Raw Sugar CSR Requirements

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Why is CSR important to us?

- It is the right thing to do
- Protect the brand
- Issue is not going away → ASR wants to be a leader with respect to CSR within the sugar industry
- It makes sense from a business perspective. Not having a program risks serious financial, resource and reputation costs when it goes wrong
- Customer driven
  - Customers are becoming more interested in specifics about our CSR efforts
- Legislations:
  - Alien Tort Statute ("ATS") – i.e.: Nestle USA, Cargill, Inc. and ADM in the cocoa industry
  - U.K. Modern Slavery Act
  - 1930 Tariff Act
What we do

- ASR Ethical Sourcing Policy (ESP) is a condition of supply
- Compliance with policy is overseen at senior management level with dedicated and experienced ethical resource
- Compliance is managed independently from procurement
- ASR Group – refineries & mills globally
  - Audit performed by a third party
  - SEDEX SMETA 4 Pillars Audit – annually (scope: factory and farm – if applicable)
  - Audits are shared with customers as per their request
- CSR/ Sustainability Program pro-actively ensures compliance by:
  - Currently SEDEX (only supply chain) – SAQ as an additional tool to evaluate suppliers
  - Active audit program using Pro-Terra standard and independent auditors (Cert-ID)
  - Fairtrade
  - Onwards – acceptance of other standards, i.e.: ISCC+, Bonsucro, etc.
How we do it

**STEP 1**
Suppliers commit to ASR Ethical Sourcing Policy (ESP)

**STEP 2**
Self assessment on each supplier to prioritize further checks – SEDEX

**STEP 3**
Independent audits against Pro-Terra Standard

**STEP 4**
Feedback, remediation and monitoring work with supplier

5 critical compliance factors

- No child, forced, slave or bonded labor is used
- A worker health and safety program must be in place and active
- Land use is legal and ethical
- Bribery or corruption does not take place
- A plan to mitigate environmental impact must be in place and active
How we do it

- Pro-Terra similar to other standards such as Fairtrade, ISCC+ & Bonsucro

- It was chosen because of its:
  - excellent coverage of human rights and environmental issues
  - high level of acceptance by suppliers
  - relevance to large and small agriculture and cane mills
  - verifiability by 3rd party auditors

- Audit of each mill and its suppliers typically 4 days

- Desk research sensitizes auditor to any issues for specific focus
Why we do it this way

- We want to develop our suppliers, not alienate them
- At same time we need them to respect certain standards
- Remediation is key and the right thing
- Fairtrade also requires strong social and environmental standards
- So it’s an excellent fit with our Fairtrade commitment
What it means for us

- Increasing investment in time, resources and money
- Be realistic → “low hanging fruit”, but effective, covering the basics and always raising the bar
- We aim for full compliance with critical criteria
- Continuous improvement approach

An auditor at work in Brazil
What we have learned & trends

- Customers are enforcing their ethical sourcing demands
- Customers want to know the roadmap for ASR Group moving towards compliance by 2020/24
- Customers are interested in continuous improvement – aware supply chain can’t change overnight
- Biggest request – to have supply chain certified by 202X
- Customers interested in partnership programs
  - Key areas: increase ethical sourcing standards, productivity, small farmers livelihood, water and BMPs
- Greater transparency & communication
  - Policies / programs/ commitments 2020 or other/ progress – annual sustainability report
- Two key asks from customers:
  - Protection from reputational risk
  - Assurance ASR sugar meets sustainable sourcing standards