

KERNEL



POLICY OF CONFLICT-OF-INTEREST MANAGEMENT, ANTI-FRAUD AND ANTI-CORRUPTION

Compliance

INTRODUCTION

Since 1995, we have been dynamically growing and developing, confirming our unquestionable leadership in the agro-industrial sector and supplying our products to all continents of the world.

However, it is important for us not only **WHAT** we achieve, but also **HOW** we do it.

We perform thousands of operations every day and make hundreds of decisions that have no universal formula, but also affect the Company's performance and development. It is important to remember that each of us, regardless of position and region of work, is the face of the Company and creates its reputation, affects its efficiency in the short and long term. When making business decisions, we rely not only on our own experience and knowledge, logic and common sense, but also take into account the Company's ethical standards, guidelines and values that form its corporate philosophy and compliance culture.

With this Policy, we emphasise that during the transition from quantitative to qualitative growth, ethical values and standards have become the norm of life and the basis for decision-making for each of us.

To ensure a high compliance culture of doing business and to protect the Company from risks related to conflict of interest, fraud and corruption, we recommend that you carefully read this Policy and, if you have any questions about any aspect of it, contact the Head of the Compliance Department.

I. PROCESS OBJECTIVES

- Ensuring a high compliance culture of doing business
- Protecting the Company from risks related to conflict of interest, fraud and corruption

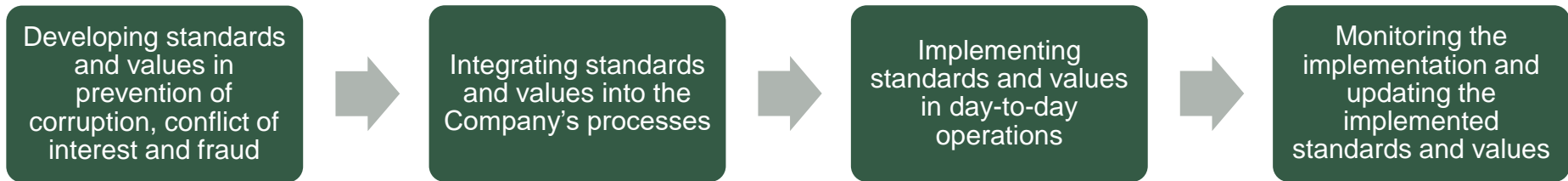
II. KEY PRINCIPLES

- **Compliance with the Corporate Code and other in-house regulations of Kernel** (the “Company”) in terms of conflict of interest management and anti-fraud and corruption (the “CIFC”) to manage financial, corruption and reputational risks of the Company and ensure a high level of trust from employees, investors, counterparties and other participants in the global and local markets
- The principle of **zero tolerance** is a declaration that the Company’s management, officials, employees are guided by the principle of zero tolerance to any manifestations of corruption and bribery, unethical behaviour in their activities and in the activities of subsidiaries and affiliated companies, as well as in legal relations with business partners, state authorities, local governments, and implement all measures provided for by law to combat corruption and bribery and related actions (practices)
- **Compliance with the requirements** of the Constitution of Ukraine, the relevant anti-corruption legislation of Ukraine, the Model Anti-Corruption Programme approved by the National Agency on Corruption Prevention, the US Foreign Corrupt Practices Act (the “FCPA”) and the UK Bribery Act (the “UKBA”), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the “OECD Convention”), anti-corruption laws of the countries to jurisdiction of which the Company is subject during its activities

III. GENERAL

- The Policy applies to all assets and all employees of the Company, regardless of their position, counterparties and third parties who may act on behalf of the Company.
- The CIFC risk management system is aimed at identifying, disclosing and resolving situations of conflict of interest, fraud and corruption, mechanisms for management decision-making and standards of employee behaviour in relevant circumstances to develop a compliance culture that prevents improper behaviour and unlawful actions.
- Kernel is obliged to maintain partnership only with entities that operate in compliance with established ethical standards. The Company applies a mandatory process of due diligence to its counterparties, which allows it to assess their reliability before starting any interaction.
- The Company shall ensure the development and implementation of measures that are necessary and sufficient to prevent, detect and combat corruption in its activities, such as periodic assessment of corruption risks, establishment of professional ethics standards for employees, familiarisation of new employees with the content of this Policy, conducting appropriate training, counterparty due diligence, restrictions on gifts and hospitality, monitoring of conflict of interest, etc.

IV. LEVELS AND STAGES OF CONTROL



CONTROLS:

- The implementation of this Policy is managed by the Board of Directors
- The Board of Directors instructs the Company's management to implement this Policy
- The overall control over compliance with the requirements of the Policy is vested in the CEO of the Company and the Line Directors

V. KEY POINTS. CONFLICT OF INTEREST

Conflict of interest is a normal business phenomenon that is not a violation as long as it does not affect management decision-making and the diligent performance of job duties by employees.

The Policy establishes a system for managing conflict of interest, which is implemented based on the following principles:

- Mandatory and timely disclosure of information about existing or potential conflict of interest by employees and counterparties of the Company
- Individual consideration, assessment of the severity of risks for each conflict and settlement of each individual case
- Confidentiality of the conflict disclosure process and the conflict resolution process
- Maintaining a balance of interests of the Company and its employees in resolving conflicts of interest
- Respect for the rights of employees to engage in legitimate financial, business, political and other activities in their free time, if they do not affect their ability to perform their job duties
- Protecting employees from harassment related to conflict of interest that has been disclosed in a timely manner

V. KEY POINTS. CONFLICT OF INTEREST

Types of conflict of interest:

Employee – Counterparty: The employee's personal interest results in his/her losing impartiality and objectivity in relation to one or a group of counterparties

Employee – the Company: The employee's personal interests directly or indirectly conflict with the Company's interests

The Company – Counterparty: The interests of the Company and the counterparty directly or indirectly are in conflict with each other

Counterparty – Counterparty: The interests of two or more counterparties interacting with the Company in the same transactions are in conflict with each other

The Company – Shareholders: The interests of the Company/personnel directly or indirectly are in conflict with the interests of shareholders

Subdivision 1 – Subdivision 2: An internal corporate conflict involving contradictions in the functionality of the same process, and differences in the proposed conditions for the same solution

The **employee conflicts of interest** are annually declared at the end of each marketing year. This makes it possible for the employees to report potential or actual conflicts of interest to the Company on a scheduled basis.

An employee must **immediately inform** his/her direct manager and the Head of the Compliance Department in the event of a sudden conflict of interest and not act in the current circumstances until they are resolved.

V. KEY POINTS. CONFLICT OF INTEREST

Situations requiring settlement:

- Conducting agribusiness activities.
- Concluding an agreement with counterparties that are directly or indirectly related to employees who make decisions under the terms and conditions of this agreement.
- Competing with the Company involving close relatives in any area of activity.
- Joint work of close relatives with direct subordination.
- Participation in political activities using working time and the Company's resources to the detriment of job duties.
- Communication with the media, speeches at conferences, production of printed materials with information about the Company for further dissemination without the approval of the Line Director and the Communications Director.
- **Acceptance of gifts by an employee for himself/herself or his/her close relatives from the Company's counterparties with a total value of more than UAH 2,500 per year from one counterparty.**
- Campaigning and advertising activities within the Company to promote personal interests and/or obtain benefits.

Note:

You should inform your direct manager in a timely manner and record information in the Conflict of Interest Declaration about your close relatives working for or being founders or shareholders of companies that are or are directly related to the Company's counterparties or competitors.

You must inform your direct manager in a timely manner and record information in the Conflict of Interest Declaration about the work of close relatives in interrelated/controlled positions.

The value restriction does not apply to business gifts that originate from publicly available corporate discounts on goods, services, or winnings.

V. KEY POINTS. CONFLICT OF INTEREST

Ways to resolve a conflict of interest:

- Resolving the conflict of interest by the employee on his/her own by eliminating the relevant personal interest.
- Eliminating the causes of the conflict of interest, refusal to take certain actions.
- Removing the employee from taking actions in the context of a conflict of interest.
- Restricting the employee's access to certain information.
- Reviewing the employee's level of authority, transferring the employee to another position.
- Acceptance of a conflict of interest with measures taken to mitigate the negative consequences.
- External monitoring of actions, tasks or decisions taken/performed by the employee.

If the conflict of interest has not been resolved by the employee, the following **disciplinary actions** shall be applied:

- ✓ Reprimand and disqualification from receiving 100% bonus – upon detection for the second time.

In case of detection of conflict of interest-related circumstances of abuse of authority by an official of a private law legal entity or giving a bribe to an official of a private law legal entity, as well as other articles of the Criminal Code of Ukraine, the Company may take measures to initiate criminal proceedings in the manner prescribed by law.

V. KEY POINTS. TENDERS AND PROCUREMENT

- The Company has strict regulations in place to prevent conflict of interest, corruption and fraud in procurement, as well as rules for communication and interaction with employees of government agencies, institutions and companies when they participate in the Company's tenders
- Before starting the procurement process, the employee must first read the relevant in-house regulations governing procurement and, if necessary, consult with the Head of the Compliance Department to avoid violations
- The contracts with counterparties include a standard anti-corruption clause approved by the Company
- Compliance assessment is carried out regarding the possibility of business activities (business gifts and hospitality) during the procurement process, fulfilment of the terms and conditions of the existing contract with the participation of state organisations/civil servants
- It is prohibited to fulfil non-contractual terms and conditions during interaction with business partners

V. KEY POINTS. REPRESENTATIVES AND INTERACTION WITH CIVIL SERVANTS

- It is prohibited to engage representatives to carry out any transactions that contradict the requirements of the current Ukrainian legislation and other in-house regulations
- It is prohibited to make any corrupt payments, including through representatives
- A mandatory preliminary check of a potential representative is required to assess his/her reliability
- Employees or representatives acting on behalf of the Company may not use undue influence over civil servants
- It is prohibited to offer any tangible and intangible assets, services and benefits to civil servants and politically exposed persons, or their family members, in exchange for any benefit or advantage for the Company
- The current legislation does not prohibit the Company from engaging in legal business transactions with government agencies, institutions and companies

V. KEY POINTS. CHARITY AND FACILITATION PAYMENTS

- Charitable contributions on behalf of the Company are prohibited if their purpose is to use undue influence over a civil servant or other third party
- Contracts/payments with the purpose “charity”, “sponsorship”, “social responsibility and interaction with local self-government authorities” must be pre-approved by the Head of the Compliance Department
- Expenditures for political and religious purposes on behalf of the Company are prohibited
- The Company does not reimburse expenses related to employees’ donations for political and religious purposes
- The Company prohibits any facilitation payments

V. KEY POINTS. BUSINESS GIFTS AND HOSPITALITY

- Business gifts and business hospitality received/planned to be provided in excess of the Company's limit must be recorded in the register of Business Gifts and Hospitality and approved by the Head of the Compliance Department
- It is not allowed for the Company's employees to ask for and receive such gifts for themselves or third parties that are beyond the conventional idea of hospitality and are aimed at abusing their authority and related opportunities
- Employees may accept gifts and hospitality that meet the conventional idea (souvenirs, food and beverages, invitations to entertainment events, reimbursement of travel expenses and hotel accommodation) if the value of such gift or hospitality **does not exceed UAH 2,500**
- Employees must refrain from offering gifts to civil servants and representatives of local authorities, their related parties, business partners, their employees or agents, as well as from any behaviour that may be deemed as a willingness to commit a potential corruption offence

V. KEY POINTS. FINANCIAL STATEMENTS AND INVESTMENTS

- The Company shall ensure maintaining complete and accurate financial and non-financial statements and accounting records
- Employees shall sign only those documents that they are authorised to sign and that they believe to be lawful and justified
- To implement its corporate strategy, the Company may engage in mergers and acquisitions, joint ventures and equity investments in other companies
- After approval of such a transaction, the Company shall extend its ethical standards and principles to new assets

VI. REPORTING VIOLATIONS

- To maintain a high level of trust in the Company and compliance with international standards of business ethics, the Company has a Hotline in place
- The Hotline protects employees and counterparties from actions that do not comply with the requirements of the Corporate Code and applicable laws
- **Employees are obliged to report any violations and manifestations of inappropriate and unacceptable actions that they become aware of to the Hotline (0-800-501-483 or hotline@kernel.lu)**
- Concealment of information about violations and omission is contrary to the Company's principles
- Both reports from specific employees and anonymous reports are accepted for consideration
- The reports received through the Hotline channels are responded according to the Procedure for Receiving and Reviewing Information Received through Hotline Channels
- The Hotline contacts are available on Kernel's official website, corporate internal portal, information stands and other publicly accessible places of the companies

VII. PROTECTION OF WHISTLEBLOWERS

- The Company prohibits harassment of employees who have contacted the Hotline (the “Whistleblowers”). The Company’s management guarantees compliance with this requirement
- Information about the Whistleblower’s identity may be disclosed only with his/her consent
- The Whistleblower may not be dismissed or forced to resign, subjected to disciplinary action or any other negative measures of influence by the Company
- In case of threats or pressure, the Whistleblower should immediately contact the Hotline or the Head of the Compliance Department
- Any attempt to harass the Whistleblower is a serious corporate violation

VIII. UNACCEPTABLE ACTIONS AND RESPONSIBILITY FOR THEM

UNACCEPTABLE ACTIONS:

- Theft, misappropriation of the Company's material and intellectual property
- Obtaining an undue advantage at the expense of the Company in personal interests
- Obtaining an undue advantage that results in financial losses and may affect the Company's reputation
- Distortion/suppression of information to conceal criminal acts, operational errors, production losses
- Discussion of confidential information that has become known to the employee in performing his/her duties with third parties
- Giving bribes to employees
- Intentional damage to the Company's material or intellectual property, including information, documents, databases, information systems, etc.
- Professional negligence that resulted or could have resulted in any losses for the Company
- Abuse of office in personal interests for own benefit.
- Exerting pressure on employees, involving them in inappropriate and unacceptable actions for own benefit or third parties' benefit

VIII. UNACCEPTABLE ACTIONS AND RESPONSIBILITY FOR THEM

- Dissemination of information about the Company and its employees that discredits its reputation
- Non-compliance with safety regulations that pose a risk to life and health
- Being in the workplace under the influence of alcohol or drugs
- Insulting colleagues, using physical force, actions and/or threats aimed at intimidation, harassment and other criminal purposes
- Using the Company's material and intangible resources for personal purposes, if their use is not part of the compensation package
- Identification of a conflict of interest that the employee did not disclose on his/her own
- Forgery of the Company's documents
- Non-compliance with the requirements and principles of this Policy
- Any actions that may result in financial or reputational losses for the Company

If the fact of committing an UNACCEPTABLE ACTION is confirmed, the decision to dismiss is made automatically, with the Line Director being responsible for its implementation.

IX. UNLAWFUL ACTIONS AND RESPONSIBILITY FOR THEM

UNLAWFUL ACTIONS:

- Any demonstration of improper behaviour or violation of the principles of the Corporate Code and other corporate policies and procedures of the Company by employees

If the fact of committing the UNLAWFUL ACTIONS is confirmed, sanctions may be applied in the form of a verbal warning, reprimand or deprivation of the bonus.

The Line Director is responsible for implementation of the relevant decision.

X. COMPANY'S ACTIONS IN CASE OF DETECTION OF UNACCEPTABLE OR UNLAWFUL ACTIONS

If there is information indicating that employees have committed unacceptable or unlawful actions, the following measures may be taken according to the Internal (Corporate) Investigation Procedure:

- An internal investigation shall be initiated to confirm or refute information about the alleged violation
- If there are sufficient grounds following the internal investigation, the manager shall impose a disciplinary sanction on the violator according to the current Ukrainian legislation and the rules prescribed by this Policy
- If there are sufficient grounds indicating that an employee has committed an administrative or criminal offence, the Company may report the violation to the relevant law enforcement agencies
- If there are grounds indicating that the Company has suffered pecuniary damage, the violator may be subject to recovery of financial losses

XI. RESPONSIBILITY

An **employee shall be personally responsible** to the Company's management and owners in case of violation of the requirements of this Policy and actions that will result in reputational risks for the Company.

The **Head of the Compliance Department** ensures the arrangement of feedback mechanisms and other internal processes aimed at maintaining and continuously improving this Policy.

Any employee may **initiate** changes to this Policy.

In cases where urgent changes to this Policy are required, the **Head of the Compliance Department** shall initiate its update within 30 working days upon receipt of the relevant proposals.

The updated version of the Policy shall be approved by the **Company's CEO**.

XII. OTHER PROVISIONS

Process owner: Head of HR Department

Developed by: Head of Compliance Department

Related documents:

- Corporate Code
- Corporate Governance Policy
- Procedure “Search, Selection and Hiring of Personnel”. Non-Disclosure Agreement
- Procurement Policy for Goods and Services
- Procurement Procedures for Goods and Services by areas
- Procedure “Counterparty Verification by the Security Department”
- Procedure “Management of Business Gifts and Business Hospitality”
- Procedure “Obtaining and Reviewing Information Received via Hotline Channels”
- Procedure “Creation and Approval of Economic and Legal Documents”
- Procedure “Internal (Corporate) Investigation Procedure”
- Procedure “Protection of Whistleblowers”

DEFINITIONS

Close relatives mean persons who live together and are connected by a common household, including persons who live together but are not married, as well as, regardless of the above conditions, husband, wife, father, mother, stepfather, stepmother, son, daughter, stepson, stepdaughter, brother, sister, nephew, niece, grandfather, grandmother, great-grandfather, great-grandmother, grandson, granddaughter, great-grandson, great-granddaughter, son-in-law, daughter-in-law, husband's father and mother, wife's father and mother, adoptive parent or adopted person, guardian or caretaker, person under the care of the said person, godfather, godmother, godson, goddaughter

Undue advantage means a financial or other advantage (including a valuable gift) offered, granted, demanded (active bribery) or permitted, accepted (passive bribery) as an inducement to unlawful actions/behaviour or failure to perform the relevant functions of a person involved in bribery. An undue advantage may take the form of: money or any offer, promise or provision of any valuable gift or advantage (the value of the gift/advantage need not be large), entertainment, travel, incentive programmes, bonuses, job offers, overpayments to government suppliers, discounts/kickbacks on services provided to the Company, intangible benefits (e.g. providing information, recommendations, assistance in concluding a commercial transaction or obtaining any benefit/advantage). An undue advantage in the context of interaction with civil servants may include offering or providing civil servants with any financial or other benefits with the purpose/intention of using any influence over them as officials to obtain any advantage within the scope of their official duties

Business hospitality means business breakfasts, business lunches, dinners, treats, corporate or other events offered by counterparties, civil servants or other third parties to employees or offered to counterparties, civil servants or third parties by employees in order to establish and maintain business relations

Business gifts mean money or other property, benefits, privileges, services, intangible assets provided/received free of charge or at a price below the minimum market price

DEFINITIONS

Conflict of interest means a direct or indirect conflict between an employee's personal interest and functional authority in the Company, which affects or may affect objectivity and impartiality in decision-making or the performance or non-performance of actions in the exercise of such authority

Corporate Code means a set of established principles, norms and rules of conduct for a person or group of persons, which determines the assessment of their actions in terms of relations in the team and in society based on compliance with moral standards and principles shared by them

Corruption risk means a reasonable probability of a corruption or corruption-related offence or violation of the requirements of anti-corruption legislation

Corruption means the abuse of the official powers or related opportunities by a person referred to in Article 3 § 1 of the Law of Ukraine On Prevention of Corruption for the purpose of obtaining or accepting an undue advantage or accepting a promise/offer of such advantage for oneself or other persons, or, accordingly, a promise/offer or provision of an undue advantage to a person referred to in Article 3 § 1 of this law, or at his/her request to other individuals or legal entities in order to induce this person to unlawfully use his/her official powers or related opportunities

Subordination means a relationship of organisational, functional or legal dependence of a subordinate on his/her manager, including through

- resolving (participating in resolving) issues related to hiring, transfer, dismissal
- application of incentives and disciplinary sanctions
- instructions, assignments and control over their implementation
- sending an employee for training at the Company's expense
- approval of holidays and working hours
- determining job responsibilities and setting tasks
- determining the level of salary
- assessing the fulfilment of performance indicators

Politically exposed persons (PEPs) mean individuals who hold or have previously held important government or public office