

Agrofertrans Group Environmental, Social and corporate Governance Report 2022



Agrofertrans team works more than 22 years in fertilizer and agriculture industry. Long ago we faced destructible processes in modern agriculture, huge decrease in quality of soils and water, various plant diseases. Since then, Agrofertrans Group diversifies its activities, focusing on our responsibility for sustainable development. We reach significant achievements in this field in R&D and production of ecological solutions.

To achieve our ambition, we have taken the lead in research and experimental development in agrobiotechnology, manufacturing of biomineral and organomineral fertilizers.

Agrofertrans reached high level of business and ethical standards, social involvement as well as trusty company transparency and works closely with partners throughout the food value chain to improve the efficiency and sustainability of food production.

Maria Mondel Watrak, director of Agrofertrans



Agrofertrans Group is an international group of companies, which specialize on research, innovation, production and distribution activities, offering a full range of services to provide farmers with quality fertilizers.

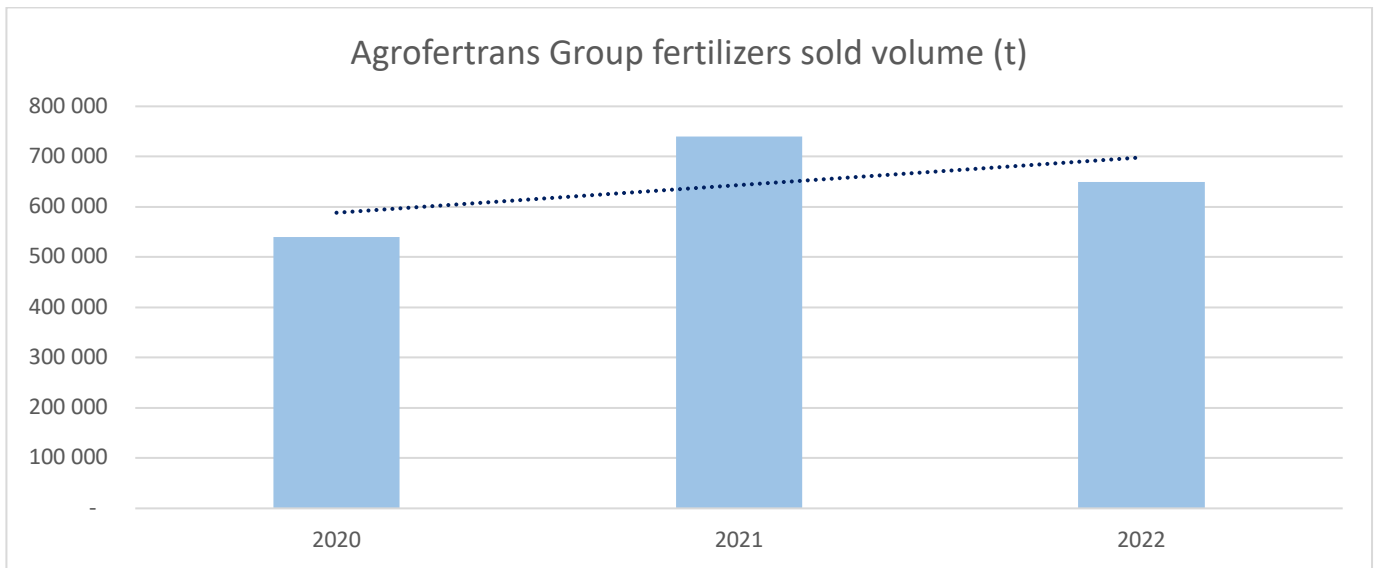
Global network of our operation and deep reach into regional and national markets enable us to build strong and long-term partnership.

Company was founded in 2002 in the United Kingdom. Group specializes not only in the production of traditional fertilizers. The company has researched, tested, certified and launched innovative biomineral fertilizers.

With our impeccable expertise, we effectively match the interests of producers and consumers, ensuring successful and environmentally friendly agriculture.

“We see further development in the continuous improvement of product quality, using innovative approaches to increase yields.

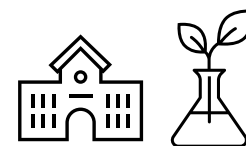
The company prioritizes cooperation with partners who are environmentally responsible.”



In the last few years, the problem of insuring enough food, has become urgent in the world. An increasing population and demand on the one hand, and limited resources and production capacity on other hand lead farmers each year looking for new ways to increase yields. In this context we are concerned about approaches to modern farming. The only sustainable solution is the use of integrated, efficient, ecological plant nutrition. Such a pressing problem in the world is the main focus of our activity.



Sustainable environmental activities



Danger

During many years intensive agriculture widely uses overdoses of synthetic agrochemicals which leads to the loss of soil fertility, pollution of underground and surface water resources, fluctuating climatic factors, increased emissions of greenhouse gases - carbon dioxide and nitrous oxide. The widespread use of chemical protection agents has not helped to overcome disease but has only reduced biodiversity and triggered the emergence of pesticide-tolerant pests.



Solutions

We are convinced that sustainability and environmental safety of agricultural production is possible only under eco-friendly conditions like using of fertilizers and pesticides with reasonable combination with biological agents.

Therefore, as a part of social responsibility, company actively invests in the development of new technologies and the creation of innovative biosafe products for plant nutrition and protection, its implementation to intensive and organic agriculture.

Only during 2020-2022 we awarded more than 20 grants to educational and research institutions.

On the permanent basis company supplies newest equipment, materials and reagents to research and educational institutions for our joint research.



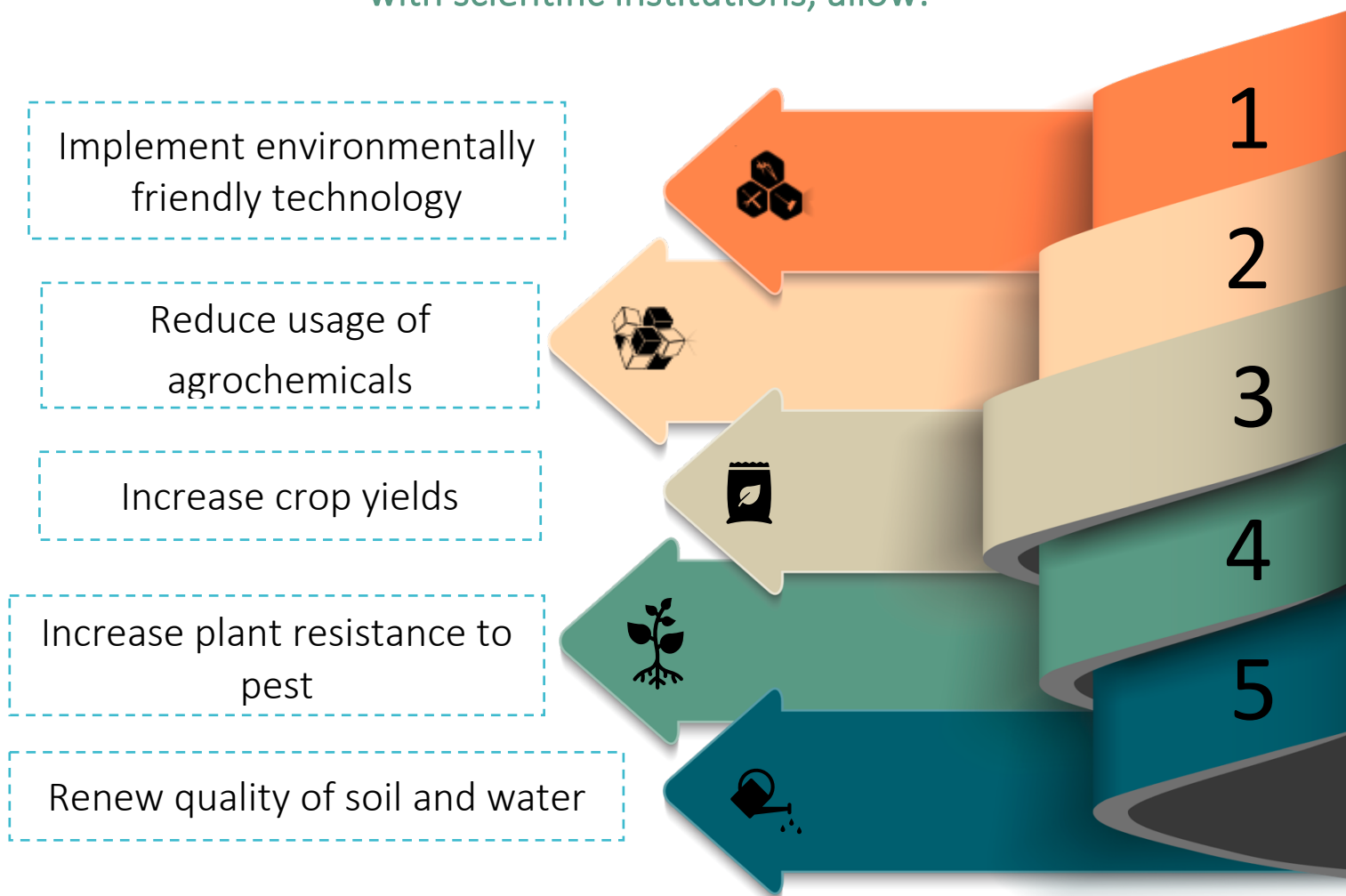
Sustainable environmental activities

The main grants and research directions have been:

- Creation of new biotechnological products for plant ecosafe nutrition and protection, reduction of soil contamination by xenobiotics and heavy metals, phytoremediation of industrial area soils.
- Research of physiological and biochemical properties of new products, their stability and manufacturability.
- Study of the biological effectiveness of new innovative products, their impact on the environment and safety for human, animals, fish, bees, etc.
- Development of the newest technologies for effective ecologically safe cultivation of crops.
- Entering the scientific results into national and international scientific databases.

In addition, common activities include public actions to promote the modern ecofriendly agrotechnologies against desertification and global warming for ensuring of world's food security.

Our innovative products and technologies, created in cooperation with scientific institutions, allow:



Sustainable environmental activities

Agrofertrans is focused to equip own modern scientific laboratory and to build production facilities of microbial products for agriculture. The key branches of activities are including research and experimental development in agrobiotechnology and organic farming, manufacture of biofertilizers, biostimulants, biopesticides and bioadditives for biomineral and organonmineral fertilizers.

Our microbial products for agriculture enrich soil by biological nitrogen, soluble phosphorus and potassium, protect plants against diseases and pests, make plants resistance to abiotic stresses like temperature extremes, pH, salinity and drought; heavy metal and pesticide pollution and stimulate plant growth through the synthesis of phytohormones and biologically active components.

This is ensuring the necessary level of plant nutrients while reducing the amount of fertilizer and agrochemicals required by 20-30%. Our field studies of biological agents did show their high effectiveness and no negative effects on the environment.

The systematic use of our innovative organonmineral fertilizers provide more prolonged nutrient assimilation by plant, improve structure, aeration, moisture retaining ability, chemical and biological conditions of soils. The organic substance prevents the loss of humus and serves as a buffer agent against undesirable pH oscillations in the direction of acidification or salinization of soils.

However, the economic and ecological attraction of microbial products is not limited to cheap nitrogen or multi-vector effects on plant growth. During interaction with soil microorganisms, plants actively exude various organic substances into the rhizosphere. These substances can hold moisture, chelate trace elements or act as nutrients for various microorganisms. Very importantly, the synthesis of these root exudates occurs during photosynthesis from carbon dioxide.

Thus, the use of microbial biofertilizers/biopesticides is an extremely efficient way to decrease emission of greenhouse gases and important step towards environmentally friendly, sustainable agricultural production.





The future of fertilization - Microbiological Fertilizers

The development of the biofertilizer market is a direct evolution of the mineral fertilizer market. The market is valued at \$10 billion with an annual growth rate of 10-12%. This growth is driven by the following factors:

- Decrease in agricultural land per capita due to the growth of population and the necessity to increase productivity.
- The climate is changing and water availability is decreasing.
- Chemicals deplete essential soil nutrients and minerals that are naturally found in fertile soil.
- The major technological innovations in the industry.
- Increased emphasis on sustainable farming.
- Growing environmental consciousness.
- Governments of different countries are providing different incentives for encouraging the manufacturers of biosolutions and are taking several initiatives to bring about a shift from conventional to sustainable and reasonable farming.

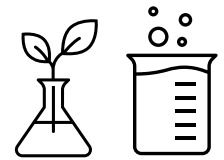
There are three main types of biological agriculture products:

Biofertilizers are used to promote plant growth by increasing the supply of nutrients taken from soil.

Biostimulants protect plants from abiotic stress such as cold, drought, and salt influencing plant growth and productivity.

Biopesticides are pest management agents to control pest populations and protect crops.

All these products will be manufactured in the factories of the Group. Produced microbiological substances will be sold for direct application and used for further production of complex biomineral fertilizers on own plant Fertilife Benelux B.V.



Sustainable environmental activities

Agrofertrans` Innovation Centre is a scientific unit dealing with development, testing, and introducing of innovative, high-efficient solutions into agricultural production for sustainable and ecologically sound agriculture. The center uses the most modern equipment and methods in Eastern Europe.

Innovation Center with own laboratory contains three modules:

Chemical

- To control the quality of fertilizers and fertilizer raw materials)

Agronomic

- For testing of new products

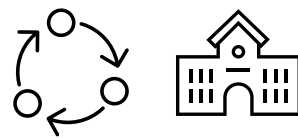
Microbiological

- For bio preparation production and quality control

Over 20 species and more than 60 strains were developed and patented in the Innovation Centre. This Company's collection of agronomically valuable microorganisms makes it possible to create microbiological fertilizers, biological plant protection products, xenobiotic destructors and preparations for soil remediation.

Also, the company has over 200 registered fertilizers formulas. Each product has been complete tested with agrarians to substantiate its effectiveness.

To date, prototypes of biological preparations have successfully passed long-term field trials with agricultural producers.



Agrofertrans Group is developing a new production plant for microbial agriculture products in Poland.

The Project is a research and production company (plant), Fertilfe Biotech sp. z o.o., that will include the latest production module and its own modern scientific laboratory.

The product range will include Plant Growth Promotion Bacteria (PGPB) - microorganisms that stimulate plant development and increase their yield through various mechanisms. These microorganisms are not genetically modified, non-pathogenic, belong to safety class 1, and are the main elements in plant nutrition and plant protection technologies in organic farming.

Own land plot for construction of the facility located: Poland, Orly, suburbs of Przemysł District: Przemyski

Geographical location



The key branches of activities of the Project will include:

- Research and experimental development on biotechnology;
- Manufacture of biofertilizers and biostimulants;
- Production of biopesticides and other biocontrol agents;
- Wholesale of manufactured products

Ecologically friendly technology:

- The production technology is considered environmentally friendly. The fermentation process involves the cultivation of microorganisms in a closed fermentation system, which prevents the uncontrolled spread of bacteria in the environment.
- The production process provides a low level of waste – only wastewater after washing and sterilization of fermentation and other equipment. The technology does not involve the emission of any pollutants into the atmosphere, except the natural gas combustion products.

Our Social Responsibility

The Agrofertrans Group has always taken a responsible approach to labor management and monitored the labor rights of our employees around the world.

75 employees
* at the end of the year



35% of women
(including the factory's staff)

We also actively carry out educational programs for employees. The company invests in training of employees in corporate and individual training formats. The company organizes:

- employees' participation in agricultural fairs.
- conferences and contests in order to improve their qualification level.

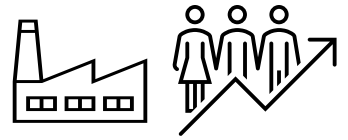
Company stimulates career development within the company. We, Agrofertrans, believe it is essential to provide a work climate that:

- Respects the dignity and worth of individuals.
- Encourages the initiative of each employee.
- Boosts individual capabilities.
- Provides equal opportunities.

60% of employees participate in professional training programs, exhibitions, conferences, etc.



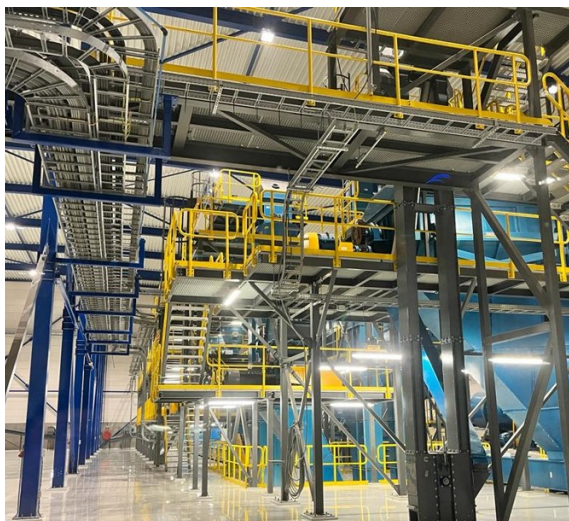
Providing safe manufacturing



Agrofertrans Group owns a fertilizer plant in the Netherlands - the Fertilife Benelux B.V. The plant involves in production of granulated ammonium sulphate from crystalline ammonium sulphate as well as complex fertilizers.

A high level of automation provides environmentally friendly logistics, safety for workers and cost-efficient factory performance. The plant includes a production building, sophisticated conveyor system and 2 production lines. Neighboring port warehouse and a quay are parts of project's infrastructure.

The production process of the project is environmentally friendly, no emissions, no waste, no by-products, no negative impact to environment.



Core product of the plant is the granular ammonium sulphate. It is a high-efficient water-soluble nitrate free nitrogen-sulfur fertilizer of prolonged effect. It provides high agronomic and economic efficiencies for growing major crops. Ammonium sulphate is the environmentally safest nitrogen fertilizer. The factory also allows the production of organomineral and bio-fertilizers.

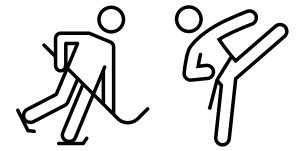
The safety of all AS components has been confirmed to be in compliance with all the requirements laid down by Regulation (EC) 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

0% of accidents at manufacturing

100% of employees have safety certificate in accordance with Dutch regulation

Systematic measurements of the impact of production on the environment by governmental authorities

Philanthropic initiatives



For many years, Agrofertrans has been providing financial support to young athletes in Ukraine. The company actively develops programs for Ukrainian sport and cares for the younger generation. We are convinced that each company has an obligation to invest in children's development and help young talents to open up. The company signs official contracts for partnership and charity support with sports organizations.

Among the children's sports clubs that the company helps are:

Karate Sport Club «Kodo-Kan». With the support of Agrofertrans Group, in previous years our sportsmen won silver and bronze medals at the Ukrainian and European Union championships.



«Sokil» hockey club. The company helped to revive the legendary children's sports club. We finance young sportsmen during national and international competitions and provide modern equipment for their training. With our support, «Sokil» becomes Top-3 hockey club in Ukraine.



Philanthropic initiatives



Since the beginning of the war, the company has supported initiatives to support people in Ukraine who have faced hardship. Our company has joined the international strategic humanitarian “Help East” initiative. Together with the "Medical and Charitable Assistance France – Ukraine" Association organize charitable recreational and cultural activities, provides little children with humanitarian assistance and gifts.



The humanitarian assistance includes medical equipment, medicines, disinfectants and medical supplies for military hospitals as well as civilian medical institutions. The aid also includes food, clothing and blankets, products for children, walkers, medicines, medical devices, wheelchairs, etc.

The cargo is intended for residents of settlements located in the area of hostilities, as well as for refugees.



Over the life of the project, 55 medical institutions, the vast majority of which are located near the areas of hostilities, received assistance. In total, medical institutions received more than 215 tons of humanitarian medical supplies.

Also, company transfer of 18 ambulances to military and medical personnel in the Kharkiv and Lviv regions was made possible with the support of SAFU, Aide Médicale & Caritative France-Ukraine, the All-Ukrainian Resuscitation Council, and Sunagro Ukraine LLC.



Thirteen ambulances were handed over to military medics working in critical areas, four to emergency medical specialists in Kharkiv region, and one more vehicle equipped to State Emergency Service standards will be used for de-mining.

Corporate Governance Responsibility



Total Number of Directors	11
Independent Directors	3
Number of women on the Board of Directors	36%
Mandatory Retirement Age	No
Risk committee	Yes
Annual audit	Yes
Publication of financial statements	Yes

- All Group member companies pay taxes in full in different jurisdictions. These taxes include income tax and other indirect taxes.
- None of the group companies are located in areas recognized as offshore zones.
- Agrofertrans collects on time and remits employment taxes from all employees.

Since the scope of the company's activities covers many countries, regions and even continents, it is crucial to monitor compliance with all norm, requirements and legislation of a particular country. To manage this risk, the company takes the following steps:

1. Hire legal agents in the country in which it operates, due the national agents know all the specific regulatory features of the local legislation.

2. As we operate in many countries, we inform and warn all parties to counteract and discourage corruption. The company pays particular attention to this issue in developing countries, because the risk of corruption is higher there.

3. The company also actively protects its own databases, which contain the company's information as well as its contractors. The company informs all members of the distribution chain about the methods of storing, processing and transmitting information.

4. Company publishes its standardized financial report annually.

5. Company submits to an annual external independent audit.

6. Compliance of company's documents, permits, certificates with the current legislation of the country.



Policies on Modern Slavery and Human Trafficking



Agrofertrans has adopted strong employment, labor and worker protection principles that apply to our employees. Agrofertrans prohibits workplace harassment and we respect workers' freedom to associate, which assures we respect the ability of employees to choose whether or not to join unions and engage in collective bargaining, as permitted by applicable laws in the countries where Agrofertrans does business. We prohibit the use of forced and bonded labor, which we interpret to include slavery and human trafficking, or the employment of children under 16 years of age, or the minimum age established by local law if older. Agrofertrans takes all necessary steps to assure the occupational health and safety of our workers and the safety of the communities in which we operate.

``It is important for us that everyone is trained and informed on the subject. All employees properly convey the vision and strategy of the company in general. ``

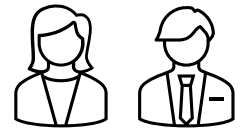
100% of our employees are trained

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our staff. We also require our business partners to provide training to their staff and suppliers and providers.

Each partner/client is subject to a detailed risk assessment

We assess potential partners, suppliers and buyers based on a variety of factors to prevent working with companies that might be at a risk of non-conformance with our values and principles. This assessment is made in a form of partner risk evaluation process and includes evaluation of such factors as geographic risk, business risk, type of operations, etc. We work only with carefully assessed, well-known and reputable partners.

Code of Good Practices and Risk Management



Since Agrofertrans is a multinational company with a wide area of business and has employees and counterparties around the world, it was decided to make recommendations and unify the risk management procedure in the company - Code of Good Practices – (the “Code”) - to articulate key principles governing reasonable and fair trading practices.

The code is designed to help all employees when they face difficulties in identifying risks in their daily business activities, applying risk management and using appropriate selectivity criteria on a non-discriminatory basis for controlling all our business activities.

Two key principles underpin the Code:

- (a) understanding of the traders’ corporate governance, risk management practices, business and transactions through due diligence and policy requirements; and
- (b) sufficient transparency and control over the financed transactions, sale and purchase of goods.

This document also provides guidance on what constitutes good practice and on how relevant application of good practice contributes to the duty to reduce risks or demonstrate that risks have been reduced.

To comply with the developed ruled, the Company has created the following committees:

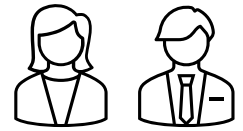
- 1. Global Strategic Risk Assessment Committee (once a quarter).**
- 2. Committee of risk assessment of current operations (once a week).**
- 3. Audit Committee (once a month).**

The risk committee is responsible for setting, approving and monitoring the traders’ risk management policies and financial policies.

The audit committee is responsible for monitoring the integrity of the traders’ and other key department’s work and reviewing its internal controls, the effectiveness of the traders’ internal audit function and the effectiveness, adequacy and independence of the external auditor.

All members of the group of companies are strongly encouraged to follow the provisions of this document. Agrofertrans' employees, management, partners, associated companies should consider and incorporate these principles as part of their business practices in a risk proportionate manner.

Corporate Social Responsibility Company Policy



The objective and focus of this policy are to set high standards for sustainable economic growth in fertilizer industry i.e. preservation of environment, occupational health and safety, respect for human rights, empowerment and community life.

For our company, social responsibility means facilitating communities and empowering its people. Gradually Agrofertrans started interventions in most of the defined sectors and has developed a history of about 22 years of contributions to society.

It is necessary to standardize the interventions and monitor the quality of interventions at a central level. Keeping the vision of a responsible corporate entity in mind.

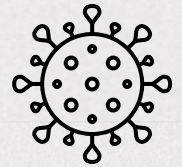
Agrofertrans believes social responsibility efforts are embodied in consistent application of its core values which outline its commitment to conduct business in a socially responsible and ethical manner, support universal human rights, protect the environment, maximize the positive impact of its business on the community, respect culture in which it operates and integrates social, environmental and economic considerations in its decision-making process and actions.

At Agrofertrans Group, Corporate Social Responsibility encompasses the following elements:

- 1. Business Ethics and Transparency.**
- 2. Employee Relations and Workplace Practices.**
- 3. Health and Safety.**
- 4. Community Relations.**

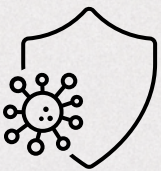
This CSR Policy is applicable to all directors, officers and employees of the Group. All contractors, subcontractors and individuals acting in any capacity for or on behalf of the Group should be made aware of the CSR Policy. All companies in the Group's supply chain are encouraged to adopt the CSR Policy as best practice guidance for their own businesses with the aim of ensuring consistent sustainable operational practices.

Company Policy to Support Workers during COVID-19

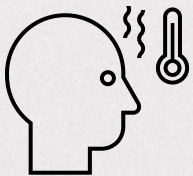


Companies and employers play a key role in preventing and slowing the spread of SARS-CoV-2 within the workplace. We coordinate with state and local external health officials to obtain timely and accurate information to inform appropriate responses. The company also provides [monthly testing](#) for employees.

In terms of temporary trade restrictions, the fertilizer industry has been less affected by risks of a pandemic. We organize sustainable operational process during pandemic restrictions for delivering, manufacturing and maintaining or inspecting any of our products, at this time. We do not foresee any areas of significant risk due to Covid restrictions. We remain confident in our ability to deliver reliable service and quality products to our customers.



[100% of employees are provided with insurance](#) in case of illness and accidents. If an employee needs additional medicines, company provides them with everything they need



In case of illness or feeling unwell employees [stay at home](#) and return to the office if needed, only after they have no symptoms and negative test results



When the epidemiological situation in the region worsens, company is offering their employees the opportunity to continue [working remotely](#). Company is strictly adhering to recommendations of the national authorities of health protection.



The company [provides means of protection](#) against coronavirus. Each employee is provided with a mask and disinfectants. Also in the office every day employees [measure oxygen](#) saturation and temperature of employees. The health data is collected and monitored.

This report is aimed at informing the public about activities and our projects in order to get feedback, ideas and recommendations for our activities.

Our main task is providing to our counterparties the confidence that our company is responsible partner, and we carefully follow ESG initiatives:

- adheres to the goals of sustainable development,
- monitors all members of the supply chain,
- complies with current legislation,
- participates in ecological projects with a long-term orientation,
- tries to build a healthy work environment for all employees.

We are doing the best for developing ESG initiatives in each country where we operate. Also, each individual initiative is integrated into the overall strategy, into the general vector of the company's development.

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AGROFERTRANS[®]

