



CODE OF CONDUCT

KERNEL



Starting from the year 1995 we have been growing and developing, proving an incontestable leadership in the agro-industrial sector of Ukraine and supplying our production to all continents. Obviously, we have a lot to be proud of!

However, it is extremely important not only WHAT we attain but also HOW we do this. 35% of the management personnel on different levels have been working in the Company from 5 to 10 years, another 35% - more than 10 years. In the course of preparation for further development we were reflecting upon the idea that has been uniting us as a team of like-minded people during all this period that has been inspiring to achieve new goals. We were thinking about beliefs and principles that produce the desirable results. We have been working in groups of managers on different levels in order to come to an agreement regarding understanding of our philosophy, definition of the profound sense as well as the stimuli of the continuous development.

We live in an ever-changing world and objective reality when the concepts of "good/bad", "right/wrong" are becoming relative. Every day we accomplish thousands of working operations and arrive at hundreds of decisions which are not based on some universally ap-

plicable formulas but at the same time they influence the effectiveness and development of the Company.

It is essential to keep in mind that each of us is the Company's image, each of us develops reputation and has a valuable impact on the effectiveness in the short-term and long-term perspective regardless of one's current position or region of work. From now on we will rely not only on our own experience and knowledge while taking a decision regarding different cases but also will take into account the Company's mission, corporate values and conformity policies which create the corporate philosophy and Company's culture.

I believe that overcoming every maturity challenge, passing on from qualitative growth to quantitative, the corporate values and principles will become the main norm and basis of our life, the foundation for taking the decisions for each of us; the vision and mission will fill our business with a sense and will give a great impulse for a confident further development!

A handwritten signature in black ink, appearing to read "A. Verevsky", with a long, sweeping underline.

Andriy Verevsky

VISION

To become a leader in the agribusiness sphere and to make our region a key supplier of the agricultural products on the global market.

MISSION

We open the unique agribusiness opportunities by means of developing the potential of our people.

KEY VALUES

- Financial stability
- Sustainable business reputation
- Professional team of leaders

KEY VALUES AND
GUIDING PRINCIPLES



FINANCIAL STABILITY

- Strategic system management
- Synergy of business-integration
- Effective and gentle management of assets and resources
- Changes and innovations

SUSTAINABLE BUSINESS REPUTATION

- Transparency and honesty
- Responsible leadership
- Observation of rules and laws
- Sustainable development and social responsibility

PROFESSIONAL TEAM OF LEADERS

- Partnership and unanimity of goals
- Involvement as an internal entrepreneurship
- Mutual respect and confidence
- Development of the people's potential

Financial stability

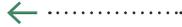


STRATEGIC SYSTEM MANAGEMENT

A strategic and systematic management is the main principle of our administration. This principle ensures the transition from the quantitative growth to the qualitative one. We cascade the strategy and goals on the operational level, transform their realization in the everyday work of the top-management, and encourage the development of the inner entrepreneurship culture and continuous improvement.

SYNERGY OF BUSINESS- INTEGRATION

The branches of our business are tightly connected by means of strategic unity and goal coherence. Their mutual integration results in an additional cost and in a positive total financial outcome. We apply the synergy of cooperation between business branches, departments and functions inside the Company in order to ensure the best result.



EFFECTIVE AND GENTLE MANAGEMENT OF ASSETS AND RESOURCES

We protect the trusted assets, rise their effectiveness, treat cautiously financial, material resources and information and we manage the main risks. The top priority for us is the Company's interests. Each of us is responsible for the rational and effective application and protection of the Company resources.

CHANGES AND INNOVATIONS

We are flexible while taking decisions. We are not afraid of the changes; we take them as a necessity and new opportunities for development. We improve the quality of our assets, build modern producible enterprises, upgrade our processes and train people. We are heading for the global practices and adapt to the best ones taking into account political and market character, changes of the external environment and particular features of our Company.

KEY VALUES AND GUIDING PRINCIPLES

Sustainable business reputation



TRANSPARENCY AND HONESTY

Kernel is a public company. We follow the principles of the transparency and honesty while contacting with each other, shareholders, investors and partners. We are clear and logical in our decisions and actions. Authenticity and openness of the information are at the heart of our activity.

We pass an independent audit in time and publish reporting, we reveal the information regarding our strategy, operating activities and significant risks. We do not tolerate the attempts to manipulate the financial information.

We carry out the public tender procedures and reason the choice of a supplier avowedly. Each participant of a tender has the possibility to address the Company concerning infringement of his rights. Each of us within the sphere of his responsibility and power should keep the records of business operations fairly and openly proving made decisions, conduct and perform reports, promote transparency of the relevant financial and nonfinancial information.

RESPONSIBLE LEADERSHIP

We have a responsible attitude towards the market leadership and influence over the country, people and company. We aid development of the agricultural sector in the regions of our presence. We shape the business culture of carrying the national business. We do business with our partners on fairly basis and respond to their appeals. We bear responsibility for undertaken commitments and carry out contract terms and conditions in a professional way.

We maintain the credibility of our Company and do not tolerate activities, public speeches or subjective judgements which may have a negative impact on the corporate image. We do not communicate with mass media on behalf of the Company unless we have the agreement of the responsible people.

We do not accept presents and do not participate in the activities which may influence decision making.



OBSERVATION OF RULES AND LAWS

We observe the current legislation and international legal norms. We respect corporate values and guiding principles and act in accordance with internal policies and procedures. We do not tolerate corruption and fraud at national level and we repress these actions inside the Company, we counteract conflict of interests which may lead to financial and reputational loss. We protect and promote the Company's interests by means of legal professional ways which won't have any negative impact on the business standing of the Company.



SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY

We build the company with the long-term prospects, therefore sustainability is considered to be the main principle of our activity. We aspire to create the comfortable working conditions for our employees. Labor protection and people's safety is our key priority. We provide a wide range of opportunities for training and professional development.

We strive to minimize the usage of resources and industrial waste; we till the land with solicitude and control the quality of our products.

We build an open interaction with local communities, lessors and colleagues helping communities in their essential needs.

We realize tens of large-scale and hundreds of local social projects that lead to the qualitative changes of the social infrastructure in the regions of our presence.

KEY VALUES AND
GUIDING PRINCIPLES

Professional team of leaders



PARTNERSHIP AND UNANIMITY OF GOALS

Partnership is the key principle of our inner interaction. We are a professional team of the like-minded people who move the Company, the world's leader in its field, forward. Each of us demonstrates right behavior and interaction models inside the team. Being on the different positions, being in different divisions and departments, countries and regions, we are doing the same business in order to attain the same goal. We are not afraid of saying truth or admitting mistakes as we know that we will be supported by the colleagues trying to find the best way out. Together we are able to solve the most difficult tasks and to attain the top results.

INVOLVEMENT AS AN INTERNAL ENTREPRENEURSHIP

We take the work with fondness, affection and dedication. We take the work as it is our own business, as a lifetime project. Each of us realizes the importance of his impact on the common result and considers it part of his duties to contribute to the prosperity of the Company. We work at optimal performance. We are flexible and we are accepting the changes easy as the changes is life around us, changes is the way forward. Our entrepreneurship creates the future either of the Company or of the society.



MUTUAL RESPECT AND CONFIDENCE

Respect and confidence culture is not just a friendly attitude towards each other. This is a uniform understanding and acceptance of vision, values and guiding principles of the Company. This is a right management structure that determines the functionality differentiation and provides the possibility to take responsibility and take decisions. These are clear game rules and absence of the bias standards. We are always tactful and well-reasoned while communicating with the colleagues inside and outside the Company. We strive not to admit the personal conflicts and negative emotions towards each other. We do not spend our energy on the inner confrontations but concentrate on the Company's development and common goals achieving. We cooperate and learn from one another.

DEVELOPMENT OF THE PEOPLE'S POTENTIAL

Every employee of the Company has the possibility to get knowledge, to develop and to achieve one's potential and ambitions owing to the right strategy, dynamic growth and personnel policy oriented towards progress. 73% of the top-managers on different levels have built their careers in Kernel, receiving a unique expertise and new prospects. We pay a big deal of attention to the training and development of the high-potential youth. We aim to be professionals in our occupation. Every top-manager in the Company serves as an example and a tutor for the employees; he is a bearer and a guide of the corporate business philosophy and cultural values. We are eager to create such an atmosphere when people go to work with pleasure, when people are proud of their work, when they are involved and interested in the success of the company. While changing our culture for better, we are changing ourselves.

THE COMPANY'S CODE OF CONDUCT PRINCIPLES COMPLETE AND PRECISE THE FOLLOWING COMPLIANCY POLICIES:

- Personnel management policy;
- Employer's social responsibility policy;
- Work safety and health policy;
- Internal and external communications policy;
- Neighborliness policy (regarding relationships with the communities and authorities)
- Confidential information keeping policy;
- Conflict of interests nonadmission policy;
- Anti-fraud and anti-corruption policy;
- Environmental control policy;
- Corporate principles and norms compliance policy.
- Informing about violation procedure;
- Provision regarding business ethics Committee.

ACTIONS IN CASE OF AMBIGUITY OR CONTRADICTIONS

Guiding principles and compliancy Polices compose our Code of Conduct. If the requirements prescribed in the Code are stricter than these of the current legislation or vice versa we follow the stricter ones. We pay a lot of attention to all comments, appeals and questions regarding interpretation, implementation and observance of the Code.

RESPONSIBILITY FOR VIOLATION

Every employee of the Company takes the responsibility to observe the Code's rules and norms. Nobody has the rule to force the other employees to act against the requirements explained in the Code.

Non-compliance of the Code's requirements are considered as serious violations that are to be evaluated by the business ethics Committee and Management Committee. Basing on the results of the objective violation circumstances inspection and taking into account its gravity and violator's actions towards consequence's elimination, the disciplinary measures including dismissal are applied to the employees who have committed the violation.

Every structural subdivision manager is responsible for the compliance of the Code's requirements by the employees of his subdivision. Thus, the managers should uncover, prevent and react upon violations of the Code's requirements by the subordinates.

The authoritative Company's representatives must inform the law-enforcement agencies regarding all infringements which may lead to the prosecution due to current legislation and in cases when informing of the following state bodies is prescribed by law. Otherwise bringing to responsibility is carried out according to the internal Company procedures.

Each of us has the right to point the colleague at the violation nonadmission and to demand to stop the realization of the actions which may lead to violation or to address the top-management.

Hot line is one of the most accessible communication channels as well as an effective instrument to help to report of any kind of violation.

The Company's ethical principles oblige us not only to observe them in the daily activities but to demand it from the others including managers and to inform of the violation facts in time.

FACTS TO BE REPORTED TO THE TOP-MANAGEMENT AND/OR HOT LINE, VIA E-MAIL:

- Conflict of interests between the Company and Employee/Contractor with financial or reputational consequences.
- Usage of the insider information not in the Company's interests.
- Distortion of the financial reporting/forgery of documents/ Key Performance Indicators.
- Theft or usage of the Company's property
- Fraud or abuse of power
- Corruption, employee's bribery (corruptive payments, payoffs), acceptance of the "excessive" presents or entertainments which may influence the decision-making objectivity;
- Presence at a workplace in a state of an alcoholic or drug intoxication;
- Spreading of information regarding the Company that may stab at its reputation;
- Offence of the colleagues, usage of physical force, acts and/ or threats regarding intimidation or harassment.
- Impact of the interpersonal relationships on the business decisions.
- Work safety and health violations;
- Pursuit of the people reporting regarding a violation.

**If you witnessed the above-mentioned facts please contact
the Hot Line or communicate via an e-mail address:**

0-800-50-14-83

dovira@kernel.ua

Please keep in mind that the employee striving to get an advice, being concerned regarding the common business results or reporting about an unsuitable conducts acts in the right way. Silence is an act of complicity.

We created a Hot Line realizing that it is not always possible under the subordination conditions or interpersonal relationships.

It is strictly prohibited to pursuit people reporting about infringements of the legislation requirements or Company`s internal standards.

The employees who consider to be pursued should report about it.

Besides the disciplinary actions including dismissal are applied to the employees giving false information.

All the employees in the Company have to get acquainted with the content of the Code and to observe its principles.

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