



# PRINCIPLES FOR THE PROCUREMENT OF AGRICULTURAL RAW MATERIALS AND INTERMEDIATE PRODUCTS

AGRANA's business activities, the processing of agricultural raw materials in the fruit, starch and sugar segments, make sustainability a core element of its business model.

AGRANA defines sustainability as the balance between ecological, economic and social aspects in its business activities. The following three principles summarise AGRANA's understanding of sustainability:

- Ensuring virtually 100% use of agricultural raw materials and deploying low-emission technologies in industrial processing to reduce or avoid environmental impacts
- Respecting all stakeholders and societies in which the company has a direct or indirect presence
- Working with suppliers and customers in long-term partnerships to jointly promote climate change-resilient business models

AGRANA is striving to achieve economic, ecological and social sustainability across its entire value chain and is committed to reducing emissions in accordance with the Science Based Targets Initiative (SBTi). This includes the sustainable procurement of agricultural raw materials and intermediate products. These principles relate to AGRANA's third sustainability principle and provide further details on its criteria for agricultural raw materials and intermediate products. The environmental policy in force at AGRANA's production sites addresses the first principle. AGRANA's Code of Conduct implements the second principle.

AGRANA's three sustainability principles help it contribute to achieving the following UN Sustainable Development Goals (SDGs):

- SDG 2 (Food security and sustainable agriculture)
- SDG 6 (Clean water and sanitation)
- SDG 12 (Responsible consumption and production)
- SDG 13 (Climate action)
- SDG 14 (Life below water)
- SDG 15 (Life on land)

AGRANA has made the conclusion of supply contracts for the procurement of agricultural raw materials and intermediate products conditional on the following principles:

## **1. Compliance with legal requirements**

The AGRANA Group, together with its local companies and locations, complies with all relevant environmental legislation and obligations and is committed to continuously improving environmental performance.

## **2. Deforestation-free supply chains**

The European Union's Deforestation Regulation (EUDR) and the SBTi objectives prohibit AGRANA from placing agricultural raw materials and intermediate products on the market without evidence that they are deforestation-free.

AGRANA expects its suppliers to comply with these requirements and to provide the necessary evidence.

## **3. Compliance with social standards**

AGRANA expects its suppliers to comply with the AGRANA Code of Conduct, which sets out minimum social standards. Suppliers are requested to ensure that their upstream suppliers also comply with these minimum requirements.



#### **4. Observance of Good Agricultural Practice (GAP)**

Regardless of the procurement model, AGRANA strives to use only agricultural raw materials and intermediate products that are grown in accordance with Good Agricultural Practice (GAP).

AGRANA emphasises maintaining soil health and fertility through regenerative agricultural practices and reducing emissions from agricultural cultivation. Crop rotation, reduced to the point of no-till soil cultivation, water management, site-specific fertilisation as well as plant protection, erosion protection and biodiversity are directly linked to this and make decisive contributions to the long-term sustainability of agricultural production.

To demonstrate compliance with GAP requirements, AGRANA uses the tools of the Sustainable Agriculture Initiative (SAI) Platform. AGRANA therefore accepts the Farm Sustainability Assessment (FSA) as well as certifications based thereon according to international standards such as Rainforest Alliance, International Sustainability and Carbon Certification (ISCC), Bonsucro or Vive.

##### Procurement of agricultural raw materials from contract growers:

AGRANA uses the SAI Platform's Farm Sustainability Assessment (FSA) to evaluate the ecological, economic and social conduct of contract growers. Compliance with the FSA requirements is mandatory for contract growers who are part of a so-called Farm Management Group.

In order to support contract growers in implementing the GAP, AGRANA offers services tailored to specific crops, such as advice from AGRANA specialists, training events and raw material-related information in various communication channels.

##### Procurement of agricultural raw materials and intermediate products through trade:

AGRANA expects its suppliers to support and implement its principles and to trace products back to their agricultural origin.

#### **Audits**

AGRANA expects all above suppliers to comply with its principles for the procurement of agricultural raw materials and intermediate products and to apply practices consistent with these. AGRANA's direct suppliers are responsible for ensuring that their upstream suppliers comply with these principles and are responsible for monitoring compliance.

AGRANA reserves the right to audit compliance by its direct suppliers with its principles. If violations of certain aspects are discovered, suppliers are expected to implement improvement measures. AGRANA reserves the right to terminate the supply contract in the event of serious and/or repeated violations.

#### **Entry into force of the principles**

By signing the cultivation or supply contract, suppliers undertake to comply with AGRANA's principles for the procurement of agricultural raw materials and intermediate products.

#### **Definition of terms**

##### Science-based climate targets:

Science-based climate targets are emission reduction targets based on the latest findings of climate science and aim to achieve the goals of the Paris Agreement. This agreement aims to limit global warming to "well below" two degrees Celsius by 2100 compared to pre-industrial times and to make efforts to limit it to 1.5 degrees Celsius.

##### Science Based Targets initiative (SBTi):

The SBTi is a non-profit organisation that supports companies in setting science-based climate targets. It provides methodological guidance and performs independent verification of the objectives.

##### EU Deforestation Regulation (EUDR):

The EU Deforestation Regulation (EUDR) aims to ensure that agricultural commodities consumed in the EU have not led to deforestation or forest degradation in the country of production since 2020. The



regulation covers, for example, soy, palm oil, beef and coffee, but also wood products and rubber. The products must be offered legally and be free from deforestation and forest damage.

Sustainable Agriculture Initiative Platform (SAI):

The international SAI Platform brings companies and organisations in the food industry together to promote the implementation of sustainable agricultural supply chains.

Farm Sustainability Assessment (FSA):

The FSA is a questionnaire-based, company-specific self-assessment for agricultural and processing companies. It covers ecological and social sustainability aspects, provides a sustainability assessment and offers benchmarking with international certification standards.