

OUR CONTRIBUTION



Taking care of
human health



Conserving the
Earth's resources



Positive impact
on the climate

Sustainability Report 2022

We are striving to achieve the extremely ambitious goal of creating delicious food that will ensure a healthy future for new generations and the planet as a whole.

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Introduction

The objective of the GC "EFKO" is a healthy future, which has two main components – nutrition and quality living space.

The foundation of all our projects is the potential to create a mass-produced and affordable product that is environmentally friendly and uncompromising with respect to human health.

A great idea turns a business into an amazing adventure. That's not just words for us. This is our view of life. Involvement in global development projects aimed at improving the quality of people's lives and preserving our planet is what allows us to think big, propose and implement completely new ideas.

That is what makes business meaningful and turns work into an amazing adventure.



Sustainable Development

As one of the largest producers of oil and fat products in Russia, EFKO manages its operations in such a way as to minimize the negative impact on the environment. The company's environmental activities are based on the Russian Federation legislation and international norms.

We do not have a spare planet to live on, so we have to treat this one with care and try to make changes for the sake of future generations. For us, these changes include innovations that allow us to create ecofriendly food and makes people's lives healthier.

We acknowledge that the time to change ourselves and to change our approach to business and production has come, so while producing food we must also consider the UN SDGs.



LLC "Food Ingredients" Production Plant, Russia, Krasnodar region, Temryuk district



Seaport "Taman", Russia, Krasnodar region, Temryuk district

To Our Stakeholders

- [About the Report](#)
- [Results of 2022](#)
- [GC “EFKO” Today](#)



To Our Stakeholders

GC “EFKO” is one of the largest food producers in Russia and Fat and Oil Holding Company in EEU¹.

About the Report

This 2022 Sustainable Report (hereinafter named the “Report”) provides our stakeholders with an update on our sustainable development performance over the past 12 months.

The Report covers our achievements in 2022, the goals we have set and the work we have done with our tropical raw material suppliers in the areas of sustainable development and supply chain transparency.

Data concerning our relations with suppliers is updated in accordance with our most recent supplier assessment through questionnaires, online meetings, and supplier updates on the official websites. Our suppliers play a critical role in helping us achieve some of the UN SDGs.

This Report also provides information on updates and development of new documentation regarding compliance with deforestation, any peatland developments, safe working conditions and human rights, it also covers achieving some of the UN SDGs, which are currently the highest priority for EFKO, and the work done to help achieve these goals.

The Report gives general information on the company’s attitude to social sector, environmental and sustainable production, as well as EFKO’s achievements in the area of innovative projects.

Results of 2022



Among the results of the reporting year, specifically in the area of sustainable production, are the following:

- increased interaction with existing tropical raw material suppliers;
- improved performance in dealing with feedbacks and suggestions from the company’s customers regarding the RSPO-certified palm oil supply chain;
- increased volume of purchased tropical raw materials;
- joining the [Global Shea Alliance](#) (hereinafter named GSA) by EFKO to support the development and implementation of strategies that promote a sustainable shea industry worldwide and improve the lives of rural African women and their communities.

Besides, among the company’s 2022 Performance we can highlight our plans [to develop business in UAE](#)² – the decision has been made to build a sweet protein production plant and a plant to produce plant-based alternatives to meat and milk. The production of healthy alternatives to sugar is a decision that simultaneously responds to two challenges – food shortages and the fight for public health.

We have also carried out [first deliveries](#) of plant-based alternatives to meat (Healthy Innovation) to retail chains in the UAE.

One of the achievements this year is also the construction of our [own desalination plant](#) at the Taman production site of Food Ingredients in Krasnodar region, in order to eliminate disruptions in water supply to the plant, as well as to reduce the load on local municipal networks.

GC “EFKO” is one of the winners of the RBC 2022 ESG Index

[EFKO has joined the group of the rating winners](#) with the highest ESG Index according to the [results](#) of the first large comparative research conducted by RBC and the National Credit Ratings agency, ESG practices of Russian companies from various industries. In the leading group, there are about 30 companies out of 115 survey participants.

GC “EFKO” today

277 billion RUB
of annual revenue

Top-3
in AIC according to the Expert

Top-100
in the rating of the largest private companies in the Russian Federation according to Forbs magazine

Twice Winner
of the Quality Award of the Government of the Russian Federation

More than 18 000
employees

Our Progress

- Tropical Raw Materials and Finished Products
- Responsible Sourcing of Tropical Raw Materials
- RSPO Certification
- Shea Sustainable Development
- Traceability of Tropical Raw Materials

Our Progress

Tropical Raw Materials and Finished Products

GC "EFKO" produces [specialty fats and specialized margarines](#), which are in demand in the main sectors of the food industry, mainly in the confectionery, bakery, and dairy industries, as well as in instant food production and HoReCa segment.

For production of specialty fats and specialized margarines, there are used tropical raw materials such as solid and semi-solid tropical oils, including palm, coconut, palm kernel and exotic oils.

As producers who receive tropical raw materials from importers, rather than directly from manufacturers, we turned our focus toward working with our suppliers of tropical raw materials.

In the course of business activities, EFKO seeks to purchase raw materials only from those suppliers whose manufacturing complies with the company's Sustainable Production Policy and [Supplier Code](#) and is sustainable, transparent and easily traceable.

Our suppliers fully support this initiative and do a great deal of work in this sphere.

Recent Achievements

One of the latest achievements is a [plant for processing exotic raw materials](#), which allows obtaining previously unavailable oils - shea butter and its fractions. Shea butter and its liquid fraction (olein) are used in the formulation of exclusive confectionery fats, and stearin fraction serves as the basis for cocoa butter equivalents.



Sustainable Food Ingredients

Modern industrial fats and margarines are high-tech products. For their production, GC "EFKO" uses the most advanced and environmentally friendly technologies.

GC "EFKO" has the most modern facilities for production of specialty fats and specialized margarine products in Eastern Europe. The company's plants are located in Belgorod, Voronezh, and Krasnodar regions.

Production sites of GC "EFKO" use the best available technologies that allow to reduce emissions into the environment, water and energy consumption, as well as to reduce waste production.

The company produces specialty fats and specialized margarines according to the formulations and technologies developed by its own R&D center, and is certified according to the leading national and international standards.

EFKO prioritizes the production of high-quality and safe products that meet the requirements of the current legislation.

Our Certificates

We guarantee our customers quality products through a number of well-established [certifications and quality assurance systems](#)³.

Palm Oil

Palm oil is the world's most common vegetable oil derived from the fruit of the oil palm tree, which grows only in tropical regions that represent a home to a number of local indigenous communities and a variety of flora and fauna. The palm oil industry generates significant income and jobs for the producing countries.

Since 2014, EFKO has purchased RSPO-certified raw materials for the production of RSPO-certified products only through the "SG" supply chain model, which confirms that all palm oil products supplied to the end consumer come exclusively from RSPO-certified sources and are not mixed during the production, storage and sale, hence EFKO's activities are environmentally and socially sustainable.

Shea Nuts

Shea is a sustainable crop because shea kernel trees do not require the use of fertilizers or pesticides. Shea kernels are harvested and processed traditionally by African women. Shea is an important source of income. Women not only spend the money they earn on fighting poverty and hunger, but also invest in their children's education and other income-generating activities.

Ten years ago, fats with shea butter or shea fractions came to the Russian market only from importers. Now such ingredients are also offered by EFKO, the first and only Russian producer of cocoa butter equivalents and cocoa butter replacers.

To this day, EFKO has managed to achieve certain results in the transparency of the tropical raw materials supply chain.



2005

GOST R ISO 9001-2015 (ISO 9001:2015)



2007

Kosher Certification



2012

RSPO Standard



2012

SMETA Standard



2015

Halal Certification



2022

Food Safety System Certification

³In 2022, the FSSC 22000 Certificate was obtained to replace the BRC and IFS Certificates.



Supplier Code

The [Supplier Code](#) is binding on all current suppliers of tropical raw materials and obliges current EFKO suppliers of tropical raw materials to comply with the requirements set forth therein, including the requirements of our sustainable production policy; it also obliges them to communicate to their own suppliers, thus fostering a business relationship of trust and mutual benefit between our company and current suppliers of tropical raw materials.

The Supplier Code establishes requirements for the protection of human and labor rights, the prohibition of child and forced labor, as well as discrimination. It also establishes compliance with laws and regulations, and the prohibition of bribery, corruption and fraud.

The Supplier Code requires current suppliers of tropical oils to comply with all of the Company's environmental principles, including conducting environmental monitoring, devoting all necessary resources to building an environmental culture, minimizing environmental impact and environmental safety, etc.

If EFKO finds out that suppliers are in violation of our Company's principles as stated in the Supplier Code, we will take appropriate steps to investigate the issue with the application of our [Company's Grievance Procedure](#).

The EFKO Supplier Code is reviewed and amended as necessary to ensure compliance with all the requirements. The most recent version of the Supplier Code is available on the [company's official website](#).

The Supplier Code is scheduled to be updated in 2023 to include additional requirements, including those relating to cross-deforestation risks.

Responsible Sourcing of Tropical Raw Materials

GC "EFKO" pays particular attention to the business reputation of suppliers of the tropical raw materials delivered to the production sites from South-East Asia and West Africa.

Current tropical raw material suppliers are assessed annually by completing a questionnaire with comprehensive questions and providing the necessary documentation relevant to sustainable production.

In addition to the questionnaire, interaction with suppliers is represented by online meetings and ongoing inquiries regarding supply chain transparency. Along with our palm oil suppliers, we work with the [Earthworm Foundation](#), to ensure that the raw materials we purchase meet the requirements of our [Palm Oil Sustainability Policy](#).

We are committed to protecting HCS and HCV forests and work with our suppliers to monitor deforestation, using: satellite monitoring; updating base maps; and ground verification and reporting. Monthly analysis of deforestation and wildfire risk areas is done through [Global Forest Watch](#), analysis of [Mighty Earth reports](#), [AidEnvironment](#) and etc.

To provide risk monitoring, some of our suppliers have partnered with [Satelligence](#), [Earhqualizer](#) and etc.

Feedback and Suggestion Management

EFKO promptly responds to arising grievances if there are any. In 2023, a new version of the [Sustainable Production Grievance Management Procedure](#) (hereinafter named the Procedure), [an electronic grievance application form](#), and a [flowchart](#), that clearly presents the traceable process to all stakeholders are scheduled to be updated on the company's official website.

The Procedure applies to plantations, mills, smallholders, producers, suppliers and consumers. All incoming grievances, as well as investigations connected to them, are recorded in a [Grievance Log](#) on the company's website.

If a grievance is filed against a supplier, if necessary, we are willing to assist and support them in resolving their concerns. If a supplier refuses to take corrective action, EFKO terminates its commercial relationship with that supplier and places it on the [No Buy List](#).



99%

mills without grievances

0%

suspended suppliers

0%

grievances against direct suppliers

Our work and our suppliers' work contributes to the following UN SDGs:



RSPO Certification

EFKO is one of the first companies in Russia to start working in accordance with the [RSPO Supply Chain Certification Standard \(SCCS\)](#). LLC "KRC "EFKO-Kaskad" has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2012.

EFKO recognizes RSPO certification as an advanced, stable systematic organization and standard for sustainable palm oil production and in its activities seeks to produce and supply palm oil that complies with [NDPE](#)⁴ principles including: forest protection; peatland protection; protection of human and community rights, prohibition of child and forced labor; traceability; participation in smallholder development programs.

In 2022, due to the current difficult political situation in the world, the accreditation body [ASI introduced some restrictions for RSPO CB](#)⁵ in Russia. EFKO has a valid license to purchase RSPO certified raw materials and strives to keep it, as well as a valid RSPO certificate and despite these restrictions, the company continues to comply with all requirements of RSPO SCCS and is ready to confirm it, by passing the certification audit after the resumption of CB work in Russia.

Policy and Action Plan

The [Palm Oil Sustainability Policy](#) sets out the principles for sustainable palm oil management, methods for their implementation, methods for monitoring received information, and a concise action plan for sustainable palm oil production.

The [Action Plan for Sustainable Palm Oil Production](#) is a supplement to the Policy, detailing sustainability activities for the coming year.

20% more

CPO was purchased in 2022, compared to 2021



ACOP 2022

EFKO uploads Annual Communication of Progress (ACOP) on their [MyRSPO](#) profile page. All data in the report is filled out in full, and the final report is uploaded by the RSPO secretariat on the [LLC "KRC "EFKO-Kaskad" profile page](#) on the official RSPO website.

Traceability and transparency are fundamental elements in EFKO's approach to sustainable production, and since 2020, every six months we have also been publishing on the MyRSPO platform a list of mills from which we purchase raw materials. The purpose of updating this list is to increase the transparency of EFKO's supply chain.



Name of action

Plan of implementation

Updating Supplier Code requirements	March 2023
Updating the supplier evaluation questionnaire	March 2023
Agreement of the Supplier Evaluation Guidelines as part of Supplier Code compliance, The Palm Oil Sustainability Policy and the UN SDGs	March 2023
Ensuring 100% traceability to the plantation level	2023
Updating the results of reviews and suggestions (Grievance Log)	Monthly
Updating No Buy List	Every 6 months
Updating the list of mills involved in the supply chain on the company's website	Every 6 months
Updating supply chain traceability information on the company's website	Every 6 months
Updating the information on the amount of raw materials received from companies, dealers, small and independent landowners	Every 6 months
Updating the information on the number of mills connected to UML ID	Every 6 months
Reporting (management review and Annual Communication of Progress (ACOP) form) on performance and development as part of the audit for RSPO certification	Annually
Update on TDD on the company's website	Annually
Increasing purchase volumes of RSPO certified palm oil	Annually

Human rights protection

We require our suppliers to respect human and labor rights, provide a safe and equitable workplace, decent wages and legal working hours, and prohibit all forms of child labor. Our suppliers have implemented robust labor policies that comply with international standards.

We are committed to providing a safe work environment, empowering women and fostering a culture of diversity, and we require our suppliers to make worker safety a top priority. To prevent child labor, some of our suppliers provide free education to their workers' children so that children are in school rather than on the plantations.



TDD 2021-2022

In addition to the [general list of all our suppliers' mills](#), every year [on the official website we publish TDD](#), which provides complete information on the mills from which EFKO has purchased raw materials during the reporting period.

The palm oil supply chain faces environmental and social challenges, and by publicly disclosing TDD on the company's official website and publishing a list of mills on MyRSPO, we strive to ensure that our customers are assured that the palm oil supply chain is free of deforestation and exploitation.

Material Supplier	Name	Mill Details				RSPO Certified	Product Type
▪ PT MUSIM MAS	BATANG KULIM	Desa Batang kulim, kecamatan pangkalan kuras, kabupaten pelalawan, provinsi riau, Indonesia	0,077043	102,030838	PO1000000054	Y	SEGREGATED
▪ PT GLOBALINDO ALAM PERKASA	GLOBALINDO ALAM PERKASA	Kalimantan Tengah	-2,66758	112,77484	PO100001073	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	BANGUN BANDAR	Desa Aras Panjang, DolOK Masihol, Serdang Bedagai, Sumatera Utara	3,33166	99,04333333	PO1000000451	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	LAE BUTAR	Desa rimo kec.gunung meriah kab.aceh singkil	2,3911111	97,95666667	PO1000001775	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	MATA PAO	Desa Mata Pao, Teluk Mengkudu, Serdang Bedagai, Sumatera Utara	3,530833	99,091944	PO1000001256	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	SUNGAI LIPUT	Kampung kebun sungai liput kec.kejuruhan muda kab.aceh tamiang	4,2319	98,0594	PO1000001251	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	TANAH GAMBUS	kecamatan Lima puluh, kabupaten batubara 21255, Sumatera Utara, Indonesia	3,204167	99,403889	PO1000000352	Y	SEGREGATED
▪ PT LANGKAT NUSANTARA KEPONG	STABAT	Desa gohor lama kec.wampu kab.langkat	3,7597222	98,39305556	PO1000005803	Y	SEGREGATED
▪ PT LANGKAT NUSANTARA KEPONG	TANJUNG KELILING	Desa Perk Tanjung keliling Kec Salapian Kab Langkat	3,511877	98,306855	PO1000008641	Y	SEGREGATED
▪ PT SUKAJADI SAWIT MEKAR	SUKAJADI SAWIT MEKAR 1	Desa Sebaby kecamatan telawang, kotawaringin timur kalimantan tengah, Indonesia	-2,381111	112,539722	PO1000000106	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	SEUNAGAN	Kec.kuala pesisir kab.nagan raya	4,06	96,262222	PO1000001774	Y	SEGREGATED
▪ PT MUSIM MAS	PANGKALAN LESUNG	Kelurahan pangkalan Lesung, kecamatan pangkalan lesung kabupaten pelalawan, Riau, Indonesia	-0,05	102,075	PO1000000355	Y	SEGREGATED
▪ PT SOCFIN INDONESIA	SEI LIPUT	Kampung kebun sungai liput kec.kejuruhan muda kab.aceh tamiang	4,2319	98,0594	PO1000001251	Y	SEGREGATED
▪ PT MAJU ANEKA SAWIT	MAJU ANEKA SAWIT	Desa tanah putih, kecamatan telawang, kabupaten kota waringin timur, kalimantan tengah indonesia	-2,478167	112,647611	PO1000000170	Y	SEGREGATED
▪ PT SUKAJADI SAWIT MEKAR	SUKAJADI SAWIT MEKAR 2	Desa Sebaby kecamatan telawang, kotawaringin timur kalimantan tengah, Indonesia	-2,37025	112,602611	PO1000000134	Y	SEGREGATED

With TDD, any stakeholder can easily track our supply chain.



No Buy List 2022

The No Buy List is a list of companies that have been banned in terms of purchasing raw materials from due to violations of the NDPE, the [Palm Oil Sustainability Policy](#), and the [Supplier Code](#). Due to some violations, these companies have been identified or have been reported as unreliable by our current suppliers. EFKO has suspended any cooperation with these companies.

All our current suppliers are required to recognize and ensure that there should be no companies in the supply chain that do not meet the aforementioned requirements and are included on the No Buy List.

Every six months, we publish an updated No Buy List for the reporting period on the [company's official website](#) and provide our current suppliers with information on the detection of unreliable companies (if any) in violation of the requirements, as well as a list of potential companies that are at risk and cannot be included in EFKO's supply chain.

The No Buy List includes all unreliable companies located in the provinces where EFKO's raw materials come from, irrespective of whether they are part of our supply chain or not.

In case there is an unreliable company in EFKO's supply chain, EFKO and the supplier will cooperate until all disputes regarding violations by any company are resolved and the supplier provides all evidence of resolution of the grievance/involvement in the violation, after which the company will not be listed/excluded from the No Buy List.

The No Buy List clearly confirms that there are no unreliable suppliers in EFKO's supply chain.

Name company

- Alas Kusuma
- Ciliandry Anky Abadi
- Djarum
- Duta Palma
- Hardaya
- Jhonlin
- Mulia Sawit Group
- Palma Serasih Group
- PT Agrindo Sukses Sejahtera
- PT Aotani Rimba Raya
- PT Bima Golden Powerindo
- PT Borneo Citra Persada Mandiri
- PT Buana Tunas sejahtera
- PT Dua Perkasa Lestari
- PT Gelora Sawita Makmur
- PT Ichiko Agro Lestari
- PT Indo Alam
- PT Indo Sawit Perkasa
- PT Kallista Alam
- PT Kartika Nugraha Sakti
- PT Laot Bangko
- PT Mulia Abadi Lestari
- PT Nia Yulided Bersaudara
- PT Palma Serasih Tbk
- PT Palmakharisma Sekawan
- PT Pasaman Marama Sejahtera
- PT Permata Sawit Mandiri
- PT Putra Kurnia
- PT Rezeki Kencana
- PT Rickim Mas Jaya Sakti
- PT Sawit Berkat Sejahtera
- PT Setia Agro Abadi
- PT Sungai Budi Group
- PT Surya Panen Subur
- PT Tegas Nusantara
- PT Tualang Raya
- PT Wana Jaya Abadi
- Pundi Group
- Rimbunan Hijau
- Saraswanti Group
- PT Mandosawu Putratama Sakti
- PT Marita Makmur Jaya
- Sawit Sumbermas Sarana
- Sime Darby SIPLKL
- STA Group
- Surya Panen Subur
- PT Agro Nusa Abadi

Inclusion in the No Buy List

In 2022, based on reports from [Friends of the Earth \(FoE\)](#), [Aidenvironment](#), [Mighty Earth](#) and others, the No Buy List includes companies that have been accused. None of the companies on the No Buy List in 2022 is a part of EFKO's supply chain.

47

companies included in the list

0

companies excluded from the list

12

included in the list in 2022

0

identified companies in the EFKO's supply chain

Shea Sustainable Development

Joining the GSA

Since 2021, EFKO has been purchasing West African shea kernels directly from the women who harvest and process them.

The company has focused on the impact it can have on rural livelihoods, as well as ensuring that best business practices are followed throughout the supply chain. To that end, and to establish trusted market relationships with shea harvesters, LLC "EFKO Food Ingredients" [joined GSA membership](#) in early 2022.

GSA promotes industry sustainability, quality methods and standards, and the demand for shea butter in food products.

EFKO participated in the GSA annual conference in 2022 and currently it interacts with the alliance on all issues of interest regarding sustainability.

Policy and Action Plan

For the coming 2023 year, we have set a goal of developing a Sustainable Shea Policy and creating a complementary document, an action plan, which will subsequently include milestones and performance objectives to visualize the planned sustainable production activities.

To fulfill our commitment to using sustainable ingredients, the requirements of the policy will become mandatory for our suppliers, and we also require our suppliers to comply with all the requirements of the current [Supplier Code](#).



14% more

shea nuts were purchased in 2022/2023, compared to 2021/2022

Shea Reports

We are now in the early stages of forming reports on sustainable shea production, however we have already committed to publishing progress, initiatives, which we are involved in, and further shea sustainability updates on the [company's official website](#).

Women Rights Protection

We are willing to increase our procurement of shea nuts only from sustainable sources. Shea harvesters, who are represented by women, play a vital role in the shea nut industry as they stand at the very bottom of the value chain. They have lacked the bargaining power and feedback from others in the industry, but now with the GSA they have it. This was made possible by GSA activities that are supported and improved through annual membership dues.

EFKO supports [Global Shea Alliance Sustainability Program](#), including GSA's establishment of organized groups and cooperatives by female shea harvesters. It also supports women's empowerment by helping women's organizations provide capacity building training, including basic skills, literacy and income diversification to improve negotiating positions, improved access to finance for women's organizations, etc.



The cumulative results of GSA's activities in terms of sustainability since the program's launch in 2014 are presented in [a tree of SDGs](#) on which GSA's work has the greatest impact.

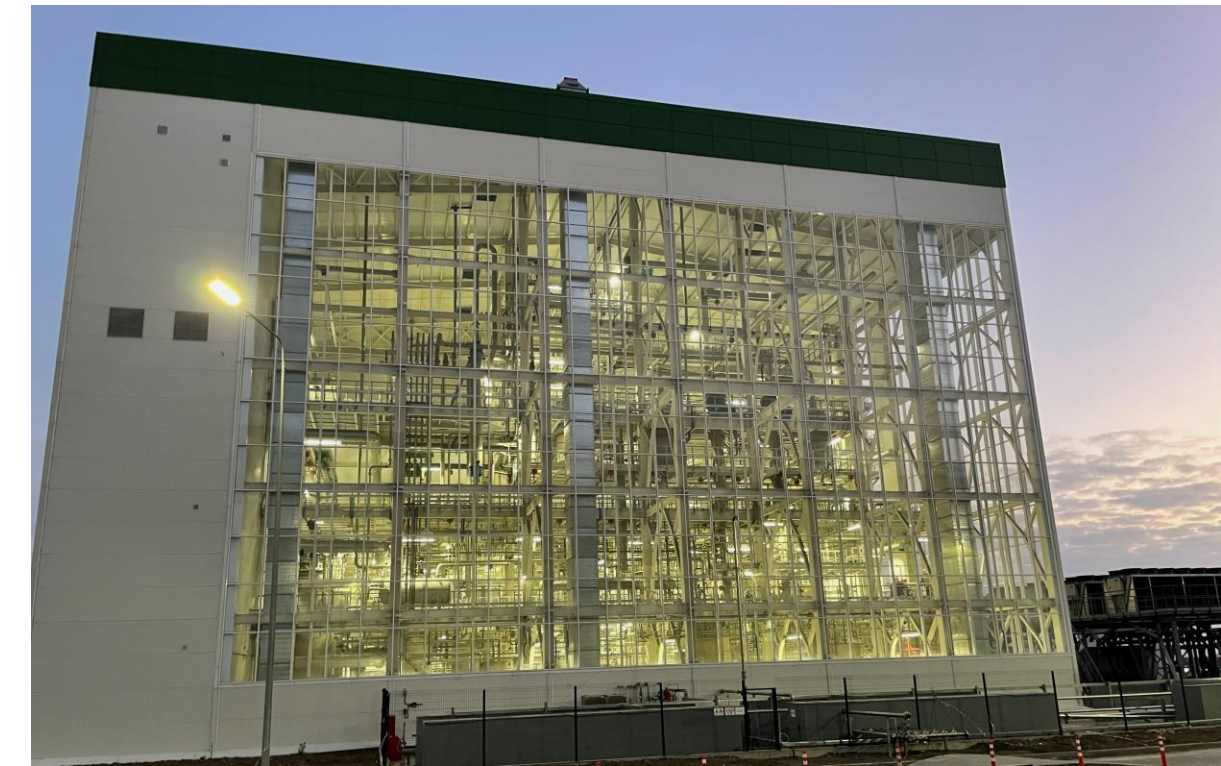
The program is a unique global initiative that addresses the sustainability needs of the shea industry through consultation with women's groups, non-profit organizations, international brands, retailers and suppliers.

47 354

women educated by GSA⁶

145 382

trees planted by GSA⁶



Cocoa Butter Equivalents Plant, Russia, Krasnodar region, Temryuk district

Shea Butter

Nowadays shea butter is increasingly gaining its popularity not only in cocoa butter equivalents production. On the basis of R&D Center in Oil and Fat Division of EFKO Company, there is a line of unique confectionery fats with shea butter, which are designed for a wide range of confectionery products and semi-finished products, for which structure and melting rate are especially important. These confectionery fats have good compatibility with cocoa butter, milk fat and nut oils.



⁶ According to 2021 GSA Report

Traceability of Tropical Raw Materials

EFKO annually sets goals to improve its performance in achieving traceability of tropical raw materials.

Achieving our traceability and transparency goals helps us to increase the confidence of our customers that our tropical raw material supply chain is reliable and easily traceable.

It is worth mentioning that EFKO tracks not only those mills that are present in our supply chain, but also all [potential mills](#) from which palm oil may come.

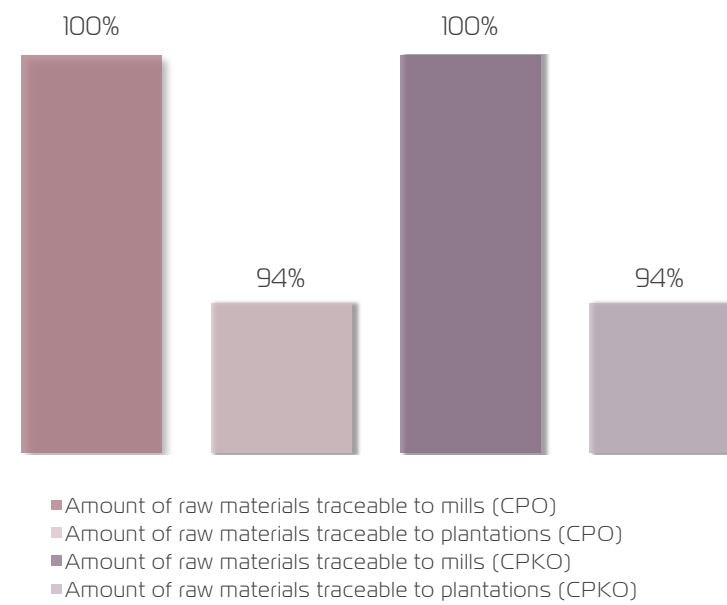
The high level of traceability makes it possible to determine sources which tropical raw materials come from in a more precise way, as well as to identify and eliminate risks related to deforestation, the environment, peatland development, violations of human rights, etc.

Throughout 2022, we have been working with representatives of companies that provide satellite monitoring services to monitor deforestation and supply chain interconnections. Collaboration with such companies will not only enable us to respond to supply chain risks in a timely manner, but also provide more detailed information on the mills and their closest concessions, which contributes to greater transparency in our supply chain and confidence in the sustainability of the palm oil we purchase.

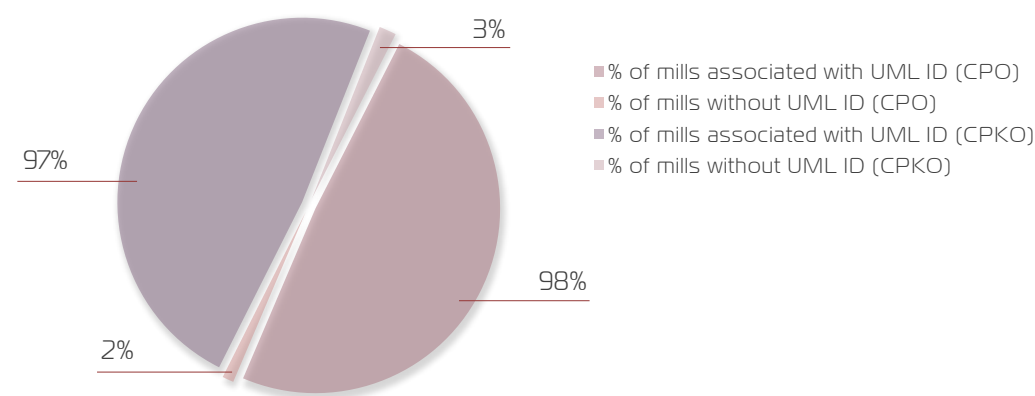
Our work contributes to the achievement of the following UN SDGs:



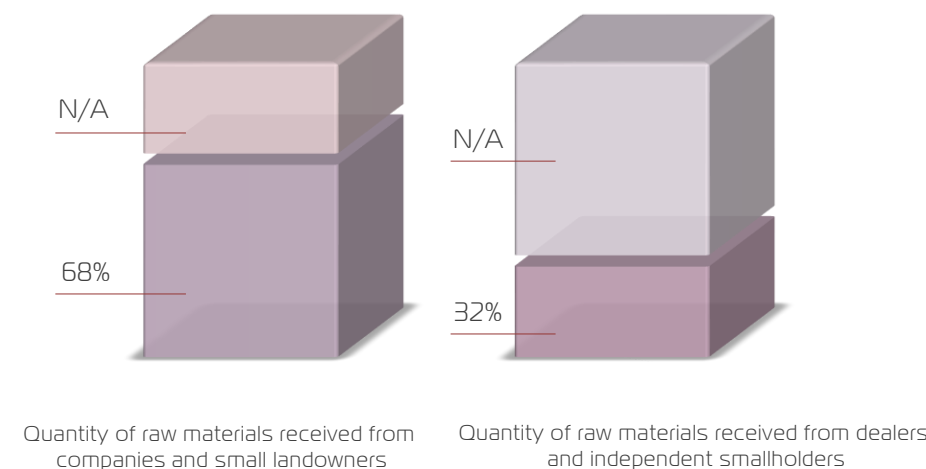
Traceability of raw materials



Total % of mills associated with UML ID



Raw materials from companies, dealers, small and independent landowners



Traceability of CPO and CPKO Supply Chain

Compared to 2021, [traceability rate](#) to plantation of certified palm kernel oil (CPKO) improved by 5% in 2022. The overall percentage of mills associated with UML ID palm oil (CPO) increased by 1% and CPKO by 2%.

As for EFKO, the main goal is to achieve 100% supply chain traceability to plantation level.

The palm oil received from certified plantations is stored separately from conventional palm oil throughout the chain, ensuring that it comes from plantations not subject to deforestation and ensuring 100% traceability to the mills.



100%
traceability of CPO and CPKO to mills

94%
traceability of CPO and CPKO to plantations



Traceability of Shea Nuts Supply Chain

Country Level

District Level

- Ghana
- Benin
- Nigeria

- District level
- District level
- District level



The supplied shea nuts are 100% traceable to the country level. Our further goal is to increase traceability to the district level by 100%.

Healthy Innovation

- First Supplies to the UAE Retail Chains
- Investment in Innovation



R&D-center «Food of the Future»

First Supplies to the UAE Retail Chains



Sergey Ivanov, EFKO Chief Operating Officer, met with Mariam bint Mohammed Almeiri, [the UAE Minister of Climate Change and Environment](#). It was decided to build a plant for the production of sweet proteins and a plant for the production of plant-based alternatives to meat and milk.

The region has one of the highest rates of diabetes in the world. Therefore, the ministry was particularly interested in the production of healthy alternatives to sugar, as a solution that simultaneously responds to two challenges – the food shortage and the fight for public health.

In mid-2022, [the first supplies of plant-based alternatives to meat were delivered in the UAE retail chains](#) (in 45 stores of large local chains such as Union Coop and Aswaaq). Based on the results of experimental sales, a decision concerning expansion of the geography and range of the products will be made.



Hi-Food



Hi-Milk

[Plant-based milk](#) and [yoghurts Hi!](#) are products of the future for people who care about their own health and quality of life as well as the future of the entire planet. These products are based on an ethical approach to the planet's resources, only natural ingredients, as well as responsible production and conscious consumption.

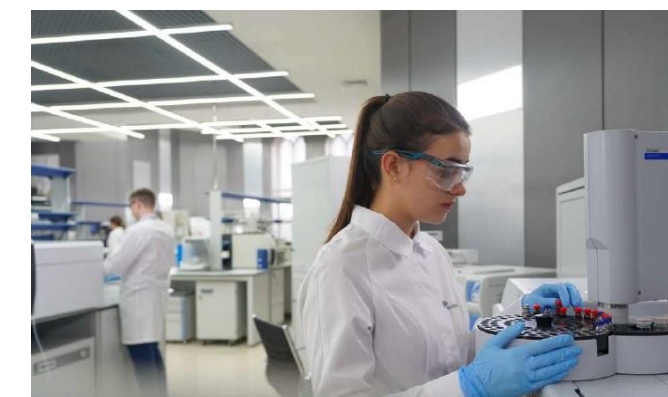
Producing plant-based milk requires 10 times less land exploitation than production of cow's milk – and saves the planet's resources.

Hi-Meat

[Plant-based meat Hi!](#) is the result of long-term work of scientists and technologists of the "Biryuch" Innovation Center aimed at creating a product that is not inferior to "classic" meat in terms of nutritional value.

This product is based only on pure and environmentally friendly ingredients given to us by nature – soy protein, water, vegetable oils, spices, natural flavours and colouring agents.

Hi-Bio



Hi-Nutrition

Development of [cellular nutrition](#) technologies will make it possible to develop nutrition that can increase people's lifespan and fundamentally improve its quality.

[Healthy innovation](#) is working on creating nutritional supplements that are unique in composition and that trigger the process of autophagy in the human body without the need to drastically change one's lifestyle.



Hi-Protein

[Sweet proteins](#) are protein molecules that naturally occur in small amounts in some equatorial fruits. They are 800 to 3,000 times sweeter than sugar, but do not lead to higher blood glucose levels.

The production of sweet proteins is much more sustainable and environmentally sound than the production of "classic" sugar.

Healthy Innovation



Vladislav Romantsev, Director of Strategic Development, GC "EFKO"

“ Innovation has always been the [central driver of our company's development](#). All of the projects we do are competitive with their global counterparts. However, if we are talking not only about technological sovereignty, but also about technological leadership, it is not enough to make just a tasty product. To make it mass-produced, production must be economically and environmentally efficient.

[EFKO's practice shows](#) that innovations that can fundamentally change the world appear only at the junction of applied and fundamental sciences. And the implementation of projects claiming global leadership allows us to solve the problems of technological sovereignty and import substitution. ”

There is an opinion that what is healthy and wholesome might not be the most delicious. We strongly disagree.

In our products, taste is just as important as health benefits. And to prove it, we created ["Food of the Future" R&D Center](#).

The growing number of people is becoming more conscious and moving towards to responsible consumption. It's everyone's responsibility to contribute to a healthy future for themselves and for future generations. The [Healthy innovation](#) brand was created for those who care about the future of the Earth.

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



Investment in Innovation



Valeriy Kustov,
Chairman of
GC "EFKO" Board

“ The company has recently become a prominent player in the innovation market – it created a \$50 million venture fund⁷, to invest in foodtech. However, EFKO is also involved in developing technologies that have gone beyond the food industry. One would say, what would Oil and Fat Group of Companies and remotely-piloted aircraft have in common? And yet, EFKO's laboratories are studying this issue, working on aerotaxis and new fuel cells.

We have created a corporate venture fund and are learning to work with leading science schools and startups around the world. We are ready to invest in startups if we get the license right to produce in Russia. ”



Sergey Ivanov,
Chief Operating Officer,
GC "EFKO"

“ For almost three years we have been formulating the criteria for selecting technologies, products, and investment projects: they must both qualitatively improve people's lives, be friendly to the environment, and be accessible to the mass consumer. This is why we started investing in plant-based food and high-precision fermentation, built relationships with all the scientific centers in the country who are engaged in biotech in food, invested in green energy, new materials and remotely-piloted aircraft as transport that does not pollute the environment.

Over the past three years, we have invested 200 million rubles in the development of “green” technologies. ”



Hi-Tech



Hi-Fly

[Hi-Fly](#) is a project of the “Biryuch” Innovation Center designed as an attempt to offer a new perspective on urbanization for residents of large cities. It is aimed at demonstrating the possibility of living in nature with quick access to the cultural, business and entertainment infrastructure of the metropolis.

The Hi-Fly project includes the following areas:

- [Hi-Fly Taxi](#) – an air cab that solves the problem of fast and environmentally friendly urban mobility due to its small size, low noise level and ability to fly in almost any weather conditions.
- [Hi-Fly Cargo](#) – cargo drones that open up the possibility of prompt “green” cargo delivery to the most “difficult” regions.



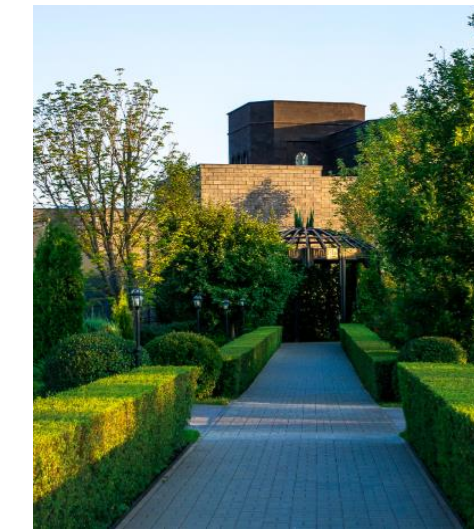
Hi-Energy

[Hi-Energy](#) is a project that addresses the social problems facing humanity due to climate change and the increasing energy needs.

Fuel cells do not operate the same way internal combustion engines do. They are much more environmentally friendly, because they convert the chemical energy of fuels directly into electricity.

The ability to implement such sources in many areas – residential, commercial, industrial, transportation – will reduce emissions many times over and save the planet for future generations.

A new era of urban mobility and deliveries.



Space for Work and Life

[Comfortable workspace](#) is of great importance for our company. All the buildings and office spaces were created from an individual perspective in terms of convenience and satisfaction to work in such conditions.

Hi-Fly project assets are located in a secluded, landscaped area – an ideal option for those who are tired of the noise and bustle of the city.

Non-resident employees are provided with housing and everything they need for comfortable living.

The employee is provided not only with tools for efficient work, but also with the facilities to make the life of their families full, including quality medicine, education, sports infrastructure, etc.

While providing our employees with opportunities for development and career, we also consider the younger generation. We invite the youngest children to attend the chamber kindergarten, and as for older children, we can offer attending [Belogorsky class](#) private school.

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



Environmental Responsibility

- Production Waste Reduction
- Desalination Plant in the Taman Peninsula
- Reverse Water Supply Technology
- New Directions

Production Waste Reduction

Paying special attention to environmental safety, the company is mastering the latest technologies and cleaning methods. The production site in the seaport of Taman works on the principle of zero-discharge, which completely eliminates the penetration of production waste into the environment. Water used in production undergoes about ten stages of purification in the local treatment facilities, including the use of special bacteria. Such technology is almost unique in Russia.

In 2013, a Memorandum of Cooperation in the Field of Environmental Safety was signed between the company, representatives of the authorities and the public of the Taman Peninsula; meetings of the Environmental Control working group on environmental issues take place twice a year.

The company's efforts to preserve the unique nature of the Taman Peninsula and its contribution to environmental education and the formation of environmental culture in the region are regularly recognized by the Krasnodar region Ministry of Natural Resources, which can be proved by the fact that our company's projects systematically win the Kuban Best Eco-Technologies competition.



LLC "Food Ingredients" Production site, Russia, Krasnodar region, Temnyuk district

The fundamental objective for EFKO is to make classic products healthier and to make production more environmentally friendly.

Environmental Responsibility

Desalination Plant in the Taman Peninsula

To minimize possible shortage of fresh water supply on the Taman Peninsula, [the first stage of the desalination plant was commissioned at the production site](#) in Krasnodar region in 2022. The plant is capable of producing up to 30 cubic meters of fresh water per hour. There are plans to increase this parameter to 60.

This will exclude disruption in water supply to the plant, as well as reduce the load on the local municipal networks.

The principle of plant work performance is quite simple: surplus salt and impurities are extracted from the incoming salt sea water under pressure by reverse osmosis. The resulting fresh water then is used during the production.

The total volume of investments amounts to 100 million rubles. The construction of the plant was carried out in strict compliance with environmental legislation.



Sergey Mezhenyky, Director of the South Production Division, GC "EFKO"

“ Each and every element of the production space, as well as its safety and impeccability in terms of the business ecological orientation, is important for our company. This project is unique in a technological way; it has a comprehensive solution and a clear roadmap for carrying out the work, from large-scale research of the characteristics of marine biota to the design and manufacture of the equipment, design, construction and commissioning of the desalination plant. And all this is a fully domestic development including technology, equipment and components. ”



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



LLC "EFKO Food Ingredients" Production Plant, Russia, Belgorod region, Alekseevka

Reverse Water Supply Technology

At the production site in Alekseevka, Belgorod Region, EFKO installed modern high-tech equipment and a flue gas cleaning system that allowed it to almost entirely eliminate air emissions, introduced reverse water supply technology for production, thus, it reduced fresh water intake for production needs and discharge to municipal sewage treatment facilities.

EFKO strives for leadership in Occupational Health and Safety. Safety of technological production processes and preservation of life and health of employees are our most important priorities.

New Directions

Human health depends not only on what a person eats, but also on what is around them. This means that environmental and social issues are becoming more and more relevant. Precisely owing to this view that we have rethought some of our projects and are confirming our intentions with [real actions](#):

- selling our farms and pastures to contribute to solving the greenhouse effect;
- completely transforming our production by installing the newest waste treatment plants;
- converting our dairy plant to produce plant-based alternatives, etc.

Social Responsibility

- GC “EFKO” Culture and GPCG
- Position in the Forbes Ranking
- Voluntary Movement “New Horizons”

Social Responsibility

The core value for EFKO – its people. [The main task of the company's human resources policy](#) is to create working conditions that would maximize performance and personnel involvement in the realization of corporate goals and ensure transparency and openness of approaches and principles in human resources management.

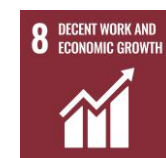
EFKO is convinced that the company's well-being directly depends on the quality of life and well-being of the social environment of its employees. That is why the company has taken care of full-scale development of the entire social infrastructure in Taman.

Voluntary Movement "New Horizons"



To this day our [voluntary movement "New Horizons"](#) has more than 200 people. We help kindergartens, medical institutions, and support talented children in their desire to develop their abilities.

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



Position in the Forbes Ranking



GC "EFKO" entered the [Forbes](#) platinum list of employers 2022, thus improving its performance compared to 2021. The company [became the only domestic producer of mass-market goods in the group of leaders](#) and received the best results in each of the three main evaluation components.

Participation in the rating involved providing data on more than 80 indicators. From the number of employees and revenue to the cost of staff training, emissions and environmental impact indicators, gender composition of the board of directors and investment in green projects. Most of the information provided is a summary over several years of work.

The questionnaires were evaluated according to three main components: employees and society, corporate management, and the environment. In addition, the experts focused on social compensations beyond the usual social package.

In 2021 GC "EFKO" was the only domestic company representative of the agro-industrial complex present in [the rating and it entered the "silver" group](#) of leaders.

GK "EFKO" Culture and a GPCG⁸

[A career at EFKO](#) is an opportunity to choose any social elevator you like. It means that one can simply be a professional in his or her area of work, or one can develop as a manager.

The way of development as a manager implies acquisition of exceptional competences that are highly valued in the company. Every employee who is ready to choose such a path and set the highest requirements to himself is offered an individual program of career growth and high social compensations.

The main EFKO's asset is the professional and personal competencies of people.

Within the framework of implementation of the program for a personnel reserve formation, training of effective managers and strengthening of unified corporate values, EFKO cooperates with one of the best corporate educational centers in Russia – [Biryuch Management School](#).

The possibility of free training is the basis of additional motivation for employees striving for development and self-improvement.

Apart from a self-fulfillment opportunity, EFKO provides its employees with one of the best corporate social packages in the industry, which includes subsidized car loans, medical insurance, sponsorship of health resort trips and much more. The company also provides relocation assistance and helps prospective employees with renting and purchasing housing.

⁸ Guaranteed Program of Career Growth



Contact Us

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All statements other than statements of actual results, including our sustainable development goals, made in this report are forward-looking statements.

Forward-looking statements represent current expectations and are inherently uncertain.

