



1

## SODRU Sustainable Soy

### 1. Introduction

SODRUGESTVO Group (SODRU), realizes the high level of its responsibility towards the society and future generations. It has been making maximum efforts to reduce its negative environmental impact and promote social development in all regions where it is present. Considering this and the relevance of soy production as food and feed associated to its potential environmental and social impacts, SODRUGESTVO has developed the SODRU Sustainable Soy programme (or the programme herein).

The programme, part of the SODRUGESTVO Group approach to sustainability, aims to support the responsible sourcing practices for the procurement of soy within the company and in this way contribute to the dissemination of sustainable practices in the agricultural production of commodities. It is inspired in the European Compound Feed Manufacturers' Federation (FEFAC) 2021 Guidelines.

The programme has a set of requirements related to human rights, workers health and safety, labour relations, environmental protection, agricultural practices, land use, legal compliance, and community relations. It is based in the concept of continuous improvement and is being implemented based a strategy that will be reviewed periodical by SODRUGESTVO.

### 2. The Scope of the Program

This programme is applicable to soy sourcing activities conducted by SODRUGESTVO in the different locations of the globe where the Company operate.

It is based on 5 key topics: legal compliance and land use; protection of the environment, responsible working relations, good agricultural practices, and community relations. Each topic has a set of requirements that represent the behaviour or business practice that SODRUGESTVO's suppliers are expected to have when conducting their activity

related to soy farming or trading. The requirements of the programme are therefore applicable to soy farmers, trades and dealer.

The level and complexity of a supplier's operation (e.g., small farms versus large industrial farm) will give the tone to the complexity of the evidences that have to be provided in order to demonstrated compliance with the programme's requirements. To be approved under this programme, a supplier must be compliant with **all** its requirements.

2

The programme is based on third party assessments of farmers that directly commercialize soy with SODRUGESTVO (for assessment details please refer to section 4.0). Third party assessments are verifications of compliance against specific requirements carried out by an independent entity. Herein this third party is referred to as the Assessment Body or simply AB.

**SODRUGESTVO recognizes as equivalent to its own programme other sustainability schemes that have been successfully benchmarked against the FEFAC 2021 Guidelines and will accept farms certified by these equivalent schemes as evidence of sustainable soy production.** SODRUGESTVO also recognizes schemes that have been successfully benchmarked against SODRU Sustainable Soy programme.

Dealers and traders are expected to be able to demonstrate the origin of the soy they commercialized and that the soy meets the requirements of this programme. This can be achieved based on the existence of certification of the soy being commercialized with SODRUGESTVO by an equivalent scheme (one that successfully benchmarked against FEFAC 2021) or the existence of a certificate of the dealer/trader itself demonstrating they have an internal control system in place to ensure the sustainable origin of the soy in line with FEFAC requirements. In this last case, the control system must be externally verified by an independent third party.

Assessments of dealers and trades operations and controls system by the AB of this programme is also considered by SODRUGESTVO as deemed necessary and/or if the two above mentioned alternatives (certified soy or certified dealer/trader) are nonexistent.

SODRUGESTVO will select and directly hire an Assessment Body that will be responsible to conduct the verification against the requirements of this programme, for the follow up of non-compliances eventually identified and for the confirmation that a supplier is approved or not, issuing a confirmation letter when applicable.

The assessment frequency is every 3 years while the length of the validity of the confirmation letter (herein considered equivalent to a certification) is of 5 years (please also refer to section 4.4 related to surveillance).

A self-assessment may occur if and when the supplier wishes to verify its own performance. It is noted that self-assessment is an exercise not eligible of recognition, under this programme. Nevertheless, SODRUGESTVO highly stimulates its suppliers to perform self-assessment against this program as a way to identify opportunities to improve and to close eventual non compliances in preparation for the external third-party assessment.

3

Additional references to support the suppliers in the implementation of this program can be found in [IFC Environmental, Health, and Safety Guidelines – Annual Crop Production](#) and on the legal requirements applicable to suppliers activity at national level.

### **3. Requirements of the SODRU Sustainable Soy Programme**

The SODRU Sustainable Soy programme is inspired in the European Compound Feed Manufacturers' Federation (FEFAC) 2021 Guidelines. At the end of the requirements of the programme (as listed below), when applicable, is provided the FEFAC corresponding criteria indicated by the letter **F**, followed by the number of the criteria. The letter **E** stands for a FEFAC essential criteria and **D** for a desired FEFAC criteria. Both **E** and **D** type of criteria are mandatory under this programme.

#### **3.1. Legal Compliance and Land Use**

The term **legal requirements** used in this Programme should be understood as all regulations that may be applicable at the Federal, State/Province or Municipal level or any other territorial division a country may have. Regulations considered herein refer to the topics considered in this Programme: human rights, workers health and safety, labour relations, environmental protection, agricultural practices, land use, and community relations.

**3.1.1.** The supplier shall be aware of the legal requirements that apply to the business and shall be compliant with them (**F1E and F2E**).

**3.1.2.** No soy production should occur in disagreement with the legal requirements related its territorial expansion or in disagreement with sectorial agreements with which SODRU is committed to (for details contact your local SODRU representative). No soy is produced on land that is illegally converted after certain cut-off date as per the applicable legal requirements (**F29E**).

**3.1.3.** Farmers must respect areas that are specially protected under applicable legal requirements. If these areas have been negatively impacted by the agricultural activities of the framer, the areas must be restored, or

otherwise compensating actions must be implemented as agreed with authorities (**F30E**).

3.1.4. There is documented evidence of rights to use the land in which soy is produced (**F66E**).

3.1.5. Farmer must confirm, prior to any land acquisition or development that free, prior and informed consent (FPIC) is secured should there be impact to indigenous peoples and/or local communities rights to land, to natural resources, to their livelihoods, and to their food security (**F67E**).

3.1.6. There is no conversion of land to agricultural area where there is an **unresolved** land use claim/conflict under litigation with traditional land users (**F68E**).

3.1.7. In the case of disputed land use rights, a comprehensive, participatory, and documented Community Right Assessment is carried out and the recommendations from the assessment are followed (**F69E**).

### **3.2. Protection of the Environment**

3.2.1. In the farm, areas of natural vegetation around water bodies, steep slopes and hills tops must be maintained or restored. Wetlands, swamps and peatland must be protected. No agricultural activity can occur in these areas (**F31E**).

3.2.2. Farmers protect rare, threatened or endangered wildlife species existing on their lands (**F32D**).

3.2.3. Farming activities are conducted following adequate handling, storage and final disposal of fuel, batteries, tires, lubricants, chemical products, sanitary sewage, effluents and other waste in accordance with the applicable legal requirements. In the absence of specific regulation, practices should be based on guidelines from relevant agencies or institution, including universities. As much as possible measures are taken to reduce, reuse or recycle waste (**F35E**).

3.2.4. Hazardous waste must not be disposed on site (e.g., buried), except if formally permitted by the environmental authority.

3.2.5. The burning of crop residues and of waste of any kind is not permitted to farmers, unless if it is needed for drying crops or as sanitary or plague control measure authorized by the environmental authority (**F36E**).

3.2.6. The use of fire as land clearance strategy is not practiced (**F36E**).

3.2.7. The use of fossil fuels is monitored at the farm and measures are implemented to reduce over time the use of fossil fuels for example solar panels in opposition of fuel-based energy generation and usage of lighter machinery (**F39E and F40E**).

### **3.3. Responsible Working Relations**

It is noted that all labour related requirements herein apply to **all** workers including those supplied by third parties permanently working at the supplier's premises, migrant and seasonal workers.

3.3.1. Wages comply with national legislation and sector agreements (**F25E**).

3.3.2. All workers have a written contract in a language they can understand. In those countries where there are no requirements for formal labour agreements, alternative documented evidence of a labour relationship must exist (**F26E**).

3.3.3. Deductions from wages for disciplinary purposes or for personal protective equipment are not permitted, unless foreseen in regulations (**F28E**).

3.3.4. Wages are paid at least monthly and are recorded by the employer (**F28E**).

3.3.5. There is no engagement in, support for, or tolerance of any form of discrimination (**F5E**).

3.3.6. Forced, compulsory, bonded, trafficked and any form of involuntary labour is not used (**F3E**).

3.3.7. No worker is required to lodge their personal documents with anyone, unless required by law (**F7E**).

- 3.3.8. Children under 15 (or a higher age as established in national law) do not carry out productive work. Youngster (15-18) are not engaged in hazardous work that may jeopardizes their health and welfare. Work must not interfere in youngster education (**F4E**).
- 3.3.9. Workers are not subject to corporal punishment, mental or physical oppression or coercion, verbal or physical abuse, sexual harassment, and intimidation of any kind (**F6E**).
- 3.3.10. Farmers must comply with national legislation in relation to working hour. Normal working hours shall not routinely exceed 48 hours per week (**F8E**).
- 3.3.11. Overtime more than 12 hours per week is only allowable if it happens in extraordinary, limited periods where there are time constraints or risks of economic loss and where conditions regarding overtime have been agreed between workers and management (**F10E**).
- 3.3.12. Overtime is always voluntary and should be paid in accordance with local and national laws or sector and union agreements (**F9E**).
- 3.3.13. Farmers monitor working hours and overtime of workers (**F27E**).
- 3.3.14. All workers are treated equally: receiving equal opportunities to access a job, receiving equal remuneration for work of equal value, having equal access to training and benefits and equal opportunities for promotion (**F11D**).
- 3.3.15. Relevant health and safety risks are identified, and proper procedures are developed and implemented to address and mitigate the related risks (**F17E**).
- 3.3.16. Risks are assessed and communicated in advance by farmers to workers and monitored by farmers during the labour activities(**F17E**).
- 3.3.17. Producers and their employees demonstrate awareness and understanding of health and safety matters related to their activity (**F17E**).

- 3.3.18. A safe and healthy workplace is provided for all workers, this includes having adequate and safe working tools, access to potable water, clean sanitary facilities and rest areas (**F13E**).
- 3.3.19. Adequate, well conserved, and clean personal protective equipment (PPE) and clothing is provided by the farmers and used by workers in all potentially hazardous operations (**F15E**).
- 3.3.20. Workers that fail to use PPEs as indicated by management, and refrain from following safety requirements will be warned and subsequently imposed legally permitted sanctions (**F19D**).
- 3.3.21. Farmers maintain machinery, equipment, tools and working material to ensure the safe and adequate functioning of these devices (**F20D**).
- 3.3.22. Hazardous tasks are only carried out by capable and competent workers, who received training to perform those tasks safely (**F14E**).
- 3.3.23. Accident and emergency procedures exist, and instructions are clearly understood by all workers (**F18E**).
- 3.3.24. In case of medical emergencies, first aid shall be provided without delay. First aid kits are available at all permanent sites and in the vicinity of fieldwork (**F16E**).
- 3.3.25. Workers have the right to establish and/or join an organization of his/her choice (**F22E**).
- 3.3.26. All workers have the right to perform collective bargaining (**F23E**).
- 3.3.27. The effective functioning of worker associations / organizations is not impeded by management. Representatives of workers are not subject to discrimination and have access to their colleagues in the workplace on request (**F24E**).
- 3.3.28. Workers receive regular training on topics related to health and safety, good agricultural practices and sustainable soy production. Records of these trainings are kept (**F21D**).

### 3.4. Good Agricultural Practices

- 3.4.1. Agricultural practices shall be selected and implemented in a way to minimize negative impacts on surface and ground water quality associated to the use of chemicals (fertilizers and crop protection chemicals included). Examples of such practices include and are not limited to implementation and /or maintenance of buffer zones around water bodies, treating wastewater and precision farming (**F42E**).
- 3.4.2. Agricultural practices shall be selected and implemented in a way not to impact sensitive wetlands, swamps or especially protected areas that may exist in the vicinity of farm or that can be negatively influence by the farm. (**F45D**).
- 3.4.3. Agricultural practices shall be selected and implemented in a way to minimize erosion, for example: using terraces, using cover crops, minimizing tillage, and placing wind breaks, among others (**F42E and F49E**).
- 3.4.4. Any evidence of contamination of soil, surface or groundwater in the farm area or in its vicinity shall be reported to and monitored in collaboration with local authorities (**F43E**).
- 3.4.5. When irrigation is used, relevant legislation is being complied with and practices are used to minimized salinization (**F44E**).
- 3.4.6. Water consumption is monitored (**F47E**).
- 3.4.7. Actions are implemented to reduce water consumption and to reuse water when possible (**F47E**).
- 3.4.8. Agricultural practices shall be selected and implemented in a way to control soil quality (physical, chemical and biological). Examples of such techniques include residue management, crop rotation, no tillage, contour tillage, grass waterways, terraces, nitrogen-fixing plants, green manures, and agro-forestry techniques (**F48E**).
- 3.4.9. Farmers enhance their soils quality with the use of cover crops and or intercropping practice and avoid soil compaction by applying no-tillage practices, for example (**F52D and F53D**).

- 3.4.10. Farmers monitors soil quality, appropriate to his/her scale of operations, and demonstrates that the practices to protect soil quality and prevent soil erosion are effective (**F50E**).
- 3.4.11. Farmers do not use agrochemicals (crop protection chemicals and fertilizers) listed in the Stockholm and Rotterdam Conventions (**F54E**).
- 3.4.12. Farmers do not use biological control agents not legally authorized in their country/region (**F55E**).
- 3.4.13. The application of agrochemicals (crop protection chemicals and fertilizers) is documented, and documents are retained for at least 5 years (**F56E**).
- 3.4.14. The use, handling, storage, collection, and final disposal of agrochemical (crop protection chemicals and fertilizers), waste and empty agrochemical containers is monitored and is done in line with the manufacturer or professional recommendations and applicable legislation (**F56E**).
- 3.4.15. There is no application of agrochemical (crop protection chemicals and fertilizers) within at least 30 meters of any populated area, specially protected areas or water body and all necessary precautions are taken to avoid people entering recently sprayed areas (**F57E**).
- 3.4.16. Agrochemicals (crop protection chemicals and fertilizers) shall be applied using methods that minimize harm to human health, wildlife, plant biodiversity, surface and groundwater, soil, and air quality (**F58E**).
- 3.4.17. The application of crop protection chemicals follows the applicable technical and legal requirements in the country where it is being used and measures to prevent pest resistance are be taken (**F61E**).
- 3.4.18. Aerial application of crop protection chemicals is carried out in a way that does not impact populated areas, specially protected areas, and water bodies. All aerial application is preceded by advance notification to residents within at least 500 m of the planned area of application (**F59E**).
- 3.4.19. There is no aerial application of crop protection chemicals listed under **WHO** (World Health Organization) **Class Ia, Ib and II** within at least 500 m of populated areas or water bodies (**F59E**).

- 3.4.20. Measures are implemented to allow for coexistence of different production systems in the case of GMO crops are used (**F62E**).
- 3.4.21. Farmers make use of Integrated Crop Management technologies. This includes adequate and continuous monitoring of crop health, use of non-chemical and chemical control methods and measures to improve crop resilience (**F63E**).
- 3.4.22. New pests, when detected, are immediately communicated to authorities.

### **3.5. Community Relations**

- 3.5.1. There are communication channels between the farmer and the community. The existence of such channels has been made known to the local communities (**F73E**).
- 3.5.2. There is a transparent complaint mechanism that has been made known and is available to all workers, local communities and traditional land users (**F72E**).
- 3.5.3. Complaints and grievances from workers, local communities and traditional land users are dealt with in an appropriate manner. Responses and feedbacks are always provided. (**F70E**).
- 3.5.4. In case a relevant competent authority requires the farmer to react to a complaint or grievance in a certain way, the farmer will do so in a timely manner (**F71E**).
- 3.5.5. Documented evidence of complaints and grievances received is maintained (**F70E**).

### **4. Verification Requirements of the Programme**

This section describes the verification process against the SODRU Sustainable Soy programme.

Any administrative procedures over which this document is silent will be defined based on the specific requirements or decision of the Assessment Body (or AB) responsible for the verification of this programme.

#### **4.1. Verification Process**

As already indicated, SODRUGESTVO will select and directly hire an Assessment Body (AB) that will be responsible to conduct the assessment (or verification), against the requirements of this programme, for the follow up of non-compliances eventually identified and for the confirmation that a supplier is approved or not, issuing a confirmation letter when applicable.

It is a requirement of this Programme that the Certification Body is accredited based on ISO 17021 or ISO 17065 by a national accreditation party affiliated to the International Accreditation Forum (IAF) or in compliance with ISO 17011.

In preparation for the assessments, the AB will:

- Research in public data base for persecutions and claims related to worker compensation and health and safety issue, community claims and complains, illegal land clearance, modern slavery and child work;
- Review satellite images, including historical images, to confirm land use status and eventual land use change.

Based on the result of this initial desk-based assessment a supplier can be automatically excluded from the Programme.

Subsequently from the desk review phase, the AB will prepare an assessment plan that will include:

- List of relevant documents that must be provided by the supplier (such as licenses, monitoring results, contracts among others) and that should be available for review during the onsite visit.
- Details of the areas that will be inspected as part of the onsite visit.
- Onsite inspection will evaluate conditions, practices, and operations. Physical installations will be evaluated in relation to compliance with the requirements of this Programme (such as existence of preservation areas, adequate storage of hazardous chemical, visible signs of contamination, health, and safety condition of work areas, etc.); and
- Define a list of Interviewees: management, workers, and local communities' representatives, etc., as if deemed by AB.

Annex A presents the sampling criteria for group certification (multiple sites under the same management and in the same geographical region) and for suppliers. It also presents the requirements associated to audit duration. Annex A should be used by AB in planning for the verifications under this program. Deviations for it must be justified by AB.

The AB shall present and agree with the supplier on the specific assessment plan details and site visit schedule.

The supplier shall grant access to its operational and production area(s) under verification and/or administrative premises associated to the soy production, as well as be available for interviews and make worker available as per the Verification Plan. Producer should also timely provide all the required and necessary documents and evidences that may be requested by AB.

The assessment is based on objective evidence and in the professional experience and judgment of the AB's assessors.

#### **4.2. Non-Compliances**

In case non compliances are identified during the verification, should the supplier desire to still seek approval under the Programme, he/she shall prepare a Corrective Action Plan to address each of the non-compliances identified. The Corrective Action Plan shall be presented to CB within a maximum of 15 working days after the onsite assessment. Such Plan must be approved by CB especially in relation to the actions that will be taken to close the non-compliances and dates for their implementation. All should be technically justifiable.

Independently of the outcome of the assessment, the producer will receive a copy of the Verification Report, within a maximum of 60 days after the completion of the onsite visit. The Verification Report shall clearly identify the non-compliances eventually identified and any opportunity to improve operation and practices if any.

Objective evidence of the closure of any noncompliance shall be provided to CB that will confirm that non- compliances have been duly close or not.

#### **4.3. Approval of a Supplier**

To be approved under this programme a supplier must be compliant with **all** of its requirements being able to close, to the discretion of the AB, any non-compliance within a **maximum** of 360 days from the onsite assessment.

A certification decision is expected within a maximum of 10 days of the conclusion of the onsite assessment or the presentation by the supplier and review by the AB, of the evidence of closing any non-compliance, whatever is later.

The assessment frequency is every 3 years while the length of the validity of the confirmation letter (herein considered equivalent to a certification) is of 5 years (please also refer to section 4.4 related to surveillance).

13

#### **4.4. Surveillance**

The length of the validity of the confirmation letter is of 5 years except if any relevant fact is made public in this mean time. In such cases a special verification may be deemed necessary by SODRUGESTVO and/or Certification Body.

A relevant fact includes, but it is not limited to fines, sanction and investigation from/by public authorities associated to child labour, slavery, breaches to human rights, conflicts with traditional community's or indigenous population, illegal land clearance, and major pollution events. Relevant facts may lead to the automatic suspension of the ability of a producer to supply to SODRUGESTVO.

Suspension of suppliers, based on relevant fact, occur to the discretion of SODRUGESTVO until a new verification assessment happens confirming that the issue is solved.

SODRUGESTVO maintains a periodic check of the compliance of its supplier in relation to the key topics mention in the above paragraph.

#### **5. Complaint and appeal**

The Assessment Body must have a procedure to deal with complaints and appeals resulting from its assessment associated to this programme.

Formal written appeals and complains related to any aspect of the assessment and of verification decision (approval or not of a supplier) shall be received at any time and should be sent to and addressed directly by the Assessment Body. The Assessment Body shall report to SODRUGESTVO any complaint or appeal received.

If the supplier disagrees with the decision made following a complaint or appeal, the supplier may refer the matter to SODRUGESTVO, that will review it with the Assessment Body and make the final and definite decision.

Suppliers and stakeholders are welcome to communicate with SODRUGESTVO, or lodge complains, or inquiries related to this programme at any time via email. Please write to [sustainable.soy@sodru.com](mailto:sustainable.soy@sodru.com).

14

## 6. Confidentiality

Verification outcomes, finding and eventual non-conformities as well as specific aspects of the supplier's operations will not be disclosed to any third party by the Assessment Body or by SODRUGESTVO unless formally authorized by the supplier. For this reason, supplier's documentation (or copies of it) will not be collected or retained by assessors or SODRUGESTVO in the course of the verification process.

Assessment process and procedures, internal assessment documents (such as AB checklists) must not be disclosed by the suppliers to any third party unless formally authorized by the SODRUGESTVO and by the Assessment Body.

The suppliers cannot make public claims relating to the verification of under this Programme except informing its stakeholders of the approval under SODRUGESTVO sourcing requirements. The existence of misleading marketing campaigns or propaganda may exclude a supplier from the Programme.

SODRUGESTVO makes no representations regarding questions of legal interpretation of laws and regulations within the scope of the verification under this Programme or related to the legal compliance status of a given supplier. This Programmes is not intended to and should not be understood as a substitute of compliance with legal requirements and its assessment is not a substitute, nor an equivalent of the inspection from authorities. It must be understood that the objectives are different and, as such, may render different results.

SODRUGESTVO furthermore assumes no responsibility for any misuse of the result of the verification of this Programme by suppliers. Suppliers, upon accepting the verification, automatically agree with the conditions that are indicated herein.

## Annex A: Farm Sampling Criteria and Audit Duration Guidelines

### Sampling Criteria

The application of the sampling criteria considered in the context of this programme can be used when a same producer has multiple production areas (farms) under the same management and in the same geographical area. In all cases, should there be a headquarter, this location must be included in the verification and onsite visit. The sampling criteria is also used as a criterion to sample supplying farms.

The figure below indicated the sampling criteria to be used.

Figure A.1 - Sampling criteria

Sample Size
<b>10%</b> of the total number of farms (rounded to the upper whole number).
<b>Observations:</b> <ul style="list-style-type: none"> <li>• The AB should visit farms not visited in the previous assessments.</li> <li>• The selection of the farms that will be assessed should also include, as applicable: <ul style="list-style-type: none"> <li>• Significant variations in the size of the farm;</li> <li>• Significant variation in labour intensity (mechanized versus manual harvest for example); and</li> <li>• Environmental and/or specific geographical characteristics.</li> </ul> </li> <li>• The size the sample should be increased if any relevant fact is made public previously to the assessment or based on the result of the desk review (refer to section 4.4 and 4.1 respectively).</li> <li>• Increases or eventual reductions in sample size must be duly justified and documented by AB in the Verification Report.</li> </ul>

### Audit duration

The typical onsite assessment duration is of 1 day (one) per farm or administrative premises including travel time. In special cases, the audit duration can be increased. This occurs when:

- Repeated non-compliances have been identified in a supplier;
- Views or concerns of interested parties deem this precaution necessary;

- c. Additional or unusual environmental aspects, social issues or regulated conditions exists, or
- d. Any other aspects necessitating additional onsite time to the discretion of the AB.

Increases or eventual reductions in the audit duration must be duly justified and documented by AB in the Verification Report.