

A M E R O P A



A M E R O P A I N R O M A N I A
S U S T A I N A B I L I T Y R E P O R T 2 0 1 7

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A COMPREHENSIVE OVERVIEW OF ALL AMEROPA ACTIVITIES IN ROMANIA FOR THE YEAR 2017

"Sustainable development is development that meets
the needs of the present without compromising
the ability of future generations to meet their own needs."

Brundtland Commission



CEO STATEMENT

Last year was a challenging one for our business. Yet we can proudly say that we made significant progress in most of the areas we identified as priorities in the sustainability field.

We finalized our massive revamping program in Azomures, with only a few finishing touches left for 2018. Whilst we cannot achieve levels of a greenfield new plant we can surely say that we brought a site which is more than 55 years old up to a standard level where it is a safe place to work, fully compliant in terms of environmental regulations and produces stable, high-quality products for our customers, mostly Romanian farmers.

Azomures started implementing an Operational Excellence program in the second half of 2017, a program which will go on for years to come and will assure that besides improved assets we also improve the way we operate them in terms of safety, stability and efficiency. We welcome Harri Kiiski to the Azomures team as its new COO who worked previously for Kemira, Yara and Sabc.

At the same time, we finalized construction and started to operate a state-of-the-art grain terminal with a capacity of 200,000 metric tons in the Port of Constanta. This terminal is not only a game changer in terms of port efficiency, it improves quality management dramatically, which should gradually help to raise the profile of Romanian grains and oilseeds worldwide.

Our drive for safety across our operations will be strengthened by the arrival of Luc Schoonacker, who came from OCI and will head up Health and Safety in all our Romanian companies.

Safety is also a topic closely related to personnel sustainability. Romania is a fast-growing economy and is running into shortage of skilled personnel. Ameropa aims to be an employer of choice in the country that provides attractive work with long term prospects and we would like to be one of the companies which will attract Romanians living abroad to return to their home country.

We accomplished a great deal this past year, for which I would like to extend heartfelt thanks to all of our employees. Nonetheless, many big tasks still lie ahead of us. We are positive that we can manage them to the benefit of all our stakeholders. In 2018 Ameropa is celebrating its 70-year anniversary. Such a milestone is deeply inspiring and pushes us to work even harder to achieve our goals and contribute to the world we live in.

Jan Kadanik
CEO of the Ameropa Group



ABOUT THIS REPORT

This is the third sustainability report we have published about Ameropa's activities in Romania. It addresses key health, safety, environmental and social issues, and our goals related to them. We consider it, as we did in previous editions, a communication tool for presenting our achievements and the areas we need to improve on, as well as for informing the internal and external stakeholders that our operations affect about our yearly progress.

Our general goals are threefold:

1. We want our employees to be satisfied with and motivated in their job.
2. We want our companies to comply with all relevant local, national and international laws and regulations, and to be safe and healthy to work in.
3. We want our business to contribute efficiently and sustainably to help farmers feed the world.

This third report contains details regarding our performance in 2017 and measures us against the goals we set in last year's report.

Sharing the non-financial information of Ameropa in Romania via this sustainability report with the communities in which we operate, with our employees, company shareholders, management and board members, with our customers and with financial institutions is a voluntary initiative. It is undertaken in line with the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as it pertains to the disclosure of nonfinancial and diversity information by certain large undertakings and groups.

OUR SUSTAINABILITY GOALS

We do not view sustainability as limited to environmental concerns. For us it's a holistic approach to managing and ensuring the longevity of our company, as well as a constant search for the best possible compromise between the legitimate, often competing interests of all our stakeholders.

In recent years, sustainability considerations have played a very active part in the way we manage Ameropa, and have helped us set the right goals. We shall continue to improve our performance and our transparency in reporting about it in coming years.

Our biggest challenge has been to upgrade Azomures, a chemical plant over 55 years old, to high EU health, safety and environment standards, to the point that it accounts for zero safety incidents. We have been following a journey of continuous improvement to become one of the best fertilizer producers in Europe, well accepted within the local community and by our stakeholders.

The second goal is to serve as an exemplary employer and to have a motivated, informed and accountable staff. A sustainable workforce is crucial to our companies, just as having good employers is crucial to the country.

The third goal is to add value to Romanian agriculture in a sustainable way. We believe intensive agriculture is necessary to feed the world and has a great future in Romania. Our task is to help develop this potential and make it as sustainable as possible by promoting the safe use of fertilizers based on the "4R" principles: right product, right quality, right time, right place.



OUR VALUES

We adhere, like all companies of the Ameropa Group, to the principles of the United Nations Global Compact (UNGC). In Romania, we are also required to and strictly follow the legal provisions of European Union Directive 2014/95/EU implemented through the Ministerial Order 1938/2016.

The following set of values reflects who we are and how we behave. They guide us in our daily actions toward our colleagues, customers, suppliers and other stakeholders.

+ ENTREPRENEURSHIP

We challenge ourselves to be entrepreneurs. We cultivate an open and rewarding environment where people are empowered to take decisions and build their own future. We provide highly professional services that differentiate us and contribute to the success of our partners and customers.

+ INTEGRITY

We honor our contracts and commitments at all times. We pride ourselves on being a reliable partner with a long-term outlook. We respect and carefully balance the economic, ecological, social and ethical needs of our stakeholders inside and outside of the company.

+ FAMILY

We are a family-owned business that values personal relationships and generational continuity. We respect traditions while being open to new ideas. We encourage our employees to think creatively, have fun on the job and use their talents to make a difference.

ABOUT US

The Ameropa Group is part of the agricultural supply chain whose task is to feed the world.

Founded in Switzerland in 1948 and privately owned, the agricultural commodities Ameropa focuses on are grains, oilseeds and fertilizers. We buy grains and oilseeds where they are grown and transport them to where they are needed. We help to grow these grains and oilseeds by producing, trading and distributing fertilizers.

In 2017, the Ameropa Group sold and delivered about 13 million metric tons of grains, oilseeds and feedstuffs, handling more than 3 million metric tons in its own inland warehouses and port terminals. It also sold and delivered about 12 million tons of fertilizers, of which it produced 1.5 million tons in its two factories in Romania and Australia, and handled another 3 million tons in its own inland and port warehouses.

FEEDING THE WORLD

There were 2.5 billion people in the world in 1950. There are 7.5 billion people today, and a population of 9.7 billion is expected by 2050. Average caloric consumption per person has increased from about 2,200 kcal daily 50 years ago to about 2,800 kcal today. World food demand has therefore tripled in the last 50 years and will have quintupled between 1960 and 2050.

At the same time, conditions for worldwide agriculture have worsened. Due to urbanization, the arable land per person has decreased from 0.37ha to 0.21ha currently. Available fresh water has dropped from more than 13,000cm² per inhabitant to 6,000cm² today. And climate change is making food cultivation more difficult.

World agriculture and its supply chain have risen to the challenge by tripling cereal and oilseed production in the last 50 years. At the same time, prices for food have never been as low in human history as they are today. This is the proof both of the huge progress made in agricultural technology and of the increased efficiency of the supply chain¹.

¹Source: World Bank, FAO and ourworldindata.org statistics.

AMEROPA IN ROMANIA: OVERVIEW



Ameropa has three subsidiaries in Romania: Azomures, Ameropa Grains and Chimpex. They focus on Romanian agriculture, and in 2017 employed about 1,900 people in total (weighted average).

Azomures, Ameropa Grains and Chimpex form an integrated, modern and efficient production and supply chain that starts at the farm gate and extends to overseas export markets. Due to their activities, size, investments and market share, they contribute greatly to the success and competitiveness of Romanian agriculture, including its logistics infrastructure.

Within the EU, Romania is one of the few countries self-sufficient in natural gas, with abundant reserves of it both on- and off-shore. **Azomures** converts natural gas first into ammonia before transforming it into the finished fertilizers urea, ammonium nitrate and calcium ammonium nitrate, as well as into compound fertilizers (NPK) and liquid fertilizers (UAN).

Azomures is the only Romanian producer of NP and NPK complex fertilizers. It is the last large-scale producer of nitrogen fertilizers. Melamine is another Azomures product: it is sold mainly to the furniture industry to create surfaces resistant to heat and chemicals, such as wood-based panels. Azomures produced about 1.3 million tons of fertilizers in 2017, three-quarters of which was sold on the domestic market, equivalent to a market share of approximately 40%.

As the main Romanian fertilizer producer, Azomures provides important support to Romanian farmers by guaranteeing that fertilizers are available when needed and by reducing dependence on imported products.

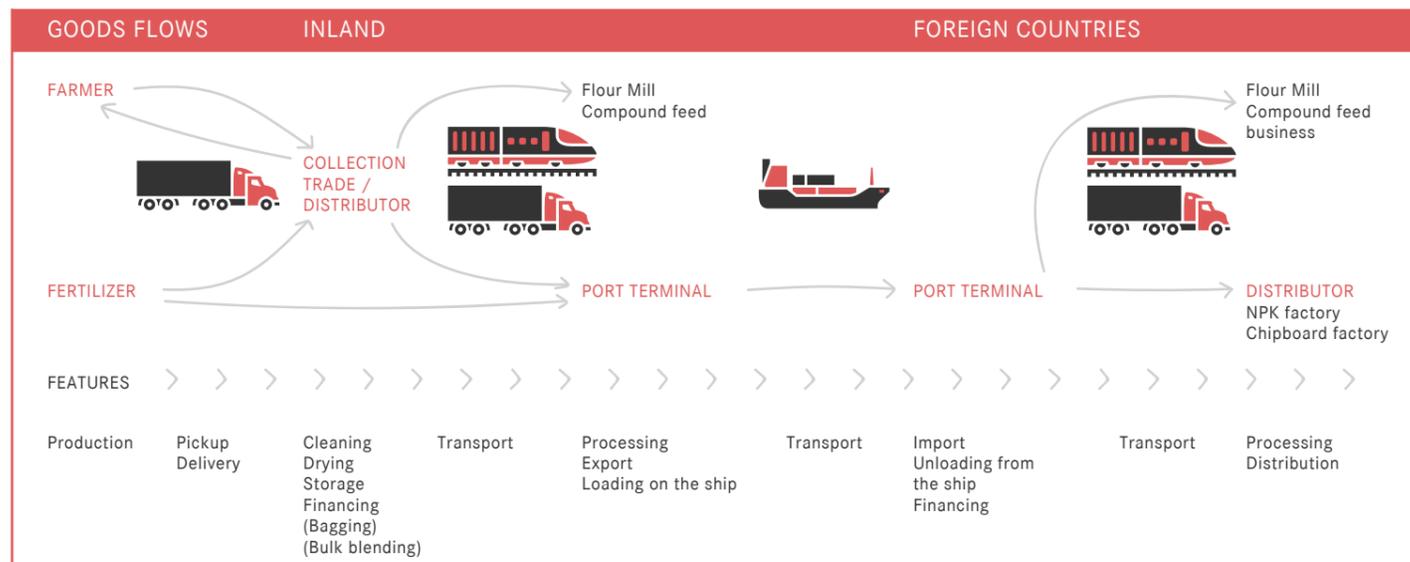
As one of the largest fertilizer production sites in Europe, Azomures is the focus of our sustainability efforts in terms of safety, health and the environment, and accounts for the majority of our sustainability investments and expenditures.

Ameropa Grains operates, alone and in partnership, 19 silos and warehouse locations for grains and fertilizers in Romania, as well as various collection points throughout the country. It serves 1,800 customers and 2,650 origination partners, and facilitated purchases of 3.1 million tons of grains and oilseeds in 2017. It also supplied farmers with more than 300,000 metric tons of fertilizers as well as sizeable quantities of seeds and plant protection chemicals last year and ensured just-in-time delivery through its stores and trucks. It often provides credit for these supplies until the farmers can pay for them after selling their crops.

Ameropa Grains also advises its customers on soil conditions and how best to grow good crops. It employs 25 field staff and agronomical experts who visit farmers regularly. After the harvest, farmers can store their grains and oilseeds in the silos the company operates for cleaning, drying, weighing and proper storage. They can also sell their crops to the company if they prefer. Food safety is an integral part of company duties. Ameropa Grains constantly upgrades its equipment to comply with rising standards. It exported about 2.7 million metric tons of grains and oilseeds to destinations in Europe, Africa and Asia and is among the top three Romanian grain and oilseed exporters. Thanks to the international sales and marketing network of the Ameropa Group, new markets were opened for Romanian wheat, corn and oilseeds.

Chimpex, the group's Port Terminal in Constanta, is a crucial logistical asset for both Azomures and Ameropa Grains. It handles all exports of grains and oilseeds for the latter and the imports of raw materials such as phosphate rock needed for the former's complex fertilizer production. It also handles and bags imported fertilizers required by Ameropa Grains and other distributors. In addition, Chimpex deals with Azomures' exports to countries such as Algeria and China. Chimpex operates a world scale, state-of-the-art terminal in full compliance with food safety requirements.

THE AMEROPA BUSINESS: PRODUCTION, LOGISTICS, TRADE



AMEROPA IN ROMANIA

- COMPANY
- △ SILOS AND WAREHOUSES LOCATION
- PARTNERSHIPS



AGRICULTURE IN ROMANIA

Agriculture accounted for 4.6% of the total Romanian GDP in 2016, a share of the national economy far above the EU average. It still employs a staggering 23% of the total Romanian workforce, although mostly in subsistence farming. Modern agriculture has been making rapid inroads and developing quickly, especially since Romania joined the EU. Average yields in the country remain 38% below the EU average for wheat and 50% for corn. They are, however, gradually closing the gap and Romania has some of the highest unexploited agricultural potential in the EU.

Grains and oilseeds exports have risen from 4 million metric tons 10 years ago to 12 million metric tons today. They are expected to reach 22 million metric tons within the next 10 years. Export revenues from grain and oilseed exports have risen from EUR 1 billion to EUR 3 billion in the last 10 years².

² In-house data estimation

PEOPLE & EMPLOYMENT

Our employment practices are based solely on a person's qualifications, motivation and experience, with decisions hinging on whether the individual has the necessary qualities to perform efficiently within our organization. We do not refuse to hire people due to race, nationality, religion, gender, age, sexual orientation, disability, or political or any other opinions or convictions that are peaceful and respectful of others.

Ameropa recognizes and respects its employees' civil rights of free association and collective bargaining within national laws and regulations.

OUR INVOLVEMENT IN LOCAL COMMUNITIES

National reading program "CHILDHOOD CLASSICS"

The "Childhood Classics" National Reading Program is an educational initiative that seeks to facilitate access to books for children aged 7 to 15 in the Romanian educational system. Curtea Veche Association organizes book donations for children from underprivileged communities in rural regions of the country and develops alternative reading programs intended to challenge kids to read for pleasure. Azomures has a partnership with Curtea Veche Association and, together with its distributors and two other subsidiaries, Ameropa Grains & Chimpex, organizes book donation in different agricultural regions.

Curtea Veche Association's long-term objectives are:

- Making a habit out of reading for children and families
- Lowering the rate of functional illiteracy and increasing the number of fluent readers and good communicators
- Facilitating access to books through donations for children that come from poor families or disadvantaged groups.

We consider everyone responsible for what would happen to future generation if kids stopped reading. We share the vision of Curtea Veche Association: a world where every child can enjoy the priceless experience of reading a book for pleasure.



THE AMEROPA FOUNDATION

The Ameropa Foundation supports humanitarian, educational and agricultural projects. They are structured and managed by the Foundation directly but implemented by local employees or local partners. We do not believe that real change can occur quickly; on the contrary, our commitment to projects and individuals is based on a long-term strategy and nature, as we believe that real change takes time.

In 2013, the Ameropa Foundation co-financed the construction of the Hans Spalinger Kindergarten in Rosia, Sibiu County. The kindergarten and adjoining school, whose activities the Foundation has since been supporting, are mainly attended by Roma children, approximately 125 per year.



Since 2015 the Ameropa Foundation has been giving scholarships to promising Roma graduates to attend higher education in the town of Sibiu. The aid covers the cost of transportation, school supplies, lunch meals and clothing. That same year another project in Rosia was added.

In 2017, the scholarship program for graduates with Roma background had its ups and downs, but we are confident

that the supported students will now pursue their education wholeheartedly. The co-financed workshop EcoArt in Rosia is now fully operational. It has four employees and will be educating apprentices in the near future.

More info can be found by accessing www.ameropa-foundation.com/en/Ameropa



The main goal of our projects in Rosia is to help Roma children and adolescents become an equal and accepted part of the community. The Roma community is the main minority in Rosia and represents more than 10% of the local population.

CODE OF CONDUCT

The Group's Chief Compliance Officer, together with the management, ensures that the Code is understood and followed by all. An online training tool will be launched in 2018 to inform employees about the content of the Code of Conduct.

The Board of Directors and management of Azomures, Chimpex and Ameropa Grains held 10 joint meetings in 2017. In all of them, safety, health and environmental concerns, as well as the effectiveness of internal company training programs, were among the first topics.

Integrity is one of our core values. We strive for ethical, legal and commercial integrity, adhering to all legal obligations and making exceptional efforts to be a reliable partner to all our stakeholders. A concrete result of these efforts is our Code of Conduct. It is the foundation of our Corporate Policies, which define the operational rules that we abide by. We believe that our company excels in the area of integrity, holding itself to standards that go well beyond its legal obligations, and in so doing enjoys a valuable reputation with all its stakeholders.

CORPORATE GOVERNANCE

We aim to give issues such as integrity and sustainability the highest possible attention. Our Romanian subsidiaries are 100% owned by the Ameropa Group and communicate with its various corporate services on a daily basis. We also attach great importance to regular, formal, well-prepared and well-documented meetings of the Board of Directors of each company. Safety, health and environmental issues, which constitute core sustainability goals, are among the first topics on the agenda of each meeting and are closely followed by the Board. Board and management alike take all reasonable measures to ensure that Ameropa conducts its business in accordance with its integrity and sustainability guidelines and goals.

REPRESENTATION OF INTERESTS & AFFILIATIONS



Interest representation is done in strict compliance with Romanian and European legislation. Listed below is the updated list of our membership:

- + Business Port Association Constanta
- + Chamber of Commerce and Industry of Mures County
- + Chamber of Commerce, Industry, Navigation and Agriculture (CCINA Constanta)
- + Depositories Association of Grain Traders (ADCER)
- + European Fertilizer Manufacturers Association (Fertilizers Europe)
- + Alliance Européenne des Engrais Phosphatés (AEEP)
- + Federation of Chemistry Manufacturers in Romania (METACHIM)
- + Foreign Investors Council (FIC)
- + HR Management Association Club
- + Romanian Association of Traders of Agricultural Products (ARCPA)
- + Romanian-Swiss Commercial Chamber of Commerce Switzerland-Romania (CCE-R)

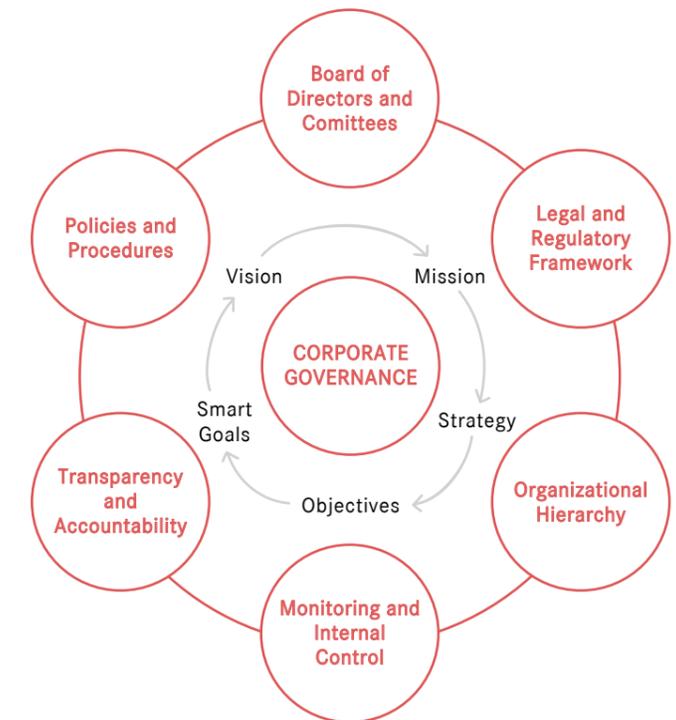
OPERATIONAL EXCELLENCE

After completing the large revamping project of some of our Azomures production plants, we have now launched a new five-year program to reach "Operational Excellence" by 2022. Operational Excellence places the highest priority on the health and safety of our workforce, as well as on the protection of our assets and the environment. It is a systematic approach to promoting teamwork and leadership to solve problems that results in ongoing improvements.

Operational Excellence: doing the right thing, the right way, every time.

Embedded in our Operational Excellence work is our belief that all safety incidents can be prevented. We will ensure that all necessary policies, processes, tools and behavioral expectations are in place to assist us in achieving our zero-accident goal.

OPERATIONAL EXCELLENCE SCHEME ADOPTED END OF 2017



MANAGEMENT OF EMERGENCY SITUATIONS

Most of our efforts are directed at preventing incidents and calamities, effective emergency planning and putting response systems in place at all our operational platforms to manage any emergency situation as soon as it occurs. To keep the system effective, emergency drills are performed

regularly, and emergency planning and response procedures are updated accordingly. Cooperation with the authorities remains crucial to being able to respond in a timely, professional way should calamity threaten to go beyond the factory borders.



Emergency simulation exercise organised in cooperation with General Inspectorate for Emergency Situations Tg. Mures on Azomures production site.

+ HEALTH

We ensure as a company that the health of our workers is integrated in our day-to-day activities. This means that we go to great lengths to avoid putting the health and safety of our employees at risk, and consider it our duty to create a safe, productive work environment by providing clear information, instructions and training, and by performing regular individual health and workplace checks.

We recognize that our business success depends on the contribution our employees make to our company and, in particular, on their work satisfaction, motivation and commitment. A new contract was signed in 2017 to offer extra basic medical services to employees on a yearly basis at no cost. As of 2018 we will provide specialized training classes to them regarding healthy nutrition.

+ SAFETY

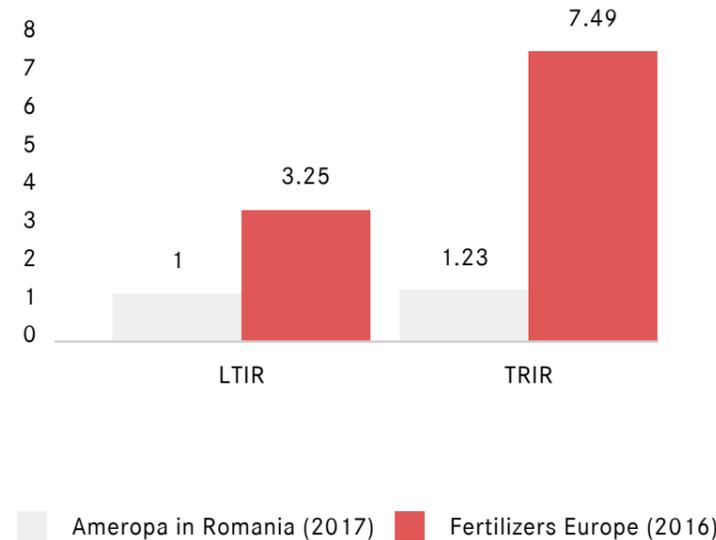
“You are the key...to your safety!”

This motto underscores our efforts to achieve our goal of “zero incidents”. Workplace and process safety is important. We know that implementing an effective safety program is one of the best decisions and investments a company can make. A safe environment creates a productive work environment and a motivated workforce.

Last year was a good one when looked at from the perspective of recordable incident rates for the company as a whole. The Lost Time Incident Rate (LTIR) was 1.02, and the Total Recordable Injury Rate (TRIR) was 1.23. Both are well below the fertilizer industry's 2016 averages of 3.25 (LTIR) and 7.49 (TRIR), and both continued their multi-year declines. Despite the good statistical results, we regret to have to report that we had one fatality within our contractor workforce in the Constanta Port.

To reduce accidents even more, we have continued to raise awareness, improve procedures and compliance, ensure effective communication and tools, and increase competencies. A system of reporting non-conformities and unsafe situations was implemented and boosted safety awareness within the workforce. We continue to train people on safety issues. Red tags indicate a situation that does not conform with our applicable health, safety and environmental rules. We continued to report and mitigate near misses in 2017 regarding health, safety and the environment.

Ameropa in Romania
Total LTIR and TRIR Results 2017



Businesses today have a greater responsibility toward the environment as their impact on society has become more significant. The environmental issues our company faces relate to air emissions, water pollution and soil contamination due to our industrial effluents. The investments made in recent years have had a major positive impact on our environmental results, including our energy consumption, which has fallen significantly. Azomures and Chimpex conform to very strict water pollution and air emission norms, and their emissions are closely monitored and corrected when necessary.

HSE PERFORMANCE

+ 2017 OBJECTIVES

● Achieved ● Ongoing

People & Systems

- Conduct safety training for own workforce and contractors
- Maintain certification with zero non-conformities
- Launch an Operational Excellence program as a 5-year implementation plan
- Implement program creating more involvement from workforce and contractors in safety

Health & Safety

- Maintain the health assessment monitoring in the workplaces
- Monitor and mitigate non-conformities and unsafe situations
- Implement plan to improve incident prevention and learnings by reporting near misses and unsafe situations

Environmental

- Maintain continuous monitoring of environmental parameters and corrections accordingly
- Reduce the environmental impact by investing in new environmental friendly equipment

Azomures production site



+ SAFETY

A large number of hazard and operability studies have been conducted by an experienced in-house team that consists of experts from several disciplines to identify, understand and manage risks associated with fertilizer production. Technical documentation that includes instructions and standard operating procedures has been verified and modified accordingly. The systematic approach employed identifies, develops, implements and continually improves Operational Excellence. A 2018 program will continue these important studies.



INTERNATIONAL DAY OF HEALTH & SAFETY AT WORK

Azomures organized a series of events dedicated to children of employees between 10 and 18 years old on April 28, 2017, the International Day of Safety and Health at Work, which is celebrated worldwide.

These children had the opportunity to visit the Azomures platform and discover the important role that their parents play in producing fertilizers. The event was dedicated to underlining the importance of meeting requirements to prevent and protect against work accidents.

+ CERTIFICATIONS

The Quality-Environment Integrated Management System was re-certified last year. This third-party audit ensured not just compliance with the program but adherence to the basic principle of continuous improvement.

The following certifications are in place:

- + Standard ISO 9001:2008 (quality) certification with TÜV Nord
- + Standard ISO 14001:2005 (environment) certification with TÜV Nord
- + Standard Product Stewardship Certificate by Det Norske Veritas
- + Certified producer with the European Chemicals Agency under the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation.

In addition to achieving these certifications, we have revisited our internal policy "Product recommendations regarding responsible management", which addresses general information and guidance about fertilizers, recommendations for safe handling and storage, transport and logistics requirements, safe handling of the bagged product, management of packaging and waste packaging. We also produced a new guide, "Safe storage of fertilizers by consignors, integrators and farmers".

+ PRODUCT STEWARDSHIP

Product Stewardship (PS) is our management system that ensures the safe distribution, manufacturing, handling, storage and use of fertilizer. We are one of the 16 members of the European Fertilizers Manufacturers Association that complies with PS; this voluntarily program goes beyond national and European requirements. In April 2017 we successfully concluded our re-certification audit.



Application & Farm Services



Product Development



Sourcing of Materials



Manufacturing



Packaging



Transportation



Storage



Marketing & Sales

+ ENVIRONMENT

The funds invested in our process installations has translated into positive effects on production and the environment. Emissions have improved significantly. Investment in a new waste water treatment plant has brought our waste water in line with permit requirements. When the concentrations increase, we adjust our production plant parameters.

In the area of soil and groundwater, we have dedicated sampling points from which samples are collected and analyzed regularly. No significant problems have been detected thus far.

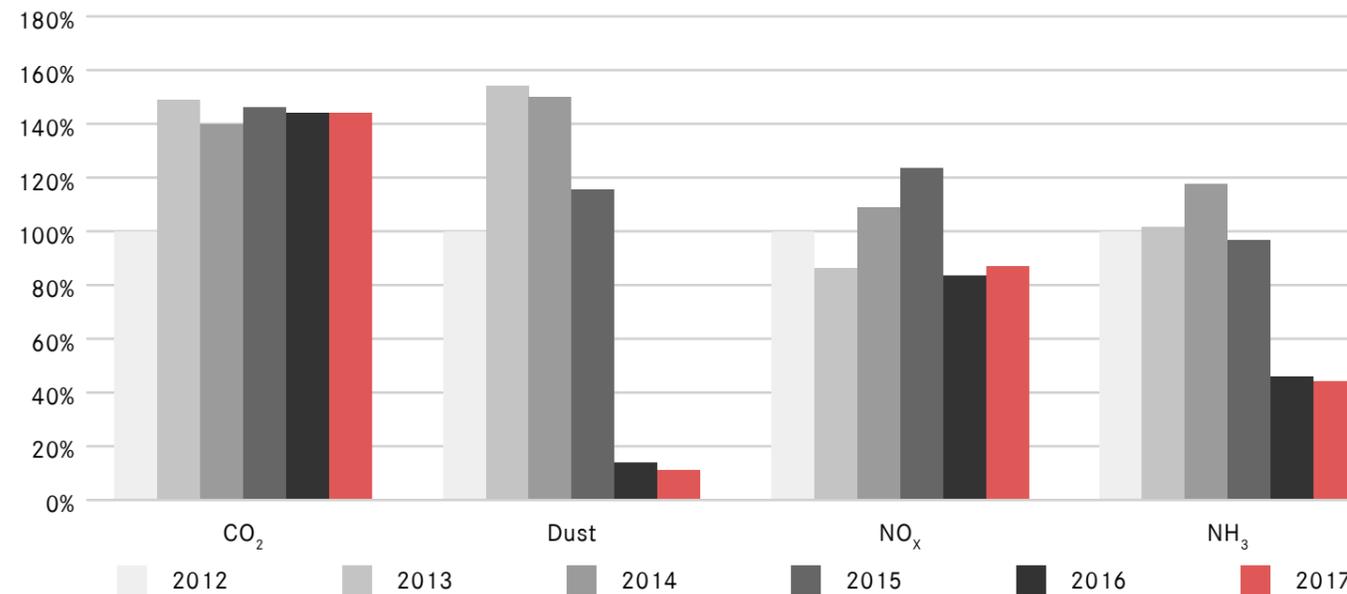
The fresh industrial water coming from the Mures River is treated at our site so it can be used for different purposes. Potable water comes from the water grid. Our site drainage system is connected to local treatment installations and, ultimately, to the biological waste water treatment station. All our industrial waste water is biologically treated before it is returned to the river. The water stream to the river is continuously monitored on several parameters as required in the water permit. Our discharges into the Mures River have declined significantly, and we now meet the national and EU requirements on water.

Our emissions to the atmosphere stem from production processes. The 30 continuous emission points are monitored by laboratory analysis and automated analyzers. By installing more scrubbers and filters we have become legally compliant with EU regulations.

The authorities also required us to install two air monitoring analyzers in nearby communities to measure air quality (presence of ammonia). The results have been positive and show our site contributing very little to air pollution at those two sites.

CO₂ is a main ingredient of the greenhouse gases that contribute to climate change. It results from fuel combustion that produces heat and steam, and from the technological process of ammonia production plants. Nitrous oxide emissions result from nitric acid production plants. Based on legislation passed in 2012, our site has to report total CO₂ emissions despite the fact that a part of the CO₂ coming from ammonia production is used to manufacture urea and NPK. Total CO₂ emissions include N₂O. The reason we report higher CO₂ emissions than in 2012 is due to the fact that, since 2012, we have included the N₂O output.

Azomures Air Emissions indexed 2012 = 100%



+ MANAGEMENT OF HAZARDOUS CHEMICAL SUBSTANCES & MIXTURES (REACH)

Our products comply with the European chemicals REACH and CLP regulations that deal with registration, evaluation, classification and labeling of chemicals. Azomures is a founding member of the Fertilizers and Related Materials (FARM) consortium established in 2008.

In 2017, we complied with the EU Regulation regarding chemical substances, as such or in mixtures, manufactured or imported in quantities above 1 ton/year and registered in 2010 at the European Chemicals Agency in Helsinki. Updating of the technical dossiers for some substances is ongoing.



Azomures New Control Room

+ INVESTMENTS

+ PRODUCT DEVELOPMENT & MARKETING

The investments in our process installations have improved the product quality. Significant resources are continuously dedicated to Research & Development (R&D) activities to enhance production technologies and develop our product portfolio. Today Azomures is the only granular urea producer in South East Europe.

Sustainable agriculture is related to assuring high yields under strict food safety conditions while protecting the environment. Azomures orients its production activities to creating efficient fertilizers by using technologies with raw material from natural, environmentally friendly sources. The product portfolio is diversified every year with fertilizers rich in nutrients (N, P, K, Ca, Mg, S) to meet farmers' needs for higher productivity and economic efficiency while using farmland in a sustainable way.

R&D department continued expansion is demonstrating Azomures commitment to agriculture and farmers. In 2017, based on input from farmers, our engineers developed two new products with Kieserite (Mg+S): NPK 14:14:14+Mg+S & NP 18:18+Mg+S. More will follow.

When we acquired Azomures, we were well aware we had to invest in the existing site to ensure it could operate according to the EU environmental standards and in an economically sustainable way (i.e. with increased production, higher efficiency and better product quality from safer and more efficient plants). Since 2012 our capital expenditures in Azomures have totaled about EUR 360 million.

Azomures teams with the University of Agricultural Sciences & Veterinary Medicine Cluj and other agribusiness partners to ensure that fertilizers answer real agronomical requirements. We follow the "4R" Nutrient Stewardship initiative of the European fertilizer industry and aim to reduce losses while boosting nutrient absorption by plants. Azomures has a team of agronomists who offer intensive marketing support translated into agronomic consultancy services adapted to the technology used on farms. Our actions promote correct fertilizer application based on right source, right rate, right time, right place ("4R" principles).

+ TRAINING, TALENT MANAGEMENT & SUCCESSION PLANNING

In recent years Romania has placed almost no importance on training agribusiness and chemistry specialists at the technical, high school or university levels. Azomures has developed a comprehensive training and talent management plan for employees' professional development and attracting new talents.



Recruitment, development, education and succession map

Recruitment and Development

The Graduate Trainee Program involved 162 trainees between 2012 and 2017 to become engineers and chemical operators.

Education for Succession:

Done through Talent Management programs and Alternative Education as follows:

Covers existing workforce	I. Talent Management is done internally and consists of creating a customized plan for promising current employees to take a further career step.	
Covers potential candidates	II. Alternative Education is done mainly externally through three distinct programs:	II.1. Chemical Operator Trainee Program: Select candidates for technical studies in vocational schools and include them in a theoretical (external) and practical (internal) program.
		II.2. Internship Program: Carried out via partnerships with select universities and high schools, with candidates chosen based on yearly needs.
		II.3. Dual School Program with "Ion Vlasiu" High School: A chemical operator class module was created. The program is based on the learning-by-doing principle, with theoretical training in school and practical training at Azomures. The full cycle lasts three years and the 2017-2020 installment is underway.

+ OUR INVOLVEMENT IN LOCAL COMMUNITIES

"Chemistry Laboratory": The Science and Creativity Camp

Created to inspire the interest of Azomures employees children in the field of chemistry.

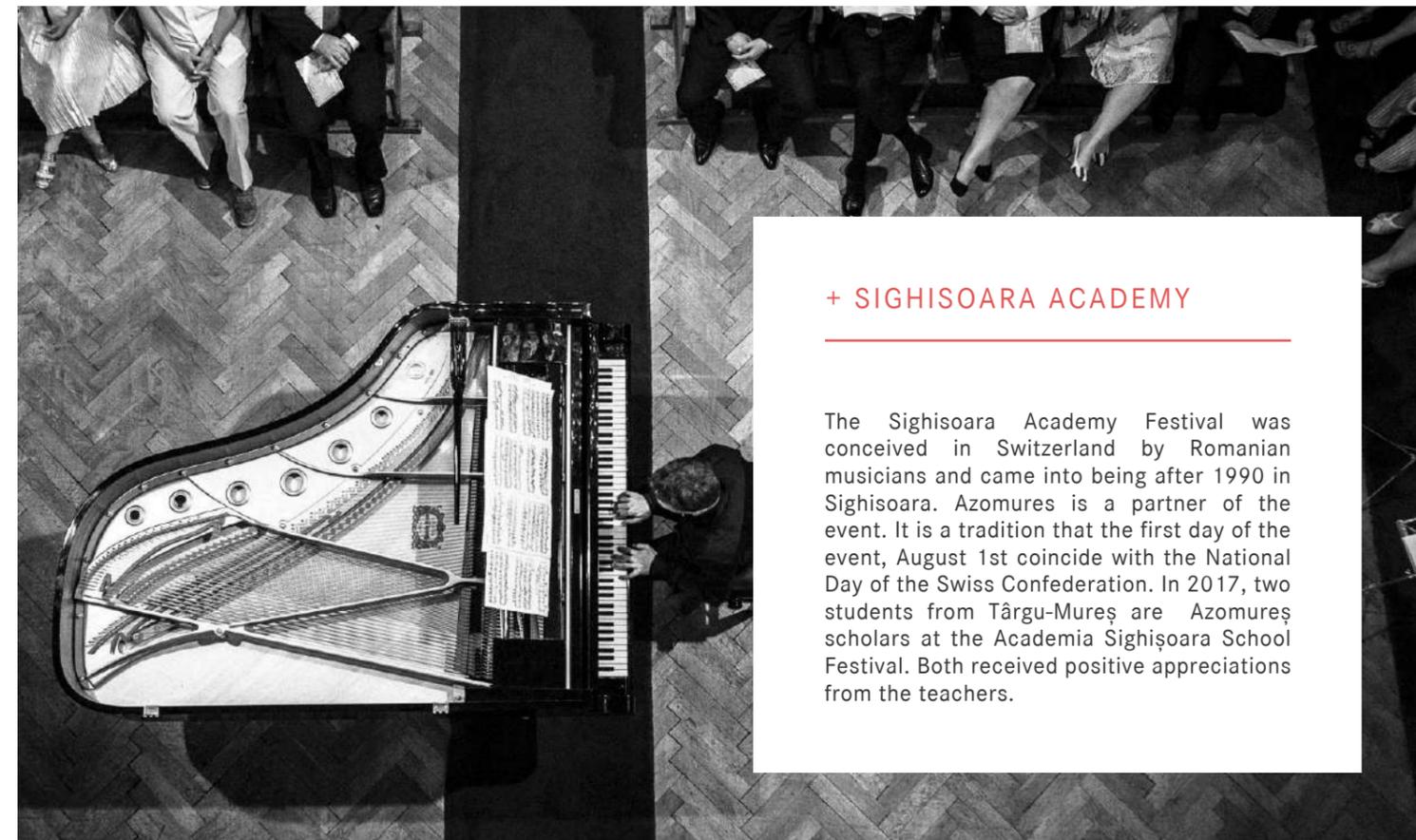
32 children aged 10-14 were involved in the 2017 camp, which consisted of:

- + Games and science experiments – physical and chemical phenomena
- + Social activities
- + Competitive team and strategy development games
- + Hiking



+ EUROPEAN CROSS DUATHLON AND TRIATHLON FESTIVAL

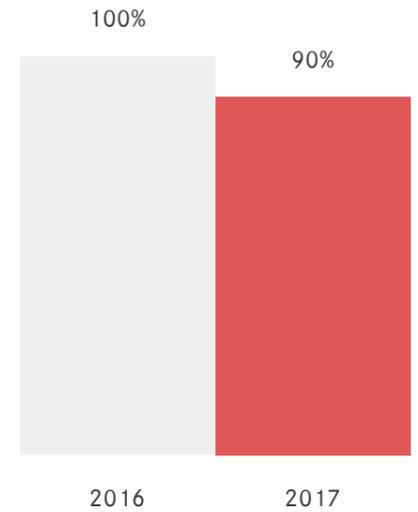
Every year Azomures is a main partner that supports sports activity as a way of preventing diabetes. Statistics paint a black reality: in Romania 1 out of 4 kids is obese and 1 out of 2 overweight, with the country ranking second in childhood obesity in Europe. We encourage employees and local community to adopt a healthy lifestyle.



+ SIGHISOARA ACADEMY

The Sighisoara Academy Festival was conceived in Switzerland by Romanian musicians and came into being after 1990 in Sighisoara. Azomures is a partner of the event. It is a tradition that the first day of the event, August 1st coincide with the National Day of the Swiss Confederation. In 2017, two students from Târgu-Mureş are Azomures scholars at the Academia Sighişoara School Festival. Both received positive appreciations from the teachers.

Total Diesel Consumption Trend
2016 vs. 2017
indexed 2016 = 100%



Chimpex pays special attention to properly maintaining static and rolling equipment to avoid leakages that would otherwise harm the environment. It has also reduced diesel consumption by investing in more efficient machinery.

Environmental authorization is in force for all of Chimpex's activities. We regularly monitor the environmental parameters on:

- + The quality of domestic waste water drainage
- + Emissions from combustion systems
- + The quality of marine water
- + Emissions and imissions concerning dust and ammonia
- + Waste management

Chimpex has implemented internal norms and procedures to identify the environmental aspects of its operations and assess their impact, as well as to ensure continuous conformity with all legal requirements.

In addition, the new grain terminal silos have been equipped with individual air filters to prevent the release of dust into the air. The dust-free system operates with the latest available technology.

+ CERTIFICATIONS

Chimpex has maintained its certified integrated management system based on the following four standards, audited in 2017.

- + ISO 9001 (quality) certification with SGS UK Ltd.
- + ISO 14001 (environment) certification with SGS UK Ltd.
- + ISO 18001 (health and safety) certification with SGS UK Ltd.
- + ISO 22000 (food safety) certification with SGS UK Ltd.

In addition to the ISO and public authority audits, third-party audits are also performed as per the request of our main clients.



+ SAFETY

Our main safety objective is to have zero accidents in our port facility, within our own workforce and those of our contractors. Unfortunately, one fatal accident occurred in 2017 with a contracting company. The incident remains under investigation and was recorded as a work accident by the contractor.

Chimpex has reinforced its commitment to safety and to preventing such accidents through the following actions:

- + Regular field safety inspections to identify and address unsafe situations.
- + Ongoing training of employees and contractors on hazard identification and reporting, hazard analysis and mitigation.
- + Induction training for new employees and contractors.
- + Daily inspections and regular audits to evaluate job safety performance.
- + Regular first aid training and emergency response drills.

In 2017, Chimpex introduced a new Permit to Work (PTW) system that specifically targeted hot work and confined space entry. This PTW system enabled Chimpex to evaluate risks in much greater detail and as work was being executed. The STOP WORK program has also contributed to improving the work environment.

To encourage employees to actively participate in safety programs and to increase the safety awareness of the organization, we have launched an award system called "Your Idea Matters To Us."

Last year Chimpex completed its EUR 42 million investment in a state-of-the-art, 200,000-ton capacity grain terminal. Construction of it took two years and involved 290 workers on average. A safety manager was on the construction site at all times.

Despite construction taking place in the midst of an operational port facility, the project was completed accident-free over 760,000 work-hours. The zero-accident objective was accomplished as a result of a laser focus on safety and the close cooperation of all parties involved.

+ INVESTMENTS

In time for last year's wheat harvest our new world scale grain terminal in Constanta was completed and began operations.

It has a storage capacity of 200,000 tons on 20 vertical cells, can receive cargo by barge (1 x 400 tons per hour), truck (2 x 400 tons per hour) and rail (1 x 400 tons per hour), and can load vessels at a rate of 2 x 800 tons per hour. The investment totaled EUR 42 million and demonstrated Chimpex's and Ameropa's ongoing commitment to providing best-in-class services to its customers, protecting the environment and ensuring a safe working environment for its employees.



+ PEOPLE

We understand the value our employees add to our company and encourage continuous professional development through training programs paid for by it.

We also care about our employees' children and invest in them by providing free English language classes for those aged 3–12, as well as by organizing summer and winter camps.

To improve our internal communication and information dissemination, news monitors have been installed in key spots around the working premises.

An award system has also been put in place to reward employees based on their performance, including "Employee of the Month" and "Employee of the Year" programs.



+ LOCATION & EMPLOYMENT

Employing and retaining local people have proven to be challenging due to the high number of them who leave to work abroad. To minimize this, we are striving to become the employer of choice in the Port of Constanta.

The employee benefits package we offer has increased over the years and now includes private medical insurance, holiday tickets, training and benefits for the employees' children, such as free camps and English language courses.

+ TRAINING, TALENT MANAGEMENT & SUCCESSION PLANNING

In 2017 we concluded partnerships with two high schools, C.A. Rosetti and I.N. Roman, and three universities, Ovidius University, Maritime University and Naval Academy "Mircea cel Batran," in Constanta. The purpose of them is to create

a bridge between industry and educational institutions. A pilot internship program was also launched with the aim of expanding it in conjunction with each of the partner universities.

+ OUR INVOLVEMENT IN LOCAL COMMUNITIES



Traian Orphanage

Chimpex is involved in the social life of the community through corporate social responsibility (CSR) projects it has developed along with its employees.

In May 2017 it organized a team-building exercise for company employees entitled "The troublesome bike". It gathered together Chimpex team members to find hidden bicycle pieces and assemble them in a pre-determined period of time. The assembled bikes were donated to the children of a foster home in Constanta. The project and the employee involvement enabled Chimpex to bring a smile to the faces of unfortunate orphans.

During the Christmas season, Chimpex organized a Christmas party for the orphanage's children, and Santa Claus and company employees shared Christmas gifts.

Chimpex has always paid special attention to CSR projects, especially those linked to foster homes, offering moments of joy to the kids in them. Over the long term through these types of projects, Chimpex tries to make a positive difference in the local community, and encourages company employees to become involved in helping disadvantaged youth.





+ CERTIFICATIONS

Ameropa Grains focused on maintaining its existing certifications to assure clients that the products being manipulated, deposited and delivered fulfill the norms and good practice for food safety at European and international levels.

+ Certification GMP+B3: Trade, Collection, Storage and Transshipment with SGS Netherlands B.V.

+ Certification GMP+ B4: Transport of the GMP+ FC Scheme (based on GMP+C6) of GMP+ International with SGS Netherlands B.V.

+ Certificate ISCC EU: International Sustainability and Carbon Certification approved by the European Commission under the European Energy Directive (RED) with PCU Deutschland GmbH.

We comply with all national and European requirements regarding transportation. All our merchandise is accompanied by a CMR letter as regulated at the EU level by the convention on the contract for the International Carriage of Goods by Road (ADR).

We transport inflammable goods, e.g. ammonium nitrate, using only professional drivers who hold an ADR permit and an ADR kit for each vehicle, as required by law. We continue to prioritize, with all our partners along the supply chain, strengthening our high-quality products and services.

+ PEOPLE

As an integrating company, Ameropa Grains depends for its success on the quality of its people. The strong emigration flow Romania is facing makes the human recourse chapter one of the most important in our daily business. The company succeeded in keeping its staff well prepared and motivated on a day-to-day basis as reflected in training sessions and satisfaction surveys.

+ LOCAL EMPLOYMENT

Sourcing specialized staff to consolidate our team is a top priority. Given the low importance the national education system places on the agribusiness sector, we adopted a company program that involves a paid internship along with partnerships with various universities in the areas where we do business.

+ SAFETY

Gradually we have been upgrading our silo platforms and warehouses. Some electrical installations have been renovated and the mechanical product handling system has been improved to make them safer.

Employees from our main office in Constanta visit the silo platforms and warehouses on a regular basis and conduct first aid training, emergency response drills, evacuation exercises, etc. The subjects addressed with the people working at these platforms and warehouses last year included ergonomics, hearing protection, heat stress, dust monitoring and proper mitigation, and hazardous materials monitoring.

Awareness-improvement sessions were organized around certain types of unsafe behavior, such as using mobile phones while driving. Company policy forbids the use of a cell phone while operating a motor vehicle, and these reminders were considered valuable for raising awareness of it.



Carpinis Silo located in Timis County

+ INVESTMENTS

Between 2012 and 2017 investments in seven warehouses and one silo totaled EUR 25 million



+ TRAINING, TALENT MANAGEMENT & SUCCESSION PLANNING

Ameropa Grains has continued the paid internship program it began in 2013. The rate of insertion into the company at the end of the internship in 2017 was 80%, meaning that 4 out of the 5 trainees finished and became employees. Since the internship began, 29 trainees out of a total number of 31 have gone on to jobs with us. Our goal is to continue to enhance the internship program in 2018.

Special attention is being paid to developing the skills and cohesion of the operations team via specialized training sessions and team-building activities. Finding and developing agribusiness specialists remains the biggest challenge faced by Ameropa Grains.

International Symposium "Young People and Agriculture Research" at Timisoara, Romania

In 2017 a new university partnership was launched with the University of Agricultural Sciences & Veterinary Medicine Timisoara. Its purpose is to create a communication bridge between future agribusiness specialists and Ameropa Grains.

Happy Grains Campaign

The "Happy Grains" campaign, dedicated to young children from rural areas, focused on the communities of Adancata Ialomita, Carpinis Timisoara, Ciresu Braila, Farcasale Olt, Vladeni Iasi in 2017. It continued the campaign begun the previous year in Cilibia Buzau, Dor Marunt Calarasi, Macin Tulcea and Plosca Teleorman. Its purpose is to enhance the living standards of people in rural areas by providing the children with the necessary school supplies to motivate them to attend school.

Enescu & The Sun Rays Dance Campaign

The objective of this campaign is to support Romanian culture and heritage. Ameropa Grains helped to get an exceptional book printed that, accompanied by a DVD, presents the work of Romanian composer George Enescu to the children through stories, drawings and music.

Blood Transfusion Unit of Macin Hospital, Tulcea

We understand the importance of proper health services in the communities where we operate. With our help the hospital's blood unit was completely renovated and can now welcome donors in modern sanitary conditions. The support provided is key to sustaining one of the most "sensitive" areas of a hospital, the surgery room, which plays a crucial role in medical health.

Medgidia Municipal Hospital, Constanta

Medical care technology for rescuing and caring for prematurely born babies was donated to counter and reverse the poor mortality rates they face, especially in rural areas. Today 1 out of 3 babies that die in their first year of life do so because of a lack of modern technology in Romanian neonatology sections.

"Planting Good Facts in Romania", Pestera, Constanta Campaign

On November 2017, 40 Ameropa Grains volunteers met in Pestera, Constanta County, along with 300 other volunteers, to plant 10,000 strawberry seedlings along nearly a kilometer of the national road. This national voluntary reforestation initiative aims to involve the general public, civic institutions and private companies in planting, raising and protecting forests throughout the country.



We believe that we have made a quantum leap in terms of sustainability in recent years. We have revamped existing production plants, constructed new ones and other logistical assets, and introduced new management methods to promote, measure, share with our staff and report to our stakeholders our sustainability goals and achievements.

By introducing our Operational Excellence strategy at the end of last year, we again raised the bar in aiming to become a leading European company in our industry in terms of performance, sustainability and transparency within the next five years. We will continue to build long-term relationships of mutual respect with all our stakeholders: our employees, for whom we want to be an excellent employer; our suppliers, with whom we want to share a long-term future; our customers, whose trust in the quality of our goods and services we want to gain/retain; and the communities where we operate, for which we want to be a reliable source of jobs, income and investment in the future.

With our integrated and highly efficient supply chain, we want to contribute to the success and further development of Romanian agriculture and help its farmers to feed the world.

We shall continue to report yearly on the progress we are making and thank you all for the interest you show in it.

Andreas Zivy

Chairman of the Ameropa Group Board

