in the programme, i.e. nearly 14% of the total headcount. On average UAH32k of economic benefit was achieved per participant of the OISA. Over two years more than 2,100 ideas were submitted in all segments of the Company’s business and 31 operational improvement projects had been implemented. Fourteen “kaizen projects” are currently in the process of realisation. The Company paid UAH2.5m in bonuses to the authors of ideas and the implementation teams.



2. **Staff reserve.** The project aims to identify talented employees with potential leadership skills. Having selected such employees, the Company conducts special training to create a talent pool for potential senior positions.
3. **Think Tank.** The project's goal is to collect ideas on efficiency improvements from the Company's employees. This allows to identify creative and motivated individuals who are ready to take leadership role in transformation processes within the business and, at the same time, stimulate engagement of other employees.
4. **School of Internal Experts.** The key purpose of the project is to share knowledge and successful experience within the Company by providing opportunities for self-realisation of employees.

As a big agroindustrial holding Astarta seeks ways to increase the popularity of the agriculture as an industry for building a career for young people. With this purpose Astarta launched an educational career guidance project "My Future in Agro" in different regions of Ukraine.

## Employment

Astarta conducts its business nationwide, thus hiring people in different regions of Ukraine.

As of the end of 2021 the total number of employees was 4,820. A 4% decline is explained by the higher labour productivity in the agricultural segment, the share of which came down from 50% to 46% of the total. The breakdown of employees by gender, age, professional level, and type remained stable.

<i>Number of employees as of YE*</i>	2019	2020	2021
<b>Age</b>	5 470	5 027	4 820
up to 30 y.o.	824	710	618
	15%	14%	13%
30-50 y.o.	3 025	2 760	2 696
	55%	55%	56%
over 50 y.o	1 621	1 557	1 506
	30%	31%	31%
<b>Gender</b>	5 470	5 027	4 820
male	3 458	3 211	3 077
	63%	64%	64%
female	2 012	1 816	1 743
	37%	36%	36%
<b>Level</b>	5 470	5 027	4 820
managers	790	667	641
	14%	13%	13%
specialists	1 285	1 248	1 272

	24%	25%	26%
workers	3 236	2 967	2 769
	59%	59%	58%
other employees	159	145	138
	3%	3%	3%
<b>Segment</b>	<b>5 470</b>	<b>5 027</b>	<b>4 820</b>
sugar production	1 073	711	729
	20%	14%	15%
agriculture	2 524	2 515	2 214
	46%	50%	46%
soybean processing	204	202	195
	4%	4%	4%
cattle farming	1 246	1 177	1 191
	23%	24%	25%
other	423	422	491
	7%	8%	10%
<b>Type</b>	<b>5 470</b>	<b>5 027</b>	<b>4 820</b>
permanent	4 566	4 250	4 046
	83%	85%	84%
seasonal	904	777	774
	17%	15%	16%

The gender gap is due to the nature of agricultural operations.

The level of staff turnover cannot be measured precisely due to the specifics of the business – i.e. each business segment has different start and end dates, as well as different use of seasonal workforce.

### Benefits Provided to Employees

To create comfortable working conditions and stimuluses, the Company provides the following benefits for the employees:

- Financial incentives. One-off financial assistance, Reimbursable financial assistance (loans)
- Medical insurance and services. Preventive medical examination for the employees operating in harmful working conditions, voluntary medical insurance or wellness programmes; measures against COVID-19
- Working and living conditions. Assistance in improving housing conditions for the key employees, professional development and training; transportation services including personal cars for key employees, mobile telephony
- Other. Additional paid leave, nomination of the best employees for corporate and state awards.

### Parental Leave

Astarta respects the right of the employees to parental leave which is secured in corresponding legislation and internal policies of the Company. In 2021 196 employees were entitled to parental leave. 165 employees exercised their right of parental leave, 163 of which were female.

53 employees (all female) discontinued parental leave, of which 17 returned to work (all female). Return-to-work and retention ratios were 32% and 89% correspondingly.

<i>Number of employees</i>	<b>2020</b>	<b>2021</b>
<b>Right to parental leave</b>	202	196
Female	200	194
Male	2	2
<b>Exercised the right to parental leave, incl.</b>	202	165
Female	199	163
Male	3	2
<b>Discontinued parental leave, incl.</b>	59	53
Female	58	53
Male	1	-
<b>Returned to work</b>	18	17
Female	17	17
Male	1	-
<b>Still employed 12 months after return to work</b>	n/a	16
Female	n/a	15
Male	n/a	1
<b>Return to work rate, %</b>	0	0
Female	29%	32%
Male	2%	-
<b>Retention rate, %</b>	n/a	89%
Female	n/a	88%
Male	n/a	100%

### **Minimum Notice Periods Regarding Operational Changes**

GRI-402

Astarta abides by the requirements of corresponding national legislation in relation to minimum notice periods prior to operational changes.

In case the Company plans operational changes that can impact labour conditions of employees, it notifies the affected individuals or their representative two months before the planned changes. If an employee works for a subsidiary of the Company with a trade union, the notification is made three months before the planned changes.

There is also a minimum notice period set by the collective agreements. According to a standard agreement the minimum notice period is two months before the planned changes

### **Occupational Health and Safety**

GRI 403, SDG-3

Astarta's occupational and health safety system is based on the Integrated Corporate Management system and a risk-oriented approach according to requirements of national legislation and international standards such as the Ukrainian Law on Labour Safety and the ISO 45001 standard. Key production managers and specialists are engaged into the system

improvement through the assessment of the system meeting current legal requirements. The system covers all production-related employees as well as contractors.

Identification of risks related to occupational safety and health, and road safety is based on the internal Standard called “Risk Identification and Assessment”. The identification of relevant risks is performed through an analysis of the technological processes, parameters and technical characteristics of the equipment (substances) used, inspection at all stages of the production processes for deviations from set parameters and the analysis of the impact of these deviations on the reliability of the technological processes.

Accidents are entered into the internal monitoring system to be investigated according to the internal Standard called “Incidents” and to prevent personnel injury and fatalities in the future. Responsible employees distribute information indicating the reasons for incidents and actions taken. All measures in relation to avoidance of incidence are also discussed by management of the Company monthly. The internal procedures on occupational health and safety are revised annually for improvement.

Astarta regularly conducts training and knowledge testing on health and safety issues under the internal Standard “Education and Expertise”. In 2021 2,610 employees (one employee can participate in several trainings) took part in the training on health and safety including following key topics: fire safety, electrical safety, road traffic safety, hazardous chemicals, incidents investigation, high risk works.

The Company makes every effort to prevent occupational health and safety risks arising from technological processes through:

- taking preventive and safety actions including replacement or elimination of hazardous conditions or substances;
- provision of the necessary equipment and equipment to minimise risk;
- professional training for employees and implementation of appropriate incentives to adhere procedure on labour protection and safe use of equipment;
- dissemination of information on incidents;
- measures to prevent specific emergencies and training on actions in case of such emergencies.

There is health and safety induction conducted for visitors including contractors and employees before starting the work or visiting the facilities.

In 2021 Astarta initiated an ideas contest on health and safety issues. The contest generated 104 ideas for improving health and safety in the technological processes. 18 ideas were recognized as the best ones with a corresponding reward to its authors.

There are small medical surgeries at some production facilities where employees can get first medical aid and some basic health care procedures. In response to COVID-19 Astarta provided cleaning and sanitizing means for use by its employees. The Company also conducts intensive communication and education to promote disease prevention among employees.

All Astarta’s key production assets such as sugar plants, soybean crusher and grain silos have been certified under ISO 45001 – the Occupational health and safety management systems.

Work-related injuries data

	2019	2020	2021
Fatal Injury Frequency Rate (FIFR)	0.1	0.1	-
Lost Time Injury Frequency Rate (LTIFR)	0.4	0.2	0.5
Lost Day Rate (LDR)	55.3	6.0	18.3

## Training

GRI-404; SDG-4

Management approach to training is based on the internal documents that define common rules and requirements.

Each employee has a right to improve professional skills via training and can make a corresponding application through defined internal procedures.

The Company identifies following types and forms of training: long-term and short-term, external and internal.

- Long-term training is provided on the basis of higher education institutions to obtain tertiary qualification or in lyceums to master a new trade;
- Short-term training is targeted at an in-depth study of a particular area of activity, including modernization, reorientation or restructuring of business units, significant changes in the regulatory framework governing its activities, training on best available technologies;
- Internal training is conducted by in-house personnel;
- External training is conducted by third-party service providers.

Development of corporate skills is carried out through trainings, master classes, seminars, conferences, forums, business games, etc.

After the training the Human Resources Department conducts appraisal of the level of acquired knowledge and skills as well as overall quality of the training.

Astarta focuses on the professional development of its employees and implements various projects that help to reveal and realize their potential. To this end, the Company implemented the following programmes:

- Mentoring targeted at building an effective team;
- School of Internal Experts to share knowledge and successful experience within the Company by providing opportunities for self-realisation of employees;
- Astarta Managers' Development programme to develop professional skills of the key managers.

In 2021, annual weighted average number of training hours per employee in 2021 was 11 hours, including:

1. By level:
  - managers – 9 hours;
  - specialists – 11 hours;
  - workers – 11 hours.
2. By gender:
  - male - 10 hours;
  - female – 12 hours.

Training included educational courses in the Head Office, subsidiaries, and dedicated educational centres. Employees also took part in specialised conferences, forums, trade shows. Key training topics included:

- professional training (training for the new employees, additional training in the employee's specialty);
- development of personal and managerial skills;
- occupational health and safety, fire safety etc;
- environmental issues and product quality.

Total spending on training was EURO.2m in 2021 vs EURO.1m in 2020.

## Personnel Assessment

Personnel assessment is a set of the appraisal activities which involve all employees of the Head Office as well as directors and managers of the subsidiaries. The assessment includes four key components:



The assessment is based on annual appraisal of the results of the employee according to previously set KPIs and professional skills development. Such assessment is a good stimulus for motivation of the employees. It allows to focus on efficiency improvement and development of personal professional skills to meet the required targets.

The process of assessment consists of four stages:



<p><b>Self-assessment</b> – employees assess individual results for the year according to previously set KPIs by themselves, prepare plan for the next year and create professional development plan</p>	<p><b>Assessment interviews</b> – managers conduct interview with their team members to assess results for the year, level of professional development, adjust the plans for the following years</p>	<p><b>Assessment approval</b> –the results of the assessment are approved by the top managers</p>	<p><b>Assessment finalisation</b> –the assessment results and plans for the next year are incorporated into corresponding documents aligned with the Company’s values and targets</p>
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The results of the assessment are translated into an annual bonus based on the annual KPIs performance. Annual bonuses as well as other financial incentives are set by the Remuneration Committee.

In 2021 767 employees or 12% of the annual average number of employees passed an annual assessment including:

1. By level:
  - managers – 142 employees or 27% of the average number of managers;
  - specialists – 369 employees or 34% of the average number of specialists;
  - workers – 256 employees or 6% of the average of workers.
2. By gender:
  - male - 598 employees or 14% of the total number of male employees;
  - female – 169 employees or 8% of the total number of female employees.

## Diversity and Equal Opportunities

GRI-405; SDG-5

Astarta treats people with dignity and respect, provides necessary conditions and creates working environment where human rights are respected. Astarta is not involved in any activities that directly or indirectly violate human rights. The Company does not tolerate contempt or inappropriate destructive behaviour, revenge, unfair treatment.

Astarta values diversity of its employees and is committed to providing equal opportunities and does not accept any form of discrimination or harassment. The Company does the utmost to ensure that its workplaces is free from discrimination or harassment on the grounds of race, gender, colour, national, ethnic or social origin, religion, age, special needs, sexual orientation, political views or any other status protected by law and internal policies.

The basis for the selection of candidates for employment, recruitment, employment, training, remuneration and career growth in the Company is qualification, skills and experience.

The Company does not have a formal Diversity Policy. However, in 2007 it has adopted the Rules of the Board of Directors, which include the Profile of the Board of Directors, Resignation schedule for the members of the Board and other documents regulating the Board's composition, decision-making process, working mode, allocation of powers and general functioning.

The Board of Directors of Astarta consists only of men. Effective corporate governance is very much dependent on the skills and experience of members of the Board, Executive and Non-Executive Directors as members of the Board are selected only based on qualifications, abilities (including reputation and integrity) but not gender. When there is a vacancy at the Board of Directors, the Company will strive to promote gender diversity by trying to engage women to join the Board of Directors.

### Breakdown of employees by diversity categories:

1. By gender:
  - male - 64%;
  - female – 36%.
2. By age:
  - up to 30 y.o. – 13%;
  - 30-50 y.o. – 56%;
  - over 50 y.o. – 31%.

### Ratio of basic salary and remuneration of women to men

	2019	2020	2021
<b>Total, including:</b>	<b>90%</b>	<b>97%</b>	<b>97%</b>
managers	67%	69%	75%
specialists	106%	109%	98%
workers	85%	93%	91%
other employees	79%	76%	82%

## Freedom of Association and Collective Bargaining

GRI-407; SDG-5, SDG-8, SDG-16

The Company's approach to the freedom of associations and collective bargaining is based on the national legislation. Astarta's collective agreement clearly states prevention of any direct or indirect limitation of any rights, no direct or indirect privileges related to the membership in trade unions or any other association of people. The agreement also includes guarantees for freedom of association, functioning of primary trade union organisation, civic organisation. In addition, the Company is committed to:

- during non-working hours to provide employees space for holding of general meetings (conferences) of employees including necessary equipment, communications, heating, lighting, cleaning, transport, security;
- providing an opportunity to visit and inspect workplaces for the trade union committee;
- provide to the trade union committee an opportunity to access relevant documentation, information and explanations concerning the conditions and remuneration, the implementation of collective agreements, compliance with labour legislation and socio-economic rights of workers;
- provide an opportunity to directly address the employer and officials of the Company on the issues that are the subject of the collective agreement;
- provide an opportunity to inspect the social infrastructure facilities owned by the Company;
- provide the opportunity to publish information by employees in agreed upon places;
- transfer 0.3 percent of the payroll to the fund of the primary trade union organisation to promote cultural and health-related activities;
- abstain from actions that can interfere with work of the primary trade union organisation.

In 2021 there were no disputes between the Company and the trade unions.

As of the end of 2021 99% of Astarta's employees were part of the collective agreement.

## Human Rights

GRI-412; SDG-10

Astarta is guided by an internal Human Rights Policy based on best international practices defined in the Global Declaration of Human Rights and UN Global Compact. The policy is available and promoted at all production facilities of the Company via information boards and HR departments. In 2021 the Human Rights Policy was updated. The Code of Corporate Ethics also defines the basic principles of the Company's culture: openness, tolerance, respect.

In 2021 64 employees completed a dedicated training programme on protection of human rights and prevention of discrimination. Educational resources on the topic were also distributed through the corporate knowledge base, including recommendations on preventing and counteraction of discrimination, links to video courses and training materials were published at the corporate resources. The training also addressed issues of gender equality, ethics, prevention of harassment and abuse. Testing was conducted at the end of training.

Astarta respects human rights and does not discriminate on political, religious, ethnical, gender, sexual or other grounds. The Company provides equal opportunities in employment, professional and personal growth to all employees.

The Company guarantees safety at workplace. There is a Corporate Integrated Management System in place, the mandatory component of which is employee's health and occupational safety. All production facilities were assessed internally for occupational health and safety risks.

The Ukrainian law prohibits the use of child and forced labour. No person under the age of 18 works at the production facilities and there were no cases of forced labour at Astarta. The Company treats these issues as a matter of principle and strictly adheres to the rule of the law.

When making economic decisions, the Company always considers and assesses potential risks to human rights. Potential cases of human rights violations can be reported to the local management team via a dedicated hotline. The procedure for handling complaints and appeals is described in the Stakeholder Engagement Plan.

Astarta performs a regular internal audit to verify compliance with the Human Rights Policy. All of the Companies subsidiaries are covered by the audits. The internal audit confirmed that there were no violations of human rights at the Company's business units in 2021.

The policy is also shared by contractors and subcontractors, who work with the Company. Monitoring of potential use of forced and child labour is also included into the Sustainable Development Questionnaire for suppliers, which is filled out by them and submitted as part of procurement tenders by Astarta.

### **Local Communities**

GRI-413; SDG-12, SDG-16

Since its foundation, Astarta has been following international standards and norms of corporate social responsibility and sustainable development. Creating positive changes in society is also a challenge for the Company's business as its growth is interconnected with the development of the related communities. Astarta maintains relationships of mutual respect, responsibility and cooperation in all areas where it operates. The Company's partnership with the communities engages workers, promotes the environmental enhancement and maintain sustainable supply chains.

Astarta proactively interacts with local communities through dedicated engagement plans to maximize involvement and create productive partnerships.

At the management level, the responsibility for engagement of local communities is assigned to the Director of HR, while Corporate Partnership and Communications Department is responsible for coordination. In the regions of operations the responsibility for interaction with local communities is assigned to the directors of regional production sites and relevant social workers.

Astarta also has developed a grievance mechanism for handling complaints and appeals received from local communities. Information on the exact procedure is published on the Company's website and on the information stands at production sites.

If there is a new development project/extension or reconstruction of existing facilities Astarta conducts an assessment of potential environmental and socio-economic impact on local communities which is required by national legislation and at request of international development institutions.

On a permanent basis the Company also identifies priority areas for local development and sponsors relevant programmes through a dedicated advisory council.

#### Key development programmes.

##### *My Future in Agro.*

Astarta started the programme in 2018 to introduce students to modern agriculture and related professions. Currently 25 schools from different Ukrainian regions take part in the programme.

The programme includes training courses which consist of theoretical and practical parts.

The participating schools have dedicated greenhouses, where students grow plants independently, explore application of plant protective agents, perform experiments and write research.

Key results of the programme:

- 800 children completed training;
- 35 children took part in a scientific contest;
- 32 projects were created.

*Smart-Impulse for the community.*

The programme was fostered in partnership with the Embassy of Switzerland and consulting firm Deloitte in Ukraine. The authorities of the Volochysk Community began transformation of their community in close cooperation with experts in the field of self-governance, economic analysis and sustainable development.

Key results of the programme:

- A comprehensive community diagnostic was conducted, 40 recommendations were prepared and 11 were implemented;
- To identify priorities for the community development a hackathon was organized involving local population;
- Several business projects were implemented.

*Uprise!*

“Uprise!” programme started in 2018 and is aimed at encouraging rural youth to engage in life of their communities using leadership skills, project thinking and experience of undertaking personal projects. The programme is a result of joint efforts by Astarta, charity “Trust in Yourself” and the Ukrainian Academy of Leadership (the UAL).

Key results of the programme:

- 688 children completed training on leadership and project management;
- 160 projects aimed at development of communities were created;
- 53 ideas implemented.

*IT Education*

In 2017 Astarta, in partnership with BrainBasket Foundation and Miratex company, initiated an ambitious educational programme “IT Education in Rural Areas” to promote IT skills to children and adults. The programme has become a unique opportunity for free learning in rural areas. The adult course is designed for people over the age of 40 and is aimed at developing basic IT skills.

The course for children is designed for students aged 9 to 15 years. It is based on visual programming language SCRATCH (developed by the Massachusetts Institute of Technology).

Key results of the programme

- 1,040 children completed training in SCRATCH and ROBOTOTECH;
- 673 adults completed training on basic IT skills;
- 400 children took part in IT contests;
- 55 IT projects were created.

### *Dreamactions 4.0*

The programme was implemented by educational platform CANactions School and regional fund Western NIS Enterprise Fund in partnership with Astarta. The programme is designed to support development and transformation of local communities through providing microgrants and popularisation of international practices in the sphere of city planning around Ukraine.

Local communities create and register projects to improve city-planning across the country. Under the programme eight projects were chosen for implementation. Among the chosen were three projects from the local communities in regions of Astarta's activities.

### *Wings*

The project started in 2020 with joint efforts from Pact Ukraine, Light of Hope, Astarta and the Government of Canada. It is directed at women to stimulate their professional development and promote welfare.

Astarta supported 18 business start-ups from different communities. The estimated number of women who took part in the project – 3,000.

### *Dual Education*

In 2020 Astarta in partnership with the EBRD, EY and Kharkiv National Agrarian University started a partnership programme to support young specialists in receiving higher education with particular attention to practical experience. The theoretical part is provided by the University and the practical part is realised at Astarta's production sites.

In 2021 there were nine students on internship working along experienced agronomists. Five students were hired by the Company.

### *Effective Community*

The programme was initiated by the Kyiv School of Public Administration and supported by Astarta. Its goal is to support economic development of local communities. 25 participants, mainly heads and deputy heads of local communities, completed training.

### *The School of Career Adviser*

The School of Career Adviser is an official programme for professional development by the Institute of Modernisation of Education Content of the Ministry of Education of Ukraine. The programme involves school students and their parents, teachers, school psychologists, as well as all those who want to study the basics of career advising.

## **Certification and Sustainable Products and Services**

GRI-416; SDG-12, SDG-16

Astarta aims to run its production in the most efficient way in terms of economic soundness and sustainability which implies earning profits while minimizing negative environmental impact, conserving natural resources and developing communities as well as ensuring high product quality and safety.

In 2001 the Company's crop growing subsidiary List-Ruchki confirmed the status of an organic producer and successfully passed the certification of land and warehouses by the Organic Standard and Bio Suisse. Certification allows the Company to sell its organic products to the European Union.

In the reporting period Astarta allocated 1.8kha for organic farming and produced more than 4kt of organic wheat, corn, soybeans and other crops.

The Company's proprietary IT software AgriChain together with other digital solutions allow improving operational processes and add to the overall efficiency of the business in terms of economic return and sustainability. These solutions include farmland management, field operations, storage, purchase and supply processes, crop monitoring, agrochemical field profile, meteorological data and plant vegetation status (NDVI). As a result, Astarta improves productivity while reducing use of inputs such as fertilizers, seeds, fuel etc.

Carbon farming was one of the key sustainability topics analysed by the Company in 2021. Astarta joined a regenerative agriculture project of Syngenta, LLC (Ukraine) to develop farming practices for sequestering carbon in the soil and enhance its health. The Company developed a Baseline report for 2020 and received a set of recommendations to decarbonise its field operations through reduced tillage, cover cropping, use of emission inhibitors and lower consumption of fertilisers and energy.

Astarta intends to follow the recommendations and reduce its carbon footprint over several years. The reduction will be measured by the Cool Farm Tool. After independent verification the Company plans to create Voluntary Carbon Credits for sale.

Some of the elements of carbon farming had already been used by the Company in crops production, for example subsoil and minimal tillage. In 2021 the Company performed minimal tillage and subsoil tillage on almost 110kha and expects to increase such practices to 145kt in 2022.

Another important element of regenerative farming is use of cover crops and reduction in use of nitrogen fertilizers by applying nitrification inhibitors. In 2021 Astarta used cover crops and nitrification inhibitors on the area of 0.5kha and expects to increase it to 5.5kha in 2022.

In 2021 Astarta launched a pilot production of inverted sugar syrup. Since the inverted syrup's digestibility is similar to honey it can be fed to bees in spring and autumn to increase their productivity. In 2021 Astarta sold pilot 35t of inverted syrup to local beekeepers and honey producers.

In Sugar production and Soybean processing Astarta uses biogas from an inhouse biogas facility to replace natural gas consumption. This biogas facility uses sugar beet pulp, a residue from sugar production, as a raw material for biogas production. Therefore, use of biogas not only adds the sustainability aspect to the business of the Company but reduces costs amid high energy prices.

One of the key sustainability elements of the Company's business is the quality of its products. Astarta developed a strong system of health and safety measures while producing high-quality products that correspond to international standards.

Astarta's key production assets are certified in accordance with FSSC, ISO 22000, GMP + and HACCP standards. To ensure high quality and safety of products, the Company constantly controls raw materials and other inputs. The main criteria for quality and safety of raw materials are defined by national and international regulatory and technological documents (TU, DSTU, Council of Europe Directives, etc.), and include among others GMO content, microbiological indicators, pesticides, radionuclides and others.

Astarta puts special emphasis on the quality and safety of its milk production. The quality is controlled through fat, protein and water content, as well as density and freezing point of the milk. Food safety control includes an assessment of antibiotics use, cow health, the quality and safety of the feed, the sanitary and hygienic requirements and the temperature of the milk cooler tanks.

To strengthen the food safety system, the Company also monitors risks related to malicious spoilage of food products and vulnerabilities to falsified food.

In 2021 there were no cases of non-compliance with regulations on health and safety of products identified.

### Completed audits

Facility	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	ISO 50001	ISO 22000 GMP+B2	ISSC+	Organic standard
Narkevytsky sugar plant					----		----	----
Zhdanivsky sugar plant					----	----		----
Yareskiivsky sugar plant								----
Globynsky sugar plant						----	----	----
Novoorzhytsky sugar plant						----	----	----
Globynsky processing plant						GMP+B2	----	----
Viytovetsky grain silo					----	----	----	----
Khmilnytsky grain silo					----	----	----	----
Krasylivsky grain silo					----	----	----	----
Lutovynisky grain silo					----	----	----	----
Semenivsky grain silo					----	----	----	----
Skorokhodivsky grain silo					----	----	----	----
Yareskiivsky grain silo					----	----	----	----
Agriculture firm named after Dovzhenka	----	----	----	----	----	----		----
LLC "Khmilnitsky"	----	----	----	----	----	----		----
LLC "Lysk-Ruchky"	----	----	----	----	----	----	----	

### Managing COVID-19 Related Risks

In 2021 the world kept fighting against COVID-19 armed with vaccine which significantly smoothed negative impact and saved huge number of lives and helped countries worldwide to return to normal. Due to vaccination Ukraine was also able to soften the strictness of lockdowns allowing businesses to operate in the environment closer to normal while keeping minimum required preventive measures in place.

Astarta's operations had not been materially affected by the COVID-19 pandemic due to the outdoor nature of its agricultural operations. The Company also took a proactive stance by promoting vaccination along with other measures aimed at securing employees' safety in line with the guidelines issued by the Government of Ukraine.

In 2021 Astarta organised vaccination for its employees at business premises and in local medical institutions. By the end of the year 62% of the employees in the Head Office and 51% of the employees in the regions were vaccinated.

At the same time Astarta kept safety measures in place for continuity of business operations.

#### 1. Personnel

- Communication and education campaign on COVID-19 related risks.
- Mandating working from home for office-based employees.
- Promotion of personal hygiene and distribution of cleaning and sanitising means for use by employees.
- Daily health records of employees and their families.
- Support during illness and rehabilitation and supply of vitamins.
- Psychological support for employees to reduce negative impact of self-isolation.
- Access to distance learning to support professional development in the pandemic conditions.

#### 2. Operations

- The Company continued to replace field equipment with machinery which allows for significant savings on human resources and maintenance at agricultural operations.
- Digitalisation of the farming operations providing for better accuracy and timeliness of the information.

#### 3. Finances

- The Company kept close contact with its lending banks, with majority of them having financed its business for many years.
- Investments were limited to maintenance capex only.

In 2021 Astarta continued to support hospitals in the regions of presence by providing the required materials and organised training for medical staff.

**GOVERNANCE**

**Board Management Structure**

The Board of Directors of the Company consists of six members: two Executive Directors A, one Executive Director B, and three Non-Executive Directors C.

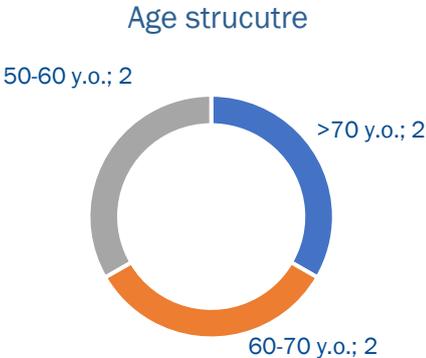
Directors A and Director B perform management duties providing for engagement in operational activity of the Company. The Non-Executive Directors have the supervisory obligations. Besides that, two directors are independent from the Company, shareholders of the Company and the other Directors.

One of the Directors of the Board acts as a Chairman of the Board and is responsible for determining the agenda for the Board of Directors' meetings, chairs the meetings and monitors the proper functioning of the Board of Directors and its committees.

The Board of Directors is assisted by the corporate secretary responsible for ensuring that accurate and sufficient documentation exists to meet legal requirements, and to enable authorised persons to determine when, how, and by whom the business of the Board of Directors was conducted.

Astarta promotes a balanced composition of the Board. The Company makes every effort for Board members to be selected exclusively based on their qualification and abilities (including reputation and integrity), regardless of age, gender or any other personal characteristics. Currently Astarta has a one-tier Board consisting of male members only. When the Company has a vacancy at the Board, it will endeavour to engage female professionals to join the Board to promote gender diversity.

**Composition of the Board of Directors**



## Profile of the Directors of the Board

### ***VIKTOR IVANCHYK (born in 1956)***

*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 then served at the State service. In 1993 he founded Astarta-Kyiv, which he has been the General Director of since then.

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

He graduated from the 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 Programme from the International Management Institute (IMI Kyiv).

*Shares owned in the Company (as at 31 December 2021): 5,000,000 (20.00%) (Ivanchyk Family: 10,000,000 (40.00%)) shares in the Company held through a Cypriot holding company named Albacon Ventures Ltd.*



***HOWARD DAHL (born in 1949)***

*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 the 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 at 31 December 2021): 6,717 (0.03%).*



***VIKTOR GLADKY (born in 1963)***

*Executive Director A, Chief Financial Officer, Ukrainian national*

Mr. Viktor Gladky joined Astarta in 2012 and has served as an Executive Director A of the Company since 2014.

Prior to joining Astarta, Mr. Gladky worked at the National Bank of Ukraine (NBU) and was the Member of the Board of several state and commercial banks, including the State Export-Import Bank of Ukraine and Citi (Ukraine).

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

*Shares owned in the Company (as of 31 December 2021): 13,109 (0.05%).*



**MARC VAN CAMPEN (born in 1944)**

*Executive Director B, Chief Corporate Officer, Dutch national*

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

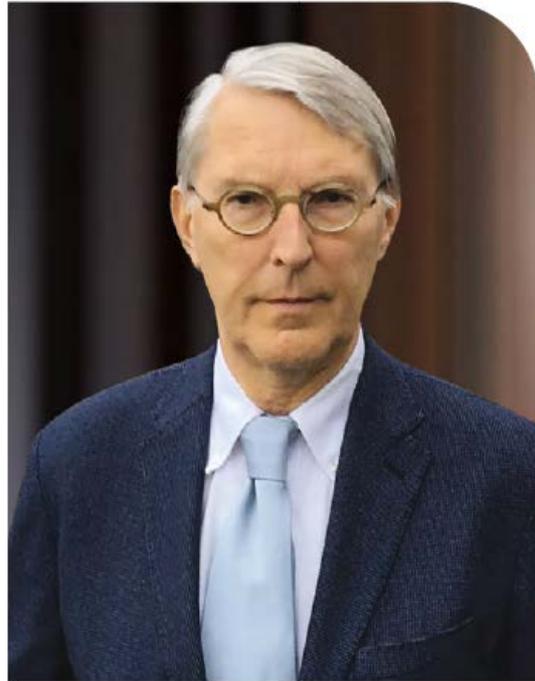
Prior to joining Astarta, Mr. Van Campen served in several positions with Océ Van der Grinten N.V. and most recently, until 2002, as a general counsel of NBM-Amstelland N.V. a Dutch company listed on the Amsterdam Stock Exchange and at that time one of the largest companies in the Netherlands in the 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 of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy, Director of International Internet Investments Coöperatief U.A. at Amsterdam and Director of Global Worth Poland Real Estate N.V. at Amsterdam.

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.*



***GILLES METTETAL (born in 1961)***

*Non-Executive Director C, French national*

Mr. Gilles Mettetal has more than 30 years of international experience in financing agriculture, agribusiness and real estate corporate sectors. He has led and managed more than 600 transactions with EUR7bn 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 and also the Managing Director (interim) for the Corporate Sector. He has held various positions as a non-executive director both for multinational and local enterprises, such as Danone Industrial, Lu Polska, Kraft Bolchevik, Bonduelle Kuban, Agrokor and Axereal PEC. Today, he is also a member of the Supervisory Board of Nibulon and Chairman of the Investment Committee of Diligent Capital Partners. He also serves as a senior agribusiness expert for the United Nations Food and Agriculture Organization, 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.*



***HUSEYIN ARSLAN (born in 1962)***

*Non-Executive Director C, Canadian citizen*

Mr. Huseyin Arslan has 30 years of international experience in global pulses and staple foods business. He presided as the President of AGT's Arbel Group subsidiaries in Turkey for 21 years. Mr. Arslan was one of the founding shareholders of Saskcan, where he has served as a director or trustee since 2008 and Executive Chairman of the Board since 2009. He also served 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. Currently the president of Mediterranean grain pulses and oily seeds Exporters Union in Turkey.

*Shares owned in the Company: 0.*



## **Board Committees**

The Board of Directors established three committees: The Audit Committee, The Remuneration Committee, the Sustainability and Corporate Responsibility Committee.

The Audit Committee is responsible for oversight on the activities of the Board of Directors with respect to inter alia, the integrity of the financial reporting, internal control and compliance with all applicable regulations.

The Remuneration Committee is in charge of submitting to the General Meeting's approval, the remuneration policies for Executive Directors and other Directors and the individual remuneration package of each Director.

The Sustainability and Corporate Responsibility Committee was established in 2020 with the purpose to promote integration of ecological, social and governance aspects into policies, strategies and programmes of the Company.

## **Business Ethics**

Business ethics is a set of principles and moral standards that guides the Company while interacting with its stakeholders. Through its history Astarta developed own values which lay behind its success providing benefits to the Company's internal and external stakeholders.

The corporate values of the Company are presented on the Company's website and in the Code of Conduct. Among them are as follows: impeccable business reputation, social responsibility, respect for partners, quality of goods and services, conscientious performance of official duties, respect for colleagues and management team of the Company.

Key Company's values are delivered by the management through open communication with employees on regular basis, day-to-day work, and personal behavior. Management is open to ideas from the employees and takes them on board on regular basis. Any documents relating Company's values are usually reviewed and approved by the Compliance Committee.

**Below are the ways how values are incorporated in the Company.**

### Impeccable business reputation

Each team member solves any task on a daily basis and takes care of maintaining and ensuring an impeccable business reputation of the Company. The Company precludes any possible violations of the law by its team members and partners, defends the principles of justice and honesty.

### Social responsibility

The Company takes responsibility for the quality and procedures of product creation by all its affiliate enterprises towards the consumers, employees and partners. The Company takes an active social position, which consists in harmonious coexistence, interaction and ongoing dialogue with society, participation in addressing acute social issues. By setting a goal for social responsibility the Company promotes sustainable development, including the health and well-being of society, and considers the expectations of parties concerned. The social responsibility value is integrated into the activities of all structural subdivisions of the Company.

### Respect for partners

When building cooperation with partners, the Company takes into account not only its own interests, but also the interests of the partners, strives for cooperation on mutually beneficial terms and makes every effort to protect the rights and interests of third parties when implementing the Company's business strategy. The Company gains the loyalty and trust of the partners by doing business only by fair means and in accordance with the standards of business integrity.

### Quality of goods and services

The Company is constantly working on important innovations, individualization of solutions, and implementation of industry-wide quality and compliance systems to constantly upgrade the quality of its goods and services. Certification of manufacturing processes and highly qualified specialists is the Company's standard practice.

### Conscientious performance of official duties

The Company supports responsible work of each employee. Correcting mistakes and learning, constantly improving, and making work better are the principles of each employee and the Company itself.

### Respect for colleagues and management team of the Company

The Company promotes a friendly working environment based on respect for each individual and creating possibilities for professional development. All employees and management of the Company focus on working together to achieve a common excellent result.

Key Company's values are delivered by the management through open communication with employees on regular basis, day-to-day work, and personal behavior. Management is open to ideas from the employees and takes them on board on regular basis.

The Company systematically monitors the effectiveness of the Code of Conduct.

### **Anti-corruption**

Anti-corruption compliance with relevant anti-corruption laws are important elements of the Company's business activity.

Astarta is committed to conduct all activities with integrity and keeps zero tolerance towards breach of anti-bribery and anti-corruption (ABC) Procedures. The Procedures are applicable to all employees, regardless their position and obligations. All employees are obliged to understand and follow the above Procedures in order to struggle against the corruption and bribery.

The basic internal regulations containing anti-corruption procedures are as follows:

- Security Policy adopted in 2018. The Policy specifies a common vision and approach to security, anti-corruption, fraud, abuse and other violations based on principles of complexity, timeliness, continuity.
- ABC Procedures adopted in 2020 that define goals, tasks, principles, and directions of the Company's anti-corruption activities.

The ABC Procedures are integrated and comprehensive and are applied at all activity levels and structural units of the Company.

As a preventive and precautionary measure of the Company's management and security department informational and explanatory work regarding the relevant anti-corruption provisions is performed within the Company. Any person may report of any known or suspected violation either personally to authorised employee, or unanimously through the Whistleblowing line.

The Whistleblowing line is an effective mechanism of tracking information regarding the existing or potential violations, including anti-corruption ones, within the Company. All potential counterparties are subject to security check for compliance with anti-corruption laws.

Astarta effectively prevents the conflicts of interest among employees and counterparts. The new procedures and Regulation governing the real and potential conflicts of interest were recently adopted.

The Company does not participate in charitable and sponsorship projects with the direct or indirect purpose to influence decisions of governing bodies or similar related parties, that eventually may influence its business activity. Information on all expenses of the Company in relation to charitable and sponsorship activity is publicly available.

## Shareholders and Share Price Performance

Astarta is a public company with shares listed on the Warsaw Stock Exchange since 2006.

As of the end of 2021, there were two major long-term shareholders: the family of Viktor Ivanchyk (the CEO), who owned 40.0% of total shares outstanding through Albacon Ventures Limited, and Fairfax Financial Holdings Ltd which owned 29.9%. The free float portion of Astarta's shares is held mainly by Polish institutional investors and EU and US investment companies.

In May 2021 Astarta announced the fourth 18-month's buyback programme and repurchased 0.2% of shares. As of the end of the year the Company held 3.0% in treasury shares.

In June 2021 the Company distributed debut dividends of EURO.5 per ordinary share, with the total amount of EUR12.5m.

Astarta's share price was strongly influenced by developments in the agricultural and sugar markets in 2021 and the Covid pandemic. Recently, the increase of military tensions between Russia and Ukraine increased volatility.

Data/Year		2017	2018	2019	2020	2021
Opening price	<i>(PLN per share)</i>	55	52	24	16	29
Highest trading price	<i>(PLN per share)</i>	72	58	33	27	57
Lowest trading price	<i>(PLN per share)</i>	46	23	15	10	28
Closing price	<i>(PLN per share)</i>	51	23	16	26	42
Closing price	<i>(EUR per share)</i>	12	5	4	6	9
Market capitalisation as of 31 December	<i>PLNk</i>	1 287 250	575 000	400 000	655 000	1 060 000
Market capitalisation as of 31 December	<i>EURk</i>	308 626	133 721	94 025	143 121	230 963
Dividend*	<i>EUR/share</i>	nil	nil	nil	nil	0.5
Dividend yield	<i>%</i>	nil	nil	nil	nil	4.3

\*Dividends were first distributed in 2021

## GRI content index

GRI Standard	Disclosure	Description/reference
102-1	Name of the organisation	Astarta Holding N.V.
102-2	Activities, brands, products, and services	Astarta is one of the Ukraine's top 5 agriproducers by land bank and production. Key activities of the organisation include: agriculture, sugar and soybeans processing, cattle farming, storage and handling, transport logistics Please also refer to the section Business model on the page 6
102-3	Location of headquarters	Registered office: Jan Van Goyenkade, 8, 1075 HP Amsterdam. Organisation's administrative centre: str. Yaroslavska 58, Kyiv, Ukraine, 04070
102-4	Location of operations	Astarta operates in Ukraine
102-5	Ownership and legal form	Astarta Holding N.V. was incorporated as a public limited liability company under Dutch law on 9 June 2006. The Company is registered in the commercial register of the Chamber of Commerce and Industry for Amsterdam under number 34248891
102-6	Markets served	The Company's production assets are located in Ukraine. Markets served: sugar and sugar by-products, grains and oilseeds, soybean crushing products, cattle farming; grains and oilseeds storage services. Products are offered locally and internationally to industrial food processing companies, traders, individual consumers, etc
102-7	Scale of the organisation	Please refer to the pages: 8-11; 37-38; 59
102-8	Information on employees and other workers	Please refer to the page 37-38
102-9	Supply chain	Please refer to the page 33-35
102-10	Significant changes to the organisation and its supply chain	Please also refer to the page 110 of the Annual Report 2021 published on Astarta's website <a href="http://www.astartaholding.com">www.astartaholding.com</a>

102-11	Precautionary Principle or approach	<p>Ukrainian legislation provides for the need for environmental impact assessment (EIA) in the process of construction, reconstruction, or expansion of production assets. This procedure identifies risks and impacts on the environment and the social sphere. A mandatory component of the EIA is to hold public hearings.</p> <p>Astarta implemented a number of internal corporate standards in order to assess the related risks.</p>
102-12	External initiatives	<p>Astarta endorses the following initiatives:</p> <ul style="list-style-type: none"> <li>UN Global Compact;</li> <li>A Statement from Business Leaders for Renewed Global Cooperation;</li> <li>WBCSD and Human Rights. CEO Guide to Human Rights;</li> <li>Carbon Disclosure Project (CDP);</li> <li>Task Force on Climate-Related Financial Disclosures (TCFD);</li> <li>Global Reporting Initiative (GRI).</li> </ul>
102-13	Membership in associations	<p>Astarta is actively involved in business life and is an active member of the following organisations:</p> <ol style="list-style-type: none"> <li>1. Ukrsugar - 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, Grain and Oilseed Committee)</li> <li>6. UN Global Compact (Ukrainian Network)</li> <li>7. Donau Soja</li> <li>8. Ukrainian Agribusiness Club (UCAB)</li> <li>9. American Chamber of Commerce in Ukraine (ACC)</li> </ol>
102-14	Statement from senior decision-maker	Please refer to the page 3
102-16	Values, principles, standards, and norms of behaviour	Please refer to the page 5

102-18	Governance structure	Please see pages 51-58 of the report. The Company has a one-tier system of management that means that managing and supervisory duties are joined in the Board of Directors. There are Audit, Remuneration and SCR committees.
102-40	List of stakeholder groups	Please refer to the page 13
102-41	Collective bargaining agreements	99% of employees are covered by a collective bargaining agreement
102-42	Identifying and selecting stakeholders	Please refer to the page 13
102-43	Approach to stakeholder engagement	Please refer to the pages 14
102-44	Key topics and concerns raised	Please refer to the page 16
102-45	Entities included in the consolidated financial statements	Please also refer to the page 110 of the Annual Report published on Astarta's website <a href="http://www.astartaholding.com">www.astartaholding.com</a>
102-46	Defining report content and topic Boundaries	Please refer to the page 15
102-47	List of material topics	Please refer to the page 16
102-48	Restatements of information	Change in Energy consumption calculation (page 21) due to methodology improvement. Expanding the scope of reporting in Emissions and change in calculation of GHG emissions in Cattle Farming due to methodology improvement (page 26). Expanding the scope of reporting in Water (page 23).
102-49	Changes in reporting	Please refer to the page 16
102-50	Reporting period	12 months period ending 31 December 2021
102-51	Date of most recent report	The most recent publication was on April 12th, 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	<a href="mailto:IR@astarta.ua">IR@astarta.ua</a>

102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	Please refer to pages 60
<b>Material topics</b>		
<b>ENERGY</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 21
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 organisation	Please refer to page 21
302-3	Energy intensity	
<b>WATER AND EFFLUENTS</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 23
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 303: Water and effluents 2018		
303-3	Water withdrawal	Please refer to page 23
303-4	Water discharge	
<b>BIODEVERSITY</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 25
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 304: Biodiversity		

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Please refer to page 25
<b>EMISSIONS</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 26
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Please refer to page 26
305-2	Energy indirect (Scope 2) GHG emissions	
305-3	Other indirect (Scope 3) GHG emissions	
305-4	GHG emissions intensity	
<b>WASTE</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 31
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Please refer to page 31
306-3	Waste generated	
306-5	Waste directed to disposal	
<b>EMPLOYMENT</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 35-37
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI 401: Employment		
401-1	New employee hires and employee turnover	Please refer to page 37
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
401-3	Parental leave	
GRI 405: Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Please refer to page 43
405-2	Ratio of basic salary and remuneration of women to men	
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 39
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 403: Occupational health and safety		
403-1	Occupational health and safety management system	Please refer to page 39
403-2	Hazard identification, risk assessment, and incident investigation	
403-5	Worker training on occupational health and safety	
403-9	Work-related injuries	
HUMAN RIGHTS		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 44
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 413: Local communities 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	Please refer to page 44

412-2	Employee training on human rights policies or procedures	
<b>LOCAL COMMUNITIES</b>		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 45
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 programmes	Please refer to page 45
<b>CUSTOMER HEALTH AND SAFETY</b>		
GRI 416: Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to pages 16, 47
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 413: Local communities 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Please refer to page 47
<b>OTHER MATERIAL TOPICS NOT COVERED UNDER GRI STANDARDS</b>		
	Value creation	Please refer to page 8
	Information under TCFD	Please refer to page 17
	Information under EU Taxonomy	Please refer to page 20
	Responsible procurement	Please refer to page 33
	COVID and its impact on operations	Please refer to page 49
	Board management structure	Please refer to page 51
	Business ethics	Please refer to page 57
	Anticorruption	Please refer to page 58
	Shareholders and price performance	Please refer to page 59