

ESG STRATEGY

Description

Rusagro Group is working on a sustainability strategy in order to ensure its steady growth, generate more value for all stakeholders, and improve the transparency of non-financial disclosures about its business activities. Rusagro Group seeks to minimise its environmental impact, while promoting careful use of natural resources, taking care of its staff and clients, helping out the community, and creating responsible business practices.

Assuring the Company's long-term success and attaining high economic performance today require the ability to integrate internal processes with global trends pertaining to sustainability and responsible business behaviour.

Since 2023, Rusagro Group has been actively involved with ANO National Alliance for Social and Environmental Responsibility, Corporate Governance and Sustainable Development.

Field-to-shelf concept



Rusagro Group's field-to-shelf concept represents a full cycle of production and sales, from the cultivation of primary produce to their sale to end consumers in the B2B and B2C segments, which emphasises the Group's high level of vertical integration. The underlying idea is to oversee every step of the production process in order to optimise consumer transparency, minimise expenses, and guarantee the best possible product quality.

Rusagro is a member of alliances



The list of founding members of the National ESG Alliance can be found here

Group's sustainability principles and commitments

Three basic principles



Minimising the negative environmental impact



Creating positive externalities for society



Adhering to stringent standards of sound corporate governance

Sustainable development approach

As for sustainability management, Rusagro focuses on six areas.

1 Combating the global climate change

2 Transitioning to a closed-loop economy model

3 Utilising sustainable agriculture practices

4 Caring for its employees and local communities in the regions of the Company's presence

5 Taking care of consumer health through strict quality control and product safety

6 Observing business ethics and conduct standards, creating responsible supply chains

Combating the climate change



According to the latest data for 2022, the share of the agro-industrial sector in total greenhouse gas emissions has decreased to 29.7%¹ vs 38% in 2000. In absolute terms, emissions generated by the agricultural sector amounted to 16.2 billion tonnes of CO₂-equivalent, 10% above the 2000 level. When considering the issue on a worldwide scale, atmospheric CO₂ concentrations have been rising more quickly in recent years, with 2023 setting a record for CO₂ growth (+2.8 parts per million). Over the past 20 years, CO₂ concentrations have increased by 11.4%².

Future temperature increases are guaranteed by the long lifetime of CO₂ in the atmosphere, which will further intensify its impact on the global climate. Rising sea levels, glacier melting, and high recurrence rates of extreme weather events like floods, forest fires, and droughts are all consequences of global warming. Changes in temperature, ozone depletion, lack of water and nutrients could adversely affect crop yields and therefore jeopardise the food security of the Company's sales regions and its economic performance.

As a responsible company, Rusagro Group acknowledges that anthropogenic greenhouse gas emissions are largely caused by the agriculture sector, which is why the Company makes every possible effort to ensure that its climate strategy responds to all current challenges related to global climate change and encompasses measures aimed to control greenhouse gas emissions and to improve cleaning equipment and production processes.

¹ Greenhouse gas emissions from agrifood systems. Global, regional and country trends, 2000–2022.

² World Meteorological Organization, 2024.

Closed-loop economy



Limited natural resources and the growing amount of waste generated pose a serious risk to the long-term sustainability of the economy. The planet's capacity to replenish its resources is already greatly outstripped by annual human consumption, and meanwhile generated waste is ruining the environment by seriously harming water supplies, fragile ecosystems, and soil health. Water, fertile land, phosphorus, and fossil fuels are among the resources that are particularly important to the agricultural sector. Reducing excessive consumption of water, fossil fuels and phosphate fertilisers will not only help reduce the negative environmental impact, but will also ensure the sustainability of business in the future.

The Company's focus in this area is on minimising waste generation, optimising water use, and looking for ways to incorporate the closed-loop economy's tenets into its operations.

Sustainable agriculture



To meet the food needs of present generations in a way that does not deprive future generations of the same opportunity, agribusinesses now need to take steps to integrate the principles of sustainable agriculture. Rusagro Group is doing its part in this area. By reducing the detrimental effects on soil health, this approach will prevent premature soil depletion. Moreover, a more caring attitude towards fragile ecosystems will be beneficial for the overall level of environmental well-being in the regions where the Company operates and will improve the lives of local communities.

Sustainable development approach

Rusagro Group's agricultural activities are based on an adaptive-landscape farming system, which involves ensuring agrolandscape sustainability and restoring soil fertility. In plan an optimal amount of products, the Company considers market demands, available natural and production resources, and environmental factors.

Caring for employees and supporting local communities



Rusagro Group's employees are one of its most valuable assets. Attracting and retaining skilled talent in the agricultural sector is a certain challenge for any business today. The Agriculture sector requires relevant adjustments to stay a desirable and esteemed workplace and satisfy the evolving interests, goals, and needs of prospective workers. To fit the times, Rusagro Group concentrates on developing internal human capital in order to improve the attractiveness of its own brand for agricultural specialists. The Company builds an innovative and inclusive environment that is conducive to the development of career and professional potential. Being consistent with its mission of improving people's quality of life, Rusagro orchestrates its activities in a way that maximises positive externalities in the regions where it operates through the investment of resources and comprehensive all-round support for the social development of local communities. The Company's charitable projects and social investments cover the promotion of education and hosting of cultural and sporting events.

Product quality



Consumers of our products are among our most important stakeholders, and it is therefore crucial for Rusagro Group to ensure the safety of the food products it produces and supplies. Maintaining high standards of product quality control is a pre-requisite of higher customer satisfaction.

All of the Company's business segments have quality control services responsible for the safety of their products, and all production sites are also certified for compliance with international quality management and food safety standards.

Animal welfare



For the Rusagro Group, protecting animal welfare in the Meat Business is of crucial importance. The Company makes sure that animal housing and management conditions remain humane at all stages of production. To this end, the Company employees practices that ensure the so-called 'five freedoms of animals', which include the freedom from hunger and thirst, freedom from pain, injury and disease, freedom from fear and distress, freedom from discomfort, and freedom to express normal behaviour.

Business ethics and anti-corruption



High standards of business conduct and ethics, as well as compliance of the Company's operations with all legal regulations within the framework of applicable law, are essential components of modern responsible business. Rusagro Group's activities are aligned with the internal Code of Business Ethics and Conduct,

which is binding for all employees and suppliers. In addition, the Company closely monitors the compliance with applicable laws and actively addresses any issues related to corruption and fraud.

Responsible supply chains



Both the Company and its suppliers must adhere to responsible business practices to have a sustainable value-added chain for Rusagro Group's products. In order to guarantee that its products have as little adverse effect on the environment and society as possible, Rusagro Group employs a continuous improvement model in supply chain management, ensuring the transparency of procurement processes, assessing ESG risks, selecting responsible suppliers and automating the procurement procedures.

Sustainable development approach

Strategic priorities



Organic and non-organic business growth



Boost in sales of B2B and B2C products



Higher representation in external commodity markets



Innovation and digitalisation



Development of human capital

Group's key ESG priorities



Environment

To minimise the negative environmental impact

For this purpose, the Company:

- Employs sustainable agriculture methods
- Safeguards the soil health
- Mitigates emissions of greenhouse gases and pollutants
- Cuts down energy consumption and improving energy efficiency
- Optimises water use to lessen the strain on water supplies
- Minimises pollution by effluents
- Reduces waste generation



Society

To create positive external effects for society, improve the attractiveness of the employer brand and social development of the regions of presence

For this purpose, the Company:

- Provides training for employees and facilitating their career growth
- Creates safe working environment
- Upholds equal rights and opportunities
- Offers social support and financial motivation
- Increases employee engagement
- Supports and develop local communities through investment of resources



Corporate governance

To ensure sound and sustainable corporate governance

For this purpose, the Company:

- Provides a transparent ownership and management structure of the Company
- Discloses non-financial information in a timely manner
- Actively engages with investors and shareholders
- Enforces business ethics and applicable laws
- Builds responsible supply chains

Group's approach to sustainable development

The UN Sustainable Development Goals (SDGs), together with other international frameworks and best practices for sustainable development reporting in Russia and around the world, are the key reference points for Rusagro Group's sustainable development strategy.

Mid-term plan



As part of its medium-term climate strategy development programme, Rusagro Group is closely monitoring the evolution of both Russian and international standards in the field of non-financial reporting and is evaluating the possibility of incorporating them into its own reporting system. Through these efforts, ESG risk management will become more transparent and stakeholders will receive more comprehensive and reliable information on the Company's environmental impact and related sustainable development initiatives.

Foundational documents

1 Sustainable Development Goals of the United Nations (UN)

2 Letter of the Bank of Russia dated 12 July 2021 'On Recommendations for Public Joint Stock Companies on how to Disclose Non-Financial Information Related to their Activities'

3 Order of the Ministry of Economic Development of Russia dated 1 November 2023 'On Approval of Methodological Recommendations for the Preparation of Sustainability Reporting'



Letter from the Bank of Russia



Order of the Ministry of Economic Development of Russia

Rusagro and UN SDGs



The Group is committed to creating new jobs in the regions where it operates and offers fair and decent remuneration for its employees. The Company upholds international human rights and labour standards, and under no circumstances uses forced or child labour



As a producer of key mass-consumption agricultural products, Rusagro Group aims to provide consumers with quality food at reasonable prices and is aware of its role in ensuring national food security



The Group cares as much about the health of its employees as it does about the health of its consumers. In addition to adhering to strict product safety regulations and implementing a thorough staff health protection programme, the Company also produces commodities that encourage healthy living



The Company's programme of support to local communities and social development in the regions of presence covers charitable projects aimed to foster the development of educational infrastructure and to hold various educational events.

Furthermore, the Group allocates substantial resources towards the training and professional advancement of its own staff members



The Company pursues a zero-tolerance towards all kinds of discrimination, seeing diversity as a source of inspiration and opportunity



Rusagro and UN SDGs



Although the regions of Rusagro Group's presence are free of any risks associated with the scarcity of water resources, the Company applies itself to optimise water consumption and minimise pollution with effluents.

The Company rolls out the water recirculation and reuse systems and automates water consumption metering systems. Concurrently, the Company takes measures to improve quality of effluents



As part of its efforts to lower atmospheric emissions, the Group always sets up dust and gas collection equipment as well as air purification systems. Another focus area of the Company's measures covers the energy consumption reduction and energy efficiency improvement efforts



Rusagro Group aims to be a pioneer in the application of advanced technology in its sector and therefore invests heavily into the creation and use of cutting-edge IT, automation, and product innovation solutions. Enhancing crop yields and soil fertility, automating business procedures, and using precision farming technology are the Company's top priorities in this area



All of Rusagro Group's business segments are exploring opportunities to incorporate the closed-loop economy principles, reduce the waste generation and reuse resources. Most production waste or by-products are reused to create highly processed products or to extract valuable resources



As guidelines for using fertilisers, Rusagro Group applies the regulations that provide for environmental safety measures aimed to exclude soil contamination. The Company's approach to land management also implies land reclamation and reintroduction of lands, careful soil cultivation methods, as well as crop rotations that are optimal for maintaining soil quality