



**UBM FEED ROMANIA**  
**ESG Report 2023**

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# ABOUT OUR REPORT

## UBM Feed Romania ESG Report 2023

**UBM Feed Romania s.r.l.**  
Registered seat: 547550 Sanpaul 6/A, Mures county, Romania

**Reporting entity:**  
UBM Feed Romania s.r.l.

**Area of operation:**  
Romania

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**Reporting period:**  
The reporting period corresponds to the financial year between 1 January 2023 and 31 December 2023. The data published in this ESG Report reflect the situation on 31 December 2023. Any deviations in the published data are marked.

**Reporting frequency:** annually

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**Standard:**  
This report was prepared without the use of a standard or an external independent certification.  
Further information: [esg@ubmfeed.ro](mailto:esg@ubmfeed.ro)

In observance of sustainability principles, this report is published only online.



# WELCOME



Dear Reader,

Since our foundation in 2016, we have made it a priority to comply with all environmental regulations and to operate sustainably. We tackled numerous challenges in our greenfield investment, consciously choosing state-of-the-art technology in the design of our plant and increasing efficiency through high levels of automation. We integrated a world-class waste recovery system into our production process, thus fully delivering on the latest technological requirements. We also focused heavily on building efficient workflows from the optimised logistics of raw materials and finished products to the productive set-up of support activities such as finance, controlling and quality control.

I am very proud that the company earned the title of a premium feed production company in a very short time and that we now run the largest and most advanced feed factory of Romania in Sânpaul. Another groundbreaking achievement is that we are the first Romanian operator to introduce a high-level feed and farm management consultancy service, which means that we not only produce premium quality feed, but also provide expert advice on the subject, helping farmers on-site, transferring our knowledge and increasing customer satisfaction.

Our success is clearly driven by our motivated, dynamic team. I am very proud of the positive and committed people at UBM Feed Romania, as they are the key to our success. At the same time, sustainability for me is also about how effectively we can reach the next generation. For this reason, talent management, close partnership with universities and knowledge transfer are very important in my life.

The establishment of our company and our operations create secure jobs and have a positive impact on society and the communities around us. We support good causes in the scope of our corporate social responsibility, and we set a good example by nurturing talent, ultimately creating value and opportunities for future generations.

The 2023 financial year was a particularly important milestone in the life of our company, as we created our ESG strategy by developing a framework for and expanding our existing, wide-ranging sustainability efforts. As a responsible leader, I have made it my strategic goal to introduce the ESG mindset into our daily operations and to purposefully implement our sustainability strategy. We can only achieve the EU's common goal of climate neutrality by 2050 if we all take the necessary steps together, and secure our competitiveness by effectively integrating ESG aspects into our business operations and decisions.

We embarked on creating our first ESG report with passion, and we hope that it clearly demonstrates the actions we take to bring our ESG strategy to success. I hope you join us now and in the coming years to gain an insight into our sustainable and future-proof operation.

Best regards,

**Dénes Laczkó**  
*managing director*  
UBM Feed Romania

# INTRODUCTION OF UBM FEED ROMANIA

In 2019, UBM Feed Romania SRL, owned by the UBM Group, East Group and Oprea Avicom, implemented a major investment in the agricultural sector of the region in Sânpaul, Mureş County. With a total investment of EUR 15.6 million, the company created the largest independent feed mixing plant in the country producing for the market. With a capacity of **30 tonnes** per hour and **220,000 tonnes per year**, the plant is one of the largest feed production facilities in the region and one of the most advanced in Europe.

As the market leader in Hungary, UBM Group has a wealth of sectoral knowledge that is a significant competitive edge in the Romanian market. This is complemented by the East Group's knowledge of the local market (also including cereals, feed materials and ready-made feed markets) and the experience of Oprea Avicom as feed user.

The three entities form an investor group that has steadily developed UBM Feed Romania into a major player in the local feed market in just four years.



# FACTS AND FIGURES

**2016**  
year of foundation



**47**  
employees



**~60**  
million sales  
revenue  
in EUR  
(2023)

**2019**  
factory opening  
ceremony

**15,600,000**  
investment and value creation in EUR

**30**  
tonnes/hour  
production capacity



**TOP 5**  
one of the most  
advanced feed  
production plants  
in Europe

**220,000**  
tonnes/year  
production capacity



**NO. 1**  
independent feed  
producer in the region

# AWARDS



**1st place among Top Companies in 2021** (Mureș County Chamber of Commerce and Industry)



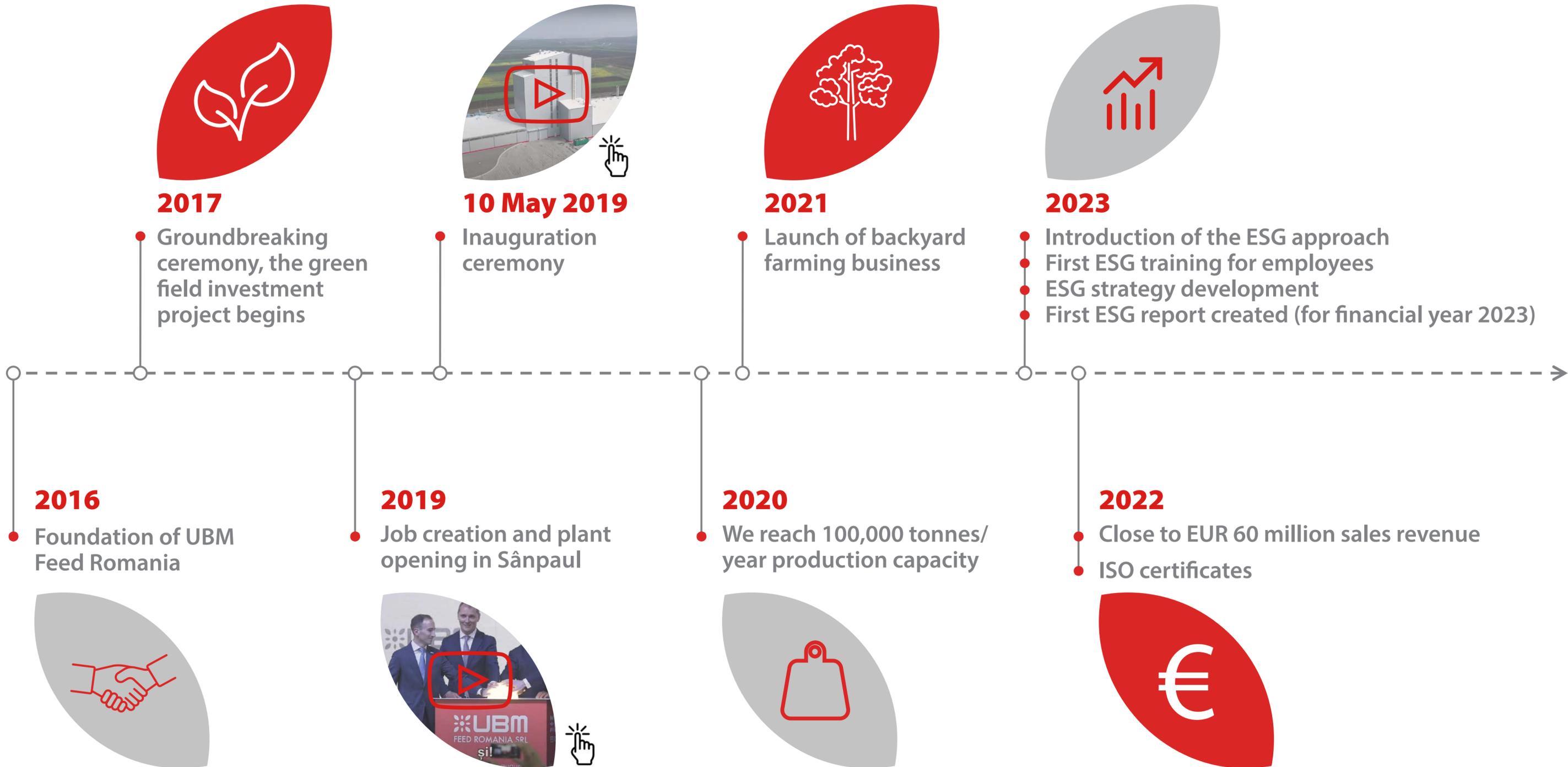
**1st place among the medium-sized companies based on the 2022 performance in Mures** (Mureș County Chamber of Commerce and Industry)



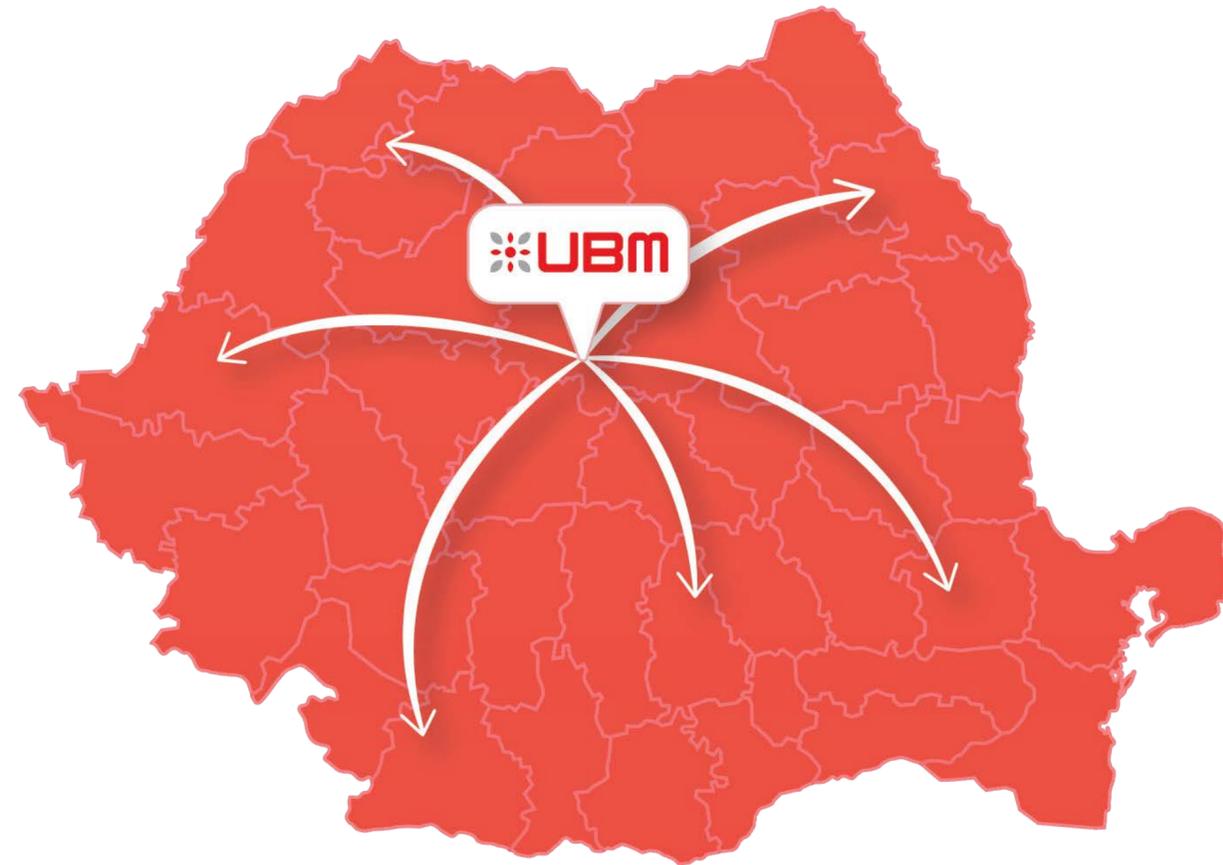
**Gold Membership 2021-22** (Mureș County Chamber of Commerce and Industry)



# KEY MILESTONES



# THE SÂNPAUL PLANT



The geographic location of the feed mixing plant was a key factor for the launch of the investment. The plant is in a region with significant agricultural activity and cultivated areas, providing a good raw material market for feed production, **moreover all regions of the country are easily accessible from Sânpaul.**

Our production capacity of **220,000 tonnes/year** has a cereal input demand of

**130-140,000 tonnes/year**, consequently

consequently **UBM Feed Romania** makes a significant contribution to the agricultural development of the region.

The feed mixing plant produces feed in the form of mash and pellets for poultry, pigs and ruminants. The plant also delivers partner specific feeds based on custom recipes. An automatic bagging and palletising system is also connected to the production line enabling bulk output and packaging in diverse bag sizes subject to customer requests, making our products available commercially for backyard feeding.

#### Further information:



[UBM Feed Romania SanPaul - english \(youtube.com\)](#)



The vast majority of our customers (~95%) are large-scale livestock farmers, who buy large quantities, typically in bulk, direct to bulk feed trailers. As a result, large customers are served without creating packaging waste.

Our other customers (~5%) are resellers and small local livestock farms with feed choices in 5, 10 and 20 kg bags.

Modern plant operations and packaging free deliveries in the majority of sales generate only negligible direct waste from production and sales activities.



The activities of our consultant team, also actively promoting the agricultural development of the region, have a close focus on major livestock farms. The team is made up of livestock engineers and nutritionists who visit our customers around the country every week and personally participate in optimising the activities of major livestock farms. One of their main tasks is to help select the most suitable feed for each species and livestock population, promoting efficient growth and reducing environmental impact, as all animals must consume feed of specific quantity and contents, which in turn reduces the amount of waste produced. The team also performs additional measurements of air and feed quality, and deliver weekly reports to our customers. In the increasingly extreme weather conditions brought on by climate change, the work and insights of the consultant team are vital for the whole agricultural industry.

***We are committed to making high quality feed available to small-scale and backyard farms as much as to industrial actors.***

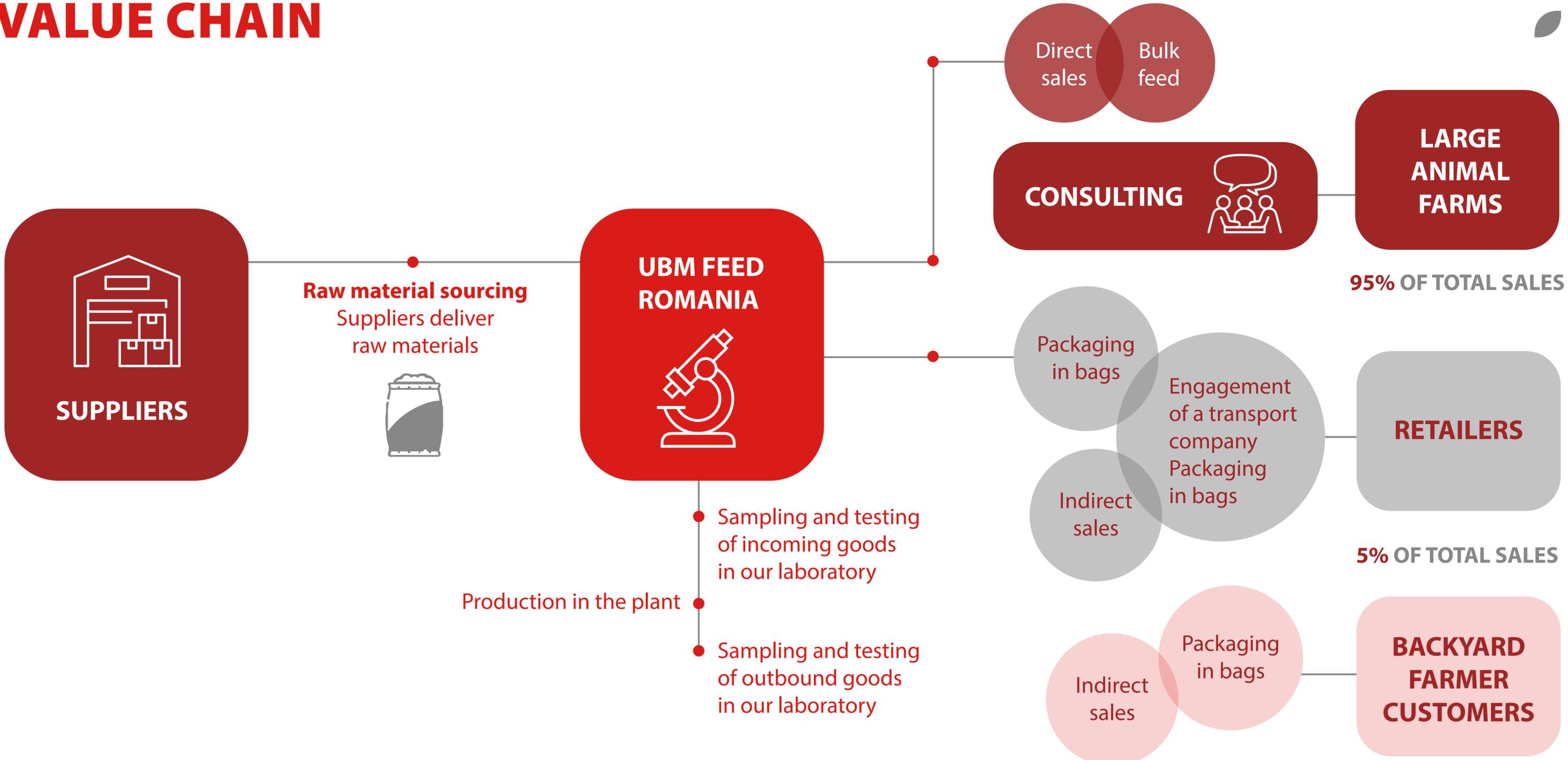
Our products are available **in bags** for our direct customers of small-scale animal farms and retailers. Our mission is to continue distributing these products in the long run, and our strategic goal is to become the market leader in bagged feed sales by **2027**. We set up a retail outlet near our feed plant to provide local farmers the easiest access to European level top quality feed.

Besides a world-class plant, we also have a **modern laboratory** at our main office. The laboratory plays an important role in the implementation of our quality assurance policy for all incoming and outbound batches are checked by sampling.

#### **Presentation of our value chain**

It is essential for efficient operation as a manufacturing company to know and assess our value chain in terms of sustainability. One of the most important elements in our value chain is the raw material purchasing process, because only the right quality **raw materials can produce** high quality feed. We effect a significant proportion (~90%) of our purchases through domestic resellers. Our suppliers always deliver purchased goods to our site. Incoming goods are sampled and tested in our modern laboratory equipped with sector-specific technology. Samples that satisfy our strict quality requirements are transferred to the plant for feed production. Similarly to incoming raw materials, finished products undergo a quality test in our laboratory, and put to market once they pass the test.

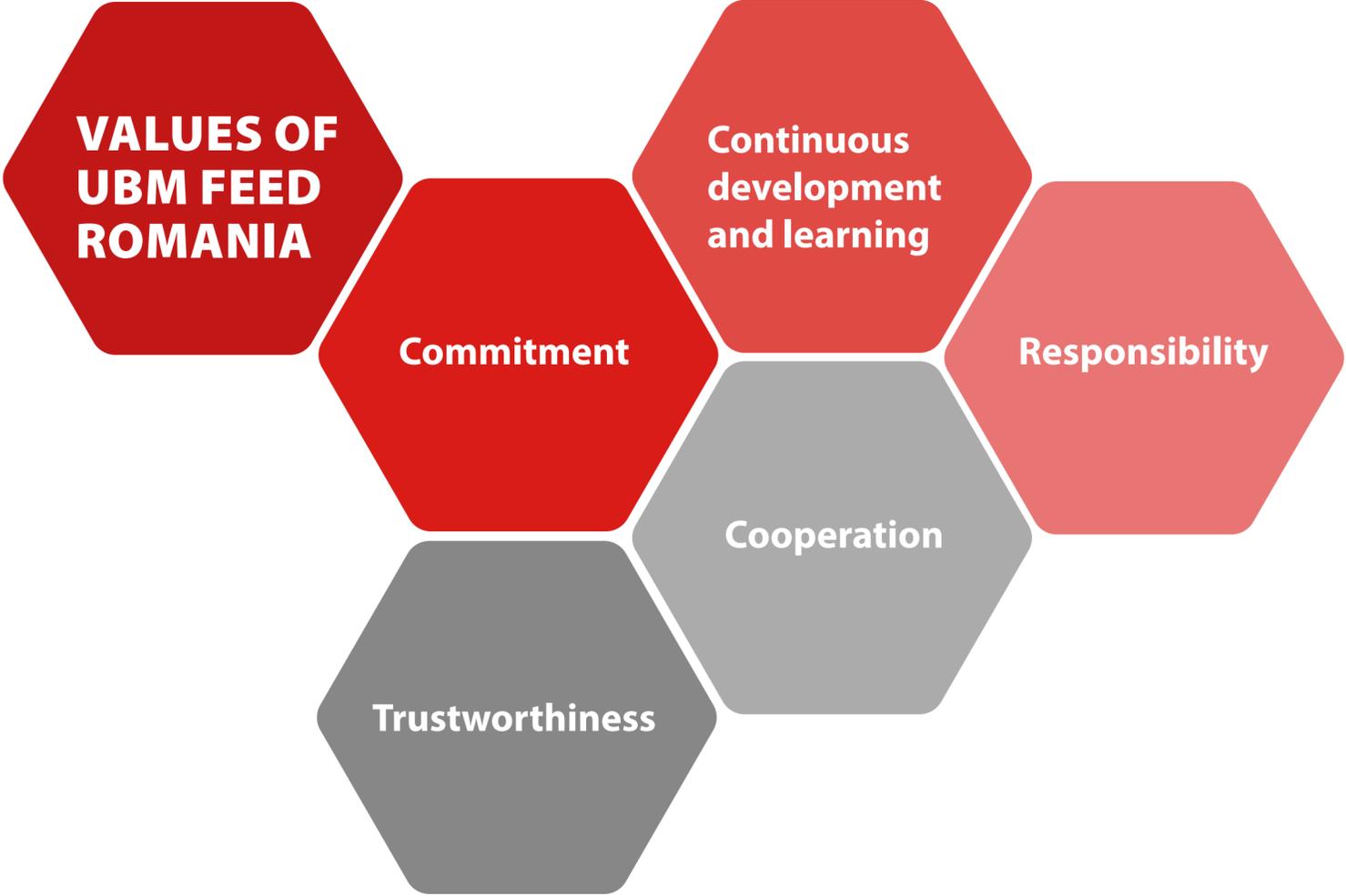
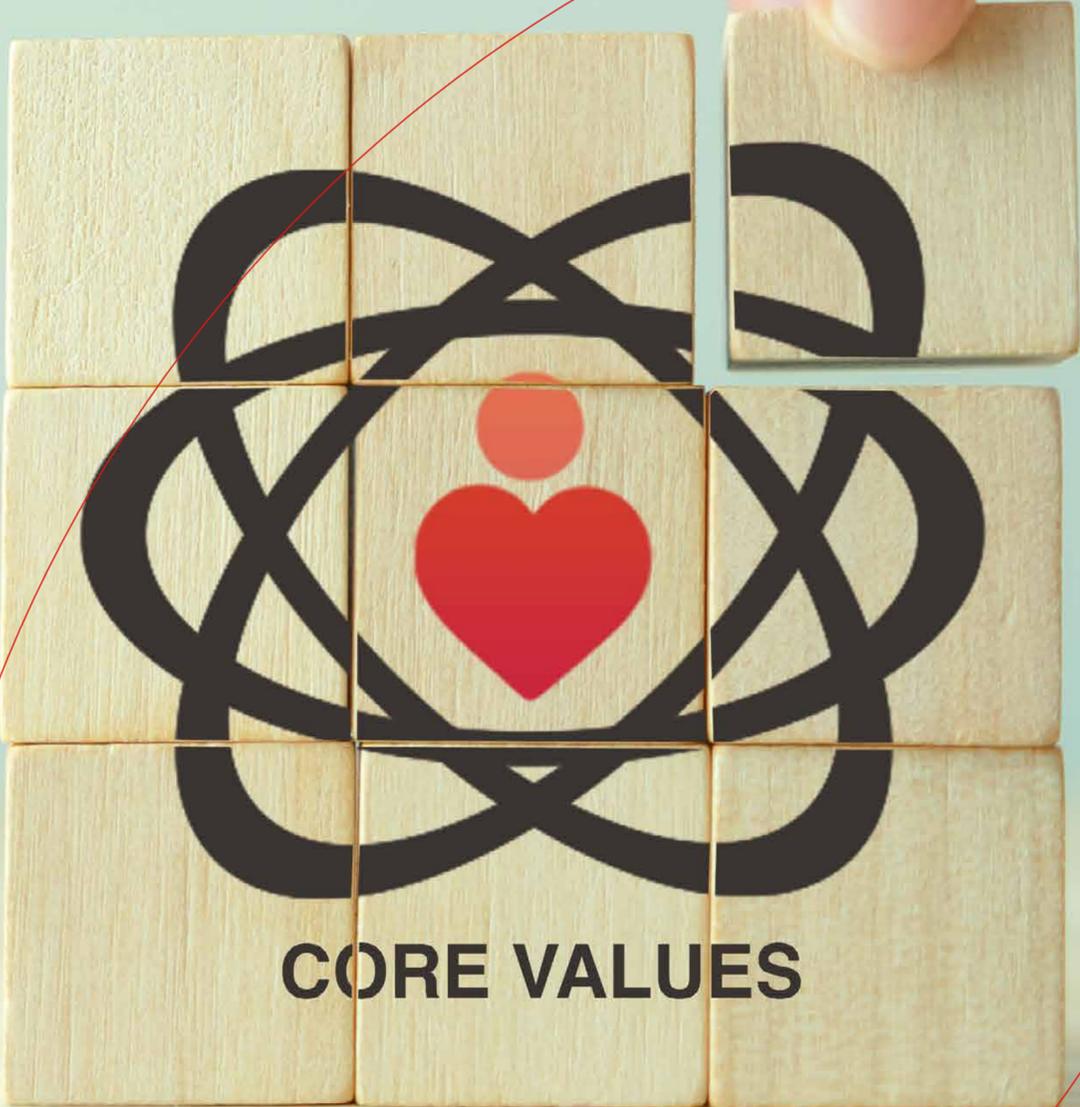
# UBM FEED ROMANIA VALUE CHAIN



# OUR VALUES



Our corporate values grant a firm basis for successful operation. Among others, these values have been the drivers behind the successes of recent years.



# MEMBERSHIPS

We also drive sustainable operations through memberships and active involvement in professional associations, and sharing knowledge, best practices and experience. Our involvement in professional associations allows us to play a major role in promoting the interests of members on behalf of the whole sector, influence critical regulatory processes in the compound feed production sector and associated areas, and foster cooperation between compound feed producers, livestock managers and related areas.

## Professional membership of UBM Feed Romania in 2023

**UCPR - Romanian Poultry Breeders Union**  
(since 2021)

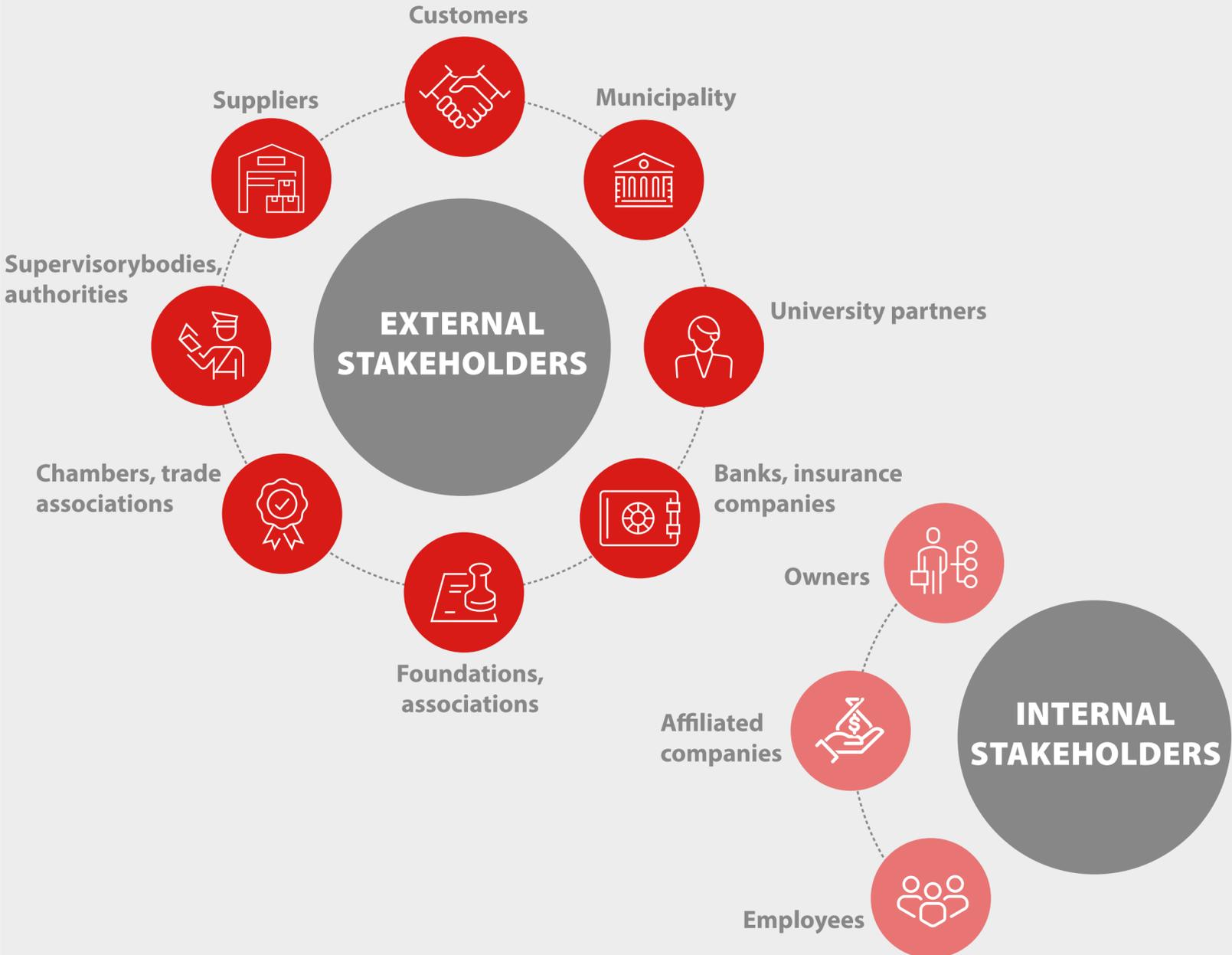
**ANFNC - National Association of Combined Feed Manufacturers, Romania**  
(since 2019)



About Anfnc - ANFNC

**Dénes Laczkó** has been the vice president of the ANFNC since 2022

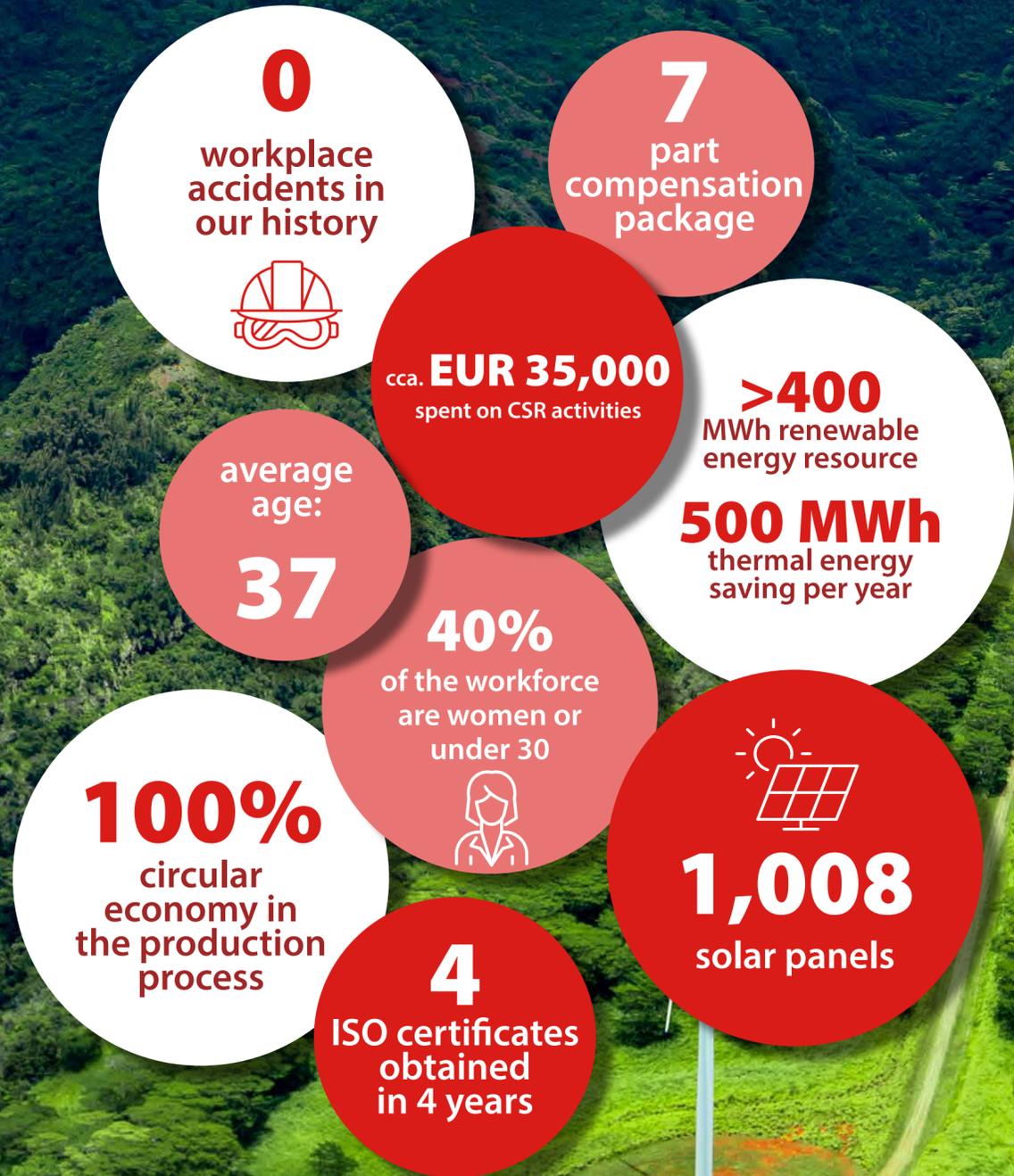
# STAKEHOLDERS OF UBM FEED ROMANIA



# OUR ESG APPROACH

## Facts and figures

ESG driven value creation at the teams of USM Feed Romania



## Key features of our sustainable operations



The most remarkable milestone in the life of our company is the opening of the feed production plant in 2019, as the – strategically – most important part of our core business is carried out in the plant. For this reason, the operation of the plant is a cornerstone for the presentation of UBM Feed Romania.

## Sustainability in plant operations

Our head office is in Sânpaul, Mureş County, Romania. The office is adjacent to the feed production plant. The capacity utilisation of the plant has grown every year and was near **100% this year** due to the increasing volume of orders. The production process is automated, which requires only three persons at the same time to supervise and operate the state-of-the-art machinery.

Compliance with safety requirements and hygiene rules are top priority on the shop floor. Maintenance is carried out every month and typically takes two days with no production. Legal compliance with the legal environment, creating conditions required for the desired product quality, and deploying the latest, sustainable technologies had been top priorities as early as in the design phase of the feed mill. Accordingly, we actively cooperated with the regulatory authorities throughout the investment project from the very beginning. Our team was in continuous communication with all state institutions that enabled proper and lawful operation. It is important for us to ensure that the production processes in the plant are properly regulated. We fully comply with the prevailing legal requirements, and we hold the relevant permits and licences issued by the environmental, animal health, public health, fire and explosion supervisory authority.

A tangible outcome of our proactive approach incorporating sustainability matters is that **in 2022**, being only the fourth year of operation of the plant, we obtained multiple certificates with sustainability relevance, namely ISO 9001 (Quality Assurance), 14001 (Environmental Management) and 22000 (Food Safety Management). We also obtained the HACCP certification in the scope of the ISO 22000 certification.

Compared to our results, we have a streamlined team and fleet sized for efficiency, while our plant is one of the most advanced feed production facility in Europe. This is matched with our distinctive innovative mindset, excellent human capital management, proactive attitude, sustainable approach and familiar corporate culture. The above factors enabled us to achieve great results in recent years.

## Office activities

We also pursue sustainable solutions in our office operations, including lean administration meaning that we print only one instead of three invoice copies, and we will also introduce the e-invoice system for both supplier and customer invoices, as well as e-transport and e-seal as of **01 July 2024** under Romanian law, which will reduce our paper use close to zero.

# MAIN PILLARS OF THE ESG STRATEGY OF UBM FEED ROMANIA



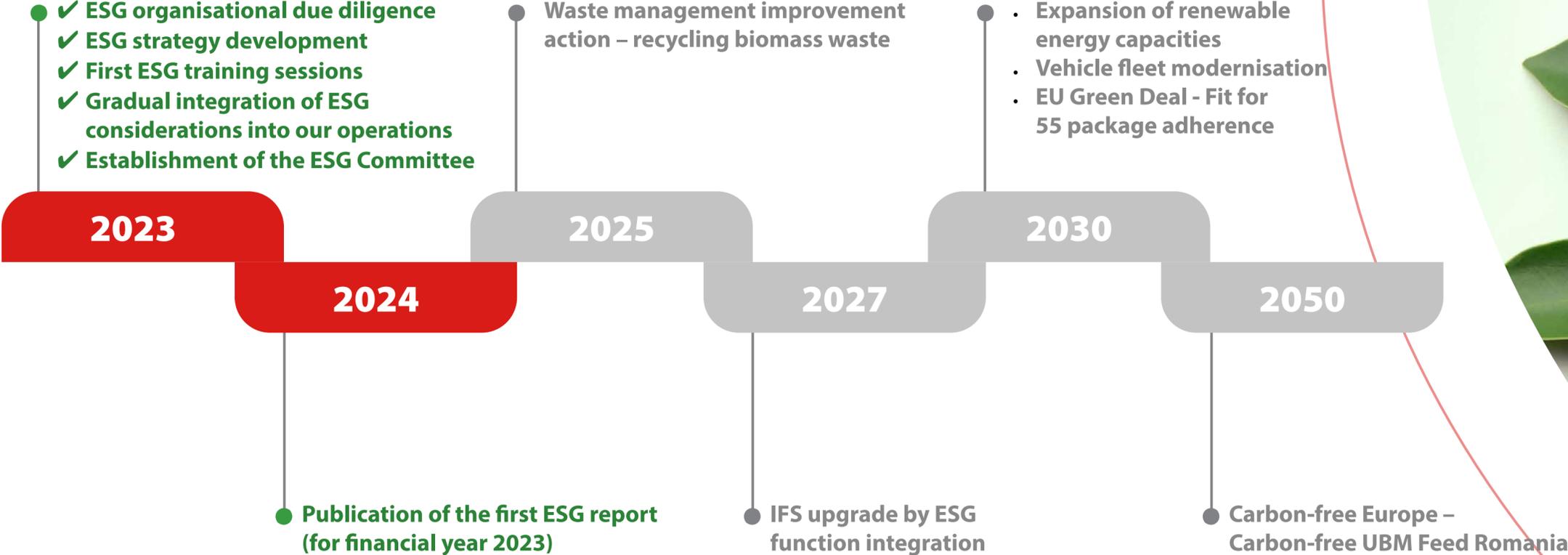
In the development of our ESG strategy, we paid special attention to formulate our objectives in line with the sustainability aspects and frameworks developed by international organisations. In this context, we studied the UN Sustainable Development Goals as a benchmark before developing our strategy to help us identify those areas associated with each goal that are the most relevant to our operation.



# ESG ROADMAP



We also drew up and monitor a roadmap for our ESG objectives.



# OUR ESG STRATEGY COMMITMENTS



	TYPE OF ESG COMMITMENT	SDG	COMMITMENT	DESCRIPTION
2024	G	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Introduction of a Code of Conduct	The company's Code of Conduct incorporating several ESG considerations is implemented
	G	8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Renew the Sourcing Policy	Development of a sourcing policy incorporating ESG considerations to help in the supervision of suppliers
	G	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Renew the Organisational and Operational Regulations (OOR)	Incorporation of ESG considerations in the Organisational and Operational Regulations
	G	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Renew the collective labour agreement	Incorporation of ESG considerations in the collective labour agreement
	G	13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	Establish an ESG Committee and appoint an ESG Officer	Establishment of a 6 member ESG Committee with the key stakeholders, and appointment of an internal ESG Officer
	E	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Introduce an energy control system	Installation of electricity meters on high consumption machines to optimise the energy consumption in the plant
2025	E	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Recycle biomass	Utilisation of energy recovered from biomass
	G	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Update investment decision-making	Conscious incorporation of ESG considerations as a factor of investment decisions
2027	G	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Upgrade the IFS system	New development in the IFS system: "ESG & sustainability" module
2030	E	7 AFFORDABLE AND CLEAN ENERGY	Expand renewable energy resources	Increase the use of renewable energy to 30% in proportion to the electricity demand of operations
	E	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Modernise the vehicle fleet	Switch 50% of the fleet to electric vehicles

# OUR ESG STRATEGY COMMITMENTS



## Further investments

We plan to invest in more generation and storage capacities in the coming years, which will be a major step towards optimising our operations and expanding our renewable energy sources, as these investments will add hundreds of kWh of capacity to our renewable energy generation.

## Artificial Intelligence (AI) – application of AI in production

As part of our commitments, we plan to implement an energy management system in our plant in 2024, which will allow us to fully optimise our production. We will continuously analyse the plant's operations in terms of energy and production utilising **AI-based technology**. Accurate measurements are essential for setting future targets to reduce Scope 1 and 2 emissions, as we can only develop the relevant plans if we have the required data available. We are confident that the implementation of the system will help us to achieve great results in the long term, both in terms of energy optimisation and production capacity utilisation.

*“We are actively working on integrating artificial intelligence into production. Large amounts of data are generated during the production process, which can be used to make purposeful optimisation actions. While our current industry knowledge and technology solutions give us a competitive advantage, we will need to gain an edge in new areas such as AI to maintain it in the coming years.”*

*(Dénes Laczkó, Managing Director, UBM Feed Romania)*





# OUR MATERIAL TOPICS

Before creating our first ESG report, we identified our stakeholders. Based on the analysis of our competitors, the industry and the regulatory landscape, we consulted with experts to identify our set of material issues with potential sustainability relevance. We assessed the positive and negative impacts on our company in the context of sustainability, and involved our key stakeholders (employees, suppliers, partners, etc.) in the process of identifying our most important material issues. We sought their opinion in an anonymous online survey, then based on their views and the background information already available, we drew up a list of our material issues with input from our management. This list was used as a guide for presenting the key topics in our first ESG report. The areas identified as material are also presented separately in our report.

## Material Topics



### ENVIRONMENTAL PROTECTION

- Waste
- Circular economy
- Scope 1, 2 emissions
- Energy efficient investments



### SOCIETY

- Our people
- Safety and health at work
- Employee training
- Support of local communities
- University partnerships



### CORPORATE GOVERNANCE

- Ethical operation and compliance
- Purchasing practices
- Quality assurance
- Active communication with stakeholders

# ENVIRONMENTAL PROTECTION

## Waste

Minimising losses was already a priority during the construction of our plant, so the production process was designed with a view on generating minimum waste. We are proud that no hazardous waste is generated throughout the year. As a manufacturing company, waste management and the minimisation of hazardous waste is a priority for us. Waste production data are measured by an external expert and an annual waste declaration is prepared accordingly each year.

	2022	2023
Total waste (tonne)	177.1	103.5
Non-hazardous (tonne)	177.1	103.5
Hazardous (tonne)	0	0

Our conscious waste management reduced our annual waste generation from **177.1 tonnes** in 2022 to 103.5 tonnes in 2023, which is a positive change in view of our sales and revenue trends, as waste generation decreased by over **40%**, while our sales revenue remained level and our sales volume grew. Of particular note is the fact that no hazardous waste is generated as a result of our operations, moreover, the preventive action of the recovery system recycles a high percentage (~**30%**) of the waste generated.

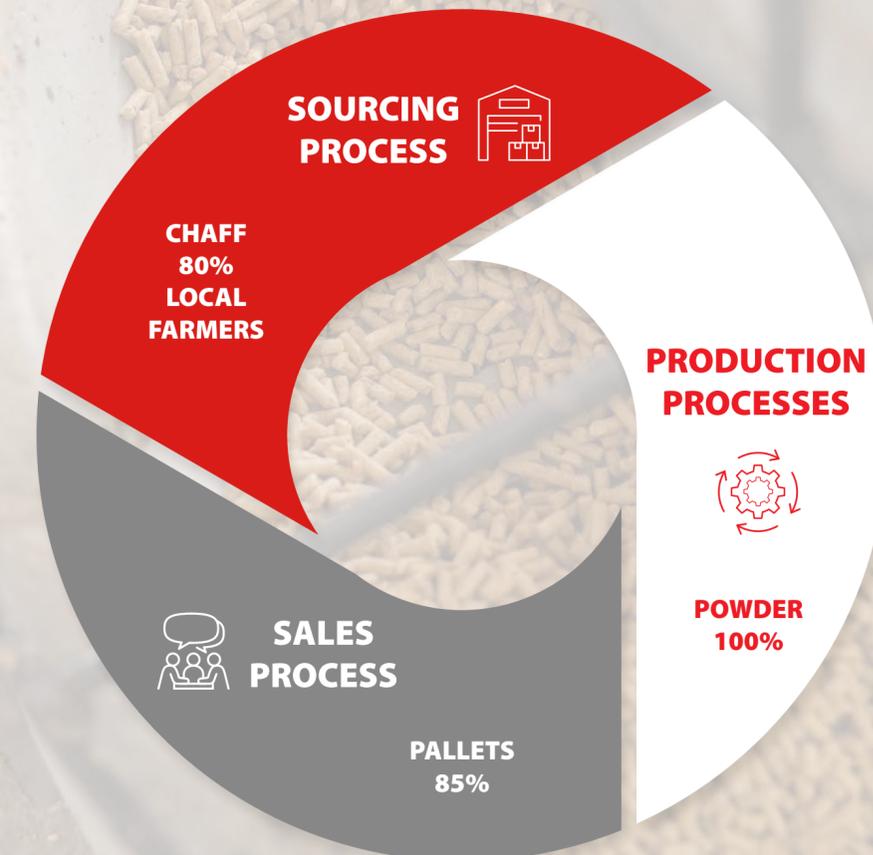
## Composition of non-hazardous waste at UBM Feed Romania in 2023

	2022	2023
Plastic packaging (tonne)	11.1	8.8
Paper and cardboard packaging (tonne)	14.5	16.2
Substances not suitable for consumption or processing (tonne)	139.7	78.5
Household waste (tonne)	11.8	11.9

# CIRCULAR ECONOMY



All manufacturing companies, including us, place great emphasis on achieving circular economy, that is optimising production processes in a way whereby all raw materials are used in some way in the process, thus minimising waste generation. Waste management is also a priority for us, best demonstrated by the waste recovery system operated at the plant and the recycling processes at several points of the value chain as described below.



Circular economy principles are present at each stage of the value chain, for example, a high percentage of the pallets used for the delivery of input materials are recycled, the by-products of grain cleaning are made available free of charge to local farmers, and the recovery of dust waste in the production process minimises the amount of waste generated.

# SCOPE 1, 2 EMISSIONS

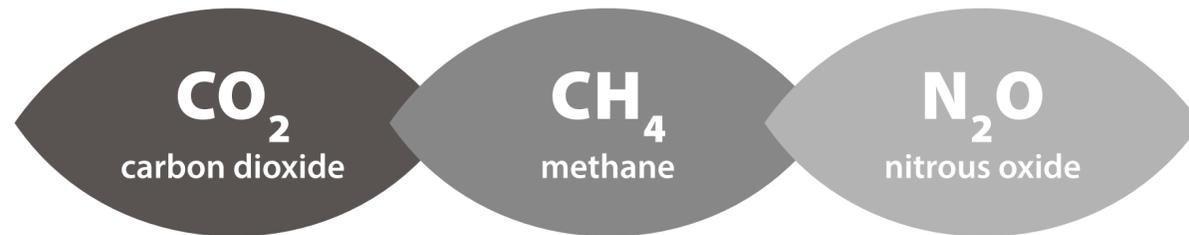


Our GHG emissions are measured by an external expert. One of the most important tasks this year, and a cornerstone of our ESG strategy, is to ensure that from now on we can measure our Scope 1, 2 emissions consistently and work with accurate data, because this is the only way to set targets to reduce emissions.

## Method of calculating the CO<sub>2</sub> equivalent

The carbon dioxide equivalent (CO<sub>2</sub>e) is the term used as the sum of the most common greenhouse gases as defined in the Kyoto Protocol.

### The most common greenhouse gases



The CO<sub>2</sub> equivalents of the different emission sources need to be aggregated to determine a company's carbon footprint. Sources of emissions can be direct or indirect in nature. **Accordingly, Scope 1, 2 and 3 categories were defined in the following standards:**

- The Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard
- ISO14064-1-2018: Greenhouse Gas

**SCOPE 1:** On-site, direct emissions by the company, such as natural gas combustion, production technology emissions, transport vehicle emissions, etc.

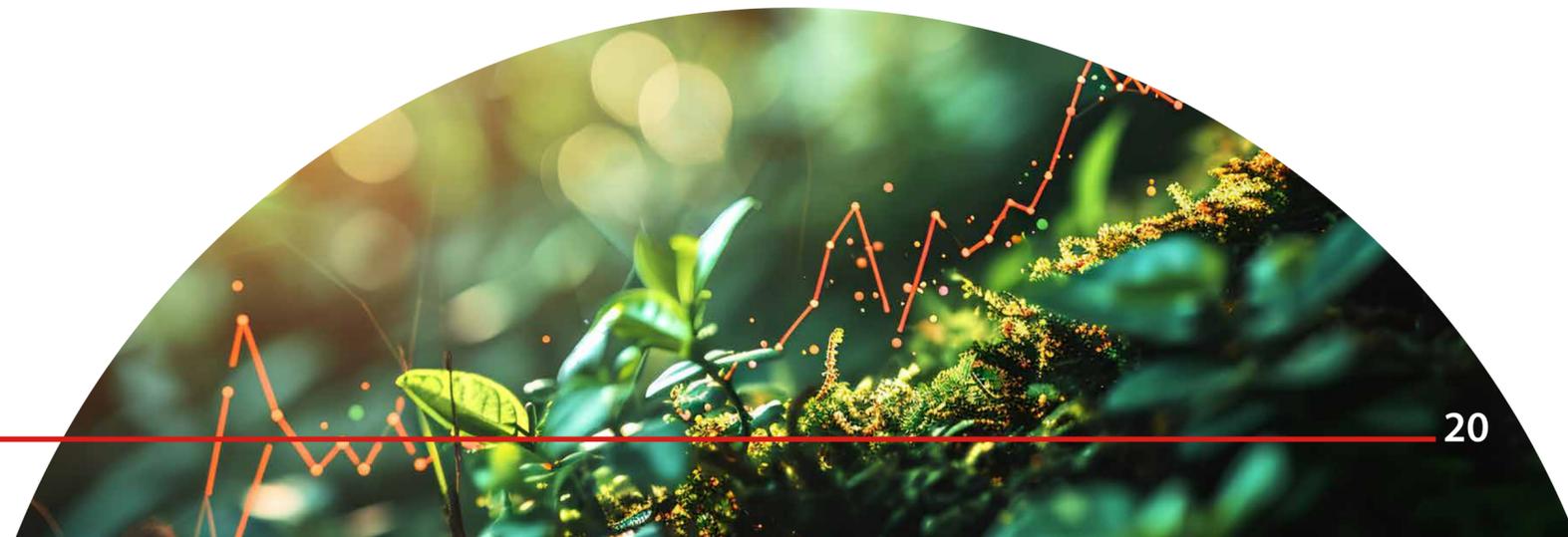
**SCOPE 2:** Indirect emissions, such as electricity, district heating, steam, etc., which are generated elsewhere, but the company is responsible for emissions on account of their use.

**SCOPE 3:** Indirect emissions beyond the company's control, but the company is responsible on account of their use, such as waste processing, waste water treatment, public transport, etc.

In our case, Scope 3 emissions are also significant, as the emissions by our own fleet are negligible compared to the magnitude freight transport of our external partners, however, we do not yet have sufficient data to determine our Scope 3 emissions in this year's report.

ENERGY CONSUMPTION		2022	2023
<b>1</b>	<b>Renewable energy generation (kWh)</b>	<b>0</b>	<b>339,990</b>
1/b	Energy used by the company (kWh)	0	283,050
1/c	Energy fed back to the grid (kWh)	0	56,940
<b>2</b>	<b>Total use of purchased energy (kWh)</b>	<b>*</b>	<b>7,771,111</b>
2/d	Natural gas (kWh)	4,563,160	3,888,470
2/e	Petrol (kWh)	n/a	156,251
2/f	Diesel oil (kWh)	n/a	113,520
2/g	Electricity (kWh)	3,844,230	3,612,840
<b>1/b + 2</b>	<b>Total energy consumption (kWh)</b>	<b>*</b>	<b>8,054,161</b>

*\*All the authentic data we have available are presented, however, they are not available for all categories. For such categories e.g. petrol or diesel oil, we are not yet able to present accurate data in this year's report, consequently, the analysis of year-on-year changes in the 2023 report is not complete. We aim to ensure data comparison for each category in the 2024 report.*



# UBM FEED ROMANIA SCOPE 1 AND SCOPE 2 EMISSIONS

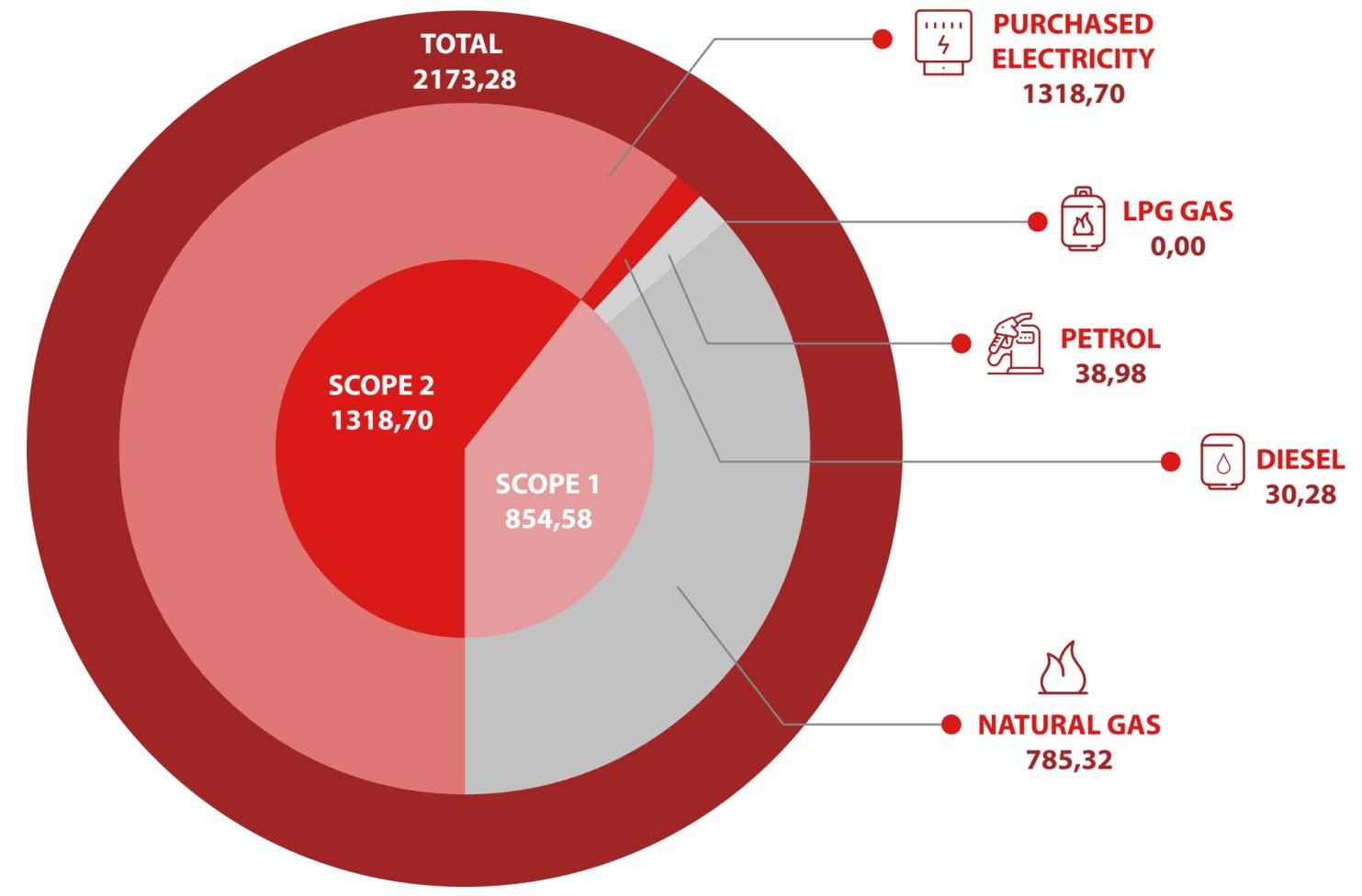


SCOPE emissions	2022	2023
<b>SCOPE 1 (tonne CO<sub>2</sub>e)</b>	-	<b>854.58</b>
Natural gas consumption (Nm3)	432,795	368,575
Petrol (litre)	n/a*	17,145
Diesel oil (litre)	n/a*	11,610
PB gas (kg)	0	0
<b>SCOPE 2 (tonne CO<sub>2</sub>e)</b>	-	<b>1,318.70</b>
Purchased electricity (kWh)	-	3,612,870
<b>SCOPE 3</b>	-	-

In addition to the Scope 1, 2 emission indicators, it is important to present our other non-GHG emission indicators, which are also included in our environmental reports. Our company's non-GHG emissions increased by approximately 20% compared to the base year.

Other (non-GHG) emissions (tonne)	118.3	145.191
Nitrogen oxides (tonne)	1.2	1.023
Carbon monoxide (tonne)	0.477	0.407
PM10 particles (tonne)	2.491	0.038
NMVOC (tonne)	114.150	143.723

Company's total Scope 1 and 2 emissions in 2023, t CO<sub>2</sub>/year



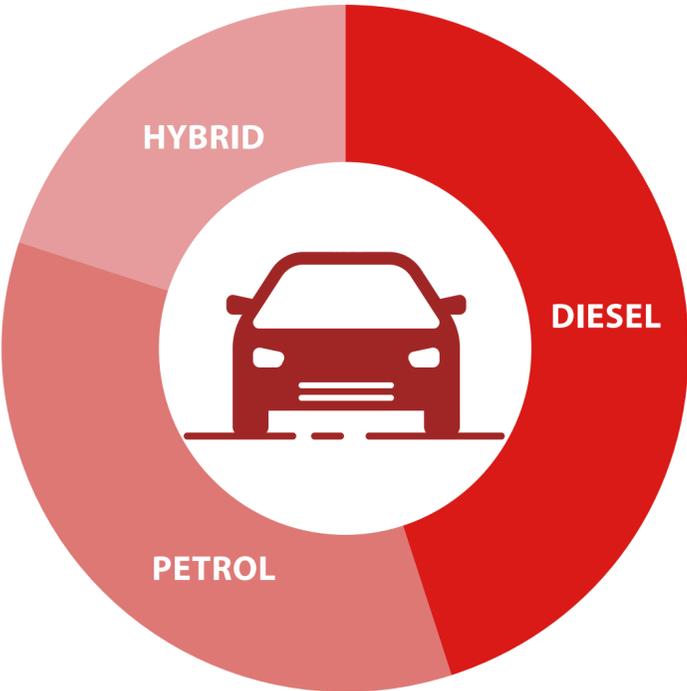
# OUR VEHICLE FLEET



Our vehicle fleet is small in view of our production and sales volumes. This is due to the fact that we do not carry out transport ourselves. In the value chain described earlier, our suppliers deliver the purchased goods to us, and in the downstream channel the customers themselves transport the feed purchased in most cases, and we engaged an external transport partner to handle the remaining cases. For this reason, our fleet consists of company cars used by our employees, which is quite a moderate portfolio for a total of **47 employees**.

We nevertheless expect to stay on the growth path of recent years in the coming years, hence anticipate an increase of our workforce and fleet as well. As part of our sustainability strategy, we also committed to renewing our fleet by 2030 to have at least **50% electric** vehicles in our pool.

Energy use, air pollution and **Scope 1, 2 emission** data clearly show that the feed mill is responsible for a significant part of our company's carbon footprint. This should not be otherwise for a manufacturing company, however, it is no question that the reduction our emissions must be among our strategic goals. The volumes of purchased electricity and natural gas used are significant among emissions. That is why we have an ambition to increase our renewable electricity generation capacity by **2030**, as we want to make commitments that will make a real difference to our operations.



Annual fuel use	2023
<b>Total (litre)</b>	<b>29,025</b>
Petrol	17,145
Diesel oil	11,610

# ENERGY EFFICIENCY INVESTMENTS



## SOLAR FARM

The design and tendering process began in Q3 2022, and the solar farm was completed by February 2023 and began operation this spring. A total of 1008 solar panels were installed on the roof of our plant. Total annual electricity production exceeds 400 MWh, which covers roughly 10% of our company's annual electricity use. The total cost of the solar farm implemented as part of the investment amounted to EUR 330.000.

## PRODUCTION LINE ENERGY OPTIMISATION

Our processing methods maximise raw materials use therefore the process losses are low zero. Energy optimisation on the production line creates more efficient scheduling and processes. Pre-planned production sequences and timing help avoid unnecessary idle times and energy losses. Advanced machines require less maintenance.

## LED LIGHTS

In 2023, all conventional luminaires were replaced with LED lights that involved a total of 700 changes. We foresee that our annual consumption of 320,040 kWh drops to 95,760 kWh resulting in 224,280 kWh/year in energy savings as a result of this investment. The LED lights have an extremely long lifetime of at least 25,000 hours, which significantly reduces the waste from frequent lights replacement. The total cost of the LED lights as part of the investment amounted to EUR 20.000.

## HEAT RECOVERY SYSTEM

One of this year's investment projects was to build a prototype heat exchanger that supports heat recovery from fuel gases and contributes to reducing greenhouse gas emissions. The heat exchanger unit enables the recovery and efficient utilisation of heat that would normally be lost to the atmosphere, greatly reducing the plant's environmental impact. The effective use of the heat exchanger is expected to deliver savings of up to 15% per year.

Description of the investment	Amount
Installation of solar panels	EUR 330,000
Installation of heat exchangers for the rapid steam generators	EUR 100,000
Switch to LED lights	EUR 20,000

As listed among our commitments, we plan to increase our current renewable energy capacity of **10%** to **30%** by **2030**.

# SOCIETY



## Composition of employees at UBM Feed Romania



At the end of 2023, we had **47 employees, 18 women and 29 men.** The annual turnover rate was 19%.

Employees under 30, between 30-50 and over 50 represent **40%, 45%** and **15%** of the workforce, respectively. This age distribution is ideal because the drive and motivation of young people is matched by the expertise and guidance of senior colleagues. Among others, this is one of the reasons for our success.

### Our most important assets: our people

We believe that the main drivers behind the exceptional results achieved through the years are our people. We share our pride in our achievements and celebrate success together. We aim to be among the best employers in the region offering attractive working conditions. We are receptive and attentive to the developments of our environment, and constantly strive to learn. The safety and health of our people is a high priority. Furthermore, promotions are very frequent, with most of our senior staff having advanced from junior positions in recent years. We also believe it is important to help the region develop by creating jobs and providing opportunities for career development.

### Remuneration scheme

Competitive pay is not just a buzz phrase for us. We truly believe it is key to retaining valuable workforce and driving their motivation, and making them feel appreciated. For this purpose, we offer our employees a range of benefits and bonuses. Under the collective employment agreement:

- Meal voucher for every workday
- Days of leave for important family events
- Easter and Christmas bonus
- End of year bonus
- A full month's salary as baby bonus to employees with newborns
- Financial support for glasses for employees who work at computers
- Private medical insurance



## Work-life balance

Our company offers flexible working hours for the field force and home office for employees who live in other cities. We provide various types of days off (days for family events) as well as an appropriate number of leave days. We monitor the activities of our staff and try distribute tasks so as to avoid disproportionality and overload. We are aware that maintaining an effective work-life balance is closely linked to good communication, and we encourage our employees to clearly indicate if they need help or a change in their work schedule.

## Performance review

We have a performance review every year with each of our employees in the form of a one-to-one discussion, where we evaluate the year's results, and discuss areas where progress has been made and where improvement is needed. Performance review is not based on a formal policy or criteria, it is rather an informal process. Importantly, we also ask all employees to provide feedback to managers, thus fostering honest and direct relationships, and the opportunity for continuous improvement.

## Our organisational culture

Our company has a family atmosphere that contributes to staff motivation, satisfaction and successful operation. This informal character of the workplace is mainly due to a relatively small staff and people with similar values. The family-like corporate culture promotes a focus on common goals and open communication. Employees can freely share their insights, ideas and concerns because they know they will be heard. We have a collective labour agreement in place to protect employees' rights and benefits, and to maintain a balance between company and employee interests.

Regular community events and team building activities, such as the annual family day, team building sessions, joint sports events and the annual Christmas dinner also help to strengthen bonds between employees.



# 2023 highlights



Tree-planting



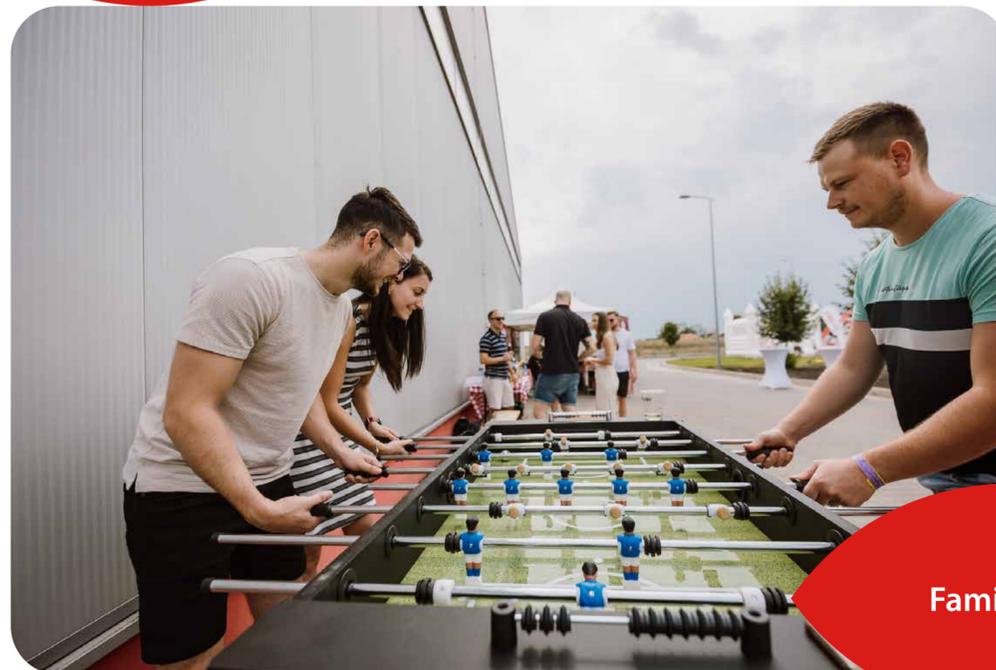
Wizz Air marathon



Communication training and team building



Safety First



Family day





## Night of the Companies

Night of the Companies is a local community event where companies in Mureş County open their doors to visitors. It is not a conventional labour market fair, as its venues are the companies' main offices. The event begins in the afternoon and lasts until midnight. UBM Feed Romania participated at the first Night of the Companies event in Târgu Mureş.

The event was a bold and innovative action among the professional life of the county, creating a unique opportunity to connect companies with prospective employees. He captivated the visitors in Târgu Mureş on the very first occasion, proving that there is a genuine interest in what lies behind the gates of companies.

Participation for us was more than just an opportunity to recruit new talent. This event was an opportunity to open our doors and share our story with the local community. Our team rose to the challenge well and engaged with visitors, answered questions and built relationships with professionals from diverse areas. Our staff and visitors engaged in over seven hours of conversation and stimulating presentations. To enhance the experience, our visitors had the opportunity to take a tour of the factory, which is known as the largest independent feed mill in the country and one of the most advanced in Europe. Participants gained a glimpse at the entire production process from the reception of incoming raw materials to the finished product.



## Safety and health at work

One of our greatest accomplishments is that we have not had a single workplace accident since the plant started operating. We are also very proud of this, because people in industrial manufacturing are subject to significantly more risks than in other businesses. We do not only assess the results, but take all efforts to ensure that this remains the case in the future. In this context, we continued to provide mandatory Fire Safety and Occupational Safety and Health training to our employees in 2023. We also have strict safety standards in place to regulate the processes within the plant.

Along with mandatory training, we held an in-house Safety First event in July, where our staff attended an extensive first aid course in the morning that boosted their practical skills confirmed by a certificate of competence. The afternoon session focused on broadening and deepening theoretical knowledge. In this session, the participants discussed the key aspects of occupational safety and health, identified potential risks and developed strategies for prevention. This was followed by the practical part of the project. This enabled our people to put the situations and strategies discussed in theory into practice in the plant area. As a result of the project, the workplace safety awareness and preparedness of employees improved significantly, because they have a better understanding of the importance of following safety rules and procedures and acquired relevant practical skills during the day.



# EMPLOYEE TRAINING

Employee training and education is particularly important for us, and in this spirit, we held several training courses in addition to the mandatory fire and occupational safety training in 2023, such as professional skills development training combined with team building and information and communication technologies training. We also sought feedback from participants on the sessions with a view to strengthen the organisational culture and the engagement of our employees. We had already introduced language, ethics and soft skills training at the company before 2023. All these sessions helped employees to develop professionally and personally, and also diversified their time at work.

The Hungarian, and English language ESG training organised for our employees to gain more detailed information on sustainability as a mindset and the ESG framework is another reason why 2023 means a major progress in terms of sustainability. It is essential for the long-term sustainability of our company that our employees integrate the ESG approach in their daily work.

## USSEC training

Our nutritionists from the consultant team and one of our deputy directors attended three training courses abroad during the year that largely contributed to our team's professional development.

## SFR certificate

One of our colleagues attended the Applied Poultry Nutrition course at Schothorst Feed Research (SFR) in the Netherlands. This training covered the following topics:

- raw materials used in monogastric feeding
- metabolic utilisation of proteins, lipids, minerals and enzymes in poultry
- focus on the effects of nutritional and energy value of feeds
- intestinal health of poultry
- characteristics and optimisation of compound feed recipes for broilers and laying hens
- a visit to a compound feed mill.



## ESPN Rimini certificate

We also attended the 23rd European Symposium on Poultry Nutrition (ESPN) in Rimini, Italy between 21-24 June 2023. We learned about the latest information on poultry nutrition and the current trends in this area. There were numerous presentations by a variety of researchers and professors from around the world discussing the hottest issues and innovations in poultry nutrition.

In addition to the two events, a senior associate from UBM Feed Romania also attended and obtaining a certificate of completion from a professional training course in Spain.



### CERTIFICATE OF PARTICIPATION

Schothorst Feed Research declares that

**Danut Struti**

has attended the training

**Applied Poultry Nutrition**

During the UBM®

Applied Nutrition course

Schothorst Feed Research B.V.

F. Molist, PhD, DVM (Manager R&D)



### CERTIFICATE

This certificate testifies that

**STRU TI DANUT IOAN**

has attended the  
23<sup>rd</sup> European Symposium on Poultry Nutrition  
held on June 21-24 in Rimini, Italy

Prof. Martino Cassandro  
President of WPSA Italian Branch  
Chairperson of the LOC of 23<sup>rd</sup> ESPN

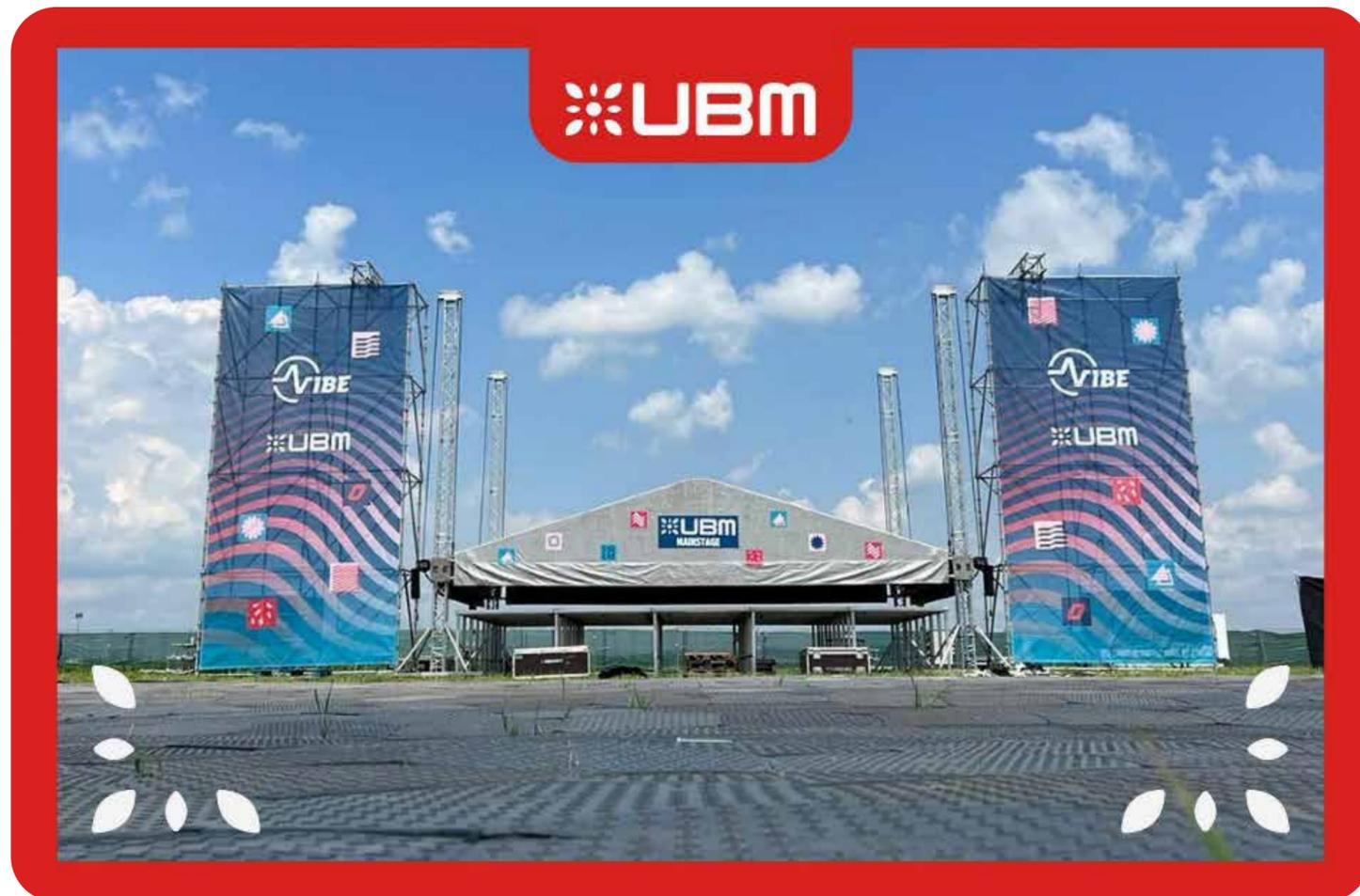


# SUPPORT OF LOCAL COMMUNITIES

## Donations and sponsorships

As in previous years, we supported a number of foundations and associations. These foundations and associations include partners such as the Érted Foundation and the Dr. Verestóy Attila Foundation that already have a long-standing partnership with UBM Feed Romania.

Besides donations, we also entered sponsorship partnerships with the primary purpose of funding the activities of municipalities, sports clubs and other social purpose organisations. Our donations and sponsorship of diverse initiatives this year amounted to a total of **EUR 35,000**, and we were also among the main sponsors of the VIBE festival in the summer.



## Major CSR projects

We had two projects in December 2023 where we did not only grant a monetary donation to the disadvantaged organisations, but our our people actively engaged with them, which was also an unforgettable experience for our team. The first project was the support of Save&Smile dog shelter. We delivered a month's worth of dry food donations to sick, abandoned dogs during a joint visit.





## Christmas at the Tulipán children's home

The other effort was a truly special experience. We brought joy to the residents of the Tulipán children's home as a company angel. Children wrote letters to the Angels and we did our best to fulfil all their requests. Our team shopped and wrapped the presents, then visited the children, who had a very special Christmas. Our main priority was genuine help from the inception of the idea and throughout planning, so we fully respected the children's wishes when we bought the presents.



# UNIVERSITY PARTNERSHIPS

We are very proud of our university partnerships as they are characterised by mutual enthusiasm and openness resulting in great projects and programmes. Collaborations with student organisations are particularly important for UBM Feed Romania for various reasons. First, we have many alumni in our team, and we consider it important to use our potential and support the professional development of student at all times. Secondly, an important part of our HR activities is to identify and recruit talented young workforce. We advertise internship opportunities in our mentored clubs every year and often employ graduates in full-time positions who previously had their internships with us. This is one of the reasons for the extremely low average age of our team.

## GTK - Business Consulting Club

GTK - Business Consulting Club is an independent college at the Hungarian section of the Babeş-Bolyai University, run by the Antal Zsolt Foundation, which is dedicated to supporting talented students in higher education. The club primarily organises lectures and professional training, and introduces students to the real market environment through case studies, which are further developed into a series of case study competitions. **Dénes Laczkó**, the managing director of UBM Feed Romania is a **coordinator** at GTK and is actively involved in the life of the college like the discussion on 13 November where students asked him about the journey to become a leader. We also have two more GTK **alumni**, **Levente Deák** and **Kinga Ábrán** at the company. In addition to our personal ties, we are also regular supporters of GTK.

## ACC Agro Consulting Club

Agro Consulting Club is a student organisation at the University of Agricultural Sciences and Veterinary Medicine in Cluj-Napoca. The organisation was founded by **Dénes Laczkó**, the managing director of our company. The main goal of ACC is to assist the professional development of the next generation of Romanian agriculture professionals mainly by complementing theoretical university education with practice-oriented programmes and learning opportunities. The ACC positions itself as an agricultural leadership training organisation, providing its members with complex education that prepares them to effectively hold middle and senior management positions in the sector. The club also offers a shadowing programme, where students can spend a whole workday “in the shadow” of partner company managers, that is observing a manager’s work in practice after their academic training at university. In addition to **Dénes Laczkó**, our quality manager Rus Dorin is also an **active** in the student organisation as a **coordinator**. We also have three ACC alumni members – **Mária Szabó**, **Petru Boila** and **Neamtu Georgina**– at the company. We are not only personally involved in the life of the club, but we also regularly support the student organisation financially

Besides the above two long-standing partnerships, we have relations with many other student organisations. A good example for this is the visit by students from Mathias Corvinus Collegium at our plant and offices.

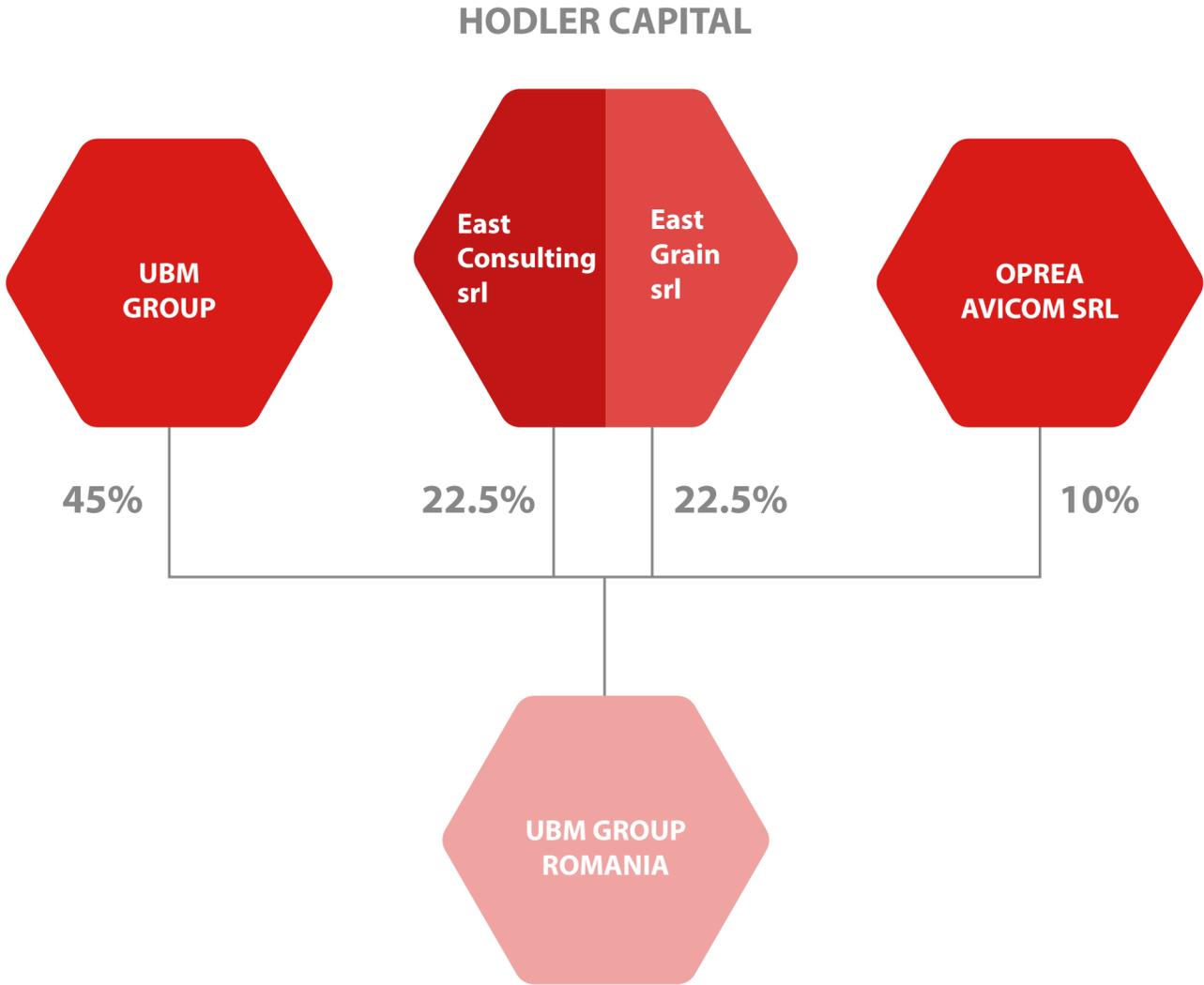


# CORPORATE GOVERNANCE



The company is managed by two managing directors with joint signing authority. Dual management means one executive is delegated by each of the two groups with majority ownership.

- Dénes Laczkó** – managing director delegated by Hodler Capital and East Grain
- Péter Horváth** – managing director delegated by UBM Group Hungary
- István Kőmíves** – deputy managing director
- Tudose Cristian** – deputy managing director



“One of our priorities is to prepare for the opportunities offered by green financing as soon as possible, while also strengthening the sustainability of our sustainability objectives. We have also set ourselves the strategic goal of reporting on our sustainability performance through events to report on our sustainability performance, thus making our existing work more transparent.”

**Horváth Péter, CEO**

“Corporate governance is of paramount importance for long-term sustainability and success. As part of corporate governance, we continuously develop our people’s ability to make responsible decisions, improve our internal control systems and ethical standards to ensure compliance with regulations and a high level of business ethics.”

**Kőmíves István, deputy CEO**

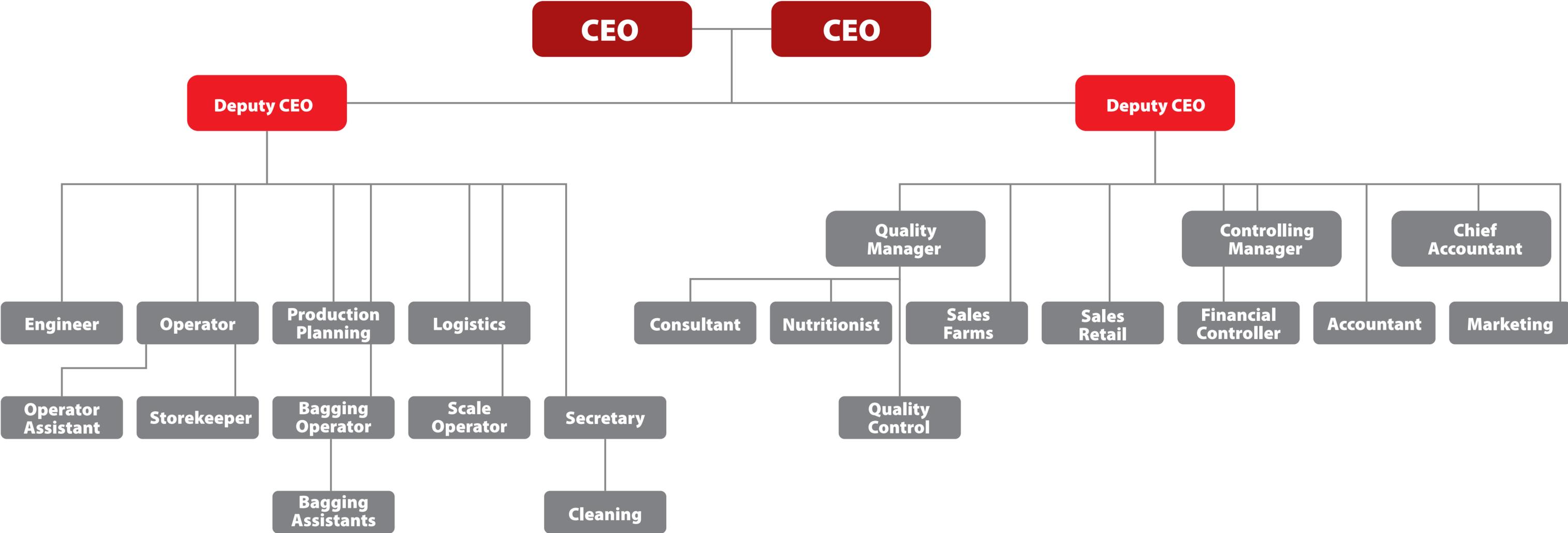
“For UBM Feed Romania, the ESG report serves as a chance to offer a significant update on our advancement towards environmental, sustainability, and corporate governance objectives. Its purpose is to deliver a precise overview of the actions taken and the projected outcomes of those actions, considering both qualitative and quantitative ESG data.”

**Tudose Cristian, deputy CEO**

# ORGANISATIONAL CHART



The organigram below shows our growing team broken down by department. Please note that the hierarchy shown in the organisational chart is less perceivable in daily business, because we are absolutely open towards each other regardless of their position in the organisation.



# ETHICAL OPERATION AND COMPLIANCE



## Ethical operation and compliance

We had to work closely with regulatory bodies from the day of our incorporation as we had to satisfy multiple requirements already in the design phase of the plant. Accordingly, we have maintained good rapport with legal, environmental, health, food, banking and other regulatory bodies from the outset, whom we have submitted all the required data and complied with the regulatory framework over the past 7 years. It is of paramount to pursue compliant and transparent operations, hence we work with a dedicated tax advisor and lawyer to prepare for any legislative changes in advance. This way we are not caught unawares by the occasional major changes of the regulatory environment. We are proud that UBM Feed Romania has a completely spotless history with no regulatory or other fines or penalties, and we will do our best to maintain a clean track record in the future.

There is no designated compliance officer at the company, instead the heads of the departments (e.g. accounting, controlling, quality management, etc.) are responsible for ensuring compliance with the regulatory environment in their respective areas. This has the advantage of having professionally competent managers in all areas responsible for the proper operation, but the disadvantage is that information is not collected in one place. An organisational solution is being developed to ensure rapid and efficient information flow.

## Fast adaptation to the changing competitive environment

The agricultural sector is particularly exposed to the effects of climate change, as a colder than expected season, freezing rain or other radical climatic events can change business plans and the global market situation at any time. In addition, there is an increasing regulatory pressure, including ESG, on agricultural operators. UBM Feed Romania responds with flexible and agile operation to the dynamically changing competitive environment. The relevance of this matter is evidenced by our commitment to renew our investment decision making framework, as reflected in our ESG strategy, with the aim of institutionalising our sustainable operations, continuous preparedness and flexibility.



# OUR PURCHASING PRACTICES

We strive to use the best raw materials to ensure high quality feed output from our plant. The country of origin is a key factor in the selection of raw materials, as longer transport routes imply higher associated emissions and logistical costs, which is why geographical origin is one of the most important aspects of our new Sourcing Policy. This serves to reduce both supplier routes and environmental impact. A basic principle in our Sourcing Policy is to source all possible raw materials domestically. Accordingly, in 2023, cereals making up 63% of our raw materials were typically sourced within Romania in line with the policy, and we deviated from this practice only in exceptional cases. And soybean meal – accounting for 30% of raw material input – is sourced exclusively through suppliers with sustainability certification. We only purchase soybean meal that is certified sustainable and proven to be grown in deforestation-free areas.

In order to maintain long-term success, we assess and review our supplier relationships on a monthly basis to detect any negative trends as early as possible. We have worked with nearly 40 suppliers this year, although with varied input volumes as several Romanian suppliers we have very good relations with have more weight in our supplier pool.

# QUALITY ASSURANCE

Quality assurance is one of the most critical aspects of our business, as the key to our business success is to produce the best quality feed from the right raw materials to fully satisfy the requirements and needs of our customers. Our strict and ambitious quality assurance policy has been one of the success drivers in recent years. Our modern, industry-specific laboratory is located in the office building next to the plant. Both the raw materials and the finished products undergo rigorous sampling tests and rigorous analysis in our laboratory to ensure the highest level of quality.

The tests analyze the physical and chemical qualities of the raw materials used in compound feed. The primary objective of this analysis is to obtain a realistic understanding of the physical, chemical, and mycotoxicological properties of the raw materials, which are critical for the optimal development of the production process and the nutritional optimization of compound feed formulas.

Accurate knowledge of the physical and chemical properties of raw materials helps to make purchasing decisions and is also essential for optimal long-term storage. The analysis of the physical properties of raw materials determines the level of particle levels and the degree and type of pest infestation.

The analysis of the properties of raw materials also included chemical composition in terms of moisture content, crude protein, crude fat, crude ash, crude fiber, and starch.

Mycotoxicological analysis includes contamination with mycotoxins, and the degree, type, and level of mycotoxins. The crude chemical composition is analyzed using NIR spectroscopy (near-infrared spectroscopy), where a representative sample from the total quantity of a product batch is evaluated. Another quality management accomplishment is that we have also been ISO 9001 certified since 2022, which also reflects our company's approach and values, as we only started our manufacturing activities in 2019, and we already obtained the quality management system certification in our fourth year of operation.

### Certificates

We are very proud that despite our short history we already have several ISO certifications presented in detail in the table below:

Certification name	Certification details	Issue date	Valid until
<b>ISO 9001</b>	Quality Management. This certification verifies that our organization complies with the quality standards established by the International Organization for Standardization.	<b>02.11.2022</b>	<b>01.11.2025</b>
<b>ISO 22000</b>	Food Safety Management Certification. Represents the adoption of an international standard for food safety, one of the most recognized and utilized globally. This certification ensures the safety of the foods produced and the effective management of potential risks	<b>02.11.2022</b>	<b>01.11.2025</b>
<b>HACCP</b> <i>(included in ISO 22000)</i>	Food Safety System based on incident prevention. HACCP certification provides a systematic approach to analyzing food-related processes, identifying potential hazards, and determining critical control points required to prevent the distribution of unsafe food to consumers.	<b>02.11.2022</b>	<b>01.11.2025</b>
<b>ISO 14001</b>	Environmental Management System Certificate. An internationally recognized standard for the implementation and maintenance of environmental management systems. Demonstrates our commitment to ongoing development and minimizing our environmental footprint.	<b>02.11.2022</b>	<b>01.11.2025</b>

# ACTIVE COMMUNICATION WITH STAKEHOLDERS



Personal relations in business are essential according to our values and experience, ergo we spare no effort to maintain live contact with all stakeholders. Live contact may take various forms depending on the types of stakeholders as our relations with the regulatory bodies, customers and university student organisations are different in nature. One thing, however, is common in all our stakeholder relations: we take all opportunities that facilitate personal meetings and the advance of joint work. The following two programmes demonstrate our commitment to active communication:

## Customer satisfaction

Increasing customer satisfaction is critical as a feed company, as most of our customers order high volumes on a regular basis, accordingly, we typically have long-term relationships with our customers. However, long-term relationships are only possible if we are able to deliver quality products every day that fully meet the needs of the livestock and the requirements of our partners. Our customers fall into three broad categories: industrial livestock farms, resellers of varying sizes, and small-scale local animal farms. A positive confirmation of our efforts is that our customer base stabilised in 2023. Although having come this far is a great achievement, but the real challenge begins now as we have seen a significant growth in sales volume and customer numbers in recent years.

*"What is the measure of customer satisfaction?  
Better fattening rates among poultry and pigs are sure signs. We have achieved a record in this respect among Romanian poultry farms, which delivered the best results using our feed."*

*Dénes Laczkó, managing director*

## Customer events

We organised a customer event entitled Dealers Convention 2023 for the second time this year specifically for our reseller customers. The event included an end-of-year assessment presentation, followed by networking, joint free time activities and a dinner. We were pleased that a large number of our customers attended and spent a quality time with us that was also a great experience and opportunity for networking.

It is important that our relations with our partners are not solely driven by business interests, but that we get to know each other better personally and work together to achieve the best possible cooperation for both parties.

## Exhibitions, fairs

We believe that participation at local and regional fairs and other professional events is key for brand building, learning, experiences, product visibility and networking. In 2023, we attended Agromalim, one of the largest agricultural and livestock exhibitions in Western Romania, where we were engaged in valuable professional discussions and made new contacts.



# GLOSSARY

## Artificial intelligence (AI)

Artificial intelligence is the simulation of human intelligence processes by machines, especially by computer systems. Its specific fields of application include expert systems, natural language processing, speech recognition and machine vision.

## Compliance

The goal of compliance (with a rule, guideline or requirement) is to ensure the conformity of the internal and external activities of a company or other organisation with the applicable legal, organisational and ethical/social rules.

## Scope 1, 2, 3

**Scope 1:** On-site (direct) emissions by the company, such as natural gas combustion, production technology emissions, transport vehicle emissions, etc.

**Scope 2:** Indirect emissions, such as electricity, district heating, steam, etc., which are generated elsewhere, but the company is responsible for emissions on account of their use.

**Scope 3:** Indirect emissions beyond the company's control, but the company is responsible on account of their use, such as waste processing, waste water treatment, public transport, etc.

## SDG (Sustainable Development Goals)

World leaders committed to sustainability at the historical UN summit in 2025 adopting the sustainable development goals. In brief, this means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

## GHG (greenhouse gases)

One of the most important fields of action against climate change is the regulation of greenhouse gas (GHG) emissions. According to the National Sustainable Development Strategy environmental carrying capacity must be enforced as a limitation of farming.

# KEY PERFORMANCE INDICATORS



E



S



G

E		S		G	
Total waste generated (tonne)	103.5	Number of employees	47 persons	Code of Conduct	✓
Total water use (thousand litre)	15,816	Number of female employees	18 persons	ESG officer	✓
Scope 1 emissions (tonne CO <sub>2</sub> e)	854.6	Employee turnover	19%	Quality assurance system	✓
Scope 2 emissions (tonne CO <sub>2</sub> e)	1,318.7	CSR activities	✓	Enforcement of the sourcing policy	✓
Scope 1, 2 emissions (tonne CO <sub>2</sub> e)	2,173.3	Remuneration policy	✓		



#### IMPRINT

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