



## SUSTAINABILITY REPORT

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2021

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## Our reporting

Our Sustainability Report 2021 provides our stakeholders with a summary of our performance in 2021 in accordance with our commitments.

This report reflects our achievements in 2021, our goals set for 2022 and our completed activities with suppliers of tropical raw materials within sustainability and supply chain transparency.

Suppliers' data was updated upon the latest assessment results by filling a questionnaire, as well as by providing updated information on their official websites.

Our suppliers play a critical role in supporting us to achieve the UN SDGs.

## UN Sustainable Development Goals

GC EFKO supports all 17 UN Sustainable Development Goals (hereinafter referred to as the UN SDGs).

Our ambitions and commitments are closely connected with the UN SDGs relating to our activities.

This report also provides information on the new documentation updated and developed regarding compliance with the NDPE requirements and the achievement of the UN SDGs.

The given information represents the Company's attitude towards environmental issues and sustainable production, as well as the CEO's answers about the food of tomorrow with benefits for human health and the planet ecology.

## Contacts

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🌐 <http://efko-ingredients.ru/>  
<https://www.efkofood.ru/hi/meat/>  
<https://hi-food.ru/>



## INTRODUCTION

Today, the issues on depletion of natural resources, destruction of ecosystems, environmental degradation, hunger and poverty are so acute that their solutions affect the humanity chance to have a decent future for next generations.

As one of the largest manufacturers in Russia, we feel our responsibility to contribute to the solution of these issues, first of all, by switching to responsible production, which is the most important condition for the development of the Company.

We acknowledge that the time has come to change and modify our approach to production in order to create foods in a model upon the UN SDGs.



*LLC Food Ingredients, Production site,  
Krasnodar Region, Temruk District, Taman seaport*



As manufacturers importing tropical raw materials rather than purchasing directly from manufacturers, we have focused on interaction with our suppliers of tropical raw materials.

In its activities, GC EFKO tends to purchase raw materials only from those suppliers whose production complies with the Company's [Palm Oil Sustainability Policy](#) and [Supplier Code of Conduct](#) and is sustainable, transparent and easily traceable.

Our suppliers fully support this initiative and carry out a lot of activities in this direction.

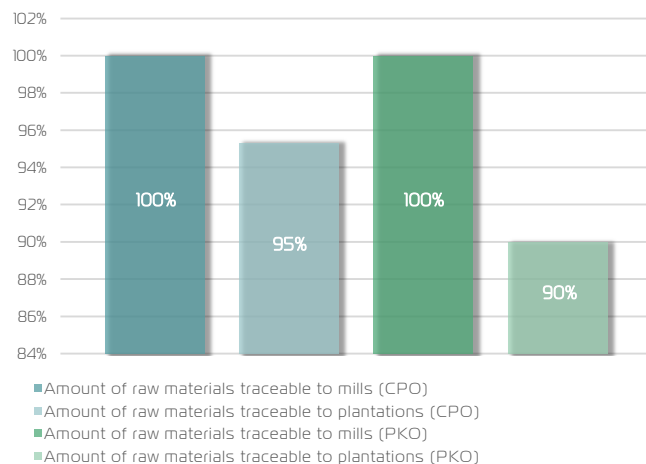
As for today GC EFKO has managed to achieve certain results in the transparency of the raw material supply chain for the production of fat-and-oil products.

## OUR PROGRESS

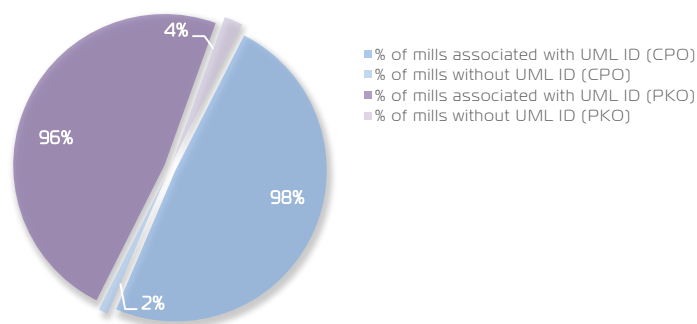
Since 2014, the Company has been purchasing RSPO-certified raw materials for the production of RSPO-certified products only under the SG\* supply chain model confirming that all palm oil products supplied to the final consumer are from entirely RSPO-certified sources and not mixed during production, storage and sales of palm oil, therefore the Company's activities are environmentally and socially sustainable.

### Sustainability reports 2021

Traceability of raw materials



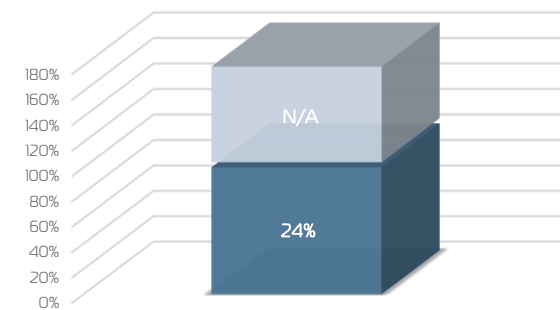
Total % of mills associated with UML ID



It should be noted that compared to 1H 2021, the traceability indicators in 2H 2021 to the CPO plantation improved by 1% - 98% and PKO by 2% - 96%. The overall percentage of mills associated with UML ID CPO increased by 2% - 95% and PKO by 3% - 90%.

Our company updates sustainability reports every six months of the reporting year, as well as supply chain transparency and other reports on the [Company's website](#).

Quantity of small farmers involved in the supply chain



### Traceability compared to 2020

Final reporting		2020		2021	
		CPO	PKO	CPO	PKO
✓ Traceability of raw materials, %	to mills:	100	100	100	100
	to plantations:	90	87	94	89
✓ The overall percentage of mills associated with UML ID, %		95	93	97	95
✓ Number of smallholders involved in the supply chain, %		26		24	

By the end of 2021, all but one of the goals set for the reporting year were achieved. Due to the current unfavorable epidemiological situation caused by the spread of COVID-19\*\*, it was not possible to achieve 100% traceability to the mill, however, this goal was postponed to 2022 and reflected in the [Palm Oil Sustainability Policy](#) and the [Action Plan for Sustainable Palm Oil Production](#).

### TDD RSPO 2020-2021

In 2021, the first [TDD RSPO](#) report was published on the Company's website, reflecting the list of mills for the period from September 2020 to September 2021.

The TDD RSPO report provides not only a list of mills from which raw materials were purchased during the reporting period, but also GPS coordinates, UML ID, as well as information about the supply chain model and RSPO certification status.

Due to the TDD RSPO report, any stakeholders can easily trace our supply chain.

The palm oil supply chain faces environmental and social challenges and through active collaboration with suppliers, we are committed to making the palm oil supply chain 100% free from deforestation and exploitation.



TDD report 2020-2021

No	MILL/COMPANY	NAME	ADDRESS	GPS COORDINATES		MILL ID	RSPO CERTIFIED TYPE	PRODUCT TYPE
				LATITUDE	LONGITUDE			
1	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000001	1	SEMI-CERTIFIED
2	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000002	1	SEMI-CERTIFIED
3	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000003	1	SEMI-CERTIFIED
4	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000004	1	SEMI-CERTIFIED
5	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000005	1	SEMI-CERTIFIED
6	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000006	1	SEMI-CERTIFIED
7	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000007	1	SEMI-CERTIFIED
8	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000008	1	SEMI-CERTIFIED
9	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000009	1	SEMI-CERTIFIED
10	PT. SUDAMPAH	SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	01 20 20	116 00 00	00000010	1	SEMI-CERTIFIED



Traceability and transparency are fundamental elements in EFKO's approach to sustainable production, and since 2020 every six months we have published a list of mills on the [MyRSPO](#) platform from which we source raw materials. The purpose of updating this list is to increase the transparency of GC EFKO supply chain.



MILL List 2nd Half 2021

MILL Name	Address	Country of Mill	Latitude	Longitude	Parent Company
PT. MURNI MIRA	Desa Murni, Kecamatan Murni, Kabupaten Kutai Timur, Kalimantan Timur	Indonesia	01 20 20	116 00 00	MURNI MIRA
PT. INDRAMATI	Desa Indramati, Kecamatan Indramati, Kabupaten Kutai Timur, Kalimantan Timur	Indonesia	01 20 20	116 00 00	INDRAMATI
PT. BANGSI	Desa Bangsi, Kecamatan Bangsi, Kabupaten Kutai Timur, Kalimantan Timur	Indonesia	01 20 20	116 00 00	BANGSI
PT. SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	Indonesia	01 20 20	116 00 00	SUDAMPAH
PT. SUDAMPAH	Desa Peta, Kecamatan Peta, Kabupaten Kutai Timur, Kalimantan Timur	Indonesia	01 20 20	116 00 00	SUDAMPAH

### No Buy List



[No Buy List](#) is a list of suppliers banned from purchasing raw materials due to violations of NDPE requirements, the [Palm Oil Sustainability Policy](#), and [Supplier Code of Conduct](#), that GC EFKO has suspended cooperation with or who were presented as unreliable by our existing suppliers.

All GC EFKO suppliers are required to recognize and ensure the absence of companies in the supply chain failing to meet the above requirements.

Every six months, we provide suppliers with information about the discovery of unreliable suppliers (if any) violating established requirements, as well as a list of potential suppliers who are at risk and who cannot be included in the supply chain.



No Buy List H2 2021

The No Buy List is a list of suppliers banned from purchasing raw materials due to violations of NDPE, Palm Oil Sustainability Policy, and Supplier Code of Conduct.

All suppliers of GC EFKO are obliged to acknowledge and ensure the absence of companies in the supply chain that do not meet the above requirements.

No.	Parent Company
1	Djarum
2	Indragiri
3	Rantau Abang
4	Phnom
5	PT. Tegal Alcajor
6	PT. Peta Kuning
7	Pantai Group
8	PT. Kelapa Rempas Raya
9	PT. Dua Perkasa Lantai
10	PT. Peta Alam
11	Sungai Hutan Cakur
12	PT. Sungai Budi Group
13	Sungai Hutan Cakur
14	Musi Smit Group
15	PT. Peta Smit 100
16	PT. Peta Smit Perkasa
17	PT. Peta Smit
18	PT. Sungai Hutan Cakur
19	PT. Cakur Smit
20	PT. Mandorokan Puyubana Sari



## COMMITMENTS

### Palm Oil Sustainability Policy

The palm oil industry brings great benefits to communities and locals through employment and trading opportunities, helping to reduce poverty and inspire local people to create better livelihoods.

In 2021, we have updated our [Palm Oil Sustainability Policy](#) (the “Policy”). The policy sets out the principles for the sustainable use of palm oil, their implementation and incoming data control methods, as well as a brief action plan for sustainable palm oil production for the coming year.

The updated Policy is aimed at:

- ✓ setting out our commitments to engaging with palm oil suppliers upon determination of their compliance with NDPE requirements and activities to achieve the UN SDGs.

### Action Plan for Sustainable Palm Oil Production



In 2021, the [Action Plan for Sustainable Palm Oil Production](#) was developed, which complements the Policy and provides a detailed description of the activities for the coming year in the field of sustainable development.

### Supplier Code of Conduct



In 2021, an updated version of the [Supplier Code of Conduct](#) was published on the Company's website, which sets out and requires existing suppliers of tropical raw materials to comply with the stated requirements for each supplier to ensure a reliable supply chain.

The Supplier Code of Conduct obliges existing suppliers of GC EFKO to follow the stated requirements, and also requires to inform their own suppliers of them, which builds trusting and mutually beneficial business relations between our Company and existing suppliers.

If GC EFKO becomes aware that suppliers are violating our Company principles as set out in the Supplier Code of Conduct, we will take appropriate steps to investigate the issue within the [Company's Grievance Procedure](#).

The updated Supplier Code of Conduct establishes requirements in the field of:

- ✓ social standards;
- ✓ ethical standards;
- ✓ environmental standards.

*Our work contributes to the achievement of the following UN SDGs:*



## Responsible sourcing

GC EFKO takes care in selecting suppliers of tropical raw materials with specific responsibility and attention. Our suppliers are [RSPO](#)\* members.

We conduct an annual supplier assessment and remediation activities with respect to our [Palm Oil Sustainability Policy](#) and [Supplier Code of Conduct](#) through questionnaires and supplier submission of required supporting documentation. We also analyze the risk areas for deforestation and wildfires on a monthly basis using [Global Forest Watch](#).

We also place great attention on and tend to purchase from suppliers that support the economic and social development of smallholders, communities and stakeholders.



## Feedback and suggestions management



GC EFKO immediately responds to complaints if they arise. In 2021, the Company updated the [Sustainability Complaint Management Procedure](#) (hereinafter referred to as the Procedure), the [electronic complaint form](#), and the [Flowchart](#), which visually represents the traceable process for all stakeholders.

The procedure applies to plantations, mills, smallholders, producers, suppliers and consumers. All incoming complaints, as well as investigations on them, are recorded in the [Complaints Log](#) on the Company's website.

In case of filing a complaint against the supplier, if necessary, we are ready to provide all kinds of support and assistance in solving the problems that have arisen. If the supplier refuses to take corrective measures, CG EFKO terminates commercial relations with this supplier and enters it into [No Buy List](#).



0 cases of suspension of work with existing suppliers







100% of our suppliers follow the Palm Oil Sustainability Policy and the Supplier Code of Conduct

*In 2021, AAK and Mighty Earth reported about four complaints against suppliers regarding the establishment of plantations in HPT, HPK, HL\*\*, in a protected area.*

*Suppliers have registered this complaints and provided explanations about the progress and the results of the investigation. The accused mills obtained all legal permits for the land and activities long before the proposed area was designated as a forest area. The government approved PP No.104/2015, which allows the transfer of forest land to the category of areas for production/other purposes, and in 2020 approved the deadline for fulfilling these requirements that is 3 years after the law entered into force.*

## OUR GOALS

Activities	Goals for 2022	Contribute to the achievement of the UN SDGs
<ul style="list-style-type: none"> <li>✓ Perform cooperation efforts with various companies providing satellite monitoring services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achievement of 100% traceability to the plantation level, timely response to any risks and emergencies within sustainable production, as well as real-time monitoring of the supplier activities.</li> </ul>	
<ul style="list-style-type: none"> <li>✓ Assessment of existing suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Determination of supplier compliance with NDPE requirements and exclusion of unreliable suppliers from the supply chain, if any.</li> </ul>	
<ul style="list-style-type: none"> <li>✓ Interaction with suppliers regarding incoming complaints, their investigation and prevention.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Registration in the <a href="#">Complaints Log</a> on the Company's website supporting information on investigation and resolving any incoming complaints against suppliers.</li> </ul>	
<ul style="list-style-type: none"> <li>✓ Compilation and subsequent updating of «No Buy List».</li> </ul>		
<ul style="list-style-type: none"> <li>✓ Reporting on sustainability and supply chain traceability for 1H and 2H of the reporting year.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increasing the level of confidence of the Company's customers in terms of transparency and reliability of the supply chain.</li> </ul>	

Our Sustainable Development Goals for the coming year supports to achieve some of the UN SDGs, increase customer confidence, and improve supply chain traceability and transparency by engaging with existing tropical raw material suppliers and prompt responding any problem that may arise.



## SUSTAINABLE PRODUCTION

### CEO's answers



*A key factor for industrial development is a several-fold increase of the plant-based product demand due to the global increase of population and interest for healthy nutrition. New trends are emerging for the conscious consumption of products with the harmless production to the planet.*

*“ An important factor that will be expressed in political decisions in the future is the struggle for the environment and the careful use of natural resources, including a multiple reduction in the carbon footprint. The production of 1 kg for plant-based meat requires 14 times less land, 10 times less water, and 10 times less carbon footprint. ”*

*Now there are actually two groups of players in the plant-based meat and milk market. The first are enthusiasts, deeply passionate about the idea of refusing animal food. The second important group are large companies with the strategy based on the UN SDGs. GC EFKO is one of such companies.*

*Since last year, we have started to estimate our investment projects within reducing carbon emissions. We believe that our scientific research and investments in plant-based foods will mitigate environmental impact in the long term.*

CEO Lyashenko E.V., GC EFKO

### Environmental actions

Human health depends not only food, but also surrounding area. This means that the issues of ecology and the social structure of people are becoming increasingly important.

Precisely because of this vision we have rethought some of the projects and confirm our commitments with real actions:

- ✓ sell our farms and pastures to contribute to solving the greenhouse effect issue;
- ✓ launch a startup on the biosynthesis of oils and fats to prevent soil erosion;
- ✓ completely modify our production by installing the advanced treatment plants;
- ✓ modify a dairy plant to produce plant-based alternatives;
- ✓ start the production of vegetable meat.

*Our work contributes to the achievement of the following UN SDGs:*



Healthy Innovation («Hi!») is the food of tomorrow, created to keep people and the planet healthy.

This is the food of tomorrow for those who is concerned not only about own health, but also about the environment.



Vegetable materials, clean label, the benefits of vitamins, environmentally friendly production, conscious consumption is a new view of life that offers «Hi!».

We must take care of our planet and make positive changes for the well-being of future generations.

And one of these changes can become plant-based alternatives that will make people's lives better and safer.

- 100 % VEGAN
- Recyclable package
- Contains Omega 3 and 6
- Source of Vitamin B12 and D3
- Without GMOs, hormones and antibiotics
- Without animal products

## ABOUT US

GC EFKO is one of the largest food companies in the Russian Federation and the national leader of the fat-and-oil industry.

Our goal is a healthy future, which has two key elements - nutrition and quality living space. The basis of all our projects is the potential to create an affordable and mass product, which is harmless to the environment and uncompromising in terms of human health.

As one of the largest national manufacturer of fat-and-oil products, EFKO manages the operation of its plants so as to minimize the negative impact on the environment. The Company's activities within environmental field are based on the legislation of the Russian Federation and international standards.

### GC EFKO today

Systemic company of the Russian Federation	Top 100 of the largest private companies in the Russian Federation according to Forbes	More than 17 thousand employees
Top-3 among agro-industrial companies according to Expert	Unique focus for Russia on R&D and development of new innovative products	Twice awarded with the RF Government Prize in the field of quality



### Social responsibility

GC EFKO is convinced that the well-being of the company directly depends on the life quality and the social environment well-being of its employees. Therefore, the Company took care of the full-scale development of the entire social infrastructure.

Today, our volunteer movement "New Horizons" has more than 200 people. We help kindergartens, medical institutions and support talented children in their strive to develop their abilities.

People are the key asset and the main competitive advantage of GC EFKO.

*Our work contributes to the achievement of the following UN SDGs:*



### Environmental responsibility

The environmental sustainability of production is achieved through investment in improving the environmental performance of the business, the implementation of innovative projects and the rational use of natural resources.

The production site in the seaport of Taman operates on the principle of zero discharge that completely eliminates the release of production waste into the environment, and the production site in Alekseevka, Belgorod Region, uses a flue gas cleaning system that allows almost completely eliminate atmospheric emissions.

The water used in production goes through about ten stages of purification. This technology is unique in Russia.



For more information about our Company,  
please visit the website:

<https://www.efko.ru/>