



POLICY OF

# **STAKEHOLDER MANAGEMENT**

# INTRODUCTION

In terms of management of its business Ovostar Union Group of Companies (hereinafter – «the Group» or «the Company») assumes that the term «Stakeholders» refers to any legal entity and/or individual, as well as any government institution and non-profit organization, that may be directly or indirectly affected by the activities of the Group, including both head office and divisions of the company, as well as by actions of the Group's employees in the exercise of their functions prescribed by the Group.

Efficient and effective management of a wide range of Stakeholders reflects the core Company's values

that imply partnership, collaboration, customer-centric focus, leadership, and safety. The Company considers Stakeholder management as a key process for solving significant social, economic, and ecological issues at the production sites and places where the Company's employees live, in Ukraine and other 50 countries where Ovostar Union sells its products.

The Stakeholder's management strategy is aimed to form long-term relations involving different Company's departments that create long-lasting social, economic, and ecological well-being for the Company and a wide range of its stakeholders.



# BASIC PRINCIPLES OF STAKEHOLDER MANAGEMENT

Ovostar Union Group of Companies defines the following key goals of Stakeholder policy:

- ensure fair and sustainable development;
- provide risk and reputation management;
- combine resources of the Company and Stakeholders to solve problems and achieve outcomes that could not be get by the Company on its own;
- assess the external business environment and define new strategic opportunities;

- collect data for products and business processes improvement;
- inform and involve the Stakeholders for Company's positive influence on business environment;
- develop and implement plans to improve the Stakeholders well-being.

The Company bases on the principles of the Stakeholders identification and analyses, completeness of the contact persons list, obligatory response to requests and inquiries, acknowledge of legitimacy and materiality of any Stakeholders' requests and implement the following approach to Stakeholders management:



## THE COMPANY HIGHLIGHTS FOUR KEY DIRECTINS OF STAKEHOLDER MANAGEMENT:



Identification and Analysis



Interaction and Communication



Risk management



Evaluation and Learning

## IDENTIFICATION AND ANALYSIS

A stakeholder's identification is an iterative process that is conducted annually as a part of the strategic planning process or in cases when a direct request comes from a party that previously showed no interest in the company.

Additional Stakeholders identification should be carried out in case of the company's expansion.

The Company classifies Stakeholders by the following criteria:

1. relation to the organization: external and internal parties;
2. regionality: from local communities to national regulators of the countries of the export activity of the company;

3. activity type: production, distribution, logistics, etc.;
4. urgency of demands: regulators, investors, management, employees, media, etc.;
5. interaction type: contractual or voluntary basis.

The Company analyses the Stakeholders' objectives, their requirements to the Company, touch points, collaboration options, threats of negative influence. It identifies contacts and assigns relevant employees for communication.

Information on the Stakeholders should be updated in case of any changes.

## INTERACTION AND COMMUNICATION

The key methods of interaction with Stakeholders are:

- timeliness, regularity, and transparency of the releases about the Companies activities;
- variety of feedback channels;
- regular meetings with Stakeholders representatives;
- voluntary audit of the production sites by the Customers, as well as improvement of certifications tools that confirm the quality of management system and safety of products.

According to corporate governance and organizational structure the Company assigns employees responsible for communication with the Stakeholders. The communication must meet the requirements of the Stakeholders concerning the quality of communication and professional expertise of this employee.

Internal regulations of quality management system manage issues of disclosure, consulting, conflict settlement, engagement of external parties to carry out monitoring functions, create and submit reports.

## RISK MANAGEMENT

According to Risk Management Policy the Company permanently monitors its activities to be sure that it doesn't have any negative social, economic, and ecological effect or violates any Stakeholders' rights.

Regular supervisory audits of the quality management system and product safety play an important role in the Risk Management Policy implementation.

## EVALUATION AND LEARNING

The Company evaluates Stakeholder interaction effectiveness during its annual planning meetings (for permanent Stakeholders groups) and in projects (for temporary cooperation/coalitions with different Stakeholders).

The Company considers permanent circle assessment as a tool of advancing learning, and allocates resources to obtain feedback and use it to correct its actions for further interaction with different Stakeholder groups.

# STAKEHOLDER'S IDENTIFICATION

For its daily work, the Company identifies the following list of key Stakeholder's groups:



Investors



Company employees



TOP-management



Government and regulatory authorities



Financial institutions



Suppliers and partners



Buyers



Competitors



Media



Local  
authorities



Local  
residents



International  
organizations  
(certification and  
supervisory bodies)



Research and  
educational  
centres



Industry  
associations



Public  
associations

In the table below, there are some examples of Stakeholder's personification:

Stakeholder's group	Example of identification the group members	Example of questions to Stakeholder for its analyses (the list might be continued)
INVESTORS	Current Shareholders	<ul style="list-style-type: none"> <li>What are the stock exchange requirements concerning notifications about changes in the Company?</li> <li>What are the rules for publishing regular reports?</li> <li>What types of regular reporting are expected?</li> <li>How does the company ensure equal access to information for all members of the group?</li> <li>...</li> </ul>
COMPANY EMPLOYEES	Employees of production site N°1	<ul style="list-style-type: none"> <li>What are the qualification requirements for the company's employees?</li> <li>Is it possible to hire the necessary number of employees at the production site area?</li> <li>From which locations could employees be additionally recruited?</li> <li>How to provide employees access to remote production sites?</li> <li>What are labor law requirements?</li> <li>Is there a need to hire temporary staff? Whom exactly?</li> <li>How to remunerate employees of different qualifications?</li> <li>...</li> </ul>

Stakeholder's group	Example of identification the group members	Example of questions to Stakeholder for its analyses (the list might be continued)
TOP-MANAGEMENT	Head of Function (finance, marketing, logistics, etc.)	<ul style="list-style-type: none"> <li>What are the professional skills and knowledge needed?</li> <li>What are the key competencies of the function manager in the company?</li> <li>What powers should be given to the manager?</li> <li>What regulations shall be created for effective work?</li> <li>What strategy for the function development does the manager offer?</li> <li>What potential conflicts may arise between one-level managers of different functions?</li> <li>...</li> </ul>
GOVERNMENT AND REGULATORY AUTHORITIES	State Service of Ukraine on Food Safety and Consumer protection	<ul style="list-style-type: none"> <li>How is veterinary and sanitary control at work carried out?</li> <li>Who is allowed to be admitted to the territory of the production site?</li> <li>What are the procedures for incoming control of raw materials used for compound feed preparation at production sites?</li> <li>Has the company defined criteria for evaluating suppliers?</li> <li>What are the conditions for the temporary storage of eggs in a finished product warehouse?</li> <li>What are the rules of dispatching finished products from the warehouse?</li> <li>How is the traceability of finished products followed?</li> <li>...</li> </ul>
FINANCIAL INSTITUTIONS	Bank provided company's daily operations	<ul style="list-style-type: none"> <li>What financial, marketing and operational information should be provided. What is the frequency?</li> <li>Does the bank have additional reporting requirements that differ from the standard financial package?</li> <li>What bank services might be further developed?</li> <li>...</li> </ul>
SUPPLIERS AND PARTNERS	Farms supplying vegetal feed ingredients	<ul style="list-style-type: none"> <li>What goods does it offer?</li> <li>Where were vegetal ingredients planted?</li> <li>Are there enough acreage for growing agricultural plants in the required supplied volumes?</li> <li>...</li> </ul>

Stakeholder's group	Example of identification the group members	Example of questions addressed to Stakeholder to verify its interest (the list might be continued)
BUYERS	B2C consumers	<ul style="list-style-type: none"> <li>How are the buyers distributed in terms of trade channels?</li> <li>Is there sufficient supply so that the buyer does not have problems with the availability of products?</li> <li>What are the buyers' requirements to the finished product?</li> <li>...</li> </ul>
COMPETITORS	Others egg producers	<ul style="list-style-type: none"> <li>What TM do our competitors promote?</li> <li>What is their key communication message?</li> <li>Are there projects for mutual cooperation?</li> <li>How to jointly develop market awareness and develop specific consumption per capita?</li> <li>Is the competition ethical?</li> <li>Could we cooperate to develop export markets?</li> <li>...</li> </ul>
LOCAL RESIDENTS	Residents of the region where the production site is placed	<ul style="list-style-type: none"> <li>Do residents worry about the operation of the poultry complex?</li> <li>Have they been informed well about the compliance of the company's activities with the current requirements of environmental legislation?</li> <li>Who is responsible for the interaction with local communities on the issue of the company's activities?</li> <li>Are residents interested in employment issues?</li> <li>What issues of well-being improvement could the company solve for the localities?</li> <li>...</li> </ul>
LOCAL AUTHORITIES	Municipality of the region where the production site is placed	<ul style="list-style-type: none"> <li>What joint financing programs might be invested to ensure the growth of the well-being of the district, settlement?</li> <li>How to cooperate in the employment of unskilled specialists?</li> <li>...</li> </ul>
INDUSTRY ASSOCIATIONS	The Poultry Union of Ukraine	<ul style="list-style-type: none"> <li>On what questions should we contact the association?</li> <li>What informational support do they provide?</li> <li>What information about the company's activities should be transmitted to update the status of a participant?</li> <li>What projects of the association do we support?</li> <li>What is the amount of membership fees?</li> <li>Who of the company employees is responsible for communication with the association?</li> <li>Is this one person?</li> <li>...</li> </ul>



Stakeholder's group	Example of identification the group members	Example of questions addressed to Stakeholder to verify its interest (the list might be continued)
<b>PUBLIC ASSOCIATIONS</b>	<i>The Society of disabled people</i>	<ul style="list-style-type: none"> <li>How many beneficiaries are there?</li> <li>What types of assistance do they need?</li> <li>Does the Society have registration certificates confirming its activities?</li> <li>Where do beneficiaries live?</li> <li>Who will oversee the issues of charitable assistance?</li> <li>...</li> </ul>
<b>RESEARCH AND EDUCATIONAL CENTRES</b>	<i>The National Agrarian University</i>	<ul style="list-style-type: none"> <li>Students of what specialties might become employees of our organization in the future?</li> <li>What are the dean's office needs in organizing the educational process?</li> <li>Is it possible to organize part of the educational process for applicants in the form of internships, lectures, and practical assignments by the company's employees?</li> <li>Is it necessary for an expert review of students' methodical materials?</li> <li>...</li> </ul>
<b>MEDIA</b>	<i>Agricultural news portal</i>	<ul style="list-style-type: none"> <li>Which of the company's activities is most attractive for coverage on the portal?</li> <li>What news, information, and educational content can we offer the portal?</li> <li>What joint projects can be organized to positively affect the company's image?</li> <li>What is the best process for effective communication and interaction?</li> <li>What communications channels should journalists use in order to promptly receive a response from the company?</li> <li>What requirements to the information request should the editorial office fulfill?</li> <li>Who has been denoted as the company speaker?</li> <li>...</li> </ul>
<b>INTERNATIONAL ORGANIZATIONS  (CERTIFICATION AND SUPERVISORY BODIES)</b>	<i>Institution that provides international certification standards</i>	<ul style="list-style-type: none"> <li>What are the requirements of the regulatory documents introduced in the production of finished products?</li> <li>Have the basic principles of the quality management system and food safety in the production of finished products been implemented?</li> <li>To what extent do the regulations implemented at the enterprise comply with the EU requirements?</li> <li>What comments have been made by the certification body during the last audits?</li> <li>What is the plan of logs diminishing?</li> <li>Who will be a member of the working group from the company side?</li> <li>...</li> </ul>

The Company's production sites are located in different parts of Kyiv and Cherkasy regions, which is one of the essential factors affecting the way of Stakeholders' personification based on the actual location of the production site.

Trusting long-term relations with local communities create favourable conditions for mutual development. For example, investments in education, internships

and priority employment for local residents can be viewed as actual programs of the company human capital development.

Local service contracting, as well as supplies of locally produced goods are both the company's contribution to the well-being of regions where the production sites are placed, and the example of ecological attitude related to the minimization of damages of logistic operations.

# INTERACTION AND COMMUNICATION WITH STAKEHOLDERS

All communications provided by the Company correspond to the fundamental principles of quality of information afforded:

1. Representativeness: formation of informative messages based on the general population of data, thorough analysis of the information collected in conformity with demands and expectations of the messages Receiver.
2. Meaningfulness: presence of the weighted argumentation supported by facts, surveys, deep analytics.
3. Sufficiency: submitting the information sufficient for further decision-making process that corresponds to the demands and expectations as well as answers the Receiver's questions.
4. Availability: possibility to form requests with a wide variety of communications channels.

5. Relevance: submitting the information related to the current period.
6. Timeliness: submitting the information in agreed terms.
7. Credibility: correspondence of the information to the actual state of object searched, processes, and scenes with functional detailing.
8. Sustainability: ability to promptly update information and react to changes in initial data timely without sacrificing credibility, availability, sufficiency, and other information quality principles.
9. Equality: submitting the information to the same Stakeholders groups simultaneously through agreed and confirmed communication channels avoiding any priority for any member of the group.

To be in touch with Stakeholders the Group uses variety of communication channels, namely:



## MASS CHANNELS:

- own web-media: :

[www.ovostar.ua](http://www.ovostar.ua),  
[www.yasensvit.ua](http://www.yasensvit.ua),  
[www.ovostar.global](http://www.ovostar.global)

allow to use relevant e-mail addresses and work phones for communication with the Company. Any interested person has the opportunity to fill out feedback forms that are processed by the administrative department and then transmitted to the persons responsible for communicating with the Interested Party;



- the company's profile on social media is maintained by the dedicated specialists who promptly respond to incoming messages and redirect them to the departments responsible for communication;



- regular participation in specialized exhibitions that are advertised in advance through the company's won media enable all interested parties willing to have a face-to-face meeting with the company's representatives to use this opportunity;



- attendance of conferences, round tables, meetings as well as electronic correspondence and exchange of documents through postal communication channels, corporate telephone line.



## OFFICIAL CHANNELS:

- official reporting, certification, response, and provision of information on special requests of the supervising state and international institutions;
- regular meetings with groups of Stakeholders representing state and local authorities, as well as meetings with the public at the locations of production sites;
- if necessary, participation in meetings of local councils and holding public hearings on development issues;
- inspections by the controlling authorities to ensure that the company's activities are performed in compliance with state and international requirements;
- submission of reports through the websites of Warsaw Stock Exchange, Cyprus Stock Exchange (OAM), Cyprus Securities and Stock Market Commission; publication of information in a special section of the corporate website [www.ovostar.ua](http://www.ovostar.ua).

## DEDICATED CHANNELS FOR INTERNAL STAKEHOLDERS:

- internal corporate portal for employees and TOP-Management;
- information boards, anonymous boxes for submitting requests and proposals at the company's production sites;
- procedures for goal setting, summing up and receiving feedback from the functional manager and employees of other departments;
- procedures for the on-boarding, development of personnel competencies, career support; library of internal regulations and procedures.

In order to track communication with Stakeholders the Company applies the following technical tools:

- the system of internal and external electronic document management was introduced,
- an integrated customer and supplier relationship management system implemented on the basis of a CRM platform,
- a unified enterprise accounting system has been introduced for all production sites,
- cloud infrastructure of mail servers is organized,
- systems for archiving mail messages and accounting systems have been introduced,
- a structured centralized storage system for office documents has been implemented,
- the system for accepting requests for the provision of services and work carried out between departments has been automated,
- mechanisms of physical control of access to production sites have been implemented,
- systems for registration and control of the movement of vehicles have been introduced.

The Company pays close attention to the security and confidentiality of information about relationships with various groups of Stakeholders:

- implemented management of user access rights to the accounting system and storage of files,
- anti-virus security systems are installed,
- implemented measures to protect mail files,
- implemented protection of the computer network perimeter based on the FortiGate solution,

- electronic digital signatures have been introduced.

In regular communication, the company uses the following forms of information disclosure:

- current operating and financial reports on the Company's results of activities on a regular basis in accordance with the reporting requirements of a public company;
- press releases of information disclosure about an event that may affect the company's capitalization;
- annual Shareholders meeting;
- regular tax and other management reports submitted to government and financial institutions;
- certification, supervisory and other audits of the Company's activities by state and international institutions, as well as audits by buyers of retail products, HoReCa and food manufacturers;
- news press releases reflecting significant events in the Company's activities that may be of interest to various groups of Stakeholders;
- response to requests from the media, non-governmental public organizations and the public;
- response to requests received through feedback forms from the Company's media resources and social pages;
- newsletters and publication of news through internal communication channels with company employees;
- duplication of information materials about the company, its products, commercial offers, distinctive consumer properties through social media and distribution of printed materials.



# RISK MANAGEMENT

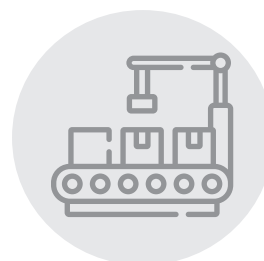
Risk Management is an essential part of the decision-making process at Ovostar Union Group of Companies. The company is aware that it is impossible to anticipate and prepare for every situation in future that could jeopardize the stability of the Company.

Risk management of Stakeholders relations is a part of the general policy of the company, reflected in the ANTI-CRISIS MANAGEMENT AND BUSINESS CONTINUITY PLAN,

posted in the SUSTAINABLE DEVELOPMENT section on the corporate website [www.ovostar.ua](http://www.ovostar.ua). Realizing that risk management includes not only scrupulous work on its identification, structuring and assessment, but also requires development of regulatory documents, rules and procedures that provide preventive measures to protect against the emerging risks, the Company has developed the following basic regulations concerning such areas of management as:

## MANUFACTURING:

production process management; procurement management; quality management of finished products; management of assortment and new products development; standards for receiving raw materials for the production of compound feed; regulations of raw materials receipt for the production of egg products; transport logistics and product shipment; implementation of sanitary and hygienic measures; briefing and training of production personnel; waste management regulations.



## BIOLOGICAL:

briefing on maintaining the health of the bird; personal hygiene employees training; water purity and safety standards; regulations for admitting external visitors to the territory.

## MANAGEMENT:

document flow management; data management; regulations for conducting external and internal audits; computer security policies; data management and information security regulations; management of personnel flows; sales management policies and standards; project management regulations.



## CRISIS MANAGEMENT:

management of potential crises and accidents; instructions for assessing potential threats and risk management; procedures for handling customer complaints; regulations for responding to reputational crises.

# ASSESSMENT AND LEARNING

The Company implements modern management approach. Ovostar Union pays high attention to the evaluation of relations, competencies, market positions, and other indicators of success. It further forms the base for processes and measures needed for growth of the Company.

The Company creates conditions for employees' learning and development as well as, being in the permanent process of improvement, changes itself, and maintains changes in its environment.

The Company evaluates accumulated experience of communication with different Stakeholders and upgrades internal regulations and procedures. They play an important role in newcomers onboarding and becomes a coordination mechanism for unexpected situations.

Based on the regular feedback, that is accepted through the communications channels, and the deep root-cause analysis of any consumer claims or requests, managers, responsible for Stakeholders' communications, form the corrective measures plan, initiate changes in current acting business-processes and implement them in the areas of their responsibility.

Each employee of the Company can contact the managers who are responsible for the development of competencies and create an individual or group learning

circle for effective Stakeholders communication in the future.

For maintaining organizational learning, the Company segmented the following directions:

1. personal excellence improvement or the ability to build individual competencies and skills to perform direct functional tasks;
2. creation of a common vision or the formation of employees common values, common culture priorities, contributing to the achievement of corporate goals;
3. group learning or conducting functional masterclasses to increase the level of employees understanding about the activities of neighbouring departments, to form a high level of internal service based on fair and transparent requirements;
4. motivational learning or individual development of competencies to ensure horizontal or vertical career advancement;
5. project learning or learning through the accumulation of experience in implementing projects within the company.



# CONCLUSION

Stakeholder management is a complex process that involves all employees of the Ovostar Union Group of Companies. Responding to changes, the Company improves communication tools, develops technologies, invests in the well-being of territories of its presence, trains personnel — does everything to be a reliable

partner, employer, supplier, client, supporter for the wide range of Stakeholder groups.

We work and improve ourselves in order to produce high-quality, environmentally friendly, and healthy food for the Ukrainian nation and the growing world population.

