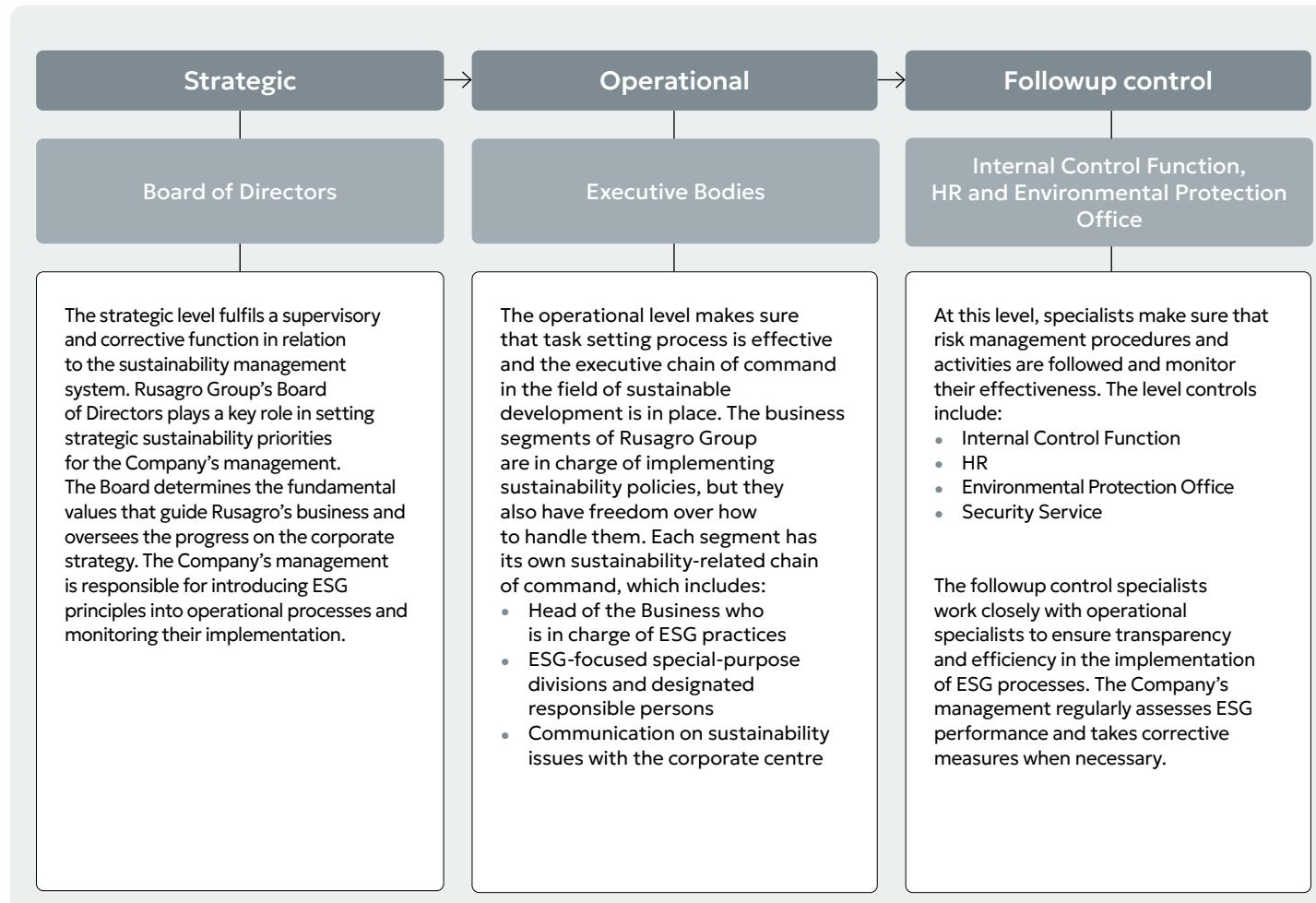


SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

Description and structure of the sustainable development management system



Areas for Rusagro's sustainable development

Environmental aspect – environmental stewardship

- Soil conservation
- Climate change
- Waste management
- Energy management and energy efficiency
- Water management

Social aspect

- Personnel management and training system
- Human rights
- Occupational health and safety
- Engagement with local communities
- Animal health and welfare
- Development of regional infrastructure
- Stakeholder engagement
- Supply chain and responsible partnership
- Product quality

Corporate Governance

🔗 For more details on corporate governance, see the Corporate Governance section of the Annual Report, p. 180

Stakeholder engagement

Stakeholders	Key interests	Interest serving measures	Communication channels / engagement form
 Shareholders and investors	<ul style="list-style-type: none"> Delivery of the Group development strategy Financial stability and operational efficiency High quality of corporate governance Regular payment of dividends Risk management, including in the area of sustainable development Innovations and introduction of new technology 	<ul style="list-style-type: none"> Transparent dividend policy Disclosure of Company-related information in accessible and comprehensible formats Corporate reporting Corporate website Comments for media publications Seminars, presentations, conferences, exhibitions 	<ul style="list-style-type: none"> Messages to email ir@rusagrogroupru Messages through the Telegram channel and VKontakte group Rusagro TV corporate television Face-to-face and business meetings with investors and investment analysts Anonymous feedback form Social media for retail investors: Telegram, Tinkoff Pulse Collaboration with bloggers
 Management	<ul style="list-style-type: none"> Implementation of planned initiatives, including in the area of sustainable development Financial and operational stability Financial and non-financial compensation Development of internal human resource 	<ul style="list-style-type: none"> Corporate reporting Integrated corporate portal Corporate interaction channels Seminars, conferences, exhibitions Business meetings and presentations 	<ul style="list-style-type: none"> Internal strategy sessions and meetings Meetings of the Board of Directors and top management Corporate newsletters One-on-one meetings and negotiations Feedback through the performance appraisal system Corporate events
 Creditors	<ul style="list-style-type: none"> Financial stability Strict commitment to high standards of business ethics Effective risk management 	<ul style="list-style-type: none"> Corporate reporting Corporate website Publications in mass media and on the Internet Seminars, conferences, exhibitions Business meetings and presentations Anonymous feedback form Obtaining credit ratings 	<ul style="list-style-type: none"> Regular meetings and negotiations with representatives of creditors Disclosure of information through the corporate website and reporting
 Suppliers, partners	<ul style="list-style-type: none"> Financial stability and operational efficiency Labour protection and safety of production processes, employee healthcare Strict commitment to high standards of business ethics Information security and data protection Safety and quality of work and services 	<ul style="list-style-type: none"> Long-term contracting Transparency of procurement and tender processes Integration of the principles of sustainable development and environmental friendliness into production processes 	<ul style="list-style-type: none"> Corporate website Seminars, conferences, exhibitions Business meetings and presentations Anonymous feedback form Cooperation agreements



Stakeholders	Key interests	Interest serving measures	Communication channels / engagement form
	<p>Employees</p> <ul style="list-style-type: none">• Labour protection and safety of production processes• Comfortable and decent working conditions• Human resource development• Respect for human rights• High salary and non-financial compensation• Effective feedback	<ul style="list-style-type: none">• Competitive pay and comprehensive social benefits• Help with competence and career development• Holding of cultural and sporting events• Implementation of the programme for the psychological well-being of employees• Collection of feedback and employee opinion testing	<ul style="list-style-type: none">• Rusagro's Vestnik newspaper• «Your Idea Works» Programme• Email newsletters and well-developed corporate portal with an anonymous report option• Rusagro TV corporate television• Direct communication lines with the Chief Executive Officer and meetings of the management team with employees• Rusagro Vector leadership development programme
	<p>B2B and B2C customers</p> <ul style="list-style-type: none">• Safety and quality of products supplied and services provided• Development of logistics infrastructure• Effective communication and feedback• Integration of ESG aspects into the supply chain	<ul style="list-style-type: none">• Engagement based on long-term co-operation, mutual benefit, respect, trust, honesty and fairness• Prevention of corruption and bribery• Wide range of products in different price segments• Recognisable brands with a high level of loyalty and trust of the end consumer• Broad regional presence and smooth-running logistics channels	<ul style="list-style-type: none">• Company-wide hotline• E-mail• Anonymous feedback form on individual brand websites• Electronic document exchange• Corporate website
	<p>Society</p> <ul style="list-style-type: none">• Creation of jobs and development of local infrastructure• Participation in solving social problems of the region• Preservation of ecological balance and no significant effect on nature• Support for cultural and educational initiatives	<ul style="list-style-type: none">• Charitable projects to support education and development of personal and vocational skills for socially disadvantaged children• Cultural, sporting and environmental events• Annual disclosure of information on the Company's social and environmental impact• Monitoring of regional media and the Internet to control bad publicity, publication and distribution of Company news	<ul style="list-style-type: none">• Public accounts on social networks• Public telephone lines• E-mail• Corporate website

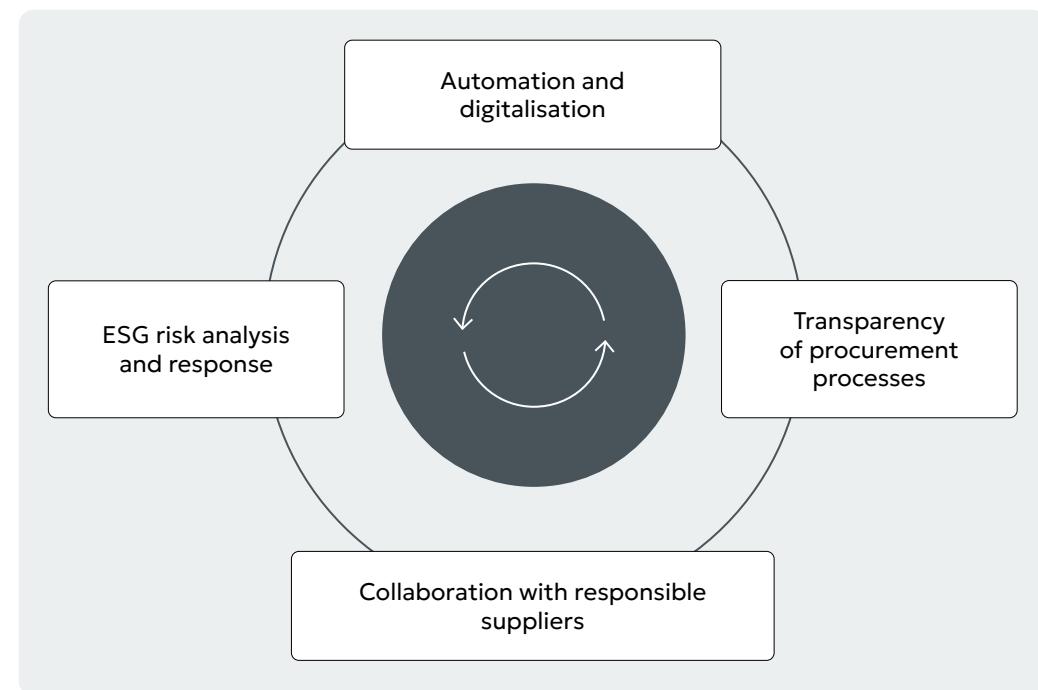
Stakeholders	Key interests	Interest serving measures	Communication channels / engagement form
 Experts and NPOs	<ul style="list-style-type: none"> Development of a management system for sustainable development aspects Social and charitable projects in the regions of presence Measures for environmental protection and GHG reduction Awareness-raising activities, including on environmental issues Safety and quality of work and services 	<ul style="list-style-type: none"> Corporate reporting Corporate website Publications in mass media and on the Internet Seminars, conferences, exhibitions Anonymous feedback form Joint implementation of sustainable development projects 	<ul style="list-style-type: none"> Thematic forums Partnership agreements and joint initiatives Feedback through surveys and public consultations Publications in professional communities
 Regulator, state and executive authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Contribution to food security Contribution to the development of the national economy Fulfilment of tax and social obligations Participation in government initiatives and programmes 	<ul style="list-style-type: none"> Disclosure of information as required by law Participation in public discussions of projects to amend Rules for providing state support and regulating markets for food and agricultural products Accountable use of state support funds allocated to the Company under the existing programmes 	<ul style="list-style-type: none"> Reporting E-mail Electronic document exchange
 Educational and research organisations	<ul style="list-style-type: none"> Support for research and innovative development Hands-on training and careers opportunities for students Joint development of technology and new materials Popularisation of science and engineering education 	<ul style="list-style-type: none"> Organisation of internships and traineeships for students Funding of scientific projects and research Establishment of joint laboratories and research centres Joint conferences and workshops 	<ul style="list-style-type: none"> Academic and industry conferences Direct interaction with universities and research institutes through memorandums and agreements Online platforms for collaboration and data sharing

Supply chain management system and responsible partnership

Rusagro Group is committed to responsible co-operation with suppliers and supply chain transformation. Rusagro recognises the importance of creating a responsible supply chain and therefore has been raising sustainability standards by engaging with suppliers, regularly updating Rusagro Group's Tender Regulations across all business segments, and by optimising procurement activities.

Destination	Description
	<p>Procurement planning</p> <ul style="list-style-type: none">Business segments follow a category-wise procurement strategyAll procurements are divided into strategic and operational, thus optimising the procurement processLaunched in 2021, the Group's Procurement Competence Centre ensures centralised procurement for business segments
	<p>Supply process management</p> <ul style="list-style-type: none">The business segments carry out a tender to identify of the winning supplierSpecialists in charge of procurement in the Company's business segments control deliveries and oversee transactions based on tender resultsIn-house transport and hired transport services are in charge of transportationThe APLEX digital platform is used to choose logistics companies, enabling the Company to evaluate commercial bids and choose the best oneThe Company's business segments are members of the Carrier Charter, which supports the conduct of honest business without impropriety
	<p>Product storage</p> <ul style="list-style-type: none">The business segments make sure storage facilities are running trouble-free and continuouslyTraffic safety departments give safety briefings and take preventive measures such as driver safety training, as well as supervise motivational and non-motivational programmesEnergy accounting in warehouses is handled by the relevant technical services

Continuous improvement model for supply chain management





Documents that guide Rusagro Group in improving its supply chain management system

Internal

- Rusagro Group's Tender Regulations
- Code of Business Conduct and Ethics (under preparation, its approval scheduled for 2025)
- Anti-Corruption Policy (under preparation, its approval scheduled for 2025)
- Procurement Strategy

External, international

- UN Global Compact
- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- Conventions of the International Labour Organization

Priorities in supply chain management and sample KPIs

Financial performance

1

- Costs saving
- Inventory and payables turnover
- Stock size

Operational efficiency

2

- Timeliness of procurement procedures
- Timeliness of provisions
- Cycle length from application to contract or payment

Business satisfaction

3

- Satisfaction surveys

Training and development

4

- Staff competency assessment
- Share of employees with more than three years' experience in procurement management
- Number of training days per employee

Integrating ESG into supply chain management

To create the equal competitive conditions for all participants

- Ensuring transparency in the procurement process, impartiality in the selection of contractors, fair competition

To reduce the risk of transactions with unreliable suppliers

- Identifying unreliable suppliers to be removed from the shortlist of possible counterparties during the procurement phase

To put stronger emphasis on supply chain sustainability

- Increasing costs considered against sustainability criteria
- Achieving ESG goals
- Achieving the required sustainability score by the strategic suppliers (e.g., according to Eco Vadis)

Supplier selection and engagement

Rusagro Group follows **specific criteria** when choosing suppliers and assessing offers of cooperation:

- Compliance with the statement of work
- Supplier category
 - major suppliers
 - suppliers of critical goods and services
 - irreplaceable suppliers
- Quality of materials and services provided by the supplier
- Financing proposal
- Compliance with the Group's ESG requirements
- Business reputation, including supplier's cases of fraud and corruption
- Absence of tax debts

The supplier selection criteria may vary to meet the specifics and peculiarities of each business segment. An electronic trading platform, where electronic bidding via a tender system occurs, is used to choose a supplier. Tendering outside electronic trading platforms is allowed only if tender funds are below the established limits.

Digitalisation and automation

Rusagro Group strongly supports process design solutions allowing to optimise processes in supply chain management.

Digital Farmer platform

In 2021, Rusagro Group successfully launched the Digital Farmer application to automate the management of raw material suppliers. Many agricultural producers are already using the application.

The objective of the platform is to simplify and improve the quality of Rusagro's interaction with farmers, make the processes more transparent, convenient and faster for all participants in the supply chain.

Transition to the TESSA platform

In collaboration with TESSA, Rusagro Group initiated a complete shift to electronic document management at the beginning of 2024. The technology will consolidate a geographically dispersed Company's data and process into a single digital circuit. Covering the entire holding, the project aims to improve the efficiency of document flow operations within the Group and with its counterparties, while simultaneously reducing paper and ink usage.

Risks in the supply chain

Non-compliance of processes throughout the supply chain with legislation and agreements

The Company has a unified Tender Regulations in place that define the basic requirements for the bidding process. The objectives of the regulations are to fulfil the principle of competitive procurement, ensure transparency of the logistics process and reduce supply costs.

Reputational damage due to working with an unreliable supplier

The supplier screening process involves supplier background check through SPARK if run by the Security Service and through the Agribusiness Charter if run by the Procurement Department staff. If the results obtained show high risks, the supplier is blocked.

Product quality and consumer safety

Product quality management system

Rusagro Group considers satisfaction and safety of its customers and consumers to be among its top priorities. Each of the Company's business segments established its own product management and quality control framework to achieve high relevant performance results. The quality control services assess all categories of finished products in order to ensure that they do not have a negative impact on the consumers' health.



Meat Business

The Food Quality and Safety Policy of the Company serves as a guideline for the management of product quality in the Meat Business. The quality control system includes four components, namely, veterinary service, quality control and assurance service, standardisation and certification function, and claims collection and processing function. The Company's veterinary service makes sure that animals are medically fit for food production, examines finished products and draws up veterinary reports. The quality control service



is responsible for quality control of all finished products. The quality management systems at the production sites in Tambov and Belgorod Regions are certified to ISO 22000 and FSSC 22000. Claims management involved the collection of quality complaints from customers and their investigation together with the logistics and production departments.

BRAMS digital monitoring system



Since 2021, Rusagro has been utilising a digital monitoring system for the hygienic state of production and non-production areas of the BRAMS facility at its pig breeding facilities in Tambov and Belgorod Regions.

Quality control system for finished products



With the support from Rusagro Tech, the Company uses a machine vision system (neural networks) for the online quality control of finished products on the production line at Tambov Meat Processing Plant

Oil and Fats Business



The Quality Department of the Oil and Fats Business follows the provisions of the following internal documents: Quality and Product Safety Policy, Integrated Quality Management System Manual, Non-conforming Product Management and Food Safety Management System Manual (HACCP). All production sites are certified to ISO 9001 standard, and Yekaterinburg, Saratov and Atkarsk plants are also certified to FSSC 22000 standard. Saratov Fats Plant has RSPO and ISCC certification. The Quality Department of the Oil and Fats Business is also directly involved in screening the Company's suppliers to ensure the quality of products purchased.

Full automation



of raw material reception process

Sugar Business

The Quality Service in the Sugar Business is responsible for the coordination of all product quality assurance activities and the development of the quality management system. This structure is applicable for all production sites. The Head of Security coordinates activities of the Quality Service at the business segment level, while the site quality manager oversees quality control activities at separate production sites and supervises a plant chemical engineer (in charge of laboratory control) and a quality specialist (in charge of certification and incoming inspection). All plants have a food safety management system compliant with FSSC 22000 standard, and all production sites are certified by an external certification and auditing service provider. Compliance audits are carried out once a year and recertification audits – once every three years. The fodder safety management system is based on the GMP+ standard: seven plants are certified for pulp production and two plants – for betaine production.

Rolling-out

of the monitoring system for critical production parameters to all sugar plants

Agriculture Business

The product quality management issues in the Agriculture Business are covered by the Company's Commercial Function, reporting directly to the General Director of the Agriculture Business. The Commercial Function operates to Customs Union technical regulation 015/2011 'On Grain Safety', Rusagro's Quality Policy, instructions for quantitative and qualitative accounting of grain and its derivatives, incoming quality control, drying and cleaning, storage of finished products, and regulations for crop production outgoing inventory. As for product quality management and control, the Commercial Function has four focus areas: laboratory control, assurance of system requirements for storage conditions, accompanying documentation and standardisation.

Priorities of the Quality Management System

Meat Business

- Fulfilment of the requirements of external stakeholders
- Quality as a competitive advantage
- High level of customer service
- Certification of meat processing plants in export markets
- Cost-effective quality service
- Centralisation of the quality service

Agriculture Business

- Internal auditing of grain storage elevators in terms of product quality
- Examination of the requirements and prerequisites for integrating express analysers at storage sites into a single FOSS network
- Consideration of replacing manual quality control methods with automated equipment
- Reproducibility of quality indicators at all stages of the production process and during supplier and customer interactions
- Uploading of data into the Federal Grain Inspection Service system

Sugar Business

- Development of the food and feed safety system and improvement of product quality
- Measurement efficiency improvement (through automation and statistical analysis methods)
- Focus on meeting customer specifications
- Focus on improving the production culture and bringing it to lean manufacturing standards

Oil and Fats Business

- Quality improvement of products
- Implementation of an operational efficiency plan
- Realisation of the site automation project
- Staff development and staff interchangeability



Feedback system

One of the most important tools for raising the calibre of the products supplied is effective customer communication. For this reason, every business segment of Rusagro Group gives careful consideration to customer complaints and requests.

Meat Business



In the Meat Business, claims management falls under the jurisdiction of the Customer Service Department, which structurally belongs within the Logistics Department. The common tools employed by the Customer Service Department to collect and process claims include a hotline, common email and feedback forms on the product brands' websites. To facilitate more effective analysis and processing, all calls and reports are digitally recorded. Every month, the Department compiles an analytical report on complaints that have been filed.

Oil and Fats Business



The Operations Support Service, which is part of the Operations Directorate of the business segment, is responsible for customer relations in Rusagro's Oil and Fats Business. The claims management of the Operations Support is compliant with ISO 10002 and involves processing the return requests, customer complaints and other customer reports. Available feedback options are through website, e-mail, postal service or telephone.

Sugar Business



The Sugar Business uses telephone and email communication to interact with its customers. Electronic document exchange is a preferred and widespread way of interaction with network customers. Feedback from retail customers is collected centrally: product packaging contains contact information, including email address, website address and office telephone number. At least once a year, the Sugar Business carries out an automated customer satisfaction survey.

Agriculture Business



The Commercial Function of the Agriculture Segment is also responsible for communications with customers and partners, usually via postal service.

Risk management in the Quality Management System

In pursuance of greater customer and consumer satisfaction, Rusagro Group closely monitors emerging risks relating to product quality and tailors appropriate measures to prevent or minimise them.

Key risks to product quality and safety

Risk	Management measures
Meat Business	 Sanitisation of production sites Procedures to improve sanitary conditions in the workplace Control over process-related parameters
Sugar Business	 Repair and upgrade of sugar cooling systems at the plants Installation/upgrade of air conditioning systems in warehouses
Agriculture Business	 Enhanced incoming quality control of products – inspection of each vehicle Periodic control Periodic control at storage locations Enhanced incoming inspection of products shipped – inspection of each vehicle

Risk	Management measures
Oil and Fats Business 	
 Risks related to the government and regulators	<p>Changes in industry-specific legislation in consumer countries</p> <p>Lack of knowledge and non-compliance with laws and regulations due to outdated external and internal documentation</p> <p>Punitive sanctions or blockage of products made</p> <p>Continuous monitoring and tracking of possible changes in legal and regulatory requirements</p> <p>Updating of regulatory documents to accommodate the changing requirements, using the latest versions of standards, regulations</p> <p>Timely notification of interested departments of forthcoming changes in requirements</p>
 Supplier-related risks	<p>Assignment of ineffective and inefficient corrective actions</p> <p>Failure to implement preventive and corrective actions or to develop and implement ineffective corrective actions</p> <p>Re-occurrence of non-conformities, release of non-conforming products into free circulation</p> <p>Quality control of purchased products, including by third-party accredited laboratories, at prescribed intervals</p> <p>Continuous quality control of products by internal and external control bodies</p> <p>Periodic testing of finished products by third-party accredited laboratories</p>
 Personnel-related risks	<p>Supply of products purchased that do not meet quality and safety standards</p> <p>Release of substandard products into free use with or without endangering the health of consumers</p> <p>Harm to the health of the consumer and the likelihood of damage to the Company's image and reputation</p> <p>Recording of planned corrective actions</p> <p>Continuous follow-up of the corrective actions</p> <p>Monthly monitoring of the effectiveness of preventive and corrective actions</p>
 Risks associated with partners and outsourcing	<p>Bioterrorism and sabotage</p> <p>Release of substandard products into free use with or without endangering the health of consumers</p> <p>Entrance coded locks at the production workshops</p> <p>Video surveillance</p>
 Risks related to the internal control system	<p>Inadequate internal control system</p> <p>Release of substandard products into free use without endangering the health of consumers</p> <p>Reconsideration of the monitoring frequency as necessary</p> <p>Video surveillance</p>
 Customer-related risks	<p>Cross-contamination related to return of products that are overdue for sale</p> <p>Harm to the health of the consumer and the likelihood of damage to the Company's image and reputation</p> <p>Reception of returned products for storage in a separate warehouse for isolation and subsequent disposal purposes</p>