

# Sustainability Report 2023

## OUR GOALS



Saving people  
from hunger and health  
threats



Contributing to the  
conservation of  
Earth's resources



Preventing environmental  
hazards



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## Introduction

A big idea turns a business into an amazing adventure.

Creating moonshot projects focused on improving the quality of human life and preserving our planet is what helps us to think big, propose and implement entirely new ideas.

The world is changing, and we are changing with it. Now we are working on a new generation of food products that change the traditional ideas about food, and technologies that allow us to lead an eco-friendly and healthy lifestyle.

## Our Businesses

In every area of GC “EFKO”’s activity – from the processing of oilseeds to the production of food ingredients and branded products – we continue working on improving production technologies and using the developments of leading scientists.

This allows us to create products of exceptional quality for our consumers in a sustainable way.



LLC “Food Ingredients”, Production site.  
Russia, Krasnodar Region, Temruk district.

## Sustainable Development

GC “EFKO” is aimed to create a healthy future for the inhabitants of our planet. Behind it we see high-quality and healthy nutrition, the development of biotechnology and the carbon footprint reduction.

Eco-friendly production, exceptional flavour combinations, clean ingredients and benefits of vitamins — all these with love for nature, with self-care.

We do not have a spare Earth, so we must take care of the one we live on and try to bring positive changes for the well-being of future generations. Innovations are the very changes that allow us to create eco-friendly food products making people’s lives healthier.

We feel that the time has come to change ourself, as well as our approach to business and production in order to create food products within a model consistent with the UN SDGs.





# About this Report

Our Sustainability Report 2023 provides our stakeholders with updated information on the company's sustainability performance over the past 12 months.

The report reflects our achievements, target goals, as well as the completed activity with suppliers of tropical and exotic raw materials within sustainable development and supply chain transparency.

[GC "EFKO" News](#)

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Friendly technologies and advanced equipment are used for products.

# About this Report

## The Main Events in 2023

The reporting year was the first year for the company when GC “EFKO” officially became the largest food producer in Russia.

In June 2023, the company [participated in the Global Shea Alliance conference](#), and also secured its place among the world's largest purchasers and processors of shea nuts.

But the distinguishing feature of this particular year is the public recognition of our successes at the highest level. It was done by Deputy Prime Minister Dmitry Chernyshenko, [by Chairman of the Board of Sberbank German Gref](#), and twice by [Vladimir Putin](#).

Data on working with suppliers upon the latest assessment results via questionnaires, online meetings, as well as providing updated Information on official websites was updated. Our suppliers are one of the main part of our effort to achieve some of the UN SDGs.

In 2023, the current documentation was updated, new documentation was developed upon compliance with requirements regarding deforestation, any peatland development, safe working conditions and human rights, energy [conservation at the company's production sites](#), [business conduct and ethics in the company](#), reflecting the achievements of the top-priority UN SDGs at the moment for GC “EFKO” and the completed activities tending to the achievement of these goals.

GC “EFKO”  
Today

280 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 20 000  
employees



A healthy future has two  
the main ingredients, those are  
nutrition and sound place for life.





# Our Progress

GC “EFKO” has been cooperating with suppliers of tropical and exotic raw materials throughout 2023.

All existing suppliers have successfully passed the company's assessment according to compliance with the requirements of the Policy and the Supplier Code of Conduct, which confirmed the sustainability of the proposed raw materials.

## [Our commitments](#)

The company has confirmed the responsible production of food ingredients through certification for compliance with Russian and international requirements.

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# Our Progress

## Eco-sustainable Food Ingredients

Modern industrial fats and margarines are high-tech products. GC “EFKO” uses the most advanced and eco-friendly technologies within its production.

The company has the most modern facilities for the production of specialty fats and margarines in Eastern Europe. The company’s plants are located in the Belgorod and Voronezh regions, as well as in the Krasnodar region.

Achieving the UN SDGs:



Using the latest margarines not only gives delicious taste to pastries and other products, but also makes them safe.

GC “EFKO”’s production sites use the best available technologies to reduce emissions to the atmosphere, water and energy consumption, as well as reduce the generation of waste.

The production of specialty fats and margarines of the company is carried out according to formulations and technologies developed by its own R&D center.

📄 [Specialty fats and margarines](#)

## Consumption Business

- 🌱 Confectionery industry
- 🌱 Bakery industry
- 🌱 Dairy industry
- 🌱 Deep frying fats
- 🌱 Food additives

# Tropical and Exotic Raw Materials

## Palm Oil

Our food ingredients are made not only from liquid domestic oils (sunflower oil, soybean oil, rapeseed oil), but also from semi-solid and solid tropical oils, including palm oil and palm kernel oil.

GC “EFKO” creates the widest range of food ingredients, with respect to the technological demands of customers and the most severe requirements for the final product.

Since 2014, the company has started to purchase [RSPO-certified raw materials for the production of RSPO-certified products](#) according to the “SG” supply chain model, which confirms that the origin of all palm oil products supplied to the end consumer is only from RSPO-certified sources and this very palm oil is not mixed during production, storage and sale, therefore, the company’s activities are eco-friendly and socially sustainable.

Today, every second indulgent treat in Russia is made with GC “EFKO” food ingredients.

## Shea Butter

**Shea nuts** purchased from West Africa are processed at the company’s own plants. The produced shea butter is the basis of food ingredients allowing to expand the range of fillings, coatings, and chocolate.

The use of shea butter pgives new opportunities, however, for a long time there were no producers using shea butter and its fractions on the Russian market.

As for today, GC “EFKO has lauched a [wide range of ingredients](#) with this unique oil.



## Our Certificates

GC “EFKO” produces the widest range of food ingredients in Russia and the countries of the Eurasian Economic Union, which meet both Russian and international quality standards.



2007  
Kosher  
Certification



2012  
RSPO  
SCCS



2012  
SMETA  
Standard



2015  
Halal  
Certification



2022  
Food Safety System  
Certification



# Responsible Sourcing

The assessment of existing suppliers of tropical raw materials is carried out annually by filling out a questionnaire, which includes a full range of questions, and providing the necessary documentation related to sustainable production.

The supplier survey conducted in 2023 with provided evidences fully confirmed the sustainable and responsible production of the raw materials our suppliers offer.

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

Our company strives to protect forests containing HCS and HCV, and together with suppliers monitors deforestation, including using the following methods: satellite monitoring; updating basemaps; ground verification and reporting. Monthly analysis of deforestation and forest fire risk zones is carried out with the help of [Global Forest Watch](#), analysis of [Mighty Earth](#), [AidEnvironment](#) reports, etc.



Palm plantations for the production of palm oil.

GC “EFKO” pays special attention to the business reputation of suppliers of tropical and exotic raw materials arriving at production sites from Southeast Asia and West Africa.

## Supplier Code of Conduct

The [Supplier Code of Conduct](#) is mandatory for all existing suppliers of GC “EFKO”, which obliges to comply with the requirements set out in it, including the requirements of the Sustainable Production Policy, and also requires suppliers to conduct communications to their own suppliers, which contributes to the establishment of trusting and mutually beneficial business relations between our company and existing suppliers.

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

The Supplier Code of Conduct requires existing suppliers to comply with all environmental principles of the company, including monitoring the state of the environment, allocating all necessary resources to form an environmental culture, minimizing the impact on the environment and environmental safety, etc.

The Supplier Code of Conduct is subject to regular updating if new requirements need to be added.

If the company becomes aware that suppliers are violating our principles set out in the Supplier Code of Conduct, the company will take appropriate measures to study the problem as part of the [company's Grievance Procedure](#).

## New Requirements

In 2023, new requirements were introduced into the Supplier Code of Conduct, including as to cross-cutting risks of deforestation. Also, according to the effectiveness in June 2023 of the European Union Regulation on Deforestation ([EUDR](#)), the company has defined a [deadline for the cessation of deforestation and development of peatlands](#).



99%

mills without grievances

0%

suspended suppliers

0%

grievances against direct suppliers

## Handling Reviews and Suggestions

In case of any grievance GC “EFKO” gives an immediate response. In 2023, an updated visual representation of the process of receiving, verifying and reviewing applications in the form of a flowchart was presented on the [official website of the company](#). In 2024, it is planned to update the new edition of the Grievance Management Procedure related to Sustainable Production, as well as the electronic grievance form.

The procedure applies to plantations, mills, smallholders, producers, suppliers and consumers. All incoming grievances, as well as respecting investigations, are recorded in the [Grievance Log](#).

In 2023, there were **no complaints** about direct supplies from GC “EFKO”. No complaints have been registered regarding potential companies from the traceability list of our suppliers.

In relation to the complaints registered in the Grievance Log with the status "open", our suppliers conduct further investigations, including field visits and interviews with responsible persons. The entire investigation process and reporting on it are registered on the official websites of our suppliers in the public domain.

At the moment, there are no companies related to direct deliveries of GC “EFKO” in the Grievance Log.

 [The results of handling reviews and suggestions](#)

Achieving the UN SDGs:







GC “EFKO” welcomes any feedback and suggestions to improve its operations.

[About this Report](#)
[Our Progress](#)
[Supply Chain](#)
[Biotechnology](#)
[Environmental Responsibility](#)
[Social Responsibility](#)

# Submitting and Reviewing Feedback and Suggestions

In 2023, an updated flowchart for reviewing feedback and suggestions was published on the [company's official website](#), which clearly represents all stages of this process.

Receiving a grievance and preliminary review

Obtaining evidence on the substance of the grievance

Harmonisation of CPS<sup>3</sup>

Redress of grievance

```

graph TD
    A[GC "EFKO" independently identifies potential grievances] --> B{The subject of the grievance is part of the supply chain of GC "EFKO"}
    C[Grievances received from stakeholders against the mill and/or plantation] --> B
    B -- No --> D[Rejection of the grievance with written notification to the grievance submitter]
    B -- Yes --> E{ }
    E -- "Within 2 working days" --> F[Assessing whether the grievance meets the admissibility criteria]
    E -- "Within 1 working day" --> G[Registering the grievance in the Logbook1]
    F -- Unacceptable --> D
    F -- Acceptable --> H{Is there evidence on the substance of the grievance?}
    G --> I[Requesting additional information from the person making the grievance]
    I --> H
    H -- No --> J[Rejection of the complaint with a "Closed" mark in the Logbook1 and notification of the person who submitted the complaint]
    H -- "Within 2 working days" --> K{ }
    K -- Yes --> L[Updating information about the submitted grievance in the Logbook1]
    K -- Yes --> M[Contacting the supplier for clarification and documentation]
    K -- Yes --> N[Notice to suspend a supplier pending evidence of cessation of misconduct]
    L --> O{Assessing the supplier's commitment to fulfil CA2}
    M --> O
    N --> O
    O -- No --> P[Termination of commercial relations with the supplier]
    O -- "Within 10 working days" --> Q[Developing a CPS3 on grievance resolution and remediation by the subject of the grievance]
    Q --> R{Harmonisation of CPS3}
    R -- Yes --> S[Implementation and further monitoring until the situation is corrected]
    R -- No --> T[Communication with the supplier (meeting if necessary) to resolve disagreements]
    S --> U[Regular updating of information on the website for stakeholders]
    T --> V[Achievement of realization CPS3]
    V --> W[Obtaining evidence that the grievance has been remedied]
    W --> X{Grievance upheld?}
    X -- Yes --> Y[The grievance shall be closed with the mark "Closed" in the Logbook1 and with written notification of the person who filed the grievance]
    X -- No --> T
    Y --> Z[Re-introduction of a supplier into the supply chain of GC "EFKO"]
    X -- "Within 2 working days" --> Z
    
```

Notes:

<sup>1</sup> Logbook – Sustainable Manufacturing Grievance Log

<sup>2</sup> CA – Corrective actions

<sup>3</sup> CPS – Calendar plan-schedule



# Sustainable Development of Palm Oil

Our company actively supports sustainable palm oil and palm kernel oil production methods. One of the organizations that is leading the efforts to transform this sector is the Round Table on Sustainable Palm Oil ([RSPO](#)).

Since 2012, LLC “KRC “EFKO-Kaskad” has been a member of the RSPO and is annually certified for compliance with one of the RSPO standards. Despite some restrictions due to the current complex political situation in the world, our company supports the activities of the RSPO and strives to maintain membership in this organization.

GC “EFKO” recognizes RSPO certification as an advanced, stable systematic organization and standards for sustainable palm oil production.

In its activities, our company strives to produce and supply palm oil that complies, including the principles of [NDPE](#)<sup>1</sup>: protection of forests; protection of peatlands; protection of human and community rights, prohibition of the use of child and forced labor; traceability; participation in development programs for smallholders.

## RSPO SCCS Certification

GC “EFKO” is one of the first companies in Russia to start operating in accordance with the [RSPO Supply Chain Certification Standard \(SCCS\)](#).

In 2023, GC “EFKO” successfully passed re-certification for compliance with RSPO SCCS requirements and received a certificate for the next five years, which allows the company to continue to purchase RSPO-certified raw materials and produce RSPO-certified products.

For the purchase of volumes of RSPO-certified raw materials, the company has a valid license on the PalmTrace platform and strives to preserve it through annual audit.



A deadline has been set for the cessation of logging and development of peatlands:

from December 31, 2015 or earlier.

In 2024, the PalmTrace platform is planned to register all participants in the GC “EFKO” certification to ensure full traceability from the purchase of raw materials to the production and sale of RSPO-certified products to the company's customers.



## Policy and Action Plan

[The Palm Oil Sustainability Policy](#) sets out principles for the rational use of palm oil, methods for their implementation, methods for monitoring incoming information, as well as a concise Action Plan for sustainable palm oil production.

[Action plan for sustainable production palm oil](#) is supplementary to the Policy and reflects a detailed description of planned sustainable development activities.

## Plan of Implementation

Name of Action	
Updating the requirements of the Supplier Code of Conduct	December 2023
Updating the supplier evaluation questionnaire	March 2024
Implementation of supplier evaluation rules within meeting the requirements of the Supplier Code of Conduct, Sustainable Production Policy and the achievement of the UN SDGs	April 2024
Achieving 100% traceability to the plantation level	2025
Updating the results of handling reviews and suggestions (the Grievance Log)	monthly
Updating the No Buy List	when making changes
Updating the list of mills involved in the supply chain on the company's website, as well as in the MyRSPO profile	every 6 months
Updating information on supply chain traceability on the company's website	every 6 months
Updating information on the amount of raw materials received from companies, dealers, independent smallholders	every 6 months
Updating information about the number of mills associated with the UML ID	every 6 months
Updating information in the MyRSPO Shared Responsibility SR profile	annually
Providing the RSPO secretariat with an annual progress report (The Annual Communication of Progress (ACOP)	annually
Update on the TDD website	annually
Increasing the volume of purchases of RSPO-certified palm oil	annually

## Protection of Human Rights and Biodiversity

We [require our suppliers](#) to respect human and labor rights, to ensure safe and equitable workplace, fair payment and legally acceptable working time, as well as a ban on all forms of child labor. Our suppliers have implemented [reliable labor policies](#) that meet international standards.

We strive to ensure that our suppliers preserve rare and endangered species by prohibiting deforestation and burning, zero tolerance for hunting, injury and killing of rare and endangered species, and advanced farming practices.



<sup>1</sup> Commitments to refrain from deforestation, peat use and exploitation





## ACOP 2023

GC “EFKO” fulfills the requirements of RSPO membership and annually provides timely Annual Communication of Progress (ACOP) through the MyRSPO profile. All data in the report is filled in in full, the final report is uploaded by the RSPO secretariat in the [profile of LLC “KRC “EFKO-Kaskad”](#) on the official RSPO website.

Also, providing complete and reliable data in the ACOP report helps to obtain high scores when evaluating a company by SR (Shared Responsibility). The company contributes to the sustainable development of palm oil by meeting the SR requirements and obtaining the RSPO SCCS certificate.

The SR assessment is extremely important for our company, as it reflects the company’s current progress within the sustainable development, based on the SR RSPO concept.



The data provided for the assessment of SR in 2022 contributed to the achievement of the CSPO target.

### Mill List

Every half-year, in the profile of LLC “KRC “EFKO-Kaskad” on the MyRSPO platform, we provide a list of mills, both direct supplies and potential ones, from which the company purchases or can purchase raw materials.

The purpose of updating this list is to increase the transparency of the GC “EFKO”’s supply chain. The final report is uploaded by the RSPO secretariat in the [profile of LLC “KRC “EFKO-Kaskad”](#) on the official RSPO website.

## Shared Responsibility

Having fulfilled the requirements of [Shared Responsibility \(SR\)](#), our company demonstrates leadership applicable to sustainable development in each of the evaluated areas.



By the end of 2022, the RSPO secretariat awarded LLC “KRC “EFKO-Kaskad” the highest score in all assessment categories: transparency and legitimacy, social sphere, environment and resources.

In addition, the company has fulfilled the target requirements for the consumption of CSPO <sup>2</sup>. The assessment is based on the public commitments of MyRSPO and ACOP and is an indicator of the current sustainable palm oil production stage of the company.

The results for 2023 will be [presented on the official website of the RSPO](#) in September 2024.

## The Consumption Volume of CSPO and CSPKO<sup>3</sup>

As one of the largest processors in Russia, we are aware of our role in implementing measures to ensure absolute sustainability in the field of palm oil production.

Every year we strive to ensure that the purchased volumes of RSPO-certified raw materials increase despite the low demand for RSPO-certified products on the Russian market.

Since 2014, the company has preferred the purchase of RSPO-certified palm oil raw materials according to a more stringent Segregated (SG) model, which ensures that all palm oil products supplied to the end user originate exclusively from RSPO-certified sources, are not mixed during the production, storage and sale of palm oil, as well as they provide full 100% traceability.

The fulfillment of strict obligations with respect to supplies under the SG model according to the RSPO SCCS is monitored not only during internal/supervisory audits, but also monthly by responsible employees of the company to ensure continuous compliance with the requirements of the standard and internal regulatory documents.



# 100%

in 2023 CSPO was purchased through the SG model

<sup>2</sup> Certified palm oil

<sup>3</sup> Certified palm kernel oil





## Protection of Women’s Rights

Shea nut harvesting and milling employs about 16 million people, mostly women, and all these are an important source of income for many of them. Women invest their earnings in fighting poverty and hunger, as well as in their children’s education.

We strive to increase purchases of shea nuts only from sustainable sources. Female shea nut pickers are at the very bottom of the value chain. Usually they were lack of the bargaining power and getting feedback from other industry participants, which was made possible by the GSA’s activities, which are supported and improved by annual membership fees.

GC “EFKO” supports the requirements [of the GSA Sustainable Development Program](#), including the creation of GSA organized groups and cooperatives by female shea nut pickers, women’s empowerment, helping women’s organizations conduct enlarging capacity training, including basic skills, literacy and income diversification to improve negotiating positions, improved access to finance for women’s organizations, etc.

## Sustainable Development of Shea Butter

GC “EFKO” has secured its place among the world’s largest purchasers and processors of shea nuts.

## Global Shea Alliance (GSA)

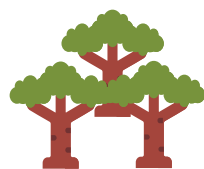
GC “EFKO” focused on the impact it can have on rural livelihoods, as well as ensuring compliance with best business practices throughout the supply chain. For this purpose, as well as in order to establish reliable market relations with shea pickers, LLC “EFKO Food Ingredients” [joined the GSA membership](#).

In 2023, a delegation from the company’s Fat-and-Oil Division traveled to Ivory Coast and [took part in the annual GSA conference](#).

The supply chain of shea nuts, government policy applicable to their production were discussed at the conference. We listened to the reports of the Ministry of Agriculture of Ivory Coast. We held more than 50 meetings and received contacts of potential partners.



529 493  
trained women by GSA<sup>4</sup>



513 844  
trees planted by GSA<sup>4</sup>

## Application of Shea Butter

The use of shea butter gives new opportunities, however, for a long time there were no manufacturers of products with shea butter and its fractions in the Russian market.

As for today, GC “EFKO” has released a wide range of ingredients with this unique oil.

The company has launched a new wide range of natural and modified fats with unique shea butter. Such ingredients have a wide range of applications: from chocolate-nut pastes to fillings in cookies.



Some exotic: fats for the confectionery industry with shea butter

## The African Miracle

Today, advanced technologies are used to process shea nuts. To process shea nuts you need to wash nuts thoroughly, remove pulp, extract seeds, which are then boiled and peeled to remove kernels. Shea butter is obtained by mechanical extraction to keep all its unique properties.

Shea butter is a fairly expensive product, not only because the processing of shea nuts is time-consuming, but also because the tree bears fruit only in Africa.

## The consumption Volume of Shea Nuts

GC “EFKO” purchases shea nuts from reliable suppliers in West Africa and strives to eliminate any risks in its supply chain by conducting their regular assessment and engage with them. Shea butter is processed at the company’s own factories.



60% more  
volumes of shea nuts were purchased in 2023 vs 2022 and 2021

## Policy and Action Plan

At the end of 2023, the company developed a Shea Butter Sustainability Policy. The Policy sets out the basic requirements for all stakeholders in relation to the sustainable development of shea sector, including:

- ways to solve problems related to ensuring safe working conditions, health, well-being and other rights of female shea nut pickers;
- measures for the conservation and protection of ecosystems in which shea trees grow;
- striving to achieve some of the UN SDGs through sustainable production;
- striving for 100% traceability to the district level for each country.

An Action Plan is planned for 2024, which will include the main stages and objectives of the work to visually represent the planned activities within sustainable production, as well as the status of their implementation.



# Supply Chain

GC “EFKO” annually sets goals to improve indicators for achieving traceability of tropical and exotic raw materials.

The company's reporting demonstrates the transparency of the supply chain from reliable sources.

🔗 [Traceability of tropical and exotic raw materials](#)

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# Decarbonization of Shipping

All logistics companies in the marine supply chain for GC “EFKO” commit to achieving zero emissions by 2050.

GC “EFKO” annually evaluates all logistics companies in its marine supply chain. Our shipowners provide an annual measurement of the intensity for greenhouse gas emissions and total emissions and further commit to assess their compliance with climate requirements in accordance with established decarbonization movements.

In accordance with the rules of the International Maritime Organization (IMO) and EU standards, shipowners have set a goal to reduce CO<sub>2</sub> emissions by 40% compared to 2008 and reach zero in 2050.

Currently, some ships use fuel with a low sulfur content.



LLC “Food Ingredients”, Production site. Russia, Krasnodar Region, Temruk district.

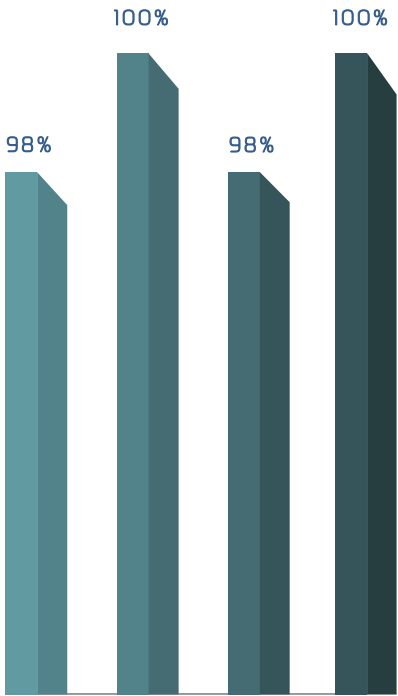
## Supply Chain

### Traceability of the CPO and CPKO Supply Chain

Compared to 2022, the [indicators of traceability](#) to the CPO and CPKO plantations **improved by 4%** in 2023. The total percentage of mills [associated with UML ID](#) CPKO **increased by 1%**.

100%  
of the traceability of CPO and CPKO to the mill

98%  
of the traceability of CPO and CPKO to the plantation



- The amount of raw materials traceable to mills (CPO)
- The amount of raw materials traceable to plantations (CPO)
- The amount of raw materials traceable to mills (CPKO)
- The amount of raw materials traceable to plantations (CPKO)



- % of mills associated with UML ID (CPKO)
- % of mills without a UML ID (CPKO)
- % of mills associated with UML ID (CPO)
- % of mills without a UML ID (CPO)

### CPO and CPKO Deliveries 2022-2023

Achieving our traceability and transparency goals increases our customers' confidence that our supply chain of tropical raw materials is reliable and easily traceable.

It is important to note that GC “EFKO” monitors not only the mills present in our supply chain, but also all potential mills from which palm oil can come.

The high level of traceability can give the closest estimate on the sources that tropical raw materials come from, as well as identify and eliminate risks associated with deforestation, the environment, developments on peatlands, human rights violations, etc.

The main goal within supply chain traceability for the company is still to achieve 100% of the indicator to the plantation level.

Upon the annual assessment of our suppliers, we determined the part of some volumes (%) of FFB<sup>1</sup> supplied by independent smallholders to the suppliers' mills, as well as the number of independent smallholders involved in the global supply chain.

All independent smallholders are trained according to the programs of our suppliers.



14 457  
FFB Suppliers  
(Independent Smallholders)<sup>2</sup>



<sup>1</sup> Handful of fresh palm fruits  
<sup>2</sup> Data based on the evaluation of CSPO and CSPKO suppliers



# Supply Chain Without Deforestation and Exploitation

In addition to the [general list of all mills](#) of our suppliers, the TDD is published annually on the official [website of the company](#), which provides complete information about the mills from which GC “EFKO” purchased raw materials during the reporting period.

To ensure full control of incoming raw materials, the TDD is provided by suppliers after each physical shipment of CSPO/CSPKO at the supplier's port and the departure of the tanker.

The data in the TDD reports from the supplier contains not only the name of the mills, but also the UML ID for each of them to be able to track and eliminate any risks in the direct supply chain.

📄 [TDD reporting of GC “EFKO”](#)



The palm oil supply chain faces environmental and social challenges, and through the public disclosure of the TDD on the company's official website, we strive to keep our customers' confidence about zero-connection of the palm oil supply chain with deforestation and exploitation.

## TDD 2022-2023

Material Supplier	Name	Mill Details	RSPO Certification					
📄 PT SOCFIN INDONESIA	BANGUN BANDAR	Desa Aras Panjang, DoLOK Masihol,Serdang Bedagai,Sumatera Utara, Indonesia	3,33166	99,04333	POI000000451	Y	SEGREGATED MASS BALANCE	
📄 PT SOCFIN INDONESIA	LAE BUTAR	Desa rimo kec.gunung meriah kab.aceh singkil, Indonesia	2,39111	97,95667	POI000001775	Y	SEGREGATED MASS BALANCE	
📄 PT SOCFIN INDONESIA	MATA PAO	Desa Mata Pao, Teluk Mengkudu, Serdang Bedagai, Sumatera Utara, Indonesia	3,53083	99,09194	POI000001256	Y	SEGREGATED	
📄 PT SOCFIN INDONESIA	SEI LIPUT	Kampung kebun sungai liput kec.kejuruan muda kab.aceh tamiang, Indonesia	4,23190	98,05940	POI000001251	Y	SEGREGATED MASS BALANCE	
📄 PT LANGKAT NUSANTARA KEPONG	STABAT	Desa gohor lama kec.wampu kab.langkat, Indonesia	3,75972	98,39306	POI000005803	Y	SEGREGATED	
📄 PT LANGKAT NUSANTARA KEPONG	TANJUNG KELILING	Desa Perk Tanjung keliling Kec Salopian Kab Langkat, Indonesia	3,51188	98,30686	POI000008641	Y	SEGREGATED	
📄 PT MUSIM MAS	PANGKALAN LESUNG	Kelurahan pangkalan Lesung, kecamatan pangkalan lesung kabupaten pelalawan, Riau, Indonesia	-0,05000	102,07500	POI000000355	Y	SEGREGATED	
📄 PT SOCFIN INDONESIA	SEUMANYAM	Kecamatan Darul Makmur, kabupaten Nagan Raya, Aceh, Indonesia	3,965278	96,565278	POI000001777	Y	SEGREGATED MASS BALANCE	
📄 PT SOCFIN INDONESIA	SEUNAGAN	Kec.kuala pesisir kab.nagan raya, Indonesia	4,06	96,262222	POI000001774	Y	SEGREGATED	
📄 PT BERKAT SAWIT SEJATI	BERKAT SAWIT SEJATI	Desa Tampang Baru, kecamatan Bayung Lencir, kabupaten Musi banyuasin, propinsi sumatera selatan Indonesia	-2,3192778	103,7116389	POI000000180	Y	SEGREGATED	
📄 PT SUKAJADI SAWIT MEKAR	SUKAJADI SAWIT MEKAR 1	Desa Sebaby kecamatan telawang, kotawaringin timur kalimantan tengah, Indonesia	-2,381111	112,539722	POI000000106	Y	SEGREGATED	
📄 PT SUKAJADI SAWIT MEKAR	SUKAJADI SAWIT MEKAR 2	Desa Sebaby kecamatan telawang, kotawaringin timur kalimantan tengah, Indonesia	-2,37025	112,6026111	POI000000134	Y	SEGREGATED	
📄 PT GLOBALINDO ALAM PERKASA	GLOBALINDO ALAM PERKASA	Desa Natai Baru, Kecamatan Mentaya Hilir Utara, Kabupaten Kotawaringin Timur, Kalimantan Tengah, Indonesia	-2,66758	112,77484	POI000010713	Y	SEGREGATED	
📄 PT SOCFIN INDONESIA	AEK LOBA	Desa Aek Loba Kecamatan Aek Kuasan Kabupaten Asahan Sumatera Utara, Indonesia	2,651389	99,617778	POI000001252	Y	MASS BALANCE	
📄 PT SOCFIN INDONESIA	TANAHAN GAMBUS	Kecamatan Lima Puluh Kabupaten Batubara Sumatera Utara, Indonesia	3,204167	99,403889	POI000000352	Y	MASS BALANCE	
📄 PT EASTERN SUMATRA INDONESIA	BUKIT MARADJA	Jl. Asahan Desa Nagori Marihat Bukit, kec. Gunung malela, kab. Simalungun, Indonesia	3,012294	99,235572	POI000000095	Y	SEGREGATED	

Any interested party will be able to easily track our supply chain with the TDD.





Breeding of barn owls by suppliers on plantations to control pests and minimize risks to public health and the environment.

## Exclusion from the List

Based on the information provided by the suppliers, STA Group was removed from the list in April 2023, due to the resolution of all complaints against the group. This company is not and has not previously been part of the GC “EFKO” supply chain.

## What is No Buy List?

The No Buy List is a list of companies that have been banned from buying raw materials due to violations of NDPE requirements, the [Palm Oil Sustainability Policy](#), as well as the [Supplier Code of Conduct](#) and with which the company has suspended cooperation, as well as violations against which have been identified or which have been presented by our existing suppliers as “unreliable”.

All existing suppliers of GC “EFKO” are obliged to recognize and ensure the absence of companies in the supply chain that do not meet the above requirements and are included in the No Buy List.

The No Buy List is updated on the official [website of the company](#) when making any changes – addition/ exclusion of unreliable companies with appropriate explanations. When companies are included in the list, an updated document is sent to our existing suppliers with a note about the discovery of unreliable companies that violate the established requirements, as well as a list of potential companies that are at risk and that cannot be included in the supply chain of GC “EFKO”.

The No Buy List includes all companies that are unreliable for cooperation, located in the provinces from where raw materials are supplied to GC “EFKO”, regardless of whether they are part of our supply chain or not.

If an unreliable company is identified in the GC “EFKO” supply chain, [interaction with the supplier is carried out until all disputes regarding violations by any company](#) are resolved, as well as the supplier provides all evidence of resolving the complaint/not being involved in the violation, after which this company is not included/excluded from the No Buy List.

## No Buy List 2023

### Name Company

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

46

companies included in the list

0

companies listed in 2023

1

the company was removed from the list in 2023

0

identified companies in the GC “EFKO” supply chain

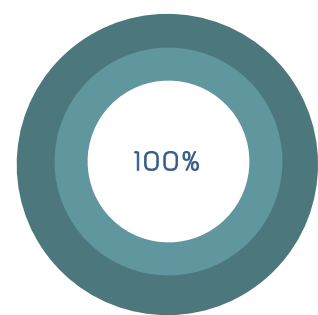




## Traceability of the Shea Nut Supply Chain

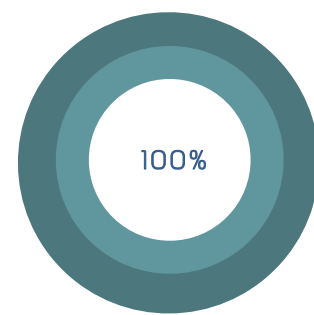
The shea nuts that we supply are **100% traceable to the country level**. Currently, GC “EFKO” is actively working to ensure full traceability of purchased volumes for each collection area for all importing countries of shea nuts.

As for today, due to active interaction with suppliers, representatives and traders, GC “EFKO” has managed to trace the shea nut harvest areas<sup>3</sup> for each importing country.



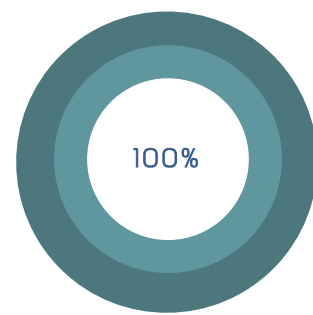
Ghana

Savannah, Northern, Upper West,  
Upper East, North East



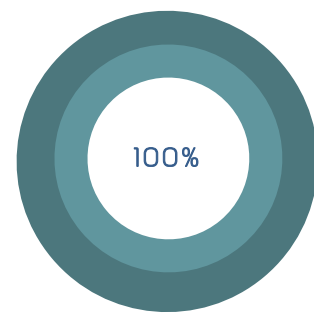
Burkina Faso

Sud-Ouest, Cascades  
Hauts-Bassins, Centre-Ouest  
Centre-Sud



Nigeria

North Central, North West



Benin

Donga, Borgou, Atakora,  
Alibori

- % traceability to the country level
- % traceability to the district level

Roasting is one of the steps of extracting edible oil from shea nuts.

## Traceability Indicators

Our company has been purchasing shea nuts from West Africa for several years from suppliers and company representatives, who interact directly with small traders and female shea nut pickers.

Also, after LLC “EFKO Food Ingredients” joined the GSA, the company gained access to [the Shea Market](#). Since then the company has been striving not only to attract customers, but also to interact with sustainable suppliers of shea nuts included in the GSA.

To increase the transparency of the supply chain, from 2024, annual reporting on traceability of shea nuts is planned on the official website of the company.

### [Traceability of the shea nut supply chain](#)

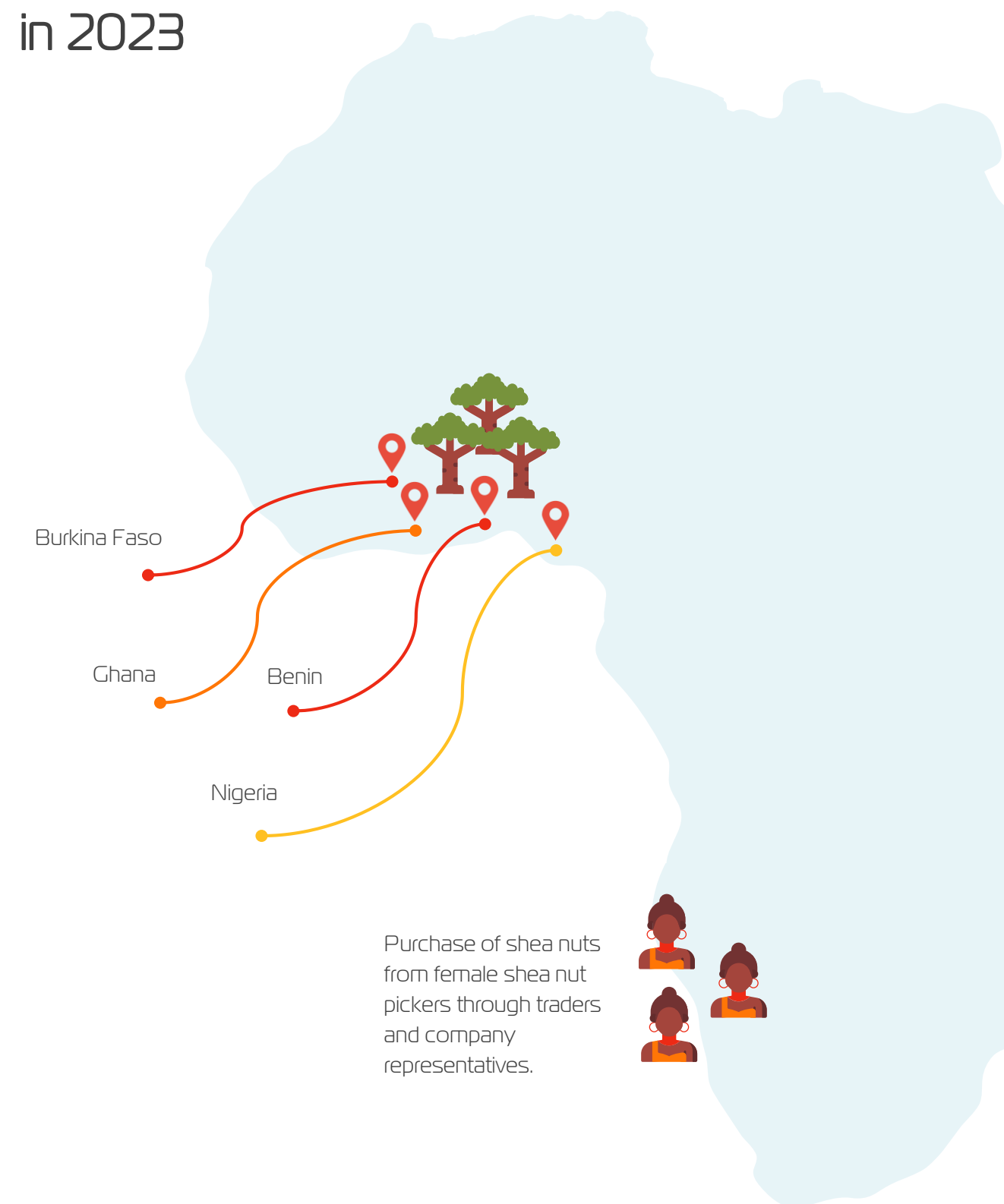
Providing information regarding the collection sites of shea nuts supplied to our company is an important step towards choosing suppliers responsibly and fulfilling the company’s goal of traceability.

In order to further improve the methods of interaction with suppliers, a special questionnaire for suppliers was developed in 2023 to obtain all the necessary information, including about the places where shea nuts are harvested in our supply chain.

# 100%

traceability to the country and district level<sup>3</sup>

## Deliveries of Shea Nuts in 2023



GC “EFKO” interacts with suppliers at all times to achieve progress within traceability.

<sup>3</sup> Exact data on the traceability of purchased volumes of shea nuts for each collection area are clarified with suppliers, representatives and traders.



# Biotechnology

Today, EFCO Group is interested in developing and applying new healthy biotechnological solutions in the food industry. The main task of this direction is to create new technologies and then scale them up industrially in order to organize new business.

More than 20 projects are being implemented in the EFCO Group in several scientific areas: biotechnology and plant proteins.



# Biotechnology: The Food of the Future for Healthy Longevity



Vladislav Romantsev,  
Director of Strategic Planning  
development GC "EFKO"

“What do we believe in and what developments are we keeping? Regenerative agriculture is for sure. This is a new food made with precision fermentation.

In respect of sweet protein, we believe that we have one of the best teams in the world. It is a cellular nutrition for healthy longevity. All these substances are natural. They are all around us. But we just don't have access to them due to technological or economic barriers.

Our biotech is focused on brining all these to life, on our tables. But not as some pills, but as part of delicious and healthy foods.”



Sergey Ivanov,  
Executive Director  
GC "EFKO"

“It is almost the first time that Russian science has approached the opportunity to touch the topic of healthy longevity and even food as a medicine. All this is done in one place and is called biotechnology.

Without biotech, we cannot grow poultry, there will be no grain, we will not make yogurt, kvass, bread, cottage cheese. But we are dependent on imports. It would be good to develop own school. But it is difficult to inspire a scientist to catch up with someone or implement import replacement. But what can inspire you?

The future. For example, new scientific directions and new food. Creating sugar-free sweets based on sweet protein, enriched with dietary fiber — will definitely have more success.”

## What is Hi-Bio?

The Hi-Bio project is biotechnological products that improve the quality of food and completely change the production process, which will significantly reduce the impact on the environment.

Unique biotechnologies make it possible to create the “food of the future” useful, tasty and available for everyone on Earth.

Push the boundaries of the scientific rules and laws to create very necessary innovative products.

## Hi-Bio

### Enzymes

Enzymes are the key component to the way of sustainable production.

Enzyme technology is an opportunity to increase the quantity of finished products, enhance taste and aroma, and optimize the production process. In the near future, we are planning to build a full-fledged enzyme plant, where a number of enzymes for the food industry, agriculture and detergent production will be produced.



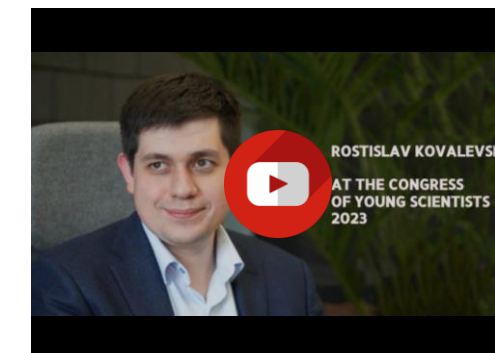
### Biosynthesis of Fats

Fat production should not be limited to the natural resources of our world. The planet is round, which means that sooner or later cultivated areas will run out. Just like forests.

It is possible to avoid such a scenario. This is why we are developing biosynthesized oils, for the production of which only a fermenter, yeast culture and nutrient medium are needed.



## Who Can Respond to Global Challenges?



Rostislav Kovalevsky, Director of Innovation at GC "EFKO", took part in a meeting with the President of Russia.

## The Innovative Trail of “Sustainable Food”

The participants of the session “FoodTech – high-tech approaches to current food challenges” INNOFOOD-2023 unanimously believe that the future supply and demand in the food market will directly depend on the product “sustainability”, and therefore its innovativeness.

According to Sergey Ivanov, we need a comprehensive and progressive approach to solve this issue:

“Multinational corporations cannot agree on what “sustainable food” is. That is why, the only criterion of “sustainability” there is the carbon footprint.

The threat of a carbon tax on food is already real. And here our answer may be a more active position and an integrated approach — to propose the introduction of an aggregated parameter that covers five factors: the use of land and water technology; resistance to climate change; impact on biodiversity and carbon footprint. In other words to make the use of the “unit of nature” in food production an alternative to the concept of “carbon neutrality”.”



Sergey Ivanov, Executive Director of GC "EFKO"  
International Forum INNOFOOD-2023



# Environmental Responsibility

GC “EFKO” pays special attention to environmental safety issues at its production sites.

The company builds its business strategy on the application of modern technology methods, efficient use of natural resources, reduction of environmental, industrial and fire risks at all steps of its production, supporting sustainable continuous development.

- 20 Production Waste Reduction
- 20 Desalination Plant in the Tarnan Peninsula
- 20 Reverse Water Supply Technology
- 20 Energy Efficiency Policy
- 20 New Directions



# Environmental Responsibility

## Energy Saving Policy

In order to save heat, starting in 2023, the company began developing energy saving policies prescribing the implementation of established goals in this area, including:

- strict control over the rational use of fuel and energy material resources, reducing energy demand per produced unit;
- development of energy saving programs;
- ensuring the smooth operation of workshops due to the nominal load of equipment, the absence of downtime, unscheduled shutdowns;
- equipment condition diagnostics and other activities.

## Desalination Plant in the Taman Peninsula

In order to minimize possible tensions in the provision of fresh water at the production site in the Krasnodar region, the [first stage of the desalination plant was put into operation](#). The plant produces up to 30 cubic meters of fresh water per hour, which eliminates interruptions in water supplies to the plant, and also reduces the load on local municipal networks.

Achieving the UN SDGs:



## New Directions

A person's health depends not only on what they eat, but also on what is around. This means that the issues of ecology and the social structure of people are becoming more and more relevant.

It's time for a new attitude to your "today" for a healthy future for our children and the whole planet. We started to change ourselves and every day we try to make modern, eco-friendly and technological solutions more available.

Due to this vision we have reconsidered some of the projects and confirm our intentions with [real actions](#):

- we sold their farms and pastures to contribute to solving the problem of the greenhouse effect;
- we have completely transformed our production by installing the latest treatment plants.

The underlying purpose of GC "EFKO" is to make traditional products healthier and production more eco-friendly.

## 2020

vegetable meat production

## 2021

sale of livestock assets

## 2022

the first samples of vegetable oil, without soil exploitation and fresh water consumption

## 2023

sweet protein project.

Development of "green" energy

## Production Waste Reduction

Paying special attention to environmental safety issues, the company is adjusting the latest technologies and cleaning methods. The production site in Krasnodar region operates on the principle of zero discharge, which completely eliminates the ingress of production waste into the environment. The water used in production goes through about ten stages of purification in the workshop of local treatment facilities, including the use of special bacteria.

## Reverse Water Supply Technology

At the production site in Alekseevka, Belgorod region, the company installed the most advanced high-tech equipment and a flue gas treatment system, with the help of which it became possible to almost completely eliminate atmospheric emissions, introduced the technology of recycled water supply of production and, accordingly, reduced the intake of fresh water for production needs and discharge to urban wastewater treatment plants.



Production site of LLC "EFKO Food Ingredients", Russia, Belgorod region, Alekseevka



# Social Responsibility

One of the goals of GC “EFKO” is to respect others and succeed together.

A company will succeed only if it treats all people both inside and outside of it with respect. Respect in the workplace, personal skills and teamwork will help GC “EFKO” achieve its goals.

[🔗 Career at GC “EFKO”](#)

22 Code of Business Conduct and Ethics

22 Executive Training Program

22 A Place for Work and for Life





The educational center is the heart of the Biryuch Innovation Center.

## A Place for Work and for Life

The well-being of the workspace is not a mere word for us. All buildings and office spaces were created taking into account understanding of comfortable and pleasant conditions that a person is going to work under.

Conditions are created for an employee not only for effective work, but also for a full-fledged life of his family, including high-quality medical education, sports infrastructure, and so on.

Nonresident employees are provided with housing and everything necessary for a comfortable stay. By providing opportunities for development and career development to our employees, we do not forget about the younger generation. As for the youngest the doors of the kindergarten are always open, and older children can attend the private school “Belogorod school”.

### Achieving the UN SDGs:



# Social Responsibility

The main task of GC “EFKO”’s HR policy is to create working conditions that would highly improve the effectiveness of activities and staff involvement in the implementation of corporate goals and ensure transparency and openness of approaches and principles in respect to personnel management.

The well-being of a company directly depends on the quality of life and social environment of its employees. Therefore, the company took care of the full-scale development of the entire social infrastructure.

The main capital of GC “EFKO” is the professional and personal competencies of people.

We value industry expert, but subject knowledge and skill alone are not enough. Therefore, we pay no less attention to the personal skills of our employees. The most valuable of them are a sense of responsibility for others and a desire for creation.

In addition to the possibility of self-realization, GC “EFKO” provides employees with one of the best social packages in the industry, which includes subsidizing car loans, medical insurance, financial support of sanatorium-resort vacations and more, as well as assistance with relocation.

## Executive Training Program



Valery Kustov,  
Chairman of the Board of Directors  
GC “EFKO”

“ Psychology for us is the ability, looking at a person, to predict his behavior in specific circumstances and create conditions under which he can be happy and effective in a particular type of activity.

When a person declares his desire to move on, he is invited to the training center to discuss what skills the person should acquire. The head of the division is then obliged to provide him with a suitable position.

Those who study with us understand that in order to achieve higher positions they will have to form a lot of new skills for a short period of time. Top management is multisport competition. ”

A career at GC “EFKO” is an opportunity to choose any social elevator that you like. This means that you can just be a professional in your field, or you can develop as a leader.

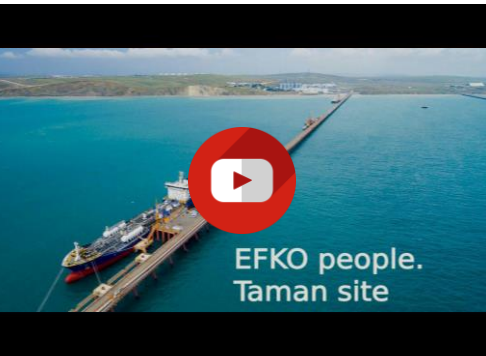
The path of development as a leader involves the acquisition of exceptional skills that are highly valued in the company. And each employee who is ready to choose this way and place the highest demands on himself is offered an individual career development program and high social compensation.

As part of the implementation of the succession pool program, training effective managers and strengthening common corporate values, GC “EFKO” cooperates with one of the best corporate educational centers in Russia – the Biryuch School of Management.

## Code of Business Conduct and Ethics

The company has implemented rules of business conduct and ethics that apply to all employees, regardless of the level of their position and location.

The purpose of introducing such rules will allow employees to become an honest, unified and close-knit team, whose work is aimed at developing the company, increasing its profitability and financial stability, and ensuring security.



The Code, together with the company's policies, provides the information necessary to perform business activities in accordance with ethical principles.

GC “EFKO” understands the importance of respecting and supporting human rights in all operations and at all steps of the work chain. The Company operates in accordance with programs and policies that:

- ensure the provision of fair and objective wages, benefits and other employment conditions in accordance with the legal norms of the Russian Federation;
- recognize the right of employees to freedom of association;
- ensure the creation of humane and safe working conditions;
- establish a ban on forced or child labor;
- provide a workplace free from discrimination and harassment.



# Contact Feedback

For more information about the activities of GC "EFKO", please visit:

<https://b2b.efko.ru/>  
<https://www.efkofood.ru/>  
<https://www.efko.ru>

If you have any questions, please contact:

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All statements other than statements of actual performance, including statements about our sustainable development goals, made in this report are estimated statements.

Estimated statements represent current expectations and are inherently uncertain.

