Quality from farm to fork
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Cherkizovo Group is Russia’s largest producer of high quality meat goods. Our chilled poultry brands such as Petelinka, Kurinoe Tsarstvo (Chicken Kingdom) and Mosselprom, and our sausage products brand Cherkizovo are known and loved by millions of families.

Cherkizovo Group is a unique vertically integrated and diversified company that combines all the links of the agricultural production chain. Cherkizovo is Russia’s largest producer of meat goods with an annual output of half a million tonnes of high quality poultry, pork, sausage products, as well as about 1.5 million tonnes of formula feed. The company has invested over a billion US dollars in the domestic agro-industrial sector creating more than twenty thousand jobs. Cherkizovo provides Russian consumers with quality home-produced meats. It became the first agricultural company in the country to go public, with shares traded on the London Stock Exchange and Moscow exchange.

Our strategy is aimed at both organic growth – through investing in new projects and building modern agro-industrial complexes from scratch – and at consolidation of our assets on the meat products market, this being of particular importance for the country. We have succeeded in both. During the last decade Cherkizovo Group has acquired and integrated into its structure the poultry producers Kurinoe Tsarstvo, Mosselprom and Lisko Broiler, meat processing complexes in Kaliningrad and Lipetsk Regions, pork complexes and a swine nucleus unit in the Central Federal District, as well as crop land.

When acquiring these assets, we were developing a long-term investment strategy to strengthen the integrated companies even more. We doubled the production capacities of the Vasilievskaya poultry factory in the Penza Region and of the Kurinoe Tsarstvo factory in the Bryansk Region. In 2015 the company introduced new poultry facilities in the Lipetsk Region (Kurinoe Tsarstvo) and the Moscow Region (Mosselprom). Cherkizovo Group built its pork industry from the ground up in a number of Central Russian regions – the Voronezh, Lipetsk, Tambov and Penza Regions. Our pork complexes are designed to comply with the modern requirements of biosafety and production efficiency.

We are still never satisfied with the achieved results. We heavily invest in developing infrastructure. After introducing new grain storage facilities in 2015, we reached the impressive overall storage capacity of one million tonnes. A number of facilities for the Eletsprom project were constructed in the Lipetsk Region, including one of Europe’s biggest hatcheries with a capacity of 240 million eggs per year. We are also building in the Tambov Region a turkey production and processing complex jointly with the Spanish company Grupo Fuertes, a leading European producer of meat goods. The planned capacity of the new complex is 40 to 50 thousand tonnes a year.

Cherkizovo is not only a large producer. We are a socially important business. We provide Russian consumers with quality domestic products. We create new jobs and give our employees opportunities for personal and professional growth and development. We strive to make life in Russia better through our work.
Facts and Figures

3
Major land clusters in Voronezh, Lipetsk and Oryol Regions
Cherkizovo Group’s operating land bank comprises about 90,000 hectares. The company grows wheat, corn, sunflowers and other crops, with productivity considerably above the average for the country. Apart from harvesting good yields, the company also efficiently stores the grain. The overall storage capacity of the Group’s elevators is one million tonnes.

8
Poultry clusters
Cherkizovo Group is one of the top three chilled poultry producers in Russia. The company owns the Petelinka, Kuriinoe Tsarstvo and Mosselprom brands which have won the biggest popularity with both retailers and consumers. Cherkizovo controls the entire production cycle, from hatching chickens and producing feed to delivering ready products. This ensures the highest quality and freshness of our poultry.

4
Meat processing plants
Domestic consumers have known and loved Cherkizovo branded products for 40 years. One of our key advantages is our vertical integration: we use fresh meat from production facilities owned by us. This is what guarantees the freshness and high quality of our meat products.

15
Pork production complexes
The company has built its pork industry from the ground up in a number of Central Russian regions and currently raises over 1.5 million pigs per year at its modern pork production complexes. In 2012 the Group acquired its own swine nucleus unit where pure-bred livestock is bred.

11
Top-level grain elevators
Advanced storage facilities allow us to control costs and make the company more competitive. Overall storage capacity exceeds 1 million tonnes of grain.

22
Modern warehouse complexes in 14 key cities
The best-in-the-industry logistics system makes an indisputable competitive advantage for the company. We have built long-term partner relationships with the leading retail chains, and our system of shipping control guarantees timely and proper delivery of our products to customers.

1,5
bn USD investment in Russia’s agroindustrial sector

Grain Farming
Poultry Farming
Meat Processing
Pork Production
Distribution
Elevators capacity
Cherkizovsky Meat Processing Plant (CMPP) opened in Moscow in 1974. In the mid-1990s the plant was headed by Igor Babaev, who later became its owner. Mr Babaev upgraded the plant and started developing marketing and sales activities. Seeing the need for import substitution on the food market, Igor Babaev acquired and modernized poultry farms, as well as feed mills and meat processing plants. In 2005 the Cherkizovsky and Mikhalovsky agro-industrial complexes established by him were merged to become Cherkizovo Group – the future meat producing leader of Russia whose growth is supported both by investment in production expansion and by consolidation of assets.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (bn RUB.)</th>
<th>Poultry Production (tn)</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>203 000</td>
<td>170 000</td>
<td>Cherkizovo Group executes a successful IPO on the London Stock Exchange and Moscow Exchange.</td>
</tr>
<tr>
<td>2007</td>
<td>29</td>
<td>344 000</td>
<td>The Kurinoe Tsarstvo company is acquired, a large poultry producer with facilities in Bryansk and Penza Regions.</td>
</tr>
<tr>
<td>2008</td>
<td>32</td>
<td>368 000</td>
<td>A large poultry facility Vertovskaya in Penza Region is acquired. The first stage of modern pork complexes in the Central Black Earth region is launched. A feed mill in Lvo-Tolovsky District of Lipetsk Region starts operating.</td>
</tr>
<tr>
<td>2009</td>
<td>43</td>
<td>423 000</td>
<td>Pork complexes are acquired in Lipetsk and Penza Regions. For the first time in the company’s history consolidated revenue exceeds a billion US dollars.</td>
</tr>
<tr>
<td>2010</td>
<td>49</td>
<td>497 000</td>
<td>The MIA Islam prom company is acquired, the owner of one of Moscow’s most popular chilled poultry brands. Launch of the ElitAgrom project in Lipetsk Region is announced.</td>
</tr>
<tr>
<td>2011</td>
<td>53</td>
<td>551 000</td>
<td>The pork production complexes in Voronezh, Lipetsk and Tambov Regions reach full capacity. Projects are completed to double the capacities of the Bryansk and Penza poultry clusters. The Dankov Meat Processing Plant in Lipetsk Region is acquired.</td>
</tr>
<tr>
<td>2012</td>
<td>60</td>
<td>680 000</td>
<td>Voronezh-based company Lisko Broiler is acquired. Cherkizovo Group’s grain storage capacities reach 1 m tonnes.</td>
</tr>
<tr>
<td>2013</td>
<td>53</td>
<td>636 000</td>
<td>The pork production complexes in Voronezh, Lipetsk and Tambov Regions reach full capacity. Projects are completed to double the capacities of the Bryansk and Penza poultry clusters. The Dankov Meat Processing Plant in Lipetsk Region is acquired.</td>
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<td>2014</td>
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<td>The pork production complexes in Voronezh, Lipetsk and Tambov Regions reach full capacity. Projects are completed to double the capacities of the Bryansk and Penza poultry clusters. The Dankov Meat Processing Plant in Lipetsk Region is acquired.</td>
</tr>
<tr>
<td>2015 F*</td>
<td>49</td>
<td>497 000</td>
<td>A joint venture with the Spanish company Grupo Fuertes is announced to produce turkey meat. A joint venture with the Spanish company Grupo Fuertes is announced to produce turkey meat. The facility has a pigs slaughtering capacity of 200 heads per hour.</td>
</tr>
</tbody>
</table>

* Forecast
Vertical Integration as a Guarantee of Our Success

A high degree of vertical integration is among the key competitive advantages of Cherkizovo Group. In line with our principle – Quality from Farm to Fork – we control the entire production cycle. The Group’s farms grow crops that are used by our feed mills. Feed producing facilities are fully owned by the company which ensures the high quality of feed and biosafety for the livestock. Our activities in selective breeding and genetics are aimed at preserving the best qualities of the breeds. In poultry farming we strive to achieve full self-sufficiency when it comes to hatching eggs. The whole cycle of pork and poultry raising is controlled by our specialists. For sausage production, raw meat is supplied by our own farms, which ensures freshness and superb quality for our consumers. The last link in our chain is the company-owned fleet of refrigerated trucks that promptly deliver chilled products to our partners – distributors, supermarket chains and other retail stores.
Poultry Farming

Cherkizovo Group is one of Russia’s largest chicken meat producers, and a leading manufacturer of branded poultry products. Our company owns such brands as Petelinka, Kurinoe Tsarstvo and Mosselprom, well-known and trusted by consumers.

Consumption of healthy, protein-rich and affordable poultry meat is on the increase both in Russia and all over the world. Russian poultry producers currently satisfy 90% of the domestic market demand. Cherkizovo Group has become one of the driving forces for the growth of poultry production in the country. All through the last decade the company has been acquiring, renovating and expanding poultry farms in Central Russia introducing state-of-the-art technologies of veterinary control and production efficiency. Among these advanced facilities are the well-established Konstantinovskaya and Petelinskaya poultry farms in the Moscow Region, Vasilievskaya poultry farm in the Penza Region, as well as Kurinoe Tsarstvo’s farms in the Bryansk and Lipetsk Regions. Cherkizovo Group has also built up from scratch a number of new poultry production facilities.
In total Cherkizovo Group owns eight full cycle production clusters. They operate in Moscow, Bryansk, Voronezh, Kursk, Lipetsk, Penza and Tula Regions.

The overall production capacity exceeds half a million tonnes in live weight per year which translates to over 200 million broilers. Today the Poultry Production division is accountable for about half the revenue and half the total profit of Cherkizovo Group.

The company controls the whole of the production cycle, including feed production, chicken hatching, fattening and rearing, and slaughtering and processing. This ensures low cost and excellent quality of our products. Poultry feed is produced from natural components, such as wheat, corn, sunflower oil, without adding any hormones or growth stimulator. The formulation is based on the broilers’ age. The birds are kept in specially equipped rooms with temperature and humidity control to ensure their comfort.

The Poultry Farming division continues developing through both launching new capacities and acquiring strategic assets. In March 2014 Cherkizovo Group announced acquisition of the Voronezh-based Lisko Broiler company, a leader in its region and in a number of Southern Russian regions.

In 2012 Cherkizovo Group announced entering into a joint venture with Grupo Fuertes, one of Europe’s largest turkey meat producers.

This year Cherkizovo Group launched a new modern hatchery with capacity of 5.9 million eggs per year, which will be the most important processing facility in the production chain of high-quality turkey meat and will allow complete independence from outside supplies of turkey chicks. Uniting European experience in the turkey breeding and production and Cherkizovo’s knowledge of the Russian meat market guarantees the success of the Tambov Turkey project.
Cherkizovo Group is the second largest pork producer in Russia. Having started developing the pork business from scratch, the company now raises over 2 million pigs per year at its 15 pork production complexes.

In the early 2000s the Russian pork production industry experienced hard times. The country relied heavily on imports. Industrial pork production was in decline, the pork production complexes inherited from the USSR dropped behind the efficiency standards of the day and could not catch up with the competition. A significant share of pork was supplied by private farms that could not provide the required level of veterinary control over livestock. Realizing the need for import substitution and the opportunities in this market segment, Cherkizovo Group set about developing industrial pork production in Central Russia from the ground up.

Cherkizovo Group’s total investment in building and acquiring new pig raising complexes came up to over half a billion US dollars, which makes pork production the company’s most capital-intensive line of business. All the pork production complexes built by the company in the Voronezh, Lipetsk, Tambov and Penza Regions were designed to comply with the modern requirements for production efficiency and veterinary control. As estimated by independent experts, the plants built by Cherkizovo Group are not only on the same level with modern European facilities but surpass them in many respects.
In 2015 Cherkizovo Group started its major investment project Voronezh-Lipetsk pig breeding facility with a total cost of RUB 19.2 bln. rubles. The project will allow Cherkizovo Group to increase its current capacity to raise pigs by 145 000 tons per year (live weight), increase its leadership position as the country’s largest producer of meat products and take a 10% market share of pork in Russia.

One of Cherkizovo Group’s competitive advantages in the pork industry is its international team of seasoned experts. We have always invited the best veterinarians and specialists on breeding and rearing pigs to join us from the USA and Brazil, the countries which are the world’s leading pork producers. These specialists have for many years worked in such well-known companies as Smithfield and BRF Brasil Foods. The introduction of the world’s best practices at our facilities allowed us to reach a high level of piglet livability and to enhance the feed conversion ratio.

Our Pork Production Division sells live pigs to our clients – meat processing plants and manufacturers. For this reason, our success is based on full adherence to the standards of veterinary control. We take into account every detail – from considering the prevailing wind direction in the region when building our pork production complexes to using disinfection barriers. The access to the livestock is strictly limited, with the staff required to take a shower and change into disinfected work clothes before entering the complex. It is forbidden to take any food to the working places, and the employees are not allowed to keep livestock or poultry at home. To reproduce high quality livestock, in 2012 Cherkizovo Group acquired a swine nucleus unit in Voronezh Region. It supplies pure-bred Yorkshire, Landrace and Large White stock.
Meat Processing

For over 40 years Russian consumers have known and loved frankfurters and sausages made by Cherkizovsky Meat Processing Plant (CMPP). Cherkizovo Group is one of the top three producers in Russia’s meat processing market supplying a wide range of high-quality meats.

Russian households traditionally consume a considerable part of their meat in the form of sausages, hams, frankfurters and other processed meat products. We aim to provide the best products for our consumers. The meat processing business at Cherkizovsky Meat Processing Plant in Northeast Moscow was the starting point of our company’s history. Today, CMPP is the Group’s flagship plant. Our Meat Processing Division also includes the Penzensky Meat and Poultry Processing Plant (PMPPP) with its own slaughtering facilities, Ulyanovsky Meat Processing Plant, and the Otechestvenny Product Meat Processing Plant in Pravdinsk, Kaliningrad Region.

Cherkizovo Group has invested considerable funds to upgrade these facilities. All of the company’s meat processing complexes are equipped with modern high-performance machinery of European manufacture. Our plants are certified to the GOST R ISO 9001–2008 standards. Every day our facilities produce a few hundred tonnes of high-quality sausages, frankfurters, hams, deli meats, kebabs, and ready-to-cook products. They also offer case-ready chilled meat in vacuum packs.
Cherkizovo Group’s product range includes both traditional products such as Doktorskaya or Braunshweigskaya, and exclusive products developed by our food technologists, such as Salchichon and Chorizo.

Sausages and deli meats produced by our company have won dozens of awards for quality at prestigious Russian and international exhibitions, such as the Meat Industry International Forum, 100 Best Russian Products, and Prodexpo. The Group’s products are sold by the largest national retail chains, including Auchan, Metro, Pyaterochka, and Perekrestok, as well as by thousands of other retail stores all over the country.

Any producer’s reputation is based on high quality of their products. The work of the CMPP’s thousands-strong team are aimed at providing high quality. We can firmly answer the question most often asked by consumers: “What is sausage really made of?” We make our products using high-quality chilled domestic meat, including a heavy proportion of pork produced at the company-owned complexes. Beef is supplied by farms in the Moscow Region.

Veterinarians working at every plant closely control incoming raw materials for quality, safety and the availability of required documents. The recipes use natural food additives, such as salt, pepper and various spices. For smoking, natural wood chips are used. Food technologists and quality assurance specialists carry out multistage inspections of ready-made products’ taste and quality. This is why our partners and consumers have trusted us for many years.
Grain Farming

In 2012 Cherkizovo Group entered a new segment – grain farming. Today the company cultivates over 90 thousand hectares in Central Russia (Voronezh, Lipetsk and Oryol Regions) showing high productivity considerably above average for the country.

Russia is among the five countries with the world’s biggest agricultural land banks. After the collapse of the USSR, grain farming in the country dropped substantially but beginning with 2000 it began reviving, with the support from the Government. Today, Russia is a net grain exporter that not only fully fills its needs, but also exports the surplus. Grains are used as the base when producing poultry and livestock feed, with Cherkizovo Group utilizing about a million tonnes of grain annually to manufacture feed.
In order to increase vertical integration, Cherkizovo Group supplements its meat production with its own crop raising. Grain is one of the most important elements of Company development because Cherkizovo Group uses over one million tonnes of grain for feed production each year. The grain segment has been developing rapidly: over the three years of its existence, the Company’s own grain harvests have doubled.

Cherkizovo Group is a large grain consumer: every year the Company uses about one million tonnes of grain for feed production. Taking into account the high volatility of the grain market, which manifests itself in noticeable price fluctuations and an occasional physical deficit of grain in certain regions, Cherkizovo Group has been developing its own crop raising operational landbank for three years.

The company grows winter and spring wheat, corn, sunflowers, barley, peas, soybeans, rapeseed and other grains. The company continues investing in its Grain Farming business to increase its efficiency. We buy modern high-performance machinery, such as imported tractors and combines, bunker loaders, haulers and special equipment; new grain drying facilities are being built.

Every year the company purchases 200m roubles worth of machinery. Cherkizovo Group also works in close partnership with institutions of higher and vocational education to attract the best graduates to its farms.

Cherkizovo Group not only grows good yields but also efficiently stores them. In 2015 the total simultaneous storage capacity of the company-owned elevators based in the key regions of the Central Black Earth region and Volga Region reached the milestone figure of one million tonnes. Availability of its own grain storage facilities allows the company to buy grain at the best price and manage its stocks effectively. Besides, this accelerates the overall development of the agro-industrial sector on the regional level as local farms get the opportunity to supply grain for the company’s elevators.
Brands

Poultry meat products

Petelinka is the leading brand in the chilled poultry segment on Moscow market. Petelinka is a price leader in the super-plus segment and is represented nearly in all federal and local trade networks. The products are manufactured in the environmentally protected Moscow region and require minimal time to be delivered “from farm to fork”.

Chicken Kingdom is a high quality chilled and frozen poultry. The products manufactured in the Bryansk and Lipetsk regions, available in many Russian regions and widely recognized.

Mosselprom is one of the leading brands on Moscow and Moscow region markets, which joined Cherkizovo Group in 2011. High quality chilled and frozen poultry and semi-cooked products are produced under this trademark.

Vasilievka is the leading brand of chilled poultry in the mid-price segment in Penza and the Penza region. It is an ecologically and dietary-friendly product at a reasonable price.

Domashnya Kurochka is an eco-product in a premium segment of the Moscow chilled poultry market. The chicken is bred and fed in the Moscow region in close to domestic conditions.

Meat processing products

Cherkizovsky is a leading sausage and meat brand, with almost 40 years of heritage and many awards for quality.

Imperiya Vkusa – dainty ham and smoked products made of whole slices of selected meat are produced under this trademark.

Myasnaya Gubernia is a trademark offering sausage products with an optimal value for money factor.
Health, Safety and Environment

To ensure the high quality of our products, we carry out inspections at every stage of the production cycle, from feed production to young stock breeding, processing and sales.

For Cherkizovo Group, social responsibility is a priority. We strive to minimize our environmental impact and retain good relationships with communities in the regions where we are active. We also make considerable effort to build and maintain communication with our shareholders, suppliers and staff.

We fulfill the requirements of environmental legislation, as well as biological and veterinary safety regulations, in our poultry and pork production operations.
Comfort
Comfortable conditions promote healthy growth and development of poultry and pigs. We maintain an optimum environment for the whole livestock population, controlling the temperature and air circulation, as well as lighting and humidity levels.

Traceability
To ensure the high quality of our products, we carry out inspections at every stage of the production cycle, from feed production to young stock breeding, processing and sales.

Balanced feeding
We produce feed to special formulas with a balanced combination of proteins, microelements, vitamins, and amino acids that serve an optimum source of energy for all the livestock.

Specialization and separation of facilities by territory
All production stages take place at their own sites separated with sanitary protection zones stretching for at least 5 kilometres. This separation of the production sites helps prevent spreading of disease across different generations of livestock and between breeding and production herds. We also take into consideration the prevailing wind direction when choosing the place for a new production facility.

The Full/Empty Concept
Each production site is only filled with livestock of the same generation. In between production processes the sites are thoroughly cleaned and disinfected.

Preventive measures
We monitor the production flow at our facilities to ensure its strictest adherence to the most recent international standards. We take a number of measures to ensure safety of our production sites and to rule out any contact between different herds to prevent the spread of disease.

These measures include:
- Strictly controlled access to the production sites
- Limiting the number of visitors, including foreign delegations
- Prohibiting staff movement between different production sites
- Ensuring effective operation of all the veterinary and sanitary stations
- Providing the staff with work boots and clothes
- Using disposable packaging for deliveries
- Banning the staff from visiting countries where poultry and pig diseases are common
- Regular extermination of potential disease carriers
- Regular blood tests for pigs and chickens
- Clinical examination and veterinary care of all the livestock
- Vaccinations according to the schedule.

Environment protection
We control the sewage disposal, air pollution and energy consumption at all our facilities.
Our policy of people management is aimed at attracting and retaining highly skilled employees at all levels.

Our employees are the company’s most valuable assets, so we are very serious when it comes to staff motivation, training and development.

Recruitment
We want to attract both accomplished experts and managers and graduates, as well as production staff with no experience. The company maintains close co-operation with institutions of higher and vocational education, with whom it has contracts for internship, practical training and pre-degree apprenticeship.

At the stage of recruiting we pay particularly close attention to initial assessment. To hire perfect employees and build an efficient and close team, we assess not only candidates’ professional knowledge and skills but also their personality, ability to adapt to a new team and other important competencies.

Onboarding
New employees take a special induction course to get to know the company, its history, prospects and opportunities, as well as its policies for quality, production, distribution and sales. The induction course also includes learning the company’s operating standards. The course is given during the first weeks of employment to help a new member of staff adapt and to increase their efficiency.

Training and development
The company has a system of training and mentoring. Mentoring is used to transfer experience, traditions and best practice from experienced to new employees. Training includes measures to prepare employees for achieving production targets and problem-solving, as well as on-the-job training programmes and training in other countries.

Career opportunities
The company actively puts into practice its growth strategy, which provides its staff with ample opportunities for career development. We do our best to offer opportunities for professional and career growth to every employee. The company encourages its people to take part in exciting projects that require not only the knowledge of technologies and professional standards but also the ability to complete unusual tasks. When it comes to promotion, candidates inside the company have priority.
**Compensation and benefits**

The company has in place an efficient system of compensation and rewards for hard work, including bonuses for performance, many-years of commitment and for outstanding contribution to the facilities’ development. We provide social protection for our people and respect their rights as set by the law, including a transparent compensation system, paid sick leave and annual holiday, a paid 3-years parental leave with guaranteed return to the job, and more. We also offer our employees additional benefits beyond the requirements of the law. These benefits include additional paid days of holiday according to the length of service, financial assistance when getting married or having a baby, etc.

Most facilities have their own canteens providing their employees with hot meals. For convenience of the staff working at our production facilities, we offer free company transport. The company helps to arrange and subsidizes visits to health resorts and summer camps for its employees and their families. We take care of our people’s health and safety. Our people have medical examinations on a regular basis. Virtually every plant is equipped with a multi-purpose medical room where employees can receive timely high-quality medical help.

**Internal communication**

The company publishes a monthly internal newspaper to inform the staff of major company and industry events, promote the corporate values and develop the corporate culture. Efforts are being made to develop a corporate intranet portal through which our employees can learn about important news and the work of their colleagues in different business segments, as well as keep in touch with the company’s existing policies and procedures. The company regularly holds corporate-wide events to maintain a healthy and friendly work environment.
CHERKIZOVO.
QUALITY FROM FARM TO FORK

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In this booklet real photos
of Cherkizovo Group’s employees
are used.

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