



# Supply Chain Due Diligence Policy

ECOM Group

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# Supply Chain Due Diligence Policy

## 1. Introduction

**1.1** ECOM Agroindustrial Corp. Limited and the companies within its group (together "ECOM", "we", "our" or "us") commits to conducting human rights and environmental due diligence in its operations and supply chains.

**1.2** Our aim is to identify, prevent, mitigate, and address potential adverse human rights and environmental impacts in our operations and supply chain through our policies and practices.

**1.3** The scope of this policy encompasses all of ECOM's supply chains, both our own and those that are partner-sourced.

**1.4** ECOM embraces our corporate responsibility to respect human rights and the environment. We are acutely aware of the interdependence of all human rights, including economic, social, cultural, civil and political rights.

**1.5** ECOM recognises that its activities run the risk of causing or contributing to adverse human rights or environmental impacts within the context of our supply chains and failing to address such impacts when they occur. We continually strive to prevent and/or mitigate adverse human rights and environmental impacts that are directly linked to business operations, products or services.

**1.6** Where we feel applicable laws are insufficiently developed or enforced, we carry out enhanced due diligence to identify and address the risk of adverse human rights and environmental impacts.

**1.7** This policy is updated from time to time to reflect changes in the law, demographics and internal business requirements.

## 2. Principles

**2.1** Our policy has been drafted in accordance with the international guidance on human rights due diligence. ECOM recognises the [Universal Declaration of Human Rights](#), and is committed to the [United Nations Guiding Principles on Business and Human Rights](#). This policy is consistent with international guidance and standards, including the [OECD Due Diligence Guidance for Responsible Business Conduct](#).

**2.2** Continuous improvement and stakeholder engagement are the underlying principles throughout our due diligence process. We recognise that the legislative environment and our business context continues to develop, and we commit to update and amend our due diligence processes accordingly.

**2.3** Our supply chains are complex and often geographically challenging, highlighting the need for a robust due diligence processes and to taking into account stakeholders' input when developing and reviewing them. We strive to improve and listen to the feedback of our stakeholders and rightsholders<sup>[1]</sup>.

## 3. System for responsible supply chains

**3.1** ECOM's senior management, Executive Committee and Conseil d'Administration recognise the need for robust human rights and environmental due diligence and support its implementation.

**3.2** ECOM has policies and performance standards in place and has cascaded those to its Tier 1 (direct) suppliers. 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. ECOM has set up governance and oversight mechanisms within the Group, and assigned responsibility for ensuring that suppliers are aware of those standards.

**3.3** Through our supply chain, we strengthen engagement with business partners to better coordinate due diligence and share best practices. Responsibility is shared across the whole supply chain, and we expect our suppliers and clients to support us in this work. Our suppliers are obliged by us to cascade the due diligence principles further in the supply chain.

**3.4** ECOM has a dedicated grievance mechanism which is accessible to all and caters for both internal and external concerns. It is used to identify and understand complaints from rightsholders so they can be effectively addressed. Our [Speak Up policy](#) outlines how it can be accessed. In addition, it allows for anonymous grievances, should submitters choose to do so, and builds in safeguards to protect users from retaliation.

[1] Rightsholders are individuals or groups whose individual human rights or collective rights are or could be directly impacted by business activities, products, or services ([BSR definition](#))

## 4. Identify, assess and prioritise risks in the supply chain

**4.1** Mapping the supply chain and improving traceability solutions are the first steps in understanding potential risks in ECOM's supply chain. ECOM is working to achieve greater visibility of all of our activities with a digital traceability system. Increased transparency and traceability underpin our abilities to identify salient risks and engage relevant stakeholders in order to act on the most severe risks.

### 4.2 Context risk assessments (geography and commodity)

**4.2.1** ECOM procures commodities in a variety of different regions and countries globally, making the contexts upstream very diverse. Risk assessments are conducted regularly to take stock of human rights and environmental risks and harms present in the operating environments. Analysing risks across geographic origins allows ECOM to prioritise regions that may have heightened vulnerability. Throughout the risk assessment process, ECOM analyses commodity and locality risk as well as legal requirements in the context of specific sourcing countries.

### 4.3 Supplier-level assessment

**4.3.1** Before engaging with a new supplier, we conduct pre-screening of publicly available materials and an initial evaluation of the relevant context risk assessment. During this step, ECOM's policies and expectations, including ECOM's Supplier Code of Conduct and Supply Chain Due Diligence Policy, are communicated to potential suppliers. Once a potential supplier passes the pre-screening, and a sourcing relationship is established, the suppliers participate in ECOM's regular due diligence process.

**4.3.2** Where ECOM works directly with farmers and farmer groups through our origin operations, we have more visibility and control, thus reducing the risk level of a supplier.

**4.3.3** Suppliers complete an annual self-assessment where key human rights and environmental topics are covered. The self-assessment results are analysed together with the context risk assessment, commercial relationship and other supplier information to determine the supplier's overall risk level. If a supplier's risk level is low and their policies and practices are deemed sufficient to prevent and mitigate the human rights and environmental risks in their context, the supplier is maintained. If a supplier's practices are considered unsatisfactory, ECOM will engage the supplier to improve their risk prevention capabilities. The self-assessment is used as a monitoring process, repeated yearly to keep information relevant.

**4.3.4** Where supplier self-assessments and context risk assessments are not able to provide an accurate risk assessment, we will conduct enhanced assessments specific to the supplier.

**4.3.5** If the supplier does not engage in the assessment process or the risks are severe, ECOM will begin its responsible disengagement process. A flow chart representing the above is appended to this policy.

## 5. Strategy to respond to identified risks (prevent and mitigate)

**5.1** The risk assessments are analysed and reported internally to establish an overall risk assessment for our operations and supply chains.

**5.2** Where prioritisation of resources is needed, ECOM will address risks based on severity and likelihood of the risk materialising.

### 5.3 Risk management plan:

**5.3.1** If a supplier is categorised as either medium risk or high risk, ECOM engages them in a more thorough process by requesting further information and clarifying expectations around human rights and environmental due diligence. An implementation plan for improving the supplier's policies and practices is crafted with the supplier. ECOM supports the supplier by providing subject matter expertise, guidance, and other resources. The implementation plan will be tailored to the supplier's context, capabilities and the risk level. A timeline for implementation is agreed and followed up on. Higher severity risks must be addressed more urgently than less severe risks.

**5.3.2** If a supplier is categorised as high risk and is not adequately addressing these perceived risks within our suggested timeline, a site visit and assessment is organised. This may include a monitoring visit, interviews of stakeholders and data collection. The visit's purpose is to further investigate the risk and to work with the supplier to implement a robust and actionable corrective plan. The corrective plan is monitored regularly to ensure timely completion of risk prevention and mitigation actions.

**5.4** As well as following up on the suppliers completion of action plans, ECOM may conduct unannounced spot audits and community consultations to ensure that agreed risk mitigation measures are in place.

**5.5** ECOM is committed to tracking performance of its suppliers' risk mitigation plans and their implementation. Progress is reported internally to designated senior leadership, and where possible, we include progress reports in our Group Sustainability Report.

## 6. Responsible disengagement

**6.1** ECOM seeks to exhaust all avenues to improve the human rights and environmental impacts in its supply chain. Disengagement is the last option when steps to prevent and mitigate negative impacts have failed or are not feasible.

**6.2** Reasons for termination/disengagement include the supplier refusing to collaborate to address human rights and/or environmental risks or to share information about their risks, and/or if the supplier is found to be breaching the ECOM Supplier Code of Conduct. Responsible disengagement ensures that ECOM does not cause undue harm to the most vulnerable actors in the supply chain when exiting business relationships. Using our leverage and expertise in trying to prevent and mitigate adverse human rights impacts is where we can have a large positive impact.

**6.3** Responsible disengagement steps are also followed when exiting a business relationship due to business changes, such as price changes, or unavailability of certain qualities. The principles apply to both instances but highlights the cases where business withdrawal is due to the supplier not cooperating with due diligence efforts or causing serious human rights or environmental breaches.

**6.4** ECOM has developed guidelines to follow when making decisions on how to responsibly exit/disengage. Factors taken into account include but are not limited to: (i) ensuring all avenues have been explored; (ii) stakeholders affected; (iii) severity of impacts; (iv) dependency of the supplier on ECOM.

**6.5** If the disengagement process was started due to unresponsiveness, the supplier may choose to engage and start working on addressing the identified risks. If there is sufficient and genuine engagement from the supplier, ECOM can halt the disengagement process.

**6.6** The responsible disengagement process includes informing and engaging all stakeholders affected by the exit in order to assess potential human rights and/or environmental impacts of the exit.

## 7. Remediation

**7.1** Where a specific negative human rights or environmental impact has occurred, ECOM is committed to timely and effective remediation.

**7.2** We conduct an investigation and engage affected stakeholders in the process. If applicable, local law enforcement may be notified in serious cases.

**7.3** Our remediation plans aim to provide solutions in the best interest of the affected stakeholder(s). This can include restitution or compensation.

**7.4** We believe that all supply chain actors have the responsibility to work together to remediate when negative impacts have occurred. The remediation process will be closely monitored and repeat visits are made to ensure the completion of the process.

## 8. Report on supply chain due diligence

**8.1** ECOM publicly reports on our supply chain due diligence policies and practices, with due regard of business confidentiality and other competitive concerns.

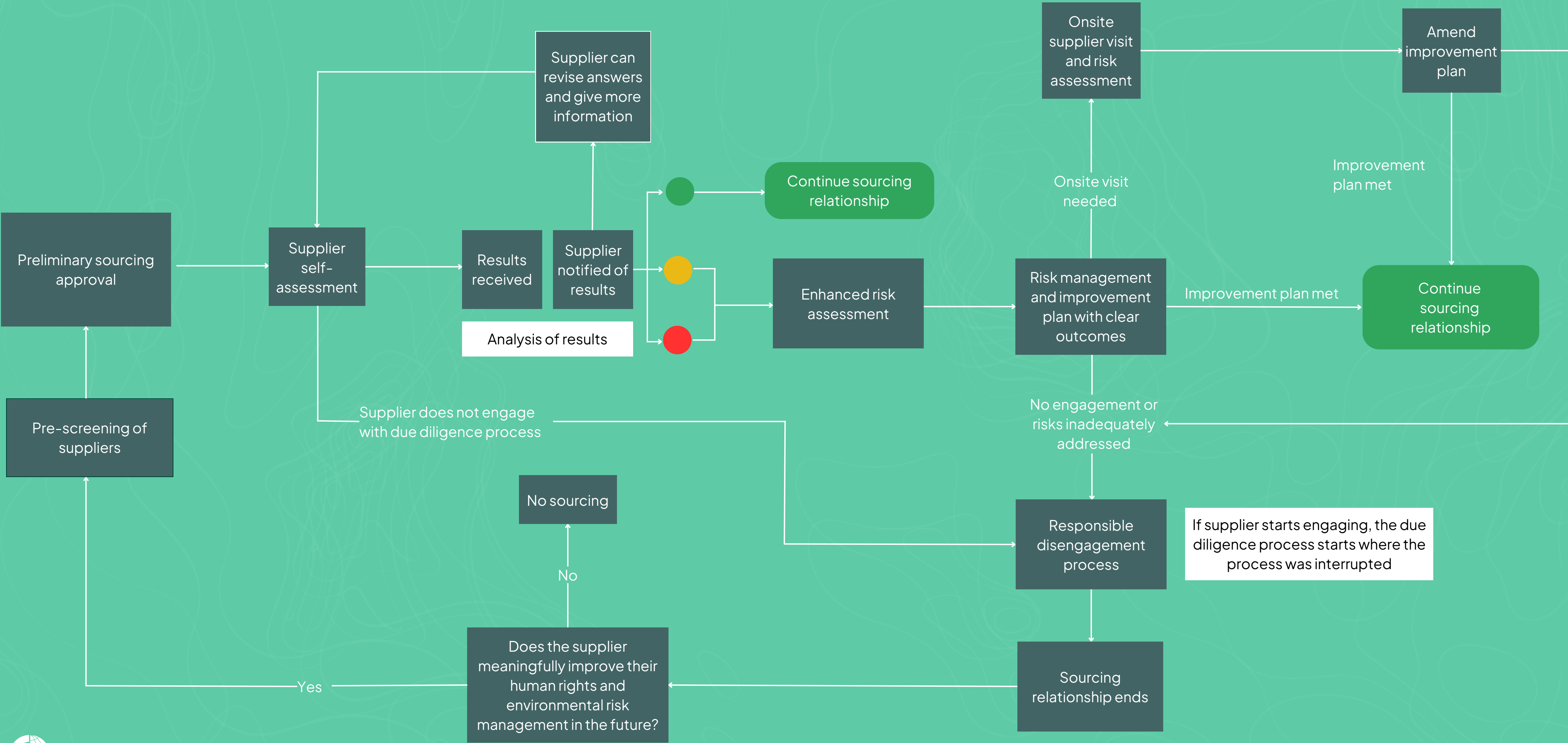
**8.2** We provide affected stakeholders and business partners with clear, accurate and timely information on actual and potential adverse impacts identified through ongoing impact assessments and on the steps and measures taken to mitigate or prevent them.

**8.3** Summaries of our reports are accessible to relevant stakeholders.

## 9. Responsibility of our Employees

Employees of ECOM are responsible to embed and nurture this policy. If an employee's behaviour, actions or words are seen to have breached this policy it will not be tolerated and will be dealt in line with the ECOM's local disciplinary policies.

# Due Diligence Process Annex





Avenue Guillemin 16  
1009 Pully  
Switzerland  
[www.ecomtrading.com](http://www.ecomtrading.com)

