

## Joint Statement

In June 2018, some community members from Olyanytsya, Zaozerne and Kleban villages in Vinnytsia region, Ukraine, with the help of local and international NGOs - namely CEE Bankwatch Network, Accountability Counsel, and EcoAction Centre for Ecological Initiatives filed complaints with the European Bank for Reconstruction and Development (EBRD) Project Complaint Mechanism (PCM) and the International Finance Corporation (IFC) Compliance Advisor Ombudsman (CAO), in relation to EBRD and IFC investments in Myronivsky Hliboproduct (MHP).

The Complaint relates to concerns regarding the risks of environmental pollution, the impact of heavy transport, odours, and working conditions, as well as insufficient disclosure of information about the activities of MHP in the Vinnytsia region.

The Complainants and MHP team (“the Parties”) agreed to discuss the issues raised in the Complaint through a voluntary and constructive mediation process. Negotiations are facilitated by independent mediators, who represent the respective accountability mechanisms of the IFC and EBRD.

As part of the mediation process, the Parties agreed on the composition of their teams representing each of the Parties in the negotiation process, and signed a Memorandum of Understanding, in which they have defined the main goals, tasks, principles and rules of the mediation process. Affirming Parties’ respect for each other, they also signed additional agreements that guarantee the confidentiality of the Parties and non-retaliation against each other, as well as the non-disclosure of confidential information. It is very important for the Parties to find mutual understanding and a rational solution of the issues raised in the Complaint.

Since the beginning of the mediation process (December 2018), the Parties have held eight joint meetings in response to the Complaint. About 50 issues were raised and discussed in detail.

In addition, in summer of 2019, the Parties expressed their shared interest in a Joint Fact Finding (JFF) process, outlining a range of issues raised in the Complaint, and developed terms of reference to seek help in getting answers from independent experts to obtain accurate and reliable information about the environmental impacts of MHP’s operations in the region, as well as impacts of its activity on roads and houses. The JFF process is currently looking for sources to fund the independent expertise.

The Complainants and their advisers suggested - and MHP has implemented - a number of socially important projects in the Vinnytsia region, in particular in Tulchyn and Trostyanets districts, namely:

- A project to enhance road safety for children in winter. In December 2019, MHP conducted joint information events with police officers and local school students about traffic rules, purchased reflective tapes, and developed informational materials and magnetic signs;
- In April 2019, MHP commissioned the bypass road around Olyanytsya village and opened the railroad crossing this road. The construction and opening of

this road made it possible to reduce the traffic load on the road through Olyanytsya village. MHP's total investment in the construction of the bypass road and the railroad crossing amounted to around UAH 22 million. The Parties intend to continue the discussion how to make bypass road more effective, as well as on ways to address the problems related to the use of roads by MHP transport and its subcontractors.

In parallel with the mediation process, in early 2019, the water supply system was opened in Olyanytsya village. The Parties agreed to discuss the problematic issues related to the water supply and water quality during next meetings.

January 20, 2020

Joint Statement by:

Myronivsky Hliboproduct (MHP)

Representatives of the Complainants from Olyanytsya, Zaozerne and Kleban villages and their Advisers