

1. INTRODUCTION AND COMMITMENT OF THE COMPANY

Bontrup Ukraine LLC (Bontrup Ukraine) 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 is committed to long-term and sustainable economic responsibility. We emphasize on this by supporting and integrating in our business operations and strategies the *OECD Guidelines for Multinational Enterprises* (the OECD Guidelines) in the areas Human Rights, Employment and Industrial Relations, Environment, Bribery and Corruption and Consumer Interests.

At Bontrup Ukraine 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 sharing this information using our primary channels of communication.

2. BONTRUP UKRAINE

Bontrup Ukraine is a farm located in the northeast of Ukraine, measuring about 20,000 hectares. Bontrup Ukraine was founded in 2007. The company's objective is to carry on large scale agricultural operations with a long-term vision and finds it essential to do this in a sustainable way with respect for the local population and authorities. By making cautious investments in the high-quality farmlands, it is possible to achieve good results without exhausting the soil. Furthermore, Bontrup Ukraine focuses on motivating personnel with the goal to encourage them to work as a team to make the organization a trendsetter in the agriculture sector of the Ukraine.

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.

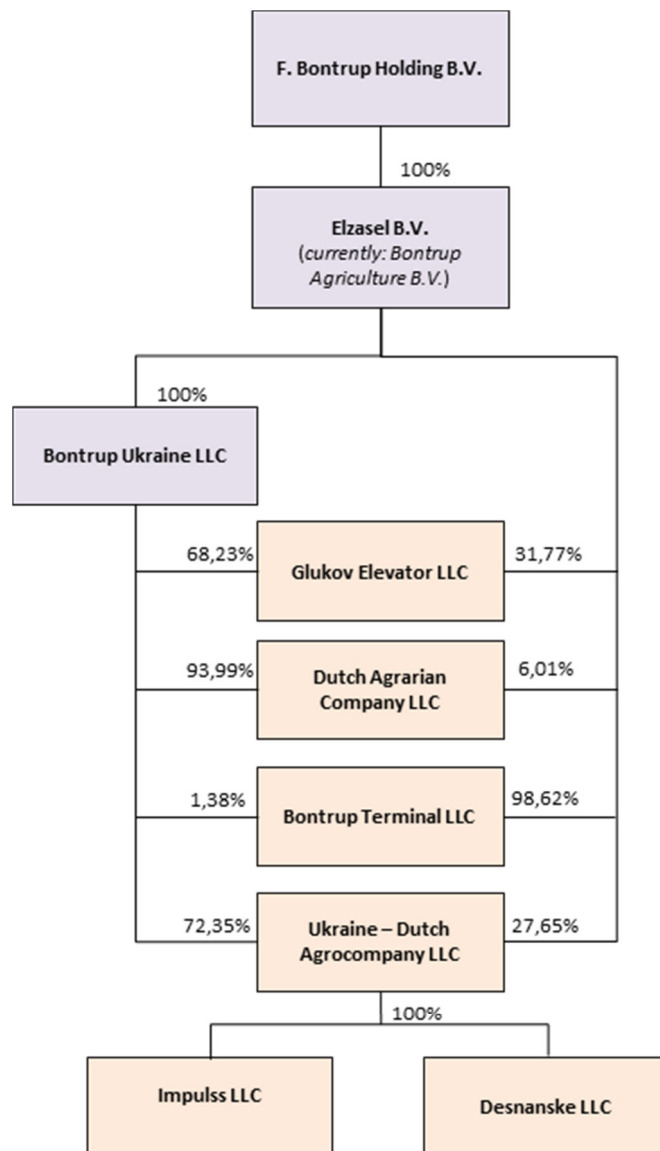
In January 2014, Dutch Development Bank (FMO), signed a financing agreement with the sole shareholder of Bontrup Ukraine, Bontrup Agriculture B.V. (previously named Elzasel B.V.). With the support of a EUR 7.5 million senior credit facility from FMO, Bontrup Agriculture is further expanding its business in the Ukraine. The expansion plan consists of investments in farmland, machinery (e.g. tractors) and an expansion of the current warehousing.

The FMO financing is being used to support the introduction of technology (high standard dairy farm practices and agricultural farming) 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

The legal organization structure is per 31 December 2018 as follows:



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

b) Share ownership structure:

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

Company	Office location	Shareholder(s)
Bontrup Agriculture B.V.	Bunde, The Netherlands	F. Bontrup Holding B.V. – 100%
Bontrup Ukraine LLC	Glukov, Ukraine	Bontrup Agriculture B.V. – 100%
Glukov Elevator LLC	Glukov, Ukraine	Bontrup Agriculture B.V. – 31,7707% Bontrup Ukraine LLC – 68,2293%
Bontrup Terminal LLC	Reni, Ukraine	Bontrup Agriculture B.V. – 98.6181% Bontrup Ukraine LLC – 1,3819%
Dutch Agrarian Company LLC	Bereza, Ukraine	Bontrup Agriculture B.V. – 98.6181% Bontrup Ukraine LLC – 1,3819%
Ukrainian – Dutch Agrarian Company LLC	Makove, Ukraine	Bontrup Agriculture B.V. – 27,6608% Bontrup Ukraine LLC – 72,3392%
Impuls LLC	Makove, Ukraine	Ukrainian – Dutch Agrarian Company LLC – 100%
Desnanske LLC	Ivot, Ukraine	Ukrainian – Dutch Agrarian Company LLC – 100%

The statutory board of F. Bontrup Holding (the Board) is formed by Mr. F.J. Bontrup as executive Director, and Mr. A.W. Bontrup duly authorized as a representative having full power of attorney.

For management of the Ukrainian subsidiaries a General Manager with limited power of attorney is appointed for Bontrup Ukraine, being Svitlana Lakoba. The General Manager is assisted by the Assistant General Director, being Dimitri Shal. The General Manager supervises the local directors appointed at each of the subsidiaries, who each have limited power of attorney (up to UAH 300K).

All legal acts representing a value over the amount of the power of attorney are to be signed/approved by the authorized representative of Bontrup Agriculture B.V. (being A.W. 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 Board's 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 for the Ukrainian business the Board is advised by Jurimex Kiev, Ukraine and Kiev Audit Group, Ukraine.

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) 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 32 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	1	1	0
Machines	5	5	0
Extern	0	0	0
Miscellaneous	9	9	0

Department	Health	Environment	Safety	Quality	Technical	Other
Administration	0	0	0	0	1	1
Workshop	4	0	6	0	5	0
Warehouse	0	1	0	0	0	0
Machines	0	0	0	0	4	1
Extern	0	0	0	0	0	0
Miscellaneous	3	0	1	0	0	5
Total	7	1	7	0	10	7
Preventive	3	0	2	0	2	2
Corrective	4	1	5	0	8	5

Conclusion:

- All grievances were duly investigated and acted upon. All the grievances of 2018 are closed.
- Most of the grievances result in corrective actions. The management of Bontrup Ukraine LLC encourages the employees to report the possibility to take preventive measures so that we can accidents/corrective actions are prevented.
- None of the reported grievances implied monetary damages such as fraud, theft, or abnormalities with suppliers.
- There were no signs of discrimination in 2018. The management of Bontrup Ukraine LLC actively encourages employees and sub contractors to give feedback in this respect

The Grievance Mechanism is a part of the system and is continuously promoted by the management of Bontrup Ukraine LLC

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)

Site	direct employees сотрудники прямые					female direct employees женщины					Contract employees terminated сотрудники по договору				
	2015	2016	2017	2018	%	2015	2016	2017	2018	%	2015	2016	2017	2018	%
DAC	77	88	91	87	-4,4%	11	16	19	17	-10,5%	29	4	6	4	-33,3%
UDAC	147	150	169	165	-2,4%	44	39	49	51	4,1%	29	26	5	5	0,0%
HE	47	48	50	52	4,0%	11	11	10	11	10,0%	5	4	0	1	100,0%
Total	271	286	310	304	-1,9%	66	66	78	79	1,3%	63	34	11	10	-9,1%

Report Total numbers for each parameter	Direct employees Сотрудники прямые					Contractor employees Сотрудники по договору				
	2015	2016	2017	2018	%	2015	2016	2017	2018	%
Total number of Workers	271	286	310	304	-1,9%	48	34	11	10	-9,1%
Total man-hours worked – Annual	370718	510565	511184	512453	0,3%	37633	27866	8148	7397	-9,2%
Total number of days sick leave	1023	1406	1244	2215	78,1%	0	0	0	0	0,0%
Total number of days due to pregnancy and childbirth	140	0	0	266	266,0%	0	0	0	0	0,0%
Total number of lost workdays due to injuries	0	0	0	0	0,0%	0	0	0	0	0,0%
Number of fatalities	0	0	0	0	0,0%	0	0	0	0	0,0%

Conclusion:

- Stable workforce.
- No children are employed at the company
- Total man hours worked is stable.
- Absenteeism increased almost with 2% to 4,3%. A lot of accidents occur traveling from and to work. Bad roads/lights in the local villages. A lot of workers with a long sick leave due to fractures. In 2019, employees will be briefed on safe behavior before and after work.

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:

- Housekeeping, the first step towards working safe
- Break/Waiting room at the loading facility.
- Renovation of the labo at the Elevator, new stairs/restroom/shower
- New plane and paved surface at Bereza and Chapliivka, better and safer access to buildings
- Sampling automatization (cargo trucks), reduction of physic labor

- Training (every year) :
 - Unloading of dangerous goods
 - Training of Laboratory workers
 - Instruction programs how to work safe health and safety in general
 - Traffic and transport regulations
 - First aid
 - Safety rules working with gas
 - Working with pesticides and fertilizer
 - Safety rules working with electricity
- Fire Inspection, refill / recharge portable fire extinguishers
- Medical examination of employees executed (according to specific working conditions).

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 with the local law regarding the storage and usage of hazardous materials.

b) Environmental goals on pollution prevention and environmental protection

- Purchase and store no more pesticide than needed and rotate stock using a “first-in, first-out” principle so that pesticides do not become obsolete
- Substitute higher risk pesticides with the least hazardous;
- Minimize (goal is 0) the levels of pesticide residues in water resources
- Comply with the manufacturer's directions on maximum recommended dosage or treatment and apply the minimum effective dose

c) Implementation

The following actions have been taken in 2018

- Constructed a carwash facility for washing of agro-machinery at Bereza. Result minimizing pollution in water resources.
- Constructed a storage facility for commodities at Chapliivka. Result less spilling of products.
- New trucks replacing old truck, result reduction of fuel consumption and safer work environment.
- Improvements at the warehouse at Ivot. Warehouse is certified for storage of pesticide.
- New double walled storage tanks for fluid fertilizer on new concrete floors.
- Removal of Asbestos Rooftops

d) Measurement of outcomes Energy and water

The table on the next page shows an overview over the energy and water consumption.

Electricity use:

- DAC increased in connection with construction work
- UDAC increased due to the purchase of a company called Progres;
- HE decreased due to early harvesting of corn (shorter season).

Use of natural gas:

- DAC decreased due to the combination of gas and electric heating in the office;
- HE decreased due to early harvesting of corn.

Use of diesel fuel:

- DAC increased due to increase of the crop area;
- UDAC, HE decreased due to early harvesting of corn.

Use of gasoline:

- DAC, UDAC decreased due to early harvesting of corn.

Water use:

- DAC increased due to additional fungicidal treatment of sunflower;

- HE decreased due to early harvesting of corn

We keep on going to monitor how the figures develop next year. Our goals are adjusted to the new situation. You can find our goals for 2019 in the table down below.

Utility Type	Site	2015	2016	2017	2018 Goal	2018 results	% vs 2017	% vs goal	2019 Goal
Grid electricity (MWh)	DAC	93729	102980	101716	100000	126821	124,7%	127%	110000
	UDAC	369642	439851	429955	430000	550894	128,1%	128%	550000
	HE	510498	511820	843378	600000	650612	77,1%	108%	610000
	Total	973869	1054651	1375049	1130000	1328327	96,6%	118%	1270000
Natural Gas (m ³)	DAC	6092	6603	6077	6500	5725	94,2%	88%	5500
	UDAC								-
	HE	837622	800138	1751780	800000	1131864	64,6%	141%	1000000
	Total	843714	806741	1757857	806500	1137589	64,7%	141%	1005500
Diesel (L)	DAC	565544	490491	606052	500000	617949	102,0%	124%	600000
	UDAC	458768	473630	511273	490000	469761	91,9%	96%	490000
	HE	14256	14745	18071	14500	15111	83,6%	104%	15000
	Total	1038568	978866	1135396	1004500	1102821	97,1%	110%	1105000
Other fuel petrol (L)	DAC	34691	36014	36703	35000	29772	81,1%	85%	30000
	UDAC	85700	81987	79526	80000	72398	91,0%	90%	75000
	HE	13154	12865	15365	12500	15522	101,0%	124%	15000
	Total	133545	130866	131594	127500	117692	89,4%	92%	120000
Water (m ³)	DAC	495	516	1445	750	1573	108,9%	210%	1400
	UDAC	12651	17116	18950	18000	19250	101,6%	107%	18000
	HE	678	822	480	600	326	67,9%	54%	600
	Total	13824	18454	20875	19350	21149	101,3%	109%	20000

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.