

# **Mediation Agreement between Danosha, LLC and Representatives of Communities of Sivka-Voynylivska, Moshkivtsi, Lany, Vodnyky, Deliyeve, Dovhe, Poberezhya, and Stryhantsi and [REDACTED] - Parties to a Conflict in a Complaint Submitted to Compliance Advisor / Ombudsman (CAO).**

## **I. General provisions**

The parties voluntarily engage in the process of conflict mediation associated with a complaint submitted by residents of the communities of Kalush and Galych Rayons of Ivano-Frankivsk Oblast pertaining to the activities of Danosha, LLC, which allegedly, according to the claimant's complaint, has adverse effects on the people and environment.

The parties understand mediation as a structured process of negotiations between parties to a conflict aimed at resolving disputable issues and reaching a mutually beneficial decision with the assistance of a neutral party – mediators of the Compliance Advisor / Ombudsmen Dispute Resolution. Mediation is based on the principles of:

- Voluntary participation of the parties;
- Neutrality and impartiality;
- Confidentiality;
- Distribution of responsibilities between the parties and mediators (participants are responsible for the contents, agreements and their implementation; mediators are responsible for organizing the process).

The parties are aware that a process of mediation envisages a collaborative (as opposed to adversary) approach to interaction between the parties aimed at achieving a positive result of negotiations.

The following are participants and parties to the mediation process:

- Danosha, LLC - a Ukrainian agricultural company that belongs to Danish investors. In its operations, the company is guided by the values of respect, care for environment, an anti-corruption policy, animal well-being, fair game, innovation and development, as well as integration.
- Communities of the villages of Sivka-Voynylivska, Moshkivtsi, Lany, Vodnyky, Deliyeve, Dovhe, Poberezhya, and Stryhantsi through their authorized representatives. Community representatives are guided by the following values: respect, preservation of the community members' health, preservation of environment, wildlife protection, preservation of the village infrastructure, fair financial relations, and protection of community members' interests.
- [REDACTED], who represents his own interests personally and is guided by the principles of respect, compliance with law and anticorruption policy.

## **II. Purpose**

The purpose of the mediation process between the parties is to consider and find joint answers to the following questions:

- (1) How the affected communities and Axzon/Danosha can jointly work on determining, preventing and/or mitigating adverse effects of Axzon/Danosha's agricultural operations?

Potential impacts/effects that raise concerns of the claimants and local communities include<sup>1</sup>:

- Local water resources and the Dniester;
  - Air pollution and smell;
  - Land and soil;
  - Local roads and village structures;
  - Human and animal health.
- (2) How can the parties establish whether the operations of Axzon/Danosha have caused any environmental and/or individual damage presently? How can the issue of inflicted damage and compensation be resolved, if both parties establish that the damage has been caused?
- (3) How can communities of the villages of Dovhe, Poberezhya and Stryhantsi engage in a dialogue with Axzon/Danosha to discuss and resolve the issues of concern in relation to the pig farm operations in the Village of Maryampil?
- (4) How will the affected communities, Axzon/Danosha and other interested parties cooperate to improve access to information pertaining to the company's operations, as well as to disseminate and understand such information, to engage communities and to hold public hearings?
- (5) How can a dispute between the claimants and Axzon/Danosha regarding land/land lease be resolved?

### III. Representation

#### *Selection of participants*

Participants of the mediation process represent the interests of residents of communities of Sivka-Voynylivska, Moshkivtsi, Lany, Vodnyky, Deliyeve, Dovhe, Poberezhya, Stryhantsi, and [REDACTED] (representing his own interests) and Danosha, LLC and have relevant authorities to make decisions and to act in the interests of those whom they represent in the mediation process, which is confirmed by their official duties or relevant documents (decisions of a community meeting), which attest to the provision of relevant powers to them.

#### *Participants' role*

Participants of the mediation process take responsibility to actively participate in all mediation meetings (sessions) and to express their own interests and the interests of their constituents.

In addition, another role of the participants is to regularly inform those whom they represent about the course of the process and to ensure an opportunity for their indirect contribution into the discussion of issues under consideration. For that purpose, the participants must maintain a direct contact with relevant persons and groups (whom they represent) to ensure

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<sup>1</sup> A detailed list of issues is contained in the decisions of the General Meetings of communities, which are submitted as annexes to this Agreement.

the latter are aware of the contents and results of meetings according to joint agreements reached between the parties, which will be agreed upon separately with all participants at the end of each joint meeting.

When a participant violates terms and conditions of the mediation agreement or fails to abide by the reached agreements, a decision in response to such participant's actions (or inaction) is taken by the other participants in the process of a joint discussion.

#### *Advisors' role*

The participants may actively seek support and substantive contribution of advisors, who may assist them in formulating and expressing their own interests.

Advisors may provide expert assistance to the participants; however, they have no right to make decisions. The involvement of advisors must be in advance agreed upon with all parties (proposed advisors are included in the agenda of each following meeting).

The party inviting an advisor is responsible for informing the advisor about the nature of the process in which he/she will participate.

#### *Other representatives of the public*

The terms and conditions for the participation of other representatives of the public are similar to those for the participation of advisors. Other terms and conditions must be agreed upon additionally.

### **IV. Obligations of the participants**

Participants of the mediation process agree to:

1. Attend all meetings where their participation is planned.
2. Come to each meeting in a working condition, fully ready to discuss issues included in the agenda. Necessary preparations may include reviewing generalizations and reports from preceding meetings, technical information and (when available) draft documents/proposals prepared in advance, when such are distributed before a meeting.
3. Represent one's own standpoint and opinions/interests of those whom they represent with regard to the discussed issues, as well as be ready for a constructive dialogue, being respectful to all participants of the meeting.
4. Try to eliminate misunderstanding zones throughout the process and actively facilitate effective communication in order to overcome disagreements and to be committed to the purpose of consensus-building.

### **V. Decision-making**

A process of mediation is aimed at information and opinions sharing and discussions in order to reach consensus. Mediation participants seek to reach decisions via consensus and to make all efforts in order to take into consideration the interests of all engaged parties.

#### *Consensus-building*

In the process of discussion the participants will seek a solution that will at most satisfy the interests of all parties involved. Voting is an unacceptable decision-making instrument, since it will only mean a victory of a majority over a minority.

### **VI. Communication**

Participation in discussions is an exclusive right of the participants of the process, unless the parties or mediators have not included an opportunity for other parties to speak in the agenda.

Communication during meetings is based on the following rules:

1. Be respectful to each other; speak briefly and to the point of discussed issues;

2. Speak in turns and do not interrupt each other;
3. Discuss behaviors, not personality; do not offend other participants;
4. Each participant undertakes to listen attentively and seeks to understand the others, demonstrates an impartial attitude to diverging opinions.

It is envisaged that the participants openly discuss their concerns, interests, and ideas and honestly explain the reasons of their disagreement when they are not satisfied with the discussed solution.

### **VII. Mediators' (facilitators') role**

CAO mediators will provide mediation (facilitation) services.

It is the mediators' responsibility to:

1. Develop an agenda for all meetings and to facilitate discussions.
2. Lead or co-ordinate the processes of a joint search for facts (when requires).
3. Facilitate the formulation of agreements (or disagreements) and summarize the results of meetings in writing.
4. When required, assist in developing draft documents for discussion.
5. Facilitate consensus-building among participants.
6. Make sure the participants abide by the reached agreements pertaining to the rules and principles of mediation.
7. Provide participants with an opportunity to privately express their interests when a participant does not feel comfortable to share his/her interests in the general group.
8. Draft a brief summary of each meeting, which will include a list of issues that were discussed, key agreements and issues with regard to which no agreements were reached.
9. Make sure participants abide by the rules.

### **VIII. Working groups**

Working groups may be created to discuss certain tasks in more detail. Such working groups will meet in between major meetings and report on the results of their work to the other participants. Representation, roles and responsibilities of the members of working groups are to be determined during joint meetings.

### **9. Confidentiality**

To create an atmosphere of trust and to facilitate an open discussion, the parties undertake to abide by the principle of confidentiality and not to disclose the details of discussions that take place in the process of a mediation session to third parties, unless the parties have agreed otherwise.

The informing of interested parties (whom the process participants represent) is based on the generalizations prepared by mediators at the end of each meeting.

The participants will make their best efforts to properly inform all interested parties about the course and results of the process. For that purpose, at the end of each meeting, the participants will agree upon a message for mass media in a manner not harming the parties' interests.

After reaching a final agreement, the parties will participate in a joint press-conference to shed light on the agreements.