

Environmental Policy

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1. Introduction

About the Company

Boni Holding is Bulgaria's largest pork producer and a key player in the food industry, supplying 30% of the country's fresh pork. The company primarily focuses on pig breeding and meat processing, complemented by its feed production operations, which support its breeding activities.

We operate seven pig farms for raising our livestock and have three feed production facilities dedicated to our animals. Our main meat processing center is situated in Lovech, featuring an industrial cutting house, a factory for production of salami and delicacies, and a factory for production of meat preparations (meat cuts, minced meats, raw sausages and semi-manufactured products; ready to eat/cook products). The close proximity of these three enterprises creates a highly efficient production complex.

Additionally, we have a unique facility for raw-cured products in Karlovo, known for its specialized microenvironment that imparts a distinctive flavor to our offerings. In 2021, we enhanced our business model by launching Bulgaria's most technologically advanced pig slaughterhouse in Targovishte, which plays a vital role in ensuring the high quality of our livestock throughout the meat processing chain.

Through our feed mills, pig farms, and meat production facilities, we ensure that our products meet the highest quality standards while contributing positively to the Bulgarian economy and society. Our mission is to provide Bulgarians with responsibly produced meat, ensuring care for people, animals, and the environment. To achieve this, we have set four strategic goals to shape the Company's development in the coming years and beyond:

- To increase the share of pork produced in Bulgaria in the consumption of Bulgarians (currently 2/3 of pork comes from Europe).
- To increasingly assert our leadership position and be the leading innovators in the meat industry.
- To respond to our customers' needs through scale and the ability to control more stages of production.
- To work to maintain the image of meat as a necessary food and to focus efforts in this direction.

2. Purpose

At Boni Holding, we understand that our role in sustainability involves being responsible in resource management, minimizing waste, and managing our environmental impact. This commitment supports our mission to provide nutritious, high-quality food.

Our Environmental Policy aims to strengthen our dedication to running a sustainable business while ensuring proper care for the environment and strict adherence to EU environmental regulations and standards across all our operations and facilities.

3. Scope

The Environmental Policy applies to all divisions and enterprises within the structure of Boni Holding:

Pig farming division:

- Boni Farm Brestak AD
- Boni Farm Krumovo Gradishte AD
- Boni Farm Zimen AD
- Boni Farm Nikola Kozlevo AD
- Boni Farm Shumen AD
- Boni Farm Levski AD
- Boni Farm Pleven AD
- Boni Fodders Pordim EOOD

Meat Processing Division

- Boni Mesokombinat Lovech AD
 - Boni Mesokombinat Karlovo AD
 - Boni Mesokombinat Ruse AD
-
- Boni Marketing EOOD

The policy is applicable to every stage of our production process, from sourcing raw materials to manufacturing, packaging, and distribution. The policy ensures that all departments and employees adhere to sustainable practices, comply with environmental regulations, and actively participate in initiatives aimed at reducing our environmental footprint. By integrating these principles across all levels of our operations, we strive to maintain high standards of environmental stewardship and contribute to a more sustainable future.

4. Regulatory Compliance

Our company is committed to full compliance with all relevant EU and national environmental regulations. We ensure that all of our practices that are in any way related to interaction with the environment meet or exceed these regulatory requirements. Regular and continuous monitoring is conducted to maintain compliance and identify areas for improvement. We also engage with regulatory bodies to stay updated on any changes in legislation and to ensure our practices remain aligned with the highest standards of environmental protection.

5. Environmental Objectives

Each of our pig farms and production facilities holds an integrated permit in accordance with the highest standards of the European Union. Despite this, we invest in technologies and innovations that ensure the reduction of negative impacts from our activities. Our efforts are mainly focused on manure and waste management, energy use transformation and overall pollution prevention.

At Boni Holding, we have thoroughly explored the key environmental topics that are directly related to our value creation chain and are aligned with the local context, market specifics, and priorities of all stakeholder groups. Below, we outline these specific topics along with our ambitions, practices, and commitments towards them.

5.1 Pollution Prevention

5.1.1. Air Purity and Odor Control

Our farms are situated in such a way as to avoid negative impacts on air quality and the spread of odors to nearby residential areas. They are located at a sufficient distance from these areas, and during their construction, the so-called 'wind rose' was studied to prevent the spread of unpleasant odors. We are highly sensitive to this issue, conducting regular monitoring and preparing internal protocols for odor control in accordance with all European standards.

While we adhere to all regulatory norms, we continuously strive to reduce ammonia emissions. In our pig farms specifically, we implement several key measures:

- Fully slatted floors to prevent manure accumulation in animal pens.
- Manure collection in tanks (collector channels) beneath the animals, utilizing a "water cushion" principle to reduce emissions by up to 25%.
- The tanks are emptied at the end of the production cycle using a vacuum system, which minimizes emissions and reduces water usage for cleaning.

For its production needs, Boni Holding operates steam boilers that run exclusively on natural gas, resulting in cleaner and more efficient combustion compared to other liquid and solid fuels. The exhaust gas streams from these boilers, which carry emissions, are released into the atmosphere in an organized manner, in accordance with the Clean Ambient Air Act. These emissions are subject to regular monitoring.

Within some of Boni Holding's enterprises there are stationary refrigeration units using freon and/or ammonia as a refrigerant. The installations are serviced by qualified personnel holding a certificate of competence, and a maintenance and inspection record for the air conditioning installations is kept.

5.1.2. Waste Management

All types of generated waste are collected and stored separately on the site and are handed over for treatment only to organizations holding a permit for activities with the corresponding waste code, in accordance with the requirements of the Waste Management Act.

a) Manure

The primary animal waste generated within our organization is manure. Given our large-scale production, the annual amount of manure generated is substantial. Consequently,

the use and management of this manure is a critical focus for Boni Holding, and the company is actively engaged in optimizing its handling.

Typically, the manure produced includes both solid and liquid fractions. Both fractions are stored and managed according to best practices to minimize environmental impact. Boni Holding is committed to ensuring that all pig farms establish contracts with agricultural producers for the sale and delivery of manure. All manure generated within the farms is used to fertilize agricultural lands, thereby reducing reliance on artificial fertilizers.

b) Other animal waste

Other animal waste, such as animal by-products, is sent to rendering plants, where it is converted into usable materials such as fats and proteins.

Animal tissue waste, as well as materials unfit for consumption or processing, are sent to an incineration plant for destruction.

c) Wastewater and sludge

Effective management of wastewater is crucial for maintaining environmental sustainability and animal health. The water we use in production is mainly needed for cleaning and maintaining the buildings where we raise our animals. To address any environmental risks posed by waste waters, our pig farm in Levski and our meat processing plant in Lovech have local wastewater treatment plants where the production waters undergo physical and physico-chemical treatment before being discharged. The sludge generated from the local wastewater treatment plant is sent for processing to the local water supply, sewerage and water treatment company.

Additionally, we have introduced a water quality monitoring system. The regular monitoring and maintenance of these systems ensure their efficiency and compliance with environmental regulations.

d) Household waste

During the operation of the buildings, mixed household waste is generated. The collection and transportation of this waste are conducted in accordance with the officially approved waste management scheme for the enterprise's area, as established by the local municipality. Non-recyclable household waste, such as contaminated packaging, is collected and disposed of in landfills in compliance with the Waste Management Act and the applicable municipal waste collection and transportation guidelines.

In addition, biodegradable waste from green areas is also generated during site operations. Due to its non-hazardous, household-like nature, and in the absence of a composting facility within the municipality, this type of waste is temporarily managed together with the municipal waste until appropriate composting infrastructure is developed.

e) Paper and plastic packaging

Packaging is a crucial component of our operations as it ensures the long-term preservation of our product quality. Over the years, we have focused on using higher quality, yet thinner and lighter materials. We work towards reducing the weight of packaging per unit of product without compromising its properties.

None of our packaging contains any of the following substances:

- Phthalates
- Latex
- BADGE, NOGE & BFDGE
- BPA (Bisphenol A)
- CFCs (Chlorofluorocarbons)
- Aromatic amines
- Allergens

All packaging is 100% recyclable and all plastic and paper packaging waste is responsibly collected and sent for recycling, in line with our commitment to environmental sustainability.

Additionally, we are committed to exclusively using reusable tableware across all our facilities. The use of single-use or disposable utensils is strictly prohibited, as part of our efforts to reduce waste and promote environmentally responsible practices.

f) Hazardous waste

When replacing lighting fixtures in the buildings fluorescent tubes and other waste containing mercury may be generated. In the presence of burnt-out fluorescent and mercury lamps, they are collected in cardboard packaging that protects them from impact and breakage and stored in covered containers, without mixing them with other waste.

Additionally, other types of hazardous waste such as disinfectants and medications, although generated in small quantities, are stored separately and handed over to persons holding a permit or registration document for the respective activity and waste site, based on a written contract.

5.1.3. Soil Protection

All surfaces in the enterprise are made of impermeable concrete surfaces, ensuring that soil contamination is prevented in case of spills of pollutants (e.g., oils during vehicle operations on the site). A site drainage network has been built, which discharges into the city sewer system. A file of Safety Data Sheets is maintained for all chemical substances and mixtures used in the enterprise (cleaning agents for washing technological equipment), where the necessary actions to be taken in case of a spill to prevent contamination are described.

5.2. Climate Protection

Over the years, Boni Holding has made significant efforts to implement various measures aimed at reducing its carbon footprint and promoting sustainability through renewable energy alternatives.

5.2.1. Reduction of Greenhouse Gas Emissions

Boni Holding is dedicated to generating as much of its own electricity as possible through photovoltaic installations. This approach not only reduces greenhouse gas emissions from our operations but also decreases our reliance on the national grid. The electricity produced is primarily used to meet our own needs, directly at the meat processing plant or pig farm where the photovoltaic systems are installed. Additionally, we sell any surplus electricity whenever feasible.

The company operates over 60 vehicles for transporting products, raw materials, and supplies. Periodically, older vehicles are replaced with new ones to ensure compliance with the latest EURO standards.

Boni Holding is committed to advancing its strategy for monitoring, managing, and reducing greenhouse gas emissions across its operations. Building on insights from its completed carbon emissions inventory, the company aims to achieve a science-based emissions reduction target, aligned with the Science Based Targets initiative (SBTi) standards, by 2030.

5.3. Resource Management

5.3.1. Water Management

Over the years, Boni Holding has introduced numerous innovative water management technologies, which have helped us significantly reduce water consumption:

- We use efficient animal watering systems that minimize water spillage. We are gradually replacing nipple drinkers with cup drinkers, reducing water loss by 30%.
- We have high-pressure foam production equipment that uses minimal water for washing trucks, helping us maintain a high level of biosecurity.
- Cleaning the premises after the animals are moved out is done with jet washers instead of hoses, reducing water usage by about 60%.
- All our pig farms have their own water sources for groundwater extraction with all necessary permits.

To prevent potential contamination of groundwater bodies, we have taken the following measures:

- The construction of all water sources includes cementing the operational columns in the surface layers and between shallow and deep groundwater bodies. This prevents surface water from entering the groundwater body and/or mixing waters from different groundwater bodies.

- All water sources are equipped with reinforced concrete shafts and buildings that protect the facilities and equipment.
- Monitoring programs are implemented – samples are taken annually and tested in accredited laboratories to control the physicochemical and microbiological qualities of the water used.
- Continuous quantitative monitoring of water bodies is carried out.
- Sanitary protection zones have been established around many of the water sources.

5.3.2. Energy Efficiency

In addition to continuous installation of photovoltaics within our premises, to further reduce energy consumption and greenhouse gas emissions, we have modernized the equipment in our pig farms and meat processing plants. Our facilities are equipped with energy-efficient machinery that consumes less electricity than standard industry devices. For instance, our pig farms feature automated ventilation systems with modular control and inverter motors. These systems use adaptive control to maintain an optimal microclimate in the livestock buildings, resulting in lower energy consumption compared to conventional ventilation systems.

Boni Holding is committed to applying eco-friendly technologies to improve competitiveness and increase production capacity by independently purchasing or participating in programs for the modernization of machines and equipment that are energy and water efficient.

5.3.3. Raw Materials

To ensure sustainable sourcing of raw materials, we have developed a Supplier Code of Conduct and additional procedures that guarantee the quality and transparency of the origin of the raw materials entering our value chain. These mainly include different types of meat, including pork, beef, lamb, buffalo, veal, poultry, horse meat and by-products, as well as materials and packaging.

The main suppliers of meat are primarily the Holding's farms. In case of a shortage of raw materials from our own farms, we place orders for meat from other suppliers (mainly from other EU Member States).

The requirements for raw materials are regulated in the technological documentation and corresponding specifications. They are further accompanied by commercial quality documents and periodically by quality analysis protocols.

As part of our commitment to pollution prevention and sustainable resource use, we actively seek to substitute hazardous input materials with safer, more environmentally friendly alternatives. This approach reduces risks to human health, minimizes environmental impact, and often improves operational safety and compliance.

All raw materials entering Boni Holding's value chain are required to meet all relevant regulatory requirements.

6. Monitoring and Reporting

Boni Holding is committed to regularly monitoring key performance indicators, including data on greenhouse gas emissions, energy consumption, water and waste management, etc. Tracking these metrics allows us to identify areas for improvement, set realistic goals, and ensure compliance with relevant environmental regulations.

Transparent reporting of environmental performance to stakeholders is crucial for maintaining trust and accountability. We demonstrate our commitment to sustainability and continuous improvement by annually disclosing the collected data on key environmental metrics, as well as our goals and ambitions, in our Sustainability Report. By doing so, we aim not only to keep stakeholders informed but also to encourage their engagement and support in our efforts to achieve our environmental goals.

7. Training and Awareness

Our company recognizes that effective environmental management relies on the knowledge and commitment of our employees. We provide training opportunities to our employees, assigned to environment-related functions, which are focused on waste management, air quality control, and climate action, best environmental practices and compliance.

Additionally, we conduct internal awareness campaigns to highlight the importance of environmental stewardship and encourage proactive participation in sustainability initiatives.

8. Roles and Responsibilities

Boni Holding's Management is responsible for:

- Developing and implementing the environmental policy, ensuring the policy aligns with EU regulations and sustainability goals
- Providing necessary resources ensuring their compliance with sustainable environmental practices
- Overseeing environmental performance and compliance, and reporting to stakeholders.

Environmental specialists or other employees assigned to these functions are responsible for:

- Ensuring the company adheres to environmental laws and regulations
- Conducting training programs for employees on environmental practices
- Overseeing the implementation of proper disposal and recycling procedures for hazardous and non-hazardous waste

- Keeping detailed records of environmental performance and incidents.

Production Staff:

- Following sustainable practices in daily operations, such as reducing waste and conserving energy
- Identifying and reporting any environmental hazards or non-compliance issues.

9. Continuous Improvement

Boni Holding is committed to continuously review and update its Environmental Policy to reflect new regulations, technologies, and best practices.

The company also encourages innovation in environmental practices and technologies and strives to implement such in its daily operations.

Targets and goals:

- Our long-term goal is to explore funding opportunities for purchasing a specialized machine for spreading manure, as such equipment would allow us to spread the generated liquid fraction much more efficiently and regularly.
- We plan to continue our investments in photovoltaic parks in the coming years, aiming to have 75% of the Group's energy needs met by our own photovoltaic parks by 2025.
- Boni Holding has committed to achieving a science-based emissions reduction target, aligned with the Science Based Targets initiative (SBTi) standards, by 2030. This target includes reducing scope 1 and 2 greenhouse gas emissions by XX, and scope 3 emissions by XX, to contribute to limiting global warming and achieving net-zero emissions by 2050.
- We are committed to reducing harm to the environment by substituting input materials with less hazardous or toxic alternatives.
- We are committed to responsibly handling natural resources such as water by implementing actions that will reduce water consumption.
- Although we have already implemented all necessary measures in terms of air purity and odor control, we remain committed to continuous improvement - we aim to achieve 50% coverage of lagoons by 2030.
- In the long term, Boni Holding is dedicated to a complete transition to green electricity. This commitment underscores our ongoing efforts to embrace sustainable practices and reduce our environmental footprint. Our goal is to ensure that all our operations, from pig farms to meat processing plants, are powered entirely by green electricity, reflecting our dedication to environmental stewardship and innovation.

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