

2022

Sustainability report

Cherkizovo Group

*The recipe
for success*



CHERKIZOVO
SINCE 1974



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Cherkizovo Group CEO statement

Dear colleagues, partners and customers!

I am pleased and proud to present the first Sustainability Report on behalf of Cherkizovo Group. Although, the Company has been engaged in sustainable development for many years by now, only recently we have started the systematic works in this area, consistently integrating ESG principles into all key areas of the Group's activities. By the current report we present for your attention the result of this work for 2022.

The last two years have been challenging times not only for our Company, but for the entire Russian economy. Due to unparalleled geopolitical tensions, strong sanctions pressure and severe staffing shortages, we, likewise other actors of Russian business, have had to adapt to the new context and make changes to well-established business processes. Fulfilling an important role in ensuring the country food security, we could not disappoint our consumers. So, we did everything possible to maintain uninterrupted production of socially important food products, while maintaining and guaranteeing consistently high quality of our products. Our business model has proven its efficiency. Due to vertical integration, a carefully structured process of interaction between all divisions and a professional team, we have managed not only to maintain production volumes, but also to increase the volumes to strengthen our market leadership.

Against the backdrop of rising inflation and shrinking real incomes, we have tried to support everyone by maintaining fair wages and decent working conditions. We take measures aimed at improving employee safety, striving to reduce the injuries level at production facilities to zero. As we continue to grow, we pay great

attention to the professional development of our team and expand career opportunities for our employees. In the reporting year, we increased the coverage of training and talent pool programs that allow employees to continuously improve their skills and for the most talented among them to try their hand in a new role.

As with any production activity, the operations of the Group's entities may have a negative impact on the environment. Considering this fact, we have continued to take all available actions to minimize possible damage to the environment. In order to reduce air emissions, prevent water bodies and soil pollution, and efficiently utilize the resources we consume, we are implementing the most modern and advanced technologies at all stages of our production chain, from crop production to finished products delivery to consumers. We still have a long way to go, as the Company is systematically expanding its business by acquiring enterprises in various regions, where environmental standards are sometimes far inferior to ours.

Cherkizovo Group runs its business in 18 regions of Russia. In those regions where we have operations, we have continued to actively support local communities through various charity projects. Annually, we help to repair and improve social infrastructure, provide support to those in need, as well as sponsor sporting events and engage in holding local festivals. As the scale of Cherkizovo business grows, so does the extent of the Company's engagement in the communities where the Company operates. Despite the challenges we faced during the reporting period, we managed not only to maintain, but also to increase the amount of funds allocated to charity and social support by one third.

In conclusion, I would like to express my sincere gratitude to all Cherkizovo Group employees, all of whom, regardless of their position, make a significant contribution to the common cause of ensuring the Company's stable operation and maintaining and strengthening its position as a leader in the domestic meat market. I have no doubt that our employees' responsible and conscientious approach to their professional duties will enable Cherkizovo Group to confidently pursue its mission of offering the best and most affordable meat products to as many consumers as possible, both in Russia and other countries!

Sincerely Yours,

Sergei Mikhailov,

Cherkizovo Group CEO





Cherkizovo Group Communications Director statement

Dear friends, colleagues and partners!

For the entire Russian economy, 2022 was a year of unprecedented challenges. Our business model and established business processes proved its effectiveness in practice. Despite all the difficulties, we not only increased the scale of production and the number of new enterprises, but also significantly expanded our sustainability projects. We perceive it as a logical extension of our mission as a company and an opportunity to create long-term value for shareholders.

In the reporting year, we maintained our focus on the quality and safety of our products, implemented additional quality control systems, and expanded our range of healthy lifestyle products. Our products are not only in high demand among Russian consumers, but we also expanded company's products presence in foreign markets.

We continued to prioritize care for our employees and the communities we are a part of. At the end of the reporting year, we were included in the list of the country's 50 best employers. Our Company was ranked the 2nd in terms of attractiveness to job seekers among all companies in the agro-industrial sector. We managed to increase significantly the volume of social investments and funds allocated for charity projects. Being the largest taxpayer in the regions where our operational assets are located, we continued to contribute not only to the rural development, but also to the industry as a whole by attracting the best specialists, training the youth and increasing the attractiveness of the agro-industrial sector as an employer.

Beyond that, we continued to implement sophisticated environmental technology projects aimed at reducing our environmental impact and implementing the best available technologies. For instance, we continued to use natural refrigerants, launched the processes of transition to more environmentally friendly fuels, as well as significantly improved the resource efficiency of our production. Total investments in modernization, automation and productivity improvement amounted to more than RUB 3.6 billion. The implementation of advanced technologies allowed us to reduce specific energy consumption by 7% compared to 2021. Also, we managed to reduce water consumption by 9%.

We feel confident about the future. We are open to new developments and continue to improve for the benefit of our customers, employees, local communities, shareholders and the general public. In order to hold a further dialogue with the mentioned stakeholders, we have developed our first Sustainability Report. We hope that the report will be perceived as an additional tool to build trust and partnership for a better future for us all. We are confident that our commitment to responsible business practices and integration of sustainable development into the Company's strategy will allow us to continue to make a valuable contribution to achieving this goal.

Sincerely Yours,

Anastasia Mikhailova,

Cherkizovo Group Communications Director



Overview

The present report is Cherkizovo Group's first Sustainability Report and reflects the Company's key corporate governance, environmental and social impact results for the period from January 1 to December 31, 2022.

The Report covers the activities of all Cherkizovo Group's divisions, subsidiaries and joint ventures¹, that operated in the Russian Federation, unless otherwise is stated in the report in the context of certain information disclosure.

While elaborating the present report, we have been guided by best practices in non-financial information disclosure, including GRI and SASB, as well as by recommendations of the Central Bank of Russia, the Ministry of Economic Development of the Russian Federation and the Moscow Exchange.

The Report is referred to a wide range of stakeholders.

THE REPORT PROCEDURE

The Report has been developed considering the following key principles.

Accuracy	For quantitative data, the report specifies the data collection methods, calculation methodologies, error margins and any applicable assumptions.
Balance	The Report discloses the Company's performance in a balanced manner and avoids deliberate presentation of information in such a way that it could be interpreted incorrectly.
Clarity	The report does not contain highly specialized terminology. The information is presented in easily understandable manner, including the context.
Comparability	The report discloses quantitative data in three-year dynamics with an explanation of the most significant trends. The comparable data is presented in multiples of the measurement units.
Completeness	The information in the Report is presented in the scope and manner sufficient to form an objective opinion on the scale of the Company's impact. The Report does not intentionally omit or exclude information necessary for reliable assessment.
Sustainable development context	The information in the report is disclosed considering both international tools for measuring progress in sustainable development (UN Sustainable Development Goals) and local tools, such as National Development Goals of the Russian Federation.
Credibility	The information presented in the Report has been internally verified. The present Report is approved for publication by the Company's senior management.





■ ■ Cherkizovo Group is Russia's largest meat producer, holding leading positions in the chicken, turkey, pork and processed meat markets.

The Group's strategy is to produce the highest quality products in line with customer demand and market trends.



About company

The Group's structure includes modern pig-breeding facilities and poultry farms, meat processing and feed mills. Also, the Company's structure includes a land bank of over 300,000 hectares and an oil extraction plant, which allows us to monitor the entire production cycle, from crop farming to meat production. Our vertically integrated business model covers the entire production chain.

The most important priority of our company is the ongoing care for our customers. This is the work that we do through continuous improvement of product quality, social and economic development of local communities and increasing environmental efficiency.

We are accountable to our customers, employees and partners and guarantee the product quality and safety. It is important for us to respond quickly to customers' needs and meet their expectations to the fullest extent possible. For this purpose, we implement the best world developments, attract the most qualified specialists and invest in the training of our employees. Over the years, we have managed to form a cohesive team of professionals, who are the best specialists in their subject matter areas. This allows us to solve the most difficult tasks and set ambitious goals.

The Company's key brands, such as Petelinka, Kurinoe Tsarstvo, Pava-Pava, Cherkizovo and Imperia Vkusa have earned well-deserved recognition from customers and are well known throughout the country. The Company's brand portfolio also includes such brands as Krasnobor, Domashnaya Kurochka, Mosselprom, Altaisky Broiler, Myasnaya Gubernia, Pit Product, Casademont, Fileya, Samson Family Dinner, Latifa and Dajajti.

Our products have been recognized not only in Russia, but also in other countries. For example, in 2022, the Company's cross-border sales increased by **25%** compared to 2021 and exceeded **100,000 tons**. Meanwhile, higher exports of high value-added products allowed export revenue to grow by more than **40%**.

China, Kazakhstan and other Eurasian Economic Union countries, as well as Saudi Arabia and Vietnam are the key export destinations. Among the markets where the Company plans to increase its presence, including through the halal products segment, are the Philippines, Malaysia, Indonesia and others.



CHERKIZOVO GROUP IN 2022



the 1st
in meat production
in Russia



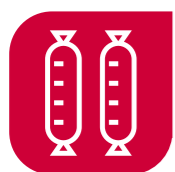
the 1st
in compound feed
manufacturing



the 2nd
in poultry meat
production



the 2nd
in turkey meat
production



the 3rd
in meat processing



the 9th
in pork production

The Company's revenue in 2022
amounted to

RUB 184.3 bln

The implemented investment
program amounted to

RUB 19.4 bln

For the purposes of sharing
experience, effective partnership
and market development,
the Company is a member
to key actors of industry unions
and associations:

- The Russian National Meat Association;
- The National Union of Poultry Producers;
- The National Union of Hog Breeders;
- The National Union of Meat Processors;
- The National Union of Experts in Transport and Logistics;
- Association of Bona Fide Participants in the Agroindustrial Complex Market;
- Association of bona fide taxpayers RADO;
- Association of Corporate Counsel.



the 1st
among poultry
meat brands



the 1st
among pork
meat brand



the 2nd
among turkey
meat brand



the 2nd
among uncooked smoked
sausages and hams

THE SALES
VOLUMES IN 2022
AMOUNTED TO

1,069 tons



727 tons
of poultry meat



137 tons
of pork meat



130 tons
of meat processing

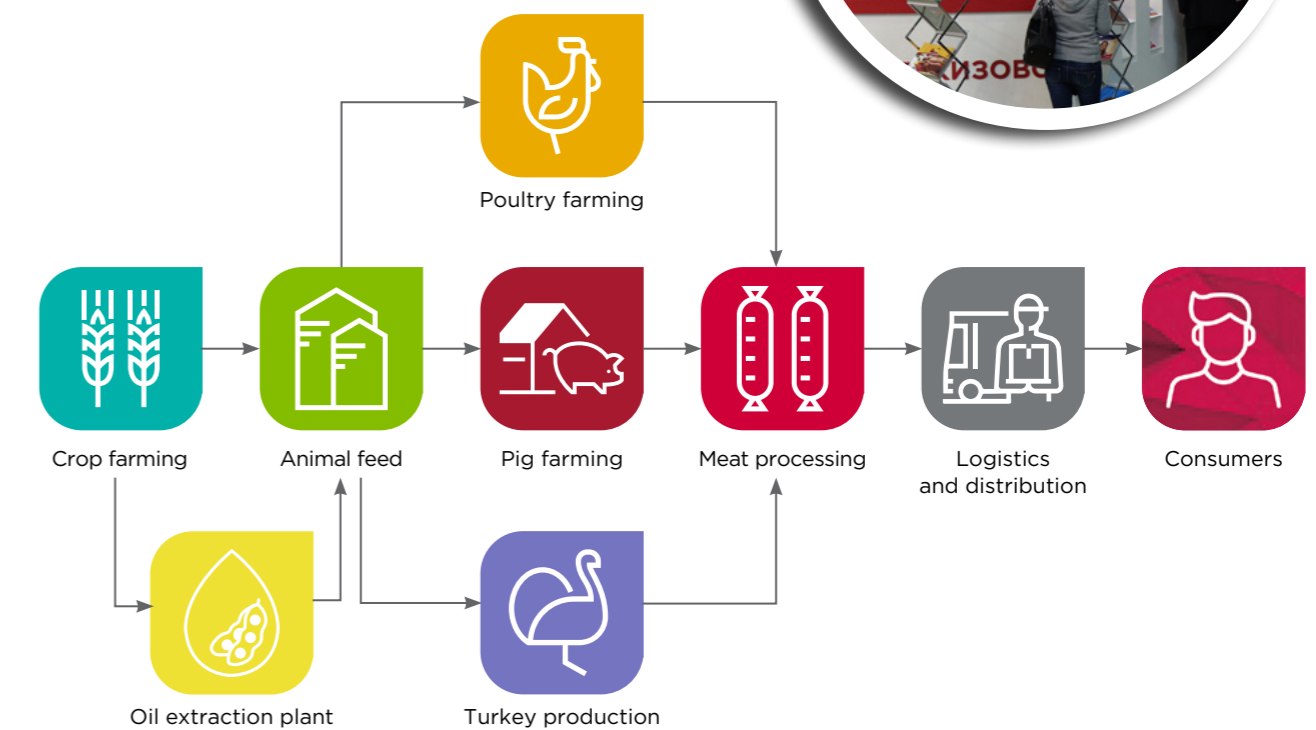


75 tons
of turkey meat

>100 K tons
of cross-border
sales

>40%
of export
revenue growth

VERTICALLY INTEGRATED BUSINESS MODEL



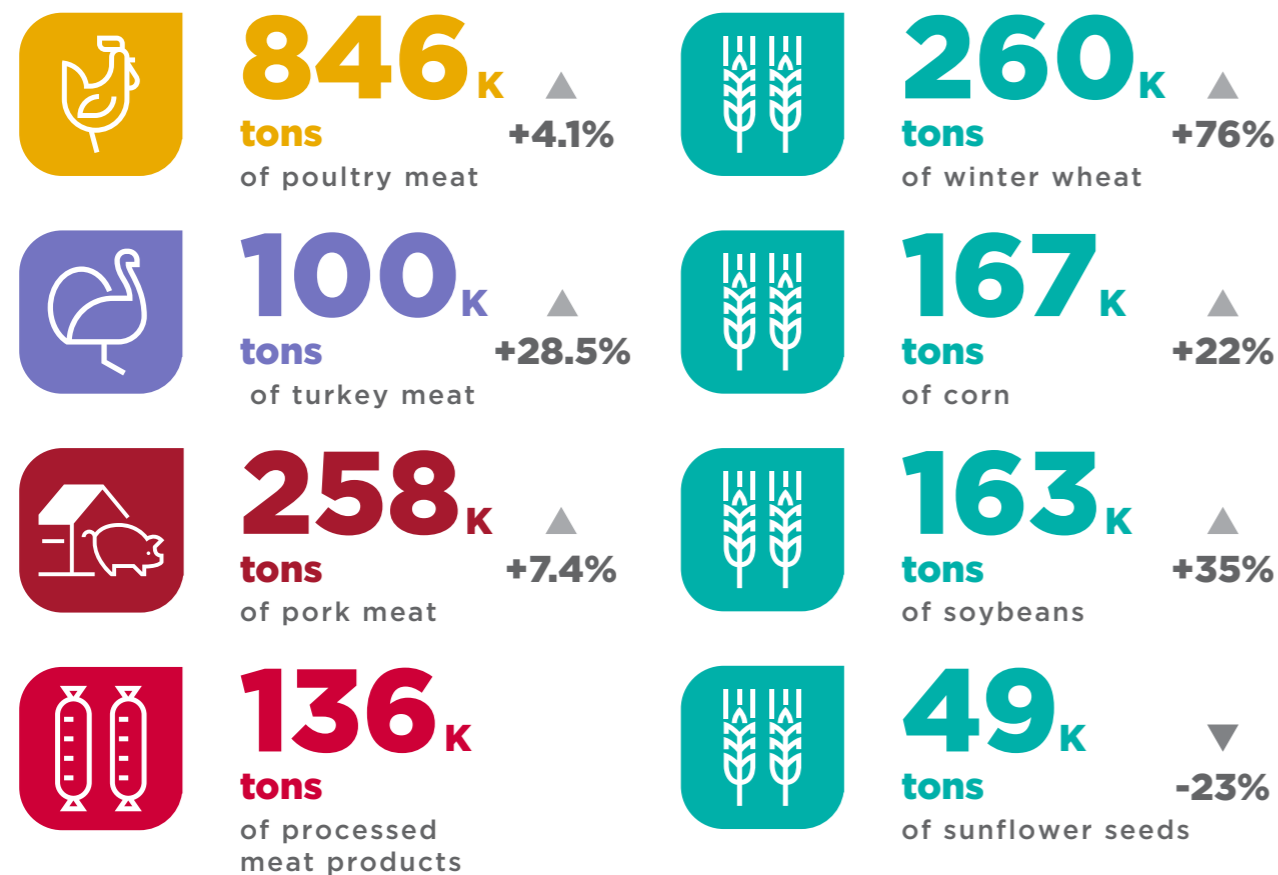
THE COMPANY PORTFOLIO INCLUDES THE FOLLOWING BRANDS:



AND:

- Krasnobor
- Domashnaya Kurochka
- Mosselprom
- Altaisky Brolier
- Myasnaya Gubernia
- Pit Product
- Casademont
- Fileya
- Samson
- Latifa
- Dajajti

PRODUCTION VOLUMES IN 2022 AND DYNAMICS COMPARED TO 2021



QUALITY AND FOOD SAFETY MANAGEMENT SYSTEM

We strive to maintain the highest quality standards to produce the best possible products. Cherkizovo Group regularly updates certificates for all of its products to comply with global standards for safe production and humane handling of livestock and poultry, creating products for the healthy nutrition for our consumers.

Food safety system certification is an integral part of Cherkizovo's products. Consequently, almost all of the Group's facilities are certified to ISO 22000 (Food Safety Management System). The Company also planned to certify all production sites under the FSSC 22000 scheme. In light of external restrictions, it became temporarily impossible as the accredited companies were no longer able to certify new sites.

In line with Russian legislation, all Cherkizovo Group companies have implemented and maintain procedures and processes based on the principles of HACCP (Hazard Analysis and Critical Control Points), a system for identifying, analyzing, monitoring and managing risks in food production.

In the reporting year, Cherkizovsky Meat Processing Plant's branches in Penza and Dankov were certified with GOST R ISO 22000-2019 certificates (the Russian Nationwide Standards).

Beyond the product certification, we devote great attention to maintaining employees' professional level by providing access to external and internal training systems on food safety management and the requirements of various standards. For example, in the reporting year, specialized training was provided to mid-ranking managers in the Pork segment on the biological safety of fattening sites.

Also, Cherkizovo Group regularly audits suppliers of raw meat and feed ingredients to ensure the best quality products are produced. In 2022, Cherkizovo's Quality Control and Standardization Department conducted seven audits of raw meat suppliers in terms of preslaughter care, slaughtering, deboning, HACCP, sanitation and hygiene. Among the audited suppliers, three companies were approved for further cooperation, subject to enhanced monitoring of safety and quality indicators during the first deliveries of raw materials.

Additionally, the Company carries out suppliers periodic assessments on an annual basis, which may entail a mandatory re-audit for approval as a partner of the Company.

42 audits

of raw material suppliers were conducted in 2022



Strategic report

The recipe for success

1. KEY ESG PERFORMANCE
2. OUR SUSTAINABILITY STRATEGY
3. BUSINESS MODEL
4. GEOGRAPHICAL PRESENCE

■ In order to develop sustainable development practices and for the purposeful integration into operational activities, considering all the Company's specifications, we have outlined key priorities and principles. These priorities and principles are available on [the Company's website](#).

In implementing the strategy and prioritizing sustainable development projects, we are guided by of our stakeholders' expectations, by areas we can have the greatest impact on, as well as by the national development goals of the Russian Federation and the UN Sustainable Development Goals (UN SDGs).



Key ESG performance

ENVIRONMENTAL PERFORMANCE

The volume of investments in environmental protection projects is

RUB 373 mln

Air pollutant emissions are

5,357.4 tons

The water consumption is

18,767.4 thousand m³

The volume of generated wastes is

159,433 tons

98.3% of wastes

are of V and IV hazard classes (virtually non-hazardous and low-hazardous)

~16 K tons of waste

were prepared for reuse

SOCIAL PERFORMANCE

Tax and non-budgetary payments are

RUB 12.7 bln

Social investments in regions of presence are

RUB 69.6 mln

The total headcount is

32,658

employees

LTIFR

0.76

The number of fatalities is

0

GOVERNANCE

The number of corruption violations is

0

The number of serious violations of legislation in the environmental or social spheres is

0

The number of the Board of Directors' independent members is

57%



Our sustainability strategy

OUR SUSTAINABILITY STRATEGY

The principles and objectives of our sustainability strategy are an integral element of our business strategy. The principles and objectives are aimed at increasing production capacity, optimizing costs and taking a leading position in the industry.

The main elements of the Group's sustainable development strategy are as follows.

The priority	Key operating principles
Environmental Care	<ul style="list-style-type: none"> Reducing the negative impact on the environment Reducing carbon footprint Environmental policies implementation Animal welfare
Social Responsibility	<ul style="list-style-type: none"> Support for local communities and regions of presence Operational safety HR Policy development

CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SDGS AND NATIONAL DEVELOPMENT GOALS OF THE RUSSIAN FEDERATION

	UN SDGs	Cherkizovo Group contribution
National development goals of the Russian Federation	2 ЛИКВИДАЦИЯ ГОЛОДА Eradicate famine, achieve food security, improved nutrition and promote sustainable agricultural development Goals: 2.1, 2.4	<ul style="list-style-type: none"> Food aid for people in need High quality and affordable food products Wide range of healthy products
	3 ХОРОШЕЕ ЗДОРОВЬЕ И БЛАГОПОЛУЧИЕ Ensuring healthy lifestyles and promoting wellbeing for all at all ages Goals: 3.4, 3.8	<ul style="list-style-type: none"> Safe working conditions for employees Infrastructural development in regions of presence Physical training and recreational activities for employees
	8 ДОСТОЙНАЯ РАБОТА И ЭКОНОМИЧЕСКИЙ РОСТ Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goals: 8.3, 8.4, 8.5, 8.8	<ul style="list-style-type: none"> Decent working conditions in the regions of presence Popularization of blue-collar jobs and combating gender stereotypes Opportunities for vertical career growth with a transparent system of employee performance evaluation
	12 ОТВЕТСТВЕННОЕ ПОТРЕБЛЕНИЕ И ПРОИЗВОДСТВО Ensuring a shift towards sustainable consumption and production patterns Goals: 12.2, 12.3, 12.4, 12.5	<ul style="list-style-type: none"> Efficient use of resources in production activities Reduction of energy consumption at all stages of the production cycle Recycling of waste

Business model

A high degree of vertical integration in the business model ensures full control over the value chain, management of agricultural raw material pricing risks, leadership in cost optimization and, most importantly, control of high quality of the output products.

Key advantages of a vertically integrated business model are as follows:

- Control over all stages of production;
- Adaptation to market conditions;
- Economies of scale;
- High quality products.



Logistics

29 warehouses

Possibility to supply products of “Ultra-Fresh” category with a short shelf life



Sales

High share of presence at the nationwide level

>70%

is the share of revenue from sales of high value-added products

OPERATION SCHEME



Crop farming

The self-sufficiency in grain crops is at the level of

29%



The self-sufficiency in animal feed is at the level of

100%



Our own pig breeding facilities, poultry farms and processing facilities



Meat production

The raw materials obtained from the slaughter of own pigs is at the level of

99%

ESG factors integration

- Cutting-edge technologies implementation;
- Implementation of an environmental, occupational and industrial safety management system;
- Logistics chains optimization;
- Consultations with representatives of local communities;
- Industry associations membership;
- Guidance by the corporate governance code recommended by the Central Bank of the Russian Federation.

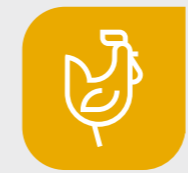




Geographical presence



14 slaughtering and meat processing plants



14 poultry farms



12 feed mills

The total headcount is more than

>32 K employees

Tax and non-budgetary payments are

RUB 12.7 bln

Investments in environmental protection projects are

RUB 373 bln


The social investments volume is

RUB 69.6 bln



Governance

The recipe for success

- 
1. CORPORATE GOVERNANCE
 2. SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM
 3. ETHICAL ISSUES
 4. SUPPLY CHAIN

■ The monitoring of the sustainable development agenda is integrated into the Group's corporate governance system. In this connection, the relevant issues are considered at various levels, namely from the top strategic governing body to executive bodies and heads of particular business divisions. This approach facilitates the prompt assessment of the effectiveness of managerial decision-making in the areas of the Company's environmental and social impact. The approach contributes to making necessary alterations and making provision for these alterations within the Group's strategic projects.



Corporate Governance

Over the years, Cherkizovo has developed a corporate governance structure that allows for effective interaction between all divisions and the leadership of the Company's operations in the interests of shareholders.

The supreme authority bodies of the corporate governance are

- General Meeting of Shareholders;
- Board of Directors;
- Chief Executive Officer;
- Management Board.

BOARD OF DIRECTORS

The Board of Directors of Cherkizovo Group is a collegial body of strategic management that provides general leadership and management of the business operations. The powers and functions of the Board of Directors are outlined by law and the [Company's Charter](#).

As of the end of 2022, the Board of Directors of Cherkizovo Group included **seven members, with four independent directors**.

The Board of Directors is responsible for:

- strategic projects and the Company development plan;
- financial performance, annual budget and capital investment program;
- merger and acquisition transactions;
- internal control and risk management;
- innovations, information technologies development and enterprise management systems;
- HR policy;
- internal documents approval.

All issues are preliminarily evaluated at committees held by the Board of Directors, whereby recommendations are provided to make final decisions concerning the related issues.

In the reporting year, the Board of Directors was holding the following Committees¹:

1. THE AUDIT COMMITTEE

The Committee included four members of the Board of Directors. All members of the Committee were independent directors.

2. THE PERSONNEL AND REMUNERATION COMMITTEE

The Committee included four members of the Board of Directors. All members of the Committee were independent directors.

3. INVESTMENT AND STRATEGIC PLANNING COMMITTEE

The Committee included seven members of the Board of Directors. The four members were Independent Directors.

In 2022, the Board of Directors held 10 meetings. All meetings were held in presence, including meetings via conference call.

The key issues evaluated during 2022 were

- Approval of the payment provisions for the Management Board members;
- Approval of a new prospectus for securities (listed bonds);
- Issues on business development;
- 2023 budget approval;
- Report on the project progress in ESG;
- Change of the Registrar.

Beyond that, the Board of Directors considered the issues related to environmental, social and climate change impacts, according to the reports of the Chairpersons of the Board Committees.

MANAGEMENT BOARD

The Management Board is a collegial executive body of the Company that manages the Company's activities and is subject to reporting to the Board of Directors. As of the end of 2022, the Management Board includes **15 members**. The gender balance is **80%** of male and **20%** of female members in the Management Board.

The Management Board is chaired by the Group CEO¹, who leads the Company's day-to-day operational activities.

The key functions of the Management Board and the CEO are the following:

- Management of the Company's assets to increase their profitability;
- Improving the efficiency of the internal control system and risk monitoring system;
- Ensuring compliance with the rights and legitimate interests of shareholders.

REMUNERATION TO THE SUPREME EXECUTIVES OF THE CORPORATE GOVERNANCE

Professional competencies and comparability of remuneration with other companies in the industry are the factors underlying the remuneration of the Company's executive management. Remuneration consists of fixed and variable components.

Payments of variable remuneration depend on the KPIs performance stipulated in the incentive system for employees and executive management. General KPIs are applicable to all employees of the Company, while individual KPIs are used for a specific segment or division under the leadership of an executive official. The Board of Directors considers the approval and tracking of KPIs by the Company's senior executives.

Besides the general annual performance bonus system, the executive incentive plan includes special incentive programs. For special programs, individual high-level KPIs are approved to motivate executives to achieve the best performance results. One such incentive program, for example, is an incentive program linked to the market value of the Company's shares.

Remuneration to the Board of Directors

The Board of Directors' remuneration system includes fixed cash remuneration and variable remuneration linked to changes in the market value of shares.

Fixed remuneration is paid on a quarterly basis. Variable remuneration is paid via a special long-term bonus plan under which Directors are granted with a certain number of so-called phantom shares of the Company. The Directors are entitled to receive money in exchange of phantom shares granted two (maximum four) years later. This system complies with the recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia and ensures that Board members are able to focus on creating long-term business value.





RISK MANAGEMENT SYSTEM

Cherkizovo Group strives to promptly manage risks throughout all divisions, projects and business processes ensuring consistency and effectiveness of measures to achieve strategic and operational objectives. All the risks are regularly identified, assessed, monitored and controlled.

The relevant actions are taken to prevent and minimize risks.

The Company's risk management and internal control system is based on the best international and Russian practices, including concepts developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM), ISO 31000:2018 "Risk management", and recommendations of the Bank of Russia. The Company's main document regulating key provisions, principles, goals and objectives in this connection is the Company's Risk Management and Internal Control Policy approved by the Board of Directors.

ORGANIZATIONAL SYSTEM OF THE COMPANY'S RISK MANAGEMENT



Cherkizovo Group established the Risk Committee to coordinate all divisions and employees involved in the risk management process. Sustainability risk management is incorporated in the corporate risk management and internal control system. The main groups of ESG risks were reviewed at the Risk Committee meeting in 2022.

Risk name	Risk description	Risks mitigation actions
ENVIRONMENTAL CONSIDERATIONS (E)		
Environmental risks	Risks of negative environmental impact due to the discharge of untreated wastewater into water bodies associated with third-party slaughter waste disposal companies, as well as risks related to weather conditions or natural phenomena	<ul style="list-style-type: none"> Control over compliance with emission standards for harmful substances; Timely signing of contracts with specialized disposal companies and preventive maintenance of emission control equipment; Insurance of risks of natural disasters;
Legal risks	Compliance risks when extracting groundwater or handling animal by-products	<ul style="list-style-type: none"> Monitoring of modifications in legislation; Applying to financial authorities for clarifications on controversial issues; Developing and applying technologies to reduce or neutralize animal by-products;
SOCIAL DIMENSIONS (S)		
HR risks	Violation of labor laws, insufficient professional qualification of employees and high turnover of personnel	<ul style="list-style-type: none"> Monitoring of labor law to control compliance with employee rights; Updating the system of recruitment, adaptation, assessment, training and development of personnel, as well as holding engagement assessment; Holding interviews with key employees to identify the reasons for their dismissal; Establishment of a management talent pool;
Occupational health and safety risks	Risks of non-compliance with safe working conditions and employee health	<ul style="list-style-type: none"> Regular training of employees in hazardous occupations and control over compliance with safety rules; Usage of special protective clothing, footwear, personal and collective protective equipment; Workplace certification, plans to improve working conditions and safety requirements for technological and production processes;
Reputational risks	Reputational risks associated with a decrease in the quality of manufactured goods	<ul style="list-style-type: none"> Timely preventive maintenance and replacement of worn-out equipment; Updating standards and improving the quality control system at every stage of production to meet requirements; Analyzing the causes of quality deficiencies and taking actions to prevent its recurrence;
GOVERNANCE ASPECTS (G)		
Risks of information security	Risks associated with leakage of confidential information and information related to the Company's intellectual property	<ul style="list-style-type: none"> Backup of accounting systems data; Monitoring of changes in the regulatory framework for mandatory disclosure of information; Training of specialists responsible for information disclosure and information security trainings for all employees; Actions to reduce losses and neutralize lost information.

Sustainable development management system

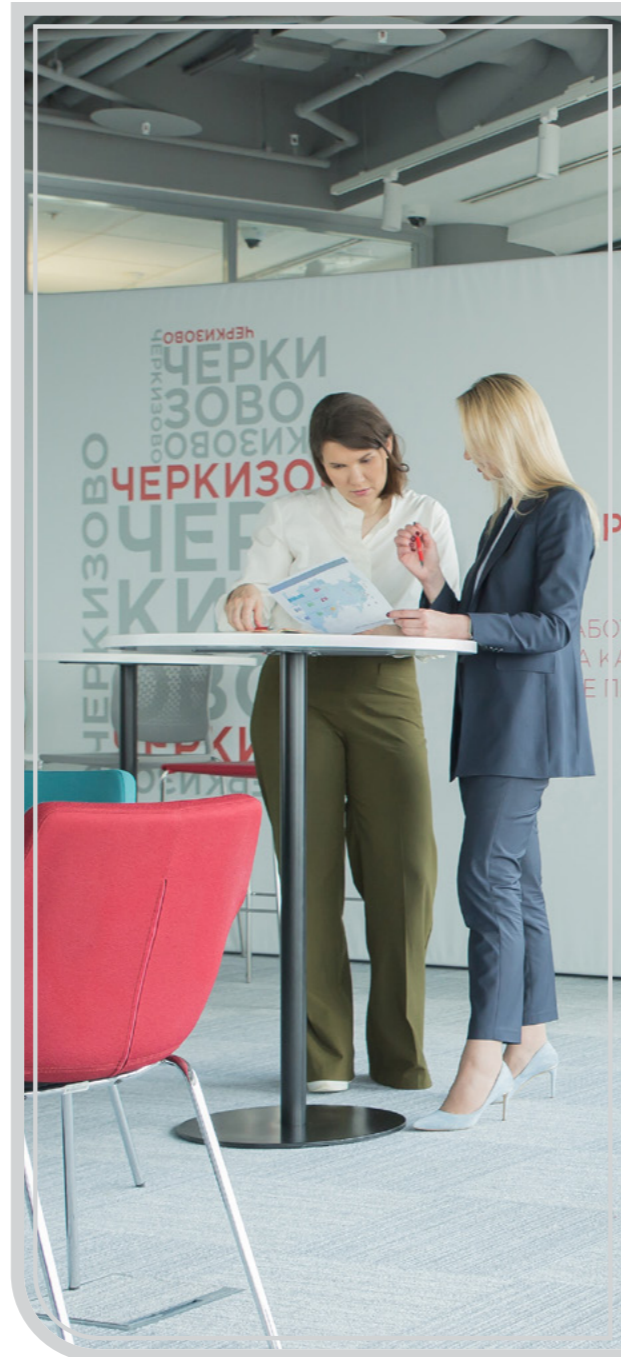
Despite changes in the external context, in 2022 we continued to work on sustainability projects, incorporating the relevant principles into production and operational processes.

Despite changes in the external context, in 2022 we continued to work on sustainability projects, incorporating the relevant principles into production and operational processes.

The implementation of sustainability projects is carried out by the Government Relations Department, part of the Communications Directorate, namely the Corporate Social Responsibility and Sustainability Department. Functions and commitments are distributed among various divisions in accordance with their KPIs and are carried out at the level regulated by internal policies for each specific area. The Sustainability Department is only responsible for certain projects and non-financial reporting.

The main regulatory documents in the area of sustainable development are individual local regulations for specialized divisions, such as the Environmental Policy, Supplier Code, Regulations on Remuneration, Regulations on the Procedure for Charitable and Sponsorship Activities, and other specialized regulations. In 2024, the Company plans to approve the Sustainability Policy.

Sustainability commitments are communicated to the Company's employees through internal mailings, open publication on internal resources, as well as trainings. External parties become aware of this information by familiarization when signing contracts and via public resources, including the [Company's website](#).



Ethical issues

Cherkizovo Group takes a responsible approach in adhering to the principles of business ethics, maintaining fair competition, building an anti-corruption system and complying with legal requirements. The Business ethics principles are fundamental to our relationships with all stakeholder groups.

0 number of confirmed cases of corruption violations and cases of significant fines¹ and non-financial sanctions for non-compliance with legal and regulatory requirements in the social and economic spheres.

Ethics and compliance issues in the Company are managed by the Legal Risk Management Department, which is a part of the Legal Support Directorate.

THE COMPANY'S MAIN INTERNAL REGULATORY DOCUMENTS REFLECTING OUR VALUES, PRINCIPLES AND ETHICS OF BUSINESS BEHAVIOR ARE

- 1** Code of Corporate Ethics;
- 2** Anti-Corruption Policy;
- 3** Policy on Responding to Suspicions of Misconduct, Violations, Abuses of the Company;
- 4** Regulations on the procedure for providing sponsorship and charitable assistance.

In the reporting year, we launched a number of e-learning trainings for all Company employees on anti-corruption risks and personal data protection.

The Company strictly complies with the legislation on protection of competition, which allows us to support technological development and strengthen our market position solely on the basis of the high quality of our products. The Company regularly interacts with regulatory authorities on issues of pricing for socially important products and strives to respect the interests of all parties. In order to prevent discrimination against counterparties a [Sales and Trading Policy](#) has been developed.

¹ By «significant» the Company means those that can have an impact on the financial performance of the Group



In order to file complaints and receive advice on compliance, corporate ethics and corruption, the Company's employees, consumers and counterparties can contact the hotline. This information is available on the Company's website.

Hotline

Any employee or external party can contact the Company through one of the hotline channels and report cases of violation of their legal rights or the Company's interests. The Company ensures confidentiality of appeals, guarantees complete anonymity and no persecution of diligent complainants.

Hotline communication channels:

external telephone number – 8 (800) 250 68 34;
internal number – 12500;
e-mail: hotline@cherkizovo.com.

All appeals are received by the Internal Control Department, where, after internal assessment, they are passed on to the responsible divisions.

At the strategic level, ethics and compliance issues are addressed by the Risk and Compliance Committee.

Beyond the hotline, an Anti-Corruption Undertaking is signed to contracts with counterparties, which also contains information on communication channels in case of reporting corruption violations. The clause requires the counterparty to inform Cherkizovo in writing of any reasonable suspicion of a corruption offense. All appeals are registered and categorized by topic.

In 2022, 22 appeals were received, of which

- 14 appeals were related to labor discipline and salary payment issues;
- 6 appeals were related to issues of suspected misconduct, violations and abuses;
- 2 appeals were related to biosecurity issues.

In the event of suspected misconduct, violations and abuses, the Security Directorate holds internal inspections, which result in appropriate measures, such as strengthening controls at the enterprises, imposing disciplinary penalties or involving law enforcement agencies.

Equally important for us is the adherence to the principle of ethics in our interaction with our customers. For the purposes of ensuring responsible marketing, we verify and confirm all observations on our product packaging:

- labels on the quality composition of the products are confirmed by the product formulation and controlled by internal research as well as external checks within the product quality monitoring;
- labels on ecological products are confirmed by GOST (the All-Russian Governmental Standards) compliance and various ratings;
- within the framework of packaging materials, the labels are confirmed by the counterparty-seller of packages, who possesses the appropriate confirmation such as certificates, specifications and other documents.



Supply chain

Cherkizovo Group cooperates with many suppliers of various goods and services, developing not only its own business, but the business of its partners as well.

In our work, we concentrate our efforts on the formation of long-term and mutually beneficial relationships, fair and transparent management of the procurement process, interaction with partners that are capable of meeting our standards of quality, industrial safety, environmental protection and business ethics and integrity.

The supply chain is managed by the Director for Procurement, Logistics and Supply Chain and is governed by the Counterparty Code of Conduct, as well as by internal documents on the selection and vetting of counterparties. All counterparties are invited to sign an anti-corruption clause and tax disclosure agreement.

Procurement management has three key areas of focus:

- **AGRO procurement:** ingredients for animal feed, veterinary drugs, feed components, grain, plant protection agents and other components necessary for the process of growing grain and its processing into fodder ingredients;
- **Direct procurement:** packaging, ingredients for finished products, veterinary drugs;
- **Indirect procurement:** administrative expenses, services, insurance, spare parts, etc.

Compliance with supplier rights

The procurement management system requires ongoing transparency and accountability at all stages of the procurement process. For these purposes, within the indirect procurement, we hold tenders on the TenderPro electronic trading platform. The supplier is selected in light of the requirements of Cherkizovo Group's Procurement Policy.

In our procurement activities, we are always guided by market prices and the results of internal tender procedures to ensure an optimal price/quality ratio. The present approach allows us to consider the interests of suppliers.

CHANGES IN PROCUREMENT PROCESSES

In 2022, the Company faced a number of challenges in light of the geopolitical situation and posterior consequences. Due to the team's coordinated work, we managed to adapt our business processes in the shortest possible time, maintaining efficient operations across the entire supply chain and avoiding any critical losses.

CHANGES IN PROCUREMENT PROCESSES

1 Changing logistics flows

We made changes to logistics processes for a certain range of products. We used new ports and customs points, added third countries within the parallel imports.

2 Financial aspects

We transferred servicing of some contracts to new banks, which retained the ability to make payments and transactions in foreign currency and, despite exchange rate fluctuations, were able to avoid a significant increase in the cost of purchases.

3 Sanctions and restrictions on work with suppliers

We changed for alternative suppliers and the development of parallel import routes, once a number of goods fell under sanctions and previous suppliers refused to work with Russian companies.

LOGISTIC MANAGEMENT AND FINISHED PRODUCTS DELIVERY

In our work, we focus on minimizing potential environmental and social impacts not only at the procurement and production stage, but also at the stage of delivery to end consumers, while maintaining a focus on the quality and freshness.

Cherkizovo Group's commercial logistics facilities are located in 18 regions of Russia. Over **2,000 employees** are employed and **750 vehicles** are used to deliver products to more than **115,000 locations** across the entire country on a daily basis.

Delivery control

During transportation with the help of the IT solution, we carry out ongoing delivery control, which monitors the temperature of cargo transportation in real time on our own and rental vehicles. More than 1,700 vehicles have already been connected to the system, which is 100% of our own fleet and 60% of rental vehicles that perform up to 700 routes daily. The software was elaborated by a Russian contractor and is second to none in the market.

Within the development of the monitoring system, the second stage of the project was launched, which enables dispatching of trips and monitoring of such parameters as timely arrivals for loading, departure on the route, trip progress and trip completion.



Warehouse monitoring

Based on the equipment for online control of temperature parameters, which consists of wireless sensors and a network gateway, the Company's subject-matter experts elaborated an IT product that allows real-time monitoring of the temperature in all warehouses with a detailed view of the storage chamber and an individual sensor.

Alongside this, a reporting system has been developed, with information stored for three years. 27 warehouses of the Group and more than 400 sensors are connected to the program with implementation in the web interface. Monitoring screens have been created for the warehouse shift supervisor, the warehouse group manager and the Head of the entire warehouse division. There is also a warning system that sends SMS messages and e-mails to the responsible employees about deviations of the storage conditions in warehouses compared to the specified parameters.

In the reporting year, the Group held the Ideal Warehouse Competition program aimed at achieving a high level of compliance of the Company's warehouses with industry standards, government requirements and overall best practices. The program is built on a competitive basis. Its goal is to identify the warehouse with the best practices.

During the in-presence audits, an assessment with a number of requirements such as quality, operational excellence, personnel, occupational health and safety, fire safety and others was carried out. The assessment included more than 230 parameters, each of which had a proportion in conditional points. Beyond that, the best warehouses in the area of quality, occupational safety, progress made during the year and other indicators were highlighted.



In 2022, as part of our efforts to improve environmental efficiency along the entire value chain, we began changing some of our fleet units to cleaner fuels. We launched the purchasing of gas-powered vehicles and testing electric vehicles (heavy-duty equipment and forklifts).

As another measure, in 2022, we launched a wooden pallet turnover project. The Company returned for reuse more than 1.2 million units of pallets from distribution centers of federal chains, retail stores and city delivery routes. Pallets at all Cherkizovo Group sites were also repaired, which in total prevented the felling of more than **180,000 trees** or over **400 hectares of woodland**.

Environmental protection

The recipe for success

1. MANAGEMENT APPROACH
2. BIODIVERSITY AND ANIMAL WELFARE
3. AIR EMISSIONS AND ENERGY CONSUMPTION
4. WASTE MANAGEMENT
5. WATER RESOURCES

■ The environmental protection is one of our Company's key priorities. Cherkizovo Group complies with all applicable requirements of Russian legislation and adapts international best practices to minimize any negative environmental impact and improve resource efficiency.

Due to modernization and cutting-edge equipment implementation, including its own treatment facilities, in 2022 the Group managed to reduce the category of negative environmental impact from the first to the second and third categories at more than 60 facilities.

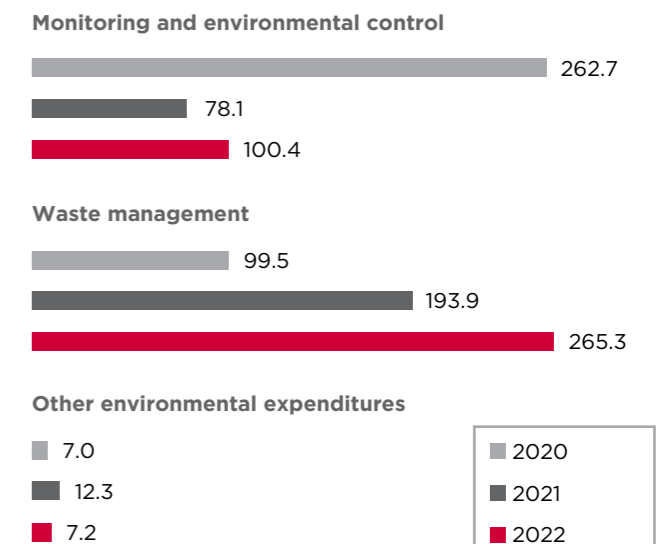
Cherkizovo Group manages environmental issues in the following areas:

- monitoring over compliance with environmental requirements and applicable standards at production sites;
- monitoring of environmental conditions at production sites;
- industrial environmental monitoring;
- obtaining necessary authorization documents for rationing of negative impact in accordance with the requirements of environmental legislation;
- development and updating of internal regulatory documents in environmental protection issues.

The volume of the company's investments in environmental protection amounted to

RUB 373 mln

VOLUMES OF INVESTMENTS IN ENVIRONMENTAL PROTECTION BY AREAS, RUB mln



Management approach

ORGANIZATIONAL STRUCTURE OF ENVIRONMENTAL MANAGEMENT

The Company's environmental management system is based on an environmental policy that reflects the Group's relevant strategic goals and business lines. Direct management of environmental issues is carried out by the Environmental Safety Department, which in 2022 consisted of five regional groups.

The growth in the number of the Company's full-time employees in 2022 for the Ecology function is

+20%

For each group, goals are set for the entire year considering the priority areas, subordinate legal entities or production sites. In order to achieve the goals and objectives, annual work plans are developed and reports are generated to assess the performance.

ENVIRONMENTAL IMPACT

To be able to track the dynamics of environmental impact indicators, the Company annually collects data on key areas of its environmental impact. The collected data is available in the present report and in the annual reports of previous years.

PENALTIES AND NON-FINANCIAL SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS OR REGULATIONS

	2020	2021	2022
The number of significant cases of non-compliance with legal and/or regulatory requirements	0	1	1
The number of cases of monetary penalties	15	18	11
The number of cases of non-financial sanctions	0	0	0
Total amount of monetary penalties	1,535,910	3,542,000	1,529,000

The violations detected during the reporting year were related to expired approvals.

For the purposes of preventing violations, environmental protection plans are approved for each legal entity of the Group. The plans implementation is assessed at weekly meetings.

Beyond that, in order to prevent any negative impact, an Attachment with conditions for ensuring environmental protection and industrial safety requirements is signed with all service providers when concluding contracts.



Employee engagement

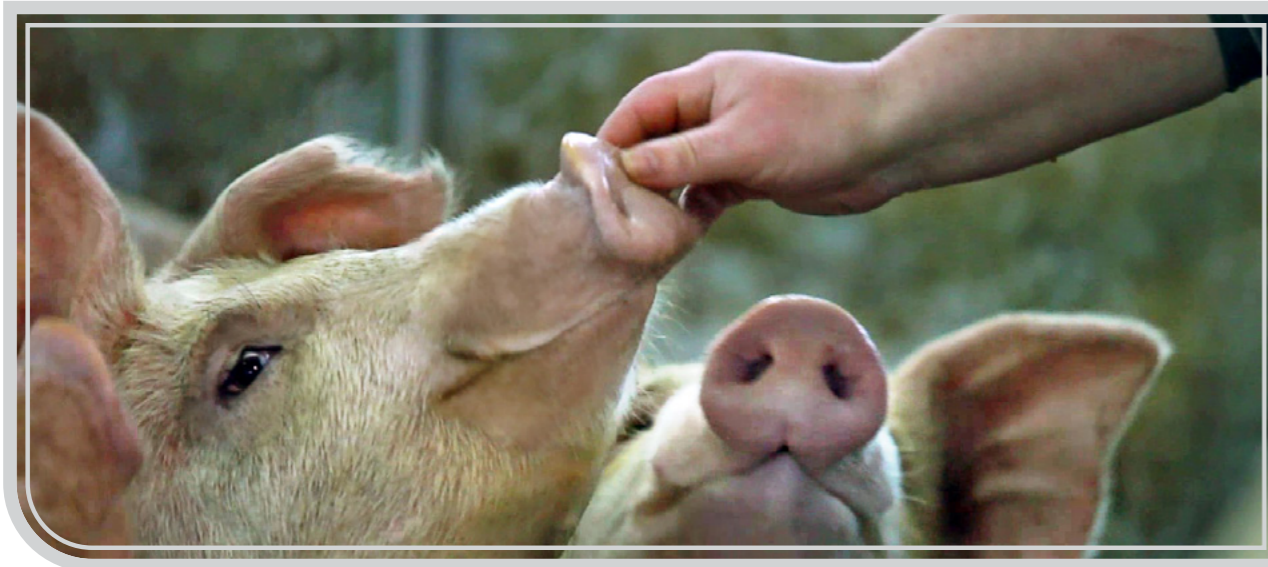
In addition to developing our own environmental practices, we also strive to popularize the practices among our employees.

Group employees regularly participate in various environmental awareness initiatives and events, such as Earth Hour or Car-Free Day. In addition, Cherkizovo Group enterprises annually participate in environmental campaigns to collect waste paper and electronic waste, as well as in the All-Russian Eco-Dictation.

The Company has developed information documentation on environmental education, such as leaflets, check lists on environmental safety. Information exhibition stands dedicated to environmental protection were placed at production facilities.



Biodiversity and animal welfare



The Company has no significant impact on the biodiversity in the regions of presence. The Company regularly monitors its biological impact. The environmental control is also aimed at preventing the spread of any diseases among animals.

In our work, we are guided by the international requirements for the animal welfare, which regulate and provide recommendations on the treatment of animals in the breeding process and at all other stages of production processes. For instance, in accordance with the standard criteria, floor housing has been implemented at almost all of the Group's production sites, except for Kursk and Altai regions, where cage keeping is still in place.

Particular attention is paid to the quality of fodder, produced by our Company. Compound feed recipes are prepared in accordance with nutritionist's recommendations and animal health data. As a result, the livestock is provided with nutrition with a balanced content of proteins, microelements, vitamins and amino acids.

Beyond that, in the reporting year, special training on humane treatment of animals during loading, transportation and pre-slaughter was conducted for the Pork segment management. The Company also monitors in real time the speed of vehicles transporting animals and its compliance with the adopted regulations aimed at reducing the possibility of injury and reducing the level of stress among animals during transportation. In addition to speed, regulations take into account other factors to ensure comfortable transport conditions, including special transport equipment, temperature and ventilation control, comfortable positioning of animals and various devices to minimize potential injuries.



Air emissions and energy consumption

AIR EMISSION MANAGEMENT

In 2022, within the industrial environmental monitoring, the dust and gas cleaning equipment was assessed. Timely maintenance and repairs were performed. Also, microbiological and chemical preparations were applied to reduce ammonia and hydrogen sulphide production from animal products, which minimized the impact of air pollutant emissions.

The increase in gross emissions relative to 2021 is due to an increase in the Company's production capacity.

Cherkizovo Group does not emit hazardous air pollutants, mercury, lead or persistent organic pollutants during its operational activity.

AIR POLLUTANT EMISSIONS, t

	2020	2021	2022
NOx (nitrogen oxides)	798.9	827.6	1,001.3
SOx (sulphur dioxide)	19.3	27.1	27.7
Volatile organic compounds (VOCs)	1,403.6	1,464.6	1,525.9
Particulate matter	666.6	649.8	1,207.0
Other standard air emission categories as defined in the relevant regulations ¹	949.0	1,714.9	1,595.5
Total	3,837.4	4,684.0	5,357.4



¹ Other standard emission categories include ammonia, hydrogen sulfide, methanol, hydroxymethylbenzene, feed dust, etc.

**AIR EMISSIONS OF SPECIFIC POLLUTANTS BY TYPE OF SUBSTANCE, t**

	2020	2021	2022
Benz(a)pyrene (3,4-Benzopyrene)	0.00046	0.00074	0.00533
Sulfuric acid	0.26	0.15	0.19
Carbon (carbon black)	7.16	11.13	11.03
Gasoline (petroleum, low-sulfur) (in terms of carbon)	1.36	1.57	2.45
Inorganic dust: 70-20% silicon dioxide (SiO ₂)	0.00109	0.00009	0.00011
Manganese and its compounds (in terms of manganese (IV) oxide)	0.00894	0.01028	0.01164
Formaldehyde	279.67	304.68	286.84
Other specific substances	2,394.28	2,298.22	2,758.66
Total	2,682.74	2,615.76	3,059.19

The key measures in the area of reducing the impact on air pollution planned for the medium term are as follows:

- installation of modern technologies and equipment at new and reconstructed facilities;
- replacement and modernization of dust and gas cleaning equipment at existing facilities.

ENERGY CONSUMPTION

In order to improve energy efficiency and reduce its environmental impact, Cherkizovo Group conducts energy audits of production sites, optimizes equipment operation modes, and implements the “savings” projects (assessing the economic effect of energy and resource saving measures).

SAVINGS

In order to improve production processes, a saving program has been introduced, where employees have the opportunity to make proposals to improve processes related to resource consumption.

All proposals undergo an economic assessment and cost effectiveness, scale analysis within the Company. Then, a decision is made whether to implement the proposal. As part of the savings program, **RUB 48.3 million** was saved. Specific electricity consumption at processing plants decreased by an average of **7%** and water consumption decreased by **9%** compared to 2021.

**TOTAL CONSUMPTION OF PURCHASED POWER SUPPLY**

Type of power	UoM	2020	2021	2022
Electricity	Thousand kWh	608,474	580,001	686,606
Heat	Gcal	54,668	49,872	52,688

On an ongoing basis, the Company is expanding its production, which causes a general increase in energy consumption. The main consumers of electrical and thermal energy are production sites.

FUEL CONSUMPTION

A significant part of fuel is used for agricultural equipment in the processing of fields, as well as in logistics supplies within the Company business processes. Natural gas is used for power generation due to the remoteness of the Company’s main production facilities from centralized electricity and heat supply.

Consumption	Type of fuel	UoM	2020	2021	2022
Transport	Diesel	Thousands of liters	32,320	41,001	42,473
	Gasoline	Thousands of liters	3,706	3,623	3,962
Power generation	Natural gas	Thousands of liters	273,795	356,210	233,095
	Diesel	Thousands of liters	165	98	352

REFRIGERANT AGENTS

The Company owns a substantial amount of industrial refrigeration equipment. Some refrigerants used are natural and contribute less to climate change.

	UoM	2020	2021	2022
Refrigerants charged, total	kg	88,100	38,598	49,437
Natural refrigerants charged ¹	kg	2,785	1,885	16,620

Large volumes of charged refrigerants in 2020 are related to internal renewal and repair of industrial refrigeration equipment, air condition equipment and chillers. The decrease in refrigerants charged in 2021 as compared to 2020 is due to optimization of works on renewal and repair of the Company’s equipment, as well as due to the fact that all large-scale works were completed in 2020. In 2022, the Company’s refrigerant charge volume increased due to ongoing equipment maintenance processes and Cherkizovo’s increased production capacity. At the same time, the volume of natural refrigerants with zero global warming potential increased in 2022, accounting for 34% of the Group’s refrigerant charge volume.

¹ R-600 (isobutane), R-717 (ammonia)

GREENHOUSE GAS EMISSIONS

Cherkizovo is one of the few companies involved in meat and compound feed production that monitors its greenhouse gas (GHG) emissions. Two methodologies are used in this process, namely international (GHG Protocol) and Russian (orders of the Ministry of Natural Resources and Environment of Russia) methodologies.

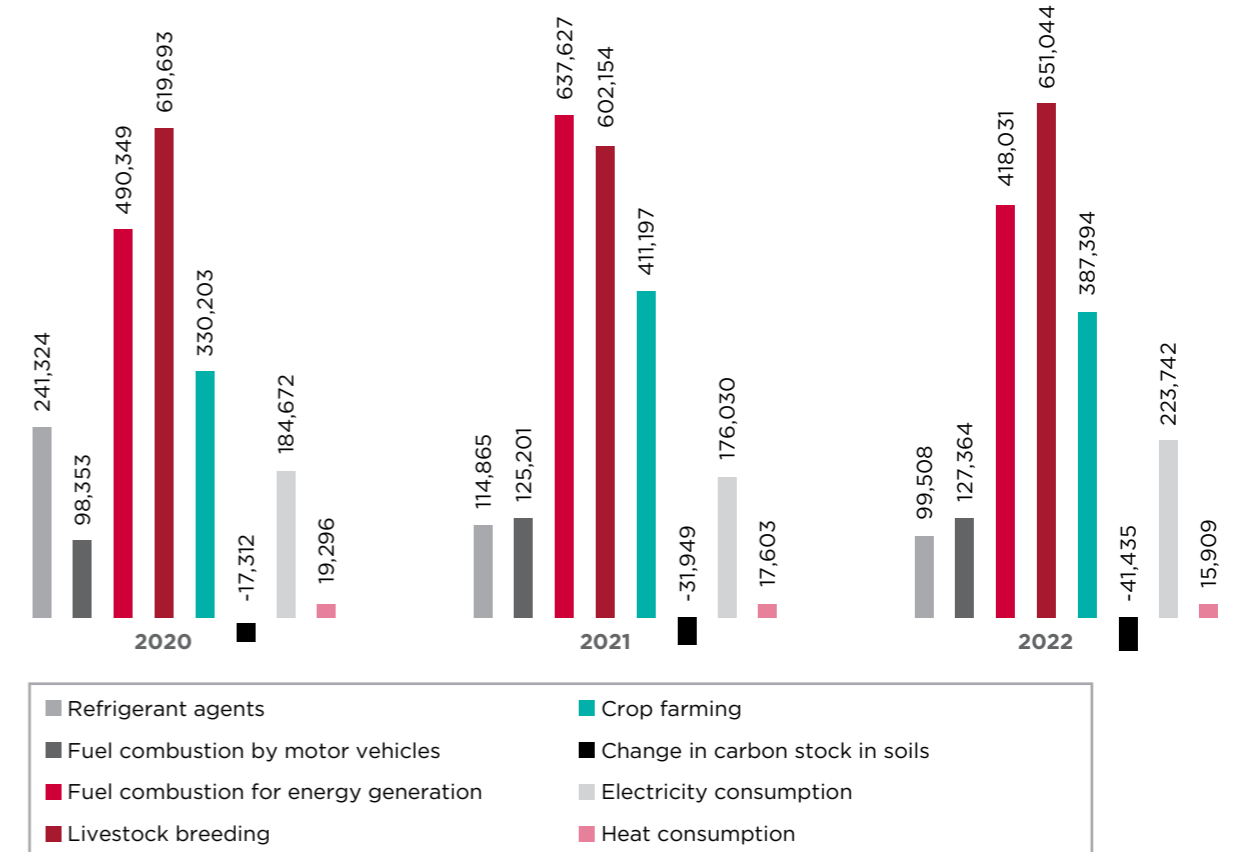
GREENHOUSE GAS EMISSIONS (GHG PROTOCOL METHODOLOGY)

Показатель	Ед. изм.	2020	2021	2022
Total GHG emissions (Scope 1 + Scope 2)	CO ₂ -eq, t	1,966,578	2,052,729	1,881,558
Direct GHG emissions (Scope 1)	CO ₂ -eq, t	1,762,610	1,859,095	1,641,907
Refrigerant agents	CO ₂ -eq, t	241,324	114,865	99,508
Fuel combustion by motor vehicles	CO ₂ -eq, t	98,353	125,201	127,364
Fuel combustion for energy generation	CO ₂ -eq, t	490,349	637,627	418,031
Livestock breeding	CO ₂ -eq, t	619,693	602,154	651,044
Crop farming	CO ₂ -eq, t	330,203	411,197	387,394
Change in carbon stock in soils	CO ₂ -eq, t	-17,312	-31,949	-41,435
Indirect GHG emissions (Scope 2)	CO ₂ -eq, t	203,968	193,634	239,652
Electricity consumption	CO ₂ -eq, t	184,672	176,030	223,742
Heat consumption	CO ₂ -eq, t	19,296	17,603	15,909

The majority of greenhouse gas emissions are direct GHG emissions (Scope 1), which is related to the specifics of the Company's operations (large fleet of agricultural machinery) and the location of facilities (remoteness from centralized power and heat supply). Concurrently, about half of the emissions are directly related to agricultural activities, such as emissions from animal breeding and animal activity, as well as emissions related to crop cultivation.



GHG EMISSIONS (SCOPE 1 + SCOPE 2), CO₂-EQ, t¹



GREENHOUSE GAS EMISSIONS (RUSSIAN METHODOLOGY)

Parameter	UoM	2020	2021	2022
Total GHG emissions (Scope 1 + Scope 2)	CO ₂ -eq, t	723,299	867,664	782,381
Direct GHG emissions (Scope 1)	CO ₂ -eq, t	503,872	655,232	543,100
Fuel combustion for energy generation	CO ₂ -eq, t	503,872	655,232	420,408
Fuel combustion by motor vehicles	CO ₂ -eq, t	n/a	n/a	122,692
Indirect GHG emissions (Scope 2)	CO ₂ -eq, t	219,427	212,432	239,281
Electricity consumption	CO ₂ -eq, t	200,188	194,880	223,742
Heat consumption	CO ₂ -eq, t	19,239	17,551	15,539

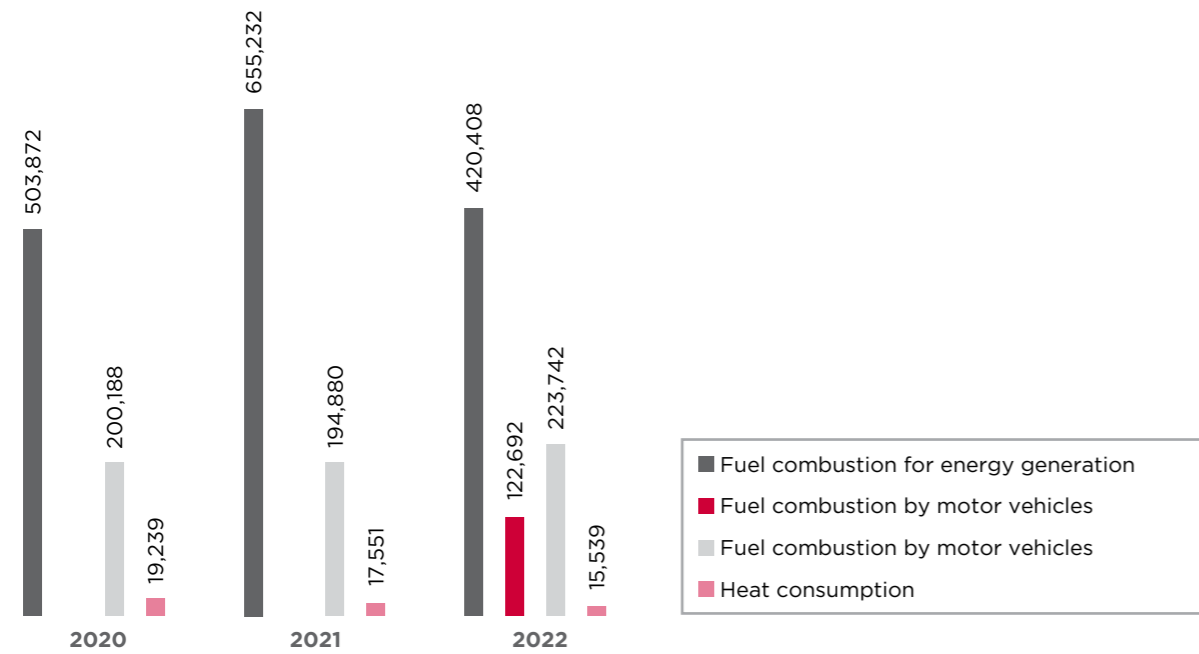
The value of direct GHG emissions (Scope 1) according to the Russian methodology is significantly lower in comparison to the international methodology, which is due to the different approach to their calculation. The Ministry of Natural Resources and Environment of the Russian Federation² considers only direct emissions from fuel combustion for power generation and fuel combustion by transport units. In contrast to the international methodology GHG Protocol, which more fully assesses the sources of direct emissions, such as use of refrigerant agents, agricultural activities, etc, the growth of direct emissions is associated with an increase in the consumption of resources for own energy generation at remote industrial facilities.

¹ GHG Protocol methodology

² GHG emission values for 2020-2021 were calculated based on the Russian Ministry of Natural Resources Order No. 300. In 2023, the Russian methodology for calculating direct GHG emissions was updated. GHG emission values for 2022 were calculated based on Russian Ministry of Natural Resources Order No. 371

In line with the Russian methodology, the greenhouse gas sinks for 2022 were also estimated at the level of **2,160,477 CO₂-eq, t**. This parameter significantly differs from the values estimated according to the international methodology due to differences in the approach to calculation. The international methodology takes into account GHG absorption only as a result of crop rotation, in contrast to the national methodology, which reveals the processes of absorption from fertilizer application in the soil, which is a more significant process for Cherkizovo Group.

GHG EMISSIONS (SCOPE 1 + SCOPE 2), CO₂-EQ, t¹



GREENHOUSE GAS EMISSIONS PER SEGMENTS (GHG PROTOCOL METHODOLOGY)

Parameter	UoM	2020	2021	2022
GHG emissions (Scope 1+Scope 2)	CO₂-eq, t	1,966,578	2,052,729	1,881,558
Chicken	CO ₂ -eq, t	860,836	969,958	890,295
Pork	CO ₂ -eq, t	462,282	434,868	363,615
Turkey	CO ₂ -eq, t	38,578	54,596	88,342
Crop farming ²	CO ₂ -eq, t	317,904	434,457	395,537
Meat processing	CO ₂ -eq, t	286,978	136,283	140,427
Oil and fat segment	CO ₂ -eq, t	-	22,567	3,342

When estimating indirect GHG emissions, we used emission factors for electricity generation in Russia, available for general public for ATS, LLC.³

Due to the absence of GHG emission coefficient for heat generation in Russia in open sources, this coefficient was calculated on the basis of Russian Federal State Statistics Service data on fuel consumption for heat generation in 2022.

¹ Russian methodology

² In the crop farming segment, GHG uptake is taken into consideration

³ ATS is an Administrator of the trading system of the wholesale electricity market



Waste management

Minimizing waste generation and its reuse is an important part of our environmental policy. The Company enterprises organize sites for separate accumulation of waste, sort it by type and hazard class. The accumulated waste is sorted for recycling, as well as for burial or neutralization, to third parties.

Waste reuse or recirculation is an absolute priority. In 2022, almost **16,000 tons of waste** were prepared for reuse, mainly animal waste for use as organic fertilizer. Since 2023, animal waste (manure, droppings) has been transferred to a separate classification of ABP (animal by-products) and will not be accounted as waste in the future. Wastes from meat processing are processed into bone-muscle meal and bone-feather meal, which are subsequently used as raw materials for animal feed production.

Thus, in the reporting year, we produced more than **1.5 thousand tons of bone meal** and more than **460 tons of fat from processed pig bone** residue. The meat and bone meal produced from these products is sufficient to meet the annual protein requirements of more than **800,000 chickens**.

In 2022, Cherkizovo's waste generation amounted to approximately **159,433 tons**, **77.4%** of which was Class IV low-hazard waste. Compared to 2021, the volume of waste generation decreased by more than **30%** due to both the Company's initiatives to optimize waste-generating processes and the specifics of accounting in accordance with the country's legislation. Organic wastes in the form of manure and dung are classified as fertilizers and excluded from the list of products accounted for as waste as soon as the relevant documents are issued.

WASTE GENERATED BY THE COMPANY, t

*	Waste types generated by the Company	2020	2021	2022
I	Mercury vapor lamps	64.9	23.3	221.0
II	Batteries and accumulators	10.6	19.1	10.0
III	Waste mineral motor oils, oil filters, oil product containers and rags contaminated with oil products	59,982.1	52.7	2,419.0
IV	Municipal solid waste, office equipment waste and sawdust litter waste from poultry houses	286,671.9	205,527.1	123,466.0
V	Paper waste, food waste and waste from mechanical cleaning of grain	23,057.0	29,000.6	33,317.0
Total		369,786.5	234,622.8	159,433.0

In 2022, the Company sent 51,731 tons of waste for incineration and landfilling. In addition, 95,000 tons of waste sawdust litter from poultry housing was neutralized and transported to a composting site, where it became organic fertilizer following six months of storage.

Water resources

The Company takes necessary measures for timely renewal and development of infrastructure, introduction of the best available technologies and deployment of modern wastewater treatment systems.

Key actions for 2022 in the field of water consumption reduction are as follows:

- control over rational water use in technological cycles and application of "economical" devices (nozzles, atomizers, shut-off valves, etc.);
- cleaning of heat-exchange equipment from water stone and installation of ultrasonic cleaning systems;
- optimization of chemical water treatment in water recycling systems.

The Company consumes water from its own water intake artesian wells or central water supply systems. The impact on water resources is monitored in line with the production monitoring program.

To use wells as a source of technical or drinking water, subsoil use licenses are issued, under the terms of which the necessary permits are approved. The groundwater level and quality is regularly measured both with the involvement of an accredited laboratory and by the Company's own resources.

TOTAL WATER WITHDRAWAL, thousand m³

	2020	2021	2022
Surface water	3.94	7.11	0.0
Groundwater	16,182.61	15,306.88	16,579.45
Water provided by third parties	11.64	8.10	7.06
Municipal and other water supply systems	1,978.42	2,206.32	2,180.93
Total water withdrawn	18,176.61	17,528.41	18,767.44

Consumption growth in the reporting year was due to the expansion of production capacities.

TOTAL WATER DISCHARGE, thousand m³

	2020	2021	2022
Surface facilities	2,871.38	2,886.86	3,454.73
Water provided for use by third parties	7,329.31	7,679.99	7,857.25
Total water discharged	10,200.69	10,566.85	11,311.98

As part of production control, the Company monitors the efficiency and quality of wastewater treatment. Timely measures are taken to correct and adjust equipment, and equipment modernization is regularly carried out. The amount of expenses for such projects amounted to **RUB 350 mln** in 2022.



Safety

The recipe for success

1. MANAGEMENT APPROACH
2. HAZARD IDENTIFICATION AND RISK MANAGEMENT
3. KEEPING INFORMED ON OCCUPATIONAL SAFETY ISSUES
4. TRAININGS ON OCCUPATIONAL HEALTH AND SAFETY
5. EMPLOYEE HEALTH AND PREVENTION OF OCCUPATIONAL DISEASES

The highest level of occupational health and safety for all employees is a baseline condition for working in the Company. We analyze risks and take all measures to minimize and prevent occupational injuries, striving to provide our employees with the safest working conditions in the industry.

At all Cherkizovo Group enterprises the subject matter experts identify hazards and assess risks, outline and organize measures to eliminate them, investigate and analyze the causes of all types of incidents.

Cherkizovo Group not only complies with all regulations and legal requirements, but also is actively engaged in developing a safety culture. We persistently study international practices and incorporate the best of these practices within our production processes, improve personnel training systems and motivate our employees to become active participants in promoting responsible and safe work.

The volume of the Company's investments in occupational health and safety, as well as in environmental protection in 2022 amounted to

RUB 1,073 mln

INVESTMENTS IN OCCUPATIONAL HEALTH AND SAFETY, IN ENVIRONMENTAL PROTECTION, RUB mln.



EXPENDITURES ON PERSONAL PROTECTIVE EQUIPMENT (PPE) FOR EMPLOYEES, RUB mln.



■ 2020
■ 2021
■ 2022



Management approach

The Company implements an Occupational Health and Safety Management System (hereinafter "OHSMS"). The System outlines a number of elements that includes requirements for organizing safe work and responsible behavior of employees, as well as measures and procedures aimed at achieving these goals. The System is applicable to all employees and contractors.

The OHSMS is developed in line with the legal requirements and regulates the following procedures:

- Unified management procedure and requirements in the field of occupational safety;
- Implementation and provision of safe working conditions to minimize occupational injuries and diseases in line with OHSAS 18001 and ISO 45001 standards;
- Implementation of advanced technologies, scientific evidence, experience of national and foreign experts in the field of occupational health and safety;
- Providing the Company employees with personal protective equipment (PPE);
- Keeping the employees informed about safe working methods, levels of occupational injuries and occupational diseases, as well as advanced training of specialists in the field of occupational safety;
- Investigation of work-related incidents.

Contractor management

Cherkizovo Group pays no less attention to the safety of contractor specialists working at its facilities than it does to the safety of its own employees. For this purpose, the Company regularly holds workshops and training sessions. Prior to working at our facilities, all contractor specialists sign an individual annex to the contract, which reflects our requirements for occupational health and safety, fire, industrial, biological and food safety.

Employees with special healthcare needs

When hiring an employee with special healthcare needs, we carefully review their individual rehabilitation and habilitation program to ensure that the most appropriate working conditions are provided. Employees with disabilities are not allowed to work in harmful or hazardous working conditions.

HAZARD IDENTIFICATION AND RISK MANAGEMENT

In order to identify and eliminate potential hazards, as well as to minimize risks, alongside with special assessment of working conditions, the Company applies the following tools:

1. RISK ASSESSMENT IN THE WORKPLACE

The procedure that includes identification of hazards within the scope of employee actions, risk assessment and development of measures to minimize them. Beyond that, according to the annual schedule, regular on-site inspections are carried out to minimize the risks associated with production processes.

2. BEHAVIORAL SAFETY AUDITS

Observations of employees' actions during their work processes, followed by a dialog between the employee and the occupational safety specialist, who carries out the observations, in order to discuss any safety-related aspects. In 2022, over **60 000 such dialogs** were carried out at the Group's enterprises.

3. NEAR MISS PROGRAMM

A system for recording and monitoring incidents that could have resulted in accidents but were prevented at the last moment. The main goal of the program is to prevent potential incidents by identifying and eliminating potential hazards.

The Company also holds unscheduled risk identification activities under the following circumstances:

- In case of changes in production processes related to equipment replacement or adjustments to the workflow map;
- In case of injury or micro-injury at the production facility;
- When safety-related questions asked by employees during regular meetings are addressed or arise;
- When unsafe conditions are identified and recorded for the first time during regular site audits.

If unsafe conditions are discovered in the workplace, each employee is expected to cease performing their work operations until all safety concerns are addressed, notify the site supervisor, and complete a Near Miss form. If an employee feels unwell, the employee is expected to inform their site supervisor and seek medical attention.

■ ■ We investigate and record all incidents and potentially hazardous work processes.

In the event of any incident, an investigation committee is established to evaluate external and internal factors of the event. An external investigation is carried out in order to determine violations in line with legal requirements. An internal investigation is carried out in order to identify key and systemic causes and outline a further corrective action plan to prevent their recurrence in the future.



KEEPING INFORMED ON OCCUPATIONAL SAFETY ISSUES

In order to keep employees and contractors informed on improving working conditions and safety, the Company communicates regularly via various communication channels, such as:

- Operational meetings, briefings with employees;
- Newsletters to corporate mail, filling out forms in line with the Near Miss program;
- Information display stands and posters at production sites on occupational health and safety with update information on occupational safety and incidents for all branches of the Group.

Beyond that, the Company implements the practice of supporting employees who do not speak Russian. Prior to start working, safety briefings are given in their native language for such employees. When implementing safety programs, we apply the practice of writing instructions in three languages: Russian, Uzbek and Tajik. We also plan to translate all such instructions in English.

Aimed at maintaining the safety culture, the Company holds annual competitions at the enterprises, such as "Risk Hunting". The winners of the competition are awarded with memorable prizes. Furthermore, each senior manager confirms by their attitude the commitment to safety requirements, which is the best motivation for our employees.

Regularly, we also hold roundtables and meetings with our employees to discuss occupational health and safety issues, where everyone can ask questions or make suggestions.

TRAININGS ON OCCUPATIONAL HEALTH AND SAFETY

The necessity and frequency of mandatory safety trainings for employees are stipulated in adherence to governmental requirements in the field of occupational safety, as well as internal corporate needs. Training programs cover a wide range of issues, including the information on the basic principles of safe operation of equipment, as well as precaution measures during the autumn and winter period. The trainings are carried out by a training center or an occupational health and safety expert, who has sufficient competence in this area and has a proven qualification.

Training includes briefings on occupational safety and use of personal protective equipment, first aid actions, as well as specialized training related to the specifics of work of certain departments and employees.

OCCUPATIONAL INJURIES

NUMBER OF ACCIDENTS AMONG THE COMPANY EMPLOYEES, persons

Parameter	2020	2021	2022
Total number of registered cases of occupational injuries	131	169	151
Number of injured employees with medical care, non-disabling injuries (microtraumas)	91	116	106
Number of injured employees with temporary loss of working capacity due to occupational accidents while performing their professional duties	40	53	45
Total number of occupational accidents	40	53	45

0

cases of fatality at work among the Company employees

OCCUPATIONAL INJURY RATES IN THE COMPANY

Parameter	2020	2021	2022
Total fatal accident frequency rate (FAFR)	3.72	1.78	0
Total injury rate	2.44	3.02	2.61
LTIFR	0.74	0.95	0.76

EMPLOYEE HEALTH AND PREVENTION OF OCCUPATIONAL DISEASES

For the purposes of preventing occupational diseases, we regularly provide employees with seasonal flu vaccinations, Health Days and specialized webinars. The Company ensures that all employees have access to medical services, either through medical offices and medical specialists at the enterprises or by providing a voluntary medical insurance program. A voluntary medical insurance program includes outpatient care, inpatient and emergency care, dental care and assistance of a medical supervisor. If an employee suffers a non-work related injury, he or she may apply for an insurance benefit by contacting the insurance company under an accidental life insurance policy.



Our employees

The recipe for success



1. MANAGEMENT APPROACH
2. EQUALITY AND DIVERSITY
3. EMPLOYEE TRAINING AND DEVELOPMENT
4. BEING AN ATTRACTIVE EMPLOYER
5. INCENTIVES AND SOCIAL SUPPORT
6. SOCIAL WELFARE

One of the key success factors of Cherkizovo Group is our professional team.

With the expansion of existing production and the addition of new assets to the perimeter of the Group, the company retains the role of one of the largest employers of agro-industrial complex, having increased the average number of employees in the reporting year by almost 12% compared to the previous year.

AVERAGE HEADCOUNT DYNAMICS

2020	2021	2022
31,075	30,947	34,619

In the reporting year, we stayed focused on attracting new highly qualified employees, as well as increasing the attractiveness and competitiveness of the employer brand. In this regard, we regularly reviewed the range of our incentives.

Our priorities during 2022 also remained the enhancing of employee professional competencies, provision of social support, training of young specialists and holding various events aimed at maintaining a healthy lifestyle among our employees.

We spent the entire 2022 in advocating a healthy lifestyle. Our employees were invited to participate in sports competitions, healthy eating, events supporting their mental health. All organized events contributed to strengthening and maintaining our corporate culture, as well as in the interaction of employees in a friendly environment.

January

On January 1, there was launched a challenge "From Altai to Kaliningrad". The employees were invited to run, walk, drive, swim 6,000 km during the New Year holidays. This is exactly the distance between the two extreme regions of Cherkizovo's operation. In total, more than 100 employees took part in the challenge. The indicated distance was covered in six weeks. The most active runners received gifts and Letters of Recognition on behalf of the Company.

February

In February, the first chess tournament was held on the eve of Defender of the Fatherland Day in Moscow. 25 Company employees took part in the tournament. The winners were awarded with memorable gifts. In light of the results of the event, it was decided to hold chess tournaments on an annual basis.



**March**

The Cherkizovo Meat Processing Plant (ChMPZ) football teams from Moscow and Dankov took part in the industry tournament “Agro Russia Cup – 2022” to show good results.

Beyond that, in March 2022, employees from various cities, the running lovers, organized the “Cherkizovo Run Club”, when they had the opportunity to take a run accompanied by professional trainers.

April

Cherkizovo employees and their family members took part in the annual Volunteer CleanUp Days and the “Spring Cleaning” photo competition. In order to be able to participate in the competition, it was expected to clean up some area and take an unusual photo. Following the rules of the competition, the winner was determined by subscribers of the Company’s official Telegram channel.

May

As part of the opening of the active sports season, sports and athletic competitions were held in various regions. Thus, members of the running club “Cherkizovo Run Club” in Moscow, Saint Petersburg and Lipetsk took part in the All-Russian marathon “ProJogging”. Some employees were awarded.

June

For the first time, Cherkizovo hosted a Family Day. The employees, their children and family members were able to get to know the Company and each other better. Games were held for children, during which they talked about the production of compound feed and raising animals, the stages of logistics and the secrets of high sales. Alongside this, the employees’ children were able to take part in workshops and scientific experiments.

Also, the children of our employees took part in a large-scale drawing competition dedicated to the Year of Healthy Lifestyle “Cherkizovo”. The children were expected to have their ideas about a healthy lifestyle: “We are a sporty family”, “We are what we eat”, and “Say No To Your Bad Habits”. More than 300 paintings of participants were presented at the competition, and the most talented ones received memorable gifts from Cherkizovo.

July

In July, on the traditional Russian Day of Family, Love and Fidelity, Cherkizovo Group treated its employees with its products. In addition to that, traditional summer exhibitions and food festivals were held in many regions of Russia in July, where the Company introduced every invitee to its products.

August

For the first time, Cherkizovo employees took part in the “Mosprom Sports and Athletics Contest”, organized by the Moscow Government for workers of industrial enterprises in the city of Moscow. About 30 people took part in competitions in running, chess, table tennis, swimming, and billiards. Eight athletes won the qualifying competitions and reached the finals, and two became winners of this sports and athletic contest.

September

The traditional internal corporate mini-football tournament “Cherkizovo Cup” was held in Moscow. The winner became the team from the city of Ulyanovsk. Every year more employees are getting involved in the sport. Since 2023, the number of football teams has increased to 10 teams. Regular training sessions are organized for our colleagues in the city of Penza.

October

For Agriculture and Processing Industry Workers’ Day, we filmed and published a video about the most friendly and united team of Cherkizovo for all employees of the Company. Employees from various regions, winners of the “The Voice” competition took part in the filming of the video and recording of the song in professional studio settings.

At the end of October, Cherkizovo volunteer employees visited the Moscow shelter for abandoned cats and dogs in the Moscow district of Biryulyovo. The visitors repaired the enclosures, walked and spent time with the animals, and also brought such gifts as pet food, toys, beddings, medicines and much more.

November

Employees and their children took part in the first corporate online chess tournament “CHESS Game Fair Play 2022”. 28 adults and 16 children gathered on an online platform to compete for the chess crown. Some participants gathered their teams and competed for the title of the chess family. Similar tournaments are to be held on a regular basis in the future.

December

Every year on New Year’s Eve we participate in volunteer events. We collect New Year gifts for children from orphanages and hospitals. And for our beloved employees, the Company has traditionally prepared gifts for children and adults, as well as food treats and festive events.

Management approach

Providing the best working conditions in the industry, preventing discrimination and supporting employees in their professional and personal development are the strategic objectives of Cherkizovo Group. The HR and Organizational Development Department is responsible for carrying out these tasks and effectively managing all aspects related to employees. The approach includes four functional areas, such as administration (HR business partners for centralized functions and production segments), remuneration and incentives, training and development/recruitment, HR management.

The principles of interaction between Cherkizovo Group and employees are stipulated in the [Corporate Code of Ethics](#). These principles are applicable to all employees and managers at the Company. These principles embody key corporate values and guide the main directions of HR policy.

In order to increase the employee engagement and the employer brand attractiveness, in the reporting year we held a number of events aimed at increasing transparency and unifying processes in remuneration and incentives, as well as events in the regions of operation dedicated to developing dialogue with local residents.

The average salary of Cherkizovo Group employees in 2022 was

RUB 62k

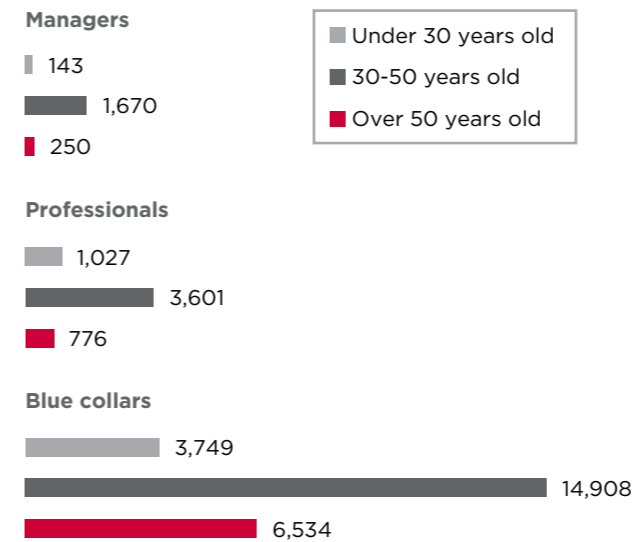
Beyond that, during the reporting year, the emphasis was also placed on projects to retain the Company's employees and create attractive conditions for young professionals. Therefore, great efforts were aimed at developing HR metrics to update the competency model for an individual assessment for employee performance.

The total headcount at Cherkizovo Group at the end of 2022 was

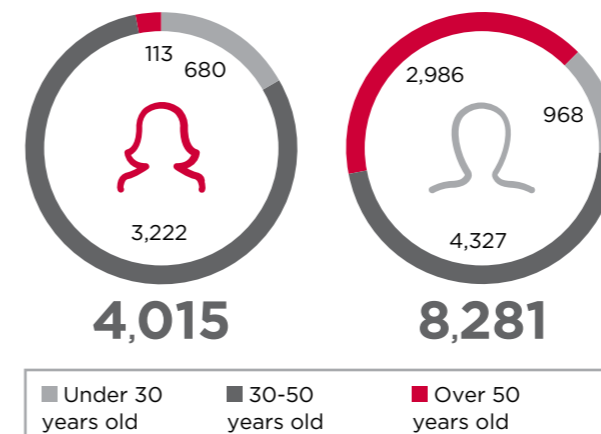
32,658
people



TOTAL HEADCOUNT AT THE END OF 2022

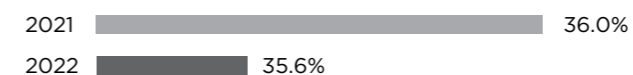


NUMBER OF NEW EMPLOYEES IN 2022 BY AGE AND GENDER



In the reporting year, we hired **13,316 new employees**, which is **8.1%** higher compared to the previous year. Men accounted for **62.2%** of new hires, while women accounted for **37.8%**

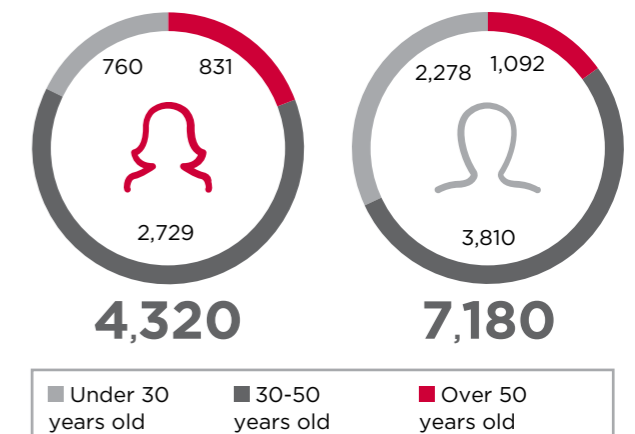
TOTAL EMPLOYEE TURNOVER, %



Cherkizovo Group's employee turnover decreased compared to 2021, despite the general trend of increasing employee turnover in Russia.

The company regularly monitors the turnover rate and analyzes the reasons for each dismissal. Among the main causes of general turnover is a set of factors including migration flows, personal circumstances, as well as general working conditions due to the specifics of production activities, which is why a large proportion of turnover is related to production personnel who leave the Company in the first days of adaptation due to incomplete compliance with their expectations regarding the characteristics of work in the agro-industrial complex. In order to deeply analyze the reasons and increase the attractiveness of the employer's brand, the Company pays strategic attention to the practice of «Exit interviews» with employees leaving the Company, on the basis of which a pool of activities is formed to improve conditions where possible.

NUMBER OF DISMISSED EMPLOYEES IN 2022 BY AGE AND GENDER



Equality and Diversity

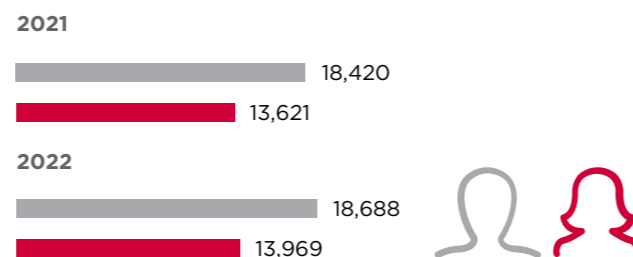
Cherkizovo Group is committed to providing equal working conditions and opportunities for all employees.

The Company bases its recruitment, hiring policy, training, job description, compensation levels and promotion on the principles of zero tolerance discrimination policy. In order to monitor the compliance with these principles, we launched a hotline which any employee can contact and, where applicable, anonymously file a complaint about any incident¹.

In 2022, as part of the development of the principle of equal opportunities, we launched the “Tenderness” project, which provides prospects for development in career fields “unpopular” among women through training. The main goal of the project is to eliminate stereotypes about “non-feminine” professions and provide development opportunities for women with a proactive attitude.

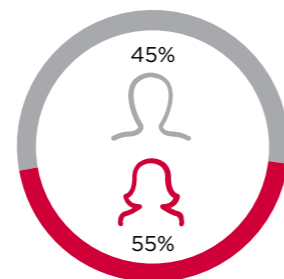
Within the framework of the project, women are learning professions that used to be exclusively for men, such as instrumentation and automation fitter or tractor driver. There are plans to expand the list of jobs in other areas such as agriculture and technological equipment. We regularly update our programs to create the best conditions for professional growth and self-fulfillment of each woman.

NUMBER OF EMPLOYEES BY GENDER



TOTAL NUMBER OF THE COMPANY'S EMPLOYEES IN 2022 WAS

42.7%



SHARE OF EMPLOYEES IN MANAGERIAL POSITIONS BY GENDER IN 2022

We also help people with disabilities to find employment by providing job quotas in accordance with the law. We post vacancies for candidates with disabilities on the platform “[Job in Russia](#)”.



Employee training and development

The need to develop and implement development tools and programs is conditioned by the Company's objectives and priorities. Within our training processes, we strive to provide an individual approach to training each employee, considering their level and needs.

The Group's training system includes three main fields:

- 1** initial training for new employees;
- 2** development courses for professional development;
- 3** preparing a succession pool for managerial positions.

Mentoring at production facilities

At the end of 2022, we implemented a pilot project “Mentoring at production facilities” with posterior scaling up.

The mentoring programs are designed to minimize employee turnover during the adaptation stage, help new employees understand and accept their new roles in the Company, learn corporate values and establish strong relationships within the team. The project is also aimed at accelerating the process of training a large number of new employees by mentors during mass hiring and increasing planned productivity in various fields.

The project has trained more than 150 mentors in the Poultry Growing segment and more than 230 mentors in the Production segment.

In order to improve professional qualifications and help employees develop their professional skills, we launched a number of leadership and retraining programs in 2022. For example, in order to improve the expertise of line managers at factories and set up a succession pool for these job positions, we developed and implemented programs attended by **300 Group employees** with the support of **32 internal trainers** of the Company.

In May 2022, there was finalized the two-year “Master Reset” program aimed at improving the professional level of skilled blue collars in the Meat Processing segment. Upon the results of the program, the participants emphasized the improvements in occupational health and safety, food safety, reduction of raw material losses, and optimization of personnel losses.



Being an attractive employer

We pay special attention to attracting employees, especially young and talented specialists. In this connection, the Company builds a dialog with young people and invests in developing the competencies of teaching staff at specialized educational entities. The Company has an additional training and a succession pool program for graduates of specialized universities and other educational entities.

During the internship period of educational entities, we organize the work of student squads. The average period of work for students is two months. Students are employed in standard working positions: operators, vaccinators, loaders and others. For professions requiring additional documents for work, such as tractor drivers, we organize training at the Company's expense.

For students from other cities, we provide a hostel near the place of work and reimburse their travel expenses.

In 2022, **207 people from 25 educational entities** from such cities and towns as Moscow, Liski, Efremov, Ufa, Chelyabinsk, as well as from Penza, Lipetsk, Kursk and Orel regions worked in student squads.

Due to the expansion of our business, we attract not only citizens of the Russian Federation, but also migrant workers from CIS countries and neighboring countries, offering working conditions similar to those for local residents at our enterprises.

For foreign nationals, we provide free accommodation, assist with obtaining patents and the necessary documents for employment, as well as organize medical examinations. At the end of 2022, Cherkizovo Group employed around **2 500 migrant workers**.

KEY RESULTS OF WORK TO ATTRACT YOUNG PROFESSIONALS IN 2022:

415

undergraduate students underwent training programs at facilities:

- **Dual training** (two days per week working at the facilities and three days studying at the educational entity during the academic year);
- **Internships** — seasonal internships for students;
- **Student squads** — work at blue collars positions during internships;
- **Internships for graduates.**

131

partner educational entities, such as agricultural universities and technical schools in the regions of operation

>200

career guidance events were held to develop the HR brand among young people. These events are Cherkizovo Days, Job Fairs, classes by Company experts, Case Championships, visits to production facilities

1,254

young specialists were employed

In 2022, we launched the federal succession pool programs "You are a Leader" and "Professional Leader". More than 350 employees participated in the programs. The first promotions were given to the participants in early 2023.



The "Refresher courses" were launched for employees at production facilities in 2022. During the pilot launch, employees were provided with an opportunity to operate different types of machinery, which allowed for increased flexibility and efficiency of production, as well as an increased piece-rate pay. In the Crop Farming segment alone, there were trained **142 people**.

At the end of each training, participants are expected to fill out questionnaires to evaluate the quality of the materials, the trainer's work and indicate their willingness to recommend this particular training to their colleagues. Automatic analysis of the questionnaires helps us to improve the training process and the quality of the materials provided.

The Grading System

For the purposes of evaluating the employee's qualification, the Company has established a Grading Committee, introduced a grading system and developed procedures for setting grades.

Beyond that, our employees introduce and agree their KPIs in an electronic system. The KPIs are taken into account in calculating the employees' annual bonus and salary increases as part of the annual salary review process.



In 2022, we held internal professional skills competitions for the professions of Poultry Meat Processor at eight poultry processing plants with over 70 participants and Deboner at Cherkizovsky Meat Processing Plant in Moscow and Penza with 12 participants. The winner in the category "Deboner" represented the Company at the All-Russian competition of professional skills among deboners at the annual Agroprodmash exhibition.



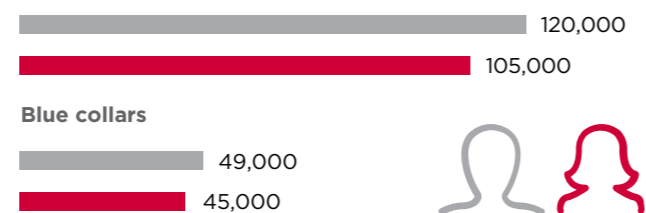
Incentives and social support

We continuously improve our remuneration system and strive to maximize its transparency. The amount of remuneration is decided irrespective of the gender and age of the employee and is based on the employee's professional experience and expertise, specialty and performance. The economic situation in the region where the employee is employed, is also considered.

The major part of employees of Cherkizovo Group receives remuneration made of a fixed and a variable part. The amount of the variable part (bonus) depends on the achievement of key performance indicators and specifics of work. The annual bonus for managers at various levels depends on the achievement of both corporate and individual targets. For the purposes of ensuring the objectivity and transparency of the annual bonus system, we are guided by uniform criteria for setting and evaluating the targets.

The average salary of Cherkizovo Group employees in 2022 was **RUB 62 000**. The average salaries for men and women in 2022 were almost at the same level showing a slight deviation. The salaries for men were less than **0.1%** higher compared to the salaries for women.

AVERAGE SALARY BY GENDER AND JOB TITLE IN 2022, RUB MPWC¹



RATIO OF AVERAGE SALARIES OF WOMEN AND MEN IN 2022

Name	MPWC	Blue collars	Total
Average salary for women, RUB	105,000	45,000	62,049
Average salary for men, RUB	120,000	49,000	61,957
Ratio of basic salary of women to men	0.88	0.92	1.00



Social welfare

In 2022, Cherkizovo Group revised its social policy by introducing new measures to provide financial support to employees and improving existing processes.

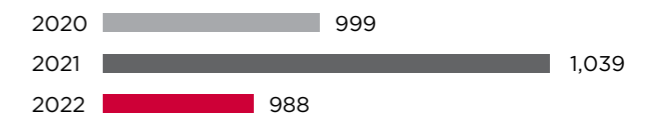
In particular, we standardized our processes, increased payments in case of natural disasters, fire or loss of relatives, and set amounts for financial assistance in case of expensive treatment of an employee or their family members.

Most of the Company's enterprises have corporate canteens and medical rooms for personnel. The accommodation conditions at production facilities are continuously improving. Showers, locker rooms and canteens are being renovated.

We hold annual events dedicated to traditional holidays, such as March 8 and February 23, and make gifts to employees' children for the New Year. Through our corporate social network, we launched the **"Thank You" project**, where employees can express their gratitude to each other.

We provide paid maternity leave to all employees and guarantee equal opportunities for women and men. The vast majority of employees, who took a maternity leave in 2022, were women.

NUMBER OF EMPLOYEES ON MATERNITY LEAVE



Local communities engagement

The recipe for success

1. MANAGEMENT APPROACH
2. THE COMPANY'S CONTRIBUTION TO THE DEVELOPMENT IN THE REGIONS OF PRESENCE

Cherkizovo Group operates in 18 regions of Russia¹ and is committed to supporting the social and economic development of the communities of which the Group is a part. The main areas of our support cover new jobs, social and infrastructure programs, charity, and timely payment of taxes to budgets at all levels.



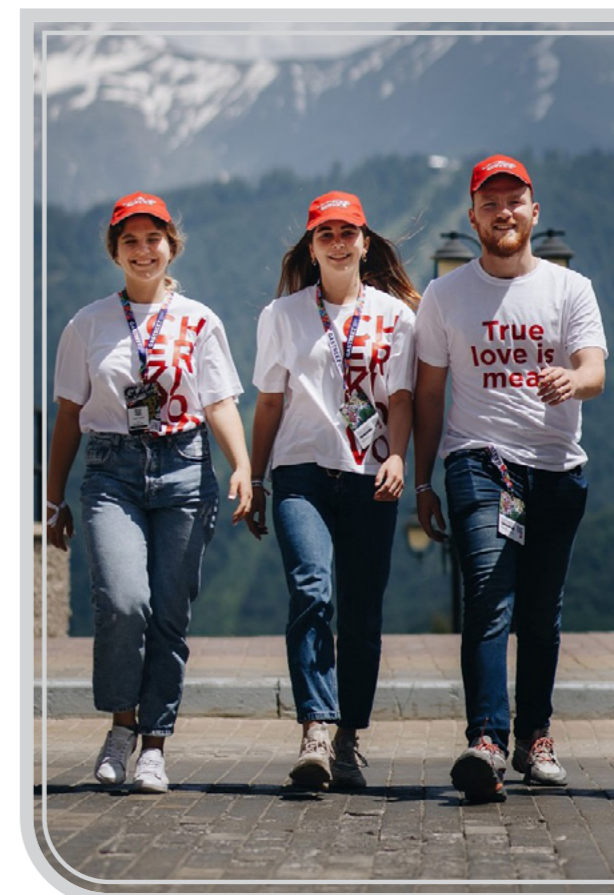
■ The major part of the Group's assets is situated in small towns or rural areas where the Company acts as the major employer and taxpayer.

RUB 12,7 bln

is the amount of tax and off-budget payments on behalf of the Group in 2022 in the regions of operation

Despite the unstable overall economic context caused by geopolitical factors, in 2022 we continued to actively support the regions of operation. Under the challenging conditions of general turbulence, this support became even more significant for local residents.

In the reporting year, the Company expanded its charity calendar. In addition to **September 1, May 9 and New Year's Day**, annual charity events will now be held on **September 5** (International Charity Day) and **October 16** (World Food Day).



¹ As of the end 2022



Management approach

Cherkizovo Group's approach to the implementation of social and economic projects is based on a systematic approach that unites strategy, goals, tools and responsible executors.

External social projects are implemented by the Corporate Social Responsibility and Sustainable Development Department, which operates in the light of two main local documents:

- Corporate Social Responsibility Policy;
- Guidelines on the Procedure for Charitable and Sponsorship Activities.

The principal goal of our social activities is to assist in developing the regions where we operate, improve living standards and modernize local infrastructure.

Social projects are selected by the Sponsorship and Charity Commission, which collectively takes a decision on supporting a particular project. The Commission is chaired by the Director of Communications. The main participants are heads of local enterprises, structural units and local projects, as well as employees responsible for interaction with authorities at the regional and federal levels. Once every two or four weeks, opinions on an initiative are received from all members of the commission, within the scope of their authority and areas of responsibility. The recommendations for a final decision are made.

SUPPORT PROCEDURE



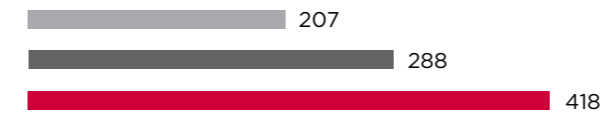
Key benefits of our model of charity:

- Transparency and openness of the entire decision-making and request processing system
- Collegial decision-making system
- Full coverage of earmarked donation contracts and its confirmation by relevant reports

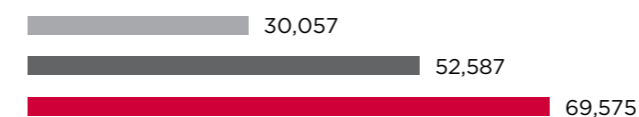
The Company's contribution to the development in the regions of presence

For each project, Cherkizovo Group estimates the social impact by several criteria. First and foremost, we assess the improvement of the local environment and the living standards of the local inhabitants. We periodically hold public hearings on new projects to consider suggestions and comments from residents. As well, we aim at assessing the overall contribution of the project to the development of the region and the share and importance of its off-budget financing.

NUMBER OF APPLICATIONS APPLIED FOR CONSIDERATION IN 2020-2022



DYNAMICS OF FUNDS ALLOCATED FOR CHARITY AND SOCIAL SUPPORT FOR THE PERIOD OF 2020-2022, RUB thousand.



■ 2020
■ 2021
■ 2022

Main directions of our projects:

- Support for the integrated development of rural areas and local infrastructure;
- Support for the vulnerable groups of population and families in difficult life circumstance;
- Food packages and presents for children.

Key trends in 2022

Transition from one-off payments to planned activities

In the light of the increased number of planned projects, more than 50% of funds were allocated for the implementation of activities in the regions of operation within the pre-planned budget. The Group plans to maintain the trend to ensure predictability of the budget for future periods and the possibility to cover more activities.

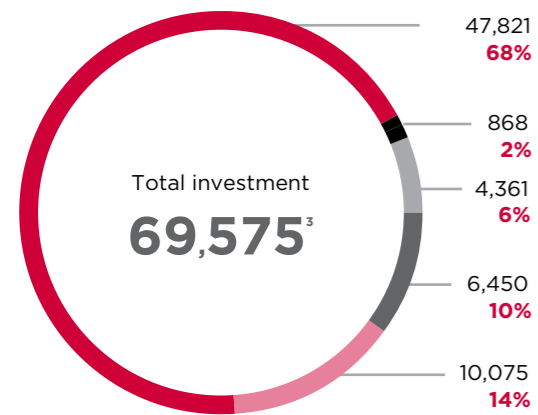
Developing the social block of charity

Owing to the geopolitical situation and the need to respond to the relevant challenges, in 2022 Cherkizovo Group paid its particular attention to increasing the share of donations to the social sphere, both in terms of funding and in-kind donations. Almost 68% of funds in 2022 were allocated either on social facilities reparation or on direct assistance to the population.





SHARE AND VOLUME OF SOCIAL INVESTMENTS TO DEVELOPMENT IN THE REGION OF PRESENCE BY AREA IN 2022, RUB thousand/%



- Social sphere¹
- Philanthropy
- Centralized projects²
- Sport
- Local infrastructure

> **RUB 69.5 mln**

is the total amount of investments in the development of regions of operation in 2022



¹ Includes reparation works in social facilities (schools, kindergartens), multifaceted support of the local population (direct material assistance, non-financial support to socially vulnerable groups and families in difficult life circumstance), construction of playgrounds, individual projects aimed at the socio-economic development of local communities.

² Centralized projects cover the purchase of presents for the 1st of September, New Year's sweet gifts, purchase of prizes, stationery and printing materials within the social assistance in the regions of operation.

³ The amount is given without considering product allocations. The counting of products is made in kind.

LIST OF MAIN ACTIVITIES IN 2022

1. SUPPORT FOR SPORT:

- Co-financing of the construction of a sports and fitness center in Gavrilovsky district, the Tambov region (the Central Russia)
- Supporting for **Kristall-Cherkizovo** volleyball club in the Voronezh region



2. SUPPORT FOR CHILDREN:

- More than **1,000 presents** for first-graders
- Renovation of the premises of two secondary schools
- A fair for employees. The allocated funds were donated to the wards of the regional public organization "Time for A Change", to work with children with Down syndrome
- Launch of a contest with a budget of **RUB 15 mln** for the renovation of 3 school spaces
- More than **3,500 New Year gifts** for children from large and low-income families, children from schools, orphanages and various social entities, wards of foundations and children with special developmental needs



3. SUPPORT FOR LOCAL INHABITANTS:

- Allocation of more than **RUB 30 million** to form material resources to provide comprehensive assistance and support to citizens from various regions of operation

Alongside the financial assistance, the Company also provides direct humanitarian assistance to residents of the regions of operation, with more than **18.5 tons of food products** allocated in 2022.



Cherkizovo plans to increase the number of projects in existing key areas, as well as to implement new projects that can maximize the positive social impact for local communities. Beyond that, we are eager to maintain and develop the most transparent engagement with local communities in order to obtain feedback and provide the most urgent support.

Appendices

The recipe for success

- 1 STAKEHOLDER ENGAGEMENT
- 2 CONTACTS



Stakeholder Engagement



In our activities, we strive to consider the opinions and expectations of all our stakeholders. With that in mind, we maintain a continuous dialog via various communication channels. Stakeholder groups interact with the Company's relevant business units. A responsible employee from among the Management Board members is appointed for each area of interaction.

Alongside with the "traditional issues", the key topics of 2022 included those related to the issues caused by the geopolitical situation and restrictions imposed, such as price controls, logistics, parallel imports, sanctions, etc. Responsible divisions developed and implemented solutions to all the issues raised. Concurrently, the Company's main focus has always been on employee support, development of regions of the Company's presence, as well as the charity activities.

¹ Dividends payment in 2022 upon the 2021 results.



Key groups of stakeholders	Key requests from stakeholders in the reporting year	2022 results
Shareholders and investors	<ul style="list-style-type: none"> • Payment of dividends and asset value increase • Business scaling up 	<ul style="list-style-type: none"> • Payment of record dividends in the Company's history¹ • Acquisition of three new production assets: in the Chelyabinsk and Orenburg regions, as well as in the Republic of Bashkortostan, and development of presence in the Urals Federal District
Consumers	<ul style="list-style-type: none"> • Quality and safe products • Expanded product range 	<ul style="list-style-type: none"> • The enterprise ChMPZ (Cherkizovo Meat Processing Plant) obtained GOST R ISO 22000-2019 certificates (Food Safety Management Systems) • Launch of the "Healthy Menu" eating product line and expansion of the low-fat healthy products
Employees	<ul style="list-style-type: none"> • Safe and comfortable working conditions • Stable and competitive remuneration • Opportunities for career path 	<ul style="list-style-type: none"> • RUB 59,917 is an average salary of Cherkizovo employees in 2022 • Launch of "You are a Leader" and "Profleader" federal talent pool programs
Local communities	<ul style="list-style-type: none"> • Creation of new jobs • Development of charity and infrastructure programs 	<ul style="list-style-type: none"> • RUB 69.5 mln allocated for social investments in 2022 • More than 1,200 young specialists employed in 2022
Suppliers and business partners	<ul style="list-style-type: none"> • Long-term mutually beneficial cooperation • Fulfillment of contractual obligations • Support of Russian producers 	<ul style="list-style-type: none"> • Implementation of projects to include Cherkizovo employees in the Perekryostok retail store chain for a deeper understanding of processes from partner companies with a possibility to influence changes that benefit both parties. In 2023, the project was extended to the Pyatyorochka retail store chain • Developing and publishing a sale and trading policy to provide transparent and equal terms of cooperation with the Company's counterparties • Testing new Russian technologies and innovative solutions in various segments of the Company's business
Industry representatives	<ul style="list-style-type: none"> • Support for agricultural products export • Joint efforts to improve government support measures 	<ul style="list-style-type: none"> • Increased financing of the government agricultural program • Deferral of payments on preferential investment loans and mandatory social fund contributions • Improving regulation of the treatment of livestock by-products • Exclusion of agricultural products from retaliatory measures against EU transport companies • Abolition of weight control requirements for international road freight of food and essential goods
Federal and regional authorities	<ul style="list-style-type: none"> • Compliance with legislation • Increase in tax payments • Export development 	<ul style="list-style-type: none"> • No confirmed cases of corruption in 2022 • Tax and non-budgetary payments in 2022 in the regions of the Company's presence are RUB 12.7 bln • 25% increase in exports of Cherkizovo's products in 2022 Y-o-Y

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