

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.

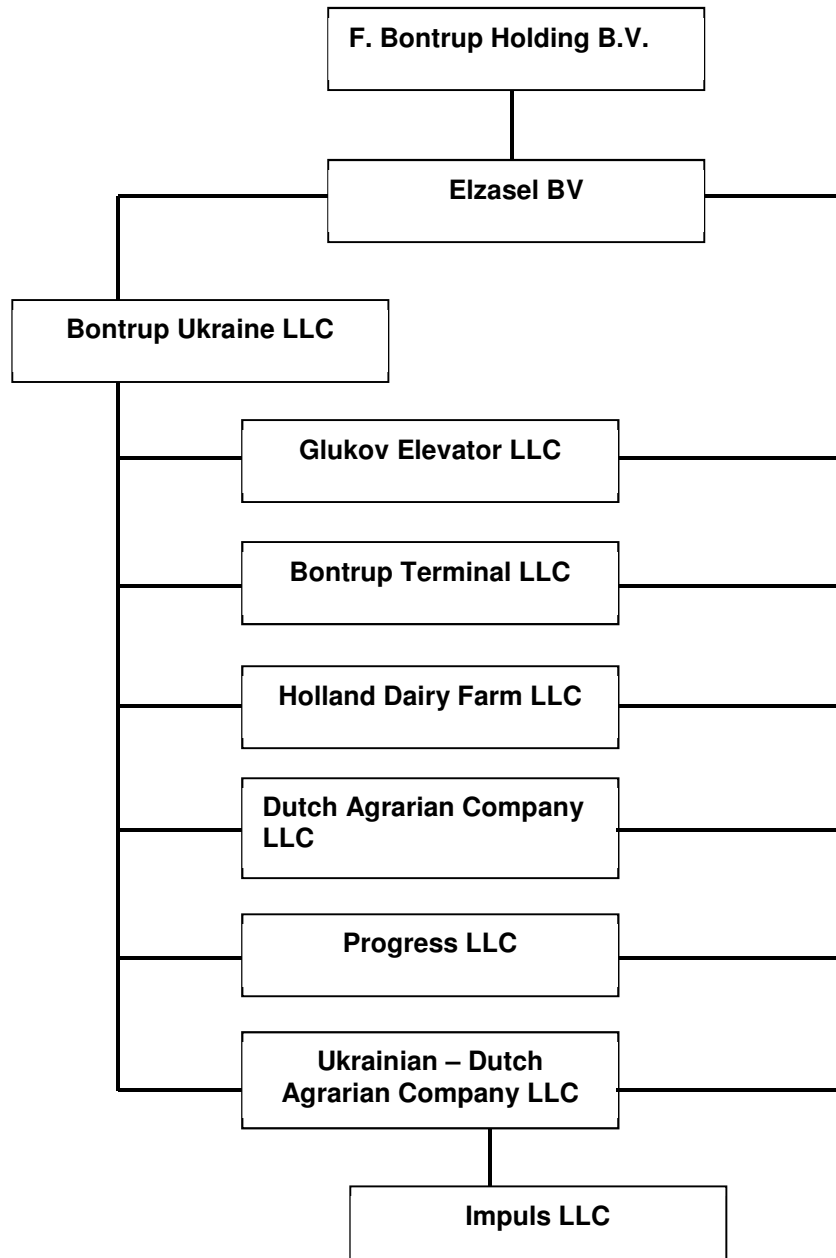
In January 2014, Dutch Development Bank (FMO), signed a contract with Bontrup Ukraine. With the support of a EUR7.5 million senior credit facility from the FMO fund, Bontrup will further expand its business in the Ukraine. The expansion plan consists of investments in farmland, machinery (e.g. tractors)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

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

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 complies 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 2016, 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 33 grievances were reported from the various subsidiaries and departments (see table below).

Department	Total	Done	Open
Administration	4	4	0
Workshop	15	15	0
Warehouse	1	1	0
Machines	4	4	0
Extern	0	0	0
Miscellaneous	9	9	0
	0	0	0
	0	0	0

Department	Health	Environment	Safety	Quality	<i>Technical</i>	<i>Other</i>
Administration	2	0	1	0	0	1
Workshop	5	0	7	0	2	1
Warehouse	0	1	0	0	0	0
Machines	0	0	3	1	0	0
Extern	0	0	0	0	0	0
Miscellaneous	1	0	2	0	0	6
Total	8	1	13	1	2	8

Conclusion:

- The most grievances are written about Health and Safety issues. We notice that it is more common to address this via a grievance form.
- Like last year we will encourage our employees to report a grievance. We will discuss this during meetings and express 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 2016 are closed.

5. Employment

a) Size of the workforce

The table below gives an overview of the workforce of Bontrup Ukraine LLC divided over the different sites:

- Dutch Agrarian Company (DAC)
- Ukrainian - Dutch Agrarian Company (UDAC)
- Glukov Elevator (HE)

Conclusion:

Currently we have a stable workforce with a lot of employees whom have been employed with us for many years. Quantity increasing of permanent employees at enterprises is due to the fact that, according to changes in the legislation, employees who worked under civil law contracts were transferred to the staff of companies. The total number of day's sick leave has increased at the same level as the total man hours worked. The increased of man hours is due to a longer harvest time (3 months longer, due to the weather conditions). The number of day's sick leave increased due to the longer harvest season as well. In that time of year October – December more people are sick in general.

Site	direct employees				female direct employees				employees terminated			
	2014	2015	2016	%	2014	2015	2016	%	2014	2015	2016	%
DAC	77	77	88	12,5	12	11	16	31	12	29	4	-86
UDAC	149	147	150	2	36	44	39	-11	31	29	26	-10,3
HE	47	47	48	2,1	11	11	11	0	5	5	4	-20

Report Total numbers for each parameter	Direct employees				Contractor employees			
	2014	2015	2016	%	2014	2015	2016	%
Total number of Workers	293	301	286	-5	45	48	34	-29,2
Total man-hours worked – Annual	451273	370718	510565	27,4	48830	37633	27866	-25,9
Total number of days sick leave	1058	1023	1406	27,2	0	0	0	0
Total number of days due to pregnancy and childbirth	0	140	0		0	0	0	0
Total number of lost workdays due to injuries	0	0	0	0	0	0	0	0
Number of fatalities	0	0	0	0	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:

- New training Unloading of dangerous goods
- New training of Laboratory workers
- Instruction programs how to work safe
- Housekeeping
- Provide special equipment for manure transportation.
- Hygiene and sanitary conditions: separate sanitary room (shower, toilet) for staff, provided locker room with individual lockers for clean and dirty clothes.
- Fire Inspection, refill / recharge portable fire extinguishers
- Medical examination of employees executed (according to specific working conditions).
- Housekeeping
- In total 473 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 4200 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 only complied with the local law regarding the storage and usage of hazardous materials.

b) Environmental goals on pollution prevention and environmental protection.

We developed with the help of FMO and external auditors an Environmental and Social Action plan (ESAP). This plan was fully implemented in 2014/2015 as we mentioned in our annual report of last year. In 2016 we checked the status of implemented points by visiting our company's. We noticed that this is necessary to get all points really implemented.

c) Implementation

The following actions have been taken in 2016

- Implementation of the Veterinary Health Action/plan
- Implementation of the Pesticides Management Action/Plan

The actions are monitored quarterly via our own quality system.

d) Measurement of outcomes

Energy and water

This year we have a better overview over our energy and water consumption. This year we can compare 3 years and see if there is a trend.

On the next page you can see an overview of all the figures. Comments:

- The increased electricity at DAC and UDAC is associated with the constructions of new buildings.
- The increase of gas at DAC is associated with colder weather in 2016 (natural gas is used to heat the office and hotel).
- The increase of diesel fuel consumption at UDAC is associated with a longer harvest period and the work of new machinery.
- The increase of gasoline at DAC is associated with a longer harvest time.
- The increase of fuel consumption at HE is associated with the new construction (elevator).
- The Increased water consumption at DAC and HE is associated with the new construction. In UDAC until 2016, water consumption was calculated according to consumption norms, and in 2016 were installed water meters. In this way we can monitor our water consumption closely.

We are going to monitor how the figures develop next year. You can find our goals for 2017 in the table down below.

Utility Type	Site	2014	2015	2016	%	2017 Goal
Grid electricity (MWh)	DAC	79,392	93,729	102,980	9	100,000
	UDAC	345,273	369,642	439,851	16	400,000
	HE	590,4	510,498	511,820	0,25	500,000
	Total	1014,705	973,869	1054,651	7,7	1,000,000
Natural Gas (m ³)	DAC	8584	6092	6603	7,7	6,500
	UDAC	-	-	-	-	-
	HE	1019752	837622	800138	-4,5	800,000
	Total	1028336	843714	806741	-4,5	806,500
Diesel (L)	DAC	676670	565544	490491	-13,3	500,000
	UDAC	492150	458768	473630	3,1	470,000
	HE	14313	14256	14745	3,3	14,500
	Total	1183133	1038568	978866	-5,7	984,500
Other fuel (L)	DAC	40381	34691	36014	3,6	35,000
	UDAC	54493	85700	81987	-4,3	80,000
	HE	13418	13154	12865	-2,2	12,500
	Total	108292	133545	130866	-2	127,500
Water (m ³)	DAC	229	495	566	12,5	550
	UDAC	12532	12651	17116	26	17,000
	HE	832	678	822	17,5	700
	Total	13593	13824	18504	25,3	18,250

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.