



ENVIRONMENTAL POLICY

*This policy is owned by the E&S Group
Last updated June 2022*

1. PURPOSE

- 1.1 ECOM Agroindustrial Corp. Limited and the companies within its group ("**ECOM**") are committed to improving our environmental and social ("**E&S**") performance wherever possible, as this contributes positively to our business. ECOM views sustainability as a means to contribute to social, environmental and economic progress.
- 1.2 At our facilities and in our operations, ECOM requires, as a minimum, compliance with all local regulatory guidelines and requirements. In most cases, our practices exceed such requirements, aiming at international best practices such as those recommended by the IFC Performance Standards and associated Environment, Health and Safety (EHS) guidelines. Operations maintain emergency response plans suited to the business and, in new projects, incorporate all local environmental impact and safety issues in planning following the IFC Performance Standards. ECOM commits to achieving net-zero emissions by 2050; this commitment will be validated by the Science Based Targets initiative (SBTi).
- 1.3 In our supply chains, we seek to help producers manage their farms using sustainable practices to optimise their productivity so that they continue to see farming as a viable and worthwhile livelihood, and manage agricultural resources responsibly to help assure that future generations can meet their own resource needs.
- 1.4 ECOM acknowledges that if the climate and health of our environment are not cared for, the future of agriculture is in jeopardy. By having ambitious environmental standards in place, we can promote the sustainable management of environmental resources and boost resilience to climate change.
- 1.5 Any questions about the contents of this policy or any concerns that anything contained in this policy has not been followed should be referred to ECOM's E&S Group via email at environmental-and-social@ecomtrading.com.

2. REFORESTATION/DEFORESTATION ACTIVITIES

- 2.1 ECOM recognises that deforestation is one of the biggest causes of global warming; agriculture, forestry and other land-use changes accounting for a fourth of global greenhouse gas emissions.
- 2.2 ECOM is committed to the Science Based Targets Initiative (**SBTi**) to reach net-zero emissions by 2050. Land use change accounts for a significant portion of our overall greenhouse gas emissions. Committing to eliminating deforestation across our supply chain, is aligned with our net-zero goals. ECOM is therefore committed to achieve zero deforestation in its supply chain. It is our policy to support farmers in adopting climate-friendly practices through the implementation of replanting and rehabilitation projects, agroforestry models, and training on Good Environmental Practices (**GEP**) and Climate-Smart Agriculture. ECOM is a signatory to several multi-organisation and pan-governmental initiatives and is committed towards eradicating deforestation.

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- 2.3 ECOM actively maps farms that are part of its supply chain to establish whether they are located close to or within protected forest areas (and are therefore at risk of sourcing from a protected forest area) or on deforested land. This is to ensure traceability of the commodities we purchase, comply with certification requirements, and implement remediation activities where the need is identified.
- 2.4 ECOM is focusing on: (i) promoting agroforestry systems; (ii) increasing productivity to avoid the need for further encroachment; (iii) interacting at a community level to raise awareness on climate change; (iv) presenting potential landscape approaches to avoid deforestation; (v) partnering with local Governments to eliminate farming in protected areas; and (vi) remediating cases linked with deforestation.
- 2.5 ECOM is also committed to forest restoration and we work with our partners to develop initiatives to regenerate degraded forests, as well as exploring technologies and incentive programs to promote reforestation.

3. AGROFORESTRY ACTIVITIES

- 3.1 ECOM recognises that agroforestry is key to restoring degraded lands and strengthening the resilience of farming regions. ECOM is committed to supporting the promotion, conservation and renewal of different perennials in addition to the primary commodity on farms.
- 3.2 ECOM also recognises that successful agroforestry approaches have to be developed at a local level based on the economic and environmental benefits relevant to the landscape of the farmers and local stakeholders, considering the geographical, topographical and climate conditions of each region.
- 3.3 ECOM supports the increased promotion of mixed agroforestry systems that meet farmers' functional needs and generate diversified income and food for farmers, as well as providing significant ecosystem benefits to the landscape by increasing resilience to climate change and productivity of growing regions.

4. WATER AND ENERGY USE

ECOM's industrial processes require responsible use of water and energy resources, efficient treatment and discharge of wastewater, and proper recycling or disposal of waste, amongst other things. ECOM commits to:

- 4.1 monitor the consumption of water and energy to identify reduction opportunities and promoting alternative sources of energy;
- 4.2 avoid the release of pollutants or, when avoidance is not feasible, minimise or control the intensity or load of their release to within acceptable standards;
- 4.3 ensure reliable monitoring of discharged wastewater per season, as well as ensuring consistent treatment to reach local compliance and no impact to receiving natural watercourse;
- 4.4 avoid or minimise the generation of hazardous and non-hazardous waste materials as far as practicable;

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- 4.5 monitor waste production to maximise recycling of its process waste and ensuring proper storage and disposal of hazardous and non-hazardous waste;
- 4.6 make use of natural resources as efficiently as possible, this being an important cornerstone of our environmental policy;
- 4.7 continue promoting the effective use of resources through ongoing monitoring and training;
- 4.8 support producers to improve environmental and natural resource management at farm level;
- 4.9 work with producers to improve agricultural and post-harvest practices to limit problems related to pesticides and deforestation.

5. CHEMICAL USE

- 5.1 ECOM is committed to avoiding, and when avoiding is not feasible, minimising the release of pollutants and the generation of hazardous waste materials, and ECOM strives to use the lowest amount of fumigants or pesticides in all of our operations.
- 5.2 ECOM strives to use the lowest amount of fumigants or pesticides in all of its operations, complying fully with local regulations. ECOM does not use methyl bromide in storage and, in the case of shipments, its usage is minimised.
- 5.3 ECOM promotes the use of personal protective equipment (PPE) and its use is mandatory for all employees handling chemicals and pesticides. The proper storage and disposal of chemicals is promoted and/or facilitated to ensure the health and safety of employees, farmers and their families.
- 5.4 Through ECOM's sustainability teams, on-farm integral pest management strategies are promoted as part of the good agricultural practices training and certification schemes. Further training includes covering the risk of exposure to pesticides for children and adults, the safe storage of chemicals and the necessary use of PPE. Individualised training is also provided as requested when inputs are sold, and access to follow up support is provided.
- 5.5 Where chemicals are on global prohibition or phase out lists, ECOM complies with such programs; ECOM also complies with local regulatory considerations.
- 5.6 ECOM does not encourage the use of any chemicals on the WHO Class 1a or 1b lists of ingredients. In the unlikely situation where these chemicals are in use for specific crops, due to substitutes not being available, ECOM encourages farmers to reduce the application of these ingredients by using alternative and sustainable methods to reduce pests and disease. Our ambition is to provide farmers with easy access to approved, high quality phytosanitary products that comply with international standards.

6. PEST MANAGEMENT

- 6.1 ECOM has set up a targeted Integrated Pest Management program to control the ingress of pests into storage areas and limit the use of harmful fumigants and pesticides in the environment by using a range of integrated pest control strategies.

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6.2 ECOM conducts an annual review of all warehouse and processing locations in which ECOM operates, which review includes a section on pesticides and fumigants, as well as requiring the identification of local regulatory considerations.

7. BIODIVERSITY CONSERVATION AND SUSTAINABLE NATURAL RESOURCE MANAGEMENT

7.1 Where ECOM operates facilities close to sensitive habitats, ECOM takes care in construction and operation to minimise any degradation of habitat and promote biodiversity within the area.

7.2 ECOM takes special precautions when projects take place in legally protected areas and implements programs as appropriate to promote and enhance the conservation aims of the protected areas.

8. SUPPLIERS

8.1 As ECOM works directly with farmers, we are in a unique position to understand and address farmer needs. We seek to provide transparency and accountability in our supply chain not only to meet client demand but also to ensure that farming provides opportunities for dignified and profitable livelihoods for generations to come.

8.2 ECOM suppliers are expected to act in accordance with ECOM's Supplier Code of Conduct which sets out the ethical, legal, environmental and social principles that suppliers accept they need to comply with if they wish to supply to ECOM.

8.3 Working with producers through the sustainability teams of ECOM, we seek to improve practices to limit problems related to pesticides usage and deforestation in protected areas; at the same time, our clients can participate and help facilitate this process through their buying practices.

8.4 At its most basic level, our success depends on whether farmers continue to aspire to be farmers and to supply us with sufficient quantity and quality products. To be the preferred buyer for our suppliers, we work with farmers to provide solutions that add value to their production and their lives. Every local market is different, but where possible this includes:

8.4.1 engaging with farmers directly and through farmer organisations;

8.4.2 training and one-on-one coaching to improve agricultural practices, resulting in better farm management, yields and quality;

8.4.3 certification to enable them to trade into higher value markets;

8.4.4 facilitating access to better inputs and credit;

8.4.5 increasing access to better genetics and technologies.

9. PROMOTING CERTIFIED PRODUCTION

9.1 Certification schemes play an important role in sourcing sustainable products. Verification against third party schemes is viewed by ECOM as an effective tool that ensures the advancement of the supply of sustainable products.

9.2 The ECOM Group works with certification schemes and encourages maximising the proportion of certified products to meet and anticipate the demand for the latter.



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10. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

- 10.1 To manage environmental and social aspects properly and effectively ECOM has implemented an ESMS to ensure that:
 - 10.1.1 our sustainable practices are aligned with and support our business objectives;
 - 10.1.2 our own facilities are in compliance with legal requirements, basic international expectations and ECOM commitments;
 - 10.1.3 our procurement supports improvement in production and discourages unsustainable and inappropriate practices, we anticipate and mitigate negative social and environmental consequences of our business and on our business.
- 10.2 For any aid and support in understanding the ESMS please contact ECOM E&S Global Team via email at environmental-and-social@ecomtrading.com.
- 10.3 ESMS performance and updates are reviewed and approved by the E&S Committee.