

## 1. INTRODUCTION AND COMMITMENT OF THE COMPANY

Bontrup Ukraine LLC places a high priority on sustainable development. Resources such as time and energy are invested in sustainable development, in a variety of ways. Bontrup Ukraine LLC is committed to long-term and sustainable economic responsibility. We emphasize on this by supporting and integrating the OECD Guidelines for Multinational Enterprises in the areas of Human Rights, Employment and Industrial Relations, Environment, Bribery and Corruption and Consumer Interests in our business operations and strategies

At Bontrup Ukraine LLC we try our best to communicate to our stakeholders, the actions that we take to continually improve the integration of the recommendations of the OECD Guidelines into our daily operations. We are committed to share this information using our primary channels of communication.

## 2. Introducing BONTRUP UKRAINE LLC

Located in the northeast of Ukraine, Bontrup Ukraine is a farm measuring some 20,000 hectares. When it was founded in 2007, the company's objective was to carry on large scale agricultural operations with a long-term vision. At the same time, it is essential to do this in a sustainable way with respect for the local population and authorities. Bontrup Ukraine works with a long-term vision, it focuses on motivating personnel, the goal of which is to encourage them to work as a team to make the organization a trendsetter in the agriculture sector of the Ukraine.

By making cautious investments in the high-quality farmlands, it is possible to achieve good results without exhausting the soil.

Thanks to the hard work of a motivated team that aims for transparency and perfection, Bontrup Ukraine continues to show growth each year, in every area. Good results lead to trust in the Ukraine, a country that offers a vast range of possibilities and opportunities.

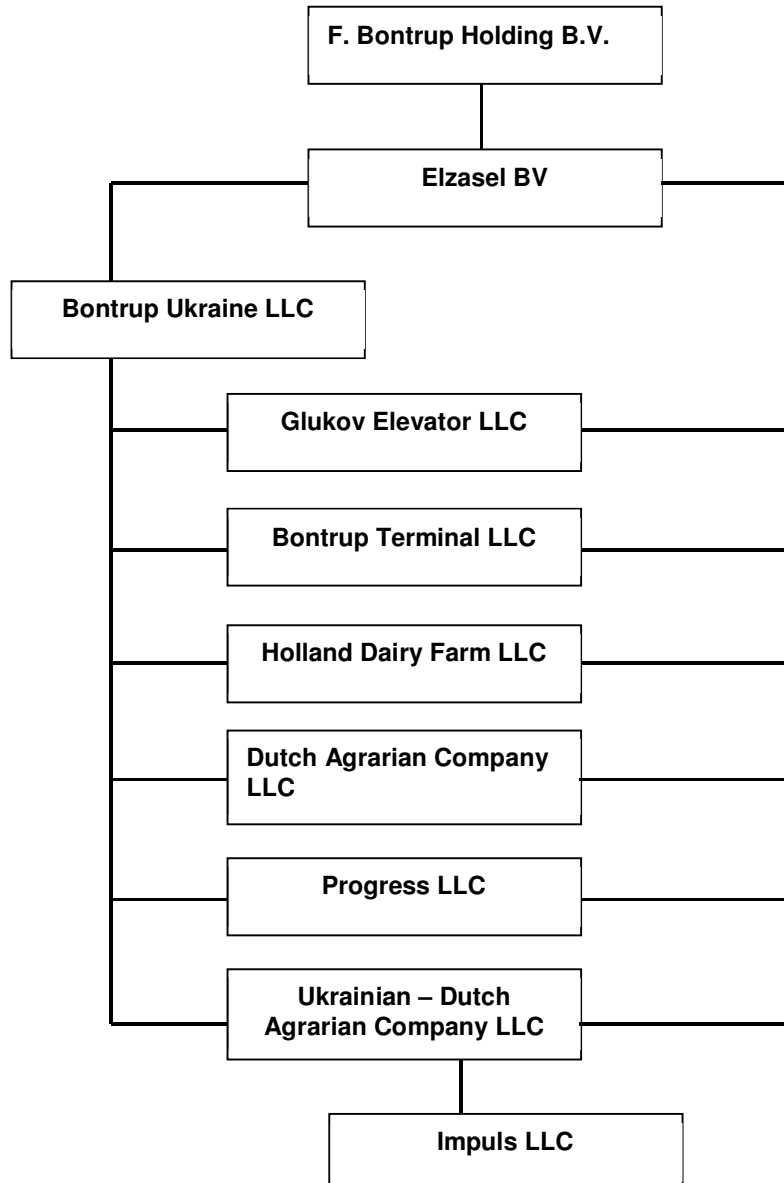
In January 2014, Dutch Development Bank (FMO), signed a contract with Bontrup Ukraine. With the support of a EUR7.5 million senior credit facility from the FMO fund, Bontrup will further expand its business in the Ukraine. The expansion plan consists of investments in farmland, machinery (e.g. tractors) and an expansion of the current warehousing.

The introduction of technology (high standard dairy farm practices and agricultural farming) has been and will be further introduced in the Ghlukov region of the Ukraine. This is a remote region close to the border of Russia where high standard technology is not widely available.

### 3. Corporate governance

#### a) Corporate Structure & Share ownership structure

Regarding the FMO bank related part, the legal organization structure is per 31 December 2015 as follows:



All companies mentioned in above structure are (in)directly 100% owned by F. Bontrup Holding B.V. F. Bontrup Holding B.V. is a limited liability company incorporated and operating under the laws of The Netherlands, 100% owned by the Bontrup family with its registered office in Bunde, the Netherlands.

**b) Share ownership structure:**

The office location and share ownership structure of the above mentioned legal structure is as follows:

<b>Elzasel B.V.</b>	Bunde, The Netherlands,	Shareholder 100 % F. Bontrup Holding B.V.
<b>Bontrup Ukraine LLC</b>	Glukov, Ukraine,	Shareholder 100% Elzasel B.V.
<b>Glukov Elevator LLC</b>	Glukov, Ukraine,	Shareholder 31,7707% Elzasel B.V. and 68,2293% Bontrup Ukraine LLC
<b>Bontrup Terminal LLC</b>	Reni, Ukraine,	Shareholder 98.6181% Elzasel B.V. and 1,3819% Bontrup Ukraine LLC
<b>Holland dairy Farm LLC</b>	Bereza, Ukraine,	Shareholder 0,6000% Elzasel B.V. and 99,4000% Bontrup Ukraine LLC
<b>Dutch Agrarian Company LLC</b>	Bereza, Ukraine,	Shareholder 98.6181% Elzasel B.V. and 1,3819% Bontrup Ukraine LLC
<b>Progress LLC</b>	Makove, Ukraine,	Shareholder 0,6000% Elzasel B.V. and 99,4000% Bontrup Ukraine LLC
<b>Ukrainian - Dutch Agrarian Company LLC</b>	Makove, Ukraine,	Shareholder 27,6608% Elzasel B.V. and 72,3392% Bontrup Ukraine LLC
<b>Impuls LLC</b>	Makove, Ukraine,	Shareholder 100,0000% Ukrainian – Dutch Agrarian Company LLC

**Ultimate Beneficiary owned (UBO) F. Bontrup Holding:**

Name	% of shares held in F. Bontrup Holding B.V.
- F.J. Bontrup	10,61%
- M.J.H. Aben	9,89%
- M.H.T. Voorwald - Bontrup	15,90%
- P.F.J. Bontrup	15,90%
- A.W. Bontrup	15,90%
- W.A. Bontrup	15,90%
- T.H. Bontrup	<u>15,90%</u>
	<b>100,00%</b>

The Board of F. Bontrup Holding is formed by Franz Bontrup as executive Director with Bram Bontrup duly authorized as a representative having full power of attorney.

For the Ukrainian subsidiaries held by F. Bontrup Holding, a General Manager Bontrup Ukraine is appointed with limited power of attorney (being Svitlana Lakoba) who, assisted by the assistant General Director (being Dimitri Shal), supervises the local directors who have been appointed with limited power of attorney (up to UAH 100K). All contracts above this amount are to be signed/approved by the authorized representative of Elzasel B.V. (being Bram Bontrup).

**c) Corporate governance policies**

The Board is committed to applying the highest level standards of professionalism, integrity, ethics, fairness and social responsibility to the way the company conducts its business. It considers itself fully accountable to stakeholders in its ongoing commitment to applying the principles laid out in the applicable corporate laws of the Netherlands and Ukraine.

Independent external advisors are used to monitor regulatory developments, thus enabling the Board to make decisions on matters of corporate governance. The Board is of the opinion that the requirements of both the Dutch and the Ukrainian corporate laws have been met. The Board has to the best of its knowledge put in place processes in support of the relevant regulations.

It is the Boards goal to be transparent in its management process to assure its stakeholders that the company is managed within prudently determined risk parameters and in accordance with international best practice and ethical norms.

#### **d) Internal audit, risk management and legal compliance systems**

The Board is responsible for ensuring that appropriate internal control systems are implemented and maintained to ensure that F. Bontrup Holding's assets are safeguarded and managed in order to minimize potential losses arising from possible fraud and other illegal acts. Internal control is implemented through the proper delegation of responsibility within a clearly defined approval framework, through accounting procedures and adequate segregation of duties. No incidents have come to the attention of the Board that would indicate any breakdown in internal controls during the year under review.

A professional finance department has been set up which is also responsible for the internal controls and systems. This finance department reports independently to the Board.

The internal controls are monitored by an external accountant Kiev Audit Group, Ukraine supported / controlled by BDO Maastricht, The Netherlands. The latest, reports its findings and recommendations to the Board and to the F. Bontrup Holding auditor EY Maastricht, The Netherlands.

On both legal and fiscal matters the Board is advised by Jurimex Kiev, Ukraine and Kiev Audit Group, Ukraine for the Ukrainian business.

### **4. HUMAN RIGHTS**

Bontrup Ukraine LLC supports and respects the protection of internationally proclaimed human rights, and makes sure that our operations are not complicit in human rights abuses.

#### **a) Human resources policy**

Bontrup Ukraine LLC is considered a major employer within the regions of Eastern Ukraine. Recognizing this responsibility, the Company management developed and maintains a progressive human resource policy to maintain a loyal and motivated workforce. As a privately owned company we are proud of our work culture. Together we are a family.

##### *General*

Discrimination in employment based on gender, race, age, ethnic and religious background, or nationality principles including child labour and forced labour are prohibited within Bontrup Ukraine LLC. It is the policy of Bontrup Ukraine LLC that these values must apply also for our suppliers and contractors.

##### *Working conditions and terms of employment*

It is the policy of Bontrup Ukraine LLC to have collective bargaining agreements with workers representatives at its operations. Working conditions and terms of employment are stated in the national law and the extra benefits are stated in the collective agreements. Bontrup Ukraine LLC strives for a total package with:

- Comprehensive terms of employment including working hours, wages and benefits, leave for illness, maternity, vacation and holiday.
- Employees' rights for labour protection, the right to organize (trade unions).
- Social package to employees including onetime payment in specific circumstances; financial aid and social benefits.
- The right to raise workplace concerns. This grievance mechanism for workers must involve an appropriate level of management to address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution.

The agreements have to comply with national law (including deductions, overtime arrangements, pension schemes and termination procedures & rights) and IFC's performance standard.

#### **b) Implementation**

Results:

- Together with the workers representatives (Union) we made a collective agreement including social package for employees.
- No discrimination has occurred in 2015, and the employees and suppliers are encouraged to give feedback in this respect.
- No children are employed at the company
- Grievance Mechanism implemented (see separated paragraph)

### c) Grievance Mechanism

Bontrup Ukraine LLC has established a company-wide grievance mechanism that provides its employees with the means to lodge a grievance, pose a question, an idea, or share a concern.

This formal Employee Grievance Procedure available to everyone in the company is designed to facilitate the resolution of situations related to employee grievances in line with the principles of the Code of Conduct. During this reporting period, a total of 31 grievances were reported from the various subsidiaries and departments (see table below).

Department	Total	Done	Open
Administration	2	2	0
Workshop	15	15	0
Warehouse	2	2	0
Machines	5	5	0
Extern	0	0	0
Miscellaneous	7	7	0
	0	0	0

Department	Health	Environment	Safety	Quality	Technical	Other
Administration	1	0	0	0	0	1
Workshop	9	0	5	1	0	0
Warehouse	0	0	2	0	0	0
Machines	2	0	2	0	0	0
Extern	0	0	0	0	0	0
Miscellaneous	2	0	1	0	0	4
Total	14	0	11	1	0	5

#### Conclusion:

- The first year that we used the system has been a positive start.
- Despite our encouragement to report a grievance. It is still not in the nature of our employees or employees of an external company to write a grievance. We will take more effort to emphasize that this is important to our company and the relationship between employees and our company.
- None of the reported grievances implied monetary damages such as fraud, theft, or abnormalities with suppliers.
- All grievances were duly investigated and acted upon. All the grievances of 2015 are closed.

Nevertheless, we can say that our initial experience with this system has helped us identify ways in which the grievance procedure and the overall communications are carried out through the company.

## 5. Employment

### a) Size of the workforce

We believe that building a strong base of operations around a core team of committed employees, will give us the opportunity to deliver high quality products. The table below gives an overview of the workforce of Bontrup Ukraine LLC divided over the different sites. Currently we have a stable workforce with a lot of employees whom have been employed with us a lot of years. Total number of days sick leave is including maternity leave. Next year we will give spate numbers regarding the maternity leave.

Site	# of direct employees 2014	2015	# female direct employees 2014	2015
DAC	77	81	12	13
UDAC	123	123	38	36
HE	46	47	12	12

	This reporting period		Reporting period- Previous year	
	Direct employees	Contractor employees	Direct employees	Contractor employees
	251	28	246	21
Total man-hours worked – Annual	449164	41690	451273	31268
Total number of days sick leave	1663		1058	
Total number of lost time occupational injuries	0	0	0	0
Total number of lost workdays due to injuries	0	0	0	0
Number of fatalities	0	0	0	0

### b) Labor policies, practices and goals

The company's policy regarding occupational health and safety

- Our employees shall have a safe and acceptable (responsible) working environment and shall carry out their work in such a way that their own safety and the safety of others is ensured.
- The work place has to comply with national law and IFC's performance standard.
- Every company shall carry out medical examinations of employees on a regular basis scheduled according to specific working conditions.

If an employee does not feel safe while working under the occupational health and safety conditions, they are entitled to suspend work and as result of the effective application of the occupational health and safety applications at the company.

### c) Implementation/ Outcomes

The following actions were taken to implement the labor policies and to reduce health and safety incidents:

- Induction program for employees, contractor employees and visitors
- Installed pictograms in every department
- Emergency evacuation plan
- Risk-assessment action plan made and executed/implemented in 2015.
- Medical examination of employees executed (according to specific working conditions).
- Safety devices installed (such as Safety cord...)
- Installed fire detection systems

- Fire Inspection, refill / recharge portable fire extinguishers
  - Instruction programs how to work safe
  - Housekeeping
  - In total 477 participants participated in different types of training such as:
    - health and safety in general
    - Traffic and transport regulations
    - First aid training
    - Safety rules working with gas
    - Working with pesticides and fertilizer
    - Etc.
- In total more than 5000 training hours.

## 6. Environment

### a) Main environmental risks and impacts

Our main potential risk to the environment is the use and storage of hazardous materials. As Bontrup Ukraine LLC we comply by the law regarding the storage and usage of hazardous materials.

### b) Environmental goals on pollution prevention and environmental protection.

In 2015 Bontrup Ukraine had several goals to improve the protection of our environment. The following steps will give us a more clear picture where we stand and how we can improve our situation.

- Develop a pesticide Management Plan consistent with the IFC's EHS Guidelines.
- Write an integrated Pest Management (IPM) statement/policy
- Made an Environmental and Social management action plan in compliance with IFC Performance Standards (PSs) requirements.

### c) Implementation

In 2015 an external auditor, specialized in the IFC Performance Standards, audited our systems (see point b). In corporation with the external auditor we made action plans to comply to the audits IFC Performance Standards. The action plans have closing dates and will be monitored quarterly.

All hazardous materials are handled/stored and disposed as described in the Working Methods.

- Instructions by provider
- Special storage (license)
- Training employees via provider
- Disposal via specialized company contract

### d) Measurement of outcomes

## Energy and water

Our understanding of the need to monitor our consumption was limited prior to the development of this report. This year we compared the annual energy and water consumption for the years 2014 and 2015. For us it was an eye-opener. As you can see there is a big decrease of our consumption in 2015. This is mostly due to new energy efficient equipment and weather circumstances.

Utility Type	Units	Annual Consumption 2014			Total
		DAC	UDAC	HE	
Grid electricity	MWh	79,392	345,273	590,4	1014,705
Natural Gas	m <sup>3</sup>	8584		1019752	1028336
Diesel	L	676670	492150	14313	1183133
Other fuel	L	40381	54493	13418	108292
Water	m <sup>3</sup>	229	12532	832	13593

Utility Type	Units	Annual Consumption 2015			Total
		DAC	UDAC	HE	
Grid electricity	MWh	65,779	300,275	246,44	612,494
Natural Gas	m <sup>3</sup>	3793		205807	209600
Diesel	L	365669	384815	8003	758487
Other fuel	L	25061	75555	9944	110560
Water	m <sup>3</sup>	265	10128	583	10976

Utility Type	Units	Annual Consumption 2015			Total
		DAC	UDAC	HE	
Grid electricity	MWh	-17%	-13%	-58%	-40%
Natural Gas	m <sup>3</sup>	-56%		-80%	-80%
Diesel	L	-46%	-22%	-44%	-36%
Other fuel	L	-38%	39%	-26%	2%
Water	m <sup>3</sup>	16%	-19%	-30%	-19%

## 7. Bribery and Corruption

### a) Statement

Our company has not been involved in any legal cases, rulings or other events related to corruption and bribery. Every year, several internal audits take place. Our books and accounts are subjected to statutory external audit annually. These audits are used as one of the methods to identify any suspicious payments which could be related to bribery or corrupt behaviour. There has been no such incident reported in the period.

### b) Implementation

The company management is prohibited to grant or accept any gifts or rewards in any form, including money, things, discounts, commissions, non interest loans, travel tickets, free medical treatments, and other facilities, from any one known or reasonably suspected to cause conflict of interest to his/ her position or duties that can affect his/her judgement, action, and decision.

## 8. Consumer interests and product quality

Quality is the number one focus throughout our organization. Our company invests significant efforts in training and education of its personnel. A well trained and qualified workforce is the primary requirement to operate a quality organization. Training is available to all levels and functions within our organization and in many cases even mandatory.

To maintain the high quality of all our products, we have quality control personnel who constantly monitor our products.