

# KERNEL

## Community Cooperation Policy in the regions of the presence of Kernel

Kyiv, December, 2019



# Policy Objectives



- ✓ The recognition of the general principles of the process of cooperation with communities
- ✓ The recognition of regular and effective system of interaction between land service and the Company's representatives in the regions for the joint solution of topical issues in the social sphere
- ✓ Building trust and loyalty of parties concerned towards the Company as a dependable and reliable partner, socially responsible business and employer
- ✓ The definition of principles of implementation of social programs and projects of the Company aimed at long-term sustainable development
- ✓ The transparent system of management of cooperation with communities, local authorities in the regions of presence of the Company
- ✓ The participation and assistance in socio-economic development of the communities in the regions of presence of the Company

# Principles of cooperation with communities



- ✓ **Responsible leadership.** The recognition of the role of the Company in public sustainable development and the responsibility for its contribution to regional development was a long-term, important and understandable to the public
- ✓ **Consistency and long-term partnership.** The Company's cooperation with local communities is carried out in a systematic and long-term basis with involvement of the parties concerned
- ✓ **Regional approach.** Social projects and programs are implemented mainly in the regions of the presence of the Company and contribute to the sustainable development of the Company and regions
- ✓ **Observance of laws and rules.** The recognition of the rule of law in all spheres of public and economic life, respect for human rights
- ✓ **Transparency and honesty.** The company carries out a regular dialogue with the parties concerned, taking into consideration their interests and expectations in the decision-making process
- ✓ **Changes and innovations.** Taking into account the best international practices and the integration of new approaches to the process of cooperation with communities

# Basic concepts

Interaction management system



- ✓ Support of organizations, institutions, pressure groups, which act in the interests of the local population and assume responsibility for solving urgent problems of the community
- ✓ Involvement of the parties concerned in the process of solving topical issues of the social sphere in the regions of presence
- ✓ Consistent informing of the land service on the process of Company cooperation with the communities through print media, television and online resources
- ✓ Joint formation with the subsequent practical implementation of needs of the Communities in areas where Kernel farming enterprises are present taking into account the social needs of communities and the size of the landbank in a particular village, district, ATC

# Basic concepts

## The parties concerned



The key parties concerned of the Company include the following target groups:

- ✓ **Personnel.** Field of interest: labour safety, competitive salary, investments in professional development and recognition of results
- ✓ **Shareholders.** Field of interest: sustainable development of the Company, timely notification, prevention and control of risks
- ✓ **Local communities** (local population, community pressure groups and organizations, representatives of educational institutions, medicine, culture, etc.) Field of interest: availability of jobs and payment of taxes, and careful use of land and other natural resources, social and cultural projects, support and partnership
- ✓ **Local authorities, regulatory authorities.** Field of interest: payment of taxes, compliance with laws, support for socio-economic development of territories, timely execution of requests, providing information on activities
- ✓ **Mass Media.** Field of interest: timely reporting on the Company's activities, timely execution of queries
- ✓ **Suppliers.** Field of interest: fair competition, transparent procurement processes, ethical business conduct, implementation of agreements and commitments
- ✓ **Landowners/Buyers/Customers.** Field of interest: quality products, responsible consumption, access to information about products, social programs and projects

# Basic concepts

## Priority areas of cooperation with communities



**Education.** Support of initiatives and projects in the education sector, including projects aimed at supporting educational institutions, such as schools, preschool educational institutions, educational centres and others, as well as targeted support of children



**Healthcare.** Support of initiatives and projects in the healthcare sector, including projects aimed at the support of medical institutions, purchase of necessary medicines and medical equipment, as well as targeted support of seriously ill people



**Infrastructure and landscaping.** Support of initiatives and projects aimed at improving and ensuring comfortable living conditions in the regions of presence, including the reconditioning of village roads, the restoration works on reinstatement of bridge, playgrounds, repair of street lighting and water supply, provision of special equipment for finishing areas, etc.



**Culture and public initiatives.** Support of initiatives and projects in the cultural sector, development of folk and children's art, and support of cultural institutions, including community centres, clubs, libraries, as well as procurement of necessary equipment, office machines, stage attire, financial participation in realization of state and local holidays



**Sports.** Support of initiatives and projects in the sports and healthy lifestyle sector, including reconstruction of sports grounds and stadiums, opening of sports clubs, financial participation in the conduct of sporting events, providing sports equipment and sportswear



**Targeted aid.** Provision of targeted assistance for important life needs of the residents of the regions of the presence of the Company, taking into account the support of disabled people, pensioners, veterans, large families, orphans, participants of combat operations (maintenance of infrastructure, repairs of roads, lighting, water supply, snow clearance, collection and rubbish removal, gasification)



**Development of business environment.** Development of entrepreneurship in the presence areas, empowering local communities to attract investment, support of local producers and entrepreneurs, development of social entrepreneurship

# Basic concepts

Requirements when prioritizing projects

**When reviewing the proposed projects and programs of cooperation with communities, the Company gives preference to the projects that meet the following requirements:**

- ☞ They are among the priority areas in cooperation with communities that is defined in this Policy item
- ☞ They are implemented in the regions and promote the formation of resources for sustainable socio-economic development
- ☞ They contribute to solving the most acute social problems, covering the maximum number of AP
- ☞ They are implemented on an ongoing basis, they are long term and aimed at solving important social problems
- ☞ They are timely and in demand by all the AP, meet the strategic interests of the Company's business development
- ☞ They are formed as targeted projects or programs, have achievable goals, identified measures of effectiveness
- ☞ They are aimed at improving the quality of life of the society, are relevant and sufficiently financed by the state or other social institutions

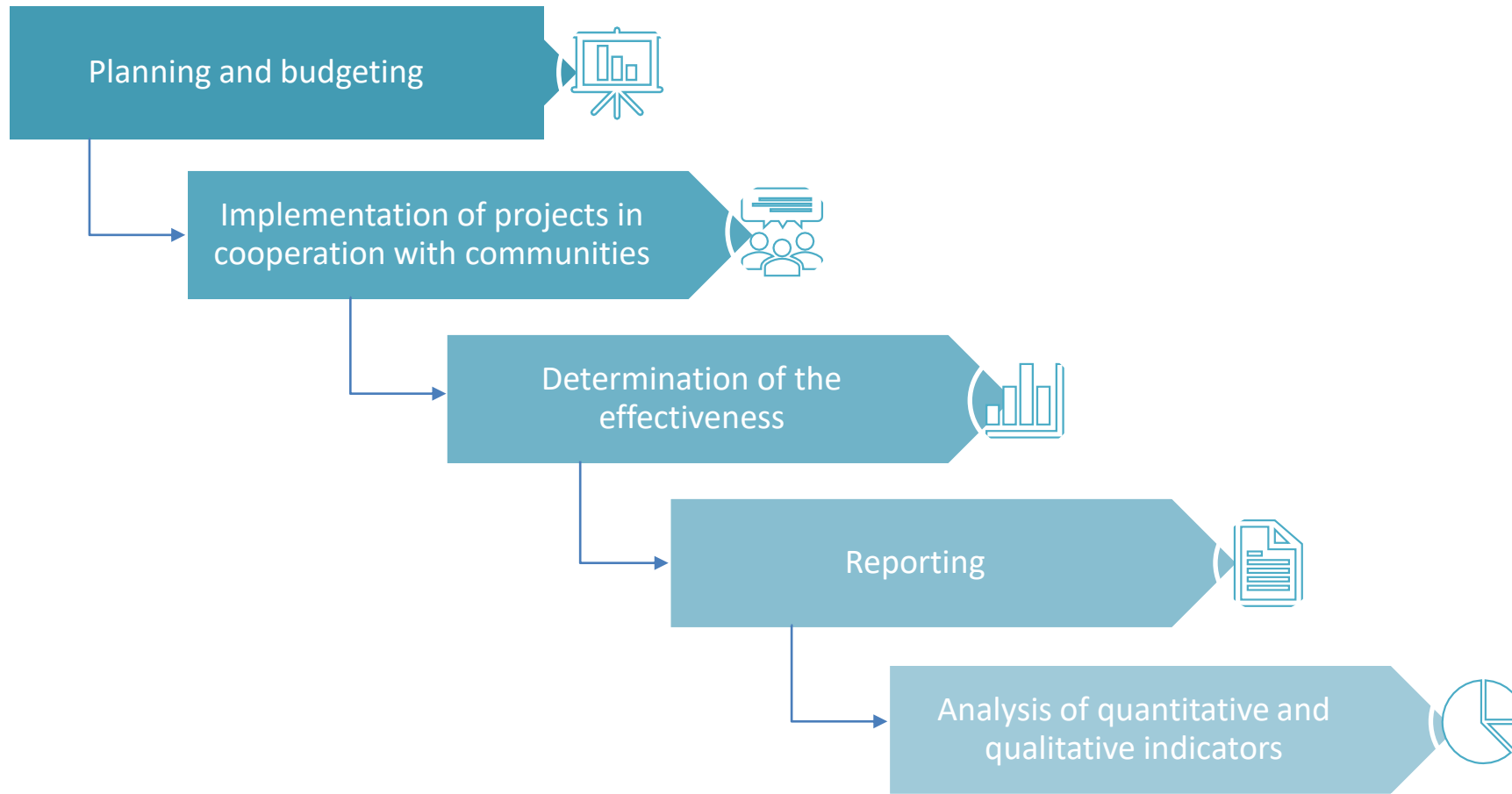
## Important!

- ☑ Obligatory check of counterparties and third parties on the reliability and corruption risk
- ☑ Contracts valued at sum of more than UAH 100,000 are subject to mandatory confirmation of Compliance Manager

**The company stays out of politics and out of religion and does not support the following organizations:**

- ✓ Non-profit organizations associated with political institutions and parties
- ✓ The legislative, executive and judiciary powers
- ✓ Organizations and individuals who carry out conventional fundraising
- ✓ Participants in nationalist movements
- ✓ Fan clubs, including sporting, musical or other movements that act in their own interests.

# Stages of Policy implementation





# Participants of the process and areas of responsibility

## Area Director

- ✓ Overall control of the process
- ✓ Overall control of project financing

## Deputy Director for management of the landbank

- ✓ Final approval of planning and budgeting
- ✓ Control of the funding of projects through the Charity Fund
- ✓ Overall control of project implementation, cooperation with communities
- ✓ Analysis of reporting

## Head of cluster

- ✓ Prioritization of projects
- ✓ Harmonization of planning and budgeting
- ✓ Control of the implementation of projects cooperation with the communities
- ✓ Analysis of reporting

## Head of the land and/or social services

- ✓ Communication with local authorities (DSA, etc.)
- ✓ Planning and budgeting conduct
- ✓ Implementation and monitoring of the projects in cooperation with communities
- ✓ Reporting

## Managers of the village

- ✓ Communication with landowners
- ✓ Implementation of projects of cooperation with the communities

## Managers and/or responsible people of ATC, DSA etc.

- ✓ Query, statement of need and relevance of the projects
- ✓ Appointment of a contractor
- ✓ Generation and submission of the project budget
- ✓ Control of a contractor in the process of project implementation
- ✓ Reporting into the implementation of the project to the community and sponsor

## The administration of the institutions involved in a specific project

- ✓ Full responsibility for the implementation of projects within their own and/or jointly identified with the sponsoring authority

## Contractors

- ✓ Proper quality of goods/services provided
- ✓ Meeting deadlines of projects
- ✓ Compliance with the agreed budget

## Communications Department, PR and GR

- ✓ Carrying out promotional activities at the start of development projects, PR projects, after implementing them

## Users of CSR projects (Kernel landowners) in the settlements of the presence of Kernel Agribusiness

- ✓ Preservation and responsible use of received benefits
- ✓ Keeping to specific conditions of cooperation

# Other provisions



- ✓ Cooperation policy with communities applies to all process participants and the parties concerned
- ✓ The basic provisions and the area of responsibility formed in the Policy are based on best practices and competencies and aimed at ensuring regular and effective system of cooperation between partners and the Company
- ✓ The Company management undertakes to review the Policy as often as necessary, to ensure that this Policy accurately reflects the management system of the interaction with communities
- ✓ The provisions of the Policy come into force from the date of its adoption and will not apply retrospectively
- ✓ **Process owner:** Deputy Director of the Agribusiness landbank management
- ✓ **Related documents:**
  - Budgeting Policy
  - Policy of sustainable development and corporate social responsibility
  - Policy of internal and external communications
  - The procedure of charity