



Environmental Policy

ECOM Group

October 2024

Environmental Policy

Purpose and background

1.1 ECOM Agroindustrial Corp. Limited and the companies within its group (together "ECOM", "we", "our" or "us") commits to improving our environmental performance both in our own operations and through our supply chains.

1.2 We embrace our corporate responsibility to respect human rights and the environment, and understand their interdependence. We continuously strive to prevent and/or mitigate adverse human rights and environmental impacts that are linked to business operations, products or services.

1.3 This policy sets out our approach to environmental topics and potential impacts, and it should be interpreted with our other policies as well as up-to-date information on our progress and key indicators in our latest Group Sustainability Reports.

1.4 As an origin integrated company, we are well placed to coordinate environmental performance improvement with farmers, producers and suppliers. 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.

Commitments and Goals

2. Climate Change

2.1 The effects of climate change pose a significant risk to the future of our commodities and particularly to the wellbeing of the producers in our supply chain.

2.2 Increased incidence of extreme weather events threatens the livelihoods of producers as they make crop cycles unpredictable. ECOM is committed to improving farmers' resilience to the effects of climate change through a range of projects and initiatives designed to build resilience and mitigate the effects of climate change.

2.3 ECOM has committed to reach net zero emissions by 2050 across our entire value chain in order to align and contribute to global climate goals. Our current climate roadmap and progress are available in our latest Group Sustainability Report.

2.4 For Scope 1 and 2 emissions [1], ECOM's main goal is to optimise its own or operated industrial processes, including mobile sources, to seek energy saving and integration opportunities, explore clean energy alternatives, and reduce fossil fuel usage. Additionally, ECOM is committed to monitoring energy consumption and emission data annually.

2.5 The majority of ECOM's emissions lie in Scope 3 (indirect upstream and downstream emissions), specifically related to land use change and land management (crop residue management, fertiliser application, etc.). Therefore, our climate roadmaps focus on tackling these land related emission categories.

3. Deforestation and Forest Degradation

3.1 Forests are essential for the wellbeing of our environment and mitigating the impacts of climate change. The majority of global deforestation is driven by agricultural expansion [2], and as a global commodity trader of certain deforestation-linked commodities, including coffee and cocoa, it is our responsibility to prevent future deforestation events throughout our entire supply chain.

3.2 ECOM is committed to identifying and preventing deforestation throughout our supply chains, in respect of land that has been degraded or deforested since 31 December 2020. We implement strong monitoring, risk assessment, due diligence and remediation processes. Our aim is to prevent future deforestation events and align with environmental and social regulations, including the European Union's Deforestation Regulation (EUDR).

[1] Scope 1 refers to Greenhouse Gas (GHG) emissions that occur from sources that are owned or controlled by ECOM. Scope 2 refers to indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.

[2] FAO 2021

3.3 ECOM refers to the Accountability Framework initiative for the definition of forest and deforestation:

3.3.1 Forest: Land spanning more than 0.5 hectares with trees higher than 5 metres and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use [3].

3.3.2 Deforestation: Loss of natural forest as a result of

- Conversion to agriculture of other non-forest land use
- Conversion to a tree plantation
- Severe and sustained degradation [4].

3.4 As we address deforestation within our supply chains, it is essential that we do so whilst supporting the economic wellbeing and livelihoods of the farmers who grow the commodities we source. Poverty remains to be one of the main drivers of deforestation. Therefore, addressing poverty within our supply chain through various approaches such as income diversification, is necessary in tackling deforestation.

3.5 ECOM supports farmers in adopting climate-friendly practices through the implementation of replanting and rehabilitation projects, regenerative agriculture (including agroforestry models), and training on Climate-Smart Agriculture. ECOM works together with industry bodies and multi-stakeholder initiatives to achieve sector-wide change towards eradicating deforestation, such as the Cocoa and Forests Initiative (CFI) and the Swiss Sustainable Coffee Platform.

3.6 ECOM actively maps and analyses coffee and cocoa farms that are part of its supply chain to establish whether deforestation has occurred within the farm boundaries since December 31, 2020 based on our commitment or earlier in case of specific programs with differing cutoff dates. Other checks include whether the farms are located close to or within protected forest areas and risk of future deforestation.

3.7 ECOM has developed our own remote sensing methodology called ECOM Research Deforestation Analysis (ERDA). ERDA uses radar data to measure deforestation on coffee and cocoa farms for automated EUDR compliance checks and for the calculation of direct Land Use Change (dLUC) emissions.

3.8 Where potential deforestation events are identified, we employ our Deforestation Verification Protocol to verify and assure the results. If this protocol continues to suggest deforestation in our direct sourced supply chain has occurred then we will look to implement remediation actions to support the relevant farmer.

3.9 ECOM has a comprehensive Future Deforestation Risk Assessment in place to support efforts to mitigate future deforestation in relevant supply chains. Subsequent action plans are also developed to mitigate and minimise the risk of deforestation.

3.10 ECOM is also committed to forest restoration and preventing future deforestation. We work with our partners to develop initiatives to regenerate degraded forests, as well as exploring technologies and incentive programs to promote reforestation.

3.11 Strategies for forest restoration and prevention of future deforestation implemented include but are not limited to:

- Promoting agroforestry systems;
- Increasing productivity to avoid the need for further encroachment;
- Interacting at a community and supplier level to raise awareness on deforestation and climate change;
- Participating in landscape approaches to avoid deforestation;
- Partnering with local governments to eliminate farming in protected areas;
- Supporting farmers to become certified; and
- Remediating cases linked with deforestation.

These measures are designed to support farmer livelihoods and other environmental goals, such as biodiversity, in order to ensure long term sustainability and feasibility of farming.

4. Biodiversity

4.1 Biodiversity loss is more prominent with incidences of deforestation and climate change. We are working with industry experts and the farmers we source from to improve soil management, productivity, resource management and biodiversity.

4.2 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.

4.3 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.

4.4 ECOM recognises that agroforestry is key to support biodiversity, restore degraded lands and strengthen the resilience of farming regions. Agroforestry systems have the potential to support resilience to the impacts of climate change and biodiversity loss by improving microclimate conditions, improving soil health structure, sequestering carbon, promoting pollinator health, and improving water retention. Agroforestry systems can also contribute to diversification of income and food for farmers.

5. Chemical use

5.1 ECOM firmly advises against the use of any chemicals on the World Health Organization (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.

5.2 Where chemicals are on global prohibition or phase out lists, ECOM complies with such programs; ECOM also complies with all local regulatory considerations.

[3] Accountability Framework Initiative

[4] Accountability Framework Initiative

ECOM Operations and Direct Sourcing

6. Environmental and Social Management System

6.1 ECOM is committed to make use of natural resources as efficiently as possible, and continue promoting the effective use of resources through ongoing monitoring and training. We also support producers to improve environmental and natural resource management at farm level through technical assistance, projects, and certifications.

6.2 At our facilities and in our operations, ECOM requires, at 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.

6.3 To manage environmental and social aspects properly and effectively related to our operations and direct source ECOM has implemented an Environmental and Social Management System (ESMS) to ensure that:

6.3.1 Our sustainable practices are aligned with and support our business objectives.

6.3.2 Our own facilities are in compliance with local legal requirements, basic international expectations and ECOM commitments.

6.3.3 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.

6.3.4 Annual monitoring of environmental and social topics is coordinated and continues to be developed in order to support our climate and environmental goals.

7. Water Use and Waste Water Management

7.1 ECOM's owned or operated industrial processes prioritise the responsible use of water and the efficient treatment and discharge of wastewater. Our main objective is to optimise water use and prevent any potential adverse effects arising from ECOM's water consumption and wastewater disposal. ECOM is committed to:

7.1.1 Actively seeking opportunities to control and reduce water consumption across all processes.

7.1.2 Ensuring reliable monitoring of discharged wastewater each season, with consistent treatment to meet local compliance and prevent impacts on receiving natural watercourses.

7.1.3 Continuously reviewing the sustainability of both current and future wastewater treatment processes to manage inherent environmental and social risks effectively

7.2 Water use and wastewater management are globally overseen through the Water and Wastewater Management Plan, embedded within the ESMS. This plan is developed with key reference to the IFC EHS Guidelines.

8. Non-Hazardous and Hazardous Waste Management

8.1 All industrial processes owned or operated by ECOM must implement proper processes for the recycling, reutilisation, and disposal of waste. Priority should always be given to using byproducts within our processes to promote circularity. Overall ECOM is committed to:

8.1.1 Monitoring waste production to maximise the recycling of process waste.

8.1.2 Ensuring proper storage and disposal of hazardous and non-hazardous waste.

8.2 If waste materials are generated, facilities should ensure that waste management approaches are consistent with the characteristics of the waste and local regulations.

8.3 If the generation of hazardous waste cannot be prevented, facilities should focus on preventing harm to health, safety, and the environment by:

8.3.1 Storing hazardous waste to prevent accidental releases to air, soil, and water resources.

8.3.2 Managing on-site and off-site transportation of hazardous waste to minimise spills, releases, and exposures to employees and the public.

8.3.3 Ensuring that contractors handling, treating, and disposing of hazardous waste are reputable, licensed by relevant regulatory agencies, and follow good international industry practices.

8.3.4 Ensuring compliance with applicable local and international regulations.

9. Chemical, Fumigation and Pest Management

9.1 ECOM is committed to preventing, and when prevention is not feasible, minimising the release of pollutants and the generation of hazardous waste materials. We also strive to use the least amount of fumigants or pesticides in all our operations. To achieve this, ECOM has:

9.1.1 Set up a targeted Pest Management program to control the entering 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.

9.1.2 Mandatory use of personal protective equipment (PPE) 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.

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

9.2 Through ECOM's sustainability teams, on-farm integrated 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.

Partner-sourced Supply Chain

10.1 Where ECOM sources commodities from partner suppliers, we work closely with them to improve the environmental performance and address any relevant environmental risks.

10.2 We expect our suppliers to act in accordance with ECOM's [Supplier Code of Conduct](#) and to engage with us to identify, prevent and mitigate negative environmental impacts as outlined in our [Supply Chain Due Diligence Policy](#). ECOM's Supplier Code of Conduct outlines the responsibilities of suppliers, including the requirement for them to disclose their practices and engage in prevention of human rights and environmental risks.

10.3 ECOM takes a risk-based approach to environmental and human rights impacts in order to focus our efforts where they have the most impact. We utilise risk assessments, supplier due diligence questionnaires, and audits to better understand the specific risks with each supplier.

10.4 We work together with the suppliers to create corrective action plans to address any relevant environmental impacts. Our long-term supplier relationships, internal sustainability expertise and the origin teams' local expertise allow us to create effective and efficient plans with actionable targets.

10.5 With highly complex global supply chains and processes, obtaining complete, accurate, reliable and consistent traceability data is key in achieving the above commitments. We work with digital tools and technologies and engage our suppliers to continuously improve traceability.

10.6 Certification schemes play an important role in sourcing sustainable products and reducing the potential impacts on the environment. Verification against third party schemes is viewed by ECOM as an effective tool that ensures the advancement of the supply of sustainable products. We encourage our suppliers to become certified and support them where possible to achieve this.

10.7 Alongside close cooperation with our suppliers, ECOM participates in multi-stakeholder and industry initiatives to encourage positive change at a wider scale. These initiatives are especially important in mainstreaming responsible environmental practices and sensitising the whole supply chain about the importance of environmental sustainability.



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